SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (date of earliest event reported): February 10, 2004

TRANSOCEAN INC.
(Exact name of registrant as specified in its charter)

CAYMAN ISLANDS	333-75899	66-0582307
(State or other jurisdiction of incorporation or organization)	(Commission File Number)	(I.R.S. Employer Identification No.)

4 GREENWAY PLAZA HOUSTON, TEXAS	77046
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (713) 232-7500

ITEM 5. OTHER EVENTS AND REGULATION FD DISCLOSURE.

In a press release issued on February 10, 2004, Transocean Inc. (together with its subsidiaries, excluding TODCO and its subsidiaries, the "Company" or "we") announced the closing of its public offering of 13,800,000 shares of Class A common stock of TODCO, the Company's Gulf of Mexico Shallow and Inland Water subsidiary. The offering price was $12.00 per share. The closing included 1,800,000 shares relating to the underwriters' over-allotment option, which was exercised in full. We received approximately $150.2 million of proceeds from the offering, net of underwriting fees and estimated expenses. We intend to use the proceeds for the reduction of corporate debt and general corporate purposes. The press release is incorporated herein by reference.

After the closing of the offering, we own 46,200,000 shares of TODCO's outstanding Class B common stock (representing 100% of the outstanding shares of the class), giving us 94% of the combined voting power of TODCO's outstanding common stock. We do not own any of TODCO's outstanding Class A common stock. Generally, the Class B common stock is entitled to five votes per share, and the Class A common stock is entitled to one vote per share, on all matters on which stockholders are entitled to vote.

Our current long term intent is to dispose of the TODCO common stock that we own. We could elect to dispose of the TODCO common stock in a number of different types of transactions, including additional public offerings of the TODCO common stock, open market sales of the TODCO common stock, sales of the TODCO common stock to one or more third parties, spin-off distributions of the TODCO common stock to our shareholders, split-off offerings to our shareholders that would allow for the opportunity to exchange our shares for shares of our common stock or a combination of these transactions. However, the determination whether, and if so, when, to proceed with any of these transactions is entirely within our discretion. Our current preference would be to receive cash in any transaction disposing of TODCO's common stock. We are not subject to any contractual obligation to maintain our share ownership, except that we have agreed with the underwriters for the offering not to sell or otherwise dispose of any shares of TODCO's common stock until July 9, 2004, subject to certain exceptions.

Master Separation Agreement

We entered into a master separation agreement with TODCO that provides for the completion of the separation of TODCO's business from ours. It also governs aspects of the relationship between us and TODCO following the offering. The

master separation agreement provides for cross-indemnities that generally place financial responsibility on TODCO and its subsidiaries for all liabilities associated with the businesses and operations falling within the definition of TODCO's business, and that generally place financial responsibility for liabilities associated with all of our businesses and operations with us, regardless of the time those liabilities arise.

Under the master separation agreement we also agreed to generally release TODCO, and TODCO agreed to generally release us, from any liabilities that arose Prior

to the closing of the offering, including acts or events that occurred in connection with the separation or the offering; provided, that specified ongoing obligations and arrangements between TODCO and our company are excluded from the mutual release.

The master separation agreement defines the TODCO business to generally mean contract drilling and similar services for oil and gas wells using jackup, submersible, barge and platform drilling rigs in the U.S. Gulf of Mexico and U.S. inland waters; contract drilling and similar services for oil and gas wells in and offshore Mexico, Trinidad, Colombia and Venezuela; and TODCO's joint venture interest in Delta Towing Holdings, LLC. Our business is generally defined to include all of the businesses and activities not defined as the TODCO business and specifically includes contract drilling and similar services for oil and gas wells using semisubmersibles and drillships in the U.S. Gulf of Mexico; contract drilling and similar services for oil and gas wells in geographic regions outside of the U.S. Gulf of Mexico, U.S. inland waters, Mexico, Colombia, Trinidad and Venezuela; oil and gas exploration and production activities; coal production activities; and the turnkey drilling business that TODCO formerly operated in the U.S. Gulf of Mexico and offshore Mexico.

The master separation agreement also contains several provisions regarding TODCO's corporate governance and accounting practices that apply as long as we own specified percentages of TODCO's common stock. As long as we own shares representing a majority of the voting power of TODCO's outstanding voting stock, we will have the right to nominate for designation by TODCO's board of directors, or a nominating committee of the board, a majority of the members of the board, as well as the chairman of the board, and designate at least a majority of the members of any committee of TODCO's board of directors.

If our beneficial ownership of TODCO's common stock is reduced to a level of at least 10% but less than a majority of the voting power of TODCO's outstanding voting stock, we will have the right to designate for nomination a number of directors proportionate to our voting power and designate one member of any committee of TODCO's board of directors.

Tax Sharing Agreement

Our wholly owned subsidiary, Transocean Holdings Inc. ("Transocean Holdings"), has entered into a tax sharing agreement with TODCO in connection with the offering. The tax sharing agreement governs Transocean Holdings' and TODCO's respective rights, responsibilities and obligations with respect to taxes and tax benefits, the filing of tax returns, the control of audits and other tax matters. Under this agreement, all U.S. federal, state, local and foreign income taxes and income tax benefits (including income taxes and income tax benefits attributable to the TODCO business) that accrued on or before the closing of the offering generally will be for the account of Transocean Holdings. Accordingly, Transocean Holdings generally will be liable for any income taxes that accrued on or before the closing of the offering, but TODCO generally must pay Transocean Holdings for the amount of any income tax benefits created on or before the closing of the offering ("pre-closing tax benefits") that it uses or absorbs on a

return with respect to a period after the closing of the offering. Income taxes and income tax benefits accruing after the closing of the offering, to the extent attributable to Transocean Holdings or its affiliates (other than TODCO or its subsidiaries), generally will be for the account of Transocean Holdings and, to the extent attributable to TODCO or its subsidiaries, generally will be for the account of TODCO. However, TODCO will be responsible for all taxes, other than income taxes, attributable to the TODCO business, whether accruing before, on or after the closing of the offering.

Exceptions to the general allocation rules discussed above may apply with respect to specific tax items or under special circumstances, including in circumstances where TODCO's use or absorption of any pre-closing tax benefit defers or precludes its use or absorption of any income tax benefit created after the closing of the offering or arises out of or relates to the alternative minimum tax provisions of the U.S. Internal Revenue Code. In addition, TODCO must pay Transocean Holdings for any tax benefits otherwise attributable to TODCO that result from the delivery by Transocean or its subsidiaries, after the closing of the offering, of stock of Transocean to an employee of TODCO in connection with the exercise of an employee stock option. If any person other than Transocean or its subsidiaries becomes the beneficial owner of greater than 50% of the aggregate voting power of TODCO's outstanding voting stock, TODCO will be deemed to have used or absorbed all pre-closing tax benefits and generally will be required to pay Transocean Holdings a specified amount for these pre-closing tax benefits at the time the requisite voting power is attained. Moreover, if any of TODCO's subsidiaries that join with TODCO in the filing of consolidated returns ceases to join in the filing of such returns, TODCO will be deemed to have used that portion of the pre-closing tax benefits attributable to that subsidiary following the cessation, and TODCO generally will be required to pay Transocean Holdings a specified amount for this deemed tax benefit at the time such subsidiary ceases to join in the filing of such returns.

Other Agreements

In addition to the agreements described above, we also entered into the following agreements with TODCO: (1) a transition services agreement under which we will provide specified administrative support during the transitional period following the closing of the offering, (2) an employee matters agreement that allocates specified assets, liabilities and responsibilities relating to TODCO's current and former employees and their participation in our benefit plans under which we have generally agreed to indemnify TODCO for employment liabilities arising from any acts of our employees or from claims by our employees against TODCO and for liabilities relating to benefits for our employees (and TODCO has generally agreed to similarly indemnify us) and (3) a registration rights agreement under which TODCO has agreed to register the sale of shares of TODCO's common stock held by us under the Securities Act of 1933, as amended, and granted us "piggy-back" registration rights.

Description of the Agreements

The descriptions of the master separation agreement, the tax sharing agreement, the transition services agreement, the employee matters agreement and the registration

rights agreement are not complete and are qualified in their entirety by reference to the provisions of each such agreement, copies of which have been filed, as Exhibit 99.2, Exhibit 99.3, Exhibit 99.4, Exhibit 99.5 and Exhibit 99.6, respectively, and which are incorporated herein by reference.

Conflicts

Three of our executive officers are directors of TODCO, and one of our nonemployee directors is also a director of TODCO. As a result of their positions, these directors may have potential conflicts of interest as to matters relating to TODCO and Transocean. In connection with any transaction or other relationship involving the two companies, these directors may need to recuse themselves and not participate in any board action relating to these transactions or relationships. In addition, our interests may conflict with those of TODCO in a number of areas relating to our past and ongoing relationships. We may not be able to resolve any potential conflicts with TODCO and, even if we do, the resolution may be less favorable than if we were dealing with an unaffiliated third party.

Forward-Looking Statements

Statements regarding use of proceeds from the offering, our plans with respect to TODCO and its securities, arrangements in the future under the various separation agreements, potential conflicts of interest and board decisions, as well as any other statements that are not historical facts in this report are forward-looking statements that involve certain risks, uncertainties and assumptions. These include but are not limited to securities market conditions, the results of operations of our company and TODCO, our cash requirements, conflicts of interest, arrangements between TODCO and our company and factors detailed in our Annual Report on Form 10-K for the year ended December 31, 2002 and other filings with the Securities and Exchange Commission. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those indicated.

ITEM 7. FINANCIAL STATEMENTS AND EXHIBITS.

Exhibit Number	Description
99.1	Transocean Inc. Press Release Issued February 10, 2004 Announcing Closing of the TODCO Public Offering.
99.2	Master Separation Agreement dated February 4, 2004 by and among Transocean Inc., Transocean Holdings Inc. and TODCO.
99.3	Tax Sharing Agreement dated February 4, 2004 between Transocean Holdings Inc. and TODCO.
99.4	Transition Services Agreement dated February 4, 2004

between Transocean Holdings Inc. and TODCO.

99.5 Employee Matters Agreement dated February 4, 2004 by and among Transocean Inc., Transocean Holdings Inc. and TODCO.

99.6 Registration Rights Agreement dated February 4, 2004 between Transocean Inc. and TODCO.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

TRANSOCEAN INC.

Date: March 2, 2004

By: /s/ William E. Turcotte

William E. Turcotte
Associate General Counsel and
Assistant Secretary

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TRANSOCEAN INC.
[LOGO OMITTED] Post Office Box 2765
Houston TX 77252 2765
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NEWS RELEASE

ANALYST CONTACT: Jeffrey L. Chastain
713-232-7551
MEDIA CONTACT: Guy A. Cantwell
713-232-7647

FOR RELEASE: February 10, 2004

TRANSOCEAN INC. ANNOUNCES CLOSING OF TODCO PUBLIC OFFERING

HOUSTON--Transocean Inc. (NYSE: RIG) today announced the closing of its public offering of 13,800,000 shares of Class A common stock of TODCO (NYSE: THE), the company's Gulf of Mexico Shallow and Inland Water subsidiary. The offering price was $12.00 per share. The closing included 1,800,000 shares relating to the underwriters' over-allotment option, which was exercised in full. Transocean received approximately $150.2 million of proceeds from the offering, net of underwriting fees and estimated expenses. Transocean intends to use the proceeds for the reduction of corporate debt and general corporate purposes.

The representatives of the underwriters of the offering are Morgan Stanley & Co. Incorporated, which is acting as sole bookrunner, Banc of America Securities LLC, Citigroup Global Markets Inc., Credit Suisse First Boston LLC, UBS Securities LLC and Simmons & Company, International, each of which are acting as co-managers.

A copy of a written prospectus related to this offering may be obtained from Morgan Stanley & Co. Incorporated, Prospectus Department, 1585 Broadway, New York, NY 10036 (Tel. 212-761-6775).

This press release shall not constitute an offer to sell or a solicitation of an offer to buy nor shall there be any sale of these securities in any state in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such state.

Statements regarding estimated net proceeds and use of proceeds, as well as any other statements that are not historical facts in this release are forward-looking statements that involve certain risks, uncertainties and assumptions. These include but are not limited to factors detailed in Transocean's filings with the Securities and Exchange Commission. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those indicated.

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04-06

MASTER SEPARATION AGREEMENT

AMONG

TRANSOCEAN INC.,

TRANSOCEAN HOLDINGS INC.

AND

TODCO

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MASTER SEPARATION AGREEMENT

THIS MASTER SEPARATION AGREEMENT (this "Agreement") is entered into as of February 4, 2004, among Transocean Inc., a company organized under the laws of the Cayman Islands ("Transocean"), Transocean Holdings Inc., a Delaware corporation ("Transocean Holdings"), and TODCO (formerly named R&B Falcon Corporation), a Delaware corporation ("TODCO"). Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to such terms in Article I hereof.

RECITALS

WHEREAS, TODCO is a direct wholly owned Subsidiary of Transocean Holdings, and Transocean Holdings is a direct wholly owned Subsidiary of Transocean; and

WHEREAS, the Board of Directors of Transocean has determined that it would be appropriate and desirable for Transocean to separate the TODCO Group from the Transocean Group and, in that connection, for each Group to acquire certain assets from and assume certain Liabilities of the other Group; and

WHEREAS, the Board of Directors of each of TODCO and Transocean Holdings has also approved such transactions; and

WHEREAS, Transocean, Transocean Holdings and TODCO currently contemplate that TODCO will make an initial public offering ("IPO") of shares of TODCO Class A Common Stock held by Transocean Holdings pursuant to a registration statement on Form S-1 filed pursuant to the Securities Act; and

WHEREAS, Transocean wishes to retain the flexibility so that if, following the IPO, Transocean's direct and indirect ownership of the voting power of all of the outstanding shares of TODCO Voting Stock is at least 80%, Transocean could distribute to the holders of its ordinary shares (including any distribution in exchange for Transocean ordinary shares or other securities), by means of a distribution or exchange offer, shares of TODCO Voting Stock it then owns in a transaction intended to qualify as a tax-free distribution under Section 355 of the Code or any corresponding provision of any successor statute; and

WHEREAS, the parties intend in this Agreement, including the Exhibits and Schedules hereto, to set forth the principal arrangements between them regarding the separation of the TODCO Group from the Transocean Group, the IPO and any Distribution.

NOW, THEREFORE, in consideration of the foregoing and the covenants and agreements set forth below, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

1.1 ACTION. "Action" means any demand, action, suit, countersuit, arbitration, inquiry, proceeding or investigation by or before any federal, state, local, foreign or international Governmental Authority or any arbitration or mediation tribunal.

1.2 AFFILIATES. An "Affiliate" of any Person means another Person that directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, such Person. For this purpose "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of the Person controlled, whether through ownership of voting securities, by contract or otherwise. Notwithstanding anything herein to the contrary, no member of the TODCO Group shall be deemed an Affiliate of any member of the Transocean Group and no member of the Transocean Group shall be deemed an Affiliate of any member of the TODCO Group.

1.3 ANCILLARY AGREEMENTS. "Ancillary Agreements" has the meaning set forth in Section 2.6.

1.4 APPLICABLE DEADLINE. "Applicable Deadline" has the meaning set forth in Section 6.3(b).

1.5 APPROPRIATE MEMBER OF THE TODCO GROUP. "Appropriate Member of the TODCO Group" has the meaning set forth in Section 3.3.

1.6 APPROPRIATE MEMBER OF THE TRANSOCEAN GROUP. "Appropriate Member of the Transocean Group" has the meaning set forth in Section 3.4.

1.7 ARBITRATION ACT. "Arbitration Act" means the United States Arbitration Act, 9 U.S.C. 1-14, as the same may be amended from time to time.

1.8 ARBITRATION DEMAND DATE. "Arbitration Demand Date" has the meaning set forth in Section 6.3(a).

1.9 ARBITRATION DEMAND NOTICE. "Arbitration Demand Notice" has the meaning set forth in Section 6.3(a).

1.10 BUSINESS DAY. "Business Day" means a day other than a Saturday, a Sunday or a day on which banking institutions located in the State of Texas are authorized or obligated by law or executive order to close.

1.11 CODE. "Code" means the Internal Revenue Code of 1986, as amended from time to time.

1.12 COMMISSION. "Commission" means the Securities and Exchange Commission.

1.13 CONDITIONAL INSURANCE NOTICE. "Conditional Insurance Notice" has the meaning set forth in Section 7.14.

1.14 CONFIDENTIAL INFORMATION. "Confidential Information" has the meaning set forth in Section 7.13.

1.15 CONTRACT. "Contract" means any contract, agreement, lease, license, sales order, purchase order, instrument or other commitment or arrangement that is binding on any Person or entity or any part of its property under applicable Law.

1.16 D&O CLAIMS. "D&O Claims" means claims under any D&O Policy.

1.17 D&O POLICIES. "D&O Policy" means Transocean's current Directors and Officers Liability Policies, Employment Practices Liability Policy, Fiduciary Liability Policy, Special Crimes Policy and ERISA Bonding Facility and any other similar future policies (including any agreements related to such policies) issued to Transocean by any insurance carrier unaffiliated with Transocean pursuant to which one or more members of the TODCO Group (or their respective officers or directors) are insured parties, if Transocean has notified TODCO in writing that such policy has been issued and TODCO has notified Transocean in writing within 10 Business Days of its receipt of such notice from Transocean that it elects that such policy shall constitute a "D&O Policy" within the meaning of this definition.

1.18 DEVCO BUSINESS. "Devco Business" has the meaning set forth in Section 1.81(b).

1.19 DISTRIBUTION. "Distribution" has the meaning set forth in Section 5.7.

1.20 DISTRIBUTION DATE. "Distribution Date" means the date the Distribution is effective.

1.21 EMPLOYEE MATTERS AGREEMENT. "Employee Matters Agreement" means the Employee Matters Agreement dated the date hereof among Transocean, Transocean Holdings and TODCO.

1.22 ENERGY VIRTUAL PARTNERS. "Energy Virtual Partners" has the meaning set forth in Section 1.81(a)(v).

1.23 ESCALATION NOTICE. "Escalation Notice" has the meaning set forth in Section 6.2(a).

1.24 EXCESS DIRECTOR NUMBER. "Excess Director Number" has the meaning set forth in Section 5.4(d).

1.25 EXCHANGE ACT. "Exchange Act" means the Securities Exchange Act of 1934, as amended.

1.26 EXCHANGE. "Exchange" means the issuance by TODCO of TODCO Class B Common Stock to Transocean and Transocean Holdings in exchange for all of its Remaining

outstanding 6.75%, 7.375% and 9.50% notes, if any, held by Transocean and Transocean Holdings.

1.27 FINAL ORDER. Unless the context requires otherwise, "Final Order," "Order," "Injunction," "Decree," "Legal Restraint," "Prohibition," "Writ" or other words of similar import shall mean final adjudication by a court or regulatory agency that is no longer subject to rehearing or appeal.

1.28 GAAP. "GAAP" means generally accepted accounting principles in the United States in effect from time to time.

1.29 GOVERNMENTAL APPROVALS. "Governmental Approvals" means any notices, reports or other filings to be made, or any consents, registrations, approvals, permits or authorizations to be obtained from, any Governmental Authority.

1.30 GOVERNMENTAL AUTHORITY. "Governmental Authority" shall mean any U.S. federal, state, local or non-U.S. court, government, department, commission, board, bureau, agency, official or other regulatory, administrative or governmental authority.

1.31 GROUP. "Group" means either of the Transocean Group or the TODCO Group, as the context requires.

1.32 INDEBTEDNESS. "Indebtedness" of any Person means (a) all obligations of such Person for borrowed money, (b) all obligations of such Person evidenced by bonds, debentures, notes or similar instruments, (c) all obligations of such Person upon which interest charges are customarily paid, (d) all obligations of such Person under conditional sale or other title retention agreements relating to property or assets purchased by such Person, (e) all obligations of such Person issued or assumed as the deferred purchase price of property or services, (f) all Indebtedness of others secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any mortgage, lien, pledge, or other encumbrance on property owned or acquired by such Person, whether or not the obligations secured thereby have been assumed, (g) all guarantees by such Person of Indebtedness of others, (h) all capital lease obligations of such Person, and (i) all securities or other similar instruments convertible or exchangeable into any of the foregoing, but excluding daily cash overdrafts associated with routine cash operations.

1.33 INDEMNIFIABLE LOSS. "Indemnifiable Loss" has the meaning set forth in Section 3.6(a).

1.34 INDEMNIFICATION PAYMENT. "Indemnification Payment" means the amount an Indemnifying Party is required to pay to (or for the benefit of) an Indemnitee pursuant to this Agreement.

1.35 INDEMNIFYING PARTY. "Indemnifying Party" has the meaning set forth in Section 3.6(a).

1.36 INDEMNITEE. "Indemnitee" shall have the meaning set forth in Section 3.6(a).

1.37 INFORMATION. "Information" means information, whether or not patentable or copyrightable, in written, oral, electronic or other tangible or intangible forms, stored in any medium, including studies, reports, records, books, contracts, instruments, surveys, discoveries, ideas, concepts, know-how, techniques, designs, specifications, drawings, blueprints, diagrams, models, prototypes, samples, flow charts, data, computer data, disks, diskettes, tapes, computer programs or other software, marketing plans, customer names, communications by or to attorneys (including attorney-client privileged communications), memos and other materials prepared by attorneys or under their direction (including attorney work product), and other technical, financial, employee or business information or data.

1.38 INSURANCE CONTINUATION NOTICE. "Insurance Continuation Notice" has the meaning set forth in Section 7.14(c).

1.39 INSURANCE POLICIES. "Insurance Policies" means the insurance policies (including any agreements related to such policies) set forth in Schedule 1.39 and any future insurance policies (including any agreements related to such policies) issued to Transocean by any insurance carrier unaffiliated with Transocean pursuant to which one or more members of the TODCO Group (or their respective officers or directors) are insured parties, if Transocean has notified TODCO in writing that such policy has been issued and TODCO has notified Transocean in writing within 10 Business Days of its receipt of such notice from Transocean that it elects that such policy shall constitute an "Insurance Policy" within the meaning of this definition; provided however that any D&O Policies shall not constitute Insurance Policies.

1.40 INSURANCE PREMIUM AMOUNT. "Insurance Premium Amount" has the meaning set forth in Section 7.14(b).

1.41 INSURANCE PROCEEDS. "Insurance Proceeds" means those monies:

(a) received by an insured from an insurance carrier; or

(b) paid by an insurance carrier on behalf of the insured;

in any such case and net of any out-of-pocket costs or expenses incurred in the collection thereof.

1.42 INTELLECTUAL PROPERTY RIGHTS. "Intellectual Property Rights" means all industrial and intellectual property rights, including, without limitation, trademarks, service marks, patents, copyrights, design rights, rights in know-how, trade secrets and other rights of a similar nature subsisting anywhere in the world, in each case whether registered or unregistered and including all applications for the registration of the same, owned or used by any member of the TODCO Group on or prior to the date of this Agreement.

1.43 INTERCOMPANY AGREEMENT. "Intercompany Agreement" means any Contract between any entities included within the TODCO Group, on the one hand, and any entities within the Transocean Group, on the other hand, entered into prior to the IPO Closing Date, excluding any Contract to which a Person other than Transocean, TODCO or one of their Subsidiaries is a party.

1.44 INTERCOMPANY PAYABLES. "Intercompany Payables" has the meaning set forth in Section 3.2.

1.45 INTERCOMPANY RECEIVABLES. "Intercompany Receivables" has the meaning set forth in Section 3.2.

1.46 IPO. "IPO" has the meaning set forth in the Recitals.

1.47 IPO CLOSING DATE. "IPO Closing Date" means the first date on which the proceeds of any sale of TODCO Class A Common Stock to the underwriters in the IPO are received.

1.48 IPO PROSPECTUS. "IPO Prospectus" means the prospectus included in the IPO Registration Statement, including any prospectus subject to completion, final prospectus or any supplement to or amendment of any of the foregoing.

1.49 IPO REGISTRATION STATEMENT. "IPO Registration Statement" means the Registration Statement on Form S-1 (Registration No. 333-101921) of TODCO filed with the Commission pursuant to the Securities Act of 1933, as amended, registering the shares of TODCO Class A Common Stock to be sold in the IPO, together with all amendments thereto.

1.50 ISSUANCE EVENT. "Issuance Event" has the meaning set forth in Section 5.6(c).

1.51 ISSUANCE EVENT DATE. "Issuance Event Date" has the meaning set forth in Section 5.6(c).

1.52 JOINT CLAIMS. "Joint Claims" means any claims under any Insurance Policy or D&O Policy that (a) the insurance carrier claims or could reasonably be expected to claim relate to a single incident or occurrence and (b) results or could reasonably be expected to result in the payment of Insurance Proceeds to or for the benefit of both one or more members of the Transocean Group and one or more members of the TODCO Group.

1.53 LAW. "Law" means any law, statute, ordinance, rule, regulation, order, writ, judgment, injunction or decree of any Governmental Authority.

1.54 LIABILITIES. "Liabilities" shall mean any and all Indebtedness, liabilities and obligations, whether accrued, fixed or contingent, mature or inchoate, known or unknown, reflected on a balance sheet or otherwise, including, but not limited to, those arising under any Law, Action or any judgment of any court of any kind or any award of any arbitrator of any kind, and those arising under any contract, commitment or undertaking.

1.55 LICENSED INTELLECTUAL PROPERTY. "Licensed Intellectual Property" means all industrial and intellectual property rights, including, without limitation, patents, copyrights, design rights, rights in know-how, trade secrets and other rights of a similar nature (excluding trade marks, service marks, trade names and domain names) subsisting anywhere in the world, in each case whether registered or unregistered, owned by the Transocean Group as of the date of this Agreement and previously used by any member of the TODCO Group for the conduct of the TODCO Business.

1.56 LICENSED MARKS. "Licensed Marks" means "R&B Falcon Corporation," "R&B Falcon," and "RBF."

1.57 LOSSES. "Losses" shall mean any and all damages, losses, deficiencies, Liabilities, obligations, penalties, judgments, settlements, claims, payments, fines, interest costs and expenses (including, without limitation, the costs and expenses of any and all Actions and demands, assessments, judgments, settlements and compromises relating thereto and the costs and expenses of attorneys', accountants', consultants' and other professionals' fees and expenses incurred in the investigation or defense thereof or the enforcement of rights hereunder), including direct and consequential damages, but excluding (a) punitive damages (other than punitive damages awarded to any third party against an Indemnified Party for which indemnity is owed hereunder) and (b) any reduction in the value of the shares of TODCO Common Stock.

1.58 MARKET PRICE. "Market Price" of any shares of TODCO Stock on any date means (i) the last sale price during regular trading hours of such shares on such date on the New York Stock Exchange, Inc. or, if such shares are not listed thereon, on the principal national securities exchange or automated interdealer quotation system on which such shares are traded or (ii) if such sale price is unavailable or such shares are not so traded, the value of such shares on such date determined in accordance with agreed-upon procedures reasonably satisfactory to Transocean and TODCO.

1.59 MARKS. "Marks" means trade names, registered and unregistered trade marks, service marks, domain names and e-mail addresses comprising or including the terms "Transocean," "R&B Falcon," "Reading & Bates," "R&B," "RBF," or any derivatives thereof or any terms of a confusingly similar nature.

1.60 NORTH AMERICAN TURNKEY BUSINESS. "North American Turnkey Business" has the meaning set forth in Section 1.81(b).

1.61 NYSE. "NYSE" means the New York Stock Exchange, Inc.

1.62 OWNERSHIP PERCENTAGE. "Ownership Percentage" means with respect to any class or series of TODCO Non-Voting Stock, at any time, the fraction, expressed as a percentage and rounded to the nearest thousandth of a percent, whose numerator is the number of shares of such class or series of TODCO Non-Voting Stock owned by the Transocean Group and whose denominator is the total number of outstanding shares of such class or series of TODCO Non-Voting Stock; provided, however, that any shares of such TODCO Non-Voting Stock issued by TODCO in violation of its obligations under Section 5.6 of this Agreement shall not be deemed outstanding for the purpose of determining the Ownership Percentage.

1.63 PERSON. "Person" means an individual, a partnership, a corporation, a limited liability company, an association, a joint stock company, a trust, a joint venture, an unincorporated organization or a governmental entity or any department, agency or political subdivision thereof.

1.64 PRIOR TRANSFER. "Prior Transfer" means a transfer prior to the Exchange of any part of the TODCO Business contained in the Transocean Group to the TODCO Group and an assumption prior to the Exchange Date by the TODCO Group of any of the TODCO Liabilities,

and the transfer prior to the Exchange of any part of the Transocean Business contained in the TODCO Group to the Transocean Group and an assumption prior to the Exchange by the Transocean Group of any of the TODCO Excluded Liabilities.

1.65 PRIVILEGE. "Privilege" has the meaning set forth in Section 7.7(a).

1.66 PRIVILEGED INFORMATION. "Privileged Information" has the meaning set forth in Section 7.7(a).

1.67 REDUCED OWNERSHIP DATE. "Reduced Ownership Date" means the first date on which Transocean ceases to own at least 30% of the voting power of all the outstanding shares of TODCO Voting Stock.

1.68 REGISTRATION RIGHTS AGREEMENT. "Registration Rights Agreement" means the Registration Rights Agreement dated the date hereof among Transocean, Transocean Holdings and TODCO.

1.69 SECURITIES ACT. "Securities Act" means the Securities Act of 1933, as amended.

1.70 SEPARATION. "Separation" means (i) the transfer of those assets (including funds received relating to the TODCO Business) relating primarily to the TODCO Business as conducted immediately prior to the Exchange that are contained in the Transocean Group immediately prior to the Exchange to the TODCO Group and the assumption by the TODCO Group of the TODCO Liabilities and (ii) the transfer of those assets (including funds received relating to Transocean Business) relating primarily to the Transocean Business as conducted immediately prior to the Exchange that are contained in the TODCO Group immediately prior to the Exchange to Transocean Holdings and its Subsidiaries and the assumption by Transocean Holdings and its Subsidiaries of the TODCO Excluded Liabilities; all as more fully described in this Agreement and the Ancillary Agreements.

1.71 SUBSCRIPTION RIGHT. "Subscription Right" has the meaning set forth in Section 5.6(a).

1.72 SUBSCRIPTION RIGHT NOTICE. "Subscription Right Notice" has the meaning set forth in Section 5.6(c).

1.73 SUBSIDIARY. A "Subsidiary" of any Person means any corporation or other organization whether incorporated or unincorporated of which at least a majority of the securities or interests having by the terms thereof ordinary voting power to elect at least a majority of the board of directors or others performing similar functions with respect to such corporation or other organization is directly or indirectly owned or controlled by such Person or by any one or more of its Subsidiaries, or by such Person and one or more of its Subsidiaries.

1.74 TAXES. "Taxes" has the meaning set forth in the Tax Sharing Agreement.

1.75 TAX SHARING AGREEMENT. "Tax Sharing Agreement" means the Tax Sharing Agreement dated the date hereof between Transocean Holdings and TODCO.

1.76 TAX RETURNS. "Tax Returns" has the meaning set forth in the Tax Sharing Agreement.

1.77 THIRD PARTY CLAIM. "Third Party Claim" has the meaning set forth in Section 3.8(a).

1.78 TODCO AUDITORS. "TODCO Auditors" means TODCO's independent certified public accountants.

1.79 TODCO BOOKS AND RECORDS. "TODCO Books and Records" means the books and records of Transocean and its Subsidiaries (or true and complete copies thereof) including all computerized books and records owned by Transocean and its Subsidiaries, to the extent they primarily relate to the TODCO Business, including, but not limited to, the minute books, corporate charters and by-laws or comparable constitutive documents, records of shares issuances and related corporate records of the TODCO Group, all such books and records primarily relating to Persons who are employees of TODCO as of the IPO Closing Date, the purchase of materials, supplies and services, dealings with customers of the TODCO Business and all files relating to any Action the Liability with respect to which is an TODCO Liability, except that no portion of the books and records of Transocean or its Subsidiaries containing minutes of meetings of any board of directors of any of them shall be included. Notwithstanding the foregoing, "TODCO Books and Records" shall not include any Tax Returns or other information, documents or materials relating to Taxes.

1.80 TODCO BUSINESS.

(a) "TODCO Business" means the following businesses and activities (including, without limitation, those conducted prior to the date of this Agreement):

(i) contract drilling, workover, production or similar services for oil and gas wells provided by TODCO and its Subsidiaries using jackup, submersible, barge (including workover) and platform drilling rigs in the U.S. Gulf of Mexico and U.S. inland waters (including, without limitation, maintenance activities and mobilization activities (in the event such mobilization activities were undertaken in preparation for services described in clause (i) or (ii) of this Section 1.80(a)) in connection with the rigs or other assets utilized to provide such services),

(ii) contract drilling, workover, production or similar services for oil and gas wells provided by TODCO and its Subsidiaries in and offshore Mexico, Trinidad, Colombia and Venezuela (including, without limitation, maintenance activities and mobilization activities (in the event such mobilization activities were undertaken in preparation for services described in clause (i) or (ii) of this Section 1.80(a)) in connection with the rigs or other assets utilized to provide such services and including turnkey drilling services in Venezuela),

(iii) construction activities (including construction activities involving an upgrade to, or modification of, a rig) in connection with the

rigs or other assets owned by a member of the TODCO Group immediately after the IPO Closing Date (after giving effect to any transfers of assets pursuant to Section 2.1),

(iv) the business and activities conducted through, and ownership of, R&B Falcon Drilling USA, Inc.'s joint venture interest in Delta Towing Holdings, LLC ("Delta Towing"), including without limitation those related to any Indebtedness of Delta Towing and its Subsidiaries owed to TODCO Group and its Subsidiaries and the operation of such business and activities by TODCO and its Subsidiaries prior to the formation of Delta Towing,

(v) the business and activities conducted through, and ownership of, TODCO's investment in Energy Virtual Partners, Inc. and Energy Virtual Partners, LP (together, "Energy Virtual Partners"),

(vi) the office or yard facilities (excluding the former headquarters of R&B Falcon Corporation and Reading & Bates Corporation) owned or used by TODCO and its Subsidiaries to the extent related to the services and activities described in this definition, including without limitation those in Abbeville, Broussard, Houma and New Iberia, Louisiana and the respective former headquarters of Falcon Drilling Company, Inc. and Cliffs Drilling Company,

(vii) any business and activities conducted by the TODCO Group following the IPO Closing Date,

(viii) except as otherwise provided in this Agreement, any terminated, divested or discontinued business or operations that at the time of termination, divestiture or discontinuation related primarily to the TODCO Business, and

(ix) without limiting the generality of the foregoing provisions of this Section 1.80(a), the ownership, charter, lease, management or operation by TODCO and its Subsidiaries of any rigs or other equipment or assets used to provide the services, and conduct the business and activities, described above during the time such services were provided and such business and activities were conducted by TODCO and its Subsidiaries.

(b) The "TODCO Business" specifically excludes all businesses and activities to the extent associated with the following activities of TODCO and its Subsidiaries conducted prior to the IPO Closing Date:

(i) contract drilling, workover, production or similar services for oil and gas wells using semisubmersibles and drillships in the U.S. Gulf of Mexico and offshore Trinidad (including, without limitation, maintenance activities and mobilization activities (in the event such

mobilization activities were undertaken in preparation for services described in clause (i) or (ii) of this Section 1.80(b)) in connection with the rigs or other assets utilized to provide such services),

(ii) contract drilling, workover, production or similar services for oil and gas wells in geographic regions outside of the U.S. Gulf of Mexico, U.S. inland waters, Mexico, Colombia, Trinidad and Venezuela (including, without limitation, maintenance activities and mobilization activities (in the event such mobilization activities were undertaken in preparation for services described in clause (i) or (ii) of this Section 1.80(b)) in connection with the rigs or other assets utilized to provide such services and such services using land rigs in the United States),

(iii) construction activities (including construction activities involving an upgrade to, or modification of, a rig) in connection with the rigs or other assets and activities in connection with the sale of rigs or other assets (A) owned by a member of the Transocean Group immediately after the IPO Closing Date (after giving effect to any transfer of assets pursuant to Section 2.1) or (B) not owned by either a member of the TODCO Group or a member of the Transocean Group immediately after the IPO Closing Date.

(iv) the ownership and operations of Reading & Bates Development Co. ("Devco") and other oil and gas exploration and production activities conducted by other Subsidiaries of TODCO, excluding TODCO's investment in Energy Virtual Partners (the "Devco Business"),

(v) the ownership and operations of Reading & Bates Coal Co. and other coal production activities conducted by other Subsidiaries of TODCO, and

(vi) the turnkey drilling business that TODCO and its Subsidiaries operated in the U.S. Gulf of Mexico or in Mexico (the "North American Turnkey Business") (provided that contract drilling services involving the use of a rig included in the TODCO Business pursuant to paragraph (a) of this Section 1.80 provided to the North American Turnkey Business shall be included in the TODCO Business).

(c) For the sake of clarity with respect to Sections 1.80(a) and (b) above, (i) any action described in such Sections 1.80(a) and (b) undertaken by a Person that is a Subsidiary of TODCO shall be an action of TODCO and its Subsidiaries notwithstanding the fact that such action was taken prior to the time that such Person became a Subsidiary of TODCO and (ii) any action described in such Sections 1.80(a) and (b) undertaken by a Person that was a Subsidiary of TODCO at the time of such action shall be an action of TODCO and its Subsidiaries notwithstanding the fact that such Person later ceased to be a Subsidiary of TODCO.

1.81 TODCO CLASS A COMMON STOCK. "TODCO Class A Common Stock" means the Class A Common Stock, par value $.01 per share, of TODCO.

1.82 TODCO CLASS B COMMON STOCK. "TODCO Class B Common Stock" means the Class B Common Stock, par value $.01 per share, of TODCO.

1.83 TODCO COMMON STOCK. "TODCO Common Stock" means the TODCO Class A Common Stock together with the TODCO Class B Common Stock.

1.84 TODCO DEBT OBLIGATIONS. "TODCO Debt Obligations" means all Indebtedness of TODCO or any other member of the TODCO Group, excluding all Indebtedness of any member of the Transocean Group to the extent it constitutes Indebtedness of TODCO by virtue of clause (f) or clause (g) of the definition of Indebtedness. TODCO Debt Obligations shall include, without limitation, as of the date of the most recent pro forma balance sheet of TODCO included in the IPO Prospectus, the Indebtedness of TODCO reflected on such pro forma balance sheet.

1.85 TODCO EXCLUDED LIABILITIES. "TODCO Excluded Liabilities" shall mean any and all Liabilities that are expressly contemplated by this Agreement or any Ancillary Agreement as Liabilities to be retained or assumed by Transocean or any other member of the Transocean Group, and all agreements and obligations of any member of the Transocean Group under this Agreement or any of the Ancillary Agreements. "TODCO Excluded Liabilities" shall include, without limitation, the Liabilities associated with the activities, services and businesses described in paragraph (b) of Section 1.80 (the definition of TODCO Business).

1.86 TODCO GROUP. "TODCO Group" means TODCO and all Persons that are Subsidiaries of TODCO immediately after the IPO Closing Date, including without limitation the Subsidiaries set forth in Exhibit 21 to the IPO Registration Statement and each Person that becomes a Subsidiary of TODCO after the IPO Closing Date. For purposes of Section 7.14, TODCO Group shall include directors and officers of the TODCO Group.

1.87 TODCO GUARANTEES. "TODCO Guarantees" has the meaning set forth in Section 7.11(b).

1.88 TODCO INDEMNITEES. "TODCO Indemnitees" has the meaning set forth in Section 3.4.

1.89 TODCO LIABILITIES. (a) "TODCO Liabilities" shall mean (without duplication):

(i) any and all Liabilities that are expressly contemplated by this Agreement or any Ancillary Agreement to be assumed by TODCO or any member of the TODCO Group, and all agreements, obligations and Liabilities of any member of the TODCO Group under this Agreement or any of the Ancillary Agreements;

(ii) all Liabilities (other than Taxes) to the extent relating to, arising out of or resulting from:

(A) the operation of the TODCO Business, as conducted at any time prior to, on or after the IPO Closing Date (including any Liability relating to, arising out of or resulting from any act or failure to act by any director, officer, employee, agent or representative (whether or not such act or failure to act is or was within such Person's authority));

(B) the operation of any business conducted at any time after the IPO Closing Date by any member of the TODCO Group (including any Liability relating to, arising out of or resulting from any act or failure to act by any director, officer, employee, agent or representative (whether or not such act or failure to act is or was within such Person's authority));

(C) any assets owned by TODCO or any other member of the TODCO Group as of or after the IPO Closing Date (it being understood that any asset not transferred because of the application of Section 2.7 will be treated for the purposes of this Section 1.89 as owned by the party to which the parties intended such asset be transferred); or

(D) the TODCO Debt Obligations;

and in any case whether arising before, on or after the IPO Closing Date; and

(iii) all Liabilities relating to corporate office activities of TODCO and its Subsidiaries to the extent such activities are attributable or related to the TODCO Business, except for any Liabilities arising out of any untrue statement or omission in connection with the filings by TODCO or any of its Subsidiaries under the Securities Act or the Exchange Act or other public disclosures by TODCO or any of its Subsidiaries other than those included in or made concurrently, after or in connection with the IPO Prospectus, the IPO Registration Statement or the IPO.

(b) Notwithstanding anything else in this Section 1.89, the TODCO Liabilities shall not include the TODCO Excluded Liabilities.

(c) Without limiting the generality of any other provision hereof, the following Liabilities are illustrative of certain TODCO Liabilities:

(i) a Liability attributable or related to an employee, representative or agent of any member of the TODCO Group (A) who at the time the Liability accrued or arose was engaged in the operation of the TODCO Business, (B) whose activities were based in the corporate office or headquarters and whose primary duties related to the TODCO Business (e.g., head of operations, other line management and accounting and marketing staff for the former shallow and inland water business segment

of TODCO or Transocean or other TODCO Business) or (C) whose activities were based in the corporate office or headquarters and whose actions with respect to such Liability were undertaken in connection with the TODCO Business (e.g., a human resources staff member taking actions with respect to an employee of the former shallow and inland water business segment of TODCO or Transocean);

(ii) in the case of a Liability attributable or related to corporate office activities that affect both employees engaged in the operation of the TODCO Business and employees engaged in the operation of the Transocean Business (e.g., employee benefit policies or practices or employment policies or practices), a proportional share of such Liability based on the portion of such Liability that is attributable to or related to employees engaged in the operation of the TODCO Business.

(d) For the sake of clarity, Schedule 1.89 sets forth certain legal proceedings and identifies whether or not such legal proceedings are TODCO Liabilities.

1.90 TODCO NON-VOTING STOCK. "TODCO Non-Voting Stock" means any class or series of TODCO Stock other than TODCO Voting Stock.

1.91 TODCO PRO FORMA BALANCE SHEET. "TODCO Pro Forma Balance Sheet" means the unaudited condensed pro forma consolidated balance sheet of TODCO and subsidiaries as of September 30, 2003.

1.92 TODCO RIGHTS PLAN. "TODCO Rights Plan" shall mean the stockholders rights plan of TODCO as evidenced by the Rights Agreement dated the date hereof between TODCO and The Bank of New York, as Rights Agent.

1.93 TODCO STOCK. "TODCO Stock" means TODCO Common Stock, any class of TODCO preferred stock, any other TODCO capital stock that may be issued from time to time and any warrant, option or other right in any of the above.

1.94 TODCO VOTING STOCK. "TODCO Voting Stock" means the TODCO Class A Common Stock, the TODCO Class B Common Stock and any other capital stock of TODCO entitled to vote generally in the election of directors but excluding any class or series of capital stock only entitled to vote in the event of dividend arrearages thereon, whether or not at the time of determination there are any such dividend arrearages.

1.95 TRANSITION SERVICES AGREEMENT. "Transition Services Agreement" means the Transition Services Agreement dated the date hereof between Transocean Holdings and TODCO.

1.96 TRANSOCEAN AUDITORS. "Transocean Auditors" means Transocean's independent certified public accountants.

1.97 TRANSOCEAN BOOKS AND RECORDS. "Transocean Books and Records" means the books and records (or true and complete copies thereof), including all computerized books and

records, minute books, corporate charters and by-laws or comparable constitutive documents, records of shares issuances and related corporate records, of or owned by Transocean and its Subsidiaries (including TODCO and its Subsidiaries) other than the TODCO Books and Records. Notwithstanding the foregoing, "Transocean Books and Records" shall not include any Tax Returns or other information, documents or materials relating to Taxes.

1.98 TRANSOCEAN BUSINESS. "Transocean Business" means any business of Transocean and its Subsidiaries other than the TODCO Business.

1.99 TRANSOCEAN GROUP. "Transocean Group" means Transocean, each Subsidiary of Transocean other than a member of the TODCO Group immediately after the IPO Closing Date and each Person that becomes a Subsidiary of Transocean after the IPO Closing Date. For purposes of Section 7.14, Transocean Group shall include directors and officers of the Transocean Group.

1.100 TRANSOCEAN INDEMNITEES. "Transocean Indemnitees" has the meaning set forth in Section 3.3.

1.101 TRANSOCEAN TRANSFEREE. "Transocean Transferee" has the meaning set forth in Section 5.3.

1.102 UNDERWRITERS. "Underwriters" means the underwriters named in the Underwriting Agreement.

1.103 UNDERWRITING AGREEMENT. "Underwriting Agreement" has the meaning set forth in Section 4.1(b).

1.104 VOTING PERCENTAGE. "Voting Percentage" means, at any time, the fraction, expressed as a percentage and rounded to the nearest thousandth of a percent, whose numerator is the number of votes entitled to be cast with respect to all of the outstanding shares of TODCO Voting Stock owned by the Transocean Group and whose denominator is the number of votes entitled to be cast with respect to all of the outstanding shares of TODCO Voting Stock; provided, however, that any shares of such TODCO Voting Stock issued by TODCO in violation of its obligations under Section 5.6 of this Agreement shall not be deemed outstanding for the purpose of determining the Voting Percentage.

ARTICLE II

SEPARATION AND RELATED TRANSACTIONS

2.1 SEPARATION. Transocean Holdings and TODCO will take, or cause to be taken, any actions, including the transfer of assets and the assumption of Liabilities, necessary to effect the Separation as soon after the Exchange as practicable. The parties agree that, after the completion of the Separation, the TODCO Group will own all of the drilling rigs listed in "Our Business-Drilling Rig Fleet" in the IPO Prospectus, and all other drilling rigs owned by Transocean and its Subsidiaries (including TODCO and its Subsidiaries) on the date of the Exchange will be owned by the Transocean Group.

