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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 1999

Commission file number 1-7746

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

Cayman Islands	N/A
(State or other jurisdiction of incorporation or organization)	(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

Securities registered pursuant to Section 12(b) of the Act:

Title of class	Exchange on which registered
Ordinary Shares, par value $0.01 per share	New York Stock Exchange, Inc.

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [_]

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [_]

As of February 29, 2000, 210,247,625 ordinary shares were outstanding and the aggregate market value of such shares held by non-affiliates was approximately $8.2 billion (based on the reported closing market price of the ordinary shares on such date of $39 7/16 and assuming that all directors and executive officers of the Company are "affiliates," although the Company does not acknowledge that any such person is actually an "affiliate" within the meaning of the federal securities laws).

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive Proxy Statement to be filed with the Securities and Exchange Commission within 120 days of December 31, 1999, for its 2000 annual general meeting of shareholders are incorporated by reference into Part III of this Form 10-K.

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TRANSOCEAN SEDCO FOREX INC.

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FOR THE YEAR ENDED DECEMBER 31, 1999

PART I

ITEM 1. Business

On December 31, 1999, Transocean Sedco Forex Inc. (together with its subsidiaries and predecessors, unless the context requires otherwise, the "Company") completed its merger with Sedco Forex Holdings Limited ("Sedco Forex"), the former offshore contract drilling business of Schlumberger. Effective upon the merger, the Company changed its name from "Transocean Offshore Inc." to "Transocean Sedco Forex Inc." The merger followed the spin-off of Sedco Forex to Schlumberger shareholders on December 30, 1999. As a result of the merger, Schlumberger shareholders exchanged all of the Sedco Forex shares distributed to them by Schlumberger in the Sedco Forex spin-off for ordinary shares of the Company, and Sedco Forex became a wholly owned subsidiary of the Company.

The Company is a leading international provider of offshore contract drilling services for oil and gas exploration, development and production. As of March 1, 2000, the Company owns, has partial ownership interests in, operates or has under construction 73 mobile offshore drilling units. The Company's active fleet includes 12 high-specification semisubmersibles, 31 second- and third-generation semisubmersibles, one ultra-deepwater Discoverer Enterprise-class drillship, four other drillships, 16 jackup rigs and three tenders. The Company also has under construction two additional Discoverer Enterprise-class drillships, the Discoverer Spirit and the Discoverer Deep Seas; three Sedco Express-class semisubmersibles, the Sedco Express, Sedco Energy and Cajun Express; and one independent-leg cantilevered jackup rig, the Trident 20. In addition to the 73 mobile offshore drilling units, the fleet includes one multi-purpose service jackup rig, six swamp barges and two land drilling rigs.

The Company's core business is to contract these drilling rigs, related equipment and work crews primarily on a dayrate basis to drill offshore wells. The Company specializes in technically demanding segments of the offshore drilling business with a particular focus on deepwater and harsh environment drilling services. The Company also provides additional services, including international turnkey drilling and management of third-party well service activities. The Company's ordinary shares are listed on the New York Stock Exchange under the symbol "RIG".

Transocean Sedco Forex Inc. is a Cayman Islands corporation with offices located at 4 Greenway Plaza, Houston, Texas 77046. Its telephone number at that address is (713) 232-7500.

Recent Developments

The Company and Amoco Production Company, a unit of BP Amoco plc, agreed to terminate the drilling contract for the semisubmersible Transocean Amirante effective January 4, 2000 and cancel the remaining 14 months of firm contract time on the rig for a cash settlement of approximately $25 million. The Transocean Amirante is currently idle in the U.S. Gulf of Mexico.

The Company sold its coiled tubing drilling services business, Transocean Petroleum Technology, to Schlumberger for approximately $25 million. The sale closed February 29, 2000 and included 11 coiled tubing units in the United Kingdom and Norwegian sectors of the North Sea. The Company excluded from the sale its coiled tubing joint venture, Transocean-Nabors Drilling Technology LLC, and its drilling services joint venture with Baker Hughes Incorporated, Deep Vision L.L.C.

Merger of Transocean Offshore Inc. and Sedco Forex

In the merger, Schlumberger shareholders received 0.1936 ordinary shares of the Company for each share of capital stock of Sedco Forex distributed in the spin-off of Sedco Forex. The Company issued 109,419,166 ordinary shares to Schlumberger shareholders in the merger, and issued an additional 145,102 ordinary shares that were sold on the market for cash paid in lieu of fractional shares. These aggregate issuances of 109,564,268

shares constituted approximately 52% of outstanding Company shares immediately following the merger. The Company has accounted for the merger using the purchase method of accounting, with Sedco Forex as the acquiror for accounting purposes.

On December 31, 1999 following the merger, Sedco Forex repaid indebtedness to Schlumberger in the aggregate amount of $303.6 million with the proceeds of an intercompany loan from the Company to Sedco Forex. The Company borrowed the amount it required to fund this advance under a $400 million term loan agreement with a group of financial institutions led by SunTrust Bank, Atlanta.

