

UNITED STATES  
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): October 26, 2004

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

CAYMAN ISLANDS	333-75899	66-0587307
(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 and zip code)

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

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to  
simultaneously satisfy the filing obligation of the registrant under any of the  
following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR  
230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR  
240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange  
Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange  
Act (17 CFR 240.13e-4(c))

ITEM 2.02 Results of Operations and Financial Condition.

Our press release dated October 26, 2004, concerning third quarter 2004  
financial results, furnished as Exhibit 99.1 to this report, is incorporated by  
reference herein. The press release contains certain measures (discussed below)  
which may be deemed "non-GAAP financial measures" as defined in Item 10 of  
Regulation S-K of the Securities Exchange Act of 1934, as amended.

In the attached press release, we discuss net income, adjusted for the September  
2004 TODCO secondary offering, on a total and per share basis for the quarter  
ended September 30, 2004. We also discuss net income adjusted for the September  
2004 TODCO secondary offering and the TODCO initial public offering (IPO), the  
sale of the semisubmersible SEDCO 602, early retirement of debt and TODCO  
IPO-related costs, on a total and per share basis for the nine months ended  
September 30, 2004. In addition, we discuss net income, after adjusting for  
TODCO IPO-related costs, on a total and per share basis for the quarter ended  
September 30, 2003. We also discuss net income, adjusted for asset impairment  
charges, early retirement of debt, TODCO IPO-related charges and the favorable  
resolution of an existing tax liability, on a total and per share basis for the  
nine months ended September 30, 2003. This information is provided because  
management believes exclusion of these items will help investors compare results  
between periods and identify operating trends that could otherwise be masked by  
these items. The most directly comparable GAAP financial measure, net income  
(loss), and information reconciling the GAAP and non-GAAP measures are included  
in the press release.

In the press release, we also discuss field operating income for our Transocean  
Drilling business segment for the quarters ended June 30, 2004 and September  
30, 2004. We also discuss field operating income for our TODCO business segment  
for the quarter ended September 30, 2004. Management believes field operating  
income is a useful measure of the operating results of a particular segment  
since the measure only deducts expenses directly related to a segment's  
operations from that segment's revenues. The most directly comparable GAAP  
financial measure, operating income before general and administrative expenses,  
and information reconciling the GAAP and non-GAAP measures are included in the  
press release.

In the press release, we also discuss net debt at September 30, 2004 and at  
December 31, 2003. This information is provided because management believes net  
debt provides useful information regarding the level of our indebtedness by  
reflecting the amount of indebtedness assuming cash and investments were used to  
repay debt. The most directly comparable GAAP financial measure, total debt, and  
the information reconciling the GAAP and the non-GAAP measures are included in  
the press release.

The information furnished pursuant to this Item 12, including Exhibit 99.1, shall not be deemed to be "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, nor will it be incorporated by reference into any registration statement filed by Transocean Inc. under the Securities Act of 1933, as amended, unless specifically identified therein as being incorporated therein by reference. The furnishing of the

information in this report is not intended to, and does not, constitute a determination or admission by Transocean Inc. that the information in this report is material or complete, or that investors should consider this information before making an investment decision with respect to any security of Transocean Inc.

ITEM 9.01 Financial Statements and Exhibits

(c) Exhibits.

The following exhibit is furnished pursuant to Item 2.02:

Exhibit Number -----	Description -----
99.1	Transocean Inc. Press Release Reporting Third Quarter 2004 Financial Results.

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: October 26, 2004

By: /s/ William E. Turcotte

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William E. Turcotte  
Associate General Counsel

INDEX TO EXHIBITS

The following exhibit is furnished pursuant to Item 2.02:

Exhibit Number	Description
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99.1	Transocean Inc. Press Release Reporting Third Quarter 2004 Financial Results.







The company's Other Floaters fleet has experienced significant under-utilization during 2004; however, improved business conditions are evident in certain regions like the U.K. sector of the North Sea and U.S. Gulf of Mexico. The company has recently received two contracts and a contract extension on three of its semisubmersibles in the U.K. sector of the North Sea and, as a result of increased customer demand, is in the process of reactivating two previously stacked semisubmersibles for drilling programs that are expected to commence during the first quarter of 2005. The two contract signings, on the semisubmersible rigs Sedco 704 and Transocean John Shaw, are at dayrates of \$91,000 and \$85,000, respectively, which are evidence of the improving drilling environment. The company is also reviewing opportunities to reactivate one or two of its idle semisubmersibles in the U.S. Gulf of Mexico.