2.2 OFFICE EQUIPMENT AND FURNISHINGS. The parties agree that all of the office equipment and furnishings located at Transocean's offices at 4 Greenway Plaza and Park 10 as of the IPO Closing Date shall remain assets of the Transocean Group. All of the office equipment and furnishings located at TODCO's offices at 2000 W. Sam Houston Parkway South, Suite 800, Houston, Texas 77042 as of the IPO Closing Date shall remain assets of the TODCO Group.

2.3 INTELLECTUAL PROPERTY.

(a) TODCO, for itself and as representative of all other members of the TODCO Group, hereby assigns all right, title and interest, of itself and each member of the TODCO Group, in and to any Intellectual Property Rights, including any and all Marks (except the marks, "Cliffs Drilling Company," "Falcon Drilling Company," "THE Offshore Drilling Company" and "TODCO", which shall remain the property of the TODCO Group) to Transocean Holdings. Transocean Holdings hereby grants to TODCO a perpetual, worldwide, non-exclusive, royalty free license, with the right to sublicense only to members of the TODCO Group, to use the Licensed Intellectual Property for the purpose of enabling the TODCO Group to conduct the TODCO Business.

(b) TODCO agrees and acknowledges that (i) as of the date of this Agreement, all right, title and interest in and to any and all Marks shall be the sole and exclusive property of the Transocean Group and (ii) except as otherwise provided in Section 2.3(c), the TODCO Group shall cease and discontinue all use of the Marks as of the date of this Agreement.

(c) Transocean Holdings hereby grants to TODCO, for a period terminating one year after the IPO Closing Date, a worldwide, non-exclusive, royalty free license, with the right to sublicense only to each member of the TODCO Group and only so long as each such member complies with the provisions of this Section 2.3(c) and remains a Subsidiary of TODCO, to use the Licensed Marks in connection with the goods and services of the TODCO Business. As of one year after the IPO Closing Date, Transocean Holdings grants to TODCO a perpetual, worldwide, non-exclusive, royalty free right to sublicense the marks, "R&B Falcon" and "RBF," only to each such member of the TODCO Group that, as of the IPO Closing Date, uses "R&B Falcon" or "RBF" as, or as part of, its corporate name, to continue to use "R&B Falcon" or "RBF" as, or as part of, only its corporate name or an existing name of a rig but not in connection with any advertising, marketing or sales of, or otherwise in relation to, any goods or services; provided, however, this right to sublicense will extend only so long as each such member of the TODCO Group complies with the provisions of this Section 2.3(c) and remains a Subsidiary of TODCO. During the term of the licenses in this Section 2.3(c), TODCO shall not use, and shall ensure its sublicensees do not use, the Licensed Marks in any way that may reasonably be deemed to impair or injure the value or goodwill of the Licensed Marks. All of TODCO's and its sublicensees' use of the Licensed Marks shall inure to the benefit of Transocean Holdings. TODCO will not, and shall ensure each of its sublicensees does not, claim or assert any right of ownership in or to the Licensed Marks or register the Licensed Marks anywhere in its own name, or on behalf of any other person or entity. TODCO will, and shall cause its sublicensees to, do all such lawful acts and things and execute all such documents as Transocean Holdings shall consider necessary or proper to register the Licensed Marks in any country. The parties agree that Transocean Holdings may terminate the licenses contained in this

Section 2.3(c) upon a change of control of TODCO or if TODCO or any of its sublicensees violate any provision of this Section 2.3(c). For the purpose of this clause, "control" means the ability to direct the affairs of another whether by means of voting or contractual rights or otherwise and whether directly or indirectly. Upon termination or expiration of the licenses contained in this Section 2.3(c), TODCO shall, and shall cause its sublicensees to, immediately cease and desist all use of the relevant Licensed Marks.

(d) Nothing contained in this Section 2.3 shall be construed as (i) a warranty or representation by the Transocean Group as to the validity or scope of the Licensed Intellectual Property or the Licensed Marks; (ii) a warranty or representation that the Licensed Intellectual Property and Licensed Marks will not infringe the intellectual property rights of a third party; (iii) a warranty or representation that the Licensed Intellectual Property and Licensed Marks constitute all intellectual property the TODCO Group may need for the conduct of the TODCO Business; or (iv) an agreement to defend any member of the TODCO Group against actions or suits of any nature brought by any third parties regarding the Licensed Intellectual Property or Licensed Marks.

2.4 INSTRUMENTS OF TRANSFER AND ASSUMPTION. Transocean Holdings and TODCO agree that (a) transfers of assets required to be transferred by this Agreement shall be effected by delivery by the transferring entity to the transferee of (i) with respect to those assets that constitute stock, certificates endorsed in blank or evidenced or accompanied by stock powers or other instruments of transfer endorsed in blank, against receipt, (ii) with respect to any real property interest or any improvements thereon, a general warranty deed with general warranty of limited application limiting recourse and remedies to title insurance and warranties by predecessors in title and (iii) with respect to all other assets, such good and sufficient instruments of contribution, conveyance, assignment and transfer, in form and substance reasonably satisfactory to Transocean Holdings and TODCO, as shall be necessary to vest in the designated transferee all of the title and ownership interest of the transferor in and to any such asset, and (b) to the extent necessary, the assumption of the Liabilities contemplated pursuant to Section 2.1 shall be effected by delivery by the transferee to the transferor of such good and sufficient instruments of assumption, in form and substance reasonably satisfactory to Transocean Holdings and TODCO, as shall be necessary for the assumption by the transferee of such Liabilities. Transocean, Transocean Holdings and TODCO agree that, to the extent that the documents described in clause (a)(i), (ii) and (iii) and clause (b) have not previously been delivered in connection with any Prior Transfers, the documents relating to such Prior Transfers shall be delivered by the transferring entity to the transferee. Each of the parties hereto also agrees to deliver to any other party hereto such other documents, instruments and writings as may be reasonably requested by such other parties hereto in connection with the transactions contemplated hereby or by Prior Transfers. Notwithstanding any other provisions of this Agreement to the contrary, (x) THE TRANSFERS AND ASSUMPTIONS REFERRED TO IN THIS ARTICLE II (INCLUDING PRIOR TRANSFERS) HAVE BEEN, OR WILL BE, MADE WITHOUT ANY REPRESENTATION OR WARRANTY OF ANY NATURE (A) AS TO THE VALUE OR FREEDOM FROM ENCUMBRANCE OF, ANY ASSETS, (B) AS TO ANY WARRANTY OF MERCHANTABILITY OR WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE OF, OR ANY OTHER MATTER CONCERNING, ANY ASSETS OR (C) AS TO THE LEGAL SUFFICIENCY TO CONVEY TITLE TO ANY ASSETS, and (y) the instruments of transfer or assumption referred to in this Section 2.4 shall not include any

representations and warranties other than as specifically provided herein. Transocean and TODCO hereby acknowledge and agree that ALL ASSETS TRANSFERRED PURSUANT TO THIS ARTICLE II AND ALL ASSETS INCLUDED IN PRIOR TRANSFERS ARE BEING OR WERE TRANSFERRED "AS IS, WHERE IS." To the extent that the instruments of transfer and assumption with respect to any Prior Transfers are inconsistent with this Section 2.4, the TODCO Group and the Transocean Group agree that the inconsistent provisions of such instruments are hereby amended and superseded by the provisions of this Section 2.4. To the extent reasonably requested by a member of either Group, each party will, or will cause its Subsidiaries to, execute any documents necessary to evidence such amendment.

2.5 NO REPRESENTATIONS OR WARRANTIES. Except as expressly set forth in this Agreement or in an Ancillary Agreement, TODCO, Transocean Holdings and Transocean understand and agree that no member of the Transocean Group is representing or warranting to TODCO or any member of the TODCO Group in any way as to the TODCO Business or the TODCO Liabilities. Except as expressly set forth in this Agreement or in an Ancillary Agreement, Transocean, Transocean Holdings and TODCO understand and agree that no member of the TODCO Group is representing or warranting to Transocean or any member of the Transocean Group in any way as to the Transocean Business or the TODCO Excluded Liabilities.

2.6 AGREEMENTS. Prior to the Exchange, Transocean and TODCO shall execute and deliver (or shall cause their appropriate Subsidiaries to execute and DELIVER, AS APPLICABLE) THE AGREEMENTS BETWEEN THEM DESIGNATED AS FOLLOWS:

(i) the Transition Services Agreement,

(ii) the Employee Matters Agreement,

(iii) the Tax Sharing Agreement,

(iv) the Registration Rights Agreement, and

(v) such other written agreements, documents or instruments as the parties may agree are necessary or desirable and which specifically state that they are Ancillary Agreements within the meaning of this Agreement

(collectively, the "Ancillary Agreements"). To the extent such documents are not executed and delivered before the Exchange, they shall be executed and delivered as soon as practicable thereafter and (except as otherwise provided therein) shall be effective immediately before the Exchange.

2.7 TRANSFERS NOT EFFECTED PRIOR TO THE EXCHANGE DATE.

(a) To the extent that any transfers contemplated by this Article II shall not have been consummated as of the Exchange, the parties shall cooperate to effect such transfers as promptly following the Exchange as shall be practicable. Nothing herein shall be deemed to require the transfer of any assets or the assumption of any Liabilities that by their terms or

operation of law cannot be transferred or assumed; provided that the TODCO Group and the Transocean Group shall cooperate to obtain any necessary consents or approvals for the transfer of all assets and the assumption of all Liabilities contemplated to be transferred or assumed pursuant to this Article II and shall, even in the absence of necessary consents or approvals, transfer the equitable ownership of assets when such a transfer is permitted. In the event that any such transfer of assets or assumption of Liabilities has not been consummated effective as of the time of the Exchange, the party retaining such asset or Liability shall thereafter hold such asset in trust for the use and benefit of the party entitled thereto (at the expense of the party entitled thereto) and retain such Liability for the account of the party by whom such liability is to be assumed pursuant hereto, and take such other action as may be reasonably requested by the party to which such asset is to be transferred, or by whom such liability is to be assumed, as the case may be, in order to place such party, insofar as reasonably possible, in the same position as would have existed had such asset or Liability been transferred or assumed as contemplated hereby. Without limiting any other duty of a party holding any asset in trust for the use and benefit of the party entitled thereto, such party shall take all reasonable actions necessary to preserve the value of that asset. As and when any such asset becomes transferable or such Liability can be assumed, such transfer or assumption shall be effected forthwith. Subject to the foregoing, the parties agree that, as of the time of the Exchange (or such earlier time as any such asset may have been acquired or Liability assumed pursuant to a Prior Transfer), each party hereto shall be deemed to have acquired complete and sole beneficial ownership over all of the assets, together with all rights, powers and privileges incident thereto, and shall be deemed to have assumed in accordance with the terms of this Agreement all of the Liabilities, and all duties, obligations and responsibilities incident thereto, which such party is entitled to acquire or required to assume pursuant to the terms of this Agreement.

(b) If two years after the IPO Closing Date any asset remains subject to an arrangement described in Section 2.7(a), the beneficial owner may (i) direct the party acting as trustee to transfer the asset to the beneficial owner, at the sole risk of such beneficial owner (who will thereafter indemnify the trustee/transferor from all Losses and Liabilities, other than Taxes (which are covered by the Tax Sharing Agreement), arising as a result of such transfer), (ii) direct the party acting as trustee to sell or liquidate the subject asset for the account of, and at the sole risk and expense of, such beneficial owner, who shall be entitled to receive all of the net proceeds of such sale or liquidation or (iii) continue the arrangement described in Section 2.7(a).

2.8 ADDITIONAL TRANSFERS OF ASSETS.

(a) Without limiting the generality of Section 2.1, for a period beginning on the date of the Exchange and ending on the date one year following the IPO Closing Date, if Transocean in its good faith judgment, after reasonable consultation with the General Counsel of TODCO, or other person designated by TODCO, identifies any asset owned by a member of the Transocean Group or a member of the TODCO Group, as applicable, that (i) during the twelve (12) month period prior to the date of the Exchange was used primarily in the TODCO Business and is then owned by a member of the Transocean Group or (ii) during the twelve (12) month period prior to the date of the Exchange was used primarily in the Transocean Business and is then owned by a member of the TODCO Group, Transocean or TODCO, as the case may be, shall or shall cause any such asset to be conveyed, assigned, transferred and delivered in

accordance with Section 2.4 to the entity identified by TODCO or Transocean, as the case may be, as the appropriate transferee.

(b) The parties hereto acknowledge and agree that any transfers pursuant to this Section 2.8 are to be made without any additional consideration.

(c) All conveyances, assignments, transfers and deliveries of assets occurring after the Exchange pursuant to this Section 2.8 shall be governed by the terms of this Agreement. In furtherance of the foregoing, any asset transferred pursuant to this Section 2.8 to a member of the TODCO Group shall be deemed an asset of the TODCO Business, and any asset transferred to a member of the Transocean Group shall be deemed an asset of the Transocean Business.

2.9 WORKING CAPITAL. The parties to this Agreement acknowledge that the amount of cash and cash equivalents of TODCO and its Subsidiaries as of June 30, 2003 was $25.0 million, after giving effect to a payment by Transocean to TODCO of approximately $11.4 million after June 30, 2003. The amount paid to TODCO by Transocean equals the difference between $25.0 million and the amount of cash and cash equivalents of TODCO and its Subsidiaries as of June 30, 2003 prior to giving effect to the payment by Transocean. TODCO and its Subsidiaries shall retain all cash and cash equivalents generated by the TODCO Business following June 30, 2003. Transocean shall not be required to make any additional payments to TODCO or its Subsidiaries for their working capital needs except as otherwise expressly agreed in writing. As used in this Section 2.9, cash and cash equivalents are determined in accordance with GAAP and the financial reporting policies and procedures used by TODCO and its Subsidiaries prior to the IPO Closing Date, as reflected in the consolidated financial statements and pro forma information of TODCO and its Subsidiaries included in the IPO Prospectus.

ARTICLE III

MUTUAL RELEASES; INDEMNIFICATION

3.1 RELEASE OF PRE-CLOSING CLAIMS.

(a) Except as provided in Section 3.1(c), effective as of the IPO Closing Date, TODCO does hereby, for itself and each other member of the TODCO Group, their respective Affiliates, successors and assigns, and all Persons who at any time prior to the IPO Closing Date have been stockholders, directors, officers, agents or employees of any member of the TODCO Group (in each case, in their respective capacities as such), remise, release and forever discharge Transocean, each member of the Transocean Group and their respective Affiliates, successors and assigns, and all stockholders, directors, officers, agents or employees of any member of the Transocean Group (in each case, in their respective capacities as such), and their respective heirs, executors, administrators, successors and assigns, from any and all Liabilities whatsoever to TODCO and each other member of the TODCO Group, whether at law or in equity (including any right of contribution), whether arising under any contract or agreement, by operation of law or otherwise, existing or arising from any acts or events occurring or failing to occur or alleged to have occurred or to have failed to occur or any conditions existing or alleged to have existed on or before the IPO Closing Date, including in connection with the transactions and all other activities to implement any Prior Transfers, the Separation, the IPO and any Distribution.

(b) Except as provided in Section 3.1(c), effective as of the IPO Closing Date, Transocean does hereby, for itself and each other member of the Transocean Group, their respective Affiliates, successors and assigns, and all Persons who at any time prior to the IPO Closing Date have been shareholders, directors, officers, agents or employees of any member of the Transocean Group (in each case, in their respective capacities as such), remise, release and forever discharge TODCO, each member of the TODCO Group, and their respective Affiliates, successors and assigns, and all shareholders, directors, officers, agents or employees of any member of the TODCO Group (in each case, in their respective capacities as such), and their respective heirs, executors, administrators, successors and assigns, from any and all Liabilities whatsoever to Transocean and each other member of the Transocean Group, whether at law or in equity (including any right of contribution), whether arising under any contract or agreement, by operation of law or otherwise, existing or arising from any acts or events occurring or failing to occur or alleged to have occurred or to have failed to occur or any conditions existing or alleged to have existed on or before the IPO Closing Date, including in connection with the transactions and all other activities to implement Prior Transfers, the Separation, the IPO and any Distribution.

(c) Nothing contained in Section 3.1(a) or (b) shall impair any right of any Person to enforce this Agreement, any Ancillary Agreement or any agreements, arrangements, commitments or understandings that are specified in, or contemplated to continue pursuant to, this Agreement or any Ancillary Agreement. Nothing contained in Section 3.1(a) or (b) shall release any Person from:

(i) any Liability, contingent or otherwise, assumed, transferred, assigned or allocated to the Group of which such Person is a member in accordance with, or any other Liability of any member of either Group under, this Agreement or any Ancillary Agreement;

(ii) any Liability that the parties may have with respect to indemnification or contribution pursuant to this Agreement for claims brought against the parties by third Persons, which Liability shall be governed by the provisions of this Article III and, if applicable, the appropriate provisions of the Ancillary Agreements;

(iii) any Liability the release of which would result in the release of any Person other than an Indemnitee; provided that the parties agree not to bring suit or permit any of their Subsidiaries to bring suit against any Indemnitee with respect to such Liability; or

(iv) any Liability with respect to the TODCO Debt Obligations.

(d) TODCO shall not make, and shall not permit any member of the TODCO Group to make, any claim or demand, or commence any Action asserting any claim or demand, including any claim of contribution or indemnification, against Transocean or any member of the Transocean Group, or any other Person released pursuant to Section 3.1(a), with respect to any Liabilities released pursuant to Section 3.1(a). Transocean shall not make, and shall not permit any member of the Transocean Group to make, any claim or demand, or commence any Action

asserting any claim or demand, including any claim of contribution or any indemnification, against TODCO or any member of the TODCO Group, or any other Person released pursuant to Section 3.1(b), with respect to any Liabilities released pursuant to Section 3.1(b).

(e) It is the intent of each of Transocean and TODCO by virtue of the provisions of this Section 3.1 to provide for a full and complete release and discharge of all Liabilities existing or arising from all acts and events occurring or failing to occur or alleged to have occurred or to have failed to occur and all conditions existing or alleged to have existed on or before the IPO Closing Date, between or among TODCO or any member of the TODCO Group, on the one hand, and Transocean or any member of the Transocean Group, on the other hand (including any contractual agreements or arrangements existing or alleged to exist between or among any such members on or before the IPO Closing Date), except as expressly set forth in Section 3.1(c). At any time, at the request of any other party, each party shall cause each member of its respective Group to execute and deliver releases reflecting the provisions hereof.

3.2 TERMINATION OF INTERCOMPANY AGREEMENTS AND ASSUMPTION OF INTERCOMPANY BALANCES.

(a) Without limiting the generality of Section 3.1(e) and subject to the terms of Section 3.1, each of the parties hereto agrees that, except for (i) this Agreement, the Ancillary Agreements (including any amounts owed with respect to such agreements), (ii) any amounts owed by (other than amounts owed with respect to any agreement in clause (i)) TODCO or one of its Subsidiaries to Transocean or one of its Subsidiaries immediately prior to the Exchange (the "Intercompany Payables"), and (iii) any amounts owed (other than amounts owed with respect to any agreement in clause (i)) by Transocean or one of its Subsidiaries to TODCO or one of its Subsidiaries immediately prior to the Exchange (the "Intercompany Receivables"), all Intercompany Agreements and all other intercompany arrangements and course of dealings whether or not in writing and whether or not binding or in effect immediately prior to the Exchange shall terminate immediately prior to the Exchange unless the parties thereto otherwise agree in writing after the date of this Agreement.

(b) Except to the extent previously discharged, the Intercompany Payables shall be assumed by Transocean Holdings and the Intercompany Receivables, other than TODCO's outstanding 6.75%, 7.375% and 9.50% notes, if any, held by Transocean or Transocean Holdings, shall be distributed by TODCO to Transocean Holdings immediately prior to the Exchange; provided, however, that (i) the foregoing shall be without prejudice to the terms of Section 7.14, including without limitation any accrued rights, insurance proceeds or Intercompany Payables for premiums, (ii) Intercompany Payables for services similar to those provided under the Transition Services Agreement or Employee Matters Agreement that were rendered prior to the Exchange shall remain the obligation of TODCO or its respective Affiliates, and (iii) Intercompany Payables relating to third-party vendors for services rendered to or on behalf of the TODCO Business prior to the Exchange shall remain the obligation of TODCO.

3.3 INDEMNIFICATION BY TODCO. Except as provided in Sections 3.6 and 3.7, TODCO shall, and in the case of clauses (a), (b) and (c) below shall in addition cause the Appropriate Member of the TODCO Group to, indemnify, defend and hold harmless Transocean, each member of the Transocean Group and their respective Affiliates, successors

and assigns, and all stockholders, directors, officers, agents or employees of any member of the Transocean Group (in each case, in their respective capacities as such), and their respective heirs, executors, administrators, successors and assigns (collectively, the "Transocean Indemnitees") from and against any and all Losses of the Transocean Indemnitees relating to, arising out of or resulting from any of the following (without duplication):

(a) the failure of TODCO or any other member of the TODCO Group or any other Person to pay, perform or otherwise promptly discharge any TODCO Liabilities in accordance with their respective terms, whether prior to or after the IPO Closing Date or the date thereof;

(b) the TODCO Business or any TODCO Liability;

(c) any breach by TODCO or any member of the TODCO Group of this Agreement or any of the Ancillary Agreements; and

(d) any untrue statement or alleged untrue statement of a material fact or omission or alleged omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading, with respect to all Information contained in the IPO Registration Statement or any IPO Prospectus (other than Information regarding Transocean included in the IPO Registration Statement or any IPO Prospectus set forth on Schedule 3.3(d) or in the Information required to be supplied pursuant to Section 7.4(d)).

As used in this Section 3.3, "Appropriate Member of the TODCO Group" means the member or members of the TODCO Group, if any, whose acts, conduct or omissions or failures to act caused, gave rise to or resulted in the loss from and against which indemnity is provided.

3.4 INDEMNIFICATION BY TRANSOCEAN HOLDINGS. Except as provided in Sections 3.6 and 3.7, Transocean Holdings shall, and in case of clauses (a), (b) and (c) below shall in addition cause the Appropriate Member of the Transocean Group to, indemnify, defend and hold harmless TODCO, each member of the TODCO Group and their respective Affiliates, successors and assigns, and all shareholders, directors, officers, agents or employees of any member of the TODCO Group (in each case, in their respective capacities as such), and their respective heirs, executors, administrators, successors and assigns (collectively, the "TODCO Indemnitees") from and against any and all Losses of the TODCO Indemnitees relating to, arising out of or resulting from any of the following (without duplication):

(a) the failure of Transocean or any other member of the Transocean Group or any other Person to pay, perform or otherwise promptly discharge any Liabilities of any member of the Transocean Group other than the TODCO Liabilities, in accordance with their respective terms, whether prior to or after the IPO Closing Date or the date hereof;

(b) the Transocean Business or any Liability of any member of the Transocean Group other than the TODCO Liabilities;

(c) any breach by Transocean or any member of the Transocean Group of this Agreement or any of the Ancillary Agreements; and

(d) any untrue statement or alleged untrue statement of a material fact or omission or alleged omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading, with respect to information regarding Transocean provided by Transocean in writing to TODCO for inclusion in the IPO Registration Statement or any IPO Prospectus.

As used in this Section 3.4, "Appropriate Member of the Transocean Group" means the member or members of the Transocean Group, if any, whose acts, conduct or omissions or failures to act caused, gave rise to or resulted in the Loss from and against which indemnity is provided.

3.5 TRANSOCEAN'S GUARANTEE OF TRANSOCEAN HOLDINGS' INDEMNIFICATION OBLIGATION. If Transocean Holdings fails to perform any of its obligations under Section 3.4 above, then Transocean shall indemnify, defend and hold harmless the TODCO Indemnitees from and against any and all Losses of the TODCO Indemnitees relating to, arising out of or resulting from any of the matters described in clauses (a), (b), (c) and (d) of Section 3.4 (without duplication).

3.6 INDEMNIFICATION OBLIGATIONS NET OF INSURANCE PROCEEDS.

(a) The parties intend that any Loss subject to indemnification or reimbursement pursuant to this Article III (an "Indemnifiable Loss") will be net of Insurance Proceeds that actually reduce the amount of the Loss. Accordingly, the amount which any party (an "Indemnifying Party") is required to pay to any Person entitled to indemnification hereunder (an "Indemnitee") will be reduced by any Insurance Proceeds theretofore actually recovered by or on behalf of the Indemnitee in reduction of the related Loss. If an Indemnitee receives a payment (an "Indemnity Payment") required by this Agreement from an Indemnifying Party in respect of any Loss and subsequently receives Insurance Proceeds, then the Indemnitee will pay to the Indemnifying Party an amount equal to the excess of the Indemnity Payments received over the amount of the Indemnity Payments that would have been due if the Insurance Proceeds recovery had been received, realized or recovered before the Indemnity Payments were made. The existence of a claim by an Indemnitee for insurance or against a third party in respect of any Indemnifiable Loss shall not, however, delay any payment pursuant to the indemnification provisions contained in this Article III and otherwise determined to be due and owing by an Indemnifying Party. Rather the Indemnifying Party shall make payment in full of such amount so determined to be due and owing by it against an assignment by the Indemnitee to the Indemnifying Party of the portion of the claim of the Indemnitee for such insurance or against such third party equal to the amount of such payment. The Indemnitee shall use and cause its Affiliates to use commercially reasonable efforts to assist the Indemnifying Party in recovering or to recover on behalf of the Indemnifying Party, any Insurance Proceeds to which the Indemnifying Party is entitled with respect to any Indemnifiable Loss as a result of such assignment. The Indemnitee shall make available to the Indemnifying Party and its counsel all employees, books and records, communications, documents, items or matters within its knowledge, possession or control that are necessary, appropriate or reasonably deemed relevant by the Indemnifying Party with respect to the recovery of such Insurance Proceeds; provided, however, that subject to Section 7.7 hereof, nothing in this sentence shall be deemed to require a party to make available books and records, communications, documents or items which (i) in such party's good faith judgment could result in a waiver of any Privilege or (ii) such party is not

permitted to make available because of any Law or any confidentiality obligation to a third party, in which case such party shall use its reasonable commercial efforts to seek a waiver of or other relief from such confidentiality restriction. Unless the Indemnifying Party has made payment in full of any Indemnifiable Loss, such Indemnifying Party shall use and cause its Affiliates to use commercially reasonable efforts to recover any Insurance Proceeds to which it or such Affiliate is entitled with respect to any Indemnifiable Loss.

(b) An insurer who would otherwise be obligated to pay any claims shall not be relieved of the responsibility with respect thereto or, solely by virtue of the indemnification provisions hereof, have any subrogation rights with respect thereto, it being expressly understood and agreed that no insurer or any other third party shall be entitled to a "windfall" (i.e., a benefit it would not be entitled to receive in the absence of the indemnification provisions) by virtue of the indemnification provisions hereof.

3.7 INDEMNIFICATION OBLIGATIONS NET OF TAXES. The parties intend that any Loss subject to indemnification or reimbursement pursuant to this Article III (other than a Loss arising out of a payment obligation under Sections 3, 4 or 5 of the Tax Sharing Agreement) will be net of Taxes. Accordingly, the amount which an Indemnifying Party is required to pay to an Indemnitee will be adjusted to reflect any tax benefit to the Indemnitee from the underlying Loss and to reflect any Taxes imposed upon the Indemnitee as a result of the receipt of such payment. Such an adjustment will first be made at the time that the indemnity payment is made and will further be made, as appropriate, to take into account any change in the liability of the Indemnitee for Taxes that occurs in connection with the final resolution of an audit by a taxing authority. For purposes of this Section 3.7, the value of such tax benefit shall be an amount equal to the product of (x) the amount of the deduction allowed to the Indemnitee by the Code as a result of the underlying Loss and (y) the highest statutory rate applicable under Section 11 of the Code. Notwithstanding the immediately preceding sentence, if the Loss subject to indemnification exceeds U.S. $1.0 million (determined on an item-by-item basis) and such deduction, or portion thereof, creates or increases a net operating loss under section 172 of the Code, then (i) such deduction, or portion thereof, will not be included in the computation of the tax benefit and (ii) the Indemnitee shall pay the Indemnifying party the amount by which the tax benefit is reduced by application of this sentence when such net operating loss is used or absorbed by the Indemnitee. To the extent permitted by law, the parties will treat any indemnity payment as a capital contribution made by Transocean Holdings to TODCO or as a distribution made by TODCO to Transocean Holdings, as the case may be, immediately prior to the date recited above on which the parties entered into the Agreement.

3.8 PROCEDURES FOR INDEMNIFICATION OF THIRD PARTY CLAIMS.

(a) If an Indemnitee shall receive notice or otherwise learn of the assertion by a Person (including any Governmental Authority) who is not a member of the Transocean Group or the TODCO Group of any claims or of the commencement by any such Person of any Action (collectively, a "Third Party Claim") with respect to which an Indemnifying Party may be obligated to provide indemnification to such Indemnitee pursuant to Section 3.3 or 3.4, or any other Section of this Agreement or any Ancillary Agreement, such Indemnitee shall promptly give such Indemnifying Party written notice thereof. Any such notice shall describe the Third Party Claim in reasonable detail. Notwithstanding the foregoing, the failure of any Indemnitee

or other Person to give notice as provided in this Section 3.8(a) shall not relieve the related Indemnifying Party of its obligations under this Article III, except to the extent that such Indemnifying Party is actually prejudiced by such failure to give notice.

(b) An Indemnifying Party may elect to defend (and, unless the Indemnifying Party has specified any reservations or exceptions, to seek to settle or compromise), at such Indemnifying Party's own expense and by such Indemnifying Party's own counsel, any Third Party Claim. Within 30 days after the receipt of notice from an Indemnitee in accordance with Section 3.8(a) (or sooner, if the nature of such Third Party Claim so requires), the Indemnifying Party shall notify the Indemnitee of its election whether the Indemnifying Party will assume responsibility for defending such Third Party Claim, which election shall specify any reservations or exceptions. The failure to give such notice of election within the 30-day period shall be deemed a rejection of the opportunity to assume responsibility. After notice from an Indemnifying Party to an Indemnitee of its election to assume the defense of a Third Party Claim (or in the case where Transocean, as the Indemnitee or on behalf of a member of the Transocean Group as the Indemnitee, elects to defend a Third Party Claim pursuant to paragraph (b)(i) or (b)(ii), after notice from Transocean to the Indemnifying Party), such non-defending party shall have the right to employ separate counsel and to participate in (but not control) the defense, compromise or settlement thereof, but the fees and expenses of such counsel shall be at the expense of such non-defending party. Notwithstanding the foregoing, Transocean, in its sole discretion, upon written notice (which notice shall include Transocean's basis for electing to defend such Third Party Claim and whether or not Transocean has specified, and continues to assert, any reservations or exceptions with respect to such Third Party Claim), may elect to defend or assume the defense of (and to seek to settle or compromise) any Third Party Claim or series of related Third Party Claims:

(i) that relate in any way to the TODCO Business or the TODCO Liabilities if a member of the Transocean Group is named a party thereto and if (x) Transocean or one of its Subsidiaries' ability to conduct its business could be impaired in any significantly adverse manner as a result of any injunctive relief sought or (y) an adverse resolution of such Third Party Claim (or series of related Third Party Claims) presents in the good faith judgment of Transocean's General Counsel a reasonable risk of having a material adverse effect on the business, operations, financial condition, results of operations or prospects of Transocean and its Subsidiaries, taken as a whole, in which case (A) Transocean or one of its Subsidiaries shall pay all costs and expenses incurred in connection with the defense of such Third Party Claim if Transocean or one of its Subsidiaries is the Indemnifying Party with respect to such Third Party Claim or (B) such costs and expenses shall be included in Transocean's or one of its Subsidiaries' Losses if TODCO or one of its Subsidiaries is the Indemnifying Party with respect to such Third Party Claim; or

(ii) with respect to which both parties hereto, or TODCO and one or more of its Subsidiaries, or Transocean and one or more of its Subsidiaries may be Indemnifying Parties, and to which paragraph (i) above does not apply and as to which, in the good faith judgment of the

General Counsel of Transocean the portion of the aggregate Liability that is the responsibility of Transocean and any of its Subsidiaries (after taking into account indemnification obligations hereunder) equals or exceeds the portion of such Liability that is the responsibility of TODCO and any of its Subsidiaries.

(c) A party's right to defend any Third Party Claim pursuant to Section 3.8(b) includes the right (after consultation with the other party following at least five Business Days' written notice thereof) to compromise, settle or consent to the entry of any judgment or determination of liability concerning such Third Party Claim; provided, however, that the Indemnifying Party shall not compromise, settle or consent to the entry of judgment or determination of liability concerning any Third Party Claim without prior written approval by the Indemnitee (which may not be unreasonably withheld) if the terms or conditions of such compromise, settlement or consent would, in the reasonable judgment of the Indemnitee, have a material adverse financial impact or a material adverse effect upon the ongoing operations of the Indemnitee. Notwithstanding any other provision of this Section 3.8, unless otherwise agreed to by the parties in writing (which agreement may not be unreasonably withheld), no party shall enter into any compromise or settlement or consent to the entry of any judgment which does not include as an unconditional term thereof the giving by the third party of a release of both the Indemnitee and the Indemnifying Party from all further liability concerning such Third Party Claim.

(d) If the party having the right to elect to defend a particular Third Party Claim pursuant to Section 3.8(b) elects, or is deemed to have elected, not to defend a particular Third Party Claim, the other party may defend such Third Party Claim without any prejudice to its rights to indemnification from the Indemnifying Party pursuant to this Article III. In such case, (i) such other party shall have the right to compromise, settle or consent to the entry of any judgment with respect to such Third Party Claim as provided in Section 3.8(c) and (ii) the amount of such compromise, settlement or judgment shall be determinative of the amount of the Loss (but such compromise, settlement or judgment shall not necessarily be determinative of which party hereunder is entitled to indemnification).

(e) The Indemnifying Party shall bear all costs and expenses of defending any Third Party Claim; provided, however, that (A) if Transocean elects to defend any Third Party Claim or series of related Third Party Claims pursuant to the last sentence of Section 3.8(b) and Transocean is not an Indemnifying Party with respect thereto, TODCO shall reimburse Transocean promptly upon demand by Transocean for all out-of-pocket costs and expenses reasonably incurred in connection with Transocean's defense of such Third Party Claim and (B) if both parties may be Indemnifying Parties with respect to such Third Party Claim, the non-defending party shall reimburse the defending party promptly upon demand by the defending party for the non-defending party's proportionate share, allocated based on each party's proportionate responsibility for the Indemnifiable Loss pursuant to this Agreement, of all out-of-pocket costs and expenses reasonably incurred in connection with the defending party's defense of such Third Party Claim.

(f) The non-defending party shall make available to the defending party and its counsel all employees, books and records, communications, documents, items or matters

within its knowledge, possession or control that are necessary, appropriate or reasonably deemed relevant by the defending party with respect to such defense; provided, however, that subject to Section 7.7 hereof, nothing in this subparagraph (f) shall be deemed to require a party to make available books and records, communications, documents or items which (i) in such party's good faith judgment could result in a waiver of any Privilege or (ii) such party is not permitted to make available because of any Law or any confidentiality obligation to a third party, in which case such party shall use its reasonable commercial efforts to seek a waiver of or other relief from such confidentiality restriction.

(g) Upon final judgment, determination, settlement or compromise of any Third Party Claim, and unless otherwise agreed by the parties in writing, the Indemnifying Party shall pay promptly on behalf of the Indemnitee, or to the Indemnitee in reimbursement of any amount theretofore required to be paid by it, all amounts required to be paid by the Indemnifying Party pursuant to this Article III with respect to such claim as determined by such final judgment, determination, settlement or compromise.

3.9 ADDITIONAL MATTERS.

(a) Any claim on account of a Loss which does not result from a Third Party Claim shall be asserted by written notice given by the Indemnitee to the related Indemnifying Party. Any such notice shall describe the claim in reasonable detail. Such Indemnifying Party shall have a period of 30 days after the receipt of such notice within which to respond thereto. If such Indemnifying Party does not respond within such 30-day period, such Indemnifying Party shall be deemed to have refused to accept responsibility to make payment. If such Indemnifying Party does not respond within such 30-day period or rejects such claim in whole or in part, such Indemnitee shall be free to pursue such remedies as may be available to such party as contemplated by this Agreement and the Ancillary Agreements.

(b) In the event of payment by or on behalf of any Indemnifying Party to any Indemnitee in connection with any Third Party Claim, such Indemnifying Party shall be subrogated to and shall stand in the place of such Indemnitee in respect of any rights, defenses or claims of such Indemnitee relating to such Third Party Claim. Such Indemnitee shall cooperate with such Indemnifying Party in a reasonable manner in prosecuting any subrogated right, defense or claim, and its out-of-pocket costs and expenses in connection therewith shall be reimbursed by the Indemnifying Party.

(c) In the event of an Action in which the Indemnifying Party is not a named defendant, if either the Indemnified Party or Indemnifying Party shall so request, the parties shall endeavor to substitute the Indemnifying Party for the named defendant, if reasonably practicable. If such substitution or addition cannot be achieved for any reason or is not requested, the named defendant shall allow the Indemnifying Party to manage the Action as set forth in this Article III.

(d) THE PARTIES UNDERSTAND AND AGREE THAT THE RELEASE FROM LIABILITIES AND INDEMNIFICATION OBLIGATIONS HEREUNDER AND UNDER THE ANCILLARY AGREEMENTS MAY INCLUDE RELEASE FROM LIABILITIES AND INDEMNIFICATION FOR LOSSES RESULTING FROM, OR ARISING

OUT OF, DIRECTLY OR INDIRECTLY, AN INDEMNIFIED PARTY'S OWN NEGLIGENCE OR STRICT LIABILITY.

3.10 CONTRIBUTION. If any indemnification provided for in this Article III is unavailable to an Indemnitee in respect of any Loss arising out of or related to information contained in the IPO Registration Statement as provided in Section 3.3(d) or 3.4(d), then the Indemnifying Party, in lieu of indemnifying such Indemnitee, shall contribute to the amount paid or payable by such Indemnitee as a result of such Loss, in such proportion as is appropriate to reflect the relative fault of TODCO and each other member of the TODCO Group, on the one hand, and Transocean and each other member of the Transocean Group, on the other hand, in connection with the statements or omissions which resulted in such Loss. With respect to any Loss relating to matters covered by Section 3.3(d) or otherwise relating to misstatements or omissions under securities or antifraud laws, the relative fault of a member of the TODCO Group, on the one hand, and of a member of the Transocean Group, on the other hand, shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to a member of the TODCO Group or a member of the Transocean Group and was supplied by such member (taking into account the proviso to Section 3.3(d)).

3.11 REMEDIES CUMULATIVE. The remedies provided in this Article III shall be cumulative and, subject to the provisions of Article VI, shall not preclude assertion by any Indemnitee of any other rights or the seeking of any and all other remedies against any Indemnifying Party.

3.12 SURVIVAL OF INDEMNITIES. The rights and obligations of each of Transocean and TODCO and their respective Indemnitees under this Article III shall survive the sale or other transfer by any party of any Assets or businesses or the assignment by it of any Liabilities.

3.13 INDEMNIFICATION OF DIRECTORS AND OFFICERS. For purpose of Sections 3.3 through 3.12, inclusive, and notwithstanding anything to the contrary contained in this Agreement, Persons who serve as officers or directors of both TODCO and Transocean shall be deemed both TODCO Indemnitees and Transocean Indemnitees.

ARTICLE IV

THE IPO AND ACTIONS PENDING THE IPO

4.1 TRANSACTIONS PRIOR TO THE IPO. Subject to the conditions specified in Section 4.3, Transocean, Transocean Holdings and TODCO shall use their reasonable commercial efforts to consummate the IPO. Such efforts shall include, but not necessarily be limited to, those specified in this Section 4.1 (to the extent not previously accomplished):

(a) TODCO has filed the IPO Registration Statement, and shall use its best efforts to cause such IPO Registration Statement to become effective, including by filing such amendments thereto as may be necessary or appropriate, responding promptly to any comments of the Commission and taking such other action in that connection as may be reasonably requested by Transocean. Transocean, Transocean Holdings and TODCO shall also cooperate in

preparing, filing with the Commission and causing to become effective a registration statement registering the TODCO Common Stock under the Exchange Act, and any registration statements or amendments thereof which are required to reflect the establishment of, or amendments to, any employee benefit and other plans necessary or appropriate in connection with the IPO, any Prior Transfers, the Separation or the other transactions contemplated by this Agreement.

(b) TODCO, Transocean Holdings and Transocean shall enter into an underwriting agreement with the underwriters named in the IPO Registration Statement (the "Underwriting Agreement"), in form and substance reasonably satisfactory to Transocean, and shall comply with its obligations thereunder.

(c) Transocean, Transocean Holdings and TODCO shall consult with each other and the Underwriters regarding the timing, pricing and other material matters with respect to the IPO, it being understood that decisions on such matters may be dictated by Transocean in its sole discretion.

(d) TODCO shall take all such action as may be necessary or appropriate under state securities and blue sky laws of the United States (and any comparable laws under any foreign jurisdictions) in connection with the IPO.

(e) TODCO shall prepare, file and seek to make effective, an application for listing of the TODCO Class A Common Stock issued in the IPO on the NYSE, subject to official notice of issuance.

4.2 COOPERATION. TODCO and Transocean Holdings shall, at Transocean's direction, promptly take any and all actions necessary or desirable to consummate the IPO as contemplated by the IPO Registration Statement and the Underwriting Agreement. Notwithstanding anything to the contrary contained herein, as between Transocean, Transocean Holdings and TODCO, Transocean may in its sole discretion choose to terminate, abandon or amend any aspect of the IPO, and TODCO and Transocean Holdings shall take all actions directed by Transocean in that regard.

4.3 CONDITIONS PRECEDENT TO CONSUMMATION OF THE IPO. The parties hereto shall use their reasonable commercial efforts to satisfy the conditions listed below for the consummation of the IPO as soon as practicable. The obligations of the parties to use their reasonable commercial efforts to consummate the IPO shall be conditioned on the satisfaction, or waiver by Transocean, of the following conditions:

(a) The IPO Registration Statement shall have been filed and declared effective by the Commission, and there shall be no stop order in effect with respect thereto.

(b) The actions and filings with regard to state securities and blue sky laws of the United States (and any comparable laws under any foreign jurisdictions) described in Section 4.1(d) shall have been taken and, where applicable, have become effective or been accepted.

(c) The TODCO Class A Common Stock to be issued in the IPO shall have been accepted for listing on the NYSE, on official notice of issuance.

(d) TODCO, Transocean Holdings and Transocean shall have entered into the Underwriting Agreement and all conditions to the obligations of TODCO, Transocean Holdings, Transocean and the Underwriters shall have been satisfied or waived.

(e) Transocean shall be satisfied, in its sole discretion, that (1) following the IPO, Transocean and other members of the Transocean Group will collectively own stock of TODCO representing control of TODCO, within the meaning of Section 368(c) of the Code and (2) to Transocean's actual knowledge (with no duty to investigate), all other conditions to permit the Distribution to qualify as a tax-free distribution to Transocean, TODCO and Transocean's shareholders shall, to the extent applicable as of the time of the IPO, be satisfied, and there shall be no event or condition that is likely to cause any of such conditions not to be satisfied as of the time of the Distribution or thereafter.

(f) Any material Governmental Approvals necessary to consummate the IPO shall have been obtained and be in full force and effect.

(g) No order, injunction or decree issued by any court or agency of competent jurisdiction or other legal restraint or prohibition preventing the consummation of the Separation or the IPO or any of the other transactions contemplated by this Agreement or any Ancillary Agreement shall be in effect.

(h) Such other actions as the parties hereto may, based upon the advice of counsel, reasonably request to be taken prior to the IPO in order to assure the successful completion of the IPO shall have been taken.

(i) This Agreement and all Ancillary Agreements shall have been executed and shall not have been terminated.

(j) Pricing committees designated by the Board of Directors of each of Transocean and Transocean Holdings shall have determined that the terms of the IPO are acceptable to Transocean and Transocean Holdings, respectively.

ARTICLE V

CORPORATE GOVERNANCE AND OTHER MATTERS

5.1 CHARTER AND BYLAWS. As of the IPO Closing Date, the Amended and Restated Certificate of Incorporation and Bylaws of TODCO shall be in the forms of Schedule 5.1(a) and 5.1(b), respectively, with such changes therein as may be agreed to in writing by Transocean.

5.2 RIGHTS PLAN AMENDMENTS. Following the IPO Closing Date and for so long as Transocean beneficially owns shares representing at least 15% of the voting power of all of the outstanding shares of the TODCO Voting Stock, without the prior written consent of Transocean, TODCO shall not amend or modify the TODCO Rights Plan.

5.3 CHARTER/BYLAW AMENDMENTS. So long as Transocean owns shares representing at least 15% of the voting power of all of the outstanding shares of TODCO Voting Stock, TODCO will not, without the prior consent of Transocean, adopt any amendments to its

Amended and Restated Certificate of Incorporation or Bylaws or take or recommend to its stockholders any action during the term of this Agreement which would (i) impose limitations on the legal rights of Transocean or any other member of the Transocean Group or any transferee of any securities of TODCO from Transocean or a member of the Transocean Group (a "Transocean Transferee") as a stockholder of TODCO other than those imposed pursuant to the express terms of this Agreement or the forms of TODCO's Amended and Restated Certificate of Incorporation and Bylaws attached hereto as Schedules 5.1(a) and 5.1(b), respectively, including, without limitation, any action which would impose restrictions (A) based upon the size of security holding, the business in which a security holder is engaged or other considerations applicable to Transocean or any other member of the Transocean Group or a Transocean Transferee and not to security holders generally, (B) by means of the issuance of or proposal to issue any class of securities having voting power disproportionately greater than the equity investment in TODCO represented by such securities or (C) involving impairment of rights granted to any member of the Transocean Group, (ii) involve the issuance or corporate action providing for the issuance of any warrant, right, capital stock or other security (A) which is, or under specified circumstances will become, convertible into or represent the right to acquire any securities of Transocean or any other member of the Transocean Group or a Transocean Transferee or (B) which is dependent upon the amount of voting securities owned by Transocean or any other member of the Transocean Group or a Transocean Transferee, (iii) deny any benefit to Transocean or any other member of the Transocean Group or a Transocean Transferee proportionately as holders of any class of voting securities generally, or (iv) alter voting or other rights of the holders of any class of voting securities so that any such rights (or the vote required with respect to any matter) are determined with reference to the amount of voting securities held by Transocean or any other member of the Transocean Group or a Transocean Transferee; provided, that this Section 5.3 shall not prohibit TODCO from adopting the TODCO Rights Plan or taking any action otherwise prohibited hereby, so long as Transocean and the other members of the Transocean Group and any Transocean Transferee are, either expressly or as part of a class of stockholders which includes Transocean and the other members of the Transocean Group, together with the Transocean Transferees, exempted from such action or the limitations on legal rights imposed thereby.