Background of Transocean Offshore Inc. and Sedco Forex

The Company was founded in 1953 by predecessors of Sonat Inc. and J. Ray McDermott & Co., Inc. to design and construct the first jackup rig in the Gulf of Mexico. The Company, then known as "The Offshore Company," began international drilling operations in the late 1950s and was one of the first contractors to offer drilling services in the North Sea. The Company was publicly traded from 1967 until 1978, when it became a wholly owned subsidiary of Sonat Inc. In June 1993, the Company, then known as "Sonat Offshore Drilling Inc.," completed an initial public offering of approximately 60 percent of the outstanding shares of its common stock. In July 1995, Sonat Inc. sold its remaining 40 percent interest in the Company through a secondary public offering. In September 1996, the Company acquired substantially all of the outstanding capital shares of Transocean ASA, a Norwegian offshore drilling company, for an aggregate purchase price of approximately $1.5 billion in common stock and cash, including direct transaction costs and costs of purchasing minority shares completed in 1997, and changed its name to "Transocean Offshore Inc." On May 14, 1999, the Company completed a corporate reorganization by which it changed its place of incorporation from Delaware to the Cayman Islands.

The offshore contract drilling business of Sedco Forex resulted from the integration over time by Schlumberger of several drilling companies, principally Forex (Forages et Exploitations Petroliers) and Sedco Inc., and other asset acquisitions. Forex was founded in France in 1942 and began as a land drilling company in France, North Africa and the Middle East. Forex later moved into the offshore drilling market largely through its Neptune joint venture formed in the early 1960s with Languedocienne-Forenco. By the early 1970s, Schlumberger had acquired all of the shares of Forex and Neptune and had integrated their activities. Schlumberger acquired Sedco Inc. in 1984. Founded in 1947 and originally known as Southeastern Drilling Company, Sedco Inc. began drilling in shallow water marsh environments in the U.S. in the early 1950s and then expanded into international operations and deeper water markets.

At the effective time of the merger, Sedco Forex owned, had an ownership interest in or operated 40 active mobile offshore drilling rigs. Sedco Forex's fleet consisted of four high-specification semisubmersibles, 20 other semisubmersibles, two drillships, 10 jackup rigs and four tenders, as well as one multi-purpose service jackup rig, six swamp barges and two land drilling rigs. Sedco Forex also had under construction three Sedco Express-class semisubmersibles and one independent-leg cantilevered jackup rig.

Drilling Rig Types

The Company principally uses five types of drilling rigs:

- semisubmersibles
- drillships
- jackups
- tenders
- swamp barges

Semisubmersibles are floating vessels that can be submerged such that a substantial portion of the lower hull is below the water surface during drilling operations. They are generally well suited for operations in rough water conditions. High-specification semisubmersibles are those that were built or extensively upgraded since 1984 and have one or more of the following characteristics: larger physical size than other semisubmersibles; rated for drilling in water depths of over 4,000 feet; year-round harsh environment capability; variable deck load capability of greater than 4,000 metric tons; dynamic positioning; and superior motion characteristics. High-specification semisubmersibles are frequently the most suitable units for operations in deep water and harsh environments or for development drilling that requires larger variable loads and the ability to handle large pieces of subsea equipment. The Company is constructing three advanced semisubmersibles based on its proprietary Sedco Express design. The Company estimates that the Sedco Express rigs will be capable of reducing total well construction time by up to 25 percent. In addition to being dynamically positioned, these rigs are equipped for faster penetration rates, streamlined logistics, extensive mechanization and parallel tubular handling operations, supported by an integrated well construction center. Savings contributions are also designed to come from a high-powered, integrated mud and cement pumping system and built-in electric wireline logging, measurement while drilling (MWD), logging while drilling (LWD) and coiled tubing operations.

Drillships are generally self-propelled and designed to drill in the deepest water in which offshore drilling rigs currently operate. Shaped like conventional ships, they are the most mobile of the major rig types. The Company's drillships are either dynamically positioned, which allows them to maintain position without anchors through the use of their onboard propulsion and station-keeping systems, or are operated in a moored configuration. The Company's three Discoverer Enterprise-class drillships are equipped for dual-activity drilling, which is a well-construction technology developed by the Company that allows for drilling tasks associated with a single well to be accomplished in a parallel rather than sequential manner by utilizing two complete drilling systems under a single derrick. The dual-activity well construction process is designed to reduce critical path activity and improve efficiency in both exploration and development drilling. When the technology is applied in a deepwater environment, the Company estimates that efficiency improvements of up to 40 percent on development projects and 15 percent on exploration projects could be obtained. The 100,000 metric-ton displacement Discoverer Enterprise-class drillships will each possess a large enough variable deck load (20,000 metric tons) to allow the rigs to carry tubulars and consumables for the construction of three or more wells.

Jackup rigs are mobile self-elevating drilling platforms equipped with legs that can be lowered to the ocean floor until a foundation is established to support the drilling platform. Once a foundation is established, the drilling platform is then jacked further up the legs so that the platform is above the highest expected waves. The rig hull includes the drilling rig, jacking system, crew quarters, loading and unloading facilities, storage areas, helicopter landing deck and related equipment. These rigs are generally suited for water depths of 300 feet or less.

Tenders are usually barges or semisubmersibles that are not self-propelled, but can be moored alongside a platform, and contain quarters, mud pits, mud pumps, power generation and other equipment. Tenders allow smaller, less costly platforms to be used for development projects. Self-erecting tenders carry their own derrick equipment set and have a crane capable of erecting the derrick on the platform, thereby eliminating the cost associated with a separate derrick house and related equipment. Tenders are generally suited for water depths of 460 feet or less.

Swamp barges are usually not self-propelled, but can be moored alongside a platform, and contain quarters, mud pits, mud pumps, power generation and other equipment. Like tenders, swamp barges allow smaller, less costly platforms to be used for development projects. Swamp barges often carry their own derrick equipment set and crane. Swamp barges are generally suited for water depths of 25 feet or less.

