



UBS Global Oil and Gas Conference

May 19, 2015

[www.deepwater.com](http://www.deepwater.com)

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- **Market Update**
- **Transocean Overview**
- **Value Creation**
  - **Financial Flexibility**
  - **Capital Investment**
- **Litigation Update**
- **Concluding Remarks**

# Market Update

- Exploration successes support long-term ultra-deepwater demand
  - Market conditions are currently challenging
  - Rig market is temporarily oversupplied, including ultra-deepwater
    - Retirements reducing available supply

## Ultra-deepwater



*Deepwater Invictus*

- Global fleet utilization 92% <sup>(6)</sup>
- Newbuilds being delivered without contracts

## Deepwater



*Jack Bates*

- Global fleet utilization 87% <sup>(6)</sup>
- Weakening activity; increase in rig availability

## Midwater



*GSF Rig 140*

- Global fleet utilization 84% <sup>(6)</sup>
- Near-term increase in rig availability

## High-Spec Jackups



*Transocean Honor*

- Global fleet utilization 88% <sup>(6)</sup>
- Demand and dayrates remain under pressure



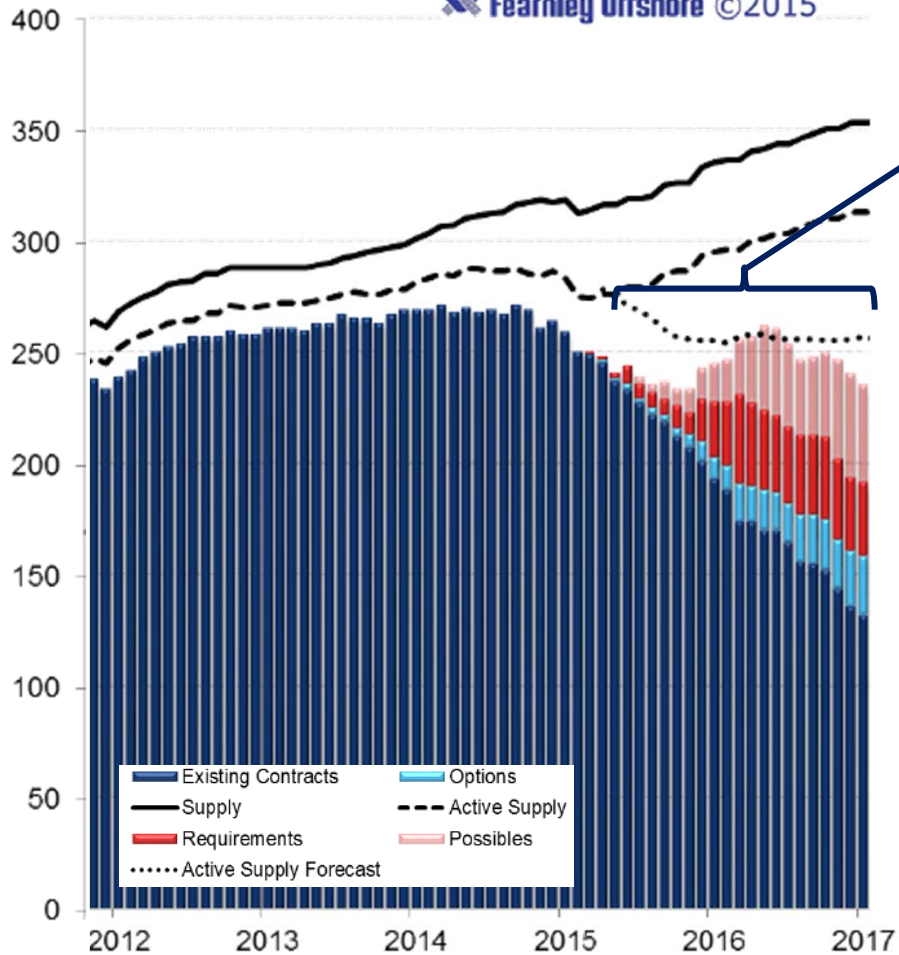
# Market Update

## Potential Impact of Rig Attrition



**Contract Status & Expected Demand 2012-17**  
**All Floaters Worldwide**

Fearnley Offshore ©2015

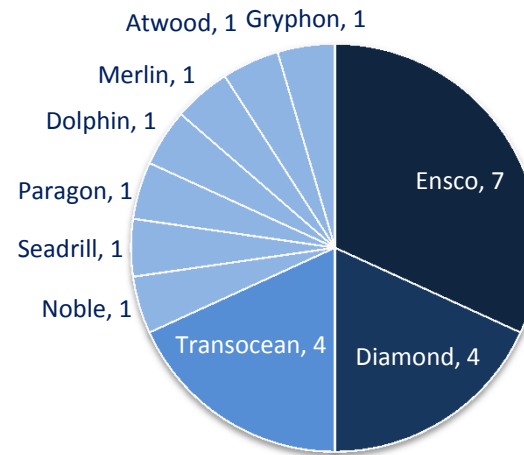


Source: Fearnley Offshore, Mar 2015 and Transocean Marketing

### Drivers of Declining Active Supply Forecast

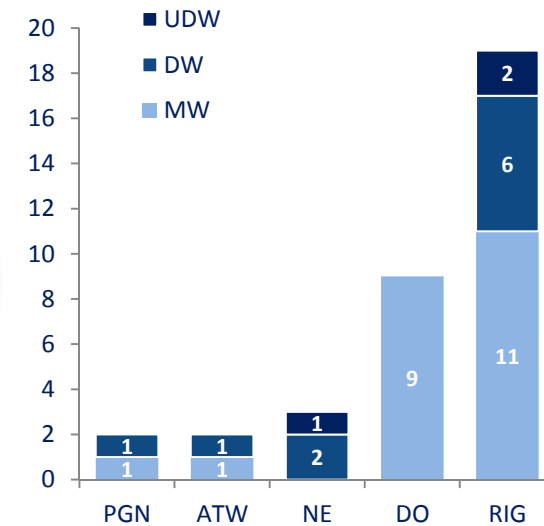
- Newbuild deliveries delayed or cancelled
- Scrapping of lower specification units
- Cold stacking of higher specification units
- Financial challenges of weaker contractors