5.4 TODCO BOARD REPRESENTATION.

(a) Beginning on the IPO Closing Date, and for so long as the Transocean Group beneficially owns shares representing less than a majority but at least 10% of the voting power of all of the outstanding shares of TODCO Voting Stock, Transocean shall have the right to designate for nomination by the TODCO Board (or any nominating committee thereof) to the TODCO Board a proportionate number of members of the TODCO Board, as calculated in accordance with this Section 5.4.

(b) For so long as the Transocean Group beneficially owns shares representing at least 10% of the voting power of all of the outstanding shares of TODCO Voting Stock, Transocean shall be entitled to present to the TODCO Board or any nominating committee thereof such number of designees of Transocean (each, a "Transocean Designee") for election to the TODCO Board (or if there is a classified board, the class of directors up for election) as would result in Transocean having the appropriate number of Transocean Designees on the TODCO Board as determined pursuant to Section 5.4(a). TODCO shall exercise all

authority under applicable law and shall use its best efforts to cause each Transocean Designee to be elected to the TODCO Board effective as of the IPO Closing Date (or at the first regularly scheduled meeting thereafter).

(c) TODCO shall at all such times exercise all authority under applicable law and use its best efforts to cause all such designees to be nominated as Board members by the nominating committee of the TODCO Board if there is such a committee. TODCO shall cause each Transocean Designee for election to the TODCO Board to be included in the slate of designees recommended by the TODCO Board to holders of TODCO Common Stock (including at any special meeting of stockholders held for the election of directors) and shall use its best efforts to cause the election of each such Transocean Designee, including soliciting proxies in favor of the election of such persons. In the event that any Transocean Designee elected to the TODCO Board shall cease to serve as a director for any reason, the vacancy resulting therefrom shall be filled by the TODCO Board with a substitute Transocean Designee, unless such vacancy was caused by action of stockholders (in which case, in accordance with TODCO's Amended and Restated Certificate of Incorporation, the stockholders shall fill such vacancy). In the event that as a result of any increase in the size of the TODCO Board, Transocean is entitled to have one or more additional Transocean Designees elected to the TODCO Board pursuant to Section 5.4(a), the Transocean Board shall appoint the appropriate number of such additional Transocean Designees, unless such increase in size of the TODCO Board was caused by the action of stockholders (in which case, in accordance with TODCO's Amended and Restated Certificate of Incorporation, the stockholders shall elect such additional director or directors).

(d) If at any time that Transocean Designees are serving on the TODCO Board, the Transocean Group beneficially owns shares representing at least 10% of the total voting power of all of the outstanding shares of TODCO Voting Stock, the number of persons Transocean shall be entitled to designate for nomination by the TODCO Board (or any nominating committee thereof) for election to the TODCO Board shall be equal to the number of directors computed using the following formula (rounded to the nearest whole number): the product of (1) the percentage of the voting power of all of the outstanding shares of TODCO Voting Stock beneficially owned by the Transocean Group and (2) the number of directors then on the TODCO Board (assuming no vacancies exist). Notwithstanding the foregoing, if the Transocean Group beneficially owns shares of TODCO Common Stock representing less than a majority of the total voting power of all outstanding shares of TODCO Voting Stock and the calculation of the formula set forth in the foregoing sentence would result in Transocean being entitled to elect a majority of the members of the TODCO Board, the formula will be recalculated with the product being rounded down to the nearest whole number; provided, however, that if the Transocean Group at any time, acquires additional shares of TODCO Common Stock so that the Transocean Group beneficially owns shares of TODCO Common Stock representing a majority of the total voting power of all of the outstanding shares of TODCO Voting Stock, then the number of persons Transocean shall be entitled to designate for nomination by the TODCO Board (or any nominating committee thereof) for election to the TODCO Board shall be adjusted upward, if appropriate as a result of rounding, in accordance with the provisions of this Section 5.4(d). If the number of Transocean Designees serving on the TODCO Board exceeds the number determined pursuant to the foregoing sentences of this Section 5.4(d) (such difference being herein called the "Excess Director Number"), then Transocean in its sole discretion shall instruct a number of Transocean Designees (the number of

which designees shall be equal to the Excess Director Number) to resign from the TODCO Board, and, to the extent such persons do not so resign, Transocean shall assist TODCO in increasing the size of the TODCO Board, so that after giving effect to such increase, the number of Transocean Designees on the TODCO Board is in accordance with the provisions of this Section 5.4(d).

(e) For so long as the Transocean Group beneficially owns shares representing at least a majority of the voting power of all of the outstanding shares of TODCO Voting Stock, Transocean shall have the right to designate the chairman of the TODCO Board. TODCO shall exercise all authority under applicable law and shall use its best efforts to cause the person designated by Transocean to be elected as chairman of the TODCO Board.

5.5 COMMITTEES. Effective as of the IPO Closing Date and for so long as the Transocean Group owns shares of TODCO Common Stock representing a majority of the total voting power of all of the outstanding shares of TODCO Voting Stock, any committee of the Board of Directors of TODCO shall be composed of directors at least a majority of which are Transocean Designees. Effective as of the IPO Closing Date and for so long as the Transocean Group beneficially owns shares of TODCO Common Stock representing less than a majority but more than 10% of the total voting power of all of the outstanding shares of TODCO Voting Stock, each committee of the TODCO Board of Directors shall, unless Transocean consents otherwise, include at least one Transocean Designee to the extent permitted by Law or stock exchange requirement.

5.6 SUBSCRIPTION RIGHT.

(a) TODCO hereby grants to Transocean, on the terms and conditions set forth herein, a continuing right (the "Subscription Right") to purchase from TODCO, at the times set forth herein:

(i) with respect to the issuance of a class or series of shares of TODCO Voting Stock, the number of such shares as is necessary to allow Transocean to maintain its Voting Percentage, and

(ii) with respect to the issuance of a class or series of shares of TODCO Non-Voting Stock, the number of such shares as is necessary to allow Transocean to maintain its Ownership Percentage with respect to such class or series of shares (or, in the case of a class or series not outstanding prior to such issuance, 80% of the total number of shares of such class or series being issued).

The Subscription Right shall be assignable, in whole or in part and from time to time, by Transocean to any member of the Transocean Group. The exercise price for each share of TODCO Stock purchased pursuant to an exercise of the Subscription Right shall be: (i) in the event of the issuance by TODCO of TODCO Stock in exchange for cash consideration, the per share price paid to TODCO for shares of the TODCO Stock issued by TODCO in the related Issuance Event; and (ii) in the event of the issuance by TODCO of TODCO Stock for

consideration other than cash, the per share Market Price of such TODCO Stock at the Issuance Event Date of such issuance.

(b) The provisions of Section 5.6(a) hereof notwithstanding, the Subscription Right granted pursuant to Section 5.6(a) shall not apply and shall not be exercisable in connection with the issuance by TODCO of any shares of TODCO Common Stock pursuant to any stock option or other executive or employee benefit or compensation plan maintained by TODCO, to the extent such issuance would not result in Transocean and other members of the Transocean Group losing collective control of TODCO within the meaning of Section 368(c) of the Code. The Subscription Right granted pursuant to Section 5.6(a) shall terminate if at any time the Voting Percentage, or the Ownership Percentage with respect to any class or series of TODCO Non-Voting Stock, is less than 80%.

(c) At least 20 Business Days prior to the issuance of any shares of TODCO Stock (other than pursuant to any stock option or other executive or employee benefit or compensation plan maintained by TODCO in the circumstances described in Section 5.6(b) above and other than issuances of TODCO Stock to any member of the Transocean Group) or the first date on which any event could occur that, in the absence of a full or partial exercise of the Subscription Right, would result in a reduction in the Voting Percentage, a reduction in any Ownership Percentage or the issuance of any shares of a class or series of TODCO Non-Voting Stock not outstanding prior to such issuance, TODCO will notify Transocean in writing (a "Subscription Right Notice") of any plans it has to issue such shares or the date on which such event could first occur. Each Subscription Right Notice must specify the date on which TODCO intends to issue such additional shares of TODCO Stock or on which such event could first occur (such issuance or event being referred to herein as an "Issuance Event" and the date of such issuance or event as an "Issuance Event Date"), the number of shares TODCO intends to issue or may issue and the other terms and conditions of such Issuance Event.

(d) The Subscription Right may be exercised by Transocean (or any member of the Transocean Group to which all or any part of the Subscription Right has been assigned) for a number of shares equal to or less than the number of shares the Transocean Group is entitled to purchase pursuant to Section 5.6(a). The Subscription Right may be exercised at any time after receipt of an applicable Subscription Right Notice and prior to the applicable Issuance Event Date by the delivery to TODCO of a written notice to such effect specifying (i) the number of shares of TODCO Stock to be purchased by Transocean, or any member of the Transocean Group, and (ii) a determination of the exercise price for such shares. Upon any such exercise of the Subscription Right, TODCO will, prior to the applicable Issuance Event Date, deliver to Transocean (or any member of the Transocean Group designated by Transocean), against payment therefor, certificates (issued in the name of Transocean or its permitted assignee hereunder or as directed by Transocean) representing the shares of TODCO Stock being purchased upon such exercise. Payment for such shares shall be made by wire transfer or intrabank transfer of immediately-available funds to such account as shall be specified by TODCO, for the full purchase price of such shares.

(e) Except as provided in Section 5.6(f), any failure by Transocean to exercise the Subscription Right, or any exercise for less than all shares purchasable under the Subscription Right, in connection with any particular Issuance Event shall not affect

Transocean's right to exercise the Subscription Right in connection with any subsequent Issuance Event; provided, however, that the Voting Percentage and any Ownership Percentage following such Issuance Event in connection with which Transocean so failed to exercise such Subscription Right in full or in part shall be recalculated as set forth in Section 1.110 or Section 1.66, respectively.

(f) The Subscription Right, or any part thereof, assigned to any member of the Transocean Group other than Transocean, shall terminate in the event that such member ceases to be a Subsidiary of Transocean for any reason whatsoever.

5.7 TAX-FREE SPIN-OFF. At any time after the IPO Closing Date, if Transocean advises TODCO that it intends to pursue a tax-free distribution under Section 355 of the Code or any corresponding provision of any successor statute or that it intends to otherwise distribute all or a portion of the capital stock of TODCO beneficially owned by Transocean to its securityholders by way of dividend, exchange or otherwise (any of the foregoing, a "Distribution"), TODCO agrees to take all action requested by Transocean to facilitate such transaction (including without limitation internal restructurings and continuation of businesses necessary to achieve such tax-free distribution), at TODCO's own expense. In the event a registration statement is filed in connection with such transaction, TODCO and Transocean will cooperate to take actions analogous (to the extent applicable) to those set forth in the Registration Rights Agreement with respect to a Demand Registration and in particular the parties will indemnify and provide contribution to each other in a manner analogous to that set forth in Section 8 of the Registration Rights Agreement.

5.8 NO VIOLATIONS.

(a) So long as the Transocean Group owns shares representing at least a majority of the voting power of all of the outstanding shares of TODCO Voting Stock, TODCO covenants and agrees that it will not (i) take any action or enter into any commitment or agreement which may reasonably be anticipated to result, with or without notice and with or without lapse of time or otherwise, in a contravention or event of default by it or any of its Affiliates of (A) any provisions of applicable Law, including but not limited to provisions pertaining to the Code or the Employee Retirement Income Security Act of 1974, as amended, (B) any provision of Transocean's Memorandum of Association or Articles of Association or (C) any credit agreement or other material agreement (including agreements relating to covenants not to compete) binding upon Transocean or (ii) enter into any commitment or agreement that contains provisions that trigger a default or require a material payment when Transocean exercises its rights to convert the TODCO Class B Common Stock.

(b) TODCO and Transocean agree to provide to each other any information and documentation requested by the other for the purpose of evaluating and ensuring compliance with Section 5.8(a).

5.9 APPLICABILITY OF RIGHTS TO PARENT IN THE EVENT OF AN ACQUISITION. In the event TODCO merges into, consolidates, sells substantially all of its assets to or otherwise becomes an Affiliate of a Person (other than Transocean), pursuant to a transaction or series of related transactions in which Transocean receives equity securities of such Person (or of any Affiliate of

such Person) in exchange for TODCO Common Stock held by Transocean, all of the rights of Transocean set forth in this Article V and in Section 7.5 shall continue in full force and effect and shall apply to the Person the equity securities of which are received by Transocean pursuant to such transaction or series of related transactions (it being understood that all other provisions of this Agreement will apply to TODCO notwithstanding this Section 5.9). TODCO agrees that, without the consent of Transocean, it will not enter into any agreement which will have the effect set forth in the first clause of the preceding sentence, unless such Person agrees to be bound by the foregoing provision.

5.10 OTHER MATTERS. TODCO covenants and agrees that it will not, and will not permit any of its Affiliates to, enter into any commitment or agreement that binds or purports to bind Transocean or any of its Affiliates.

ARTICLE VI

ARBITRATION; DISPUTE RESOLUTION

6.1 AGREEMENT TO ARBITRATE. Except as otherwise specifically provided in any Ancillary Agreement, the procedures for discussion, negotiation and arbitration set forth in this Article VI shall apply to all disputes, controversies or claims (whether sounding in contract, tort or otherwise) that may rise out of or relate to, or arise under or in connection with this Agreement or any Ancillary Agreement, or the transactions contemplated hereby or thereby (including all actions taken in furtherance of the transactions contemplated hereby or thereby on or prior to the date hereof), or (for a period of ten years after the date hereof) the commercial or economic relationship of the parties relating hereto or thereto, between or among any member of the Transocean Group and the TODCO Group. Each party agrees on behalf of itself and each member of its respective Group that the procedures set forth in this Article VI shall be the sole and exclusive remedy in connection with any dispute, controversy or claim relating to any of the foregoing matters and irrevocably waives any right to commence any Action in or before any Governmental Authority, except as expressly provided in Section 6.7(b) and except to the extent provided under the Arbitration Act in the case of judicial review of arbitration results or awards. Each party on behalf of itself and each member of its respective Group irrevocably waives any right to any trial by jury with respect to any claim, controversy or dispute set forth in this Section 6.1.

6.2 ESCALATION.

(a) It is the intent of the parties to use their respective reasonable best efforts to resolve expeditiously any dispute, controversy or claim between or among them with respect to the matters covered hereby that may arise from time to time on a mutually acceptable negotiated basis. In furtherance of the foregoing, any party involved in a dispute, controversy or claim may deliver a notice (an "Escalation Notice") demanding an in-person meeting involving representatives of the parties at a senior level of management of the parties (or if the parties agree, of the appropriate strategic business unit or division within such entity). A copy of any such Escalation Notice shall be given to the General Counsel, or like officer or official, of each party involved in the dispute, controversy or claim (which copy shall state that it is an Escalation Notice pursuant to this Agreement). Any agenda, location or procedures for such discussions or

negotiations between the parties may be established by the parties from time to time; provided, however, that the parties shall use their reasonable best efforts to meet within 30 days of the Escalation Notice.

(b) The parties may, by mutual consent, retain a mediator to aid the parties in their discussions and negotiations by informally providing advice to parties. Any opinion expressed by the mediator shall be strictly advisory and shall not be binding on the parties, nor shall any opinion expressed by the mediator be admissible in any arbitration proceedings. The mediator may be chosen from a list of mediators previously selected by the parties or by other agreement of the parties. Costs of the mediation shall be borne equally by the parties involved in the matter, except that each party shall be responsible for its own expenses. Mediation is not a prerequisite to a demand for arbitration under Section 6.3.

6.3 DEMAND FOR ARBITRATION.

(a) At any time after the first to occur of (i) the date of the meeting actually held pursuant to the applicable Escalation Notice or (ii) 45 days after the delivery of an Escalation Notice (as applicable, the "Arbitration Demand Date"), any party involved in the dispute, controversy or claim (regardless of whether such party delivered the Escalation Notice) may deliver a notice demanding arbitration of such dispute, controversy or claim (a "Arbitration Demand Notice"). In the event that any party shall deliver an Arbitration Demand Notice to another party, such other party may itself deliver an Arbitration Demand Notice to such first party with respect to any related dispute, controversy or claim with respect to which the Applicable Deadline has not passed without the requirement of delivering an Escalation Notice. No party may assert that the failure to resolve any matter during any discussions or negotiations, the course of conduct during the discussions or negotiations or the failure to agree on a mutually acceptable time, agenda, location or procedures for the meeting, in each case, as contemplated by Section 6.2, is a prerequisite to a demand for arbitration under this Section 6.3. In the event that any party delivers an Arbitration Demand Notice with respect to any dispute, controversy or claim that is the subject of any then pending arbitration proceeding or of a previously delivered Arbitration Demand Notice, all such disputes, controversies and claims shall be resolved in the arbitration proceeding for which an Arbitration Demand Notice was first delivered unless the arbitrator in his or her sole discretion determines that it is impracticable or otherwise inadvisable to do so.

(b) Except as may be expressly provided in any Ancillary Agreement, any Arbitration Demand Notice may be given until one year after the later of the occurrence of the act or event giving rise to the underlying claim or the date on which such act or event was, or should have been, in the exercise of reasonable due diligence, discovered by the party asserting the claim (as applicable and as it may in a particular case be specifically extended by the parties in writing, the "Applicable Deadline"). Any discussions, negotiations or mediations between the parties pursuant to this Agreement or otherwise will not toll the Applicable Deadline unless expressly agreed in writing by the parties. Each of the parties agrees on behalf of itself and each member of its Group that if an Arbitration Demand Notice with respect to a dispute, controversy or claim is not given prior to the expiration of the Applicable Deadline, as between or among the parties and the members of their Groups, such dispute, controversy or claim will be barred. Subject to Sections 6.7(d) and 6.8, upon delivery of an Arbitration Demand Notice pursuant to

Section 6.3(a) prior to the Applicable Deadline, the dispute, controversy or claim shall be decided by a sole arbitrator in accordance with the rules set forth in this Article VI.

6.4 ARBITRATORS.

(a) Within 15 days after a valid Arbitration Demand Notice is given, the parties involved in the dispute, controversy or claim referenced therein shall attempt to select a sole arbitrator satisfactory to all such parties.

(b) In the event that such parties are not able jointly to select a sole arbitrator within such 15-day period, such parties shall each appoint an arbitrator (who need not be disinterested as to the parties or the matter) within 30 days after delivery of the Arbitration Demand Notice. If one party appoints an arbitrator within such time period and the other party or parties fail to appoint an arbitrator within such time period, the arbitrator appointed by the one party shall be the sole arbitrator of the matter.

(c) In the event that a sole arbitrator is not selected pursuant to paragraph (a) or (b) above, the two arbitrators will, within 30 days after the appointment of the later of them to be appointed, select an additional arbitrator who shall act as the sole arbitrator of the dispute. After selection of such sole arbitrator, the initial arbitrators shall have no further role with respect to the dispute. In the event that the arbitrators so appointed do not, within 30 days after the appointment of the later of them to be appointed, agree on the selection of the sole arbitrator, any party involved in such dispute may apply to the U.S. District Court for the Southern District of Texas to select the sole arbitrator, which selection shall be made within 30 days after such application. Any arbitrator selected pursuant to this paragraph (c) shall be disinterested with respect to each of the parties and shall be reasonably competent in the applicable subject matter.

(d) The sole arbitrator selected pursuant to paragraph (a), (b) or (c) above will set a time for the hearing of the matter, which will commence no later than 90 days after the date of appointment of the sole arbitrator pursuant to paragraph (a), (b) or (c) above and which hearing will be no longer than 30 days (unless in the judgment of the arbitrator the matter is unusually complex and sophisticated and thereby requires a longer time, in which event such hearing shall be no longer than 90 days). The final decision of such arbitrator will be rendered in writing to the parties not later than 60 days after the last hearing date, unless otherwise agreed by the parties in writing.

(e) The place of any arbitration hereunder will be Houston, Texas, unless otherwise agreed by the parties.

6.5 HEARINGS. Within the time period specified in Section 6.4(d), the matter shall be presented to the arbitrator at a hearing by means of written submissions of memoranda and verified witness statements, filed simultaneously, and responses, if necessary in the judgment of the arbitrator or both the parties. If the arbitrator deems it to be essential to a fair resolution of the dispute, live cross-examination or direct examination may be permitted, but is not generally contemplated to be necessary. The arbitrator shall actively manage the arbitration with a view to achieving a just, speedy and cost-effective resolution of the dispute, claim or controversy. The arbitrator may, in his or her discretion, set time and other limits on the presentation of

each party's case, its memoranda or other submissions, and refuse to receive any proffered evidence, which the arbitrator, in his or her discretion, finds to be cumulative, unnecessary, irrelevant or of low probative nature. Except as otherwise set forth herein, any arbitration hereunder will be conducted in accordance with the procedures of CPR Institute for Dispute Resolution ("CPR"). The decision of the arbitrator will be final and binding on the parties, and judgment thereon may be had and will be enforceable in any court having jurisdiction over the parties. Arbitration awards will bear interest at an annual rate of the Prime Rate plus 2% per annum, subject to any maximum amount permitted by applicable law. To the extent that the provisions of this Agreement and the prevailing rules of the CPR conflict, the provisions of this Agreement shall govern.

6.6 DISCOVERY AND CERTAIN OTHER MATTERS.

(a) Any party involved in a dispute subject to this Article VI may request limited document production from the other party or parties of specific and expressly relevant documents, with the reasonable expenses of the producing party incurred in such production paid by the requesting party. Any such discovery (which right to documents shall be substantially less than document discovery rights prevailing under the Federal Rules of Civil Procedure) shall be conducted expeditiously and shall not cause the hearing provided for in Section 6.5 to be adjourned except upon consent of all parties involved in the applicable dispute or upon an extraordinary showing of cause demonstrating that such adjournment is necessary to permit discovery essential to a party to the proceeding. Depositions, interrogatories or other forms of discovery (other than the document production set forth above) shall not occur except by consent of the parties involved in the applicable dispute. Disputes concerning the scope of document production and enforcement of the document production requests will be determined by written agreement of the parties involved in the applicable dispute or, failing such agreement, will be referred to the arbitrator for resolution. All discovery requests will be subject to the parties' rights to claim any applicable privilege. The arbitrator will adopt procedures to protect the proprietary rights of the parties and to maintain the confidential treatment of the arbitration proceedings (except as may be required by law). Subject to the foregoing, the arbitrator shall have the power to issue subpoenas to compel the production of documents relevant to the dispute, controversy or claim.

(b) The arbitrator shall have full power and authority to determine issues of arbitrability but shall otherwise be limited to interpreting or construing the applicable provisions of this Agreement or any Ancillary Agreement, and will have no authority or power to limit, expand, alter, amend, modify, revoke or suspend any condition or provision of this Agreement or any Ancillary Agreement; it being understood, however, that the arbitrator will have full authority to implement the provisions of this Agreement or any Ancillary Agreement, and to fashion appropriate remedies for breaches of this Agreement (including interim or permanent injunctive relief); provided that the arbitrator shall not have (i) any authority in excess of the authority a court having jurisdiction over the parties and the controversy or dispute would have absent these arbitration provisions or (ii) any right or power to award punitive or treble damages (provided that this clause (ii) shall not limit the award of damages for any Losses). It is the intention of the parties that in rendering a decision the arbitrator give effect to the applicable provisions of this Agreement and the Ancillary Agreements and follow applicable law (it being

understood and agreed that this sentence shall not give rise to a right of judicial review of the arbitrator's award).

(c) If a party fails or refuses to appear at and participate in an arbitration hearing after due notice, the arbitrator may hear and determine the controversy upon evidence produced by the appearing party.

(d) Arbitration costs will be borne equally by each party involved in the matter, except that each party will be responsible for its own attorney's fees and other costs and expenses, including the costs of witnesses selected by such party.

6.7 CERTAIN ADDITIONAL MATTERS.

(a) Any arbitration award shall be an award with a holding for or against a party and shall include findings as to facts, issues or conclusions of law (including with respect to any matters relating to the validity or infringement of patents or patent applications) and shall include a statement of the reasoning on which the award rests. The award must also be in adequate form so that a judgment of a court may be entered thereupon. Judgment upon any arbitration award hereunder may be entered in any court having jurisdiction thereof.

(b) Prior to the time at which an arbitrator is appointed pursuant to Section 6.4, any party may seek one or more temporary restraining orders or other injunctive relief in a court of competent jurisdiction if necessary in order to preserve and protect the status quo. Neither the request for, nor the grant or denial of, any such temporary restraining order or other injunctive relief shall be deemed a waiver of the obligation to arbitrate as set forth herein, and the arbitrator may dissolve, continue or modify any such order. Any such temporary restraining order or other injunctive relief shall remain in effect until the first to occur of the expiration of the order in accordance with its terms or the dissolution thereof by the arbitrator.

(c) Except as required by law, the parties shall hold, and shall cause their respective officers, directors, employees, agents and other representatives to hold, the existence, content and result of mediation or arbitration in confidence in accordance with the provisions of Section 7.13 and except as may be required in order to enforce any award. Each of the parties shall request that any mediator or arbitrator comply with such confidentiality requirement.

(d) In the event that at any time the sole arbitrator shall fail to serve as an arbitrator for any reason, the parties shall select a new arbitrator who shall be disinterested as to the parties and the matter in accordance with the procedures set forth herein for the selection of the initial arbitrator. The extent, if any, to which testimony previously given shall be repeated or as to which the replacement arbitrator elects to rely on the stenographic record (if there is one) of such testimony shall be determined by the replacement arbitrator.

6.8 CONTINUITY OF SERVICE AND PERFORMANCE. Unless otherwise agreed in writing, the parties will continue to provide service and honor all other commitments under this Agreement and each Ancillary Agreement during the course of dispute resolution pursuant to the provisions of this Article VI with respect to all matters not subject to such dispute, controversy or claim.

6.9 LAW GOVERNING ARBITRATION PROCEDURES. The interpretation of the provisions of this Article VI, only insofar as they relate to the agreement to arbitrate and any procedures pursuant thereto, shall be governed by the Arbitration Act and other applicable federal law. In all other respects, the interpretation of this Agreement shall be governed as set forth in Section 8.3.

ARTICLE VII

COVENANTS AND OTHER MATTERS

7.1 OTHER AGREEMENTS. In addition to the specific agreements, documents and instruments annexed to this Agreement, Transocean, Transocean Holdings and TODCO agree to execute or cause to be executed by the appropriate parties and deliver, as appropriate, such other agreements, instruments and other documents as may be reasonably requested and necessary or desirable in order to effect the purposes of this Agreement and the Ancillary Agreements.

7.2 FURTHER INSTRUMENTS. At the request of any of TODCO, Transocean Holdings or Transocean and without further consideration, the other party will execute and deliver, and will cause its applicable Subsidiaries to execute and deliver, to the requesting party and its Subsidiaries such other instruments of transfer, conveyance, assignment, substitution and confirmation and take such action as the requesting party may reasonably deem necessary or desirable in order more effectively to transfer, convey and assign to the requesting party and its Subsidiaries and confirm the requesting party's and its Subsidiaries' title to all of the assets, rights and other things of value contemplated to be transferred to the requesting party and its Subsidiaries pursuant to this Agreement, the Ancillary Agreements, any documents referred to therein and any Prior Transfers, to put the requesting party and its Subsidiaries in actual possession and operating control thereof and to permit the requesting party and its Subsidiaries to exercise all rights with respect thereto (including, without limitation, rights under contracts and other arrangements as to which the consent of any third party to the transfer thereof shall not have previously been obtained). At the request of any of TODCO, Transocean Holdings or Transocean and without further consideration, the other party will execute and deliver, and will cause its applicable Subsidiaries to execute and deliver, to the requesting party and its Subsidiaries all instruments, assumptions, novations, undertakings, substitutions or other documents and take such other action as the requesting party may reasonably deem necessary or desirable in order to have the other party fully and unconditionally assume and discharge the Liabilities contemplated to be assumed by such party under this Agreement, any Ancillary Agreement, any document in connection herewith or the Prior Transfers and to relieve the TODCO Group or the Transocean Group, as applicable, of any liability or obligation with respect thereto and evidence the same to third parties. Neither Transocean, Transocean Holdings nor TODCO shall be obligated, in connection with the foregoing, to expend money other than reasonable out-of-pocket expenses, attorneys' fees and recording or similar fees. Furthermore, each party, at the request of another party hereto, shall execute and deliver such other instruments and do and perform such other acts and things as may be necessary or desirable for effecting completely the consummation of the transactions contemplated hereby or by the Prior Transfers.

7.3 PROVISION OF CORPORATE RECORDS.

As soon as practicable after the IPO Closing Date, subject to the provisions of this Section 7.3, and subject to the provisions of the Transition Services Agreement, Transocean shall use all reasonable commercial efforts to deliver or cause to be delivered to TODCO all TODCO Books and Records in the possession of Transocean or any of its Subsidiaries, and TODCO shall use all reasonable commercial efforts to deliver or cause to be delivered to Transocean all Transocean Books and Records in the possession of TODCO or any of its Subsidiaries. The foregoing shall be limited by the following:

(a) To the extent any document (including computer tape) can be subdivided without unreasonable effort or cost into two portions, one of which constitutes an TODCO Book and Record and the other of which constitutes a Transocean Book and Record, such document (including computer tape) shall be so subdivided and the appropriate portions shall be delivered to the parties.

(b) "Reasonable commercial efforts" shall require only deliveries of (i) specific and discrete books and records or a reasonably limited class of items requested by the other party and (ii) specific and discrete books and records identified by either party in the ordinary course of business and determined by such party to be material to the other's business.

(c) Each party may retain copies of books and records delivered to the other, subject to holding in confidence in accordance with Section 7.13 information contained in such books and records.

(d) Each party may in good faith refuse to furnish any Information if it believes in good faith that doing so could adversely affect its ability to successfully assert a claim of Privilege.

(e) Neither party shall be required to deliver to the other books and records or portions thereof which are subject to any Law or confidentiality agreements which would by their terms prohibit such delivery; provided, however, if requested by the other party, such party shall use its reasonable commercial efforts to seek a waiver of or other relief from such confidentiality restriction.

7.4 AGREEMENT FOR EXCHANGE OF INFORMATION. Each of Transocean and TODCO agrees to provide, or cause to be provided, to each other as soon as reasonably practicable after written request therefor, any Information in the possession or under the control of such party that the requesting party reasonably needs (i) to comply with reporting, disclosure, filing or other requirements imposed on the requesting party (including under applicable securities laws) by a Governmental Authority having jurisdiction over the requesting party, (ii) for use in any judicial proceeding or other proceeding or in order to satisfy audit, accounting, claims, regulatory, litigation or other similar requirements, except in the case of a dispute subject to this Article VII brought by one party against another party (which shall be governed by such discovery rules as may be applicable under Article VII or otherwise), (iii) to comply with its obligations under this Agreement or any Ancillary Agreement or (iv) in connection with the ongoing businesses of Transocean or TODCO as it relates to the conduct of such businesses on or prior to the Reduced

Ownership Date, as the case may be; provided, however, that in the event that any party determines that any such provision of Information is reasonably likely to be commercially detrimental, violate any law or agreement, or waive any attorney-client privilege, the parties shall take all reasonable measures to permit the compliance with such obligations in a manner that avoids any such harm or consequence.

(a) After the IPO Closing Date, (i) each party shall maintain in effect at its own cost and expense adequate systems and controls for its business to the extent necessary to enable the other party to satisfy its reporting, accounting, audit and other obligations, and (ii) each party shall as soon as reasonably practicable, provide, or cause to be provided, to the other party and its Subsidiaries in such form as such requesting party shall request, at no charge to the requesting party, all financial and other data and information as the requesting party determines necessary or advisable in order to prepare its financial statements and reports or filings with any Governmental Authority.

(b) Any Information owned by a party that is provided to a requesting party pursuant to this Section 7.4 shall be deemed to remain the property of the providing party. Unless specifically set forth herein, nothing contained in this Agreement shall be construed as granting or conferring rights of license or otherwise in any such Information.

(c) To facilitate the possible exchange of Information pursuant to this Section 7.4 and other provisions of this Agreement after the Reduced Ownership Date, each party agrees to use its reasonable commercial efforts to retain all Information in its respective possession or control on the Reduced Ownership Date substantially in accordance with its policies as in effect on the Reduced Ownership Date (which, for TODCO and its Subsidiaries, shall be deemed to be Transocean's policies). TODCO shall not amend its or its Subsidiaries' record retention policies on or prior to the Reduced Ownership Date without the consent of Transocean. Except as set forth in the Tax Sharing Agreement, in the event that TODCO amends its retention policy within three (3) years after the Reduced Ownership Date, TODCO must give thirty days' prior written notice of such change in the policy to Transocean. No party will destroy, or permit any of its Subsidiaries to destroy, any Information that exists on the IPO Closing Date (other than Information that is permitted to be destroyed under the current record retention policy of such party) without first using its reasonable commercial efforts to notify the other party of the proposed destruction and giving the other party the opportunity to take possession of such Information prior to such destruction.

(d) Except as otherwise provided for herein or in any Ancillary Agreement, no party shall have any liability to any other party in the event that any Information exchanged or provided pursuant to this Section is found to be inaccurate (including, without limitation, by misstatement or omission), in the absence of willful misconduct by the party providing such Information; provided, that TODCO shall be strictly liable for any untrue statement or alleged untrue statement of a material fact or omission or alleged omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading, with respect to all Information contained in Information supplied to Transocean in connection with its filings under the Securities Act and the Exchange Act, the preparation of its financial statements or the preparation of any other public disclosures (as well as for the failure to provide such Information). Except as provided in the foregoing sentence, no party shall have any liability to

any other party if any Information is destroyed or lost after reasonable commercial efforts by such party to comply with the provisions of Section 7.4(c).

(e) The rights and obligations granted under this Section 7.4 are subject to any specific limitations, qualifications or additional provisions on the sharing, exchange or confidential treatment of Information set forth in this Agreement and any Ancillary Agreement.

(f) Each party hereto shall, except in the case of a dispute subject to Article VI brought by one party against another party (which shall be governed by such discovery rules as may be applicable under Article VI or otherwise), use its reasonable commercial efforts to make available to each other party, upon written request, (i) the former, current and future directors, officers, employees, other personnel and agents of such party for fact finding, consultation and interviews and as witnesses to the extent such Persons may reasonably be required in connection with any Actions (other than Actions in which both Transocean or any of its Subsidiaries, on the one hand, and TODCO or any of its Subsidiaries, on the other hand, as the case may be, are parties and may reasonably be adverse to one another in such Action) in which the requesting party may from time to time be involved relating to the conduct of the TODCO Business or the Transocean Business and (ii) any books, records or other documents within its control or which it otherwise has the ability to make available, to the extent that any such person (giving consideration to business demands of such directors, officers, employees, other personnel and agents) or books, records or other documents may reasonably be required in connection with any judicial proceeding or other proceeding in which the requesting party may from time to time be involved, regardless of whether such judicial proceeding or other proceeding is a matter with respect to which indemnification may be sought hereunder. The requesting party shall bear all costs and expenses in connection therewith.

7.5 AUDITORS AND AUDITS; ANNUAL, QUARTERLY AND MONTHLY STATEMENTS AND ACCOUNTING FORECASTS.

(a) Each party agrees that, for so long as Transocean and its Subsidiaries own 50% or more of the voting power of the outstanding shares of TODCO Voting Stock, and with respect to any financial reporting period during which TODCO was a Subsidiary of Transocean:

(i) To the extent permitted by law, TODCO shall not select a different accounting firm than the firm selected by Transocean to audit its financial statements to serve as its independent certified public accountants (the "TODCO Auditors") for purposes of providing an opinion on its consolidated financial statements without Transocean's prior written consent (which may be withheld in its sole discretion).

(ii) TODCO shall use its reasonable commercial efforts to enable the TODCO Auditors to complete their audit such that they will date their opinion on TODCO's audited annual financial statements on the same date that the Transocean Auditors date their opinion on Transocean's audited annual financial statements, and to enable Transocean to meet its timetable for the printing, filing and public dissemination of Transocean's annual financial statements. TODCO shall use its reasonable commercial

efforts to enable the TODCO Auditors to complete their quarterly review procedures such that they will provide clearance on TODCO' quarterly financial statements on the same date that the Transocean Auditors provide clearance on Transocean's quarterly financial statements.

(iii) TODCO shall provide to Transocean financial information or documents in the possession of TODCO or any of its Subsidiaries as Transocean may reasonably request. TODCO shall provide to Transocean on a monthly basis management and periodic reports related to any such financial information in form and substance consistent with the practice of TODCO as of the date of this Agreement, including without limitation monthly and quarterly management's discussion and analysis reports and quarterly significant issues memorandums. In addition, TODCO shall provide to Transocean on a timely basis all Information that Transocean requires, in its sole discretion, to meet its schedule for the preparation, printing, filing and public dissemination of Transocean's annual and quarterly financial statements. Without limiting the generality of the foregoing, (A) TODCO shall provide all required financial information with respect to TODCO and its Subsidiaries to the TODCO Auditors in a sufficient and reasonable time and in sufficient detail to permit the TODCO Auditors to take all steps and perform all reviews necessary to provide sufficient assistance to the Transocean Auditors with respect to Information to be included or contained in Transocean's annual and quarterly financial statements, and (B) TODCO shall provide to Transocean within seven Business Days after the end of each quarter and of each fiscal year, the unaudited balance sheet, income statement and statement of cash flows of TODCO and its Subsidiaries as at the end of such period; provided, that TODCO shall submit such balance sheets, income statements and statements of cash flows within a different time period requested by Transocean in the event Transocean changes the timing of its earnings releases from such timing as of the date of this Agreement. Transocean shall provide to TODCO on a timely basis all Information that TODCO reasonably requires to meet its schedule for the preparation, printing, filing and public dissemination of TODCO's annual and quarterly financial statements. Without limiting the generality of the foregoing, Transocean will provide all required financial Information with respect to Transocean and its Subsidiaries to the Transocean Auditors in a sufficient and reasonable time and in sufficient detail to permit the Transocean Auditors to take all steps and perform all reviews necessary to provide sufficient assistance to the TODCO Auditors with respect to Information to be included or contained in TODCO's annual and quarterly financial statements.

(iv) TODCO shall authorize the TODCO Auditors to make available to the Transocean Auditors both the personnel who performed or are performing the annual audits and quarterly reviews of TODCO and work papers related to the annual audits and quarterly reviews of TODCO,

in all cases within a reasonable time prior to the TODCO Auditors' opinion date, so that the Transocean Auditors are able to perform the procedures they consider necessary to take responsibility for the work of the TODCO Auditors as it relates to the Transocean Auditors' report on Transocean's financial statements, all within sufficient time to enable Transocean to meet its timetable for the printing, filing and public dissemination of Transocean's annual and quarterly statements. Similarly, Transocean shall authorize the Transocean Auditors to make available to the TODCO Auditors both the personnel who performed or are performing the annual audits and quarterly reviews of Transocean and work papers related to the annual audits and quarterly reviews of Transocean, in all cases within a reasonable time prior to the Transocean Auditors' opinion date, so that the TODCO Auditors are able to perform the procedures they consider necessary to take responsibility for the work of the Transocean Auditors as it relates to the TODCO Auditors' report on TODCO's financial statements, all within sufficient time to enable TODCO to meet its timetable for the printing, filing and public dissemination of TODCO's annual and quarterly financial statements.

(v) TODCO may not change its accounting principles or practices without the prior written consent of Transocean, except for changes which are required by GAAP and as to which there is no discretion on the part of TODCO, if the TODCO Auditors concur with such changes prior to their implementation. TODCO shall give Transocean as much prior notice as reasonably practical of any proposed determination of, or any significant changes in, its accounting estimates or any accounting principles or practices from those in effect on the IPO Closing Date. TODCO will consult with Transocean and, if requested by Transocean, TODCO will consult with the Transocean Auditors with respect thereto.

(vi) TODCO shall change its accounting principles or practices if Transocean changes its accounting principles or practices in order to maintain the same accounting principles and practices as Transocean regardless of whether or not such a change in its accounting principles or practices would be required to be disclosed in TODCO's financial statements as filed with the SEC or otherwise publicly disclosed therein; provided that the TODCO Auditors concurred with such change prior to its implementation. Transocean shall give TODCO as much prior notice as reasonably practical of any proposed determination of, or any significant changes in, its accounting estimates, accounting principles or accounting practices from those in effect on the IPO Closing Date. Transocean will consult with TODCO and, if requested by TODCO, Transocean will consult with TODCO's Auditors with respect thereto.

(vii) TODCO shall provide to Transocean budget and forecast periodic reports and related information in form and substance consistent

with the practice of TODCO at the date of this Agreement or as may otherwise be reasonably requested by Transocean from time to time, including without limitation detailed annual budget information, detailed quarterly forecast information and summary monthly forecast information. TODCO shall provide such reports and information to Transocean on a timely basis which in any event is sufficient to allow Transocean to meet its schedule for the preparation of its own periodic budgets and forecasts.

(viii) Nothing in Sections 7.4 and 7.5 shall require TODCO to violate any agreement with any third party regarding the confidentiality of confidential and proprietary information relating to that third party or its business; provided, however, that in the event that TODCO is required under Sections 7.4 and 7.5 to disclose any such information, TODCO shall use all commercially reasonable efforts to seek to obtain such third party's consent to the disclosure of such information. Similarly, nothing in Sections 7.4 and 7.5 shall require Transocean to violate any agreement with any third party regarding the confidentiality of confidential and proprietary information relating to that third party or its business; provided, however, that in the event that Transocean is required under Sections 7.4 and 7.5 to disclose any such information, Transocean shall use all commercially reasonable efforts to seek to obtain such third party's consent to the disclosure of such information.

(b) For so long as Transocean beneficially owns shares representing 20% or more of the voting power of the outstanding share of TODCO Voting Stock (i) TODCO shall furnish Transocean, within five Business Days after the end of each month, TODCO's consolidated net income (loss) for purposes of allowing Transocean to record its share of TODCO's net income (loss), (ii) TODCO shall furnish Transocean, within seven Business Days after the end of each month, quarter and fiscal year, the unaudited consolidated balance sheet, income statement and statement of cash flows of TODCO and its Subsidiaries as at, or for, as the case may be, the end of such period, (iii) TODCO shall furnish to Transocean such financial information or documents in the possession of TODCO and any of its Subsidiaries as Transocean may reasonably request and (iv) TODCO shall furnish to Transocean on a monthly basis such management and other periodic reports related to financial information as reasonably requested from time to time; provided that the information required in subsection (i) above shall be submitted within a different time period requested by Transocean in the event Transocean changes the timing of its earnings releases from such timing as of the date of this Agreement.

7.6 AUDIT RIGHTS. To the extent any member of the Transocean Group provides goods or services to any member of the TODCO Group or any member of the TODCO Group provides goods or services to a member of the Transocean Group under this Agreement or under any Ancillary Agreement, the company providing such goods or services (the "Providing Company") shall maintain complete and accurate books and records relating to costs and charges made to the company receiving such goods and services (the "Receiving Company"). Books and accounts shall be maintained in accordance with U.S. generally accepted accounting principles, consistently applied. Upon 60 days' notice, the Receiving Company shall be entitled to audit the Providing Company's books and records related to the goods and services provided, using its

own personnel or personnel from its independent auditing firm. Discrepancies identified as a result of any audit shall be promptly reconciled between the parties in accordance with any provisions of the Ancillary Agreement or, if no such provision is applicable, in accordance with the dispute resolution provisions of this Agreement. Any charge which is not questioned by the Receiving Company within the calendar year after the charge was rendered shall be deemed incontestable.

7.7 PRESERVATION OF LEGAL PRIVILEGES.

(a) Transocean and TODCO recognize that the members of their respective Groups possess and will possess information and advice that has been previously developed but is legally protected from disclosure under legal privileges, such as the attorney-client privilege or work product exemption and other concepts of legal protection ("Privilege"). Each party recognizes that it shall be jointly entitled to the Privilege with respect to such privileged information and that each shall be entitled to maintain and use for its own benefit all such information and advice, but both parties shall ensure that such information is maintained so as to protect the Privileges with respect to the other party's interest. Transocean and TODCO agree that their respective rights and obligations to maintain, preserve, assert or waive any or all Privileges belonging to either party with respect to the TODCO Business or the Transocean Business shall be governed by the provisions of this Section 7.7. With respect to matters relating to the Transocean Business, Transocean shall have sole authority in perpetuity to determine whether to assert or waive any or all Privileges, and TODCO shall take no action (or permit any of its Subsidiaries to take action) without the prior written consent of Transocean that could result in any waiver of any Privilege that could be asserted by Transocean or any of its Subsidiaries under applicable Law and this Agreement. With respect to matters relating to the TODCO Business, TODCO shall have sole authority in perpetuity to determine whether to assert or waive any or all Privileges, and Transocean shall take no action (or permit any of its Subsidiaries to take action) without the prior written consent of TODCO that could result in any waiver of any Privilege that could be asserted by TODCO or any of its Subsidiaries under applicable Law and this Agreement. The rights and obligations created by this Section 7.7 shall apply to all Information as to which Transocean or TODCO or their respective Subsidiaries would be entitled to assert or has asserted a Privilege without regard to the effect, if any, of the Separation ("Privileged Information"). Privileged Information of Transocean includes but is not limited to (i) any and all Information existing prior to the Separation regarding the Transocean Business but which after the Separation is in the possession of TODCO or any of its Subsidiaries; (ii) all communications subject to a Privilege occurring prior to the Separation between counsel for Transocean or any of its Subsidiaries (including in-house counsel and former in-house counsel who are employees of TODCO) and any person who, at the time of the communication, was an employee of Transocean or any of its Subsidiaries, regardless of whether such employee is or becomes an employee of TODCO or any of its Subsidiaries; and (iii) all Information generated, received or arising after the IPO Closing Date that refers or relates to Privileged Information generated, received or arising prior to the IPO Closing Date. Privileged Information of TODCO includes but is not limited to (i) any and all Information generated prior to the Separation regarding the TODCO Business but which after the Separation is in the possession of Transocean or any of its Subsidiaries; (ii) all communications subject to a Privilege occurring prior to the Separation between counsel for TODCO or any of its Subsidiaries (including in-house counsel and former in-house counsel who are employees of Transocean or its

Subsidiaries) and any person who, at the time of the communication, was an employee of TODCO or any of its Subsidiaries, regardless of whether such employee is or becomes an employee of Transocean or any of its Subsidiaries; and (iii) all Information generated, received or arising after the IPO Closing Date that refers or relates to Privileged Information generated, received or arising prior to the IPO Closing Date.