The Company's drilling equipment is suitable for both exploration and development drilling, and the Company is normally engaged in both types of drilling activity. The Company's drilling rigs are mobile and can be moved to new locations in response to client demand. All of the Company's mobile offshore drilling units are designed for operations away from port for extended periods of time and have living quarters for the crews, a helicopter landing deck and storage space for pipe and drilling supplies.

Fleet Additions and Upgrades

The Discoverer Enterprise, the first of a new class of advanced, ultra-deepwater drillships employing the Company's dual-activity drilling system, commenced operations for a unit of BP Amoco under a five-year contract in December 1999. The rig is equipped with sufficient riser to drill in 8,500 feet of water and is capable of operating in water depths up to 10,000 feet with additional riser. The Company has two additional Discoverer Enterprise-class drillships, the Discoverer Spirit and the Discoverer Deep Seas, under construction. The Discoverer Spirit will be equipped with sufficient riser to drill in 10,000 feet of water, while the Discoverer Deep Seas will initially be equipped with sufficient riser to drill in 8,000 feet of water, but will be capable of drilling in water depths of up to 10,000 feet with additional riser. The Discoverer Spirit is currently in a U.S. Gulf Coast shipyard for outfitting with drilling equipment, and the Company expects it to be operational in the third quarter of 2000, working under a five-year contract for Spirit Energy 76, a division of Unocal. The Discoverer Deep Seas is under construction at the Astano shipyard in Spain and is expected to be operational in the fourth quarter of 2000, working under a five-year contract for Chevron. The Company expects to spend $69 million and $117 million in 2000 to complete construction of the Discoverer Spirit and Discoverer Deep Seas, respectively.

The Company has three Sedco Express-class semisubmersible drilling rigs currently under construction, with two in France, the Sedco Express and Sedco Energy, and the remaining unit, the Cajun Express, in Singapore. The Trident 20 jackup is also under construction in Azerbaijan. The Sedco Express and Sedco Energy will be outfitted for operations in water depths of up to 6,000 feet and 7,500 feet, respectively, although each rig's design allows operations in up to 8,500 feet of water with additional riser. The Sedco Express is expected to commence a three year contract with Elf in Angola in the third quarter of 2000. The Sedco Energy is expected to commence a five year contract with Texaco in Nigeria in the third quarter of 2000. The Company expects to spend $77 million and $87 million in 2000 to complete construction of the Sedco Express and Sedco Energy, respectively.

The Cajun Express will be equipped for operations in water depths of up to 8,500 feet, and the Company expects it to commence a three year contract with Marathon in the Gulf of Mexico in the third quarter of 2000. The Trident 20 jackup is a traditional independent-leg cantilevered jackup, designed for operations in the Caspian Sea in water depths of up to 300 feet. The rig is currently in a shipyard in Azerbaijan and is expected to be operational in the fourth quarter of 2000, working under a three year contract with Elf. The Company expects to spend $65 million and $32 million in 2000 to complete construction of the Cajun Express and Trident 20, respectively.

In addition, the Company completed a $41 million life enhancement and upgrade project during 1999 for the Sedco 709 semisubmersible.

For further discussion, see "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations--Liquidity and Capital Resources--Capital Expenditures".

Fleet Status

As of March 1, 2000, all but 25 of the Company's operational drilling rigs were working or had signed contracts for future operations, with contracts expiring from 2000 through 2005.

The following table provides certain information about the Company's drilling rig fleet as of March 1, 2000.

