



# Transocean Ltd.

**2014 Annual General Meeting**

**Steven L. Newman, President & CEO**

**Zug, Switzerland**

**May 16, 2014**

# Legal Disclaimer



The statements described in this presentation that are not historical facts are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements which could be made include, but are not limited to, statements involving prospects for the company, expected revenues, capital expenditures, costs and results of operations and contingencies and other factors discussed in the company's most recent Form 10-K for the year ended December 31, 2013 and in the company's other filings with the SEC, which are available free of charge on the SEC's website at [www.sec.gov](http://www.sec.gov). Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those indicated. All subsequent written and oral forward-looking statements attributable to the company or to persons acting on our behalf are expressly qualified in their entirety by reference to these risks and uncertainties. You should not place undue reliance on forward-looking statements. Each forward-looking statement speaks only as of the date of the particular statement, and we undertake no obligation to publicly update or revise any forward-looking statements. All non-GAAP financial measure reconciliations to the most comparative GAAP measure are displayed in quantitative schedules on the company's web site at [www.deepwater.com](http://www.deepwater.com).

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The company, its directors and certain of its executive officers and employees may be deemed to be participants in the solicitation of proxies from shareholders in connection with the company's 2014 Annual General Meeting (the "2014 Annual General Meeting"). The company filed a proxy statement with the SEC on April 11, 2014 in connection with the solicitation of proxies for the 2014 Annual General Meeting (the "2014 Proxy Statement"). SHAREHOLDERS ARE URGED TO READ THE 2014 PROXY STATEMENT (INCLUDING ANY AMENDMENTS OR SUPPLEMENTS THERETO) AND ANY OTHER RELEVANT DOCUMENTS THAT THE COMPANY WILL FILE WITH THE SEC WHEN THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION. Additional information regarding the identity of these potential participants, none of whom owns in excess of 1 percent of the company's shares, and their direct or indirect interests, by security holdings or otherwise, will be set forth in the 2014 Proxy Statement and other materials to be filed with the SEC in connection with the 2014 Annual General Meeting. Shareholders will be able to obtain, free of charge, copies of the 2014 Proxy Statement and any other documents filed by the company with the SEC in connection with the 2014 Annual General Meeting at the SEC's website (<http://www.sec.gov>), or at the company's website (<http://www.deepwater.com>), or by contacting the company by email at [info@deepwater.com](mailto:info@deepwater.com). In addition, copies of the proxy materials, when available, may be requested from the company's proxy solicitor, Innisfree M&A Incorporated, 501 Madison Avenue, 20th Floor, New York, NY 10022.

- **Financial Statement Overview**
- **Company Overview**
- **Market Overview**
- **Value Creation**
- **Dividend**
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- **Key Investment Highlights**

# Financial Statement Overview

## Annual Results



Years ended December 31,

*(In USD millions, except per share data)*

	2013	2012
<b>Revenues</b>	<b>\$9,484</b>	<b>\$9,196</b>
<b>Operating income</b>	<b>2,224</b>	<b>1,581</b>
<b>Net income (loss) attributable to controlling interest</b>	<b>1,407</b>	<b>(219)</b>
<b>Earnings per share-diluted from continuing operations</b>	<b>\$3.87</b>	<b>\$2.27</b>
<b>Net cash provided by operating activities</b>	<b>\$1,918</b>	<b>\$2,708</b>

# Financial Statement Overview

## Quarter Results



	Three months ended March 31,	
	2014	2013
<i>(In USD millions, except per share data)</i>		
<b>Revenues</b>	<b>\$2,339</b>	<b>\$2,184</b>
<b>Operating income</b>	<b>672</b>	<b>479</b>
<b>Net income attributable to controlling interest</b>	<b>456</b>	<b>321</b>
<b>Earnings per share-diluted from continuing operations</b>	<b>\$1.27</b>	<b>\$0.89</b>
<b>Net cash provided by operating activities</b>	<b>\$136</b>	<b>\$106</b>