(b) Upon receipt by Transocean or TODCO, as the case may be, of any subpoena, discovery or other request from any third party that actually or arguably calls for the production or disclosure of Privileged Information of the other or if Transocean or TODCO, as the case may be, obtains knowledge that any current or former employee of Transocean or TODCO, as the case may be, has received any subpoena, discovery or other request from any third party that actually or arguably calls for the production or disclosure of Privileged Information of the other, Transocean or TODCO, as the case may be, shall promptly notify the other of the existence of the request and shall provide the other a reasonable opportunity to review the Information and to assert any rights it may have under this Section 7.7 or otherwise to prevent the production or disclosure of Privileged Information. Transocean or TODCO, as the case may be, will not produce or disclose to any third party any of the other's Information covered by a Privilege under this Section 7.7 unless (A) the other has provided its express written consent to such production or disclosure, or (B) a court of competent jurisdiction has entered an order not subject to interlocutory appeal or review finding that the Information is not entitled to protection from disclosure under any applicable privilege, doctrine or rule.

(c) Transocean's transfer of TODCO Books and Records and other Information to TODCO, Transocean's agreement to permit TODCO to obtain Information existing prior to the Separation, TODCO's transfer of Transocean Books and Records and other Information and TODCO's agreement to permit Transocean to obtain Information existing prior to the Separation are made in reliance on Transocean's and TODCO's respective agreements, as set forth in Section 7.13 and this Section 7.7, to maintain the confidentiality of such Information and to take the steps provided herein for the preservation of all Privileges that may belong to or be asserted by Transocean or TODCO, as the case may be. The access to Information being granted pursuant to Section 7.3 hereof, the agreement to provide witnesses and individuals pursuant to Section 7.4(f) hereof and the disclosure to TODCO and Transocean of Privileged Information relating to the TODCO Business or the Transocean Business pursuant to this Agreement in connection with the Separation shall not be asserted by Transocean or TODCO to constitute, or otherwise be deemed, a waiver of any Privilege that has been or may be asserted under this Section 7.7 or otherwise. Nothing in this Agreement shall operate to reduce, minimize or condition the rights granted to Transocean and TODCO in, or the obligations imposed upon Transocean and TODCO by, this Section 7.7.

7.8 PAYMENT OF EXPENSES. Transocean or Transocean Holdings shall pay all underwriting fees, discounts and commissions and any transfer Taxes and any other direct costs incurred in connection with the IPO. Except as otherwise provided in this Agreement, the Ancillary Agreements or any other agreement between the parties relating to the Separation and the IPO, all other out-of-pocket costs and expenses of the parties hereto in connection with the preparation of this Agreement and the Ancillary Agreements, the Separation and the IPO shall be paid by Transocean or Transocean Holdings. Except as may otherwise be expressly set forth herein or in an Ancillary Agreement, the TODCO Group and the Transocean Group shall

perform their respective obligations under this Agreement and the Ancillary Agreements at their own respective cost and expense.

7.9 GOVERNMENTAL APPROVALS. The parties acknowledge that certain of the transactions contemplated by this Agreement and the Ancillary Agreements are subject to certain conditions established by applicable government regulations, orders and approvals ("Existing Authority"). The parties intend to implement this Agreement, the Ancillary Agreements and the transactions contemplated thereby consistent with and to the extent permitted by Existing Authority and to cooperate toward obtaining and maintaining in effect such Governmental Approvals as may be required in order to implement this Agreement and each of the Ancillary Agreements as fully as possible in accordance with their respective terms. To the extent that any of the transactions contemplated by this Agreement or any Ancillary Agreement require any Governmental Approvals, the parties will use their reasonable commercial efforts to obtain any such Governmental Approvals.

7.10 LETTERS OF CREDIT. After the IPO Closing Date, if any letters of credit, financial or surety bonds issued by third parties or other similar financial instruments issued by third parties (collectively, "Surety Instruments") for the account of TODCO or any of its Subsidiaries issued on behalf of or for the benefit of the Transocean Business remain outstanding, or if any Surety Instruments for the account of Transocean or any of its Subsidiaries issued on behalf of or for the benefit of the TODCO Business remain outstanding, the party benefiting from the Surety Instruments shall, and shall cause its Subsidiaries to, use their respective reasonable best efforts to replace such Surety Instruments as promptly as practicable with substantially similar Surety Instruments issued for its own account or the account of any of its Subsidiaries. Following the IPO Closing Date, (i) the party benefiting from such Surety Instruments shall indemnify and hold harmless the other party's Group for any Losses arising from or relating to such unreplaced Surety Instruments as set forth on Section 3.3 or 3.4, as applicable, and (ii) the party benefiting from such Surety Instruments shall not, and shall not permit any of its Subsidiaries to, enter into, renew or extend the term of, increase its obligations under, or transfer to a third party, any loan, lease, contract or other obligation in connection with which the other party or any of its Subsidiaries has issued, or caused to be issued, any Surety Instruments which remain outstanding. The parties hereto agree that neither party nor any of its respective Subsidiaries will have any obligation to renew any Surety Instruments issued on behalf of a member of the other party's Group after the expiration of any such Surety Instruments, provided that nothing in this Section 7.10 shall prevent a party from renewing any Surety Instrument.

7.11 GUARANTEE OBLIGATIONS.

(a) Transocean and TODCO shall cooperate and TODCO shall use its reasonable best efforts to terminate, or to cause TODCO, one of its Subsidiaries, or one of its Affiliates to be substituted in all respects for Transocean and any of its Subsidiaries in respect of, all obligations of Transocean or any of its Subsidiaries under any loan, financing, lease, contract or other obligation (other than Surety Instruments governed by Section 7.10) in existence as of the IPO Closing Date pertaining to the TODCO Business for which Transocean or any of its Subsidiaries is or may be liable as guarantor ("Transocean Guarantees"). If such a termination or substitution is not effected by the IPO Closing Date, (i) TODCO shall indemnify and hold harmless the Transocean Group for any Losses arising from or relating to Transocean

Guarantees, and (ii) neither Transocean nor any of its Subsidiaries will have any obligation to renew any Transocean Guarantees after the expiration of such Transocean Guarantees. To the extent that Transocean or any of its Subsidiaries have performance obligations under any Transocean Guarantee, TODCO will use reasonable best efforts to (i) perform such obligations on behalf of Transocean and its Subsidiaries or (ii) otherwise take such action as requested by Transocean so as to put Transocean and its Subsidiaries in the same position as if TODCO, and not Transocean and its Subsidiaries, had performed or were performing such obligations.

(b) Transocean and TODCO shall cooperate and Transocean shall use its reasonable best efforts to terminate, or to cause Transocean, one of its Subsidiaries, or one of its Affiliates to be substituted in all respects for TODCO and any of its Subsidiaries in respect of, all obligations of TODCO or any of its Subsidiaries under any loan, financing, lease, contract or other obligation (other than Surety Instruments governed by Section 7.10) in existence as of the IPO Closing Date pertaining to the Transocean Business for which TODCO or any of its Subsidiaries is or may be liable as guarantor ("TODCO Guarantees"). If such a termination or substitution is not effected by the IPO Closing Date, (i) Transocean shall indemnify and hold harmless the TODCO Group for any Losses arising from or relating to TODCO Guarantees, and (ii) neither TODCO nor any of its Subsidiaries will have any obligation to renew any TODCO Guarantees after the expiration of such TODCO Guarantees. To the extent that TODCO or any of its Subsidiaries have performance obligations under any TODCO Guarantee, Transocean will use reasonable best efforts to (i) perform such obligations on behalf of TODCO and its Subsidiaries or (ii) otherwise take such action as requested by TODCO so as to put TODCO and its Subsidiaries in the same position as if Transocean, and not TODCO and its Subsidiaries, had performed or were performing such obligations.

(c) To the extent covenants and agreements contained in any loan or credit agreement or other financing document in effect on the date of this Agreement to which any member of the Transocean Group is a party require, or require such party to cause, any member of the TODCO Group to take or refrain from taking any action, or provides for a default or event of default if any member of the TODCO Group takes or refrains from taking any action, such member of the TODCO Group shall at all times prior to the Reduced Ownership Date, take or refrain from taking any such action as would result in a breach or violation of, or a default under, such agreement.

7.12 CERTAIN NON-COMPETITION PROVISIONS.

(a) As an essential consideration for the obligations of Transocean Holdings and Transocean under this Agreement, including obligations in connection with any Prior Transfers and the Separation, and in contemplation of the disposition by Transocean and Transocean Holdings of shares of TODCO Common Stock in the IPO, TODCO hereby agrees that for so long as the Transocean Group beneficially owns shares representing a majority of the voting power of all of the outstanding shares of TODCO Voting Stock, TODCO shall not, and it shall cause its Affiliates not to, engage in the following businesses and activities: (i) any offshore (including marine areas in which swamp drilling barges operate) contract drilling, workover, production or similar services for oil and gas wells using any type of drilling unit in any geographic location, including without limitation the following areas: offshore North America (including without limitation the Gulf of Mexico), offshore South America, offshore Europe

(including without limitation the North Sea), offshore Africa, offshore Middle East (including without limitation the Mediterranean Sea, the Red Sea and the Persian Gulf), offshore India, offshore Asia (including without limitation Southeast Asia), offshore Australia and the Caspian Sea and (ii) without limiting the generality of the foregoing clause (i), the ownership, charter, lease, management or operation of any rigs or other equipment or assets used to provide the services, and conduct the business and activities, described above in clause (i); provided however, that this Section 7.12(a) shall not restrict TODCO and its Affiliates from engaging in any of the following businesses and activities: (A) contract drilling, workover, production or similar services for oil and gas wells using jackup, barge, platform or land rigs in the following geographic locations: U.S. onshore, U.S. inland water, U.S. Gulf of Mexico and offshore or onshore Mexico, Trinidad, Venezuela or Colombia and (B) without limiting the generality of the foregoing clause (A), the ownership, charter, lease, management or operation of the drilling units described above in clause (A) used to provide the services, and conduct the business and activities, described above in clause (A).

(b) It is the intention of each of the parties hereto that if any of the restrictions or covenants contained in this Section 7.12 is held by a court of competent jurisdiction to cover a geographic area or to be for a length of time that is not permitted by Law, or is in any way construed by a court of competent jurisdiction to be too broad or to any extent invalid, such provision shall not be construed to be null, void and of no effect, but to the extent such provision would be valid or enforceable under Law, a court of competent jurisdiction shall construe and interpret or reform this Section 7.12 to provide for a covenant having the maximum enforceable geographic area, time period and other provisions (not greater than those contained in this Section 7.12) as shall be valid and enforceable under such Law. TODCO acknowledges that any breach of the terms, conditions or covenants set forth in this Section 7.12 shall be competitively unfair and may cause irreparable damage to Transocean because of the special, unique, unusual and extraordinary character of Transocean's business, and Transocean's recovery of damages at law will not be an adequate remedy. Accordingly, each of the parties hereto agrees that for any breach of the terms, covenants or agreements of this Section 7.12, a restraining order or an injunction or both may be issued against such person, in addition to any other rights or remedies Transocean or Transocean Holdings may have.

7.13 CONFIDENTIALITY.

(a) Transocean and TODCO shall hold and shall cause the members of the Transocean Group and the TODCO Group, respectively, to hold, and shall each cause their respective officers, employees, agents, consultants and advisors to hold, in strict confidence and not to disclose or release without the prior written consent of the other party, any and all Confidential Information (as defined herein); provided, that the parties may disclose, or may permit disclosure of, Confidential Information (1) to their respective auditors, attorneys, financial advisors, bankers and other appropriate consultants and advisors who have a need to know such information and are informed of their obligation to hold such information confidential to the same extent as is applicable to the parties hereto and in respect of whose failure to comply with such obligations, Transocean or TODCO, as the case may be, will be responsible or (2) to the extent any member of the Transocean Group or the TODCO Group is compelled to disclose any such Confidential Information by judicial or administrative process or, in the opinion of legal counsel, by other requirements of law. Notwithstanding the foregoing, in the event that any

demand or request for disclosure of Confidential Information is made pursuant to clause (ii) above, Transocean or TODCO, as the case may be, shall promptly notify the other of the existence of such request or demand and shall provide the other a reasonable opportunity to seek an appropriate protective order or other remedy, which both parties will cooperate in seeking to obtain. In the event that such appropriate protective order or other remedy is not obtained, the party whose Confidential Information is required to be disclosed shall or shall cause the other party to furnish, or cause to be furnished, only that portion of the Confidential Information that is legally required to be disclosed. As used in this Section 7.13, "Confidential Information" shall mean all proprietary, technical or operational information, data or material of one party which, prior to or following the IPO Closing Date, has been disclosed by Transocean or members of the Transocean Group, on the one hand, or TODCO or members of the TODCO Group, on the other hand, in written, oral (including by recording), electronic, or visual form to, or otherwise has come into the possession of, the other, including pursuant to the access provisions of Section 7.4 hereof or any other provision of this Agreement (except to the extent that such Information can be shown to have been (a) in the public domain through no fault of such party (or, in the case of Transocean, any other member of the Transocean Group or, in the case of TODCO, any other member of the TODCO Group) or (b) later lawfully acquired from other sources by the party (or, in the case of Transocean, such member of the Transocean Group or, in the case of TODCO, such member of the TODCO Group) to which it was furnished; provided, however, in the case of (b) that such sources did not provide such Information in breach of any confidentiality obligations).

(b) Notwithstanding anything to the contrary set forth herein, (i) Transocean and the other members of the Transocean Group, on the one hand, and TODCO and the other members of the TODCO Group, on the other hand, shall be deemed to have satisfied their obligations hereunder with respect to Confidential Information if they exercise the same degree of care (but no less than a reasonable degree of care) as they take to preserve confidentiality for their own similar Information and (ii) confidentiality obligations provided for in any agreement between Transocean or any other member of the Transocean Group, or TODCO or any other members of the TODCO Group, on the one hand, and any employee of Transocean or any other member of the Transocean Group, or TODCO or any other members of the TODCO Group, on the other hand, shall remain in full force and effect. Confidential Information of Transocean or any other member of the Transocean Group, on the one hand, or TODCO or any other member of the TODCO Group, on the other hand, in the possession of and used by the other as of the IPO Closing Date may continue to be used by such Person in possession of the Confidential Information in and only in the operation of the Transocean Business or the TODCO Business, as the case may be, and may be used only so long as the Confidential Information is maintained in confidence and not disclosed in violation of Section 7.13(a). Such continued right to use may not be transferred to any third party unless the third party purchases all or substantially all of the business and assets in which the relevant Confidential Information is used or employed in one transaction or in a series of related transactions. In the event that such right to use is transferred in accordance with the preceding sentence, the transferring party shall not disclose the source of the relevant Confidential Information.

7.14 INSURANCE.

(a) Except as otherwise provided in any Ancillary Agreement, the parties intend by this Agreement that each member of the TODCO Group be successors-in-interest to all rights that such member of the TODCO Group may have as of the IPO Closing Date as a Subsidiary or Affiliate of Transocean prior to the IPO Closing Date under any Insurance Policy or D&O Policy in effect as of the date of this Agreement, including any rights such member of the TODCO Group may have as an insured or additional named insured, Subsidiary or Affiliate, to avail itself of any such policy of insurance as in effect prior to the IPO Closing Date. At the request of TODCO, Transocean shall take all reasonable steps, including the execution and delivery of any instruments, to effect the foregoing; provided, however, that Transocean shall not be required to pay any amounts, waive any rights or incur any Liabilities in connection therewith.

(b) TODCO agrees that it will pay to Transocean the Insurance Premium Amount (as defined below) per month (prorated on a daily basis for any partial month) in respect of Insurance Policies under which any member of the TODCO Group will continue to have coverage following the date hereof during the period from the date hereof until the date on which all of the members of the TODCO Group cease to be insured parties under any Insurance Policies; provided that any portion of the Insurance Premium Amount shall be paid directly to any third party insurance broker, syndicate or company to the extent Transocean directs TODCO to do so. The Insurance Premium Amount shall be payable in arrears by the 10th day of the next succeeding month. The "Insurance Premium Amount" will initially equal $519,612. Such amount shall be adjusted in the event any member of the TODCO Group ceases to be an insured party under any Insurance Policy or in the event of any change in coverage of any member of the TODCO Group under any Insurance Policy, in each case to equal the TODCO Group's proportional share of the premiums thereunder as set forth on Schedule 1.39 with respect to Insurance Policies in effect as of the date of this Agreement and based upon the actual third party costs of such coverage with respect to any Insurance Policies issued after the date of this Agreement. In the event of any change in the terms of any Insurance Policy with respect to any member of the TODCO Group, or any change in circumstances involving any member of the TODCO Group (including without limitation, completion of the IPO), which increases the premiums with respect to such Insurance Policy, TODCO shall be responsible for all of such increase.

(c) Promptly upon receipt of an invoice from Transocean, TODCO agrees that it will pay one-half of the amount of the premium in respect of the D&O Policies for the current policy year of such coverages, to the extent that such amount has not been paid prior to the date of this Agreement. The parties shall agree upon an allocation of premium amounts between the parties at least 30 days in advance of the coverage commencement date in respect of any future D&O Policies under which any member of the TODCO Group has coverage. If the parties fail to reach such an agreement, Transocean shall have no obligation to renew or secure such coverages on behalf of any member of the TODCO Group. In the event of any change in the terms of any D&O Policy with respect to any member of the TODCO Group, or any change in circumstances involving any member of the TODCO Group (including without limitation, completion of the IPO), which increases the premiums with respect to such D&O Policy, TODCO shall be responsible for all of such increase.

(d) The parties to this Agreement acknowledge that Transocean has notified TODCO of the renewal dates for the coverage under each of the Insurance Policies and the D&O Policies in effect as of the date of this Agreement under which a member of the TODCO Group is entitled to coverage. Transocean shall notify TODCO of any change in such renewal dates and of the renewal dates for the coverage under each Insurance Policy and D&O Policy obtained after the date of this Agreement. TODCO will provide written notice to Transocean at least 120 days prior to the renewal date of coverage in respect of any Insurance Policy and at least 60 days prior to the renewal date of coverage in respect of any D&O Policy if (l) TODCO desires that any member of the TODCO Group remain covered thereunder on the then existing terms of such Insurance Policy or D&O Policy (an "Insurance Continuation Notice") or (2) TODCO desires that any member of the TODCO Group remain covered thereunder on the condition that changes are made to the terms of such Insurance Policy or D&O Policy (a "Conditional Insurance Continuation Notice"), which changes shall be specified in reasonable detail in such Conditional Insurance Continuation Notice. In the event of a Conditional Insurance Continuation Notice, Transocean shall use its reasonable efforts to seek proposals for Insurance Policies or D&O Policies reflecting such changes; provided that such changes do not affect the premiums attributable to or coverage for any member of the Transocean Group. In the event of any changes affecting the premiums attributable to or coverage for any member of the TODCO Group under any Insurance Policy or D&O Policy as to which TODCO has delivered an Insurance Continuation Notice, Transocean shall promptly notify TODCO of such changes and TODCO shall promptly notify Transocean as to whether TODCO elects to withdraw such Insurance Continuation Notice.

(e) Nothing in this Agreement shall be deemed to restrict any member of the TODCO Group from acquiring at its own expense any other insurance policy in respect of any Liabilities or covering any period; provided, however, that in the event any member of the TODCO Group desires to acquire any other insurance policy, TODCO shall notify Transocean at least 45 days prior to the date such member of the TODCO Group acquires such insurance policy and in such event Transocean shall be permitted to terminate any equivalent coverage of any member of the TODCO Group under any Insurance Policies or D&O Policies (it being understood and acknowledged that Transocean may terminate such coverage notwithstanding any differences in premiums, deductibles, limits or other terms). Transocean shall use its reasonable efforts to notify TODCO at least 45 days prior to the renewal date for the coverage in respect of any Insurance Policy and at least 30 days prior to the renewal date for coverage in respect of any D&O Policy as to which TODCO has delivered an Insurance Continuation Notice or a Conditional Insurance Continuation Notice of Transocean's election to not to renew coverage of any member of the TODCO Group and if Transocean receives proposed terms of coverage or other information after such date and Transocean elects not to renew such coverage, it shall promptly notify TODCO. Except as provided in this paragraph, Transocean shall not terminate coverage of any member of the TODCO Group under any Insurance Policy or any D&O Policy unless Transocean provides TODCO written notice of such termination at least 90 days prior to such termination and either (1) a material breach of Section 7.14 by a member of the TODCO Group has occurred or (2) in the reasonable judgment of Transocean, claims or other actions by, or the inclusion of any, members of the TODCO Group under such Insurance Policies or D&O Policies are reasonably likely to impact future insurance premiums or coverages for members of the Transocean Group.

(f) The parties to this Agreement acknowledge that members of the TODCO Group shall be responsible for any deductibles and coinsurance for claims under the Insurance Policies and D&O Policies with respect to members of the TODCO Group, and members of the Transocean Group shall be responsible for any deductibles and coinsurance for claims under the Insurance Policies and D&O Policies with respect to members of the Transocean Group. The parties to this Agreement further acknowledge that any claims made under any Insurance Policies or D&O Policies after any applicable coverage limit is met shall be subject to the limitations on coverage specified in such policies, and members of the TODCO Group and members of the Transocean Group shall not be restricted by this Agreement from making claims under such policies under which such members have coverage prior to any applicable coverage limit being met (for the sake of clarity, it being understood that claims shall not be restricted by this Agreement based on a pre-claim allocation of such limit between members of the TODCO Group and members of the Transocean Group).

(g) Each of the parties hereto acknowledges that members of the TODCO Group will cease to have coverage under the Insurance Policies and the D&O Policies in effect as of the date of this Agreement (and may cease to have coverage under any Insurance Policies or D&O Policies obtained thereafter) at such time as the Transocean Group ceases to beneficially own shares representing a majority of the voting power of all of the outstanding shares of TODCO Voting Stock (in which case no prior notice shall be required). In no event shall Transocean, any other member of the Transocean Group or any Transocean Indemnitee have any liability or obligation whatsoever to any member of the TODCO Group in the event that any Insurance Policy, D&O Policy or other contract or policy of insurance (1) shall be terminated or otherwise cease to be in effect for any reason (including without limitation in the event the Transocean Group ceases to beneficially own shares representing a majority of the voting power of all of the outstanding shares of TODCO Voting Stock (in which case no prior notice shall be required), but excluding the termination by Transocean of an Insurance Policy or D&O Policy if Transocean does not validly provide notice of termination pursuant to paragraph (d) of this Section 7.14), (2) shall be unavailable or inadequate to cover any Liability of any member of the TODCO Group for any reason whatsoever or (3) shall not be renewed or extended beyond the current expiration date. Without limiting the generality of this Section 7.14, in no event shall Transocean be required to renew the coverage under any Insurance Policy or D&O Policy.

(h) Transocean will be responsible for the administration of claims under the Insurance Policies and D&O Policies with respect to members of the Transocean Group and for the administration of any Joint Claims and D&O Claims, including D&O Claims made by TODCO. TODCO will be responsible for the administration of claims under the Insurance Policies with respect to members of the TODCO Group other than Joint Claims and D&O Claims; provided that TODCO will inform Transocean of all claims with respect to members of the TODCO Group and will inform Transocean of the status and details thereof on a reasonable periodic basis. The parties to this Agreement understand and agree that administration of claims includes, without limitation, the administration of risk management functions and the delivery and receipt of insurance certificates to third parties, including clients and vendors. Each of TODCO and Transocean will share such information as is reasonably necessary in order to permit the other party to manage and conduct its insurance matters in an orderly fashion. TODCO will provide Transocean with any assistance that is reasonably necessary or beneficial in connection with Transocean's insurance matters.

(i) This Agreement shall not be considered as an attempted assignment of any policy of insurance or as a contract of insurance and shall not be construed to waive any right or remedy of any member of the Transocean Group in respect of any Insurance Policy, D&O Policy or any other contract or policy of insurance.

(j) TODCO does hereby, for itself and each other member of the TODCO Group, agree that no member of the Transocean Group or any Transocean Indemnitee shall have any Liability whatsoever as a result of the insurance policies and practices of Transocean and its Affiliates as in effect at any time prior to the IPO Closing Date or at any time thereafter, including as a result of the level or scope of any such insurance, the creditworthiness of any insurance carrier, the terms and conditions of any policy, the adequacy or timeliness of any notice to any insurance carrier with respect to any claim, any action taken in connection with the administration of any claims or potential claim or otherwise.

ARTICLE VIII

MISCELLANEOUS

8.1 LIMITATION OF LIABILITY. EXCEPT TO THE EXTENT SPECIFICALLY PROVIDED IN ANY ANCILLARY AGREEMENT, IN NO EVENT SHALL ANY MEMBER OF THE TRANSOCEAN GROUP OR THE TODCO GROUP OR THEIR RESPECTIVE DIRECTORS, OFFICERS AND EMPLOYEES BE LIABLE TO ANY OTHER MEMBER OF THE TRANSOCEAN GROUP OR THE TODCO GROUP FOR ANY SPECIAL, CONSEQUENTIAL, INDIRECT, INCIDENTAL OR PUNITIVE DAMAGES OR LOST PROFITS, HOWEVER CAUSED AND ON ANY THEORY OF LIABILITY (INCLUDING NEGLIGENCE) ARISING IN ANY WAY OUT OF THIS AGREEMENT, WHETHER OR NOT SUCH PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES; PROVIDED, HOWEVER, THAT THE FOREGOING LIMITATIONS SHALL NOT LIMIT EACH PARTY'S INDEMNIFICATION OBLIGATIONS FOR LIABILITIES TO THIRD PARTIES AS SET FORTH IN THIS AGREEMENT OR ANY ANCILLARY AGREEMENT.

8.2 ENTIRE AGREEMENT. This Agreement, the Ancillary Agreements and the Exhibits and Schedules referenced or attached hereto and thereto, constitute the entire agreement between the parties with respect to the subject matter hereof and shall supersede all prior written and oral and all contemporaneous oral agreements and understandings with respect to the subject matter hereof.

8.3 GOVERNING LAW. This Agreement shall be governed and construed and enforced in accordance with the laws of the State of Texas as to all matters regardless of the laws that might otherwise govern under the principles of conflicts of laws applicable thereto.

8.4 TERMINATION. This Agreement and all Ancillary Agreements may be terminated at any time prior to the IPO Closing Date by and in the sole discretion of Transocean without the approval of TODCO. This Agreement may be terminated at any time after the IPO Closing Date by mutual consent of Transocean and TODCO. In the event of termination pursuant to this Section, neither party shall have any liability of any kind to the other party.

8.5 NOTICES. Unless expressly provided herein, all notices, claims, certificates, requests, demands and other communications hereunder shall be in writing and shall be deemed to be duly given (i) when personally delivered or (ii) if mailed registered or certified mail, postage prepaid, return receipt requested, on the date the return receipt is executed or the letter is refused by the addressee or its agent or (iii) if sent by overnight courier which delivers only upon the signed receipt of the addressee, on the date the receipt acknowledgment is executed or refused by the addressee or its agent or (iv) if sent by facsimile or other generally accepted means of electronic transmission, on the date confirmation of transmission is received (provided that a copy of any notice delivered pursuant to this clause (iv) shall also be sent pursuant to clause (ii) or (iii)), addressed to the attention of the addressee's General Counsel at the address of its principal executive office or to such other address or facsimile number for a party as it shall have specified by like notice.

8.6 COUNTERPARTS. This Agreement, including the Schedules and Exhibits hereto and the other documents referred to herein, may be executed in counterparts, each of which shall be deemed to be an original but all of which shall constitute one and the same agreement.

8.7 BINDING EFFECT; ASSIGNMENT. This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective legal representatives and successors, and nothing in this Agreement, express or implied, is intended to confer upon any other Person any rights or remedies of any nature whatsoever under or by reason of this Agreement. This Agreement may not be assigned by any party hereto.

8.8 NO THIRD PARTY BENEFICIARIES. This Agreement is solely for the benefit of the parties hereto and their respective Subsidiaries and is not intended to confer upon any other Person except the parties hereto and their respective Subsidiaries any rights or remedies hereunder.

8.9 SEVERABILITY. If any term or other provision of this Agreement or the Schedules or Exhibits attached hereto is determined by a nonappealable decision by a court, administrative agency or arbitrator to be invalid, illegal or incapable of being enforced by any rule of law or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to either party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the court, administrative agency or arbitrator shall interpret this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner to the end that transactions contemplated hereby are fulfilled to the fullest extent possible. If any sentence in this Agreement is so broad as to be unenforceable, the provision shall be interpreted to be only so broad as is enforceable.

8.10 FAILURE OR INDULGENCE NOT WAIVER; REMEDIES CUMULATIVE. No failure or delay on the part of either party hereto in the exercise of any right hereunder shall impair such right or be construed to be a waiver of, or acquiescence in, any breach of any representation, warranty or agreement herein, nor shall any single or partial exercise of any such right preclude other or further exercise thereof or of any other right. All rights and remedies existing under this

Agreement or the Schedules or Exhibits attached hereto are cumulative to, and not exclusive of, any rights or remedies otherwise available.

8.11 AMENDMENT. No change or amendment will be made to this Agreement except by an instrument in writing signed on behalf of each of the parties to this Agreement.

8.12 AUTHORITY. Each of the parties hereto represents to the other that (a) it has the corporate or other requisite power and authority to execute, deliver and perform this Agreement and the Ancillary Agreements, (b) the execution, delivery and performance of this Agreement and the Ancillary Agreements by it have been duly authorized by all necessary corporate or other actions, (c) it has duly and validly executed and delivered this Agreement and the Ancillary Agreements to be executed and delivered on or prior to the IPO Closing Date, and (d) this Agreement and such Ancillary Agreements are legal, valid and binding obligations, enforceable against it in accordance with their respective terms subject to applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally and general equity principles.

8.13 SPECIFIC PERFORMANCE. In the event of any actual or threatened default in, or breach of, any of the terms, conditions and provisions of this Agreement or any Ancillary Agreement, the party or the parties who are or are to be thereby aggrieved shall have the right to specific performance and injunctive or other equitable relief of their rights under this Agreement or such Ancillary Agreement, in addition to any and all other rights and remedies at law or in equity, and all such rights and remedies shall be cumulative. The parties agree that the remedies at law for any breach or threatened breach, including monetary damages, are inadequate compensation for any loss and that any defense in any action for specific performance that a remedy at law would be adequate is waived. Any requirements for the securing or posting of any bond with such remedy are waived.

8.14 CONSTRUCTION. This Agreement and the Ancillary Agreements shall be construed as if jointly drafted by TODCO and Transocean and no rule of construction or strict interpretation shall be applied against either party.

8.15 INTERPRETATION. The headings contained in this Agreement, in any Exhibit or Schedule hereto and in the table of contents to this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. Any capitalized term used in any Schedule or Exhibit, but not otherwise defined therein, shall have the meaning assigned to such term in this Agreement. When a reference is made in this Agreement to an Article or a Section, an Exhibit or a Schedule, such reference shall be to an Article or a Section of, or an Exhibit or a Schedule to, this Agreement unless otherwise indicated.

8.16 CONFLICTING AGREEMENTS. In the event of conflict between this Agreement and any Ancillary Agreement executed in connection herewith, the provisions of such other agreement shall prevail.

WHEREFORE, the parties have signed this Master Separation Agreement effective as of the date first set forth above.

TRANSOCEAN INC.

By: /s/ Gregory L. Cauthen
Name: Gregory L. Cauthen
Title: Senior Vice President and Chief Financial Officer

TRANSOCEAN HOLDINGS INC.

By: /s/ Eric B. Brown
Name: Eric B. Brown
Title: Vice President and Secretary

TODCO

By: /s/ Jan Rask
Name: Jan Rask
Title: President and Chief Executive Officer

TAX SHARING AGREEMENT

BETWEEN

TRANSOCEAN HOLDINGS INC.

AND

TODCO

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TAX SHARING AGREEMENT

THIS TAX SHARING AGREEMENT (this "Agreement") is entered into as of February 4, 2004, between Transocean Holdings Inc., a Delaware corporation ("Holdings"), and TODCO (formerly named R&B Falcon Corporation), a Delaware corporation. Capitalized terms used in this Agreement are defined herein. Unless otherwise indicated, all "Section" references in this Agreement are to sections of this Agreement.

RECITALS

WHEREAS, TODCO is a direct wholly owned subsidiary of Holdings, which in turn is a direct wholly owned subsidiary of Transocean Inc., a company organized under the laws of the Cayman Islands ("Transocean"); and

WHEREAS, the Board of Directors of Transocean has determined that it would be appropriate and desirable for Transocean to separate the TODCO Tax Group from the Transocean Tax Group and, in that connection, for each Group to acquire certain assets from and assume certain liabilities of the other Group; and

WHEREAS, the Board of Directors of each of TODCO and Transocean Holdings has also approved such transactions; and

WHEREAS, TODCO intends to acquire a portion or all of its outstanding debt held by Transocean in exchange for newly issued shares of TODCO common stock, and it is expected that as a result of such exchange TODCO will cease to be a member of the Holdings Consolidated Group; and

WHEREAS, Transocean, Holdings and TODCO currently contemplate that TODCO will make an initial public offering ("IPO") of shares of TODCO Class A Common Stock held by Transocean and Holdings pursuant to a registration statement on Form S-1 filed pursuant to the Securities Act of 1933; and

WHEREAS, Transocean wishes to retain the flexibility so that, if following the IPO Transocean's direct and indirect ownership of the voting power of all of the outstanding shares of Voting Stock is at least 80%, Transocean may distribute to the holders of its ordinary shares (including any distribution in exchange for Transocean ordinary shares or other securities), by means of a distribution or exchange offer, shares of Voting Stock it then owns in a transaction intended to qualify as a tax-free distribution under Section 355 of the Code or any corresponding provision of any successor statute; and

WHEREAS, the parties set forth in a Master Separation Agreement the principal arrangements between them regarding the separation of the TODCO Tax Group from the Transocean Tax Group, the IPO and any distribution; and

WHEREAS, the parties desire to provide for and agree upon the allocation between the parties of liabilities for Taxes arising prior to, as a result of, and subsequent to the IPO, and to provide for and agree upon other matters relating to Taxes.

NOW, THEREFORE, in consideration of the foregoing and the covenants and agreements set forth below, the parties hereto agree as follows:

SECTION 1. DEFINITION OF TERMS. For purposes of this Agreement (including the recitals hereof), the following terms have the following meanings:

"Agreement" means this Tax Sharing Agreement.

"Applicable Discount Rate" means, with respect to any year, the fraction designated in Schedule 1.1.

"Carryback" means any net operating loss, net capital loss, tax credit or other similar Tax Item which may or must be carried from one Tax Year to a prior Tax Year under applicable Tax Law.

"Code" means the U.S. Internal Revenue Code of 1986, as amended from time to time, or any successor law.

"Combined Return" means any State or Foreign Income Tax Return which is filed by one or more members of the Transocean Tax Group and which includes, to any extent, one or more members of the TODCO Tax Group or in which income, deductions, or credits of any member of the Transocean Tax Group may be combined with, or offset against, income, deductions, or credits of any member of the TODCO Tax Group.

"Combined Year" means, with respect to any State Income Tax or Foreign Income Tax, as applicable, any Tax Year for which a Combined Return is filed; provided, however, that Combined Year means only that portion of such Tax Year in which one or more members of the TODCO Tax Group are included in the Combined Return.

"Company" means Holdings or TODCO or one of their Subsidiaries, as the context requires.

"Consolidated Return" means any Federal Income Tax Return which is filed on a consolidated basis by Holdings (or any other member of the Transocean Tax Group), as common parent, and its eligible Subsidiaries (as determined under Section 1504(a) of the Code or any successor provision) and which includes, to any extent, TODCO and its eligible Subsidiaries (as determined under Section 1504(a) of the Code or any successor provision).

"Consolidated Year" means, with respect to any Federal Income Tax, any Tax Year for which a Consolidated Return is filed; provided, however, that Consolidated

Year means only that portion of such Tax Year in which TODCO and its eligible Subsidiaries are included in the Consolidated Return.

"Deconsolidation Date" means the last day, occurring on or after the Effective Date but before the IPO Closing Date, on which TODCO is a member of the affiliated group, within the meaning of Section 1504(a) of the Code, of which Holdings is the common parent.

"Effective Date" means the date recited above on which the parties entered into this Agreement.

"Federal Income Tax" means any Income Tax imposed by the United States federal government (including, without limitation, the Taxes imposed by Sections 11, 55, 59A and 1201(a) of the Code).

"Federal Income Tax Return" means any report of Federal Income Taxes due, any claims for refund of Federal Income Taxes paid, any information return with respect to Federal Income Taxes, or any other similar report, statement, declaration, or document required to be filed under U.S. federal income Tax Law, including any attachments, exhibits, or other materials submitted with any of the foregoing, and including any amendments or supplements to any of the foregoing.

"Foreign Country" means any country other than the United States.

"Foreign Income Tax" means any Income Tax imposed by any Foreign Country or any possession of the United States or by any political subdivision of any Foreign Country or possession of the United States.

"Group" means the Transocean Tax Group or the TODCO Tax Group, as the context requires.

"Holdings" has the meaning set forth in the recital hereto.

"Holdings Consolidated Group" means Holdings and its eligible Subsidiaries (as determined under Section 1504(a) of the Code or any successor provision) that file a Federal Income Tax Return on a consolidated basis.

"Income Tax" means all Taxes (i) based upon, measured by, or calculated with respect to, net income, net profits or deemed net profits (including, without limitation, any capital gains Tax, minimum Tax based upon, measured by, or calculated with respect to, net income, net profits or deemed net profits, any Tax on items of Tax preference and depreciation recapture or clawback, but not including sales, use, real or personal property, gross or net receipts, gross profits, transfer and similar Taxes), (ii) imposed by a Foreign Country which qualifies under Section 903 of the Code or (iii) based upon, measured by, or calculated with respect to multiple bases (including, but not limited to, corporate franchise and occupation Taxes) if such Tax may be based upon, measured by, or calculated with respect to one or more bases described in clause (i) above. Notwithstanding the above, the Taxes described in clause (iii) shall be considered

Income Taxes only to the extent that such Taxes exceed the hypothetical amount of such Taxes that would have been imposed had all of the bases described in clause (i) on which such Taxes are based, measured, or calculated been equal to zero.

"IPO" has the meaning set forth in the recital hereto.

"IPO Closing Date" means the first date on which the proceeds of any sale of TODCO Class A Common Stock to the underwriters in the IPO are received by Transocean or any of its Subsidiaries.

"Master Separation Agreement" means the Master Separation Agreement entered into by Transocean and TODCO on February 4, 2004.

"Other Return" means any Tax Return which is not a Federal, State, or Foreign Income Tax Return.

"Other Tax" means any Tax that is not an Income Tax.

"Payment Date" means (x) with respect to any Consolidated Return, the due date for any required installment of estimated taxes determined under Code Section 6655, the due date (determined without regard to extensions) for filing the return determined under Code Section 6072, and the date the return is filed, and (y) with respect to any Combined Return, Separate Return, or Other Return the corresponding dates determined under the applicable Tax Law.

"Post-IPO Tax Asset" means a Tax Asset created after the IPO Closing Date as determined under the principles of Section 4.2(b) of this Agreement.

"Pre-IPO Tax Asset" means a Tax Asset created on or before the IPO Closing Date as determined under the principles of Section 4.2(b) of this Agreement.

"Separate Return" means any Federal, State, or Foreign Income Tax Return which is not a Consolidated Return or Combined Return.

"Separate Return Year" means, with respect to any Federal Income Tax, State Income Tax or Foreign Income Tax, as applicable, a Tax Year or portion thereof which is not a Consolidated Year or Combined Year.

"State Income Tax" means any Income Tax imposed by any State of the United States or by any political subdivision of any such State.

"Straddle Period" means any Tax Year beginning on or before the IPO Closing Date and ending after the IPO Closing Date.

"Subsidiary" means any entity that directly or indirectly is "controlled" by the person or entity in question. "Control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such entity, whether through ownership of voting securities, by contract or otherwise.

"Tax" or "Taxes" means any income, gross income, gross receipts, profits, capital stock, franchise, withholding, payroll, social security, workers compensation, unemployment, disability, property, ad valorem, stamp, excise, severance, occupation, service, sales, use, license, lease, transfer, import, export, value added, alternative minimum, estimated or other similar tax (including any fee, assessment, or other charge in the nature of or in lieu of any tax) imposed by any Tax Authority and any interest, penalties, additions to tax, or additional amounts in respect of the foregoing.

"Tax Asset" means any Tax Item that could reduce a Tax, including a net operating loss, net capital loss, loss deferred under Section 267(f) of the Code, investment tax credit, foreign tax credit, charitable deduction or credit related to alternative minimum tax or any other Tax credit, but does not include the tax basis of any asset.

"Tax Authority" means, with respect to any Tax, the governmental entity or political subdivision, agency, commission or authority thereof that imposes such Tax, and the agency, commission or authority (if any) charged with the assessment, determination or collection of such Tax for such entity or subdivision.

"Tax Benefit" means a reduction in the Tax liability of a taxpayer.

"Tax Contest" means an audit, review, examination, or any other administrative or judicial proceeding with the purpose or effect of redetermining Taxes of any member of either Group (including any administrative or judicial review of any claim for refund).

"Tax Item" means, with respect to any Income Tax, any item of income, gain, loss, deduction, credit or other attribute that may have the effect of increasing or decreasing any Tax.

"Tax Law" means the law of any governmental entity or political subdivision thereof, and any controlling judicial or administrative interpretations of such law, relating to any Tax.

"Tax Records" means Tax Returns, Tax Return work papers, documentation relating to any Tax Contests, and any other books of account or records required to be maintained under applicable Tax Laws (including but not limited to Section 6001 of the Code) or under any record retention agreement with any Tax Authority.

"Tax Return" means any report of Taxes due, any claims for refund of Taxes paid, any information return with respect to Taxes, or any other similar report, statement, declaration, or document required to be filed under any applicable Tax Law, including any attachments, exhibits, or other materials submitted with any of the foregoing, and including any amendments or supplements to any of the foregoing.

"Tax Year" means, with respect to any Tax, the year, or shorter period, if applicable, for which the Tax is reported as provided under applicable Tax Law.

"TODCO" has the meaning set forth in the recital hereto.

"TODCO Business" has the meaning set forth in the Master Separation Agreement.

"TODCO Tax Group" means TODCO and all persons that are Subsidiaries of TODCO immediately after the IPO Closing Date, including without limitation the Subsidiaries set forth in Schedule 1.2 and persons that become Subsidiaries of TODCO thereafter. If the Transocean Tax Group transfers any part of the TODCO Business (including any Subsidiary) to the TODCO Tax Group, or the TODCO Tax Group transfers any part of the Transocean Business (including any Subsidiary) to the Transocean Tax Group, after the IPO Closing Date in a transaction contemplated by Sections 2.7 and 2.8 of the Master Separation Agreement, such transfer will be deemed to have occurred immediately before the IPO Closing Date.

"Transocean" has the meaning set forth in the recital hereto.

"Transocean Business" has the meaning set forth in the Master Separation Agreement.

"Transocean Tax Group" means Transocean and all persons that are Subsidiaries of Transocean, other than members of the TODCO Tax Group, immediately after the IPO Closing Date, including without limitation the Subsidiaries set forth in Schedule 1.3 and persons that become Subsidiaries of Transocean thereafter. If the Transocean Tax Group transfers any part of the TODCO Business (including any Subsidiary) to the TODCO Tax Group, or the TODCO Tax Group transfers any part of the Transocean Business (including any Subsidiary) to the Transocean Tax Group, after the IPO Closing Date in a transaction contemplated by Article II of the Master Separation Agreement, such transfer will be deemed to have occurred immediately before the IPO Closing Date.

"Treasury Regulations" means the regulations promulgated from time to time under the Code as in effect for the relevant Tax Year.

"Voting Stock" means the TODCO Class A Common Stock, the TODCO Class B Common Stock and any other capital stock of TODCO entitled to vote generally in the election of directors but excluding any class or series of capital stock only entitled to vote in the event of dividend arrearages thereon, unless at the time of determination there are any such dividend arrearages.

SECTION 2. Allocation of Income Tax Liabilities.

2.1 Federal Income Taxes. Except as provided in Section 2.5, liability for Federal Income Taxes shall be allocated as follows:

(a) Consolidated Years.

(i) Except as provided in Section 2.1(a)(ii), for each Consolidated Year, TODCO shall be liable for and pay to Holdings an amount equal to the Federal Income Taxes attributable to the TODCO Tax Group. Such amount shall be determined as if TODCO and its eligible Subsidiaries were not required to join and did not join in the filing of the Consolidated Return for that Consolidated Year but instead filed their own consolidated Federal Income Tax Return on which TODCO's tax liability was calculated pursuant to Treasury Regulations Section 1.1552-1(a)(2)(ii).

(ii) TODCO shall not be liable for any Federal Income Taxes attributable to the TODCO Tax Group (x) for any Consolidated Year which ends on or before the IPO Closing Date or (y) in the case of a Consolidated Year which is a Straddle Period, for the portion thereof which ends on the IPO Closing Date.

(iii) Holdings shall indemnify TODCO and its Subsidiaries for all Federal Income Taxes for all Consolidated Years other than amounts for which TODCO is liable pursuant to this Section 2.1(a).

(b) Separate Return Years.