**22 Cold Stacked Floaters**



Source: IHS Petrodata, Apr 2015

**35 Scrapped Floaters**



# Transocean Overview

Industry Leader

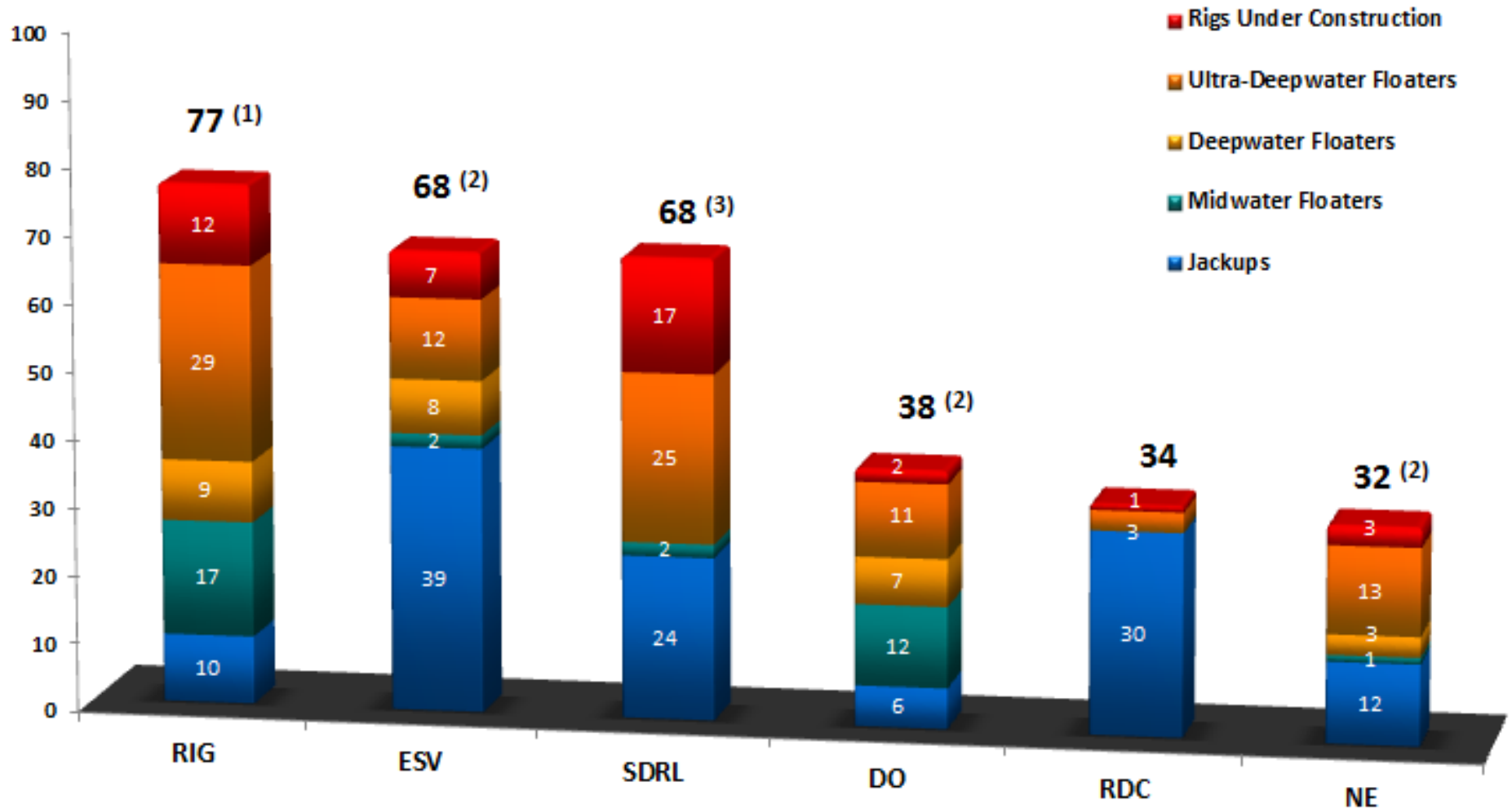


- Premier position in ultra-deepwater market segment
- Largest fleet of high spec and midwater floaters
- Operates in most major markets worldwide
- Technical leader
- Significant relationships across the customer spectrum
- Size and technical capabilities create reinvestment opportunities