# Financial Statement Overview

## Consolidated Balance Sheet



<i>(In USD millions)</i>	December 31,	
	2013	2012
<b>ASSETS</b>		
Current assets	\$6,772	\$8,647
Property and equipment, net	21,707	20,880
Goodwill	2,987	2,987
Other assets	1,080	1,741
<b>Total assets</b>	<b>\$32,546</b>	<b>\$34,255</b>
<b>LIABILITIES AND EQUITY</b>		
Current liabilities	\$3,554	\$5,463
Long-term debt	10,379	11,092
Other long-term liabilities	1,928	1,970
<b>Total long-term liabilities</b>	<b>12,307</b>	<b>13,062</b>
<b>Total equity</b>	<b>16,685</b>	<b>15,730</b>
<b>Total liabilities and equity</b>	<b>\$32,546</b>	<b>\$34,255</b>

# Financial Statement Overview

## Transocean Ltd. Statutory Statement of Operations\*



<i>(In CHF thousands)</i>	Years ended December 31,	
	2013	2012
Income from affiliates	16,451	-
Interest income	14	49
Total income	16,465	49
Total costs and expenses	52,569	63,607
Currency exchange gain (loss)	6,429	(7,649)
Net loss	(29,675)	(71,207)

\* Derived from our financial statements, prepared in accordance with Swiss law requirements, the Code of Obligations

# Financial Statement Overview

## Transocean Ltd. Statutory Balance Sheet\*



*(In CHF thousands)*

	December 31,	
	2013	2012
<b>ASSETS</b>		
Total current assets	23,036	35,589
Property & equipment, net	168	414
Investment in affiliates	17,436,710	17,436,710
Other non-current assets	257,026	257,027
<b>Total assets</b>	<b>17,716,940</b>	<b>17,729,740</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Total current liabilities	213,301	15,048
Other non-current liabilities	1,100,930	544,249
Share capital	5,607,459	5,607,459
Legal reserve	9,552,457	11,165,400
Free reserve	856,995	-
Reserve for treasury shares	325,189	307,300
Retained earnings	60,609	90,284
<b>Total shareholders' equity</b>	<b>16,402,709</b>	<b>17,170,443</b>
<b>Total liabilities and shareholders' equity</b>	<b>17,716,940</b>	<b>17,729,740</b>

\* Derived from our financial statements, prepared in accordance with Swiss law requirements, the Code of Obligations