(i) Except as provided in Section 2.1(b)(ii), TODCO shall be liable for all Federal Income Taxes imposed on members of the TODCO Tax Group with respect to all Separate Return Years.

(ii) TODCO shall not be liable for any Federal Income Taxes imposed on members of the TODCO Tax Group (x) for any Separate Return Year which ends on or before the IPO Closing Date or (y) in the case of a Separate Return Year which is a Straddle Period, for the portion thereof which ends on the IPO Closing Date. Notwithstanding the immediately preceding sentence, if any member of the TODCO Tax Group becomes a member of such Group after the IPO Closing Date (determined after the application of Section 2.5(a) of this Agreement), TODCO shall be liable for all Federal Income Taxes imposed on such member for all Separate Return Years.

(iii) Holdings shall indemnify TODCO and its Subsidiaries for all Federal Income Taxes for all Tax Years which are not Consolidated Years other than amounts for which TODCO is liable pursuant to this Section 2.1(b).

2.2 State Income Taxes. Except as provided in Section 2.5, liability for State Income Taxes shall be allocated as follows:

(a) Combined Years.

(i) Except as provided in Section 2.2(a)(ii), for each Combined Year, TODCO shall be liable for and pay to Holdings (or another member of the Transocean Tax Group designated by Holdings pursuant to Section 5.5) an amount equal to the State Income Taxes attributable to the TODCO Tax Group. Such amount shall be determined as if TODCO and its eligible Subsidiaries were not required to join and did not join in the filing of a Combined Return for that Combined Year but instead

filed their own combined State Income Tax Return on which TODCO's tax liability was calculated consistently with the principles of Treasury Regulations Section 1.1552-1(a)(2)(ii).

(ii) TODCO shall not be liable for any State Income Taxes attributable to the TODCO Tax Group (x) for any Combined Year which ends on or before the IPO Closing Date or (y) in the case of a Combined Year which is a Straddle Period, for the portion thereof which ends on the IPO Closing Date.

(iii) Holdings shall indemnify TODCO and its Subsidiaries for all State Income Taxes for all Combined Years other than amounts for which TODCO is liable pursuant to this Section 2.2(a).

(b) Separate Return Years.

(i) Except as provided in Section 2.2(b)(ii), TODCO shall be liable for all State Income Taxes imposed on members of the TODCO Tax Group with respect to all Separate Return Years.

(ii) TODCO shall not be liable for any State Income Taxes imposed on members of the TODCO Tax Group (x) for any Separate Return Year which ends on or before the IPO Closing Date or (y) in the case of a Separate Return Year which is a Straddle Period, for the portion thereof which ends on the IPO Closing Date. Notwithstanding the immediately preceding sentence, if any member of the TODCO Tax Group becomes a member of such Group after the IPO Closing Date (determined after the application of Section 2.5(a) of this Agreement), TODCO shall be liable for all State Income Taxes imposed on such member for all Separate Return Years.

(iii) Holdings shall indemnify TODCO and its Subsidiaries for all State Income Taxes for all Separate Return Years other than amounts for which TODCO is liable pursuant to this Section 2.2(b).

2.3 Foreign Income Taxes. Except as provided in Section 2.5, liability for Foreign Income Taxes shall be allocated as follows:

(a) Combined Years.

(i) Except as provided in Section 2.3(a)(ii), for each Combined Year, TODCO shall be liable for and pay to Holdings (or another member of the Transocean Tax Group designated by Holdings pursuant to Section 5.5) an amount equal to the Foreign Income Taxes that are attributable to the TODCO Tax Group. Such amount shall be determined as if TODCO and its eligible Subsidiaries were not required to join and did not join in the filing of a Combined Return for that Combined Year but instead filed their own combined Foreign Income Tax Return on which TODCO's tax liability was calculated consistently with the principles of Treasury Regulations Section 1.1552-1(a)(2)(ii).

(ii) TODCO shall not be liable for any Foreign Income Taxes attributable to the TODCO Tax Group (x) for any Combined Year which ends on or before the IPO Closing Date or (y) in the case of a Combined Year which is a Straddle Period, for the portion thereof which ends on the IPO Closing Date.

(iii) Holdings shall indemnify TODCO and its Subsidiaries for all Foreign Income Taxes for all Combined Years other than amounts for which TODCO is liable pursuant to this Section 2.3(a).

(b) Separate Return Years.

(i) Except as provided in Section 2.3(b)(ii), TODCO shall be liable for all Foreign Income Taxes imposed on members of the TODCO Tax Group with respect to all Separate Return Years.

(ii) TODCO shall not be liable for any Foreign Income Taxes imposed on the TODCO Tax Group (x) for any Separate Return Year which ends on or before the IPO Closing Date or (y) in the case of a Separate Return Year which is a Straddle Period, for the portion thereof which ends on the IPO Closing Date. Notwithstanding the immediately preceding sentence, if any member of the TODCO Tax Group becomes a member of such Group after the IPO Closing Date (determined after the application of Section 2.5(a) of this Agreement), TODCO shall be liable for all Foreign Income Taxes imposed on such member for all Separate Return Years.

(iii) Holdings shall indemnify TODCO and its Subsidiaries for all Foreign Income Taxes for all Separate Return Years other than amounts for which TODCO is liable pursuant to this Section 2.3(b).

2.4 Other Taxes. Except as provided in Section 2.5, TODCO shall be liable for any Other Tax attributable to the TODCO Business, and Holdings shall indemnify TODCO and its Subsidiaries for any Other Tax that is not attributable to the TODCO Business.

2.5 Special Rules.

(a) Separation Transactions Occurring After the IPO Closing Date. If the Transocean Tax Group transfers any part of the TODCO Business (including any Subsidiary) to the TODCO Tax Group, or the TODCO Tax Group transfers any part of the Transocean Business (including any Subsidiary) to the Transocean Tax Group, after the IPO Closing Date in a transaction contemplated by Sections 2.7 or 2.8 of the Master Separation Agreement, such transfer will be deemed to have occurred immediately before the IPO Closing Date for purposes of computing the Taxes imposed on or attributable to the TODCO Tax Group and the Transocean Tax Group.

(b) Straddle Periods. For purposes of determining the Income Taxes attributable to or imposed on the TODCO Tax Group for the portion of any Straddle Period which ends on the IPO Closing Date, such Straddle Period shall be

treated as two Tax Years, one ending on the IPO Closing Date and the other beginning on the following day, and all calculations shall be made by (x) closing the books of the TODCO Tax Group at the end of the month preceding the month in which the IPO Closing Date occurs, (y) closing the books of the TODCO Tax Group again at the end of the month in which the IPO Closing Date occurs, and (z) apportioning Tax Items accruing in the month in which the IPO Closing Date occurs to each hypothetical Tax Year pro rata in proportion to the number of days in such month that are within each hypothetical Tax Year. Notwithstanding the immediately preceding sentence, all Tax Items that are extraordinary items within the meaning of Treasury Regulations Section 1.1502-76(b)(2)(ii)(C) shall be allocated to the hypothetical Tax Year in which they accrue; provided, however, that all extraordinary items (other than items resulting from a transaction contemplated by Article II of the Master Separation Agreement) accruing after the Deconsolidation Date and on or before the IPO Closing Date will be allocated entirely to the hypothetical Tax Year that begins on the day following the IPO Closing Date .

(c) Short Years. If a Consolidated or Combined Return is filed with respect to a Tax Year, and if TODCO and its eligible Subsidiaries are not included in such Consolidated or Combined Return for that entire Tax Year, then for purposes of determining the Income Taxes attributable to or imposed on the TODCO Tax Group for the resulting short Consolidated or Combined Year and the short Separate Return Year, all calculations shall be made by (x) closing the books of the TODCO Tax Group at the end of the month preceding the month in which the first short year ends, (y) closing the books of TODCO Tax Group again at the end of the month in which the first short year ends, and (z) apportioning Tax Items accruing in the month in which the first short year ends to each short year pro rata in proportion to the number of days in such month that are within each short year. Notwithstanding clause (z) of the immediately preceding sentence, all Tax Items that are extraordinary items within the meaning of Treasury Regulations Section 1.1502-76(b)(2)(ii)(C) shall be allocated to the short year in which they accrue; provided, however, that the principles of Treasury Regulations Section 1.1502-76(b)(1)(ii)(B) (Next Day Rule) shall apply in determining the proper allocation of extraordinary items accruing on the last day of the earlier short Tax Year.

(d) Payments to Foreign Jurisdictions. If at any time after the Deconsolidation Date any member of the TODCO Tax Group makes a payment to a foreign Tax Authority for Taxes for which Holdings is otherwise liable under this Agreement, Holdings shall have no obligation to indemnify such member unless such member obtains prior written consent from Holdings to make such payment. If Holdings fails to consent to such payment, it shall indemnify TODCO and its Subsidiaries for any Taxes resulting from the failure to make such payment.

(e) Income Taxes Attributable to Trinidad and Tobago. TODCO shall be liable for all Foreign Income Taxes imposed by the Republic of Trinidad and Tobago that are attributable to the TODCO Business, regardless of whether such Taxes relate to a period, or portion thereof, ending on or before the IPO Closing Date.

2.6 Tax Payments and Intercompany Billings. Each Company shall pay the Taxes allocated to it by this Section 2 either to the applicable Taxing Authority or to the other appropriate Company in accordance with Section 5.

SECTION 3. PREPARATION AND FILING OF TAX RETURNS.

3.1 Combined Returns and Consolidated Returns.

(a) Preparation by Transocean and Holdings. Holdings shall be responsible for preparing all Consolidated Returns and Combined Returns.

(b) Provision of Information and Assistance by TODCO.

(i) Information with Respect to Final Returns. TODCO shall, for each Consolidated Return or Combined Return, provide Holdings with all information relating to members of the TODCO Tax Group which Holdings needs to prepare such return. TODCO shall use its best efforts to provide such information no later than the earlier of (x) thirty days prior to the due date of such Consolidated Return or Combined Return, taking into account any extensions that Holdings has given written notice to TODCO that it intends to file, or (y) the first day of the fifth month following the end of the Tax Year to which such information relates, but in any event shall provide such information no later than the earlier of (x) fifteen days prior to the due date of such Consolidated Return or Combined Return, taking into account any extensions that Holdings has given written notice to TODCO that it intends to file, and (y) the fifteenth day of the fifth month following the end of such Tax Year.

(ii) Information with Respect to Estimated Payments and Extension Payments. TODCO shall provide Holdings with all information relating to members of the TODCO Tax Group which Holdings needs to determine the amount of Taxes due on any Payment Date. TODCO shall use its best efforts to provide such information no later than fifteen days before such Payment Date, but in any event shall provide such information no later than ten days before such Payment Date.

(iii) Assistance. At the request of Holdings, TODCO shall take any action (e.g., filing a ruling request with the relevant Tax Authority or executing a power of attorney) that is reasonably necessary in order for Holdings to prepare, file, amend or take any other action with respect to any Consolidated or Combined Return.

3.2 Separate Returns and Other Returns.

(a) Tax Returns to be Prepared by Holdings. Holdings shall be responsible for preparing all Separate Returns and Other Returns which either (x) relate solely to one or more members of the Transocean Tax Group for any Tax Year or (y) relate solely to one or more members of the TODCO Tax Group for any Tax Year ending on or before the IPO Closing Date or for any Tax Year which is a Straddle Period. In connection with the preparation of the Tax Returns specified in this Section 3.2(a), TODCO shall provide information and assistance as described in Sections 3.1(b)(ii) and

(iii) in the same manner as if such Tax Returns were Consolidated Returns or Combined Returns.

(b) Tax Returns to be Prepared by TODCO.

(i) Except as otherwise provided in this Section 3.2(b), TODCO shall be responsible for preparing all Separate Returns and Other Returns which relate solely to one or more members of the TODCO Tax Group for any Tax Year ending after the IPO Closing Date and which is not a Straddle Period. In preparing such Other Returns, TODCO may not take any positions that it knows, or reasonably should know, would adversely affect any member of the Transocean Tax Group.

(ii) Holdings will have the right to determine the items specified in clauses (1), (3), (4) and (5) of Section 3.3(a) with respect to any Tax Return described in Section 3.2(b)(i) if either (x) such Tax Return is filed for a Tax Year at any time during which Transocean or Holdings owned stock possessing greater than 50% of the voting power of all of the outstanding TODCO stock or (y) such Tax Return is filed for a Tax Year during which there remains a present or potential obligation under Section 4.2(a) for TODCO to pay Holdings for the use or deemed use of any Pre-IPO Tax Asset.

(c) Provision of Information. Holdings shall provide to TODCO, and TODCO shall provide to Holdings, any information about members of the Transocean Tax Group or the TODCO Tax Group, respectively, which the party receiving such information needs to comply with Section 3.2(a) or (b). Such information shall be provided within the time prescribed by Section 3.1(b) for the provision of information for Consolidated Returns and Combined Returns.

3.3 Special Rules Relating to the Preparation of Tax Returns.

(a) General Rule. Except as otherwise provided in this Agreement, the party responsible for filing a Tax Return pursuant to Sections 3.1 or 3.2 shall have the exclusive right, in its sole discretion, with respect to such Tax Return to determine (1) the manner in which such Tax Return shall be prepared and filed, including the elections, methods of accounting, positions, conventions and principles of taxation to be used and the manner in which any Tax Item shall be reported, (2) whether any extensions may be requested, (3) the elections that will be made on such Tax Return, (4) whether an amended Tax Return shall be filed, (5) whether any claims for refund shall be made, (6) whether any refunds shall be paid by way of refund or credited against any liability for the related Tax and (7) whether to retain outside firms to prepare or review such Tax Return.

(b) Election to File Consolidated or Combined Returns. Holdings shall have the sole discretion of filing any Consolidated Return or Combined Return, if the filing of such return is elective under the relevant Tax Law.

(c) Returns Affecting Liability of Other Party. Insofar as a Tax Return prepared by Holdings may affect Taxes for which TODCO is liable pursuant to this Agreement, or vice versa:

(i) Tax Accounting Practices. The Tax Return shall be prepared consistently with past Tax accounting practices to the extent permissible under applicable Tax Law.

(ii) Review Prior to Filing. The Company responsible for preparing any Tax Return (whether Holdings on the one hand or TODCO on the other hand) shall make the Tax Return or relevant portion thereof available to the other Company no later than thirty days before the Tax Return is due, taking into account any extensions that the responsible Company files, and shall in good faith take into account any comments on such Tax Return by the other Company.

(d) Standard of Performance. Holdings shall prepare the Tax Returns for which it is responsible pursuant to this Section 3 and which relate to the TODCO Tax Group with the same general degree of care as it uses in preparing Tax Returns relating solely to the Transocean Tax Group. Holdings shall not be liable for any additional Taxes that result from a redetermination in a Tax Contest and for which TODCO is otherwise liable under Section 2, unless such additional Taxes arise solely as a result of Holdings failure to exercise such degree of care.

SECTION 4. TAX BENEFITS, REFUNDS, AND CARRYBACKS.

4.1 Compensation by Holdings for TODCO's Post-IPO Tax Assets.

In the event that any member of the Transocean Tax Group realizes a Tax Benefit during any Consolidated Year or Combined Year as a result of the use or absorption by any Transocean Tax Group member of any Post-IPO Tax Asset of the TODCO Tax Group, as determined under the principles of Section 4.2(b), then Holdings (or other appropriate member of the Transocean Tax Group) shall pay to TODCO, in accordance with Section 5, the value of such Tax Asset, as determined under the principles of Section 4.2(c) without regard to the specific rules following clause (iii) thereof.

4.2 Compensation by TODCO for Pre-IPO Tax Assets.

(a) Payment for Tax Assets. Except as otherwise provided in Sections 4.2(f), (g) and (h), if on any Tax Return, any member of the TODCO Tax Group uses or absorbs any Pre-IPO Tax Asset to reduce any Tax for which TODCO is liable under Section 2, then TODCO shall, in accordance with Section 5, pay to Holdings (or another member of the Transocean Tax Group designated by Holdings pursuant to Section 5.5) an amount equal to the value of such Tax Asset. For purposes of this Section 4.2(a), whether the use or absorption of a Pre-IPO Tax Asset by any member of the TODCO Tax Group has the effect of reducing any Tax for which TODCO is liable under Section 2 shall be determined without regard to any unused Tax Asset that, but for such Pre-IPO Tax Asset, could have otherwise been used or absorbed to reduce such Tax.

(b) Time at which Tax Asset is Created. For purposes of Section 4.2(a):

(i) General Rule. A Tax Asset shall be considered created in the Tax Year relating to the Tax Return (including an information return of

U.S. persons with respect to certain foreign corporations on Internal Revenue Service Form 5471) on which the Tax Asset is first included. In the case of a Straddle Period, the principles of Section 2.5(b) shall apply to determine whether such Tax Asset is created on or before the IPO Closing Date.

(ii) Exception for Certain Excluded Tax Assets. Any Tax Asset not included in a Tax Return by reason of Sections 163(j) or 267 of the Code, Treasury Regulations Section 1.1502-13 or any similar deferral provision under federal, state or foreign Tax Law shall be considered included in such Tax Return.

(iii) Exception for Tax Assets Arising out of the Payment of Income Taxes. Any Tax Asset resulting from the payment of (x) a Foreign Income Tax, other than a Foreign Income Tax described in Section 5.3(b), (y) a State Income Tax or (z) an alternative minimum tax imposed by Section 55 of the Code shall be considered created in the year in which the income or other Tax Item to which such Tax relates accrued, regardless of the year in which such Tax is paid or accrued.

(iv) Exception for Displaced Post-IPO Tax Assets. Any Tax Asset that (x) would otherwise be treated, pursuant to Sections 4.2(b)(i) through (iii), as created after the IPO Closing Date and (y) has the effect of reducing, pursuant to Section 4.2(c), the value of any Pre-IPO Tax Asset shall thereafter be treated as created on or before the IPO Closing Date.

(c) Value of Tax Assets. For purposes of Section 4.2(a), the value of any Tax Asset shall be considered equal to:

(i) in the case of any deduction, loss previously deferred under Section 267(f) of the Code, net operating loss or net capital loss not otherwise described in clause (iii) below, the product of (1) the amount of such deduction or loss used or absorbed on such Tax Return and (2) the highest statutory tax rate applicable under Section 11 of the Code or relevant state or foreign Tax Law,

(ii) in the case of any tax credit not otherwise described in clause (iii) below, one hundred percent (100%) of such tax credit used or absorbed on such Tax Return, and

(iii) in the case of any Tax Asset that is a Pre-IPO Tax Asset by reason of Section 4.2(b)(iv), the amount by which such Tax Asset previously reduced, pursuant to this Section 4.2(c), the value of another Pre-IPO Tax Asset;

provided, however, that the value of any Pre-IPO Tax Asset shall be reduced (but not below zero) by the value of any Post-IPO Tax Asset (other than a carryback of (1) a net operating loss, (2) tax credit or (3) any other Post-IPO Tax Asset) to the extent that such Post-IPO Tax Asset could have otherwise been used or absorbed by the TODCO Tax Group, but for the existence of a Pre-IPO Tax Asset, to similarly reduce the Tax for which TODCO is liable under Section 2. For purposes of the immediately preceding sentence, a Post-IPO Tax Asset will also be considered eligible to have otherwise been used or absorbed if such Tax Asset was used or absorbed on the relevant Tax Return as a

deduction and could have been used or absorbed as a tax credit, but for the existence of a Pre-IPO Tax Asset. Any Post-IPO Tax Asset that TODCO (or Holdings, by reason of Section 3.2(b)(ii)) may elect to treat either as a tax credit or a deduction shall be valued in the following manner: (x) in the case of a Tax Asset that is reported on the relevant Tax Return as a tax credit, the Tax Asset shall have a value equal to 80 percent of its value determined under Section 4.2(c)(ii), and (y) in the case of a Tax Asset that is reported on the relevant Tax Return as a deduction, the Tax Asset shall have a value equal to 80 percent of the excess of its value as if determined under Section 4.2(c)(ii) over its value determined under Section 4.2(c)(i).

(d) Determination of Tax Assets Used or Absorbed. The determination of (x) whether any Pre-IPO Tax Asset (including any Tax Asset treated as a Pre-IPO Tax Asset pursuant to Section 4.2(b)(iv)) has been used or absorbed on any relevant Tax Return after the IPO Closing Date, (y) the value of any such Tax Asset as determined pursuant to Section 4.2(c), and (z) whether any other Tax Asset becomes described in Section 4.2(b)(iv) as a result of the use or absorption of any Pre-IPO Tax Asset shall be made by TODCO and reported by a nationally recognized accounting firm no later than twenty (20) days after the date on which the relevant Tax Return is filed. Such accounting firm shall report such determination by applying the same standards as it would in preparing a tax return that it would sign as an "income tax return preparer" (as defined in Section 7701(a)(36) of the Code) and such accounting firm shall sign a letter certifying that such determination has been made in accordance with such standards and on a fair and impartial basis. Holdings shall be given an opportunity to review such determination and the supporting schedules and calculations. Holdings shall be given the opportunity to ask questions of the accounting firm, and if Holdings is not satisfied with the detail given in the supporting schedules, the accounting firm shall provide Holdings with any additional supporting detail as Holdings shall reasonably request. Holdings shall have, in its sole discretion, the right to designate a nationally recognized accounting firm and shall bear all costs associated with such firms reporting under this Section 4.2(d).

(e) Forecast of Tax Assets Used or Absorbed. If during any Tax Year ending after the IPO Closing Date any Pre-IPO Tax Asset continues to be available for use by any member of the TODCO Tax Group, then TODCO shall provide to Holdings, no later than March 15, June 15, September 15 and December 15 of such year, periodic forecasts of (1) the use of such Tax Asset during such year, (2) the value of such Tax Asset, (3) whether any other Tax Asset will become described in Section 4.2(b)(iv) and (4) any other items reasonably requested by Holdings. TODCO shall also provide to Holdings, no later than October 15 of such year, a forecast of (1) the use or absorption of any such Tax Asset in the following year, (2) the value of such Tax Asset, (3) any other Tax Asset that will become described in Section 4.2(b)(iv) and (4) any other items reasonably requested by Holdings.

(f) Acceleration of Payments Upon Change of Control. If on any day following the IPO Closing Date any person or entity other than a member of the Transocean Tax Group owns stock (or would be treated as owning stock if the attribution rules of Section 318(a) of the Code were to apply) possessing greater than 50% of the

voting power of all of the outstanding TODCO stock, all unused Pre-IPO Tax Assets shall, for purposes of Section 4.2(a), be treated as having been used by TODCO on a Tax Return filed immediately prior to such day. In such case, TODCO shall, in accordance with Section 5, pay to Holdings (or another member of the Transocean Tax Group designated by Holdings pursuant to Section 5.5) the amount equal to the product of (x) the value of all unused Pre-IPO Tax Assets and (y) the Applicable Discount Rate for the year in which the Tax Return including such Pre-IPO Tax Assets is treated as being filed. The value of all such unused Pre-IPO Tax Assets shall be determined pursuant to Sections 4.2(c)(i), (ii) and (iii), without reduction by the value of any Post-IPO Tax Asset. However, if any such unused Pre-IPO Tax Asset (other than a Tax Asset that is a Pre-IPO Tax Asset by reason of Section 4.2(b)(iv)) is a foreign tax credit under Section 901 of the Code, then such unused Pre-IPO Tax Asset shall be valued under Section 4.2(c)(i) as if it were a deduction rather than under Section 4.2(c)(ii).

(g) Acceleration of Payments Upon Deconsolidation. If on any day following the IPO Closing Date any member of the TODCO Tax Group ceases to join in the filing of a Federal Income Tax Return which is filed on a consolidated basis by TODCO, as the common parent, and its eligible Subsidiaries (as determined under Section 1504(a) of the Code or any successor provision), all Pre-IPO Tax Assets attributable to such member shall, for purposes of Section 4.2(a), be treated as having been used on a Tax Return filed immediately prior to such day. A Tax Asset shall be attributable to a member of the TODCO Tax Group if such member would be entitled to deduct, credit or otherwise use, under the relevant Tax Law, such Pre-IPO Tax Asset on a Tax Return filed with respect to any Tax Year, or portion thereof, beginning after such day. If any Pre-IPO Tax Asset is treated as being used pursuant to this Section 4.2(g), TODCO shall, in accordance with Section 5, pay to Holdings (or another member of the Transocean Tax Group designated by Holdings pursuant to Section 5.5) the amount equal to the product of (x) the value of such Pre-IPO Tax Asset and (y) the Applicable Discount Rate for the year in which the Tax Return including such Pre-IPO Tax Asset is treated as being filed. The value of such Pre-IPO Tax Asset shall be determined pursuant to Sections 4.2(c)(i), (ii) and (iii), without reduction by the value of any Post-IPO Tax Asset. However, if such Pre-IPO Tax Asset (other than a Tax Asset that is a Pre-IPO Tax Asset by reason of Section 4.2(b)(iv)) is a foreign tax credit under Section 901 of the Code, then such Pre-IPO Tax Asset shall be valued under Section 4.2(c)(i) as if it were a deduction rather than under Section 4.2(c)(ii).

(h) Other Special Rules. The following rules shall apply for purposes of applying this Section:

(i) Ordering Rules. If as a result of the application of Section 4.2(a), Section 4.2(f) or Section 4.2(g) a Tax Asset is treated as used or absorbed more than once, such Tax Asset shall be treated as used, for purposes of this Section 4, only once and at the earliest possible date.

(ii) Alternative Minimum Tax. This Section 4 shall be applied without regard to the alternative minimum tax and the alternative minimum tax credit provisions of Sections 53 and 55 through 59 of the Code; provided, however, that

this Section 4 shall apply to any credit under Section 53 of the Code arising out of the payment of alternative minimum tax under Section 55 of the Code with respect a Tax Year, or portion thereof, ending on or before the IPO Closing Date. For purposes of Section 4.2(a), TODCO will be deemed to use or absorb any credit under Section 53 of the Code that is a Pre-IPO Tax Asset only after it has used or absorbed all other available credits under Section 53 of the Code.

(iii) Trinidad and Tobago Taxes and Tax Assets. Section 4.2(a) shall not apply, and TODCO shall have no obligation to pay Holdings, with respect to any Pre-IPO Tax Asset, to the extent that such Tax Asset either (x) reduces a Foreign Income Tax imposed by the Republic of Trinidad and Tobago and the creation of such Tax Asset was attributable to the TODCO Business or (y) is generated as a result of the payment of a Foreign Income Tax imposed by the Republic of Trinidad and Tobago and such Foreign Income Tax was attributable to the TODCO Business.

(iv) Examples. The operation of various provisions of this Section 4 is illustrated by examples in Appendix A of this Agreement.

4.3 Claims for Refund from Carrybacks.

(a) Filing Claims and Making Payments for Carrybacks. If the TODCO Tax Group generates a Carryback to a Consolidated Year or Combined Year, then, upon request of TODCO, Holdings may, in its sole discretion, file a claim for refund arising from such Carryback and pay such refund to TODCO in accordance with Section 5.

(b) Adjustment of Tax Items. In the event that a Carryback by the TODCO Tax Group to a Consolidated Year or Combined Year increases the liability for Taxes of the Transocean Tax Group, the amount of the refund to which the TODCO Tax Group shall be entitled to receive, in accordance with Section 5, shall be net of such increased liability to the Transocean Tax Group.

4.4 Tax Benefits Resulting from Exercise of Employee Stock Options. Except as otherwise provided in Section 5.8, if (x) pursuant to the exercise of an employee stock option the Transocean Tax Group delivers to an employee of the TODCO Tax Group stock of Transocean at any time during a Tax Year, or portion thereof, that begins after the IPO Closing Date and (y) the delivery of such stock results in a present or potential future Tax Benefit to the TODCO Tax Group, TODCO shall pay to Holdings the deemed value of such Tax Benefit within thirty days after the delivery of such stock. For purposes of this Section 4.4, the deemed value of such Tax Benefit shall be an amount equal to the product of (x) the amount of the deduction allowed to the TODCO Tax Group by the Code with respect to the delivery of the Transocean stock and (y) the highest statutory rate applicable under Section 11 of the Code. However, if any deduction otherwise described in this Section 4.4 exceeds U.S.$1.0 million, determined on an employee-by-employee basis, the Tax Benefit relating to such deduction shall not be treated as a Tax Benefit described in this Section 4.4, but the underlying deduction

shall be treated in the same manner as if it were a Tax Asset created on or before the IPO Closing Date, as described in Section 4.2.

SECTION 5. TAX PAYMENTS AND INTERCOMPANY BILLINGS.

5.1 Consolidated and Combined Returns.

(a) Computation and Payment of Tax Due. At least ten business days prior to any Payment Date for a Consolidated or Combined Return, Holdings shall compute the amount of Tax required to be paid to the relevant Tax Authority with respect to such Tax Return on such Payment Date and shall notify TODCO in writing of (x) the amount of Tax required to be paid on such Payment Date, and (y) the amount, if any, of such Tax which is allocable to TODCO under Sections 2.1(a), 2.2(a) and 2.3(a). Holdings will pay, or shall cause one or more of its Subsidiaries (other than members of the TODCO Tax Group) to pay, the amount described in clause (x) of the immediately preceding sentence to the relevant Tax Authority on or before such Payment Date.

(b) Computation and Payment of TODCO Liability With Respect to Tax Due. Within thirty days following any Payment Date, TODCO will pay to Holdings (or another member of the Transocean Tax Group designated by Holdings pursuant to Section 5.5) the amount, if any, of Tax paid on such Payment Date for which TODCO is liable in accordance with Sections 2.1(a), 2.2(a) and 2.3(a), appropriately adjusted for prior payments made by TODCO with respect to that Consolidated or Combined Year. If, at any time, the total amount of payments made by TODCO to Transocean (or any of its Subsidiaries other than members of the TODCO Tax Group) with respect to Taxes for a Consolidated or Combined Year exceeds the amount for which TODCO is liable in accordance with Sections 2.1(a), 2.2(a) and 2.3(a), Holdings will promptly remit the excess to TODCO.

5.2 Payment of Refunds, Tax Benefits, and Tax Assets. Except as otherwise provided in Section 5.8 or any other part of this Agreement:

(a) Refund or Tax Benefit Received by Transocean Tax Group. If a member of the Transocean Tax Group receives a Tax refund with respect to Taxes for which a member of the TODCO Tax Group is liable hereunder or receives a Tax Benefit for which TODCO is entitled to reimbursement hereunder, Holdings, as appropriate, shall pay to TODCO, within thirty days following the receipt of the Tax refund or Tax Benefit, an amount equal to such Tax refund or Tax Benefit. Unless specified otherwise in this Agreement, a Tax Benefit will be considered received at the time the Tax Return is filed with respect to such Tax Benefit.

(b) Refund Received by TODCO Tax Group. If a member of the TODCO Tax Group receives a Tax refund with respect to Taxes for which a member of the Transocean Tax Group is liable hereunder, TODCO shall pay to Holdings, within thirty days after the receipt of the Tax refund, an amount equal to such Tax refund.

(c) Tax Asset Used by TODCO Tax Group.

(i) Estimated Payments. TODCO shall, consistent with the principles of Section 4.2, estimate the value of all Pre-IPO Tax Assets utilized in determining each required installment of estimated taxes payable by any member of the TODCO Tax Group either to Holdings under Section 5.1(b) or to a Tax Authority under Code Section 6655 (without regard to Code Section 6655(d)(1)(B)(ii)) or other applicable Tax Law. Within thirty days following the required payment date for such installment (and whether or not any payment is actually made), TODCO shall pay to Holdings the estimated value of such Pre-IPO Tax Assets, reduced by any payments previously made by TODCO to Holdings, and increased by any payments previously made by Holdings to TODCO, pursuant to this Section 5.2(c)(i) for the same Tax Year. If the adjustments described in the immediately preceding sentence result in a deficit (i.e., a reduction below zero), then Holdings will promptly remit to TODCO the amount of such deficit.

(ii) Date Tax Return is Due. If any member of the TODCO Tax Group receives an extension of the due date for filing a Tax Return, as determined under Code Section 6072 or other applicable Tax Law, TODCO shall, consistent with the principles of Section 4.2, estimate the value of all Pre-IPO Tax Assets that will be used or absorbed on such Tax Return. Within thirty days following such due date (determined without regard to extensions), TODCO shall pay to Holdings the estimated value of such Pre-IPO Tax Assets, reduced by any payments previously made by TODCO to Holdings, and increased by any payments previously made by Holdings to TODCO, pursuant to Section 5.2(c)(i) for the same Tax Year. If the adjustments described in the immediately preceding sentence result in a deficit (i.e., a reduction below zero), then Holdings will promptly remit to TODCO the amount of such deficit.

(iii) Date Tax Return is Filed. Within thirty days after any member of the TODCO Tax Group files a Tax Return for a Tax Year under Code Section 6012 or other applicable Tax Law, TODCO shall pay to Holdings the value of all Pre-IPO Tax Assets used or absorbed on such Tax Return as determined under Section 4.2, reduced by any payments previously made by TODCO to Holdings, and increased by any payments previously made by Holdings to TODCO, pursuant to Sections 5.2(c)(i) and (ii) for the same Tax Year. If the adjustments described in the immediately preceding sentence result in a deficit (i.e., a reduction below zero), then Holdings will promptly remit to TODCO the amount of such deficit.

5.3 Initial Determinations and Subsequent Adjustments.

(a) General Rules. The initial determination of the amount of a payment, if any, which one Company is required to make to another under this Agreement shall be made on the basis of the Tax Return as filed, or, if the Tax to which the payment relates is not reported in a Tax Return, on the basis of the amount of Tax initially paid to the Tax Authority. Except as otherwise provided in Section 8.3, payments will be made, as appropriate, if as a result of an audit by a Tax Authority or for any other reason (x) additional Taxes to which such determination relates are subsequently paid, (y) a refund of such Taxes or a Tax Benefit relating to such Taxes is received, or (z) the amount or character of any Tax Item is adjusted or redetermined. Except as otherwise provided in Section 5.8, each payment required by the immediately

preceding sentence (x) as a result of a payment of additional Taxes will be due thirty days after the date on which the additional Taxes were paid or, if later, thirty days after the date of a request from the other Company for the payment, (y) as a result of the receipt of a refund or Tax Benefit will be due thirty days after the refund or Tax Benefit was received, or (z) as a result of an adjustment or redetermination of the amount or character of a Tax Item will be due thirty days after the date on which the final action resulting in such adjustment or redetermination is taken by a Tax Authority or either Company. If a payment is made as a result of an audit by a Tax Authority which does not conclude the matter, further adjusting payments will be made, as appropriate, to reflect the outcome of subsequent administrative or judicial proceedings.

(b) Taxes that Generate TODCO Tax Benefits. Except as otherwise provided in Section 5.8, if (x) pursuant to Section 5.3(a), Holdings indemnifies TODCO and its Subsidiaries against any additional State Income Tax, Foreign Income Tax, or Other Tax that is attributable to any Tax Year or portion thereof beginning before the IPO Closing Date and (y) the payment of such Tax generates a present or potential future Tax Benefit to the TODCO Tax Group, then TODCO shall be liable for and pay to Holdings within thirty days after the payment of such Tax by Holdings the deemed value of such Tax Benefit. For purposes of this Section 5.3(b), the deemed value of such Tax Benefit shall be an amount equal to the product of (x) the amount of the Tax giving rise to such Tax Benefit and (y) the highest statutory rate applicable under Section 11 of the Code. However, if any Tax otherwise described in this Section 5.3(b) exceeds U.S.$1.0 million, determined separately for each Tax Contest, the Tax Benefit relating to such Tax shall not be treated as a Tax Benefit described in this Section 5.3(b), but the underlying deduction allowed by the Code arising from the payment of such Tax shall be treated in the same manner as if it were a Pre-IPO Tax Asset described in Section 4.2.

5.4 Indemnification Payments. Except as otherwise provided in Section 2.5(d), if any member of one Group is required to make a payment to a Tax Authority for Taxes for which a Company belonging to the other Group is liable under this Agreement, the Company which is liable for such Taxes under this Agreement will remit the amount for which it is liable to the appropriate other Company within thirty days after receiving notification requesting such amount.

5.5 Payments by or to Other Members of the Groups. When appropriate under the circumstances to reflect the underlying liability for a Tax or entitlement to a Tax refund or Tax Benefit, a payment which is required to be made by or to a Company may be made by or to another member of the Group to which that Company belongs, but nothing in this Section 5.5 shall relieve any Company of its obligations under this Agreement.

5.6 Interest. Payments pursuant to this Agreement that are not made within the period prescribed in this Agreement or, if no period is prescribed, within fifteen (15) business days after demand for payment is made (the "Payment Period") shall bear interest for the period from and including the date immediately following the last date of the Payment Period through and including the date of payment at a per annum rate equal to the rate specified in Section 6.5 of the Master Separation Agreement. Such

interest will be payable at the same time as the payment to which it relates and shall be calculated on the basis of a year of 365 days and the actual number of days for which due.

5.7 Tax Consequences of Payments. For all Tax purposes and to the extent permitted by applicable law, the parties hereto shall treat any payment made pursuant to this Agreement as a capital contribution or a dividend distribution, as the case may be, immediately prior to the Effective Date and, accordingly, as not includible in the taxable income of the recipient.

5.8 Subordination Agreement. If without regard to this Section 5.8, (x) TODCO would be required pursuant to this Agreement to make a payment to Holdings within the period prescribed in Section 4.4 or elsewhere in this Section 5, and (y) such payment by TODCO at such time would not be permitted under the terms of the Subordination Agreement, dated as of December 30, 2003, by Transocean, TODCO, and certain of their Subsidiaries, then such payment obligation shall be deferred until permitted by the Subordination Agreement; provided, however, that for purposes of Section 5.6 (relating to interest) such payment shall be considered due at the time prescribed in Section 4.4 or elsewhere in this Section 5 without regard to this Section 5.8.

SECTION 6. ASSISTANCE AND COOPERATION. The parties will cooperate (and cause their respective affiliates to cooperate) with each other and with each other's agents, including accounting firms and legal counsel, in connection with Tax matters, including provision of relevant documents and information in their possession and making available to each other, as reasonably requested and available, personnel (including officers, directors, employees and agents of the Companies or their affiliates) responsible for preparing, maintaining, and interpreting information and documents relevant to Taxes, and personnel reasonably required as witnesses or for purposes of providing information or documents in connection with any administrative or judicial proceedings relating to Taxes. Any information or documents provided under this Section 6 shall be kept confidential by the Company receiving the information or documents, except as may otherwise be necessary in connection with the filing of Tax Returns or in connection with any administrative or judicial proceedings relating to Taxes.

SECTION 7. TAX RECORDS.

7.1 Retention of Tax Records. Each Company shall preserve, and shall cause its affiliates to preserve, all Tax Records which are in its possession, and which could affect the liability of any member of the other Group for Taxes, for so long as the contents thereof may become material in the administration of any matter under applicable Tax Law, but in any event until the later of (x) the expiration of any applicable statutes of limitation, as extended, and (y) seven years after the IPO Closing Date.

7.2 Access to Tax Records. The Companies and their respective affiliates shall make available to members of the other Group for inspection and copying during normal business hours upon reasonable notice all Tax Records in their possession to the extent reasonably requested by any such member of the other Group in connection

with the preparation of Tax Returns, audits, litigation, or the resolution of items under this Agreement.

SECTION 8. TAX CONTESTS.

8.1 Notices. Each of the parties shall provide prompt notice to the other party of any pending or threatened Tax audit, assessment or proceeding or other Tax Contest of which it becomes aware relating to Taxes for which it is or may be indemnified by the other party hereunder. Such notice shall contain factual information (to the extent known) describing any asserted Tax liability in reasonable detail and shall be accompanied by copies of any notice and other documents received from any Tax Authority in respect of any such matters. If an indemnified party has knowledge of an asserted Tax liability with respect to a matter for which it is to be indemnified hereunder and such party fails to give the indemnifying party prompt notice of such asserted Tax liability, then (x) if the indemnifying party is precluded from contesting the asserted Tax liability in any forum as a result of the failure to give prompt notice, the indemnifying party shall have no obligation to indemnify the indemnified party for any Taxes arising out of such asserted Tax liability, and (y) if the indemnifying party is not precluded from contesting the asserted Tax liability in any forum, but such failure to give prompt notice results in a monetary detriment to the indemnifying party, then any amount which the indemnifying party is otherwise required to pay the indemnified party pursuant to this Agreement shall be reduced by the amount of such detriment.

8.2 Control of Tax Contests. Each Company shall have full responsibility and discretion in handling, settling or contesting any Tax Contest involving a Tax for which it is liable pursuant to Section 2 of this Agreement, except that (x) Holdings shall have full responsibility and discretion in handling, settling or contesting any Tax Contest with respect to a Consolidated Return or Combined Return and (y) TODCO shall not, without written consent from Holdings, exercise its discretion in handling, settling or contesting or paying Taxes subject to any Tax Contest in a manner that TODCO knows, or reasonably should know, would adversely affect any member of the Transocean Tax Group.

8.3 Cooperation. The indemnified Company shall provide the Company controlling any Tax Contest pursuant to Section 8.2 with all information relating to the indemnified Company and its Subsidiaries which the Company controlling the Tax Contest needs to handle, settle or contest the Tax Contest. At the request of the Company controlling the Tax Contest, the indemnified Company shall take any action (e.g., executing a power of attorney) that is reasonably necessary in order for the Company controlling the Tax Contest to handle, settle or contest the Tax Contest. TODCO shall assist Holdings, and Holdings shall assist TODCO, in taking any remedial actions which are necessary or desirable to minimize the effects of any adjustment made by a Tax Authority, including without limitation those described in Internal Revenue Service Revenue Procedure 99-32. The Company controlling the Tax Contest shall have no obligation to indemnify the indemnified Company for any additional Taxes resulting from the Tax Contest, if the indemnified Company fails to cooperate fully or provide complete assistance to the Company controlling the Tax Contest.

SECTION 9. RESTRICTION ON CERTAIN POST-IPO ACTIONS OF TODCO. TODCO agrees that it will not take or fail to take, or permit any Subsidiary of TODCO to take or fail to take, any action where such action or failure to act would be inconsistent with or prohibit a distribution by Transocean of its stock in TODCO from qualifying as a tax-free distribution under Section 355 of the Code. TODCO also agrees that (i) TODCO has no intentions of causing its wholly owned subsidiary, THE Offshore Drilling Company, to dispose of the assets it acquired from R&B Falcon Holdings Inc. in a February 2003 merger of those two companies, (ii) TODCO will cause THE Offshore Drilling Company to continue without interruption the business it conducted prior to the February 2003 merger, and (iii) TODCO has no intention of disposing of the stock of THE Offshore Drilling Company that it received in the February 2003 merger.

SECTION 10. GENERAL PROVISIONS.

10.1 Survival of Obligations. The representations, warranties, covenants and agreements set forth in this Agreement shall be unconditional and absolute and shall remain in effect without limitation as to time.

10.2 Expenses. Each Company and its affiliates shall bear their own expenses incurred in connection with preparation of Tax Returns, Tax Contests, and other matters related to Taxes under the provisions of this Agreement.

10.3 Breach of Agreement. A breach of this Agreement shall be treated as a breach of an Ancillary Agreement within the meaning of Sections 3.3(c) or 3.4(c), as appropriate, of the Master Separation Agreement.

10.4 Disputes. The procedures for discussion, negotiation and arbitration set forth in Article VI of the Master Separation Agreement shall apply to all disputes, controversies or claims (whether sounding in contract, tort or otherwise) that may rise out of or relate to, or arise under or in connection with this Agreement.

10.5 Notices. All notices and other communications hereunder shall be in writing and shall be delivered in person, by telecopy, by express or overnight mail delivered by a nationally recognized air courier (delivery charges prepaid), or by registered or certified mail (postage prepaid, return receipt requested) to the respective parties as follows:

(a) If to Holdings to:

Robert W. Kemp
Vice President, Tax
Transocean Offshore Deepwater Drilling, Inc.
4 Greenway Plaza, Suite 800
Houston, Texas 77046

(b) If to TODCO to:

T. Scott O'Keefe

Senior Vice President and Chief Financial Officer
TODCO
2000 W. Sam Houston Parkway South, Suite 800
Houston, Texas 77042

or to such other address as the party to whom notice is given may have previously furnished to the others in writing in the manner set forth above. Any notice or communication delivered in person shall be deemed effective on delivery or when delivery is refused. Any notice or communication sent by telecopy or by air courier shall be deemed effective on the first business day at the place at which such notice or communication is received following the day on which such notice or communication was sent.

10.6 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same agreement. The Agreement may be delivered by facsimile transmission of a signed copy thereof.

10.7 Binding Effect; Assignment. This Agreement and all of the provisions hereof shall be binding upon the parties hereto and inure to the benefit of the parties hereto and their respective successors and permitted assigns. Except with respect to a merger of a party, neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by any party hereto without the prior written consent of the other parties, which consent shall not be unreasonably withheld or delayed; provided, however, that Holdings and TODCO may assign their respective rights, interests, duties, liabilities and obligations under this Agreement to any other member of their Group, but such assignment shall not relieve Holdings or TODCO, as the assignor, of its obligations hereunder.

10.8 Severability. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof. Any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

10.9 Amendment. This Agreement may not be amended or modified in any respect except by a written agreement signed by all of the parties hereto.

10.10 Effective Time. This Agreement shall become effective on the Effective Date.

10.11 Change in Law. Any reference to a provision of the Code or any other Tax Law shall include a reference to any applicable successor provision or law.

10.12 Authorization, Etc. Each of the parties hereto hereby represents and warrants that it has the power and authority to execute, deliver and perform this

Agreement, that this Agreement has been duly authorized by all necessary corporate action on the part of such party, that this Agreement constitutes a legal, valid and binding obligation of each such party and that the execution, deliver and performance of this Agreement by such party does not contravene or conflict with any provision of law or of its charter or bylaws or any agreement, instrument or order binding such party.

10.13 No Third Party Beneficiaries. Except as provided in Sections 3.3 and 3.4 of the Master Separation Agreement, this Agreement is solely for the benefit of Transocean, Holdings, TODCO and their Subsidiaries and is not intended to confer upon any other person any rights or remedies hereunder.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by the respective officers as of the date set forth above.

TRANSOCEAN HOLDINGS INC.