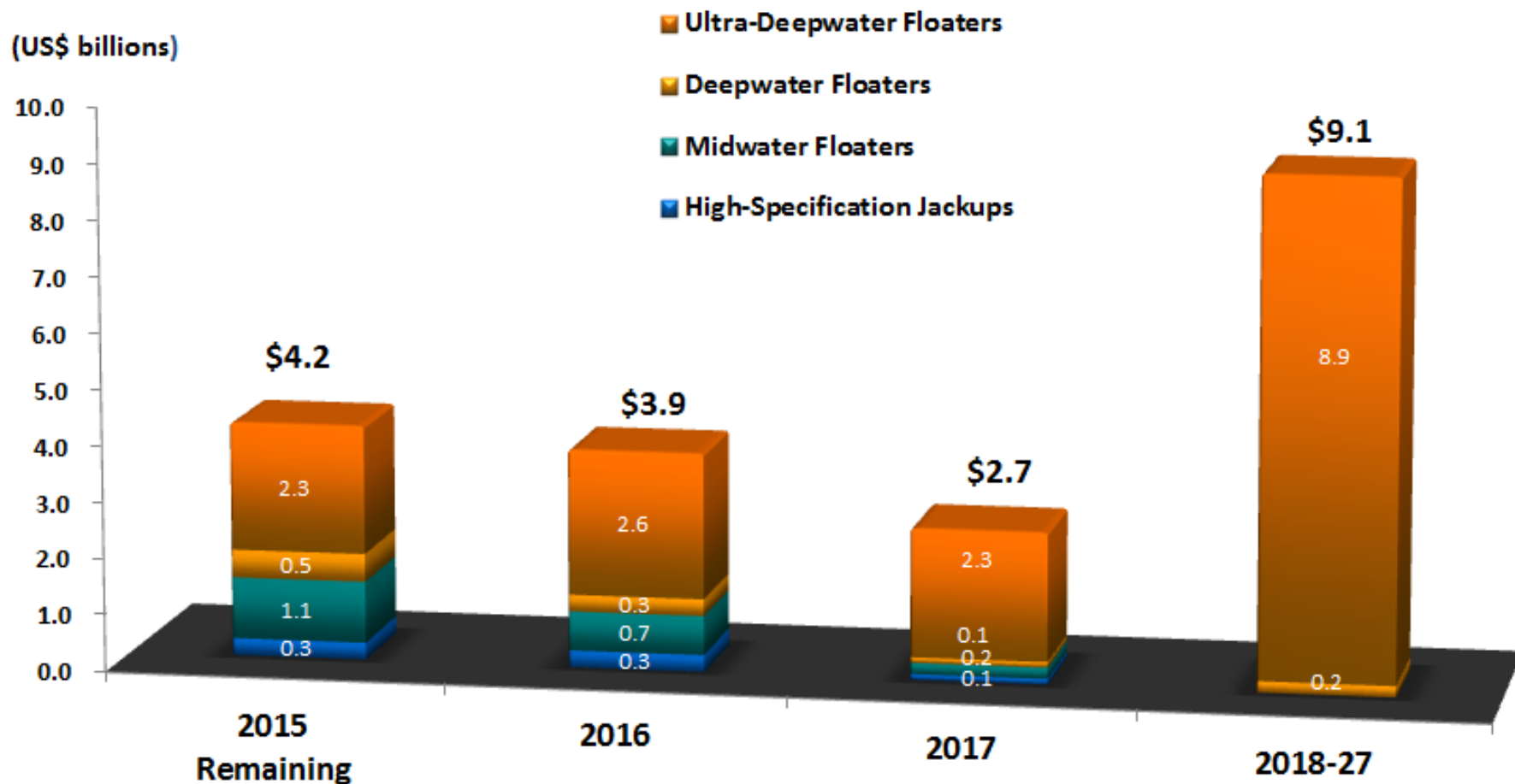
# Transocean Overview

## Largest Worldwide Rig Fleet



# Transocean Overview

## Strong Backlog



Total Backlog - \$19.9 billion<sup>(4)</sup>

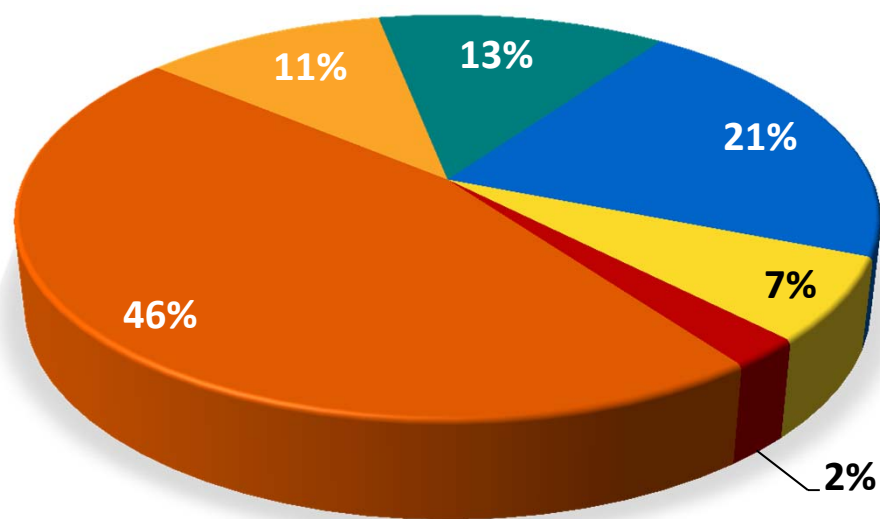


# Transocean Overview

## Diversified Revenue Sources

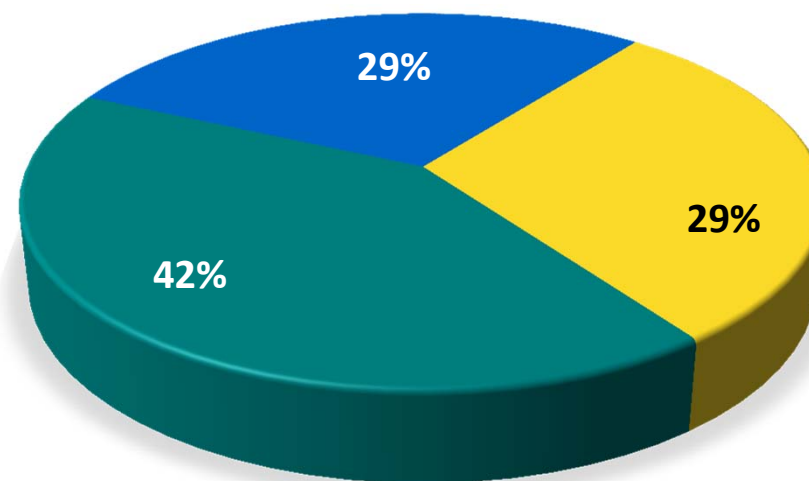


### By Asset Class



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