Type and Name	Year Entered Service/ Upgraded(a)	Water Depth Capability (in feet)	Drilling Depth Capability (in feet)	Location	Customer	Estimated Expiration(b)
Sedco Express-class Semisubmersibles(3)						
Cajun Express(e)(j).....	Newbuild	8,500	35,000	Shipyard (Singapore)	Marathon	August 2003
Sedco Energy(f)(j).....	Newbuild	7,500	25,000	Shipyard (France)	Texaco	August 2005
Sedco Express(g)(j).....	Newbuild	7,500	25,000	Shipyard (France)	Elf	August 2003
Other High-Specification Semisubmersibles(12)						
Transocean Marianas.....	1979/1998	7,000	25,000	U.S. Gulf of Mexico	Shell	September 2003
Sedco 707(j).....	1976/1997	6,500	25,000	Brazil	Petrobras	January 2002
Sedco 710(j).....	1983	6,000	25,000	Brazil	Petrobras	January 2001
Transocean Richardson...	1988	5,000	25,000	U.S. Gulf of Mexico	Kerr McGee	March 2000
					Anadarko	May 2000
Sedco 709(j).....	1977/1999	5,000	25,000	Nigeria	Shell	April 2002
Transocean Leader.....	1987/1997	4,500	25,000	U.K. North Sea	BP Amoco	March 2001
Transocean Rather.....	1988	4,500	25,000	U.S. Gulf of Mexico	--	Idle
Sovereign Explorer.....	1984	4,000	25,000	U.K. North Sea	Marathon	May 2000
Henry Goodrich(d).....	1985	2,000	30,000	Canada	PetroCanada	February 2002
Paul B. Loyd, Jr.(d)....	1991/1993	2,000	25,000	U.K. North Sea	BP Amoco	July 2000
Transocean Arctic(c)....	1986	1,650	25,000	Norwegian North Sea	Statoil	February 2002
Polar Pioneer.....	1985	1,500	25,000	Norwegian North Sea	Norsk Hydro	September 2001
Other Semisubmersibles(31)						
Sedco 700.....	1973/1997	3,600	25,000	Gabon (Shipyard)	Energy Africa	June 2000
Transocean Legend.....	1983	3,500	25,000	Brazil	Petrobras	June 2000
Transocean Amirante.....	1978/1997	3,500	25,000	U.S. Gulf of Mexico	--	Idle
Transocean Driller.....	1991	3,000	25,000	Brazil	Petrobras	June 2000
Omega(i)(q).....	1983	3,000	25,000	South Africa	--	Idle
Transocean 96.....	1975/1997	2,300	25,000	U.S. Gulf of Mexico	Anadarko	July 2000
Transocean 97.....	1977/1997	2,300	25,000	U.S. Gulf of Mexico	--	Idle
Transocean John Shaw(q).....	1982	1,800	25,000	U.K. North Sea	--	Idle
Sedco 711.....	1982	1,800	25,000	U.K. North Sea	Total	March 2000
					Enterprise	June 2000
Sedco 712.....	1983	1,600	25,000	U.K. North Sea	Shell	December 2000
Sedco 714.....	1983/1997	1,600	25,000	Canada	Huskey	November 2000
Actinia.....	1982	1,500	25,000	Malta	--	Idle
Drillstar(h).....	1982	1,500	25,000	U.K. North Sea	Chevron	November 2000
Sedco 600(q).....	1983/1994	1,500	25,000	Vietnam	--	Idle
Sedco 601.....	1983	1,500	25,000	Indonesia	Unocal	July 2000
Sedco 602(q).....	1983	1,500	25,000	Singapore	--	Idle
Sedneth 701.....	1972/1993	1,500	25,000	Congo	Elf	August 2000
Sedco 702.....	1973/1992	1,500	25,000	Australia	BHP	May 2000
Sedco 703.....	1973/1995	1,500	25,000	Australia	INPEX	June 2000
Sedco 708.....	1976	1,500	25,000	Angola	Chevron	April 2000
Transocean Winner(c)....	1983	1,500	25,000	Norwegian North Sea	Statoil	July 2003
Transocean Searcher(c)..	1983/1988	1,500	25,000	Norwegian North Sea	Statoil	July 2003
Transocean Prospect(c)..	1983/1992	1,500	25,000	Norwegian North Sea	Statoil	October 2000
Transocean Wildcat(c)...	1977/1985	1,300	25,000	Norwegian North Sea	Statoil	June 2001
Transocean Explorer.....	1976	1,250	25,000	U.K. North Sea	--	Idle
Transocean Discoverer...	1977/1985	1,250	25,000	U.K. North Sea	--	Idle
Sedco 704.....	1974/1993	1,000	25,000	U.K. North Sea	Kerr McGee	March 2000
					Texaco	February 2002
Sedco 706.....	1976/1994	1,000	25,000	U.K. North Sea	Total	June 2000
Sedco Explorer(h).....	1975/1995	1,000	25,000	U.K. North Sea	--	Idle
Sedco I-Orca(i).....	1970/1987	900	25,000	South Africa	Soekor	May 2001
Sedco 135D.....	1966/1977	600	25,000	Brazil	--	Idle
Discoverer Enterprise-class Drillships(3)						
Discoverer Enterprise(j).....	1999	10,000	35,000	U.S. Gulf of Mexico	BP Amoco	December 2004
Discoverer Spirit(j)(k).....	Newbuild	10,000	35,000	Shipyard (U.S.)	Unocal	July 2005
Discoverer Deep Seas(j)(l).....	Newbuild	10,000	35,000	Shipyard (Spain)	Chevron	December 2005
Other Drillships(4)						
Discoverer Seven Seas(j).....	1976/1997	7,000	25,000	Brazil	Petrobras	March 2002
Discoverer 534(j).....	1975/1991	7,000	25,000	U.S. Gulf of Mexico	Elf	March 2000

					BP Amoco	October 2000
Joides Resolution(j)(m).....	1978	27,000	30,000	Worldwide	Texas A&M	September 2003
Sagar Vijay(i).....	1985	2,950	20,000	India	ONGC	December 2000

Type and Name	Year Entered Service/ Upgraded(a)	Water Depth Capability (in feet)	Drilling Depth Capability (in feet)	Location	Customer	Estimated Expiration(b)
Jackup Rigs(17)						
Transocean Jupiter.....	1981/1997	170	16,000	UAE	--	Idle
Offshore Comet.....	1980	250	20,000	Gulf of Suez, Egypt	GUPCO	September 2000
Offshore Mercury.....	1969/1998	250	20,000	Gulf of Suez, Egypt	GUPCO	September 2000
Transocean III.....	1978/1993	300	20,000	UAE	--	Idle
Shelf Explorer.....	1982	300	25,000	Danish North Sea	Maersk	August 2000
Transocean Nordic.....	1984	300	25,000	German North Sea	Wintershall	June 2000
Trident II.....	1977/1985	300	25,000	India	ONGC	January 2001
Trident IV.....	1980/1999	300	25,000	Angola	Chevron	February 2002
Trident VI.....	1981	300	21,000	Nigeria	--	Idle
Trident VIII(q).....	1981	300	21,000	Nigeria	--	Idle
Trident IX(o).....	1982	400	21,000	Thailand	SOCO	March 2000
Trident XII.....	1982/1992	300	25,000	Brunei	Shell	July 2000
Trident XIV.....	1982/1994	300	20,000	Angola	Chevron	June 2000
Trident 15.....	1982	300	25,000	Vietnam	Petrovietnam	March 2000
Trident 16(o).....	1982	300	25,000	Thailand	PTTEP	July 2000
Trident 17.....	1983	355	25,000	Indonesia	Premier	August 2000
Trident 20(p).....	Newbuild	300		Shipyard (Azerbaijan)	Elf	December 2003
Tenders(3)						
Searex 9.....	1981	460	21,000	Congo	Elf	December 2000
Searex 10.....	1983/1994	450	21,000	Angola	--	Idle
Searex 11.....	1983	350	20,000	Singapore	--	Idle
Multi-Purpose Service Vessel						
Mr. John(n).....	1985/1993	N/A	N/A	Nigeria	--	Idle
Swamp Barges(6)						
Searex 4.....	1981/1989	21	25,000	Nigeria	--	Idle
Searex 6.....	1981/1991	22	25,000	Nigeria	--	Idle
Searex 7.....	1980	25	20,000	Indonesia	--	Idle
Searex 8.....	1985/1989	25	21,000	Indonesia	--	Idle
Searex 12.....	1982/1992	25	25,000	Nigeria	Shell	July 2000
Hibiscus(p).....	1979/1993	25	16,000	Indonesia	Total	April 2000
Land Rigs(2)						
Rig 1.....	1976/1996	N/A	15,000	Nigeria	--	Idle
Rig 54.....	1981	N/A	15,000	Nigeria	--	Idle