By: /s/ Robert W. Kemp

Name: Robert W. Kemp
Title: Vice President, Tax

TODCO

By: /s/ T. Scott O'Keefe

Name: T. Scott O'Keefe
Title: Senior Vice President and Chief Financial Officer

SCHEDULE 1.1

APPLICABLE DISCOUNT RATES

2004	0.80
2005	0.70
2006	0.70
2007	0.80
2008	0.80
2009	0.85
2010	0.90
2011	0.95
2012	0.95
2013 and later years	1.00

SCHEDULE 1.2

TODCO TAX GROUP

Cliffs Drilling (Barbados) Holdings SRL
Cliffs Drilling (Barbados) SRL
Cliffs Drilling Company
Cliffs Drilling de Venezuela, S.A.
Cliffs Drilling Trinidad L.L.C.
Cliffs Drilling Trinidad Offshore Limited
Perforaciones Falrig de Venezuela C.A.
Servicos Integrados Petroleros C.C.I., S.A.
Servicios TODCO, de RL de C.V.
THE Offshore Drilling Company
TODCO
TODCO Management Services, Inc. LLC
TODCO Mexico, Inc.
TODCO Trinidad Ltd.

SCHEDULE 1.3

TRANSOCEAN TAX GROUP

Arcade Drilling as
Asie Sonat Offshore Sdn Bhd
Cariba Ships Corporation N.V.
Caspian Sea Ventures International, Ltd.
Cliffs Drilling do Brasil Servicos de Petroleo S/C Ltda.
DeepVision LLC
Deepwater Drilling II L.L.C.
Deepwater Drilling L.L.C.
Falcon Atlantic Ltd.
Hellerup Finance International
International Chandlers Inc.
NRB Drilling Services Limited
Overseas Drilling Limited
P.T. Hitek Nusantara Offshore Drilling
Partrederiet Polar Frontier Drilling
Polar AS
Polar Frontier Drilling AS
PT RBF Offshore Drilling
R&B Falcon (A) Pty Ltd.
R&B Falcon (Caledonia) Limited
R&B Falcon (Ireland) Limited
R&B Falcon (M) Sdn. Berhad
R&B Falcon (U.K.) Limited
R&B Falcon B.V.
R&B Falcon Canada Co.
R&B Falcon Deepwater (UK) Limited
R&B Falcon Drilling (International & Deepwater) Inc. LLC
R&B Falcon Drilling Co. LLC
R&B Falcon Drilling do Brasil Ltda.
R&B Falcon Drilling Limited, LLC
R&B Falcon Exploration Co. LLC
R&B Falcon International Energy Services B.V.
R&B Falcon Offshore Limited, LLC
R&B Falcon, Inc. LLC
RB Anton Ltd.
RB Astrid Ltd.
RB Mediterranean Ltd.
RBF (Nigeria) Limited
RBF Drilling Co. LLC
RBF Drilling Services, Inc. LLC
RBF Exploration LLC
RBF Finance Co.
RBF Rig Corporation LLC

RBF Servicos Angola, Limitada
Reading & Bates - Demaga Perfuracoes Ltda.
Reading & Bates Coal Co. LLC
SDS Offshore Ltd.
Sea Wolf Drilling Ltd.
Sea Wolf Drillstar Ltd.
Sea Wolf Sedex Ltd.
Sedco Forex (Malaysia) Sendirian Berhad
Sedco Forex Canada Ltd.
Sedco Forex Corporation
Sedco Forex Holdings Limited
Sedco Forex International Drilling, Inc.
Sedco Forex International Resources, Ltd.
Sedco Forex International Services, S.A.
Sedco Forex International, Inc.
Sedco Forex of Nigeria Limited
Sedco Forex Offshore International N.V.
Sedco Forex Shorebase Support Ltd.
Sedco Forex Technical Services, Inc.
Sedco Forex Technology, Inc.
Sedneth Panama, S.A.
Sefora Maritime Limited
Services Petroliers Sedco Forex
Shore Services, LLC
Sonat Brasocean Servicos De Perfuracoes Ltda.
Sonat Offshore do Brasil Perfuracoes Maritimas Ltda.
Sonat Offshore SA
Transhav AS
Transocean Alaskan Ventures Inc.
Transocean AS
Transocean Brasil Ltda.
Transocean Deepwater Frontier Limited
Transocean Deepwater Pathfinder Limited
Transocean Drilling (Nigeria) Ltd.
Transocean Drilling (U.S.A.) Inc.
Transocean Drilling Company, Inc.
Transocean Drilling Ltd.
Transocean Drilling Services Inc.
Transocean Enterprise Inc.
Transocean Holdings Inc.
Transocean I AS
Transocean Inc.
Transocean International Drilling Inc.
Transocean International Drilling Limited
Transocean Investmentivos Ltda.
Transocean Management Inc.

Transocean Mediterranean LLC
Transocean Offshore (Cayman) Inc.
Transocean Offshore (North Sea) Ltd.
Transocean Offshore (U.K.) Inc.
Transocean Offshore Caribbean Sea, L.L.C.
Transocean Offshore D.V. Inc.
Transocean Offshore Deepwater Drilling Inc.
Transocean Offshore Drilling Services LLC
Transocean Offshore Europe Limited
Transocean Offshore Holdings ApS
Transocean Offshore International Ltd.
Transocean Offshore International Ventures Limited
Transocean Offshore Limited
Transocean Offshore Nigeria Ltd.
Transocean Offshore Norway Inc.
Transocean Offshore Services Ltd.
Transocean Offshore Ventures Inc.
Transocean Sedco Forex Brasil Ltda.
Transocean Sedco Forex Ventures Limited
Transocean Services AS
Transocean Sino Ltd.
Transocean Support Services Limited
Transocean UK Ltd.
Transocean-Nabors Drilling Technology, L.L.C.
Triton Drilling Ltd.
Triton Holdings Limited
Triton Industries, Inc.
Wilrig Drilling (Canada) Inc.
Wilrig Offshore (UK) Ltd.

APPENDIX A

The following examples illustrate the operation of various provisions of Section 4 of this Agreement. Each of the examples assumes (i) an income tax rate of 35%, (ii) that the Closing Date occurred in 2003, and (iii) that TODCO files a Separate Return with respect to all Taxes in 2004 and later years.

Example 1. In 2004, TODCO has $100x of gross income, all of which is from sources outside the United States, and pays $35x of Foreign Income Taxes. TODCO has no other expenses or deductions in 2004, but has available a $100x net operating loss ("NOL") carryforward from 2002. TODCO elects (or Holdings causes TODCO to elect) to credit, rather than deduct, Foreign Income Taxes paid in 2004. TODCO's foreign tax credits are, however, subject to full limitation, but solely because of the existence of the 2002 NOL. The following reflects TODCO's 2004 liability for Taxes with and without regard to the 2002 NOL:

	Actual Return with 2002 NOL	Hypothetical Return without 2002 NOL
Gross Income	100x	100x
Deductions	-0-	-0-
2002 NOL	100x	-0-
Pre-Credit Tax Liability	-0-	35x
Credits	-0-	35x
Income Tax Liability	-0-	-0-

Pursuant to Section 4.2(b)(i), the 2002 NOL is treated as a Pre-IPO Tax Asset. Because the 2002 NOL has the effect of reducing Taxes for which TODCO is liable pursuant to Section 2 (without regard to the 2004 foreign tax credits that could have otherwise been used), TODCO must pay Holdings pursuant to Section 4.2(a) an amount equal to the value of the 2002 NOL. Pursuant to 4.2(c), the value of the 2002 NOL is $35x (viz., 35% x $100x), reduced by the value of the foreign tax credits that could have been used to similarly reduce TODCO's Taxes, but for the existence of the 2002 NOL. Pursuant to clause (x) of the last sentence of Section 4.2(c), the value of the foreign tax credits is $28x (viz., 80% x $35x). Accordingly, the value of the 2002 NOL, $35x, is reduced by the value of the foreign tax credits, $28x, resulting in a $7 payment obligation by TODCO to Holdings.

Pursuant to Section 4.2(b)(iv), the 2004 foreign tax credits will thereafter be treated as a Pre-IPO Tax Asset. Accordingly, if TODCO subsequently uses those credits on a Tax Return to reduce its Taxes, it must pay Holdings under Section 4.2(a) an amount equal to the value of those credits. The value of those credits will be $28x, pursuant to Section 4.2(c)(iii), but subject to reduction by any Post-IPO Tax that could have otherwise been used to similarly reduce such Taxes. Similarly, if TODCO uses only half of those credits (i.e., $17.5x), TODCO must only pay Holdings an amount equal to the

value of half of the credits (i.e., $14x, subject to reduction by any Post-IPO Tax that could have otherwise been used to similarly reduce such Taxes).

Example 2. The facts are the same as in Example 1, except that TODCO elects (or Holdings causes TODCO to elect) to deduct rather than credit Foreign Income Taxes paid in 2004. The following reflects TODCO's 2004 liability for Taxes with and without regard to the 2002 NOL:

	Actual Return with 2002 NOL	Hypothetical Return without 2002 NOL
Gross Income	100x	100x
Deductions	35x	35x
2002 NOL	65x	-0-
Pre-Credit Tax Liability	-0-	22.75x
Credits	-0-	-0-
Income Tax Liability	-0-	22.75x

Pursuant to Section 4.2(b)(i), the 2002 NOL is treated as a Pre-IPO Tax Asset. Because $65x of the 2002 NOL has the effect of reducing Taxes for which TODCO is liable pursuant to Section 2, TODCO must pay Holdings pursuant to Section 4.2(a) an amount equal to the value of that portion of the 2002 NOL. Pursuant to 4.2(c), the value of that portion of the 2002 NOL is $22.75x (viz., 35% x $65x), reduced by the value of any Post-IPO Tax Asset that could have otherwise been used to reduce TODCO's Taxes. Pursuant to the second sentence of Section 4.2(c), the deduction for Foreign Income Taxes paid in 2004 will be considered a Tax Asset that could have otherwise been so used, because TODCO could have credited, rather than deducted, such Foreign Income Taxes but for the existence of the 2002 NOL. Pursuant to clause (y) of the last sentence of Section 4.2(c), the value of the such deduction shall equal $18.20x (viz., 80% x ($35x - 35% x $35x)). Accordingly, the value of $65x of the 2002 NOL, $22.75x, is reduced by the value of the deduction for Foreign Income Taxes paid in 2004, $18.20x, resulting in a $4.55 payment obligation by TODCO to Holdings.

Example 3. The facts are the same as in Example 1, except that in 2008 TODCO files (or Holdings causes TODCO to file) an amended Tax Return for 2004 in which TODCO elects to deduct, rather than credit, Foreign Income Taxes paid in 2004 (i.e., the results in Example 2). Accordingly, TODCO's obligations under Section 4.2(a) will be recomputed taking into account the amended Tax Return, and TODCO and Holdings will make payments between each other pursuant to Section 5.3 to reflect the adjusted obligation. On these facts, Holdings would pay TODCO $2.45 (viz. $7 - $4.55).

The change in the 2004 election, however, also reduces the amount of the 2002 NOL carryforward that is used in 2004. Accordingly, a payment obligation may arise with respect to the $35x of 2002 NOL carryforward that is carried to 2005 or a later year.

Example 4. In 2004, TODCO has $100x of gross income and pays no Foreign Income Taxes. TODCO has no expenses or deductions in 2004, but has available a $100x NOL carryforward from 2002. The following reflects TODCO's 2004 liability for Taxes with and without regard to the 2002 NOL:

	Actual Return with 2002 NOL	Hypothetical Return without 2002 NOL
Gross Income	100x	100x
Deductions	-0-	-0-
2002 NOL	100x	-0-
Pre-Credit Tax Liability	-0-	-0-
Credits	-0-	-0-
Income Tax Liability	-0-	35x

Pursuant to Section 4.2(b)(i), the 2002 NOL is treated as a Pre-IPO Tax Asset. Because the 2002 NOL has the effect of reducing Taxes for which TODCO is liable pursuant to Section 2, TODCO must pay Holdings pursuant to Section 4.2(a) an amount equal to the value of the 2002 NOL. Pursuant to 4.2(c)(i), the value of the 2002 NOL is $35x (viz., 35% x $100x). Accordingly, TODCO must pay Holdings $35x.

In 2005, TODCO generates a $100x NOL. Pursuant to the "provided, however," clause of Section 4.2(c), TODCO may not carry back the 2005 NOL to the hypothetical 2004 Tax Return in order to reduce the value of the 2002 NOL that was used in 2004.

Example 5. In 2004, TODCO generates a $100x NOL. In 2005, TODCO has $100x of gross income and pays no Foreign Income Taxes. TODCO has no expenses or deductions in 2005, but has available a $100x NOL carryforward from 2002 and a $100x NOL carryforward from 2004 . The following reflects TODCO's 2005 liability for Taxes with and without regard to the 2002 NOL:

	Actual Return with 2002 NOL	Hypothetical Return without 2002 NOL
Gross Income	100x	100x
Deductions	-0-	-0-
2002 NOL	-0-	100x
2004 NOL	100x	-0-
Pre-Credit Tax Liability	-0-	-0-
Credits	-0-	-0-
Income Tax Liability	-0-	-0-

Pursuant to Section 4.2(b)(i), the 2002 NOL is treated as a Pre-IPO Tax Asset. Because the 2002 NOL has the effect of reducing Taxes for which TODCO is Liable

pursuant to Section 2 (without regard to the 2004 NOL that could have otherwise been used), TODCO must pay Holdings pursuant to Section 4.2(a) an amount equal to the value of the 2002 NOL. Pursuant to 4.2(c), the value of the 2002 NOL is $35x (viz., 35% x $100x), reduced by the value of the 2004 NOL that could have been used to similarly reduce TODCO's Taxes, but for the existence of the 2002 NOL. Pursuant to the general rule of Section 4.2(c)(i), the value of the 2004 NOL is $35x (viz., 35% x $100x). Accordingly, the value of the 2002 NOL, $35x, is reduced by the value of the 2004 NOL, also $35x, resulting in no payment obligation by TODCO to Holdings.

Pursuant to Section 4.2(b)(iv), the 2004 NOL will thereafter be treated in the same manner as if such NOL had been created on or before the Closing Date. Accordingly, if TODCO subsequently uses the 2004 NOL on a Tax Return to reduce its Taxes, it must pay Holdings under Section 4.2(a) an amount equal to the value of such NOL.

Example 6. In 2004, TODCO has $100x of gross income from sources outside the United States, and pays $35x of Foreign Income Taxes. TODCO also has $100 of gross income from sources within the United States and a $100 deduction from sources outside the United States. TODCO has no other expenses or deductions in 2004, but has available a $100x NOL carryforward from 2002. TODCO elects (or Holdings causes TODCO to elect) to credit, rather than deduct, Foreign Income Taxes paid in 2004. TODCO's foreign tax credits are, however, subject to full limitation, NOT solely because of the existence of the 2002 NOL, but also because of the $100 deduction from sources outside the United States. The following reflects TODCO's 2004 liability for Taxes with and without regard to the 2002 NOL:

	Actual Return with 2002 NOL	Hypothetical Return without 2002 NOL
Gross Income (US Source)	100x	100x
Gross Income (Foreign Source)	100x	100x
Deductions (US Source)	-0-	-0-
Deductions (Foreign Source)	100x	100x
2002 NOL	100x	-0-
Pre-Credit Tax Liability	-0-	35x
Credits	-0-	-0-
Income Tax Liability	-0-	35x

Pursuant to Section 4.2(b)(i), the 2002 NOL is treated as a Pre-IPO Tax Asset. Because the 2002 NOL has the effect of reducing Taxes for which TODCO is liable pursuant to Section 2 (without regard to the 2004 foreign tax credits), TODCO must pay Holdings pursuant to Section 4.2(a) an amount equal to the value of the 2002 NOL. Pursuant to 4.2(c), the value of the 2002 NOL is $35x (viz., 35% x $100x), reduced by the value of the foreign tax credits that could have been used to similarly reduce TODCO's Taxes, but for the existence of the 2002 NOL. Because the foreign tax credits

could not have been used even without the existence of the 2002 NOL, there is no reduction in the value of the 2002 NOL. Accordingly, there is a $35 payment obligation by TODCO to Holdings. The foreign tax credits continue to be a Post-IPO Tax Asset.

Example 7. As of January 30, 2006, TODCO and its Subsidiaries, collectively, have the following Tax Assets:

- a $1,000x NOL carryforward from 2002,

- a $100x foreign tax credit carryforward from 2002, and

- a $100x foreign tax credit carryforward from 2004 that is treated as a Pre-IPO Tax Asset by reason of Section 4.2(b)(iv) with a value of $80x pursuant to Section 4.2(c)(iii).

On January 31, 2006, TODCO disposes of 30% of the stock of one its Subsidiaries ("Subsidiary A"). As a result of such disposition, Subsidiary A immediately thereafter ceases to join in the filing of a Federal Income Tax Return that is filed on a consolidated basis by TODCO and its eligible Subsidiaries (the "Deconsolidation"). Under the relevant Tax Law, Subsidiary A will be allowed to carry forward and deduct or credit, as applicable, on a Tax Return filed with respect to a Tax Year, or portion thereof, beginning after the day of Deconsolidation the following Tax Assets: (1) $200x of the 2002 NOL carryforward, (2) $20x of the 2002 foreign tax credit carryforward, and (3) $20x of the 2004 foreign tax credit carryforward. On May 31, 2006, 51% of the TODCO stock is acquired by a corporation unrelated to Holdings.

As a result of the Deconsolidation, the TODCO Tax Group will, pursuant to Section 4.2(g), be deemed to have used those Tax Assets attributable to Subsidiary A: (1) $200x of the 2002 NOL carryforward, (2) $20x of the 2002 foreign tax credit carryforward, and (3) $20x of the 2004 foreign tax credit carryforward. The value of these deemed used Tax Assets is determined as follows:

- The value of $200x of the 2002 NOL carryforward will equal $70x (viz., 35% x $200), pursuant to Section 4.2(c)(i) and the penultimate sentence of Section 4.2(g).

- The value of $20x of the 2002 foreign tax credit carryforward will equal $7x (viz., 35% x $20), pursuant to Section 4.2(c)(i) and the last sentence of Section 4.2(g).

- The value of $20x of the 2004 foreign tax credit carryforward will equal $16x (viz., 20/100 x $80x), pursuant to Section 4.2(c)(iii) and the penultimate sentence of Section 4.2(g).

Accordingly, TODCO will be obligated to pay Holdings $93x (viz., $70x + $7x + $16x), pursuant to Sections 4.2(a) and (g). Such payment will be due 30 days after January 30, 2006, pursuant to Section 5.2(b). This payment is due without regard to whether any member of the TODCO Tax Group actually uses such Tax Assets.

As a result of the acquisition of 51% of the stock of TODCO by a corporation unrelated to Holdings, the remaining members of the TODCO Tax Group will, pursuant to Section 4.2(f), be deemed to have used: (1) the remaining $800x of the 2002 NOL carryforward, (2) the remaining $80x of the 2002 foreign tax credit carryforward, and (3) the remaining $80x of the 2004 foreign tax credit carryforward. Pursuant to Section 4.2(h)(i), TODCO will not be deemed to have again used the Pre-IPO Tax Assets deemed used on January 30, 2006 pursuant to Section 4.2(g). The value of these deemed used Tax Assets is determined as follows:

- The value of the remaining $800x of the 2002 NOL carryforward will equal $280x (viz., 35% x $800), pursuant to Section 4.2(c)(i) and the penultimate sentence of Section 4.2(f).

- The value of the remaining $80x of the 2002 foreign tax credit carryforward will equal $28x (viz., 35% x $80), pursuant to Section 4.2(c)(i) and the last sentence of Section 4.2(f).

- The value of the remaining $80x of the 2004 foreign tax credit carryforward will equal $64x (viz., 80/100 x $80x), pursuant to Section 4.2(c)(iii) and the penultimate sentence of Section 4.2(g).

Accordingly, TODCO will be obligated to pay Holdings $372x (viz., $280x + $28x + $64x), pursuant to Sections 4.2(a) and (f). Such payment will be due 30 days after May 30, 2006, pursuant to Section 5.2(b). This payment is due without regard to whether any member of the TODCO Tax Group actually uses such Tax Assets.

TRANSITION SERVICES AGREEMENT

This TRANSITION SERVICES AGREEMENT (the "Agreement") is entered into as of the 4th day of February, 2004 between Transocean Holdings Inc., a Delaware corporation ("Transocean Holdings"), and TODCO, a Delaware corporation ("TODCO").

WHEREAS, Transocean Inc., a Cayman Islands company ("Transocean"), Transocean Holdings and TODCO currently contemplate that TODCO will make an initial public offering ("IPO") of shares of TODCO Class A Common Stock held by Transocean and Transocean Holdings;

WHEREAS, TODCO, as a wholly-owned Subsidiary, has previously received certain administrative and support services from Transocean Holdings and its Affiliates; and

WHEREAS, in order to effect an orderly transition by TODCO to a separate, stand-alone entity following the IPO, TODCO desires Transocean Holdings and its Affiliates to provide the services described herein.

NOW, THEREFORE, in consideration of the premises and the agreements set forth in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties, intending to be legally bound hereby, agree as follows:

ARTICLE I
DEFINITIONS

SECTION 1.1 Definitions. The following terms shall have the meaning ascribed thereto for purposes of this Agreement, including all exhibits hereto:

(a) "Annual Compensation" shall mean, with respect to an individual employee of a party for purposes of determining the employee's hourly billing rate hereunder, such employee's annual base salary as adjusted from time to time during the pertinent billing period plus the employee's annual bonus accrual during such pertinent billing period.

All other capitalized terms used but not otherwise defined herein shall have the meanings assigned to such terms in the Master Separation Agreement ("Separation Agreement") entered into as of the date hereof among Transocean Holdings, TODCO and Transocean.

ARTICLE II
SERVICES

SECTION 2.1 Services. Subject to the terms and conditions of this Agreement, Transocean Holdings, acting through its and/or its Affiliates' respective employees, agents, contractors or independent third parties, agrees to provide or cause to be provided to TODCO and its Subsidiaries the services set forth in Exhibits I-V hereto (including any additional services provided pursuant to Section 2.3, all of such services collectively referred to herein as

the "Services). At all times during the performance of the Services, all Persons performing such Services (including agents, temporary employees, independent third parties and consultants) shall be construed as being independent from the TODCO Group and such Persons shall not be considered or deemed to be an employee of any member of the TODCO Group nor entitled to any employee benefits of TODCO as a result of this Agreement. TODCO acknowledges and agrees that, except as may be expressly set forth herein as a Service (including an additional Service to be provided pursuant to Section 2.3 below) or otherwise expressly set forth in the Separation Agreement or an Ancillary Agreement, no member of the Transocean Group shall be obligated to provide, or cause to be provided, any service or goods to any member of the TODCO Group.

SECTION 2.2 Service Coordinators. Each party will nominate a representative to act as the primary contact with respect to the provision of the Services as contemplated by this Agreement (the "Service Coordinators"). The initial Service Coordinators shall be Brenda Masters for Transocean Holdings and Scott O'Keefe for TODCO. Unless Transocean Holdings and TODCO otherwise agree, Transocean Holdings and TODCO agree that all notices and communications relating to this Agreement other than those day to day communications and billings relating to the actual provision of the Services shall be directed to the Service Coordinators in accordance with Section 11.2 hereof.

SECTION 2.3 Additional Services. From the date hereof until 12 months following the IPO Closing Date (the "Extension Period") but in any event subject to any limitations set forth in the Exhibits hereto, TODCO may request additional Services from Transocean Holdings by providing written notice. Upon the mutual written agreement as to the nature, cost, duration and scope of such additional Services, Transocean Holdings and TODCO shall supplement in writing the Exhibits hereto to include such additional Services. These additional Services shall not extend past the end of the Extension Period.

SECTION 2.4 Third Party Services. Transocean Holdings shall have the right to hire third party subcontractors to provide all or part of any Service hereunder; provided, that, in the event such subcontracting is inconsistent with past practices and the practice applied by Transocean generally from time to time within its own organization, Transocean Holdings shall obtain the prior written consent of TODCO, which consent shall not be unreasonably withheld.

SECTION 2.5 Standard of Performance; Limitation of Liability. The Services to be provided hereunder shall be performed with the same general degree of care as when performed within the Transocean organization. In the event Transocean Holdings or its Affiliates fail to provide, or cause to be provided, the Services in accordance herewith, the sole and exclusive remedy of TODCO shall be to, at TODCO's sole discretion, either (i) have the Service reperformed, or (ii) not pay for such Service, or if payment has already been made, receive a refund of the payment made for such defective service; provided that in the event Transocean Holdings defaults in the manner described in Section 7.1(ii), TODCO shall have the further rights set forth in Section 7.1. EXCEPT AS EXPRESSLY SET FORTH IN THIS SECTION 2.5, NO REPRESENTATIONS OR WARRANTIES OF ANY KIND, IMPLIED OR EXPRESSED, ARE MADE BY TRANSOCEAN HOLDINGS OR ITS AFFILIATES WITH RESPECT TO THE SERVICES UNDER THIS AGREEMENT AND ALL SUCH REPRESENTATIONS OR WARRANTIES ARE HEREBY WAIVED AND DISCLAIMED.

TODCO HEREBY EXPRESSLY WAIVES ANY RIGHT TODCO MAY OTHERWISE HAVE FOR ANY LOSSES, TO ENFORCE SPECIFIC PERFORMANCE OR TO PURSUE ANY OTHER REMEDY AVAILABLE IN CONTRACT, AT LAW OR IN EQUITY IN THE EVENT OF ANY NON-PERFORMANCE, INADEQUATE PERFORMANCE, FAULTY PERFORMANCE OR OTHER FAILURE OR BREACH BY TRANSOCEAN HOLDINGS OR ITS AFFILIATES UNDER OR RELATING TO THIS AGREEMENT, NOTWITHSTANDING THE NEGLIGENCE (WHETHER SOLE, JOINT OR CONCURRENT OR ACTIVE OR PASSIVE) OR GROSS NEGLIGENCE OF TRANSOCEAN HOLDINGS OR ITS AFFILIATES OR ANY OTHER PERSON INVOLVED IN THE PROVISION OF SERVICES AND WHETHER DAMAGES ARE ASSERTED IN CONTRACT OR TORT, UNDER FEDERAL, STATE OR NON U.S. LAWS OR OTHER STATUTE OR OTHERWISE.

SECTION 2.6 Conflict with Laws. Notwithstanding any other provision hereof, Transocean Holdings shall not be required to provide a Service to the extent the provision thereof would violate or contravene an applicable Law. To the extent that the provision of any such Service would violate an applicable Law, the parties agree to work together in good faith to provide such Service in a manner which would not violate any Law.

ARTICLE III
SERVICE CHARGES

SECTION 3.1 Compensation. Each Service will be provided at the price indicated in the corresponding Exhibit hereto.

ARTICLE IV
PAYMENT

SECTION 4.1 Payment. Charges for Services shall be invoiced monthly by Transocean Holdings or, at the option of Transocean Holdings, the Transocean Holdings Affiliate providing the Service. TODCO shall make the corresponding payment no later than 30 calendar days after receipt of the invoice. Each invoice shall be directed to the TODCO Service Coordinator or such other person designated in writing from time to time by such Coordinator. The invoice shall set forth in reasonable detail for the period covered by such invoice: (i) the Services rendered, (ii) the basis for the calculation of the costs as set forth in Section 3.1 if applicable, and (iii) such additional information as TODCO may reasonably request at least 30 days in advance of the billings for a particular Service. In the event there is any dispute with respect to an invoice, TODCO shall make the payment for all non-disputed portions in accordance herewith.

ARTICLE V
TERM

SECTION 5.1 Term. The term of this Agreement shall commence upon the IPO Closing Date and shall continue in force until the termination of all Services in accordance with the duration of such Services set forth in the Exhibits hereto or as otherwise set forth herein.

ARTICLE VI
DISCONTINUATION OF SERVICES

SECTION 6.1 Discontinuation of Services. Except for those Services for which a minimum duration has been set in the Exhibits hereto, either party may, with the other party's prior written consent (which consent shall not be unreasonably withheld), elect to discontinue any individual Service from time to time.

ARTICLE VII
DEFAULT

SECTION 7.1 Termination for Default. In the event (i) of a failure of TODCO to pay for Services in accordance with the terms of this Agreement, or (ii) of a failure of Transocean Holdings to perform, or cause to be performed, the Services in accordance with the terms of this Agreement which failure results or could reasonably result in a material adverse impact on the business, operations or financial results of TODCO, then in either case the non-defaulting party shall have the right, at its sole discretion, to terminate this Agreement if the defaulting party has (A) failed to cure the default within 30 days of receipt of the written notice of default or, (B) if such default is not reasonably susceptible to cure within a 30 day period, taken action within 30 days of receipt of the written notice of default reasonably designed to cure such default as soon as is reasonably practicable. TODCO's right to terminate this Agreement set forth in (ii) above and the rights set forth in Section 2.5 shall constitute TODCO's sole and exclusive rights and remedies for a breach by Transocean Holdings hereunder (including without limitation any breach caused by an Affiliate of Transocean Holdings or other third party providing a Service hereunder).

ARTICLE VIII
INDEMNIFICATION

SECTION 8.1 Personal Injury. EACH PARTY (AS AN INDEMNIFYING PARTY) SHALL ASSUME ALL LIABILITY FOR AND SHALL RELEASE, DEFEND, INDEMNIFY AND HOLD THE OTHER PARTY, ITS AFFILIATES AND THEIR RESPECTIVE EMPLOYEES, OFFICERS, DIRECTORS AND AGENTS (ALL AS INDEMNIFIED PARTIES) FREE AND HARMLESS FROM AND AGAINST ALL LOSSES IN CONNECTION HEREWITH IN RESPECT OF INJURY TO OR DEATH OR SICKNESS OF ANY EMPLOYEE, AGENT OR REPRESENTATIVE OF THE INDEMNIFYING PARTY, ITS AFFILIATES OR THEIR CONTRACTORS OR SUBCONTRACTORS OF ANY TIER, HOWSOEVER ARISING AND WHETHER OR NOT CAUSED BY THE NEGLIGENCE (WHETHER SOLE, JOINT OR CONCURRENT OR ACTIVE OR PASSIVE) OR GROSS NEGLIGENCE OF THE INDEMNIFIED PARTIES, EXCEPT TO THE EXTENT SUCH LOSS IS CAUSED BY THE WILLFUL MISCONDUCT OF AN INDEMNIFIED PARTY.

SECTION 8.2 Property Damage. EACH PARTY (AS AN INDEMNIFYING PARTY) SHALL ASSUME ALL LIABILITY FOR AND SHALL RELEASE, DEFEND, INDEMNIFY AND HOLD THE OTHER PARTY, ITS AFFILIATES AND THEIR RESPECTIVE EMPLOYEES, OFFICERS, DIRECTORS AND AGENTS (ALL AS INDEMNIFIED PARTIES) HARMLESS FROM AND AGAINST ALL LOSSES IN

CONNECTION HEREWITH IN RESPECT OF LOSS OF OR DAMAGE TO PROPERTY OWNED BY SUCH INDEMNIFYING PARTY, ITS AFFILIATES, THEIR CONTRACTORS OR SUBCONTRACTORS OF ANY TIER OR THEIR RESPECTIVE EMPLOYEES, AGENT OR REPRESENTATIVE, HOWSOEVER ARISING AND WHETHER OR NOT CAUSED BY THE NEGLIGENCE (WHETHER SOLE, JOINT OR CONCURRENT OR ACTIVE OR PASSIVE) OR GROSS NEGLIGENCE OF THE INDEMNIFIED PARTIES, EXCEPT TO THE EXTENT SUCH LOSS IS CAUSED BY THE WILLFUL MISCONDUCT OF AN INDEMNIFIED PARTY.

SECTION 8.3 Services Received. TODCO hereby acknowledges and agrees that:

(a) the Services to be provided hereunder are subject to and limited by the provisions of Section 2.5 - Standard of Performance; Limitation of Liability, Section 7.1 - Termination for Default and the other provisions hereof, including without limitation, the limitation of remedies available to TODCO which restricts available remedies resulting from a Service not provided in accordance with the terms hereof to either non-payment or reperformance of such defective Service and, in certain limited circumstances, the right to terminate this Agreement;

(b) the Services are being provided solely to facilitate the transition of TODCO to a separate company as a result of the IPO, and Transocean Holdings and its Affiliates do not provide any such Services to non-Affiliates;

(c) it is not the intent of Transocean Holdings and its Affiliates to render, nor of TODCO to receive from Transocean Holdings and its Affiliates, professional advice or opinions, whether with regard to tax, legal, treasury, finance, employment or other matters, or technical advice, whether with regard to information technology or other matters; TODCO shall not rely on any Service rendered by or on behalf of Transocean Holdings for such professional advice or opinions or technical advice; and TODCO shall seek all third party professional advice and opinions or technical advice as it may desire or need, and in any event TODCO shall be responsible for and assume all risks associated with the Services, except to the limited extent set forth in Sections 2.5 and 7.1; and

(d) a material inducement to Transocean Holdings' agreement to provide the Services is the limitation of liability set forth herein and the release and indemnity provided by TODCO.

ACCORDINGLY, EXCEPT WITH REGARD TO THE LIMITED REMEDIES AND INDEMNITIES EXPRESSLY SET FORTH HEREIN, TODCO SHALL ASSUME ALL LIABILITY FOR AND SHALL FURTHER RELEASE, DEFEND, INDEMNIFY AND HOLD THE OTHER PARTY, ITS AFFILIATES AND THEIR RESPECTIVE EMPLOYEES, OFFICERS, DIRECTORS AND AGENTS (ALL AS INDEMNIFIED PARTIES) FREE AND HARMLESS FROM AND AGAINST ALL LOSSES RESULTING FROM, ARISING UNDER OR RELATED TO THE SERVICES, HOWSOEVER ARISING AND WHETHER OR NOT CAUSED BY THE NEGLIGENCE OR GROSS NEGLIGENCE OF TRANSOCEAN HOLDINGS, ITS AFFILIATES OR ANY THIRD PARTY SERVICE PROVIDER.

ARTICLE IX
CONFIDENTIALITY

SECTION 9.1 Confidentiality. TODCO and Transocean Holdings each acknowledge and agree that the terms of Section 7.13 - Confidentiality of the Separation Agreement shall apply to information, documents, plans and other data made available or disclosed by one party to the other in connection with this Agreement.

ARTICLE X
FORCE MAJEURE

SECTION 10.1 Performance Excused. Continued performance of a Service may be suspended immediately to the extent caused by any event or condition beyond the reasonable control of the party suspending such performance including acts of God, fire, labor or trade disturbance, war, civil commotion, compliance in good faith with any Law, unavailability of materials or other event or condition whether similar or dissimilar to the foregoing (a "Force Majeure Event").

SECTION 10.2 Notice. The party claiming suspension due to a Force Majeure Event will give prompt notice to the other of the occurrence of the Force Majeure Event giving rise to the suspension and of its nature and anticipated duration.

SECTION 10.3 Cooperation. The parties shall cooperate with each other to find alternative means and methods for the provision of the suspended Service.

ARTICLE XI
MISCELLANEOUS

SECTION 11.1 Construction Rules. The article and section headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. As used in this Agreement, unless otherwise provided to the contrary, (i) all references to days or months shall be deemed references to calendar days or months and (ii) any reference to a "Section," "Article" or "Appendix" shall be deemed to refer to a section or article of this Agreement or an appendix to this Agreement. The words "hereof," "herein" and "hereunder" and words of similar import referring to this Agreement refer to this Agreement as a whole and not to any particular provision of this Agreement. Whenever the words "include," "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation." Unless otherwise specifically provided for herein, the term "or" shall not be deemed to be exclusive.

SECTION 11.2 Notices. All notices and other communications hereunder shall be in writing and shall be deemed given upon (i) a transmitter's confirmation of a receipt of a facsimile transmission, (ii) confirmed delivery of a standard overnight courier or when delivered by hand or (iii) the expiration of five business days after the date mailed by certified or registered mail (return receipt requested), postage prepaid, to the parties at the following addresses (or at such other addresses for a party as shall be specified by like notice):

If to Transocean Holdings, to:
Transocean Holdings Inc.
Attention: Corporate Controller
4 Greenway Plaza
Houston, Texas 77046
Facsimile: (713) 232-7020

If to TODCO, to:
TODCO
Attention: Chief Financial Officer
2000 West Sam Houston Parkway, South
Suite 800
Houston, Texas 77042
Facsimile: (713) 278-6100

SECTION 11.3 Assignment, Binding Effect. Neither this Agreement nor any of the rights, benefits or obligations hereunder may be assigned or delegated by TODCO or Transocean Holdings (whether by operation of law or otherwise) without the prior written consent of the other party; provided however that the foregoing shall in no way restrict the performance of a Service by an Affiliate of Transocean Holdings or a third party as otherwise allowed hereunder.

SECTION 11.4 No Third Party Beneficiaries. Nothing in this Agreement, express or implied, is intended to or shall confer upon any Person (other than TODCO, Transocean Holdings and any Transocean Holdings Affiliate providing Services hereunder or their respective successors or permitted assigns) any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement, and no Person (except as so specified) shall be deemed a third-party beneficiary under or by reason of this Agreement.

SECTION 11.5 Amendment. No amendments, additions to, alterations, modifications or waivers of all or any part of this Agreement shall be of any effect, whether by course of dealing or otherwise, unless explicitly set forth in writing and executed by both parties hereto. If the provisions of this Agreement and the provisions of any purchase order or order acknowledgment written in connection with this Agreement conflict, the provisions of this Agreement shall prevail.

SECTION 11.6 Waiver. The waiver by any party hereto of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach. The failure of any party to require performance of any provision of this Agreement shall not affect any parties right to full performance thereof at any time thereafter.

SECTION 11.7 Severability. If any provision of this Agreement or the application of any such provision to any Person or circumstance shall be declared judicially to be invalid, unenforceable or void, such decision shall not have the effect of invalidating or voiding the remainder of this Agreement, it being the intent and agreement of TODCO and Transocean Holdings that this Agreement shall be deemed amended by modifying such provision to the extent necessary to render it valid, legal and enforceable while preserving its intent or, if such

modification is not possible, by substituting therefor another provision that is legal and enforceable and that achieves the same objective.

SECTION 11.8 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one agreement binding on TODCO and Transocean Holdings.

SECTION 11.9 Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Texas without giving effect to the conflicts of law principles thereof.

SECTION 11.10 Arbitration. All disputes and controversies which may arise out of or in connection with this Agreement and are not resolved through good faith negotiation shall be settled by binding arbitration. The arbitration will take place in Houston, Texas and shall be conducted in accordance with the procedures of the Center for Public Resources of New York ("CPR"). The dispute shall be decided by a single arbitrator selected by the parties; provided the parties are able to agree as set forth herein. The arbitration shall be initiated by providing written notice to the other party. The party so initiating the proceedings shall provide the other party in writing three (3) names of potential arbitrators within fifteen (15) days of giving notice to initiate arbitration. The other party will thereafter have thirty (30) days to either select one of the three individuals or reject all three (a "Rejection"). Failure to timely respond shall be deemed a Rejection. Should the parties be unable to agree on a single arbitrator, each shall choose a single arbitrator within fifteen (15) days of the Rejection by providing written notice to the other party, and the two (2) arbitrators shall mutually select the third. The award of the arbitration shall be final and binding upon both parties and may be enforced in any court of competent jurisdiction.

SECTION 11.11 Relationship of Parties. This Agreement does not create a fiduciary relationship, partnership, joint venture or relationship of trust or agency between the parties.

SECTION 11.12 Further Assurances. From time to time, each party agrees to execute and deliver such additional documents, and will provide such additional information and assistance as any party may reasonably require to carry out the terms of this Agreement.

SECTION 11.13 Regulations. All employees of Transocean Holdings and its Affiliates shall, when on the property of TODCO, conform to the rules and regulations of TODCO concerning safety, health and security which are made known to such employees in advance in writing.

SECTION 11.14 Survival. The parties agree that Articles VIII and IX will survive the termination of this Agreement and that any such termination shall not affect any obligation for the payment of Services rendered prior to termination.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of this 4th day of February, 2004.

TRANSOCEAN HOLDINGS INC.

By: /s/ Eric B. Brown

Name: Eric B. Brown
Title: Vice President and Secretary

TODCO

By: /s/ T. Scott O'Keefe

Name: T. Scott O'Keefe
Title: Senior Vice President and
Chief Financial Officer

EXHIBIT I

TO TRANSITION SERVICES AGREEMENT BETWEEN TODCO AND TRANSOCEAN INC.

INFORMATION TECHNOLOGY AND INFRASTRUCTURE

Transocean Holdings shall provide or cause to be provided to the TODCO Group the information technology ("IT") Services described in this Exhibit I. As used in this Exhibit, unless the context requires otherwise, "Transocean" shall mean the Transocean Group, and "TODCO" shall mean the TODCO Group.

1.0 INFRASTRUCTURE SERVICES

Transocean will allow TODCO access to Transocean's Wide Area Network ("WAN") via secure connections at its third party providers' Houston facility ("Houston Core"), currently Omnes. TODCO is responsible for the telecommunication lines between its Houston, Houma and other offices, on the one hand, and Transocean's Houston Core, on the other.

TODCO will be responsible for supporting all hardware which is located outside of Transocean's computer facility or Houston Core.

TODCO's access to Transocean's WAN through its full T-1 communication line will be for the following purposes:

- - remote access to systems which are shared with Transocean including Peoplesoft Human Resources Management, Peoplesoft General Ledger, Peoplesoft Asset Management and ForeSite;

- - remote access to inactive systems such as Infinium Human Resources, Payroll and General Ledger (including Essbase) to extract historical data;

- - routing of e-mail in accordance with Transocean's policies and practices; and

- - secure access to the Internet for browsing and internet-based transactions. Capacity provided for Internet access will be limited to one 512k byte line.

TODCO will not be given access to Transocean's Intranet nor to the following features unless an integral part of the above applications:

- - Transocean's Corporate Directory ("LDAP") and Bulletin Boards;

- - Transocean's electronic documents system ("e-Docs"); or

- - remote dial-up to the WAN via TACACS access servers.

1.1 COST OF WAN ACCESS SERVICES

Transocean will invoice TODCO a monthly fee of $4,000 for providing access to its WAN to the extent defined in section 1.0. The monthly fee does not cover any of the costs relating to TODCO's WAN which will be funded directly by TODCO.

The monthly access fee has been computed using the estimated cost to TODCO for establishing similar services. No adjustment to the fee will be made for reduced utilization by TODCO, such as the elimination of the VPN link with Venezuela.

The monthly access fee will be reviewed and adjusted annually in the light of changes in the estimated cost to TODCO of establishing similar services. The Service Coordinators or their designated representative shall be responsible for such adjustment. All fee adjustments will be effective January 1 of each year.

1.2 DURATION OF WAN ACCESS SERVICES

TODCO will be required to utilize the Transocean's WAN in the manner prescribed by Transocean to obtain access to Transocean's systems so long as Transocean retains a majority voting interest in TODCO and is required to consolidate TODCO's financial results with those of Transocean.

Transocean will continue to provide TODCO with restricted access to the Transocean WAN for up to one year after the date on which TODCO's financial results are no longer required to be consolidated with those of Transocean to the extent that access to Transocean's accounting systems will be extended as described in Section 2 below. The extension will be provided at TODCO's written request in accordance with, and subject to the same termination provision set forth in, such Section 2.

2.0 ACCOUNTING SYSTEMS

2.1 ACCOUNTING SYSTEM SERVICES

TODCO will have access as approved by Transocean's management for an agreed number of users to utilize Transocean's accounting systems, comprising Peoplesoft General Ledger ("PSGL"), Peoplesoft Asset Management ("PSAM"), International Financial Accounting System ("IFAS") and other supporting Microsoft Access-based applications for aging accounts receivable, recording cash transactions and billing inter-company transactions.

Transocean will provide TODCO with IT support for these accounting systems including routine system maintenance and ad hoc problem solving, development and installation of upgrades as deemed necessary by Transocean, data back-up and storage for those systems maintained in Transocean's central data facility. The Transocean IT department will not provide TODCO with TODCO-specific system enhancements, unless separately agreed and documented.

These Services do not include supporting ForeSite, Transocean's budgeting and forecasting software, to which TODCO's access is restricted under the terms established in Exhibit II, Accounting.

2.2 COST OF ACCOUNTING SYSTEMS SERVICES

Transocean will charge TODCO a fee of $10,000 per calendar month for access to its accounting systems. The monthly fee has been calculated by reference to the estimated cost to TODCO of installing and maintaining its own independent accounting system. The monthly fee will be reviewed each calendar year in the light of changes in cost to TODCO of installing its own accounting system. Any adjustment to the monthly fee must be mutually agreed in writing by the Service Coordinators and will be applicable from January 1 of each calendar year.

2.3 DURATION

TODCO will be required to utilize the Transocean accounting systems so long as Transocean retains a majority voting interest in TODCO and is required to consolidate TODCO's financial results.

Transocean will, upon TODCO's request, continue to provide TODCO with access to Transocean's accounting systems for up to one year after the date on which TODCO's financial results are no longer consolidated. The extension will be provided at TODCO's written request and will be granted by Transocean to allow TODCO the time necessary to install its own accounting systems and transfer its historical data from Transocean's. TODCO may early terminate the extension at any time by providing 90 days notice in writing.

3. PROCUREMENT SYSTEM

3.1 DESCRIPTION OF SERVICES

Transocean's IT department has designed and developed, in-house, a software application for TODCO's use in its procurement process, the Transocean Inc. Procurement System ("TIPS"). TODCO will have nonexclusive ownership rights to TIPS, including the source code. Transocean will have a perpetual, royalty-free, nonexclusive license for use of TIPS, including the source code.

TODCO will provide and maintain the hardware required to run TIPS and Transocean will provide support for the installation and maintenance of the application version put into production. Such support will include routine system maintenance, system documentation, correction of program errors or "bugs" to the extent Transocean deems (in its sole discretion) the correction feasible without incurring additional costs, and general trouble-shooting. TODCO will be responsible for safeguarding, maintaining back-ups, storing data, and the production application programs.

3.2 COST OF SERVICES

Transocean will charge TODCO a fee of $5,000 per month to provide the support Services defined in 3.1. The monthly fee is based on an estimate of what an outside contractor would charge for similar services. The monthly fee will be reviewed annually and adjusted on a mutually agreed basis in the light of quotes provided by third parties for providing such a service.