Customer demand for international jackup rigs remains steady, especially in the Far East and Middle East regions, with utilization and dayrates expected to remain firm to modestly higher through 2005. The company has completed the previously announced mobilizations of jackup rigs Trident VI and J.T. Angel to India and Indonesia, respectively, with both units expected to commence new contracts during the fourth quarter of 2004. Mobilization of the jackup rig Shelf Explorer to Indonesia is in progress, with the rig expected to commence a new contract by late-fourth quarter 2004.

The company remains exposed to certain events during the fourth quarter of 2004 which could reduce profitability over the final three months of the year. These events include the Norwegian labor strike, which has entered its 16th week, affecting the semisubmersible rigs Transocean Leader, Transocean Searcher and Polar Pioneer, and ongoing repairs to the semisubmersible rig Jim Cunningham and jackup rig Trident 20 following operational incidents. The two rigs are expected to be out of service for the majority of the quarter with repair, crew and other costs in the quarter estimated to be in a range of \$20 million to \$25 million. Also, downtime will be incurred on the drillship Deepwater Pathfinder and semisubmersible rig Transocean Rather as the units mobilize to Nigeria and the North Sea, respectively. Finally, the drillship Deepwater Millennium could be idle for approximately 45 days as it transitions between contracts.

Effective Tax Rate (3) - Tax expense for the third quarter of 2004 totaled \$6.3 million or 3.9% of pretax income for the quarter. The company's estimated effective tax rate for the fourth quarter and full year is expected to be approximately 44%. This rate includes nearly 7 percentage points associated with an increase in the valuation allowance established at the time of the TODCO IPO. The estimated effective tax rate is subject to change and could vary significantly from current expectations.

TODCO Segment - Revenues for the three months ended September 30, 2004 were \$93.1 million. The segment reported an operating loss before general and administrative expenses (2) of \$2.4 million and field operating income (2) of \$20.7 million for the three months ended September 30, 2004.

Liquidity - Cash flow from operations totaled \$506.6 million for the nine months ended September 30, 2004. Total debt at September 30, 2004 was \$3,061.4 million. Net debt (4) was \$2,285.6 million at September 30, 2004, down 28% from \$3,184.1 million at December 31, 2003. On October 25, 2004, the company completed the redemption of its \$342.3 million face value, 6.75% Senior Notes due April 2005. A loss on redemption of \$3.3 million will be recognized in the fourth quarter of 2004.

#### Conference Call Information

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Transocean will conduct a teleconference call at 10:00 a.m. ET on October 26, 2004. To participate, dial 303-262-2075 approximately five to 10 minutes prior to the scheduled start time of the call.

In addition, the conference call will be simultaneously broadcast over the Internet in a listen-only mode and can be accessed by logging onto the company's website at [www.deepwater.com](http://www.deepwater.com) and selecting "Investor Relations." It may also be

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accessed via the Internet at [www.CompanyBoardroom.com](http://www.CompanyBoardroom.com) by typing in the company's

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New York Stock Exchange trading symbol, "RIG."

A telephonic replay of the conference call should be available after 1:00 p.m. ET on October 26 and can be accessed by dialing 303-590-3000 and referring to the passcode 11011131. Also, a replay will be available through the Internet and can be accessed by visiting either of the above-referenced Worldwide Web addresses.

TODCO, a publicly traded company in which Transocean owns a majority voting interest, will also conduct a teleconference call at 9:00 a.m. ET on October 26, 2004. To participate, dial 800-967-7141 approximately five to 10 minutes prior to the scheduled start time of the call. TODCO's conference call will be simultaneously broadcast over the Internet in a listen-only mode and can be accessed by logging onto the TODCO website at [www.theoffshoredrillingcompany.com](http://www.theoffshoredrillingcompany.com). For more information, see TODCO's website.