### By Customer



- Integrated
- Independent
- NOC

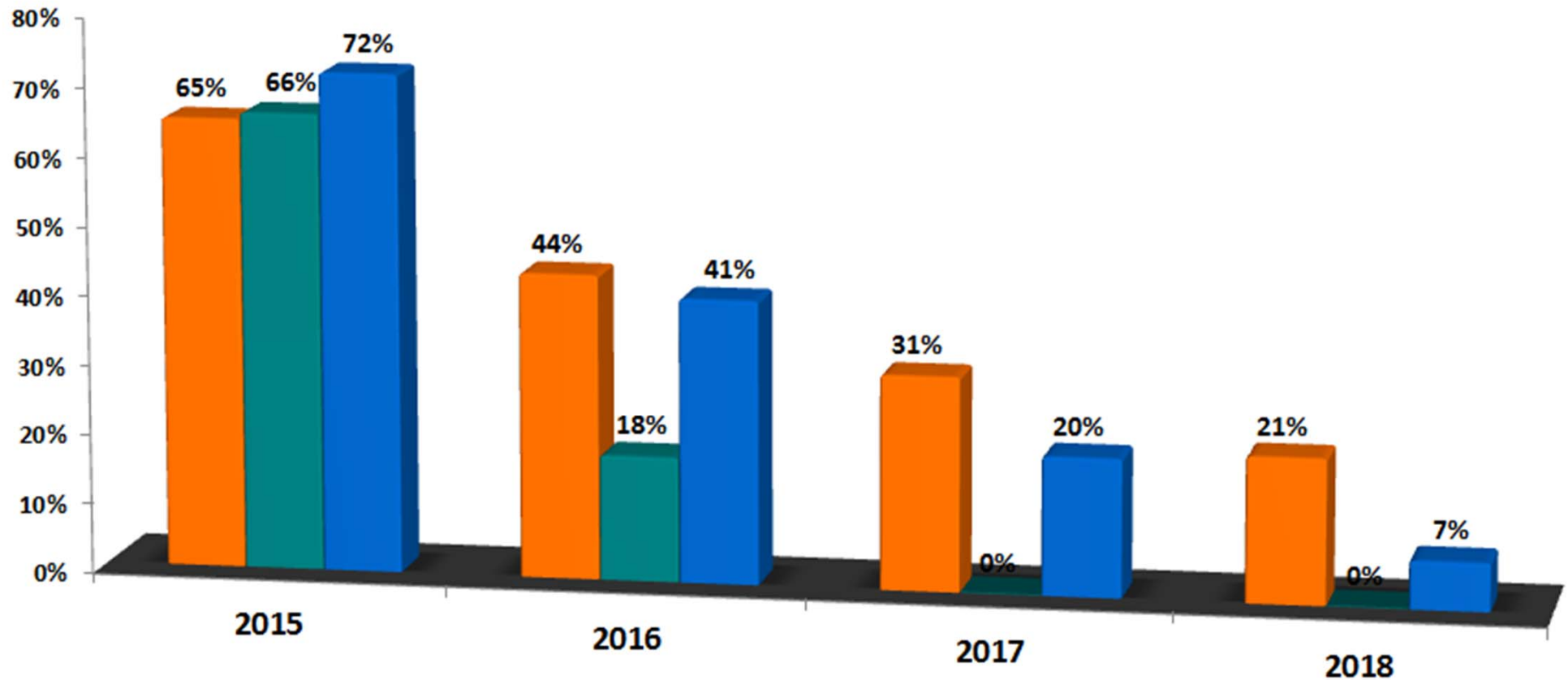
YTD March 2015 Revenues - \$2.0 billion

# Transocean Overview

## Committed Fleet <sup>(5)</sup>

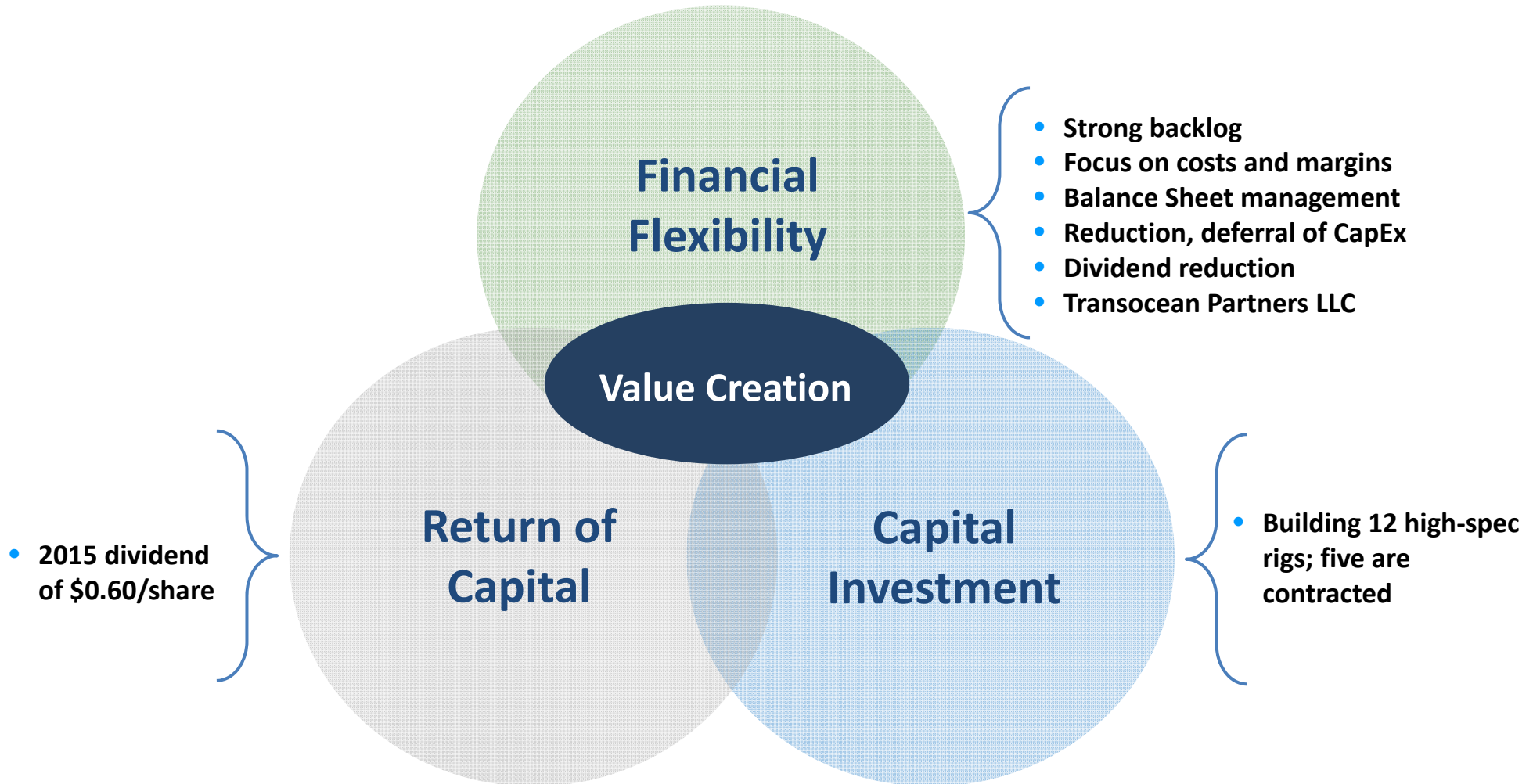


High-Specification Floaters    Midwater Floaters    High-Specification Jackups



# Transocean Overview

## Value Creation



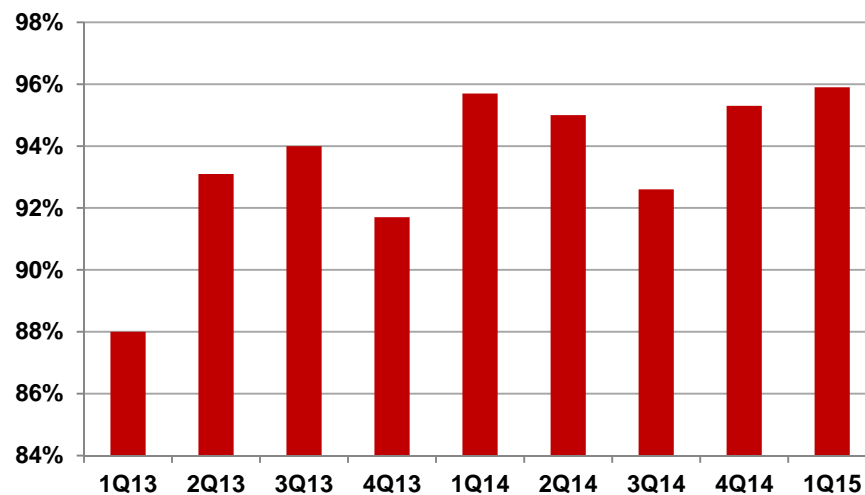