# Company Overview

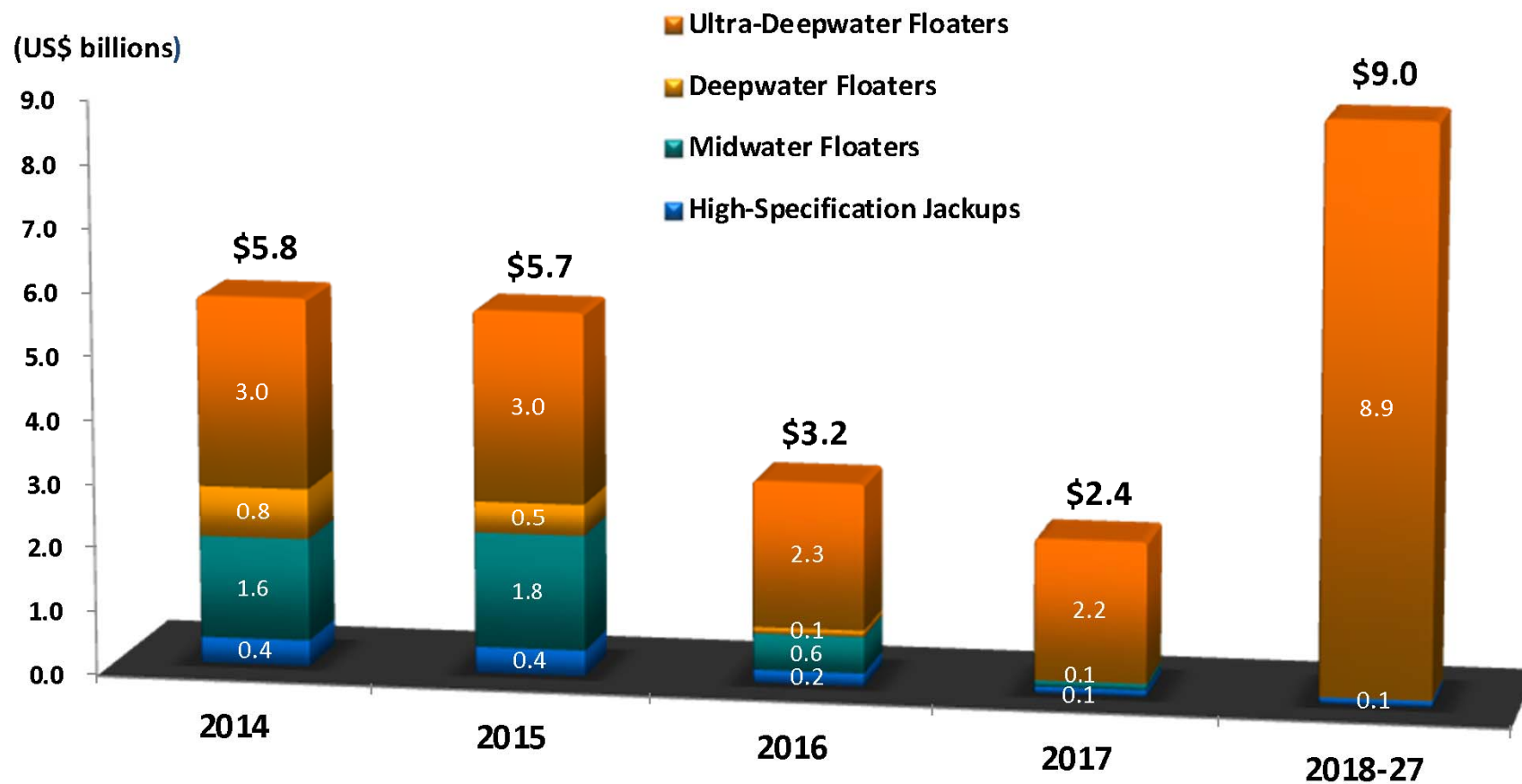
Industry Leader



- 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

## Strong Backlog



**Total