#### Monthly Fleet Update Information

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Drilling rig status and contract information on Transocean Inc.'s offshore drilling fleet has been condensed into a report titled "Monthly Fleet Update," which is available through the company's website at [www.deepwater.com](http://www.deepwater.com). The

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report is located in the "Investor Relations/Financial Reports" section of the website. By subscribing to the Transocean Financial Report Alert, you will be

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immediately notified when new postings are made to this page by an automated e-mail that will provide a link directly to the page that has been updated. Shareholders and other interested parties are invited to sign up for this service.

Statements regarding future opportunities and outlook for the company, including the company's Transocean Drilling business segment, dayrates, contract duration, rig utilization, commencement dates, downtime, business conditions, reactivation of rigs, drilling activity, contract opportunities, revenues, profitability, the duration and financial impact of a labor strike in Norway, rig mobilizations, the Jim Cunningham and Trident 20 repair time, costs and contract status, the effective tax rate, 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 operating hazards and delays, risks associated with international operations, effect of strike and other labor relations issues, effect of fire, future financial results, actions by customers and other third parties, the future price of oil and gas and other factors detailed in the company's most recent Form 10-K 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.

Transocean Inc. is the world's largest offshore drilling contractor with a fleet of 94 mobile offshore drilling units, excluding the 70-rig fleet of TODCO, a publicly traded drilling company in which Transocean Inc. has a majority voting interest. The company's mobile offshore drilling fleet, consisting of a large number of high-specification deepwater and harsh environment drilling units, is considered one of the most modern and versatile in the world due to its emphasis on technically demanding segments of the offshore drilling business. The company's fleet consists of 32 High-Specification Floaters (semisubmersibles and drillships), 25 Other Floaters, 26 Jackup Rigs and other assets utilized in the support of offshore drilling activities worldwide. With a current equity market capitalization in excess of \$11 billion, Transocean Inc.'s ordinary shares are traded on the New York Stock Exchange under the symbol "RIG."

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04-42

(1) Net income adjusted for certain items, a non-GAAP measure, is computed by subtracting from or adding to net income, a GAAP measure, items that occurred during the three and nine months ended September 30, 2004 and 2003 and are considered by management to be outside the normal course of operations. A reconciliation for the periods reported may be found in the accompanying schedule titled Non-GAAP Financial Measures and Reconciliations - Adjusted Net Income and Diluted Earnings Per Share.

(2) For a reconciliation of segment operating income before general and administrative expense to field operating income, see the accompanying schedule titled Non-GAAP Financial Measures and Reconciliations - Operating Income (Loss) Before General and Administrative Expense to Field Operating Income (Loss) by Segment.

(3) For the analysis of the effective tax rate, see the accompanying schedule titled Effective Tax Rate Analysis.

(4) Net Debt is a non-GAAP measure defined as total debt less cash and cash equivalents. A reconciliation for the periods reported may be found in the accompanying schedule titled Non-GAAP Financial Measures and Reconciliations - Total Debt to Net Debt Reconciliations.

TRANSOCEAN INC. AND SUBSIDIARIES  
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS  
(In millions, except per share data)  
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2004	2003	2004	2003
Operating Revenues				
Contract drilling revenues	\$ 607.1	\$ 597.0	\$ 1,789.5	\$ 1,759.2
Other revenues	44.7	25.9	147.5	83.6
	651.8	622.9	1,937.0	1,842.8
Costs and Expenses				
Operating and maintenance	432.9	403.0	1,251.5	1,203.6
Depreciation	133.9	126.8	398.4	381.1
General and administrative	15.2	21.2	44.3	50.0
Impairment loss on long-lived assets	-	-	-	16.8
Gain from sale of assets, net	(1.3)	(0.9)	(28.9)	(2.9)
Gain from TODCO offerings	(129.4)	-	(168.8)	-
	451.3	550.1	1,496.5	1,648.6
Operating Income	200.5	72.8	440.5	194.2
Other Income (Expense), net				
Equity in earnings of joint ventures	1.7	1.9	7.7	7.3
Interest income	2.5	3.0	6.5	15.7
Interest expense	(42.6)	(49.0)	(132.6)	(154.4)
Loss on retirement of debt	-	-	(28.1)	(15.7)
Impairment loss on note receivable from related party	-	-	-	(21.3)
Other, net	0.1	(0.2)	0.4	(3.5)
	(38.3)	(44.3)	(146.1)	(171.9)
Income Before Income Taxes and Minority Interest	162.2	28.5	294.4	22.3
Income Tax Expense	6.3	17.3	74.2	8.3
Minority Interest	1.0	0.2	(5.4)	0.3
Net Income	\$ 154.9	\$ 11.0	\$ 225.6	\$ 13.7
Earnings Per Share				
Basic and Diluted	\$ 0.48	\$ 0.03	\$ 0.70	\$ 0.04
Weighted Average Shares Outstanding				
Basic	320.9	319.9	320.7	319.8
Diluted	325.3	321.1	324.5	321.4