Transocean will provide the application's source code, free of charge, at the time TODCO assumes responsibility for maintaining TIPS on an ongoing basis.

3.3 DURATION

It is agreed that TODCO will remove the use of the Transocean name and logo from the TIPS application within (6) six months of the date on which Transocean loses its majority voting interest in TODCO.

Transocean will automatically cease to provide the support Services described in this Section 3 once Transocean no longer owns a majority voting interest in TODCO. TODCO can also terminate such support Services upon 30 days prior written notice.

4. LEGACY SYSTEMS

4.1 DESCRIPTION OF SERVICE

Transocean will provide TODCO access and routine IT support needed to enable TODCO to have viewing and report-generating access to the prior years' records of TODCO's business activities contained in inactive or "legacy" systems at the same general level as Transocean's access and capabilities. The legacy systems include the human resource, payroll and general ledger (including Showcase) modules of Infinium as well as any previous records in electronic form covering the activities of TODCO and its predecessor companies which are and remain in Transocean's possession and to which Transocean retains access.

As defined in Section 7.3 of the Separation Agreement, Transocean will cooperate with TODCO, to the extent feasible, in the separation and transfer of legacy data between those relating to TODCO's past transactions and those relating to Transocean.

Transocean shall not be required to take any action or incur any expense for or on behalf of TODCO in regard to these legacy systems which Transocean does not otherwise take or incur for or on behalf of Transocean.

4.2 COST OF SERVICE

Transocean will charge $500 per month for the legacy Services. To the extent that Transocean's legacy Services beyond the access and routine support Services described in Section 4.1 above are required to separate and transfer TODCO data to TODCO, Transocean will provide such services at $125 per hour for Transocean personnel plus actual costs incurred for third party resources and any out-of-pocket expenditure.

4.3 DURATION

Transocean will provide the legacy Services during the twelve month period following the IPO Closing Date; provided that in no event shall Transocean provide such Services after the point at which it no longer provides to TODCO the WAN access Services described in Section 1.0 of this Exhibit. TODCO will be responsible for ensuring that all relevant legacy data has been extracted and transferred to TODCO prior to the termination of the legacy Services.

5.0 GENERAL

TODCO understands and agrees that Transocean cannot and does not in any way guarantee or warrant that the access to the IT infrastructure, systems and applications described in this Exhibit I will be continuous and uninterrupted. Except as expressly set forth in Section 2.5 and Articles VII and VIII of this Agreement, Transocean shall have no liability to TODCO with respect to any of the IT Services described in this Exhibit I.

EXHIBIT II

TO TRANSITION SERVICES AGREEMENT BETWEEN TODCO AND TRANSOCEAN INC.

ACCOUNTING

1.0 GENERAL

Transocean Holdings shall provide or cause to be provided to the TODCO Group the accounting related Services described in this Exhibit II. As used in this Exhibit, unless the context requires otherwise "Transocean" shall mean the Transocean Group, and "TODCO" shall mean the TODCO Group.

For the sake of clarity, the parties acknowledge and agree that, as of the IPO Closing Date, TODCO will have assumed or will assume direct responsibility for the functions (including the recruitment of personnel and establishment of appropriate internal control procedures normally associated with such functions) set forth in this Section 1.0 below (the "Transferred Accounting Services"). Except as may be expressly agreed as additional Services under Section 2.3 of this Agreement, Transocean shall have no obligation to provide any Transferred Accounting Service; provided that nothing contained in this Exhibit II shall be interpreted or deemed to obligate Transocean to provide any service which is not otherwise expressly required hereunder. The Transferred Accounting Services shall include:

(a) Accounting for all transactions involving the movement of cash;

(b) Administration of accounts payable, including but not limited to the receipt, recording and payment of vendor invoices on a timely basis;

(c) Administration of employee garnishments, including but not limited to the withholding of the appropriate amounts from employee compensation, recording and payment to the correct beneficiary;

(d) Timely preparation and submission of all statistical reports routinely requested by entities of government throughout the fiscal year;

(e) Calculation and recording of certain accruals or reserves for liabilities incurred under medical and dental insurance programs, Protection and Indemnity insurance programs, and retirement plans;

(f) Review and analysis of balance sheet accounts relating to TODCO payrolls;

(g) Accounting for all transactions involving Property, Plant and Equipment, including but not limited to capital additions, disposals, transfers, retirements and re-valuations;

(h) Preparation and filing of all documents required to be filed with the Securities and Exchange Commission ("SEC") under the Securities Act of 1933 and the Securities Exchange Act of 1934, including but not limited to Forms 8-K, 10-K, 11-K, 10-Q, 8-K,

S-1, S-3 and S-4, or other filings with other securities regulatory bodies ("Public Filings"); and

(i) Preparation of separate financial statements for any of TODCO's subsidiaries.

2.0 BUDGETS AND FORECASTS

TODCO will develop and maintain its own budgeting and forecasting software.

In order to comply with Section 7.5 of the Separation Agreement and to allow Transocean to prepare consolidated budgets and forecasts, TODCO will upload summary budget and forecast data into ForeSite, Transocean's budgeting and forecasting system in accordance with deadlines pre-established by Transocean.

Transocean at its sole discretion will define the nature and extent of the budgeted and forecast data to be input into ForeSite and will use reasonable efforts to limit the level of detail so long as it is provided with hard copies and soft copies of TODCO's budgeting and forecasting worksheets in a timely manner.

Transocean will grant three TODCO users access to ForeSite free of charge and will invoice TODCO $500 (five hundred US dollars) per month for the provision of user support.

TODCO will input budget and forecast data into ForeSite so long as Transocean maintains a voting interest in TODCO that, under US GAAP, requires Transocean to fully consolidate TODCO's financial results. Access to ForeSite by TODCO users will terminate at the date when Transocean is no longer so required to consolidate TODCO.

If TODCO requests access to ForeSite for four or more users, Transocean will invoice $360 (three hundred and sixty US dollars) per month for each user starting with the fourth.

3.0 ACCOUNTING SYSTEMS SUPPORT

So long as TODCO's financial results are fully consolidated with those of Transocean, TODCO will utilize Transocean's accounting systems for its accounting records and the preparation of its financial statements. These accounting systems include PeopleSoft General Ledger ("PSGL"), PeopleSoft Asset Management ("PSAM") and International Financial Accounting System ("IFAS"). The cost to TODCO for such access is as set forth in Exhibit I.

Transocean will provide Transocean's own user support to TODCO for all routine procedures associated with PSGL, PSAM and IFAS, including:

- - Uploading and editing journal vouchers;

- - Distributing the suite of standardized summary and transactional reports;

- - Updating existing or providing new master-file information such as exchange rates, cost centers, account codes and bookkeeping companies;

- - Maintaining the standard chart of accounts files including the creation of new accounts which are for TODCO's exclusive use;

- - Preparing and distributing monthly the "back-load" files extracted from PSGL and containing a complete set of accounting data relating to the activities of TODCO;

- - Trouble-shooting and responding to user queries;

- - Installing new systems or upgrades to existing systems and training TODCO users thereon; and

- - Once TODCO's financial results no longer require consolidation with Transocean's, assisting in the extraction and transfer of TODCO's historical records to an alternative accounting system selected by TODCO.

Transocean will invoice $1,700 (one thousand seven hundred US dollars) per month for providing the aforementioned user support.

The user support does not cover non-routine projects such as the development of non-standard summary or transactional reports to meet TODCO's specific requirements. All assistance provided on such projects will be invoiced at an hourly rate calculated using the Annual Compensation of the assigned employee multiplied by a factor of 1.27 and divided by 1,888.

The user support will be provided for as long as TODCO utilizes Transocean's accounting systems to maintain its accounting records and will be subject to the same notice period prior to termination as that required in Section 2.2 of Exhibit I.

4.0 FINANCIAL REPORTING

Transocean will provide general guidance to TODCO using Transocean's normal in-house resources on:

- - new pronouncements issued by the SEC and various other accounting and regulatory bodies; and

- - application of Transocean accounting policies to TODCO's business activities;

free of charge during the period that TODCO's financial results are fully consolidated with those of Transocean.

Any draft Public Filing prepared by TODCO and submitted to Transocean, at Transocean's request, prior to submission will be reviewed by Transocean free of any charge to TODCO.

Any assistance requested by TODCO in the preparation of any Public Filing will be invoiced to TODCO at an hourly rate calculated using the Annual Compensation of the Transocean employee multiplied by a factor of 1.27 and divided by 1,888.

EXHIBIT III

TO TRANSITION SERVICES AGREEMENT BETWEEN TODCO AND TRANSOCEAN INC.

INTERNAL AUDIT

For such time as the Transocean Group holds a majority voting interest in TODCO, TODCO will utilize the services of the Internal Audit department of the Transocean Group ("Internal Audit") to carry out routine and non-routine audits of the TODCO organization and its activities. The audit Services will be substantially similar in scope, process and work product as those performed by Internal Audit for the Transocean Group.

At the start of each fiscal year, routine audit work will be planned by Internal Audit and proposed to TODCO's audit committee for approval.

Internal Audit will perform non-routine audits or special projects at the request of either the audit committee or executive management of TODCO.

All of the foregoing routine and non-routine work will be invoiced to TODCO at a daily rate that will vary depending on the job title of the Internal Audit team members performing the Services.

The daily rate will be calculated using an average Annual Compensation for the job title grossed up by (i) a burden factor ("Burden Factor") which covers dental, life insurance, medical and retirement benefits, savings plan matching and statutory contributions, and (ii) an allocated annual overhead factor. The allocated annual overhead factor will be determined using Internal Audit's overhead expenses, including those relating to both the Assistant Vice-President and the Senior Manager of Internal Audit (or their functional replacements over time) as well as any administrative support, but excluding all travel, meals and accommodation expenses (which will be billed separately as reimbursables). The Service Coordinators shall agree to the actual Burden Factor and allocated annual overhead factor to be applied in accordance with the foregoing.

The daily rate will be determined by the following formula:

$$\frac{\text{Average Annual Compensation Per Job Title} \times (1 + \text{Burden Factor}) + \text{Allocated Annual Overhead}}{\text{236 working days}}$$

The parties agree that the daily rates for Internal Audit Services will be set at the start of each calendar year. For 2003, the following rates will apply:

- Audit Manager: $700 per day
- Senior Auditor: $650 per day
- Senior IT Auditor: $675 per day
- Staff Auditor: $575 per day
- Allocated Annual Overhead: $61,910

Travel, meals and accommodations will be invoiced at cost to TODCO.

EXHIBIT IV

TO TRANSITION SERVICES AGREEMENT BETWEEN TODCO AND TRANSOCEAN INC.

HUMAN RESOURCES SERVICES

Transocean Holdings shall provide or cause to be provided to the TODCO Group the Human Resources related Services described in this Exhibit IV. As used in this Exhibit, unless the context requires otherwise, "Transocean" shall mean the Transocean Group, and "TODCO" shall mean the TODCO Group.

1.0 EMPLOYEES SECONDED FROM TRANSOCEAN

1.1 SECONDMENT

If requested by TODCO and subject to mutual written agreement, Transocean will, from time to time, second certain employees to TODCO. All individuals seconded to TODCO by Transocean will remain employees of Transocean and the terms and conditions (including cost and duration) of their secondment will be documented in a standard agreement signed by both TODCO and Transocean. The parties intend that TODCO will be billed at a rate equal to Transocean's costs of such employees and such costs associated with the seconded employees will be billed monthly to TODCO, without mark-up or administration fee. Such costs will include compensation costs and allowances, social security burdens, company contributions to deferred benefit and retirement plans and burdens relating to Transocean's medical, dental and life insurance schemes. Bonus and other non-monthly payments will be charged pro rata based on the period of secondment. Incidental business-related expenses incurred by the employee shall be paid directly by TODCO or re-charged by Transocean to TODCO at cost.

1.2 DURATION

Transocean shall not be obligated to consider a secondment of its employees to TODCO past the date at which Transocean no longer owns a majority voting interest in TODCO; provided that any Transocean employees under secondment to TODCO at the time Transocean no longer retains a majority voting interest may, upon agreement of the parties, complete the originally agreed period of secondment. The parties agree that the terms of such secondment shall be subject to early termination upon Transocean losing its majority voting interest in TODCO.

EXHIBIT V

TO TRANSITION SERVICES AGREEMENT BETWEEN TODCO AND TRANSOCEAN INC.

RISK MANAGEMENT, CASH MANAGEMENT & TREASURY SERVICES

1.0. TRANSFER OF RISK MANAGEMENT FUNCTION.

The Risk Management department of the Transocean Group shall assist in the initial transfer of risk management responsibilities from the Transocean Group to the TODCO Group free of charge. No other risk management, cash management and treasury services shall be provided except as set forth in Section 2.0 below.

2.0. ADDITIONAL RISK MANAGEMENT, CASH MANAGEMENT AND TREASURY SERVICES.

TODCO may request in writing additional risk management, cash management and treasury services to be provided by the Transocean Group for a period of six months from the IPO Closing Date. In the event the parties agree as set forth in Section 2.3 of the Agreement, Transocean Holdings shall provide or cause to be provided such Services up to a maximum of the six month period. All such additional Services will be billed at an hourly rate calculated using the relevant Risk Management or Treasury employee's Annual Compensation multiplied by a factor of 1.27 and divided by 1,888.

EMPLOYEE MATTERS AGREEMENT

AMONG

TRANSOCEAN INC.,

TRANSOCEAN HOLDINGS INC.,

AND

TODCO

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EMPLOYEE MATTERS AGREEMENT

This EMPLOYEE MATTERS AGREEMENT (this "Agreement") is entered into as of February 4, 2004, among Transocean Inc., a company organized under the laws of the Cayman Islands ("Transocean"), Transocean Holdings Inc., a Delaware corporation ("Transocean Holdings"), and TODCO (formerly named R&B Falcon Corporation), a Delaware corporation ("TODCO"). Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to such terms in Article I hereof.

RECITALS

WHEREAS, TODCO is an indirect wholly owned Subsidiary of Transocean and Transocean Holdings is a direct wholly owned Subsidiary of Transocean; and

WHEREAS, Transocean and TODCO currently contemplate that TODCO will make an initial public offering ("IPO") of shares of TODCO Class A Common Stock held by Transocean and its Subsidiaries pursuant to a registration statement on Form S-1 filed pursuant to the Securities Act of 1933, as amended; and

WHEREAS, in connection with the IPO, the TODCO Group shall separate from the Transocean Group and each Group will accordingly acquire certain assets from and assume certain liabilities of the other Group; and

WHEREAS, in furtherance of the foregoing, Transocean, Transocean Holdings and TODCO have agreed to enter into this Agreement to allocate among them assets, liabilities and responsibilities with respect to certain employee compensation, benefit plans and programs, and certain employment matters.

NOW, THEREFORE, in consideration of the foregoing and the covenants and agreements set forth below, the parties hereto agree as follows:

ARTICLE I.

DEFINITIONS

Wherever used in this Agreement, the following terms shall have the meanings indicated below, unless a different meaning is plainly required by the context. The singular shall include the plural, unless the context indicates otherwise. Headings of sections are used for convenience of reference only, and in case of conflict, the text of this Agreement, rather than such headings, shall control:

AGREEMENT. "Agreement" means this Employee Matters Agreement and all amendments made hereto from time to time.

CODE. "Code" means the Internal Revenue Code of 1986, as amended from time to time.

DOL. "DOL" means the United States Department of Labor.

ERISA. "ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time.

FMLA. "FMLA" means the Family and Medical Leave Act of 1993, as amended from time to time.

GROUP. "Group" shall have the meaning set forth in the Separation Agreement.

IPO. "IPO" has the meaning set forth in the Recitals hereof, as the same is further described in the Separation Agreement.

IPO CLOSING DATE. "IPO Closing Date" means the first date on which the proceeds of any sale of TODCO Class A Common Stock to the underwriters in the IPO are received.

IRS. "IRS" means the United States Internal Revenue Service.

PARTICIPATING COMPANY. "Participating Company" means: (a) Transocean; (b) any Person (other than an individual) that Transocean has approved for participation in, has accepted participation in, or which is participating in, a Plan sponsored by Transocean; or (c) any Person (other than an individual) that, by the terms of such a Plan, participates in such a Plan sponsored by Transocean or any employees of which, by the terms of such a Plan, participate in a Plan.

PERSON. "Person" means an individual, a partnership, a corporation, a limited liability company, an association, a joint stock company, a trust, a joint venture, an unincorporated organization or a governmental entity or any department, agency or political subdivision thereof.

PLAN. "Plan," depending on the context, may mean any plan, policy, program, payroll practice, arrangement, contract, trust, insurance policy, or any agreement or funding vehicle providing compensation or benefits to employees, former employees or directors of Transocean, TODCO or any member of the Transocean Group or the TODCO Group. "Plan," when immediately preceded by "Transocean," means a Plan sponsored by Transocean or a member of the Transocean Group. When immediately preceded by "TODCO," "Plan" means a Plan sponsored by TODCO or a member of the TODCO Group.

R&B FALCON MANAGEMENT. "R&B Falcon Management" means R&B Falcon Management Services Inc., a Delaware corporation.

SEC. "SEC" means the United States Securities and Exchange Commission.

SEPARATION. "Separation" shall have the meaning set forth in the Separation Agreement.

SEPARATION AGREEMENT. "Separation Agreement" means the Master Separation Agreement among Transocean, Transocean Holdings and TODCO entered into as of February 4, 2004.

SUBSIDIARY. "Subsidiary" shall have the meaning set forth in the Separation Agreement.

TAX ALLOCATION AGREEMENT. "Tax Allocation Agreement" means the Tax Allocation Agreement, which is attached as an exhibit to the Separation Agreement.

TODCO. "TODCO" means TODCO (formerly known as R&B Falcon Corporation), a Delaware corporation. In all such instances in which TODCO is referred to in this Agreement, it shall also be deemed to include a reference to each member of the TODCO Group, unless it specifically provides otherwise; TODCO shall be solely responsible to Transocean for ensuring that each member of the TODCO Group complies with the applicable terms of this Agreement.

TODCO BUSINESS. "TODCO Business" shall have the meaning set forth in the Separation Agreement.

TODCO CLASS A COMMON STOCK. "TODCO Class A Common Stock" shall have the meaning set forth in the Separation Agreement.

TODCO EMPLOYEE. "TODCO Employee" means any individual who is employed in the TODCO Business during the relevant time period.

TODCO GROUP. "TODCO Group" shall have the meaning set forth in the Separation Agreement.

TODCO VOTING STOCK. "TODCO Voting Stock" shall have the meaning set forth in the Separation Agreement.

TRANSFERRED EMPLOYEE. "Transferred Employee" means any individual who was previously employed in the Transocean Business and then was transferred to work in the TODCO Business on or prior to the IPO Closing Date and remained employed in the TODCO Business as of the IPO Closing Date or did not return to work in the Transocean Business prior to the IPO Closing Date.

TRANSITION SERVICES AGREEMENT. "Transition Services Agreement" means the Transition Services Agreement, which is attached as an exhibit to the Separation Agreement.

TRANSOCEAN. "Transocean" means Transocean Inc., a company organized under the laws of the Cayman Islands. In all such instances in which "Transocean" is referred to in this Agreement, it shall also be deemed to include a reference to each member of the Transocean Group, unless it specifically provides otherwise.

TRANSOCEAN BUSINESS. "Transocean Business" shall have the meaning set forth in the Separation Agreement.

TRANSOCEAN GROUP. "Transocean Group" shall have the meaning set forth in the Separation Agreement.

TRANSOCEAN HOLDINGS. "Transocean Holdings" means Transocean Holdings Inc., a Delaware corporation.

ARTICLE II.

GENERAL PRINCIPLES

2.01 TODCO PLANS.

(a) Non-Duplication of Benefits. With respect to the Plans that TODCO establishes or maintains on or after the IPO Closing Date, the separate TODCO Plans shall be, with respect to employees of the TODCO Group, in all respects the successors in interest to, and shall not provide benefits that duplicate benefits provided by, the corresponding Transocean Plans. Transocean and TODCO shall mutually agree, if necessary, on methods and procedures, including amending the respective Plan documents, to prevent employees of the TODCO Group from receiving duplicate benefits from the Transocean Plans and the TODCO Plans.

(b) Service Credit. Except as specified otherwise in this Agreement or as required by applicable law, with respect to TODCO Employees, each TODCO Plan in existence on the IPO Closing Date shall provide that all service, all compensation and all other benefit-affecting determinations that, as of the IPO Closing Date, were recognized under the corresponding Transocean Plan shall, as of the IPO Closing Date, receive full recognition and credit and be taken into account under such TODCO Plan to the same extent as if such items occurred under such TODCO Plan, except to the extent that duplication of benefits would result. The service crediting provisions shall be subject to any respectively applicable "service bridging," "break in service," "employment date" or "eligibility date" rules under the TODCO Plans and the Transocean Plans.

(c) Beneficiary Designations. Subject to Section 7.03 of this Agreement, all beneficiary designations made by the TODCO Employees for the Transocean Plans shall be transferred to and be in full force and effect under the corresponding TODCO Plans until such time, if ever, that any such beneficiary designation is replaced or revoked by the TODCO Employee who made the beneficiary designation.

(d) TODCO Under No Obligation to Maintain Plans. Except as specified otherwise in this Agreement, nothing in this Agreement shall preclude TODCO, at any time from amending, merging, modifying, terminating, eliminating, reducing, or otherwise altering in any respect any TODCO Plan, any benefit under any TODCO Plan or any trust, insurance policy or funding vehicle related to any TODCO Plan (to the extent permitted by law).

2.02 TRANSOCEAN PLANS.

(a) TODCO's Participation in Transocean Plans. After the IPO Closing Date, TODCO shall continue to be a Participating Company in the Transocean U.S. Life Insurance Plan and the Transocean U.S. Long Term Disability Plan for the period of time specified in this Agreement, subject to the terms and conditions provided in said Plans and in Articles III and IV of this Agreement. Except as otherwise provided in this Section 2.02(a) or unless the prior written consent of Transocean is obtained, TODCO shall not participate in any Transocean Plans.

(b) Transocean's General Obligations as Plan Sponsor. Transocean or Transocean Holdings, whichever is applicable, shall continue to administer, or cause to be administered, in accordance with their terms and applicable law, the Transocean Plans specifically identified in Section 2.02(a), and shall have the sole and absolute discretion and authority to interpret said Transocean Plans, as set forth therein, subject to the specific arrangements provided in Articles III, IV and V of this Agreement. Transocean shall not discriminate against TODCO Employees in favor of employees employed by the Transocean Group with respect to the administration and/or distribution of benefits under said Transocean Plans.

(c) TODCO's General Obligations as Participating Company. TODCO shall perform with respect to its participation in the Transocean Plans identified in Section 2.02(a) above, the duties of a Participating Company as set forth in each such Plan or any procedures adopted pursuant thereto, including (without limitation): (i) assisting in the administration of claims, to the extent requested by the claims administrator of the applicable Transocean Plan; (ii) cooperating fully with Transocean Plan auditors, benefit personnel and benefit vendors; (iii) preserving the confidentiality of all financial arrangements Transocean has or may have with any vendors, claims administrators, trustees or any other entity or individual with whom Transocean has entered into an agreement relating to the Transocean Plans; and (iv) preserving the confidentiality of participant information (including, without limitation, personal health information) to the extent not specified otherwise in this Agreement. In addition, TODCO shall provide, or cause to be provided, all participant information that is necessary or appropriate for the efficient and accurate administration of each Transocean Plans identified in Section 2.02(a) during the respective periods applicable to such Plans. Transocean and its respective authorized agents shall, subject to applicable laws of confidentiality and data protection, be given reasonable and timely access to, and may make copies of, all information relating to the subjects of this Agreement in the custody of the other party or its agents, to the extent necessary or appropriate for the administration of said Plans.

(d) Reporting and Disclosing Communications to Participants. While TODCO is a Participating Company in the Transocean Plans, Transocean or Transocean Holdings, whichever is applicable, shall take, or cause to be taken, all actions necessary or appropriate to facilitate the distribution of all Transocean Plan-related communications and materials to participating TODCO Employees and their beneficiaries, including (without limitation) summary plan descriptions and related summaries of material

modification(s), summary annual reports, investment information, prospectuses, notices and enrollment material for the Transocean Plans. TODCO shall provide all information needed by Transocean to facilitate such Transocean Plan-related communications. TODCO shall take, or cause to be taken, all actions necessary or appropriate to facilitate the distribution of all TODCO Plan-related communications and materials to participating TODCO Employees and their beneficiaries. TODCO shall assist, and TODCO shall cause each other applicable member of the TODCO Group to assist, Transocean in complying with all reporting and disclosure requirements of ERISA, including the preparation of Form Series 5500 annual reports, for the Transocean Plans, where applicable.

2.03 SECONDED EMPLOYEES . Certain employees of Transocean Holdings may be, or may have been from time to time, seconded to work in the TODCO Business ("Seconded Employees"). Effective as of December 31, 2002, the Seconded Employees ceased to participate in any Transocean Plans. Effective as of January 1, 2003, such employees commenced to participate in and receive coverage under the TODCO Plans, subject to the eligibility provisions of each such Plan. TODCO hereby acknowledges that TODCO shall indemnify and hold Transocean and the Transocean Group and their directors, officers and employees harmless from and against all liability, loss, expense, cost or claims of whatsoever nature, arising out of any acts or omissions of the Seconded Employees who are, at the time of such action or omission, acting in the course and scope of performing services for the benefit of TODCO, except to the extent that such liability arises under the Transocean Plans or is otherwise attributable to services performed for Transocean or any member of the Transocean Group.

2.04 COAL COMPANY LIABILITIES . Transocean shall continue to administer the group life and health insurance for retired employees who are eligible for such coverage as a result of their employment with Reading & Bates Coal Co. or any of its subsidiaries that conducted coal production activities (each referred to as a "Coal Company"), and be responsible for the costs of such liabilities and the related premium payments for such retired employees in accordance with past practices and the terms and conditions of the applicable plan established, maintained or sponsored by a Coal Company. In addition, Transocean shall continue to administer the occupational injury and disease claims, if any, for employees who were employed by a Coal Company and be responsible for the costs of such liabilities. TODCO shall provide Transocean with any assistance, data or information that is reasonably necessary or appropriate for the efficient and accurate administration of such retiree life and medical coverage and occupational injury and disease claims.

ARTICLE III.

DEFINED BENEFIT PLANS

3.01 TRANSOCEAN HOLDINGS' OBLIGATIONS . Transocean Holdings hereby affirmatively covenants that, to the extent permitted by law, the Transocean Holdings U.S. Pension Plan shall provide that, effective as of the date on which TODCO is no longer a member of the "controlled group" of corporations of Transocean (as defined in section 414(b) of the Code), a participant in said Plan who is employed in the TODCO Business shall be deemed to have terminated his or her employment under said Plan and, if otherwise eligible under said Plan,

shall be eligible to receive a distribution of benefits in accordance with the terms and conditions of Section 4.18 of said Plan. In addition, Transocean Holdings hereby affirmatively covenants that the Transocean Holdings U.S. Pension Plan shall provide that, effective as of the date on which TODCO is no longer a member of the "controlled group" of corporations of Transocean (as defined in section 414(b) of the Code), affected employees who participate in the Transocean Holdings U.S. Pension Plan shall be entitled to defer the receipt of their accrued benefits under said Plan, to roll over their accrued benefit amount under said Plan to another eligible retirement plan, or to receive a distribution under said Plan, all subject to the terms and conditions of said Plan and to any taxation and early withdrawal penalties.

3.02 TODCO EMPLOYEES' PARTICIPATION . Effective as of July 1, 1999, the Transocean Holdings U.S. Pension Plan was frozen and TODCO Employees were no longer eligible to first become an active participant in said Plan. In addition, effective as of such date, TODCO Employees who have accrued benefits under said Plan were no longer eligible to actively participate in said Plan and receive credit for benefit service or average monthly compensation for any purpose under said Plan. A TODCO Employee who participates in the Transocean Holdings U.S. Pension Plan shall not be deemed to be a deferred vested participant under the Transocean Holdings U.S. Pension Plan, provided that such employee was eligible to retire on January 1, 2003, and commences his or her benefits under such Plan when he or she terminates employment with TODCO.

ARTICLE IV.

DEFINED CONTRIBUTION PLANS

4.01 ACKNOWLEDGEMENT OF PRIOR ACTIONS . Prior to November 1, 2002, Transferred Employees on the U.S. payroll and employees who were employed in the TODCO Business were eligible to participate in the Transocean U.S. Savings Plan. Effective as of November 1, 2002, employees who were employed in the TODCO Business were no longer eligible to participate in the Transocean U.S. Savings Plan, and said Plan was amended to eliminate participation by such employees as of November 1, 2002. Effective as of November 1, 2002, employees who were employed in the TODCO Business resumed participation in the TODCO Savings Plan (which previously had been frozen). On or about January 1, 2003, liabilities for the account balances under the Transocean U.S. Savings Plan for existing employees who were employed in the TODCO Business, and assets associated with those liabilities, were transferred to the TODCO Savings Plan, and liabilities for the account balances under the TODCO Savings Plan for existing employees who were employed in the Transocean Business, and assets associated with those liabilities, were transferred to the Transocean U.S. Savings Plan.

4.02 COVENANT TO CONTRIBUTE . TODCO hereby affirmatively covenants to make an additional annual employer contribution to the TODCO Savings Plan on behalf of those participants who are employed in the TODCO Business in the amount of 1 % of each such employee's base pay. TODCO further acknowledges that such additional annual employer contribution shall be made during the period commencing on November 1, 2002, and ending on the date on which TODCO is no longer a member of the "controlled group" of corporations of

Transocean (as defined in section 414(b) of the Code) or such other date that TODCO and Transocean mutually agree otherwise.

ARTICLE V.

WELFARE PLANS

5.01 PARTICIPATION IN AND GENERAL ADMINISTRATION OF WELFARE PLANS .

(a) Medical and Dental Plan. Effective as of August 1, 2002, Transocean transferred sponsorship of the Transocean Shallow-Water Group Medical and Dental Plan to TODCO, and said Plan has been renamed the TODCO Medical and Dental Benefits Plan.

(b) Retiree Medical.

(i) Effective as of August 1, 2002, Transocean Holdings assumed the obligations, liabilities and costs of retiree medical coverage for employees who retired from TODCO and who were participants in the Transocean Holdings Medical and Dental Benefits Plan as of such date. Transocean Holdings shall continue to administer, or cause to be administered, in accordance with their terms and applicable law, said Plan, and shall have sole and absolute discretion and authority to interpret said Plan or amend or terminate said Plan, as set forth therein. Except as otherwise expressly provided above, no other employee of any member of the TODCO Group shall be entitled to benefits under the Transocean Holdings Medical and Dental Benefits Plan. TODCO shall have no obligation to establish, maintain or sponsor a medical benefits plan for retired employees.

(ii) Transferred Employees who were eligible to commence retiree medical coverage under the Transocean Holdings Medical and Dental Benefits Plan as of January 1, 2003 shall remain eligible to receive retiree medical coverage under said Plan, even after they transfer to work in the TODCO Business; provided, however, that such coverage shall be received by such Transferred Employees only to the extent that other employees of the Transocean Group on the U.S. payroll who are similarly situated as to age, length of service and retiree medical commencement date are covered under said Plan on similar terms. Such Transferred Employees shall be required to contact Transocean's benefits department no later than 60 days after the date of their retirement in order to commence the retiree medical coverage available to them upon their retirement from the TODCO Business. Notwithstanding the foregoing, such Transferred Employees ceased to accrue additional service under the Transocean Holdings Medical and Dental Benefits Plan as of December 31, 2002.

(c) Life Insurance and Long Term Disability. Transocean sponsors the Transocean U.S. Life Insurance Plan and the Transocean U.S. Long Term Disability Plan. In connection with said Plans, Transocean has a guaranteed rate under the group

life insurance policy and the long term disability insurance policy with Hartford Life & Accident Insurance Company, a Delaware corporation ("Hartford"), until January 1, 2005. Transocean hereby affirmatively covenants to use reasonable efforts to retain such policies until the first to occur of January 1, 2005 or the date on which Transocean no longer owns shares representing at least a majority of the voting power of all of the outstanding shares of TODCO Voting Stock. In addition, Transocean affirmatively covenants to use reasonable efforts to obtain a separate premium reporting structure from Hartford for such policies, to be effective as of the IPO Closing Date, provided that such continued coverage does not result in an increased premium rate under the relevant policy. If Transocean is unable to obtain a separate premium reporting structure for a policy, Transocean shall allocate the premium owed to Hartford and attributable to coverage for TODCO Employees based on past practices.

(d) Short Term Disability. TODCO hereby acknowledges that TODCO has been and shall continue to be responsible for and administer all liabilities (if any) for TODCO Employees who are on nonoccupational medical leaves of absence.

5.02 ADMINISTRATION AND AUDIT OF CERTAIN WELFARE PLANS .

(a) Life Insurance and Long Term Disability. Transocean continued to calculate the premiums attributable to TODCO Employees under the Transocean U.S. Life Insurance Plan and the Transocean U.S. Long Term Disability Plan until July 1, 2003. After July 1, 2003, TODCO shall provide Transocean with the premium report and/or the data used for premium calculations for TODCO Employees and the premium payments owed for such TODCO Employees no later than the 10th day of each month. Notwithstanding the foregoing, if the rates guaranteed under the policies with Hartford cease to apply for any reason prior to December 31, 2004, TODCO retains the right to cease to be a Participating Company in the Transocean U.S. Life Insurance Plan and the Transocean U.S. Long Term Disability Plan, whichever is applicable.

(b) Audits. Transocean shall have the right to conduct an audit of TODCO's participant information relating to the TODCO Medical and Dental Benefits Plan coverage through the period ending December 31, 2003. Transocean shall also have the right to conduct an audit of the premium report and the data used for premium calculations for TODCO Employees under the Transocean U.S. Life Insurance Plan, the Transocean U.S. Long Term Disability Plan and the Transocean Accidental Death & Dismemberment Plan at any time, and if TODCO fails to cooperate with such audit, Transocean retains the right to cause TODCO to cease to be a Participating Company in said Plans. TODCO shall continue to make available in connection with the audit all documents and other information that Transocean reasonably requires. Transocean shall determine, in its sole discretion, the performance standards, audit methodology, auditing policy and quality measures and reporting requirements.

5.03 COBRA AND HIPAA . Until December 31, 2003, BPI continued to administer the TODCO Medical and Dental Benefits Plan and, in turn, the compliance with the health care continuation coverage requirements for "group health plans" under Title X of the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA"), and the portability

requirements under Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), with respect to TODCO Employees and their qualified beneficiaries (as such term is defined under COBRA) whose coverage under said Plan terminates, subject to TODCO's cooperation with participant data request and payment of administrative costs attributable to TODCO Employees and the terms and conditions of the Administrative Agreement. TODCO hereby acknowledges that TODCO shall be solely responsible for administering compliance with the health care continuation coverage requirements for "group health plans" under Title X of COBRA, and the portability requirements under HIPAA, (a) on and after January 1, 2004, with respect to TODCO Employees and their qualified beneficiaries (as such term is defined under COBRA) whose coverage under the TODCO Medical and Dental Benefits Plan terminates, and (b) with respect to TODCO Employees and their qualified beneficiaries (as such term is defined under COBRA) whose coverage under any other Transocean Plans and TODCO Plans terminates, regardless of whether such termination takes place prior to, on or subsequent to the IPO Closing Date. Notwithstanding the foregoing, the payment or funding of any claim of a TODCO Employee under COBRA or HIPAA shall be the sole responsibility of TODCO.

5.04 LEAVE OF ABSENCE AND FMLA . TODCO hereby acknowledges that TODCO shall be responsible for administering leaves of absence and complying with FMLA with respect to TODCO Employees. Transocean shall have the right to conduct an audit of TODCO's compliance with FMLA at any time prior to the date on which TODCO is no longer a member of the "controlled group" of corporations of Transocean (as defined in section 414(b) of the Code). TODCO shall continue to make available in connection with the audit all documents and other information that Transocean reasonably requires. Transocean shall determine, in its sole discretion, the performance standards, audit methodology, auditing policy and quality measures and reporting requirements.

5.05 WORKERS' COMPENSATION . TODCO hereby acknowledges that TODCO has been and shall continue to be responsible for the administration, costs and funding of workers' compensation claims for TODCO Employees.

ARTICLE VI.

EQUITY AND OTHER COMPENSATION

6.01 OPTIONS . Certain TODCO Employees have been granted options under the Long-Term Incentive Plan of Transocean Inc. Transocean agrees that service with TODCO shall be considered to be service with a "subsidiary" as defined in the Long-Term Incentive Plan for so long as Transocean continues to own shares representing at least a majority of the voting power of all of the outstanding shares of TODCO Voting Stock. If the TODCO Employee is employed by TODCO as of the date on which Transocean ceases to own shares representing at least a majority of the voting power of all of the outstanding shares of TODCO Voting Stock, then (i) such TODCO Employee shall no longer be considered employed by Transocean or one of its subsidiaries under said Plan and, in turn, shall be considered terminated for purposes of determining the TODCO Employee's rights with respect to such option and (ii) such termination shall be considered a termination for the convenience of Transocean under said Plan.

6.02 STOCK PURCHASE PLAN . Effective as of January 1, 2003, R&B Falcon Management ceased to be a Participating Company in the Transocean Employee Stock Purchase Plan, and TODCO Employees were no longer eligible to participate in said Plan.

ARTICLE VII.

CERTAIN TRANSITION MATTERS

7.01 TRANSITION SERVICES AGREEMENT . On or about the date hereof, Transocean Holdings and TODCO shall enter into the Transition Services Agreement covering the provisions of various services to be provided by Transocean Holdings and its affiliates to TODCO. The provisions of this Agreement shall be subject to the provisions of such Transition Services Agreement and to the extent that any provision in this Agreement is inconsistent with a provision in the Transition Services Agreement the provision in the Transition Services Agreement shall control.

7.02 REQUESTS FOR IRS AND DOL OPINIONS . Transocean, Transocean Holdings and TODCO shall make such applications to regulatory agencies, including the IRS and the DOL, as may be necessary or appropriate. TODCO and Transocean shall cooperate fully with one another on any issue relating to the transactions contemplated by this Agreement for which Transocean and/or TODCO elects to seek a determination letter or private letter ruling from the IRS or an advisory opinion from the DOL.

7.03 CONSENT OF THIRD PARTIES . If any provision of this Agreement is dependent on the consent of any third party (such as a vendor) and such consent is withheld, Transocean, Transocean Holdings and TODCO shall use their commercially reasonable best efforts to implement the applicable provisions of this Agreement. If any provision of this Agreement cannot be implemented due to the failure of such third party to consent, Transocean, Transocean Holdings and TODCO shall negotiate in good faith to implement the provision in a mutually satisfactory manner.

7.04 TAX COOPERATION . In connection with the interpretation and administration of this Agreement, Transocean, Transocean Holdings and TODCO shall take into account the agreements and policies established pursuant to the Separation Agreement and the Tax Allocation Agreement.

7.05 PLAN RETURNS . Plan Returns shall be filed or caused to be filed by Transocean, Transocean Holdings or TODCO, as the case may be, in accordance with the principles established in the Tax Allocation Agreement. For purposes of this Section 7.05, "Plan Returns" means any return, report, certificate, form or similar statement or document required to be filed with a government agency with respect to an employee benefit plan governed by the ERISA, or a program governed by section 6039D of the Code.

ARTICLE VIII.

EMPLOYMENT-RELATED MATTERS

8.01 TERMS OF TODCO EMPLOYMENT . Employees of the TODCO Group may be required to execute a new agreement regarding confidential information and proprietary developments in a form approved by TODCO. In addition, nothing in this Agreement, the Separation Agreement, the Transition Services Agreement or the Tax Allocation Agreement should be construed to change the at-will status of any of the employees of any member of the Transocean Group or the TODCO Group.

8.02 NON-TERMINATION OF EMPLOYMENT; NO THIRD-PARTY BENEFICIARIES . No provision of this Agreement shall be construed to create any right, or accelerate entitlement, to any compensation or benefit whatsoever on the part of any TODCO Employee or other future, present or former employee of Transocean, TODCO, the Transocean Group or the TODCO Group under any Transocean Plan or TODCO Plan or otherwise. Without limiting the generality of the foregoing: (a) except as otherwise provided in this Agreement or applicable provisions of the Plans, neither the IPO, the Separation nor the termination of the Participating Company status of TODCO or any member of the TODCO Group shall cause any employee to be deemed to have incurred a termination of employment; and (b) except as otherwise provided in this Agreement, no transfer of employment between the Transocean Group and the TODCO Group before the IPO Closing Date shall be deemed a termination of employment for any purpose hereunder.

ARTICLE IX.

GENERAL PROVISIONS

9.01 EFFECT IF IPO DOES NOT OCCUR . Subject to Section 9.08, if the IPO does not occur, then all actions and events that are, under this Agreement, to be taken or occur effective as of the IPO Closing Date, or otherwise in connection with the IPO, shall not be taken or occur except to the extent specifically agreed by the parties.

9.02 LIMITATION OF LIABILITY . TO THE EXTENT THAT TRANSOCEAN OR ANY MEMBER OF THE TRANSOCEAN GROUP PROVIDES SERVICES UNDER THIS AGREEMENT TO TODCO, AND SUCH SERVICES ARE NOT OTHERWISE ADDRESSED IN THE TRANSITION SERVICES AGREEMENT, SUCH SERVICES SHALL BE PERFORMED WITH THE SAME GENERAL DEGREE OF CARE AS WHEN PERFORMED WITHIN THE TRANSOCEAN ORGANIZATION. TODCO HEREBY EXPRESSLY WAIVES ANY RIGHT TODCO MAY OTHERWISE HAVE FOR ANY LOSSES, TO ENFORCE SPECIFIC PERFORMANCE OR TO PURSUE ANY OTHER REMEDY AVAILABLE IN CONTRACT, AT LAW, OR IN EQUITY IN THE EVENT OF ANY NON-PERFORMANCE, INADEQUATE PERFORMANCE, FAULTY PERFORMANCE OR OTHER FAILURE OR BREACH BY TRANSOCEAN OR ANY MEMBER OF THE TRANSOCEAN GROUP UNDER OR RELATING TO THIS AGREEMENT, NOTWITHSTANDING THE NEGLIGENCE (WHETHER SOLE, JOINT OR CONCURRENT OR ACTIVE OR PASSIVE) OR GROSS NEGLIGENCE OF TRANSOCEAN OR ANY

MEMBER OF THE TRANSOCEAN GROUP OR ANY OTHER PERSON OR ENTITY INVOLVED IN THE PROVISION OF SERVICES AND WHETHER DAMAGES ARE ASSERTED IN CONTRACT OR TORT, UNDER FEDERAL, STATE OR FOREIGN LAWS OR OTHER STATUTE OR OTHERWISE.

9.03 RELATIONSHIP OF PARTIES . Nothing in this Agreement shall be deemed or construed by the parties or any third party as creating a fiduciary relationship, a relationship of principal and agent, partnership or joint venture between the parties, the understanding and agreement being that no provision contained herein, and no act of the parties, shall be deemed to create any relationship between the parties other than the relationship set forth herein. This Agreement shall be binding upon and inure solely to the benefit of and be enforceable by each party and its respective successors and permitted assigns. Nothing in this Agreement, express or implied, is intended to or shall confer upon any other person any right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

9.04 INCORPORATION OF SEPARATION AGREEMENT PROVISIONS . If a dispute, claim or controversy results from or arises out of or in connection with this Agreement, the parties agree to use the procedures set forth in Article VI of the Separation Agreement in lieu of other available remedies, to resolve same. The provisions of Sections 8.1 (Limitation of Liability) and 8.5 (Notices) of the Separation Agreement are hereby incorporated herein by reference, and unless otherwise expressly specified herein, such provisions shall apply as if fully set forth herein (references in this Section 9.04 to an "Article" or a "Section" shall mean Articles or Sections of the Separation Agreement, and, except as expressly set forth herein, references in the material incorporated herein by reference shall be references to the Separation Agreement).

9.05 GOVERNING LAW . To the extent not preempted by applicable federal law, this Agreement shall be governed by, construed and interpreted in accordance with the laws of the State of Texas, irrespective of the choice of law principles of the State of Texas, as to all matters, including matters of validity, construction, effect, performance and remedies.

9.06 SEVERABILITY . If any term or other provision of this Agreement is determined to be invalid, illegal or incapable of being enforced by any rule of law or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to either party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible and in an acceptable manner to the end that transactions contemplated hereby are fulfilled to the fullest possible extent.

9.07 AMENDMENT . Transocean, Transocean Holdings and TODCO may mutually agree to amend the provisions of this Agreement at any time or times, either prospectively or retroactively, to such extent and in such manner as the Boards mutually deem advisable. Each Board may delegate its amendment power, in whole or in part, to one or more Persons or committees as it deems advisable.

9.08 TERMINATION . This Agreement may be terminated at any time prior to the IPO Closing Date by Transocean in its sole discretion (without the approval of TODCO). This Agreement may be terminated at any time after the IPO Closing Date by mutual consent of Transocean, Transocean Holdings and TODCO. In the event of termination pursuant to this Section, no party shall have any liability of any kind under this Agreement to the other party.

9.09 CONFLICT . In the event of any conflict between the provisions of this Agreement and the Separation Agreement or any Plan, the provisions of this Agreement shall control. In the event of any conflict between the provisions of this Agreement and the Transition Services Agreement, the provisions of the Transition Services Agreement shall control.

9.10 COUNTERPARTS . This Agreement may be executed in two or more counterparts each of which shall be deemed to be an original, but all of which together shall constitute but one and the same Agreement.

IN WITNESS WHEREOF, each of the parties has caused this Employee Matters Agreement to be executed on its behalf by its officers thereunto duly authorized on the day and year first above written.

TRANSOCEAN INC.

By: /s/ Gregory L. Cauthen

Name: Gregory L. Cauthen
Title: Senior Vice President and Chief Financial Officer

TRANSOCEAN HOLDINGS INC.

By: /s/ Eric B. Brown

Name: Eric B. Brown
Title: Vice President and Secretary

TODCO

By: /s/ Randall A. Stafford

Name: Randall A. Stafford
Title: Vice President, General Counsel and Secretary

REGISTRATION RIGHTS AGREEMENT (this "Agreement"), dated as of February 4, 2004, between Transocean Inc., a company organized under the laws of the Cayman Islands ("Transocean"), and TODCO, a Delaware corporation (the "Company").