Backlog From Continuing Operations - \$26.1 billion<sup>(1)</sup>**

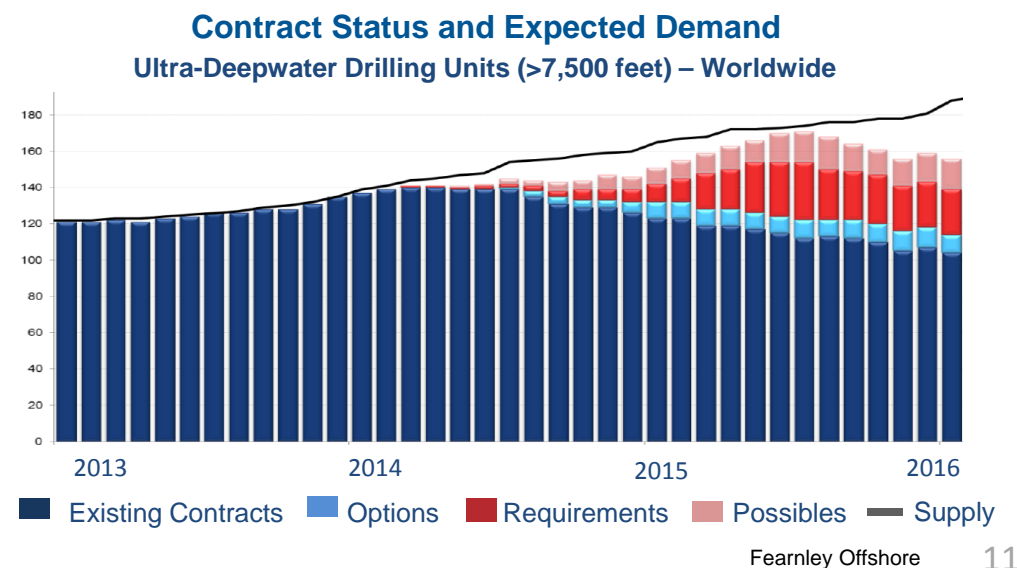
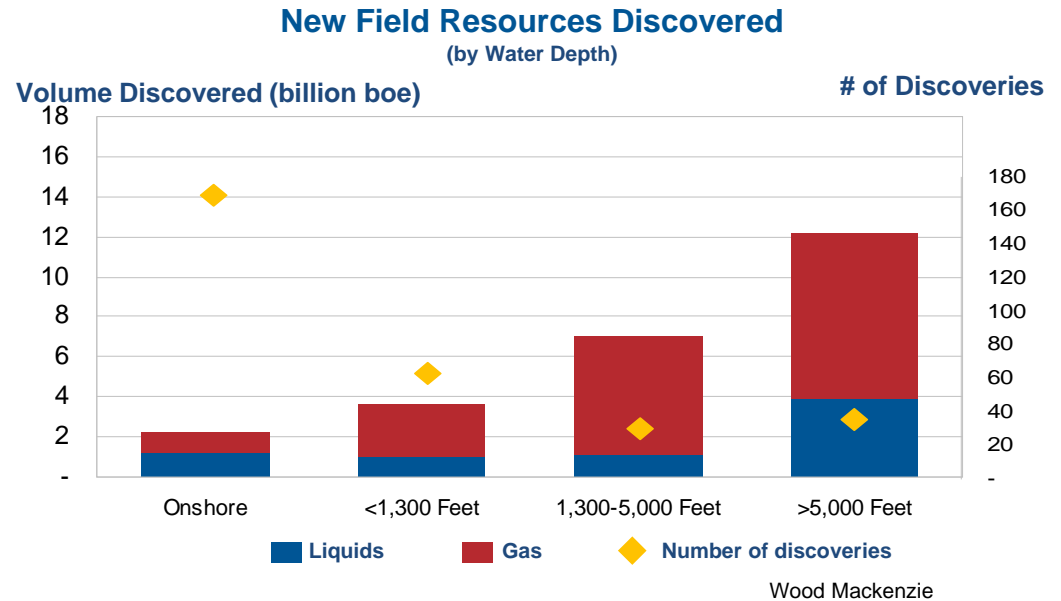
# Market Overview