TRANSOCEAN INC. AND SUBSIDIARIES  
CONDENSED CONSOLIDATED BALANCE SHEETS  
(In millions, except share data)

	September 30, 2004	December 31, 2003
	(Unaudited)	
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 775.8	\$ 474.0
Accounts Receivable, net		
Trade	483.9	435.3
Other	19.7	45.0
Materials and Supplies, net	150.1	152.0
Deferred Income Taxes	35.6	41.0
Other Current Assets	41.7	31.6
Total Current Assets	1,506.8	1,178.9
Property and Equipment	10,672.3	10,673.0
Less Accumulated Depreciation	2,988.9	2,663.4
Property and Equipment, net	7,683.4	8,009.6
Goodwill	2,257.1	2,230.8
Investments in and Advances to Joint Ventures	4.1	5.5
Deferred Income Taxes, net	30.0	28.2
Other Assets	222.6	209.6
Total Assets	\$ 11,704.0	\$ 11,662.6
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Accounts Payable	\$ 180.2	\$ 146.1
Accrued Income Taxes	48.3	57.2
Debt Due Within One Year	386.7	45.8
Other Current Liabilities	295.8	262.0
Total Current Liabilities	911.0	511.1
Long-Term Debt	2,674.7	3,612.3
Deferred Income Taxes	85.5	42.8
Other Long-Term Liabilities	320.5	299.4
Total Long-Term Liabilities	3,080.7	3,954.5
Commitments and Contingencies		
Minority Interest	263.7	4.4
Preference Shares, \$0.10 par value; 50,000,000 shares authorized, none issued and outstanding	-	-
Ordinary Shares, \$0.01 par value; 800,000,000 shares authorized, 321,071,783 and 319,926,500 shares issued and outstanding at September 30, 2004 and December 31, 2003, respectively	3.2	3.2
Additional Paid-in Capital	10,673.9	10,643.8
Accumulated Other Comprehensive Loss	(19.9)	(20.2)
Retained Deficit	(3,208.6)	(3,434.2)
Total Shareholders' Equity	7,448.6	7,192.6
Total Liabilities and Shareholders' Equity	\$ 11,704.0	\$ 11,662.6