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(a) Dates shown are the original service date and the date of the most recent upgrade, if any.

(b) Expiration dates represent the Company's current estimate of the earliest date the contract for each rig is likely to expire. Some rigs have two contracts in continuation, so the second line shows the estimated earliest availability. Many contracts permit the client to extend the contract.

(c) Participating in a cooperation agreement with Statoil. See "Drilling Contracts."

(d) Owned by Arcade Drilling as, a Norwegian company in which the Company has a 25% interest and which is controlled by a competitor. See Note 13 to the combined financial statements of the Company.

(e) The Cajun Express is expected to be operational in the third quarter of 2000. The contract provides for termination if the rig is not delivered by March 31, 2001.

(f) The Sedco Energy is expected to be operational in the third quarter of 2000. If delivery of the rig is delayed beyond the contract delivery date, the contract provides for a reduction in its term equivalent to the period of delayed delivery.

(g) The Sedco Express is expected to be operational in the third quarter of 2000. The contract provides for termination if the rig is not made available by December 28, 2000.

(h) Operated under a bareboat charter with the rig's owner, a wholly owned subsidiary of Sea Wolf Drilling Limited, in which the Company has a 25% interest. See Note 13 to the combined financial statements of the Company.

(i) Operated under a management contract with the rig's owner.

(j) Dynamically positioned.

(k) The Discoverer Spirit is in a U.S. Gulf Coast shipyard for outfitting with drilling equipment. The Company expects it to be operational in the third quarter of 2000, working under a five-year contract for Spirit Energy 76, a division of Unocal.

(l) The Discoverer Deep Seas is under construction at the Astano shipyard in Spain. The Company expects it to be operational in the fourth quarter of 2000, working under a five-year contract for Chevron.

(m) The Joides Resolution is currently engaged in scientific geological coring

activities and is owned by a joint venture in which the Company has a 50% interest. See Note 13 to the combined financial statements of the Company.

(n) The Mr. John is a multi-purpose service jackup rig capable of being used for workovers or associated services.

(o) Owned by an unrelated third party and leased by the Company as a part of a secured rig financing. See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations--Liquidity and Capital Resources--Debt."

(p) Owned by a joint venture owned more than 50% by the Company. The Trident 20 is expected to be operational in the fourth quarter of 2000. The contract provides for termination if the rig is not delivered by February 12, 2002.

(q) As of March 1, 2000, the client had awarded a letter of intent although the drilling contract was not yet signed.

Upon the expiration of existing contracts, there can be no assurance that such contracts will be renewed or extended, that new contracts will be available or, if contracts are available, that they will provide revenues adequate to cover all fixed and variable costs associated with the rigs.

As of March 1, 2000, the Company's active fleet was located in the Gulf of Mexico (8 units), the North Sea (20 units), the Middle East (4 units), Asia including Australia (14 units), Africa (18 units), Brazil (6 units), India (2 units), Canada (2 units) and Malta (1 unit). Additionally, the Joides Resolution is contracted for a worldwide research program and as of such date was in Antartica.

The Company maintains offices, land bases and other facilities worldwide, including corporate offices in Houston, Texas and regional offices in the U.S., Brazil, UK, Norway, France, Dubai and Indonesia. The Company's remaining offices and bases are located in various countries in North America, South America, Europe, Africa, the Middle East and Asia. Most of these facilities are leased by the Company.

Drilling Services

The Company uses its engineering and operating expertise to provide management of third party drilling service activities. These services are provided through service teams generally consisting of Company personnel and third-party subcontractors, with the Company frequently serving as lead contractor. The work generally consists of individual contractual agreements to meet specific client needs and may be provided on either a dayrate or fixed price basis. As of March 1, 2000, the Company performed such services under a contract in the North Sea.

Drilling Contracts

The Company's contracts to provide offshore drilling services are individually negotiated and vary in their terms and provisions. The Company obtains most of its contracts through competitive bidding against other contractors. Drilling contracts generally provide for payment on a dayrate basis, with higher rates while the drilling unit is operating and lower rates for periods of mobilization or when drilling operations are interrupted or restricted by equipment breakdowns, adverse environmental conditions or other conditions beyond the control of the Company. At times, the Company performs drilling services under turnkey contracts, which provide for payment of a fixed price per well. Revenues from dayrate contracts have historically accounted for substantially more of the Company's revenues than turnkey contracts.