# Financial Flexibility

## Operating Performance

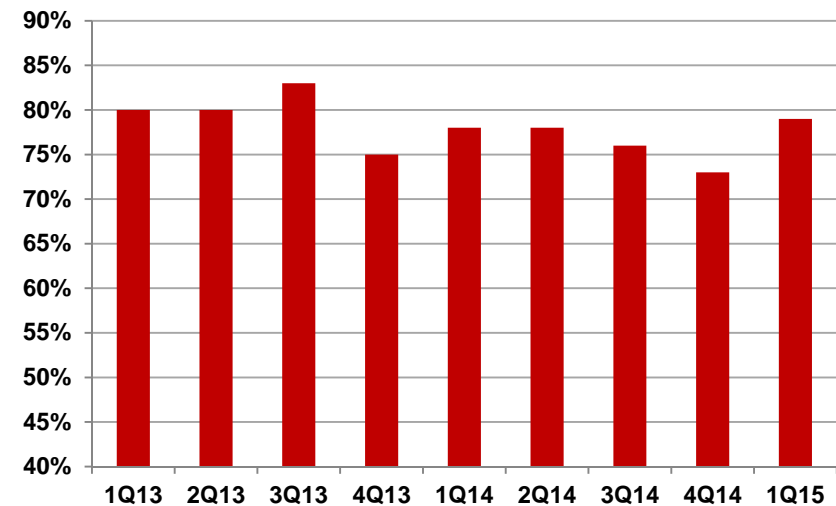


- 1Q15 operating earnings of \$1.10/share on revenues of \$2.04 billion

Revenue Efficiency



Utilization



- Continued progress on margin improvement initiatives help mitigate deteriorating market conditions

# Financial Flexibility

## Highlights



- **\$19.9 billion backlog provides solid cash-generation foundation**
- **\$5.7 billion total liquidity at March 31, 2015**
  - **\$2.7 billion cash**
  - **\$3.0 billion undrawn revolving credit facility**
  - **80% reduction in dividend frees ~\$870 million annually**
  - **Re-phasing/reduction of capital spend**
  - **Continuous improvement in operating performance, costs**
- **Fleet retirement and recycling**
- **Transocean Partners LLC**