TRANSOCEAN INC. AND SUBSIDIARIES  
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
(In millions)  
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2004	2003	2004	2003
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Net income	\$ 154.9	\$ 11.0	\$ 225.6	\$ 13.7
Adjustments to reconcile net income to net cash provided by operating activities				
Depreciation	133.9	126.8	398.4	381.1
Stock-based compensation expense	4.2	1.4	17.7	4.3
Deferred income taxes	(7.6)	19.1	20.4	(40.4)
Equity in earnings of joint ventures	(1.7)	(1.9)	(7.7)	(7.3)
Net (gain)/loss from disposal of assets	1.4	4.4	(23.6)	12.2
Gain from TODCO offerings	(129.4)	-	(168.8)	-
Loss on retirement of debt	-	-	28.1	15.7
Impairment loss on long-lived assets	-	-	-	16.8
Impairment loss on note receivable from related party	-	-	-	21.3
Amortization of debt-related discounts/premiums, fair value adjustments and issue costs, net	(5.1)	(8.2)	(17.6)	(16.1)
Deferred income, net	1.0	(5.3)	15.1	(6.9)
Deferred expenses, net	(5.8)	(5.1)	(18.5)	(2.4)
Other long-term liabilities	(1.5)	0.2	5.4	13.7
Other, net	3.7	6.7	(0.6)	11.8
Changes in operating assets and liabilities				
Accounts receivable	8.6	(44.0)	(23.2)	7.6
Accounts payable and other current liabilities	61.0	48.2	61.1	46.6
Income taxes receivable/payable, net	3.4	(8.0)	5.4	1.6
Other current assets	5.0	14.3	(10.6)	(9.0)
Net Cash Provided by Operating Activities	226.0	159.6	506.6	464.3
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Capital expenditures	(45.1)	(22.4)	(99.8)	(72.6)
Note issued to related party, net of repayments	-	1.1	-	(44.2)
Proceeds from disposal of assets, net	4.3	0.9	46.3	4.1
Deepwater Drilling II L.L.C.'s cash acquired, net of cash paid	-	-	-	18.1
Proceeds from TODCO offerings	269.9	-	425.6	-
Joint ventures and other investments, net	4.3	0.5	9.0	2.7
Net Cash Provided by (Used in) Investing Activities	233.4	(19.9)	381.1	(91.9)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Repayments on revolving credit agreements	-	-	(200.0)	-
Repayments on other debt instruments	(11.8)	(48.0)	(407.0)	(967.2)
Cash from termination of interest rate swaps	-	-	-	173.5
Net proceeds from issuance of ordinary shares under stock-based compensation plans	5.0	0.6	20.0	12.3
Other, net	1.1	-	1.1	1.1
Net Cash Used in Financing Activities	(5.7)	(47.4)	(585.9)	(780.3)
Net Increase (Decrease) in Cash and Cash Equivalents	453.7	92.3	301.8	(407.9)
Cash and Cash Equivalents at Beginning of Period	322.1	714.0	474.0	1,214.2
Cash and Cash Equivalents at End of Period	\$ 775.8	\$ 806.3	\$ 775.8	\$ 806.3

Transocean Inc.  
Fleet Operating Statistics

	Operating Revenues (\$Millions) (1)				
	Three Months Ended			Nine Months Ended September 30,	
	September 30, 2004	June 30, 2004	September 30, 2003	2004	2003
<b>TRANSOCEAN DRILLING SEGMENT:</b>					
Contract Drilling Revenues					
High-Specification Floaters:					
Fifth-Generation Deepwater Floaters	\$ 192.8	\$ 189.0	\$ 188.7	\$ 590.3	\$ 532.9
Other Deepwater Floaters	\$ 112.5	\$ 103.3	\$ 113.2	\$ 323.9	\$ 335.4
Other High-Specification Floaters	\$ 34.2	\$ 31.5	\$ 32.1	\$ 96.3	\$ 96.6
Total High-Specification Floaters	\$ 339.5	\$ 323.8	\$ 334.0	\$ 1,010.5	\$ 964.9
Other Floaters	\$ 67.0	\$ 66.3	\$ 74.3	\$ 196.0	\$ 238.8
Jackups	\$ 101.4	\$ 106.6	\$ 110.4	\$ 309.5	\$ 342.3
Other Rigs	\$ 20.1	\$ 19.9	\$ 24.2	\$ 64.1	\$ 59.5
Subtotal	\$ 528.0	\$ 516.6	\$ 542.9	\$ 1,580.1	\$ 1,605.5
Other Revenues					
Client Reimbursable Revenues	\$ 17.6	\$ 21.4	\$ 20.0	\$ 55.6	\$ 64.6
Integrated Services and Other	\$ 13.1	\$ 14.5	\$ 1.5	\$ 53.7	\$ 5.5
Subtotal	\$ 30.7	\$ 35.9	\$ 21.5	\$ 109.3	\$ 70.1
Segment Total	\$ 558.7	\$ 552.5	\$ 564.4	\$ 1,689.4	\$ 1,675.6
<b>TODCO SEGMENT</b>					
Contract Drilling Revenues	\$ 79.1	\$ 68.3	\$ 54.1	\$ 209.4	\$ 153.7
Other Revenues					
Client Reimbursable Revenues	\$ 5.6	\$ 5.6	\$ 4.4	\$ 16.2	\$ 13.5
Delta Towing and Other	\$ 8.4	\$ 6.8	\$ -	\$ 22.0	\$ -
Subtotal	\$ 14.0	\$ 12.4	\$ 4.4	\$ 38.2	\$ 13.5
Segment Total	\$ 93.1	\$ 80.7	\$ 58.5	\$ 247.6	\$ 167.2
Total Company	\$ 651.8	\$ 633.2	\$ 622.9	\$ 1,937.0	\$ 1,842.8