## Ultra-Deepwater



- Exploration success indicates significant long-term ultra-deepwater demand
- Transocean's disciplined, high-return investment strategy is primarily focused on high-specification assets
- Ultra-deepwater market is oversupplied near term
  - Programs being delayed to 2015
  - Farmouts increasing
  - Fixtures for UDW rigs are now \$375K to low \$500K's/day depending upon specification

Note:  
Represents deepwater and ultra-deepwater as classified by Wood Mackenzie, 2012



# Market Overview

## Other Floaters, Jackups



### Deepwater



*Discoverer Seven Seas*

- Near-term increase in rig availability
- Market utilization 89% <sup>(2)</sup>
- Weak activity
- Limited data points, but recent fixtures between \$365K to \$400K/day for near-term availability

### Midwater



*GSF Rig 140*

- Strong presence in the UK and Norway sectors of the North Sea
- Market utilization 89% <sup>(2)</sup>
- Outside North Sea and Norway availability increasing
- Rates \$380K to \$410K/day in the U.K.; outside U.K. rates in low to mid \$200K's/day

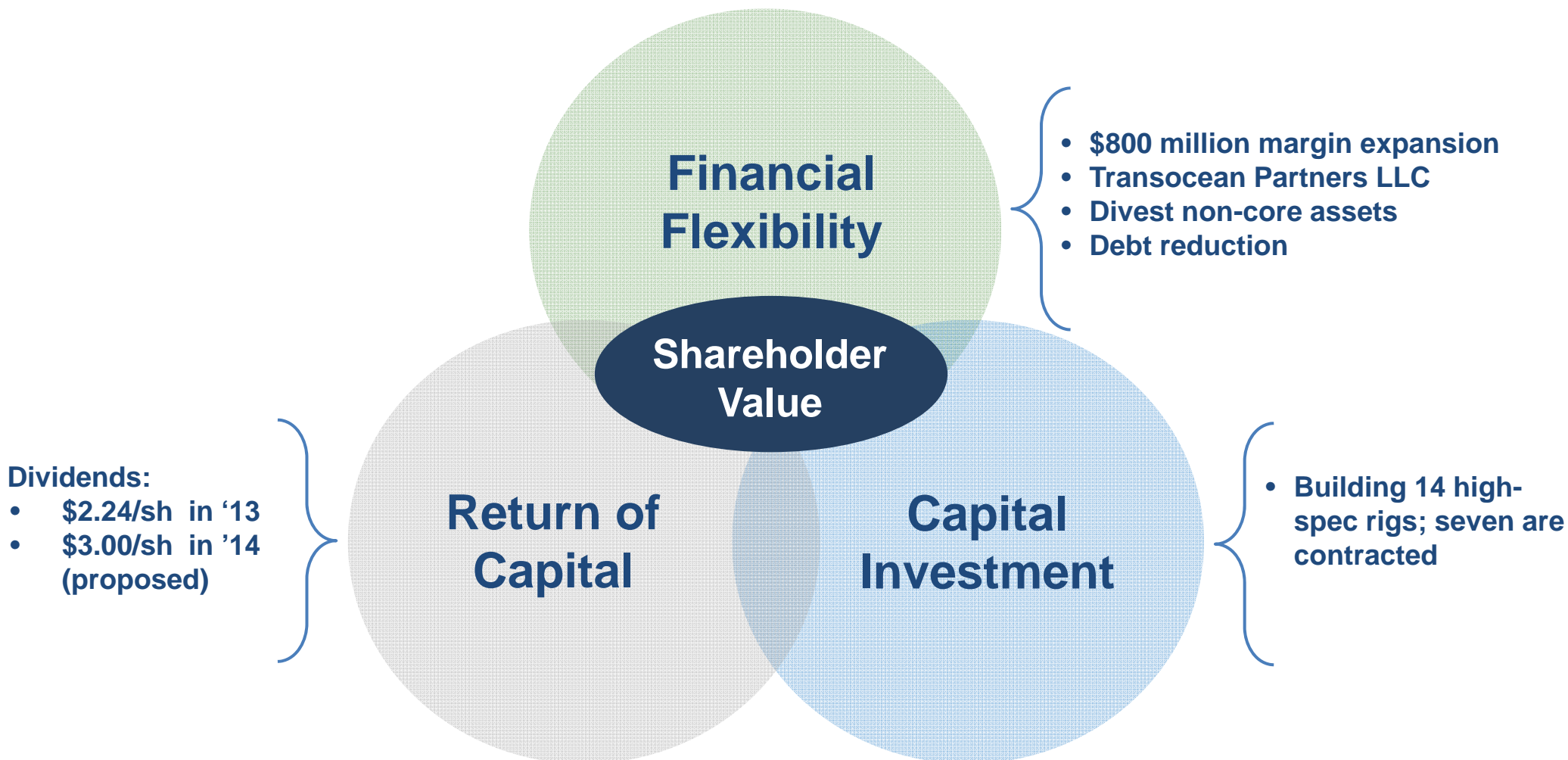
### High-Spec Jackups



*Transocean Honor*

- Demand and dayrates are stable in the medium term
- Market utilization 98% <sup>(2)</sup>
- Key demand areas are Mexico, India and Southeast Asia
- Rates \$180K to \$200K/day in U.K.; outside U.K. rates \$160K to \$180K/day