A dayrate drilling contract generally extends over a period of time covering either the drilling of a single well or group of wells or covering a stated term. These contracts typically can be terminated by the client in the event the drilling unit is destroyed or lost, or if drilling operations are suspended for a specified period of time as a result of a breakdown of major equipment or, in some cases, due to other events beyond the control of either party. In addition, the drilling contracts for certain newbuild rigs contain termination or term reduction provisions tied to late delivery of these units. The contract term in some instances may be extended by the client exercising options for the drilling of additional wells or for an additional term, or by exercising a right of first refusal. In reaction to depressed market conditions, the Company's clients may seek renegotiation of firm drilling contracts to reduce their obligations or may seek to terminate their contracts by paying a termination fee to the Company.

The Company and Statoil are parties to a cooperation agreement extending through 2005. Under the cooperation agreement, the Company has committed five semisubmersibles--the Transocean Arctic, Transocean Prospect, Transocean Searcher, Transocean Wildcat and Transocean Winner--for varying contract periods, with Statoil having options to extend the contracts at market rates in minimum two-year intervals for the remainder of the term of the cooperation agreement.

Under turnkey contracts, the Company agrees to drill a well to a specified depth for a fixed price. In general, no payment is received by the Company unless the well is drilled to the specified depth. The Company must bear the costs of performing drilling services until the well has been drilled and, accordingly, such projects may

require significant cash commitments by the Company. In addition, profitability of the contract is dependent upon keeping expenses within the estimates used by the Company in determining the contract price. In performing a turnkey project, the Company employs a drilling unit from its own fleet or from another contractor under a dayrate contract. Drilling a well under a turnkey contract offers the possibility of financial gains or losses that are substantially greater than those which would ordinarily result from drilling such well under a conventional dayrate contract, because the Company retains any excess of the fixed price over its expenses (including the drilling unit dayrate) but must pay any excess of expenses over such price. The financial results of turnkey contracts depend upon the performance of the drilling unit, drilling conditions and other factors, some of which are beyond the Company's control. As of March 1, 2000, the Company had no ongoing turnkey drilling operations.

Significant Clients

During the past five years, the Company has engaged in offshore drilling for most of the leading international oil companies (or their affiliates) in the world, as well as for many government-controlled and independent oil companies. Principal clients included the Royal Dutch Shell Group, Statoil, Texaco, BP Amoco, Chevron, Total, Woodside, Unocal, Elf, Pemex, Gulf of Suez Petroleum Company, Petrobras and Norsk Hydro. The Company's largest unaffiliated clients in 1999 were Statoil, Royal Dutch Shell Group and Petrobras, accounting for 16 percent, 15 percent and 11 percent, respectively, of the Company's 1999 pro forma combined operating revenues. No other unaffiliated client accounted for ten percent or more of the Company's 1999 pro forma combined operating revenues (see Note 3 to the combined financial statements of the Company). The loss of any of these significant clients could, at least in the short term, have a material adverse effect on the Company.

Industry Conditions and Competition

The Company's business depends on the level of activity in offshore oil and gas exploration, development and production in markets worldwide. Oil and gas prices, market expectations of potential changes in these prices and a variety of political and economic factors significantly affect this level of activity. Oil and gas prices are extremely volatile and are affected by numerous factors, including worldwide demand for oil and gas, the ability of the Organization of Petroleum Exporting Countries (commonly called "OPEC") to set and maintain production levels and pricing, the level of production of non-OPEC countries, the policies of the various governments regarding exploration and development of their oil and gas reserves, advances in exploration and development technology and the political environment in oil-producing regions.

The offshore contract drilling industry is highly competitive with numerous industry participants, none of which has a dominant market share. Some of the Company's competitors may have greater resources than the Company.

Drilling contracts are traditionally awarded on a competitive bid basis. Intense price competition is often the primary factor in determining which qualified contractor is awarded a job, although rig availability and the quality and technical capability of service and equipment may also be considered.

The Company's industry has historically been cyclical. There have been periods of high demand, short rig supply and high dayrates, followed by periods of low demand, excess rig supply and low dayrates. The industry experienced a period of significantly lower demand in 1999 as a result of reduced spending for exploration and development by the Company's customers in response to dramatically lower crude oil prices during 1998. In addition, rig availability has increased as a result of contract expirations and construction by other drilling contractors of new rigs that compete with the Company's rigs. Periods of excess rig supply intensify the competition in the industry and often result in rigs being idle for long periods of time. See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations--Market Outlook."

The Company requires highly skilled personnel to operate and provide technical services and support for its drilling units. To the extent demand for drilling services and the size of the worldwide industry fleet increase,

shortages of qualified personnel could arise, creating upward pressure on wages. The Company is continuing its recruitment and training programs as required to meet its anticipated personnel needs.

As of March 1, 2000, the Company had six newbuild rigs in shipyards under construction or undergoing sea trials. These construction projects are subject to the risks of delay or cost overruns inherent in large construction projects, including shipyard availability, shortages of equipment, materials or skilled labor, unforeseen engineering problems, work stoppages, weather interference, unanticipated cost increases and difficulty in obtaining necessary equipment or the requisite permits or approvals. These factors may contribute to cost variations and delays in the delivery of the Company's drilling units under construction. Delays in delivery of these units will result in delays in contract commencements, resulting in a loss of revenue to the Company. These delays may also cause clients to terminate the drilling contracts for certain of these rigs pursuant to late delivery termination clauses. In the event of termination of a drilling contract for one of these rigs, it is unlikely that the Company would be able to secure a replacement contract on as favorable terms. See "Item 7. Management Discussion and Analysis of Financial Condition and Results of Operations--Market Outlook."