	Average Dayrates (1) (2)				
	Three Months Ended			Nine Months Ended September 30,	
	September 30, 2004	June 30, 2004	September 30, 2003	2004	2003
<b>TRANSOCEAN DRILLING SEGMENT:</b>					
High-Specification Floaters:					
Fifth-Generation Deepwater Floaters	\$ 193,400	\$ 177,800	\$ 176,600	\$ 187,600	\$ 181,600
Other Deepwater Floaters	\$ 103,900	\$ 107,800	\$ 112,500	\$ 104,200	\$ 112,600
Other High-Specification Floaters	\$ 111,200	\$ 115,500	\$ 117,200	\$ 113,800	\$ 118,300
Total High-Specification Floaters	\$ 406,500	\$ 401,100	\$ 406,300	\$ 405,600	\$ 412,500
Other Floaters	\$ 65,400	\$ 65,000	\$ 60,600	\$ 64,400	\$ 64,100
Jackups	\$ 52,500	\$ 52,700	\$ 54,400	\$ 52,200	\$ 56,200
Other Rigs	\$ 41,900	\$ 43,300	\$ 48,800	\$ 43,200	\$ 44,700
Segment Total	\$ 90,700	\$ 89,100	\$ 89,000	\$ 90,000	\$ 89,800
TODCO SEGMENT	\$ 27,800	\$ 26,200	\$ 19,300	\$ 26,600	\$ 18,400
Total Drilling Fleet	\$ 70,100	\$ 69,600	\$ 67,000	\$ 70,400	\$ 67,100

## Utilization (1) (2)

	Three Months Ended			Nine Months Ended	
				September 30,	
	September 30, 2004	June 30, 2004	September 30, 2003	2004	2003
TRANSOCEAN DRILLING SEGMENT:					
High-Specification Floaters:					
Fifth-Generation Deepwater Floaters	83%	90%	97%	88%	94%
Other Deepwater Floaters	78%	70%	73%	76%	73%
Other High-Specification Floaters	84%	75%	74%	77%	75%
Total High-Specification Floaters	81%	79%	82%	81%	81%
Other Floaters	45%	45%	51%	44%	51%
Jackups	81%	85%	85%	83%	86%
Other Rigs	47%	46%	49%	49%	42%
Segment Total	67%	68%	71%	68%	69%
TODCO SEGMENT	44%	41%	44%	41%	41%
Total Drilling Fleet	57 %	56%	59%	56%	57%

(1) Certain reclassifications have been made to prior periods to conform to current quarter presentation.

(2) Average dayrates are defined as contract drilling revenue earned per revenue earning day in the period and utilization is defined as the total actual number of revenue earning days in the period as a percentage of the total number of calendar days in the period.



[LOGO OMITTED]  
 TRANSOCEAN  
 TRANSOCEAN INC. AND SUBSIDIARIES  
 EFFECTIVE TAX RATE ANALYSIS  
 (IN US\$ MILLIONS)