# Value Creation

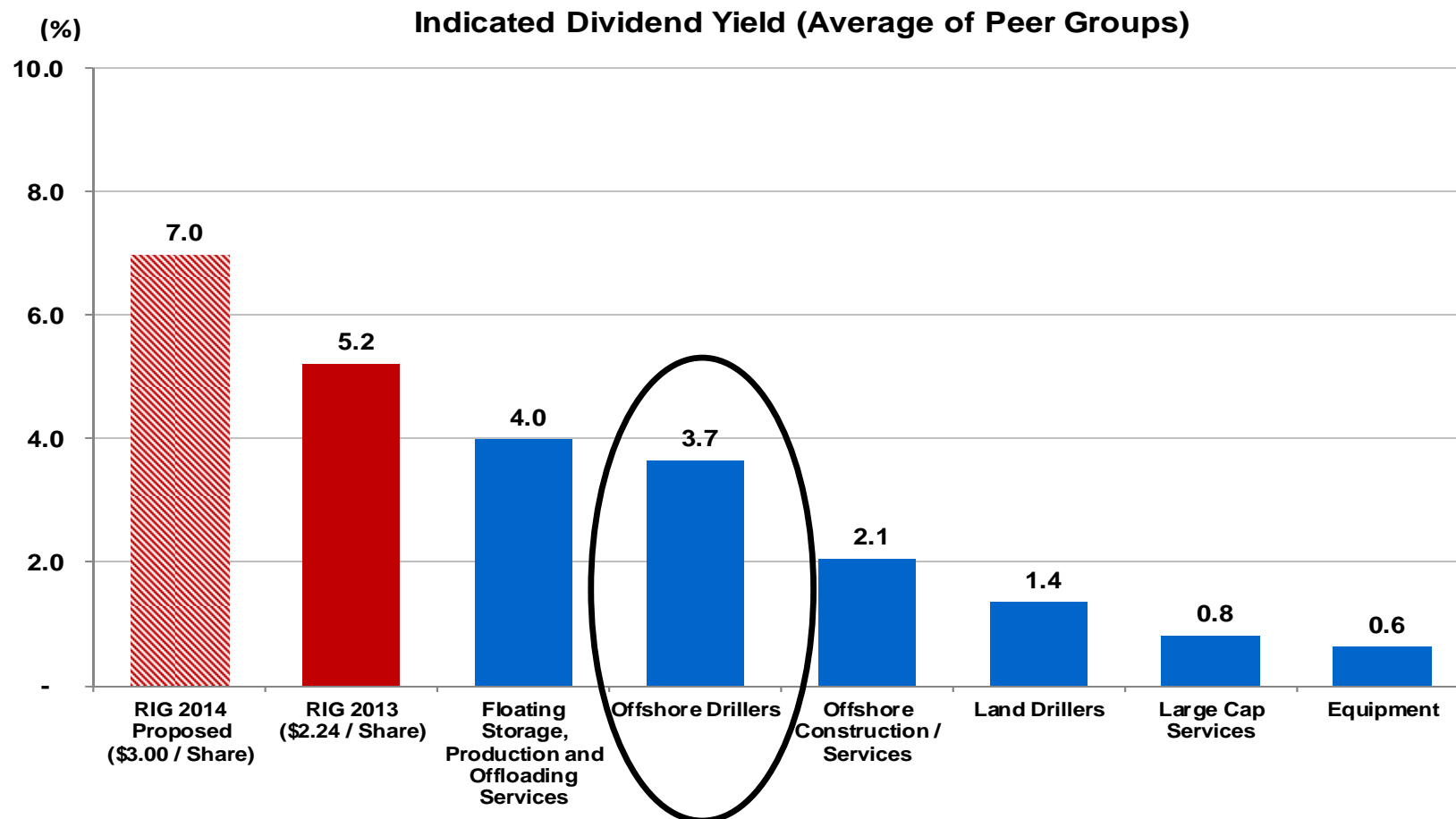


# Return of Capital

## Dividends



- Proposed dividend yield is very competitive



Source: Bloomberg 5/05/14

## Norway Tax Cases

- Norwegian court overturned Arcade civil tax assessment; state filed appeal – scheduled for hearing in Appeals Court in October 2014
- Court scheduled to hear second civil tax case in May 2014
- Criminal trial concluded September 2013; decisions anticipated by June 2014
- Believe our tax returns are materially correct as filed; will continue to contest contrary assertions

## Macondo

- Civil and criminal settlement agreements reached with DOJ comprising \$1.4B paid over five years
  - Phase 1 of trial concluded 4/17/13
  - Phase 2 of trial concluded 10/17/13

# Key Investment Highlights



- **We are delivering on our commitment to create value for all our stakeholders**
  - **Improving financial flexibility to capitalize on high-return opportunities and increase competitiveness**
  - **Executing plan to high-grade the fleet**
  - **Returning excess cash to shareholders through a highly competitive dividend**
  - **To the extent possible, reducing uncertainties the company faces**
- **Transocean is well positioned to capitalize on global opportunities**





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- (1) Calculated by multiplying the contracted operating dayrate by the firm contract period for 2014 and future periods as of the Fleet Status Report issued April 17, 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.
- (2) Data from IHS-Petrodata as of May 9, 2014. High-Specification Jackups are defined as competitive, independent cantilever rigs with water depths of 350' and greater.
- (3) This presentation is unaudited.