WHEREAS, Transocean Holdings Inc., a Delaware corporation and a wholly owned subsidiary of Transocean ("Transocean Holdings"), owns all of the capital stock of the Company outstanding as of the execution of this Agreement; and

WHEREAS, as provided in a Master Separation Agreement dated the date hereof among Transocean, Transocean Holdings and the Company (the "Separation Agreement"), Transocean Holdings has determined to offer to the public (the "Public Offering") shares of the Company's Class A Common Stock (as defined below); and

WHEREAS, in connection with the Public Offering, the Company has, among other things, agreed to grant to Transocean and any of its Affiliates (other than TODCO or any of its Subsidiaries) who from time to time own Registrable Securities (including without limitation Transocean Holdings) certain registration rights applicable to Registrable Securities (as defined below) held by Transocean and such Affiliates, and the parties hereto desire to enter into this Agreement to set forth the terms of such registration rights; and

WHEREAS, the execution and delivery of this Agreement by the parties hereto is a condition to the obligations of each of Transocean, Transocean Holdings and the Company under the Separation Agreement; and

NOW, THEREFORE, upon the premises and based on the mutual promises herein contained, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties agree as follows:

1. Certain Definitions. As used in this Agreement, the following initially capitalized terms shall have the following meanings:

(a) "Affiliate" means, with respect to any person, any other person who, directly or indirectly, is in control of, is controlled by or is under common control with the former person; and "control" (including the terms "controlling," "controlled by," and "under common control with") means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities, by contract or otherwise.

(b) "Class A Common Stock" means the Company's Class A Common Stock, par value $0.01 per share.

(c) "Class B Common Stock" means the Company's Class B Common Stock, par value $0.01 per share.

(d) "Common Stock" means both the Class A Common Stock and the Class B Common Stock.

(e) "Company Securities" has the meaning set forth in Section 3 hereof.

(f) "Exchangeable Securities" has the meaning set forth in Section 6 hereof.

(g) "Fair Market Value" means, with respect to any security, (i) if the security is listed on a national securities exchange or authorized for quotation on a national market quotation system, the closing price, regular way, of the security on such exchange or quotation system, as the case may be, or if no such reported sale of the security shall have occurred on such date, on the next preceding date on which there was such a reported sale, or (ii) if the security is not listed for trading on a national securities exchange or authorized for quotation on a national market quotation system, the average of the closing bid and asked prices as reported by the National Association of Securities Dealers Automated Quotation System or such other reputable entity or system engaged in the regular reporting of securities prices and on which such prices for such security are reported or, if no such prices shall have been reported for such date, on the next preceding date for which such prices were so reported, or (iii) if the security is not publicly traded, the fair market value of such security as determined by a nationally recognized investment banking or appraisal firm mutually acceptable to the Company and the Holders, the fair

market value of whose Registrable Securities is to be determined.

(h) "Holder" means (i) Transocean and any Affiliate of Transocean (other than TODCO or any of its Subsidiaries) who from time to time owns Registrable Securities (including without limitation Transocean Holdings) or (ii) any Permitted Transferee and any Affiliate of such Permitted Transferee who from time to time owns Registrable Securities.

(i) "Initiating Holders" has the meaning set forth in Section 3(b) hereof.

(j) "Initiating Holder Securities" has the meaning set forth in Section 3(b) hereof.

(k) "Maximum Marketable Amount" means, when used in connection with an underwritten offering, the aggregate number or principal amount of securities which, in the opinion of the managing underwriter for such offering, can be sold in such offering without materially and adversely affecting the offering.

(l) "Other Holders" has the meaning set forth in Section 3(b) hereof.

(m) "Other Securities" has the meaning set forth in Section 3 hereof.

(n) "Permitted Transferee" has the meaning set forth in Section 11 hereof.

(o) "Person" means any individual, partnership, corporation, limited liability company, business trust, joint stock company, trust, unincorporated association, joint venture, or other entity of whatever nature.

(p) "Registrable After-Acquired Securities" means any securities of the Company acquired by a Holder after the execution of this Agreement, including, without limitation, shares of Class B Common Stock acquired by Transocean and Transocean Holdings pursuant to the Exchange (as defined in the Separation Agreement).

(q) "Registrable Securities" means any of the following held by a Holder (i) the shares of Class B Common Stock owned as of the execution of this Agreement by Transocean Holdings, (ii) the shares of Class A Common Stock into which shares of Class B Common Stock are convertible pursuant to the Company's certificate of incorporation, (iii) all Registrable After-Acquired Securities, (iv) any stock or other securities into which or for which such Class A Common Stock, Class B Common Stock or Registrable After-Acquired Securities may hereafter be changed, converted or exchanged, and (v) any other securities issued to holders of such Class A Common Stock, Class B Common Stock or Registrable After-Acquired Securities (or such stock or other securities into which or for which such Class A Common Stock, Class B Common Stock or Registrable After-Acquired Securities are so changed, converted or exchanged) upon any reclassification, share combination, share subdivision, share dividend, merger, consolidation or similar transaction or event, provided that any such securities shall cease to be Registrable Securities when such securities are sold in any manner to a person who is not a Permitted Transferee or after the registration rights with respect to the Holder thereof has expired pursuant to Section 12(g).

(r) "Registration Expenses" means all out-of-pocket expenses incurred in connection with any registration of Registrable Securities pursuant to this Agreement (other than Selling Expenses), including, without limitation, the following; (i) SEC filing fees; (ii) all fees, disbursements and expenses of the Company's counsel(s) and accountants in connection with the registration of the Registrable Securities to be disposed of and the reasonable fees, disbursements and expenses of counsel, other than the Company's counsel, selected by the Holders of the Registrable Securities to be disposed of; (iii) all expenses in connection with the preparation, printing and filing of the registration statement, any preliminary prospectus or final prospectus and amendments and supplements thereto and the mailing and delivering of copies thereof to any Holders, underwriters and dealers and all expenses incidental to delivery of the Registrable Securities; (iv) the cost of printing or producing any underwriting agreement, agreement among underwriters, agreement between syndicates, selling agreement, blue sky or legal investment memorandum or other document in connection with the offering, sale or delivery of the Registrable Securities to be disposed of; (v) all expenses in connection with the qualification of the Registrable Securities to be disposed of for offering and sale under state securities laws, including the fees and disbursements of counsel for the underwriters in connection with such qualification and the preparation of any blue sky and legal investments surveys; (vi) the filing fees incident to securing any required review by the National Association of Securities Dealers, Inc. of the terms of the sale of the Registrable Securities to be disposed of; (vii) transfer agents', depositaries' and registrars' fees and the fees of any other agent appointed in connection with such offering; (viii) all security engraving and security printing expenses, (ix) all fees and expenses payable in connection with the listing of the Registrable Securities on any securities exchange or inter-dealer quotation system; (x) all expenses incurred in connection with "roadshow" presentations and holding meetings with potential investors to facilitate the distribution and sale of Registrable Securities; and (xi) any one-time payment for directors and

officers insurance directly related to such offering, provided the insurer
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provides a separate statement for such payment.

(s) "Rule 144" means Rule 144 promulgated under the Securities Act, or any successor rule to similar effect.

(t) "SEC" means the United States Securities and Exchange Commission.

(u) "Securities Act" means the Securities Act of 1933, as amended, or any successor statute.

(v) "Selling Expenses" means all underwriting discounts and commissions, selling concessions and stock transfer taxes applicable to the sale by the Holders of Registrable Securities pursuant to this Agreement.

(w) "Selling Holder" has the meaning set forth in Section 5(e) hereof.

2. Demand Registration.

(a) At any time prior to such time as the rights under this Section 2 terminate with respect to a Holder as provided in Section 2(a)(iii) hereof, upon written notice from such Holder in the manner set forth in Section 12(i) hereof requesting that the Company effect the registration under the Securities Act of any or all of the Registrable Securities held by such Holder or any of its Affiliates which notice shall specify the intended method or methods of disposition of such Registrable Securities, the Company shall use its best efforts to effect, in the manner set forth in Section 5, the registration under the Securities Act of such Registrable Securities for disposition in accordance with the intended method or methods of disposition stated in such request (including (1) in an offering on a delayed or continuous basis under Rule 415 (or any successor rule of similar effect) promulgated under the Securities Act and accordingly requiring the filing of a "shelf" registration statement and/or (2) sales for cash or dispositions upon exchange or conversion of securities or dispositions for any form of consideration or no consideration), provided that:

(i) if, while a registration request is pending pursuant to this Section 2(a), the Company determines, following consultation with and receiving advice from its legal counsel, that the filing of a registration statement would require the disclosure of material information that the Company has a bona fide business purpose for preserving as confidential and the disclosure of which the Company determines reasonably and in good faith would have a material adverse effect on the Company, the Company shall not be required to effect a registration pursuant to this Section 2(a) until the earlier of (A) the date upon which such material information is otherwise disclosed to the public or ceases to be material and (B) 30 days after the Company makes such determination, provided, however, that the Company
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shall not be permitted to delay a requested registration in reliance on this clause (i) more than twice in any 12-month period;

(ii) the Company shall not be obligated to file a registration statement relating to a registration request pursuant to this Section 2 within a period of 60

calendar days after the effective date of any other registration statement of the Company demanded pursuant to this Section 2(a); and

(iii) the Company shall not be obligated to file a registration statement relating to a registration request pursuant to this Section 2: (A) in the case of a registration request by Transocean or any of its Affiliates, on more than three occasions after such time as Transocean and its Affiliates collectively own less than a majority of the voting power of the then outstanding shares of Common Stock (it being acknowledged that so long as Transocean and its Affiliates collectively own a majority of the voting power of the then outstanding shares of Common Stock, there shall be no limit to the number of occasions on which Transocean or its Affiliates may exercise their rights under this Section 2), or (B) in the case of a registration request by a Permitted Transferee or any of its Affiliates, on more than the number of occasions permitted such Holder in accordance with Section 11 hereof (it being acknowledged that (1) the exercise by such Permitted Transferee and its Affiliates of such rights shall not limit the number of occasions on which Transocean and its Affiliates may exercise their rights under this Section 2 and (2) so long as such Permitted Transferee and its Affiliates collectively own a majority of the then outstanding shares of Common Stock, there shall be no limit to the number of occasions on which such Permitted Transferee or its Affiliates may exercise their rights under this Section 2).

(b) Notwithstanding any other provision of this Agreement to the contrary, a registration requested by a Holder pursuant to this Section 2 shall not be deemed to have been effected (and, therefore, not requested for purposes of Section 2(a)), (i) unless the registration statement filed in connection therewith has become effective, (ii) if after such registration statement has become effective, it becomes subject to any stop order, or there is issued an injunction or other order or decree of the SEC or other governmental agency or court for any reason other than a misrepresentation or an omission by such Holder, which injunction, order or decree prohibits or otherwise materially and adversely affects the offer and sale of the Registrable Securities so registered prior to the completion of the distribution thereof in accordance with the plan of distribution set forth in the registration statement or (iii) if the conditions to closing specified in the purchase agreement or underwriting agreement entered into in connection with such registration are not satisfied other than by reason of some act, misrepresentation or omission by a Holder and are not waived by the purchasers or underwriters.

(c) In the event that any registration pursuant to this Section 2 shall involve, in whole or in part, an underwritten offering, Holders owning at least 50.1% of the Fair Market Value of the Registrable Securities to be registered in connection with such offering shall have the right to designate an underwriter reasonably satisfactory to the Company as the lead managing underwriter of such underwritten offering.

(d) The Company shall have the right to cause the registration of additional securities for sale for the account of any person (including the Company) in any registration of Registrable Securities requested by any Holder pursuant to Section 2(a); provided, however, that if the managing underwriter or other independent marketing agent for such offering (if any) determines that, in its opinion, the additional securities proposed to be sold will materially and

adversely affect the offering and sale of the Registrable Securities to be registered in accordance with the intended method or methods of disposition then contemplated by such Holder only the number or principal amount of such additional securities, if any (in excess of the number or principal mount of Registrable Securities), which, in the opinion of such underwriter or agent, can be so sold without materially and adversely affecting such offering shall be included such registration. The rights of a Holder to cause the registration of additional Registrable Securities held by such Holder in any registration of Registrable Securities requested by another Holder pursuant to Section 2(a) shall be governed by the agreement of the Holders with respect thereto as provided in Section 11(a).

3. Piggyback Registration. If the Company at any time proposes to register any of its Common Stock or any of its other securities (such Common Stock and other securities collectively, "Other Securities") under the Securities Act, whether or not for sale for its own account, in a manner which would permit registration of Registrable Securities under the Securities Act, it will at such time give prompt written notice to each Holder of its intention to do so at least 20 business days prior to the anticipated filing date of the registration statement relating to such registration. Such notice shall offer each such Holder the opportunity to include in such registration statement such number of Registrable Securities as each such Holder may request. Upon the written request of any such Holder made within 15 business days after the receipt of the Company's notice (which request shall specify the number of Registrable Securities intended to be disposed of and the intended method of disposition thereof), the Company shall effect, in the manner set forth in Section 5, in connection with the registration of the Other Securities, the registration under the Securities Act of all Registrable Securities which the Company has been so requested to register, to the extent required to permit the disposition (in accordance with such intended methods thereof) of the Registrable Securities so requested to be registered, provided that:

(a) if at any time after giving written notice of its intention to register any securities and prior to the effective date of such registration, the Company shall determine for any reason not to register or to delay registration of such securities, the Company may, at its election, give written notice of such determination to the Holders and, thereupon, (A) in the case of a determination not to register, the Company shall be relieved of its obligation to register any Registrable Securities in connection with such registration and (B) in the case of a determination to delay such registration, the Company shall be permitted to delay registration of any Registrable Securities requested to be included in such registration for the same period as the delay in registering such Other Securities, but, in either such case, without prejudice to the rights of the Holders under Section 2;

(b) if the registration referred to in the first sentence of this Section 3 is to be a registration in connection with an underwritten offering on behalf of any of the Company, holders of securities (other than Registrable Securities) of the Company ("Other Holders") or Holders of Registrable Securities, and the managing underwriter for such offering advises the Company in writing that, in such firm's opinion, such offering would be materially and adversely affected by the inclusion therein of Registrable Securities requested to be included therein pursuant to this Section 3 because such Registrable Securities are not of the same type, class or series as the securities to be offered and sold in such offering on behalf of the Company, the Other Holders and/or the Holders of Registrable Securities, the Company may exclude all such

Registrable Securities requested to be included therein pursuant to this Section 3 from such offering.

(ii) if the registration referred to in the first sentence of this Section 3 is to be a registration in connection with an underwritten primary offering on behalf of the Company, and the managing underwriter for such offering advises the Company in writing that, in such firm's opinion, such offering would be materially and adversely affected by the inclusion therein of the Holder's Registrable Securities requested to be included therein pursuant to this Section 3 because the number or principal amount of such Registrable Securities, considered together with the number or principal amount of securities proposed to be offered by the Company, exceeds the Maximum Marketable Amount, the Company shall include in such registration (1) first, the lesser of (A) all securities the Company proposes to sell for its own account ("Company Securities") and (B) the number or principal amount of Company Securities that represents 80% of the total number or principal amount of the Maximum Marketable Amount (or the fair market value of the Maximum Marketable Amount if such Registrable Securities are not of the same type, class or series as the Company Securities) included in such registration; (2) second, the lesser of (A) the number or principal amount of Registrable Securities requested to be included therein pursuant to this Section 3 and (B) the number or principal amount of such Registrable Securities that represents 20% of the total number or principal amount of the Maximum Marketable Amount (or the fair market value of the Maximum Marketable Amount if such Registrable Securities are not of the same type, class or series as the Company Securities) included in such registration (in either case, allocated among the Holders in accordance with the agreement of the Holders with respect thereto as provided in Section 11(a)) ; and (3) third, the number or principal amount of securities, if any, requested to be included therein by Other Holders (in excess of the number or principal amount of Company Securities and such Registrable Securities) which, in the opinion of such underwriter, can be so sold without materially and adversely affecting such offering (allocated among such Other Holders on the basis of the number or principal amount (or the fair market value of such securities if the securities are not of the same type, class or series) of the securities requested to be included therein by each such Other Holder); and

(iii) if the registration referred to in the first sentence of this Section 3 is to be a registration in connection with an underwritten secondary offering on behalf of Other Holders made pursuant to demand registration rights granted by the Company to such Other Holders or on behalf of a Holder of Registrable Securities made pursuant to Section 2 of this Agreement (the "Initiating Holders"), and the managing underwriter for such offering advises the Company in writing that, in such firm's opinion, such offering would be materially and adversely affected by the inclusion therein of the Holder's Registrable Securities requested to be included therein pursuant to this Section 3 because the number or principal amount of such Registrable Securities, considered together with the number or principal amount of securities proposed to be offered by the Initiating Holders, exceeds the Maximum Marketable Amount, the Company shall include in such registration; (1) first, all securities any such Initiating Holder proposes to sell for its own account (the "Initiating Holder Securities"); (2) second, the number or principal amount of such Registrable Securities (in excess of the number or principal amount of Initiating Holder Securities) which, in the opinion of such underwriter, can be sold without materially and adversely affecting such offering (allocated among the Holders in accordance with the agreement of the Holders with respect thereto as provided in Section 11(a)); and (3) third, the number or

principal amount of securities, if any, requested to be included therein by Other Holders to which clause (1) does not apply or the Company (in excess of the number or principal amount of Initiating Holder Securities and such Registrable Securities) which, in the opinion of such underwriter, can be so sold without materially and adversely affecting such offering (allocated among such Other Holders and the Company on the basis of the number or principal amount (or the fair market value of such securities if the securities are not of the same type, class or series) of the securities requested to be included therein by each such Other Holder or the Company; and

(c) the Company shall not be required to effect any registration of Registrable Securities under this Section 3 incidental to the registration of any of its securities in connection with stock option or other executive or employee benefit or compensation plans of the Company; and

(d) no registration of Registrable Securities effected under this Section 3 shall relieve the Company of its obligation to effect any registration of Registrable Securities required of the Company pursuant to Section 2 hereof.

4. Expenses. The Company agrees to pay all Registration Expenses with respect to a registration pursuant to this Agreement. All internal expenses of the Company or a Holder in connection with any offering pursuant to this Agreement, including, without limitation, the salaries and expenses of officers and employees, including in-house attorneys, shall be borne by the party incurring them. All Selling Expenses of the Holders participating in any registration pursuant to this Agreement shall be borne by such Holders pro rata based on each Holder's number of Registrable Securities included in such registration.

5. Registration and Qualification. If and whenever the Company is required to use its best efforts to effect the registration of any Registrable Securities under the Securities Act as provided in Section 2 or 3 hereof, the Company, shall:

(a) prepare and file a registration statement under the Securities Act relating to the Registrable Securities to be offered as soon as practicable, but in no event later than 30 days (45 days if the applicable registration form is other than Form S-3) after the date notice is given, and use its best efforts to cause the same to become effective as soon as practicable thereafter, but in no event later than 75 days after the date notice is given (90 days if the applicable registration form is other than Form S-3); provided that, a reasonable time before filing a registration statement or prospectus, or any amendments or supplements thereto (other than reports required to be filed by it under the Exchange Act and the rules and regulations adopted by the SEC thereunder), the Company will furnish to the Holders and their counsel and other representatives (including underwriters) for review and comment, copies of all documents proposed to be filed and provided further, that if Transocean so requests (i) it and its counsel and other representatives (including underwriters) may participate in the drafting and preparation of such registration statement and prospectus and (ii) such information as it believes may be beneficial to be included in the registration statement and prospectus for marketing purposes shall be included therein so long as disclosure of such information (A) is in compliance with applicable law and (B) does not competitively harm the Company;

(b) prepare and file with the SEC such amendments and supplements to such registration statement and the prospectus used in connection therewith as may be necessary to keep such registration statement effective with respect to the disposition of all Registrable Securities included therein and to otherwise comply with the provisions of the Securities Act with respect to the disposition of all Registrable Securities included therein until the earlier of (i) such time as all of such Registrable Securities have been disposed of in accordance with the intended methods of disposition set forth in such registration statement and (ii) the expiration of nine months after such registration statement becomes effective; provided, that such nine-month period
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shall be extended for such number of days that equals the number of days elapsing from (A) the date the written notice contemplated by paragraph (f) below is given by the Company to (B) the date on which the Company delivers to the Holders of Registrable Securities the supplement or amendment contemplated by paragraph (f) below; and provided further, that in the case of a registration
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to permit the exercise or exchange of Exchangeable Securities for, or the conversion of Exchangeable Securities into, Registrable Securities, the time limitation contained in clause (ii) above shall be disregarded to the extent that, in the written opinion of Transocean's counsel delivered to the Company, such Registrable Securities are required to be covered by an effective registration statement under the Securities Act at the time such Registrable Securities are issued upon exercise, exchange or conversion of Registrable Securities in order for such Registrable Securities to be freely tradeable by any person who is not an Affiliate of the Company or Transocean;

(c) furnish to the Holders and to any underwriter of such Registrable Securities such number of conformed copies of such registration statement and of each amendment thereto (in each case including all exhibits), such number of copies of the prospectus included in such registration statement (including each preliminary prospectus and any summary prospectus) and of each supplement thereto, in conformity with the requirements of the Securities Act, and such other documents, as the Holders or such underwriter may reasonably request in order to facilitate the public sale of the Registrable Securities, and a copy of any and all transmittal letters or other correspondence to, or received from, the SEC or any other governmental agency or self-regulatory body or other body having jurisdiction (including any domestic or foreign securities exchange) relating to such offering;

(d) use its best efforts to register or qualify all Registrable Securities covered by such registration statement under the securities or blue sky laws of such jurisdictions (domestic or foreign) as the Holders or any underwriter of such Registrable Securities shall request, and use its best efforts to obtain all appropriate registrations, permits and consents required in connection therewith, and do any and all other acts and things which may be necessary or advisable to enable the Holders or any such underwriter to consummate the disposition in such jurisdictions of its Registrable Securities covered by such registration statement; provided that the Company shall not for
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any such purpose be required to register or qualify generally to do business as a foreign corporation in any jurisdiction wherein it is not so qualified, or to subject itself to taxation in any such jurisdiction, or to consent to general service of process in any such jurisdiction;

(e) (i) use its best efforts to furnish an opinion of counsel for the Company addressed to the underwriters dated the date of the closing under the underwriting agreement (if any) (or if such offering is not underwritten, dated the effective date of the registration

statement), and (ii) use its best efforts to furnish a "cold comfort" letter addressed to the underwriters and each Holder of Registrable Securities included in such registration (each a "Selling Holder"), if permissible under applicable accounting practices, and signed by the independent public accountants who have audited the Company's financial statements included in such registration statement, in each such case covering substantially the same matters with respect to such registration statement (and the prospectus included therein) as are customarily covered in opinions of issuer's counsel and in accountants' letters delivered to underwriters in underwritten public offerings of securities and such other matters as the Selling Holders may reasonably request and, in the case of such accountants' letter, with respect to events subsequent to the date of such financial statements;

(f) immediately notify the Selling Holders in writing (i) at any time when a prospectus relating to a registration pursuant to Section 2 or 3 hereof is required to be delivered under the Securities Act of the happening of any event as a result of which the prospectus included in such registration statement, as then in effect, includes an untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, (ii) of any request by the SEC or any other regulatory body or other body having jurisdiction for any amendment of or supplement to any registration statement or other document relating to such offering, and (iii) of the issuance by the SEC of any stop order suspending the effectiveness of any registration statement relating to such offering or the initiation of proceedings for that purpose and in any such case (i), (ii) or (iii) at the request of the Selling Holders, promptly prepare and furnish to the Selling Holders a reasonable number of copies of a supplement to or an amendment of such prospectus as may be necessary so that, as thereafter delivered to the purchasers of such Registrable Securities, such prospectus shall not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they are made, not misleading or to remove such stop order;

(g) use its best efforts to list all such Registrable Securities covered by such registration on each securities exchange and inter-dealer quotation system on which the Common Stock is then listed;

(h) use its best efforts to list all Registrable Securities covered by such registration statement on any securities exchange or inter-dealer quotation system (in each case, domestic or foreign) not described in paragraph (g) above as the Selling Holders or any underwriter of such Registrable Securities shall request, and use its best efforts to obtain all appropriate registrations, permits and consents required in connection therewith, and to do any and all other acts and things which may be necessary or advisable to effect such listing;

(i) to the extent reasonably requested by the lead or managing underwriters in connection with any underwritten offering, send appropriate officers of the Company to attend any "road shows" scheduled in connection with any such registration;

(j) furnish for delivery in connection with the closing of any offering of Registrable Securities unlegended certificates representing ownership of the Registrable

Securities being sold in such denominations as shall be requested by the Selling Holders or the underwriters; and

(k) use its best efforts to make available to its security holders, as soon as reasonably practicable (but not more than eighteen months) after the effective date of the registration statement, an earnings statement which shall satisfy the provisions of Section 11(a) of the Securities Act and the rules and regulations promulgated thereunder.

The Company may require each Selling Holder to furnish the Company with such information regarding such Selling Holder and pertinent to the disclosure requirements relating to the registration and the distribution of such securities as the Company may from time to time reasonably request.

6. Exchangeable Securities; Spin-off or Exchange Offer. Transocean shall be entitled, if it intends to offer any options, rights, warrants, debt securities, preference shares or other securities issued or to be issued by it or any other person that are exercisable or exchangeable for or convertible into any Registrable Securities ("Exchangeable Securities"), to register the Registrable Securities underlying such options, rights, warrants, debt securities, preference shares or other securities pursuant to (and subject to the limitations contained in) Section 2 of this Agreement. Transocean shall also be entitled, if it intends to distribute to the holders of its ordinary shares or other securities (including any distribution in exchange for Transocean ordinary shares or other securities), by means of a distribution or exchange offer, Registrable Securities, to register such Registrable Securities pursuant to (and subject to the limitations contained in) Section 2 of this Agreement.

7. Underwriting; Due Diligence.

(a) If requested by the underwriters for any underwritten offering of Registrable Securities pursuant to a registration requested under this Agreement, the Company shall enter into an underwriting agreement, with such underwriters for such offering, such agreement to contain such representations and warranties by the Company and such other terms and provisions as are customarily contained in underwriting agreements with respect to secondary distributions, including, without limitation, indemnities and contribution substantially to the effect and to the extent provided in Section 8 hereof and the provision of opinions of counsel and accountants' letters to the effect and to the extent provided in Section 5(e) hereof. The Selling Holders on whose behalf the Registrable Securities are to be distributed by such underwriters shall be parties to any such underwriting agreement and the representations and warranties by, and the other agreements on the part of, the Company to and for the benefit of such underwriters, shall also be made to and for the benefit of such Selling Holders. Such underwriting agreement shall also contain such representations and warranties by the Selling Holders on whose behalf the Registrable Securities are to be distributed as are customarily contained in underwriting agreements with respect to secondary distributions. The Selling Holders may require that any additional securities included in an offering proposed by a Holder be included on the same terms and conditions as the Registrable Securities that are included therein.

(b) In the event that any registration pursuant to Section 3 shall involve, in whole or in part, an underwritten offering, the Company may require the Registrable Securities requested to be registered pursuant to Section 3 to be included in such underwritten offering on the same terms and conditions as shall be applicable to the other securities being sold through underwriters under such registration. If requested by the underwriters for such underwritten offering, the Selling Holders on whose behalf the Registrable Securities are to be distributed shall enter into an underwriting agreement with such underwriters, such agreement to contain such representations and warranties by the Selling Holders and such other terms and provisions as are customarily contained in underwriting agreements with respect to secondary distributions, including, without limitation, indemnities and contribution substantially to the effect and to the extent provided in Section 8 hereof. Such underwriting agreement shall also contain such representations and warranties by the Company and such other person or entity for whose account securities are being sold in such offering as are customarily contained in underwriting agreements with respect to secondary distributions.

(c) In connection with the preparation and filing of each registration statement registering Registrable Securities under the Securities Act, the Company shall give the Holders of such Registrable Securities and the Underwriters, if any, and their respective counsel and accountants, such reasonable and customary access to its banks and records and such opportunities to discuss the business of the Company with its officers and the independent public accountants who have certified the Company's financial statements as shall be necessary, in the opinion of such Holders and such underwriters or their respective counsel, to conduct a reasonable investigation within the meaning of the Securities Act.

8. Indemnification and Contribution.

(a) In the case of each offering of Registrable Securities made pursuant to this Agreement, the Company agrees to indemnify and hold harmless each Holder, its officers and directors, each underwriter of Registrable Securities so offered and each person, if any, who controls any of the foregoing persons within the meaning of the Securities Act, from and against any and all claims, liabilities, losses, damages, expenses and judgments, joint or several, to which they or any of them may become subject, under the Securities Act or otherwise, including any amount paid in settlement of any litigation commenced or threatened, and shall promptly reimburse them, as and when incurred, for any reasonable legal or other expenses incurred by them in connection with investigating any claims and defending any actions, insofar as such losses, claims, damages, liabilities or actions shall arise out of, or shall be based upon, any untrue statement or alleged untrue statement of a material fact contained in the registration statement (or in any preliminary or final prospectus included therein) or any amendment or supplement thereto, or in any document incorporated by reference therein, or any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading; provided, however, that the Company shall not be liable to a particular Holder in any such case to the extent that any such loss, claim, damage, liability or action arises out of, or is based upon, any untrue statement or alleged untrue statement, or any omission, if such statement or omission shall have been made in reliance upon and in conformity with information relating to such Holder furnished to the Company in writing by or on behalf of such Holder and identified in such writing as being specifically for use in the preparation of the registration statement (or in any preliminary or final prospectus included therein) or any

amendment or supplement thereto. Such indemnity shall remain in full force and affect regardless of any investigation made by or on behalf of a Holder and shall survive the transfer of such securities. The foregoing indemnity agreement is in addition to any liability which the Company may otherwise have to each Holder, any of such Holder's directors or officers, underwriters of the Registrable Securities or any controlling person of the foregoing; provided, further, that this indemnity does not apply in favor of any underwriter or person controlling an underwriter (or if a Selling Holder offers Registrable Securities directly without an underwriter, the Selling Holder) with respect to any loss, liability, claim, damage or expense arising out of or based upon any untrue statement or alleged untrue statement or omission or alleged omission in any preliminary prospectus if a copy of a final prospectus was not sent or given by or on behalf of an underwriter (or the Selling Holder, if the Selling Holder offered the Registrable Securities directly without an underwriter) to the person asserting such loss, claim, damage, liability or action at or prior to the written confirmation of the sale of the Registrable Securities as required by the Securities Act and such untrue statement or omission had been corrected in such final prospectus.

(b) In the case of each offering made pursuant to this Agreement, each Holder of Registrable Securities included in such offering, by exercising its registration rights hereunder, agrees to indemnify and hold harmless the Company, its officers and directors and each person, if any, who controls any of the foregoing within the meaning of the Securities Act (and if requested by the underwriters, each underwriter who participates in the offering and each person, if any, who controls any such underwriter within the meaning of the Securities Act), from and against any and all claims, liabilities, losses, damages, expenses and judgments, joint or several, to which they or any of them may become subject, under the Securities Act or otherwise, including any amount paid in settlement of any litigation commenced or threatened, and shall promptly reimburse them, as and when incurred, for any legal or other expenses incurred by them in connection with investigating any claim and defending any actions, insofar as any such losses, claims, damages, liabilities or actions shall arise out of, or shall be based upon, any untrue statement or alleged untrue statement of a material fact contained in the registration statement (or in any preliminary or final prospectus included therein) or any amendment or supplement thereto, or any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, but in each case only to the extent that such untrue statement of a material fact is contained in, or such material fact is omitted from, information relating to such Holder furnished in writing to the Company by or on behalf of such Holder and identified in such writing as being specifically for use in the preparation of such registration statement (or in any preliminary or final prospectus included therein). The foregoing indemnity is in addition to any liability which such Holder may otherwise have to the Company, any of its directors or officers, underwriters who participates in the offering or any controlling person of the foregoing; provided, however, that this indemnity does not apply in favor of any underwriter or person controlling an underwriter (or if the Company offers securities directly without an underwriter, the Company) with respect to any loss, liability, claim, damage or expense arising out of or based upon any untrue statement or alleged untrue statement or omission or alleged omission in any preliminary prospectus if a copy of a final prospectus was not sent or given by or on behalf of an underwriter (or the Company, if the Company offered the securities directly without an underwriter) to the person asserting such loss, claim, damage, liability or action at or prior to the written confirmation of the sale of the

securities as required by the Securities Act and such untrue statement or omission had been corrected in such final prospectus.

(c) Each party indemnified under Paragraph (a) or (b) of this Section 8 shall, promptly after receipt of notice of any claim or the commencement of any action against such indemnified party in respect of which indemnity may be sought, notify the indemnifying party in writing of the claim or the commencement thereof; provided that the failure to notify the indemnifying party shall not relieve it from any liability which it may have to an indemnified party on account of the indemnity agreement contained in paragraph (a) or (b) of this Section 8, except to the extent the indemnifying party was materially prejudiced by such failure, and in no event shall relieve the indemnifying party from any other liability which it may have to such indemnified party. If any such claim or action shall be brought against an indemnified party, and it shall notify the indemnifying party thereof, the indemnifying party shall be entitled to participate therein, and, to the extent that it wishes, jointly with any other similarly notified indemnifying party, to assume the defense thereof with counsel reasonably satisfactory to the indemnified party. After notice from the indemnifying party to the indemnified party of its election to assume the defense of such claim or action, the indemnifying party shall not be liable to the indemnified party under this Section 8 for any legal or other expenses subsequently incurred by the indemnified party in connection with the defense thereof other than reasonable costs of investigation; provided that each indemnified party, its officers and
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directors, if any, and each person, if any, who controls such indemnified party within the meaning of the Securities Act, shall have the right to employ separate counsel reasonably approved by the indemnifying party to represent them if the named parties to any action (including any impleaded parties) include both such indemnified party and an indemnifying party or an Affiliate of an indemnifying party, and such indemnified party shall have been advised by counsel a conflict may exist between such indemnified party and such indemnifying party or such Affiliate that makes representation by the same counsel inadvisable, and in that event the fees and expenses of one such separate counsel for all such indemnified parties shall be paid by the indemnifying party. An indemnified party will not enter into any settlement agreement which is not approved by the indemnifying party, such approval not to be unreasonably withheld. The indemnifying party may not agree to any settlement of any such claim or action which provides for any remedy or relief other than monetary damages for which the indemnifying party shall be responsible hereunder, without the prior written consent of the indemnified party, which consent shall not be unreasonably withheld. In any action hereunder as to which the indemnifying party has assumed the defense thereof with counsel reasonably satisfactory to the indemnified party, the indemnified party shall continue to be entitled to participate in the defense thereof, with counsel of its own choice, but, except as set forth above, the indemnifying party shall not be obligated hereunder to reimburse the indemnified party for the costs thereof. In all instances, the indemnified party shall cooperate fully with the indemnifying party or its counsel in the defense of such claim or action.

(d) If the indemnification provided for in this Section 8 shall for any reason be unavailable to or insufficient to hold harmless an indemnified party in respect of any loss, claim, damage or liability, or any action in respect thereof, referred to herein, then each indemnifying party shall, in lieu of indemnifying such indemnified party, contribute to the amount paid or payable by such indemnified party as a result of such loss, claim, damage or liability, or action in respect thereof, in such proportion as shall be appropriate to reflect the relative fault of the

indemnifying party on the one hand and the indemnified party on the other with respect to the statements or omissions which resulted in such loss, claim, damage or liability, or action in respect thereof, as well as any other relevant equitable considerations. The relative fault shall be determined by reference to whether the untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact relates to information related to and supplied by the indemnifying party on the one hand or the indemnified party on the other, the intent of the parties and their relative knowledge, access to information and opportunity to correct or prevent such statement or omission, but not by reference to any indemnified party's stock ownership in the Company. In no event, however, shall a Holder be required to contribute in excess of the amount of the net proceeds received by such Holder in connection with the sale of Registrable Securities in the offering which is the subject of such loss, claim, damage or liability. The amount paid or payable by an indemnified party as a result of the loss, claim, damage or liability, or action in respect thereof, referred to above in this paragraph shall be deemed to include, for purposes of this paragraph, any legal or other expenses reasonably incurred by such indemnifying party in connection with investigating or defending any such action or claim. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

9. Rule 144.The Company shall take such measures and file such information, documents and reports as shall be required by the SEC as a condition to the availability of Rule 144 (or any successor provision). The Company shall use its best efforts to cause all conditions to the availability of Form S-3 (or any successor form thereto) under the Securities Act for the filing of registration statements under this Agreement to be met as soon as possible after the completion of the Public Offering.

10. Holdback.

(a) Each Holder agrees by the acquisition of Registrable Securities, if so required by the managing underwriter of any offering of equity securities by the Company and provided that the Company and each of its executive officers and directors enter into similar agreements, not to sell, make any short sale of, loan, grant any option for the purchase of, effect any public sale or distribution of or otherwise dispose of any Registrable Securities owned by such Holder, during the 7 days prior to and the 90 days after the registration statement relating to such offering has become effective (or such shorter period as may be required by the underwriter), except as part of such underwritten offering. Notwithstanding the foregoing sentence, each Holder subject to the foregoing sentence shall be entitled to (i) issue shares of Common Stock or other securities upon the exercise of an option or warrant or the conversion or exchange of a security outstanding on such date, (ii) sell any Registrable Securities acquired in open market transactions after the completion of such underwritten offering, (iii) sell any Registrable Securities in a transaction in which the purchaser agrees to be bound by the restrictions contained in the foregoing sentence and (iv) in the case of Transocean, effect any distribution of shares of Common Stock to the holders of its ordinary shares by means of a distribution or exchange offer in a transaction intended to qualify as a tax-free distribution under Section 355 of the Internal Revenue Code, as amended, or any corresponding provision of any successor statute. The Company may legend and may impose stop transfer instructions on any certificate evidencing Registrable Securities relating to the restrictions provided for in

this Section 10. The Holders shall not be subject to the restrictions set forth in this Section 10(a) for longer than 97 days during any 12-month period and a Holder shall no longer be subject to such restrictions at such time as such Holder together with its Affiliates shall own less than 5% of the then outstanding shares of Common Stock on a fully-diluted basis.

(b) The Company agrees, if so required by the managing underwriter of any offering of Registrable Securities, not to sell, make any short sale of, loan, grant any option for the purchase of, effect any public sale or distribution of or otherwise dispose of any of its equity securities during the 30 days prior to and the 90 days after any underwritten registration pursuant to Section 2 or 3 hereof has become effective, except as part of such underwritten registration. Notwithstanding the foregoing sentence, the Company shall be entitled to (i) issue shares of Common Stock or other securities upon the exercise of an option or warrant or the conversion or exchange of a security outstanding on such date, (ii) issue shares of Common Stock or other securities pursuant to Transocean's subscription rights described in the Prospectus, (iii) grant shares of Common Stock or other securities pursuant to employee benefit plans in effect on such date and (iv) sell shares of Common Stock or other securities in a transaction in which the purchaser agrees to be bound by the restrictions contained in the preceding paragraph. The Company shall use its best efforts to obtain and enforce similar agreements from any other Persons if requested by the managing underwriter of such offering. Neither the Company nor such Persons shall be subject to the restrictions set forth in this Section 10(b) for longer than 120 days during any 12-month period.

11. Transfer of Registration Rights.

(a) A Holder may transfer all or any portion of its rights under this Agreement to any transferee of Registrable Securities that represent (assuming the conversion, exchange or exercise of all Registrable Securities so transferred that are convertible into or exercisable or exchangeable for the Company's Common Stock) at least 10% of the then issued and outstanding Common Stock of the Company (each, a "Permitted Transferee"); provided, however, that
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(i) with respect to any transferee of a majority of the then outstanding shares of Common Stock, the Company shall not be obligated to file a registration statement pursuant to a registration request made by such transferee pursuant to Section 2 hereof on more than two occasions after such time as such transferee owns less than a majority of the then outstanding shares of Common Stock, (ii) with respect to any transferee of less than a majority but more than 25% of the then outstanding shares of Common Stock, the Company shall not be obligated to file a registration statement pursuant to a registration request made by such transferee pursuant to Section 2 hereof on more than two occasions, and (iii) with respect to any transferee of 25% or less of the then issued and outstanding Common Stock, the Company shall not be obligated to file a registration statement pursuant to a registration request made by such transferee pursuant to Section 2 hereof on more than one occasion. No transfer of registration rights pursuant to this Section shall be effective unless the Company has received written notice from the Holder of a transfer no later than 10 business days after the Holder enters into a binding agreement to transfer Registrable Securities. Such notice shall state the name and address of any Permitted Transferee and identify the number and/or aggregate principal amount of Registrable Securities with respect to which the rights under this Agreement are being transferred and the scope of the rights so transferred. In connection with any such transfer, the term Transocean as used in this Agreement (other than in Sections 2(a)(iii) and 5(a)) shall, where appropriate to assign the rights

and obligations hereunder to such Permitted Transferee, be deemed to refer to the Permitted Transferee of such Registrable Securities. Transocean and any Permitted Transferees may exercise the registration rights hereunder in such priority, as among themselves, as they shall agree among themselves, and the Company shall observe any such agreements of which it shall have notice as provided above.

(b) After any such transfer, the transferring Holder shall retain its rights under this Agreement with respect to all other Registrable Securities owned by such transferring Holder.

(c) Upon the request of the transferring Holder, the Company shall execute an agreement with a Permitted Transferee substantially similar to this Agreement.

12. Miscellaneous.

(a) Injunctions. Each party acknowledges and agrees that irreparable damage would occur in the event that any of the provisions of this Agreement was not performed in accordance with its specific terms or was otherwise breached. Therefore, each party shall be entitled to an injunction or injunctions to prevent breaches of the provisions of this Agreement and to enforce specifically the terms and provisions hereof in any court having jurisdiction, such remedy being in addition to any other remedy to which such party may be entitled at law or in equity.

(b) Severability. If any term or provision of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the terms and provisions set forth herein shall remain in full force and effect and shall in no way be affected, impaired or invalidated, and each of the parties shall use its best efforts to find and employ an alternative means to achieve the same or substantially the same result as that contemplated by such term or provision.

(c) Further Assurances. Subject to the specific terms of this Agreement, each of the parties hereto shall make, execute, acknowledge and deliver such other instruments and documents, and take all such other actions, as may be reasonably required in order to effectuate the purposes of this Agreement and to consummate the transactions contemplated hereby.

(d) Waivers, etc. Except as otherwise expressly set forth in this Agreement, no failure or delay on the part of either party in exercising any power or right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. Except as otherwise expressly set forth in this Agreement, no modification or waiver of any provision of this Agreement nor consent to any departure therefrom shall in any event be effective unless the same shall be in writing and signed by an authorized officer of each of the parties, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given.

(e) Entire Agreement. This Agreement contains the final and complete understanding of the parties with respect to its subject matter. This Agreement supersedes all

prior agreements and understandings between the parties, whether written or oral, with respect to the subject matter hereof.

(f) Counterparts. For the convenience of the parties, this Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original but all of which together shall be one and the same instrument.

(g) Termination. The right of any Holder to request registration or inclusion in any registration pursuant to this Agreement shall terminate on such date as all Registrable Securities held or entitled to be held upon conversion by such Holder and its Affiliates may immediately be sold under Rule 144 during any ninety (90) day period.

(h) Amendment. This Agreement may be amended only by a written instrument duly executed by an authorized officer of each of the parties.

(i) Notices. Unless expressly provided herein, all notices, claims, certificates, requests, demands and other communications hereunder shall be in writing and shall be deemed to be duly given (i) when personally delivered or (ii) if mailed registered or certified mail, postage prepaid, return receipt requested, on the date the return receipt is executed or the letter refused by the addressee or its agent or (iii) if sent by overnight courier which delivers only upon the signed receipt of the addressee, on the date the receipt acknowledgment is executed or refused by the addressee or its agent or (iv) if sent by facsimile or other generally accepted means of electronic transmission, on the date confirmation of transmission is received (provided that a copy of any notice delivered pursuant to this clause (iv) shall also be sent pursuant to clause (ii) or (iii)), addressed as follows or sent by facsimile to the following number (or to such other address or facsimile number for a party as it shall have specified by like notice):

(i) if to Transocean, to:

Transocean Inc.
4 Greenway Plaza
Houston, Texas 77046
Attention: Chief Executive Officer
Facsimile Number: (713) 231-7001

(ii) if to the Company, to

TODCO
4 Greenway Plaza
Houston, Texas 77046
Attention: Chief Executive Officer
Facsimile Number: (713) 278-6101

(iii) if to a Holder of Registrable Securities, to the name and address as the same appear in the security transfer books of the Company,

or to such other address as either party (or other Holders of Registrable Securities) may, from time to time, designate in a written notice in a like manner.

(j) Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS, WITHOUT REGARD TO THE CONFLICTS OF LAWS PRINCIPLES THEREOF.

(k) Assignment. Except as specifically provided herein, the parties may not assign their rights under this Agreement. The Company may not delegate its obligations under this Agreement.

(l) Conflicting Agreements. The Company shall not hereafter grant any rights to any person to register securities of the Company, the exercise of which would conflict with the rights granted to the Holders of the Registrable Securities under this Agreement. The Company shall not hereafter grant to any person demand registration rights permitting it to exclude the Holders from including Registrable Securities in a registration on behalf of such person on a basis more favorable than that set forth in Section 2(d) hereof with respect to the Holders.

(m) Resolution of Disputes. If a dispute, claim or controversy results from or arises out of or in connection with this Agreement, the parties agree to use the procedures set forth in Article VI of the Separation Agreement, in lieu of other available remedies, to resolve the same.

(n) Construction. This Agreement shall be construed as if jointly drafted by the Company and Transocean and no rule of construction or strict interpretation shall be applied against either party. The paragraph headings contained in this Agreement are for reference purposes only, and shall not affect in any manner the meaning or interpretation of this Agreement.

IN WITNESS WHEREOF, Transocean and the Company have caused this Agreement to be duly executed by their authorized representative as of the date first above written.

TRANSOCEAN INC.

By: /s/ Gregory L. Cauthen

TODCO

By: /s/ T. Scott O'Keefe