	THREE MONTHS ENDED			NINE MONTHS ENDED	
	SEPTEMBER 30, 2004	JUNE 30, 2004	SEPTEMBER 30, 2003	SEPTEMBER 30, 2004	SEPTEMBER 30, 2003
Income before Income Taxes and Minority Interest	\$ 162.2	\$ 65.7	\$ 28.5	\$ 294.4	\$ 22.3
Add back (subtract):					
TODCO IPO date stock option vesting	-	-	-	5.6	-
Transocean IPO date stock option vesting	-	-	-	1.5	-
Nigeria benefit plan restructuring	-	-	(2.0)	-	0.6
Impairment loss on note receivable from related party	-	-	-	-	21.3
Impairment loss on long-lived assets	-	-	-	-	16.8
Loss on retirement of debt	-	-	-	28.1	15.7
IPO-related costs	-	-	8.0	-	8.0
Gain on sale of Sedco 602	-	(21.6)	-	(21.6)	-
Gain on TODCO offerings	(129.4)	-	-	(168.8)	-
ADJUSTED INCOME BEFORE INCOME TAXES AND MINORITY INTEREST	\$ 32.8	\$ 44.1	\$ 34.5	\$ 139.2	\$ 84.7
Income Tax Expense	\$ 6.3	\$ 19.9	\$ 17.3	\$ 74.2	\$ 8.3
Add back (subtract):					
Valuation allowance related to TODCO offerings	13.7	-	-	(17.3)	-
Other	(0.9)	-	-	(0.9)	-
Changes in estimates of prior years taxes	5.5	(1)	-	5.5	14.6
Nigeria benefit plan restructuring	-	-	0.1	-	-
Impairment loss on note receivable from related party	-	-	-	-	7.5
Impairment loss on long-lived assets	-	-	-	-	4.0
Loss on retirement of debt	-	-	-	-	1.9
ADJUSTED INCOME TAX EXPENSE	\$ 24.6 (2)	\$ 19.9 (2)	\$ 17.4 (2)	\$ 61.5	\$ 36.3
EFFECTIVE TAX RATE	3.9%	30.3%	60.7%	25.2%	37.2%
EFFECTIVE TAX RATE ADJUSTED	75.1%	45.1%	50.4%	44.2% (3)	42.8%

- (1) Our estimates of prior year taxes change as we file tax returns, settle disputes with tax authorities or become aware of other events.
- (2) The three months ended September 30, 2004, June 30, 2004 and September 30, 2003 include \$10.1 million, \$4.6 million and \$2.6 million, respectively, of additional tax expense reflecting the catch-up effect of the increase in the annual effective tax rate.
- (3) Includes 6.9 percentage points associated with an increase in the valuation allowance established at the time of the TODCO IPO

[LOGO OMITTED]  
 TRANSOCEAN  
 TRANSOCEAN INC. AND SUBSIDIARIES  
 NON-GAAP FINANCIAL MEASURES AND RECONCILIATIONS  
 ADJUSTED NET INCOME AND DILUTED EARNINGS PER SHARE  
 (IN US\$ MILLIONS)

	THREE MONTHS ENDED			NINE MONTHS ENDED	
	SEPTEMBER 30, 2004	JUNE 30, 2004	SEPTEMBER 30, 2003	SEPTEMBER 30, 2004	SEPTEMBER 30, 2003
<b>ADJUSTED NET INCOME</b>					
Net income as reported	\$ 154.9	\$ 48.0	\$ 11.0	\$ 225.6	\$ 13.7
Add back (subtract):					
After-tax gain from sale of Sedco 602	-	(21.6)	-	(21.6)	-
After-tax gain from TODCO Offerings	(129.4)	-	-	(168.8)	-
Tax valuation allowance related to TODCO IPO	-	-	-	31.0	-
After-tax loss on retirement of debt	-	-	-	28.1	13.8
Stock option vesting resulting from the TODCO IPO	-	-	-	7.1	-
After-tax IPO costs	-	-	8.0	-	8.0
After-tax impairment loss on long-lived assets	-	-	-	-	12.8
After-tax impairment loss on note receivable from related party	-	-	-	-	13.8
Favorable resolution of a non-U.S. income tax liability	-	-	-	-	(14.6)
Net income as adjusted	\$ 25.5	\$ 26.4	\$ 19.0	\$ 101.4	\$ 47.5
<b>DILUTED EARNINGS PER SHARE:</b>					
Net income as reported	\$ 0.48	\$ 0.15	\$ 0.03	\$ 0.70	\$ 0.04
Add back (subtract):					
After-tax gain from sale of Sedco 602	-	(0.07)	-	(0.07)	-
After-tax gain from TODCO Offerings	(0.40)	-	-	(0.52)	-
Tax valuation allowance related to TODCO IPO	-	-	-	0.09	-
After-tax loss on retirement of debt	-	-	-	0.09	0.04
Stock option vesting resulting from the TODCO IPO	-	-	-	0.02	-
After-tax IPO costs	-	-	0.03	-	0.03
After-tax impairment loss on long-lived assets	-	-	-	-	0.04
After-tax impairment loss on note receivable from related party	-	-	-	-	0.04
Favorable resolution of a non-U.S. income tax liability	-	-	-	-	(0.04)
Net income as adjusted	\$ 0.08	\$ 0.08	\$ 0.06	\$ 0.31	\$ 0.15