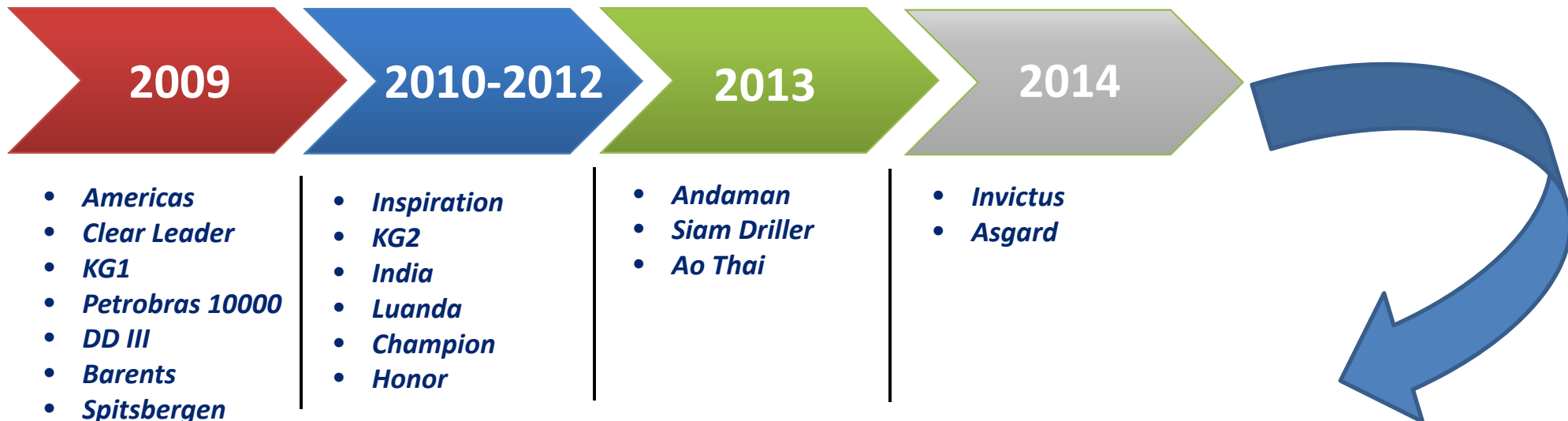


- **Improve fleet quality**
  - **Divest or scrap non-core assets**
  - **Invest in high-specification rigs**
- **Will remain disciplined and prudent**
  - **Will re-phase investments, CapEx in response to market conditions**
- **Currently, 2015 – 2018 newbuild CapEx ~\$700 million to \$1.6 billion per year**

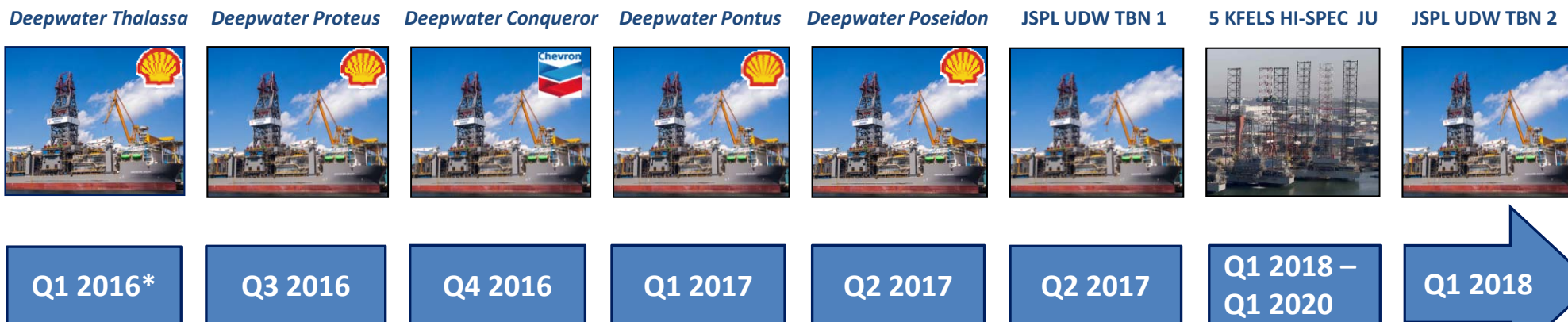
# Capital Investment Newbuild Program



## Completed Program: 18 High-Spec Rigs



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



\* Expected contract commencement dates, except two JSPL drillships and five KFELS hi-spec jackups are approximate shipyard delivery dates

- **Favorable ruling handed down by Texas Supreme Court 2/13/15 - BP is not an additional insured**
- **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**
- **Civil and criminal settlement agreements reached with DOJ announced 1/3/13, comprising \$1.4B paid over five years**

# Concluding Remarks

## Managing the Downturn



- **Control what we can**
  - **Deliver safest, most efficient service to our customers**
  - **Improved operations**
  - **Cost structure and waste elimination**
  - **Liquidity**
  - **Fleet renewal and repositioning**
  - **New leadership**

***Transocean is well positioned for the future***



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- (1) As of May 18, 2015. 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 65, plus 12 newbuilds. Rigs Under Construction are inclusive of rigs to be accepted by the customer subsequent to May 18, 2015. “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 future periods, as of the Fleet Status Report issued April 16, 2015, 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 April 16, 2015.
- (6) Global marketed utilization data from IHS-Petrodata as of May 12, 2015. 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.