Markets

Rigs can be moved from one region to another, but the cost of moving a rig and the availability of rig-moving vessels may cause the supply and demand balance to vary somewhat between regions. However, significant variations between regions do not tend to exist long-term because of rig mobility. Rig mobility causes markets to be defined more by technical capability than by region.

In recent years, there has been increased emphasis by oil companies on exploring for hydrocarbons in deeper waters. This is, in part, because of technological developments that have made such exploration more feasible and cost-effective. Shallow water regions have been developed much more than deep water regions because shallow regions are more accessible and operations there are less costly to conduct.

Operating Risks

The Company's operations are subject to the usual hazards inherent in the drilling of oil and gas wells, such as blowouts, reservoir damage, loss of production, loss of well control, punchthroughs, cratering or fires. The occurrence of these events could result in the suspension of drilling operations, damage to or destruction of the equipment involved and injury or death to rig personnel. Operations also may be suspended because of machinery breakdowns, abnormal drilling conditions, failure of subcontractors to perform or supply goods or services or personnel shortages. In addition, offshore drilling operations are subject to perils peculiar to marine operations, including capsizing, grounding, collision and loss or damage from severe weather. Damage to the environment could also result from the Company's operations, particularly through oil spillage or extensive uncontrolled fires.

The Company maintains broad insurance coverage, including insurance against general and marine third-party liabilities. The Company's offshore drilling equipment is covered by physical damage insurance policies, which cover against marine and other perils, including losses due to capsizing, grounding, collision, fire, lightning, hurricanes, wind, storms, action of waves, punchthroughs, cratering, blowouts, explosions and war risks. The Company also carries employer's liability and other insurance customary in the offshore contract drilling business.

Consistent with standard industry practice, the Company's clients generally assume, and indemnify the Company against, well control and subsurface risks under dayrate contracts. These risks are those associated with the loss of control of a well, such as blowout or cratering, the cost to regain control or redrill the well and associated pollution. The Company typically does not carry insurance against such risks under dayrate contracts. However, the Company cannot guarantee that these clients will necessarily be financially able to indemnify it against all these risks.

The Company believes it is adequately insured in accordance with industry standards against normal risks in its operations; however, such insurance coverage may not in all situations provide sufficient funds to protect

the Company from all liabilities that could result from its drilling operations. Although the Company's current practice is to insure its drilling units for at least the net book value of the units, the Company's insurance would not cover completely the costs that would be required to replace certain of its units, including certain of its high specification semisubmersibles and drillships. Moreover, the Company's insurance coverage in most cases does not protect against loss of revenues. Accordingly, the occurrence of a casualty or loss against which the Company is not fully insured could have a material adverse effect on the Company's financial position and results of operations.

The Company is subject to liability under various environmental laws and regulations. See "--Regulation." The Company has generally been able to obtain some degree of contractual indemnification pursuant to which the Company's client agrees to protect and indemnify the Company from liability for pollution, well and environmental damages; however, there is no assurance that the Company can obtain such indemnities in all of its contracts or that, in the event of extensive pollution and environmental damages, the clients will have the financial capability to fulfill their contractual obligations to the Company. No such indemnification is typically available for turnkey operations. Also, these indemnities may not be enforceable in all instances. For some contracts where the risk allocation or counterparty risk exposure is considered high, the Company can purchase additional insurance such as "operators extra expense insurance" against well control risks.

International Operations

The Company's operations are geographically dispersed in oil and gas exploration and development areas throughout the world. Because the Company's drilling rigs are mobile assets and able to be moved according to prevailing market conditions, the Company cannot predict the percentage of its revenues that will be derived from particular geographic or political areas in future periods.

The Company's operations are subject to certain political and other uncertainties, including risks of war and civil disturbances or other events that disrupt markets, expropriation of equipment, inability to repatriate income or capital, taxation policies and the general hazards associated with governmental sovereignty over certain areas in which operations are conducted. The Company is protected to a substantial extent against capital loss, but generally not loss of revenue, from most of such risks through insurance, indemnity provisions in its drilling contracts, or both. The necessity of insurance coverage for risks associated with political unrest, expropriation and environmental remediation for operating areas not covered under the Company's existing insurance policies is evaluated on an individual contract basis. As of March 1, 2000, all areas in which the Company was operating were covered by existing insurance policies.

The Company's operations are also subject to significant government regulation. Many governments favor or effectively require the awarding of drilling contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction. These practices may adversely affect the Company's ability to compete. The Company expects to continue to structure its operations in order to remain competitive in the international markets.

Another risk inherent in the Company's operations is the possibility of currency exchange losses where revenues are received and expenses are paid in nonconvertible currencies. The Company may also incur losses as a result of an inability to collect revenues because of a shortage of convertible currency available to the country of operations. The Company seeks to limit these risks by structuring contracts such that compensation is made in freely convertible currencies and, to the extent possible, by limiting acceptance of blocked currencies to amounts that match its expense requirements in local currency. See "Item 7A. Quantitative and Qualitative Disclosures About Market Risk--Foreign Exchange Risk."

Regulation

The Company's operations are affected from time to time in varying degrees by governmental laws and regulations. The drilling industry is dependent on demand for services from the oil and gas exploration industry and, accordingly, is affected by changing tax and other laws relating to the energy business generally.