[LOGO OMITTED]  
 TRANSOCEAN  
 TRANSOCEAN INC. AND SUBSIDIARIES  
 NON-GAAP FINANCIAL MEASURES AND RECONCILIATIONS

OPERATING INCOME (LOSS) BEFORE GENERAL AND ADMINISTRATIVE EXPENSE  
 TO FIELD OPERATING INCOME (LOSS) BY SEGMENT  
 (IN US\$ MILLIONS)

	THREE MONTHS ENDED			NINE MONTHS ENDED	
	SEPTEMBER 30, 2004	JUNE 30, 2004	SEPTEMBER 30, 2003	SEPTEMBER 30, 2004	SEPTEMBER 30, 2003
<b>Transocean Drilling Segment</b>					
Operating revenue	\$ 558.7	\$ 552.5	\$ 564.4	\$ 1,689.4	\$ 1,675.6
Operating and maintenance expense	360.5	338.1	342.4	1,031.8	1,013.8
Depreciation	110.0	109.1	103.9	326.4	311.9
Impairment loss on long-lived assets	-	-	-	-	5.2
Gain from sale of assets, net	(0.5)	(21.9)	(0.8)	(23.5)	(2.4)
Gain from TODCO Offerings	(129.4)	-	-	(168.8)	-
Operating income before general and administrative expense	218.1	127.2	118.9	523.5	347.1
Add back: Depreciation	110.0	109.1	103.9	326.4	311.9
Impairment loss on long-lived assets	-	-	-	-	5.2
Gain from sale of assets, net	(0.5)	(21.9)	(0.8)	(23.5)	(2.4)
Gain from TODCO Offerings	(129.4)	-	-	(168.8)	-
Field operating income	\$ 198.2	\$ 214.4	\$ 222.0	\$ 657.6	\$ 661.8
<b>TODCO Segment</b>					
Operating revenue	\$ 93.1	\$ 80.7	\$ 58.5	\$ 247.6	\$ 167.2
Operating and maintenance expense *	72.4	68.1	60.6	219.7	189.8
Depreciation	23.9	23.9	22.9	72.0	69.2
Impairment loss on long-lived assets	-	-	-	-	11.6
Gain from sale of assets, net	(0.8)	(1.9)	(0.1)	(5.4)	(0.5)
Operating loss before general and administrative expense	(2.4)	(9.4)	(24.9)	(38.7)	(102.9)
Add back: Depreciation	23.9	23.9	22.9	72.0	69.2
Impairment loss on long-lived assets	-	-	-	-	11.6
Gain from sale of assets, net	(0.8)	(1.9)	(0.1)	(5.4)	(0.5)
Field operating income (loss)	\$ 20.7	\$ 12.6	\$ (2.1)	\$ 27.9	\$ (22.6)

\* Q3 04, Q2 04, Q3 03, YTD Q3 04, and YTD Q3 03 include \$6.9 million, \$7.1 million, \$3.9 million, \$26.3 million, and \$11.2 million, respectively, of operating and maintenance expense that TODCO classifies as general and administrative expense.

TRANSOCEAN INC. AND SUBSIDIARIES  
 NON-GAAP FINANCIAL MEASURES AND RECONCILIATIONS  
 TOTAL DEBT TO NET DEBT RECONCILIATIONS  
 (IN US\$ MILLIONS)

	AS OF	AS OF
	9/30/04	12/31/03
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TOTAL DEBT TO NET DEBT RECONCILIATION		
Total Debt	\$ 3,061.4	\$ 3,658.1
Deduct: Cash and Cash Equivalents	775.8	474.0
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Net Debt	\$ 2,285.6	\$ 3,184.1
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