International contract drilling operations are subject to various laws and regulations in countries in which the Company operates, including laws and regulations relating to the equipping and operation of drilling units, currency conversions and repatriation, oil and gas exploration and development, taxation of offshore earnings and earnings of expatriate personnel and use of local employees and suppliers by foreign contractors. Governments in some foreign countries have become increasingly active in regulating and controlling the ownership of concessions and companies holding concessions, the exportation of oil and gas and other aspects of the oil and gas industries in their countries. In addition, government action, including initiatives by OPEC, may continue to cause oil price volatility. In some areas of the world, this governmental activity has adversely affected the amount of exploration and development work done by major oil companies and may continue to do so.

In the United States, regulations applicable to the Company's operations include certain regulations controlling the discharge of materials into the environment, requiring removal and cleanup of materials that may harm the environment or otherwise relating to the protection of the environment. For example, the Company, as an operator of mobile offshore drilling units in navigable United States waters and certain offshore areas, may be liable for damages and costs incurred in connection with oil spills for which it is held responsible, subject to certain limitations. Laws and regulations protecting the environment have become more stringent in recent years, and may in certain circumstances impose "strict liability," rendering a person liable for environmental damage without regard to negligence or fault on the part of such person. Such laws and regulations may expose the Company to liability for the conduct of or conditions caused by others, or for acts of the Company which were in compliance with all applicable laws at the time such acts were performed. The application of these requirements or the adoption of new requirements could have a material adverse effect on the Company's financial position and results of operations.

The U.S. Oil Pollution Act of 1990 ("OPA") and regulations promulgated pursuant thereto impose a variety of requirements on "responsible parties" related to the prevention of oil spills and liability for damages resulting from such spills. Few defenses exist to the liability imposed by the OPA, and such liability could be substantial. A failure to comply with ongoing requirements or inadequate cooperation in a spill event could subject a responsible party to civil or criminal enforcement action.

The U.S. Outer Continental Shelf Lands Act authorizes regulations relating to safety and environmental protection applicable to lessees and permittees operating on the Outer Continental Shelf. Specific design and operational standards may apply to Outer Continental Shelf vessels, rigs, platforms, vehicles and structures. Violations of environmental related lease conditions or regulations issued pursuant to the Outer Continental Shelf Lands Act can result in substantial civil and criminal penalties, as well as potential court injunctions curtailing operations and canceling leases. Such enforcement liabilities can result from either governmental or citizen prosecution.

Certain of the other countries in whose waters the Company is presently operating or may operate in the future have regulations covering the discharge of oil and other contaminants in connection with drilling operations.

Although significant capital expenditures may be required to comply with these governmental laws and regulations, such compliance has not materially adversely affected the earnings or competitive position of the Company.

Employees

As of December 31, 1999, the Company had approximately 7,300 employees. The Company requires highly skilled personnel to operate its drilling units. As a result, the Company conducts extensive personnel recruiting, training and safety programs.

On a worldwide basis, the Company had approximately 22 percent of its employees working under collective bargaining agreements at December 31, 1999, most of whom were working in Norway and Nigeria.

Of these represented employees, a majority are working under agreements that are subject to salary negotiation in 2000.

ITEM 2. Properties

The description of the Company's property included under "Item 1. Business" is incorporated by reference herein.

ITEM 3. Legal Proceedings

During 1997, Kvaerner Installasjon a.s ("Kvaerner") in Norway performed modification and refurbishment work on a high specification semisubmersible drilling rig, the Transocean Leader. The amount owed with respect to such work is in dispute. A letter of credit valued at approximately $27.5 million as of December 31, 1999 has been posted pending the resolution of the dispute by agreement between the parties or by final judgment under the Norwegian judicial process. In September 1998, the Company instituted an action in the Norwegian courts alleging that it owes no additional amounts and that the letter of credit should be released. In March 1999, Kvaerner commenced proceedings in the Norwegian courts seeking judgment for approximately $33 million plus interest. The Company vigorously denies the material allegations of Kvaerner's petition and expects a trial date to be set in the fourth quarter of 2000. Although the Company cannot predict with certainty the outcome of the dispute at this time, the Company does not expect the liability, if any, resulting from this matter to have a material adverse effect on its business or financial position.

In 1990 and 1991, two of the Company's subsidiaries were served with various assessments collectively valued at approximately $7.4 million from the municipality of Rio de Janeiro, Brazil to collect a municipal tax on services. The Company believes that neither subsidiary is liable for the taxes and has contested the assessments in the Brazilian administrative and court systems. The proceeding with respect to a June 1991 assessment, which was valued at approximately $6.3 million, is now pending before the Brazil Supreme Court. The lower courts and the superior court of appeals have rejected the Company's arguments. An August 1990 assessment also had an unfavorable ruling at the first and second court levels and is being submitted to the Brazil Supreme Court. The Company is awaiting a ruling from the Taxpayer's Council as to an October 1990 assessment. If the Company's defenses are ultimately unsuccessful, the Company believes that the Brazilian government-controlled oil company, Petrobras, has a contractual obligation to reimburse the Company for municipal tax payments required to be paid by them. The Company does not expect the liability, if any resulting from these assessments to have a material adverse effect on the Company's business or financial position.

Global Marine Drilling Company ("Global Marine") initiated an arbitration proceeding in London in December 1997 against a subsidiary of Sedco Forex. Global Marine alleges a claim for approximately $85 million (plus interest and costs) for an alleged late return of a chartered rig and for breach of maintenance obligations under the charter. In February 1998, the tribunal held that the charter expired January 20, 1998, plus time for physical delivery. The rig was not redelivered until May 1998 and, accordingly, the Company will probably be required to pay some dayrate for the period from January 1998 until redelivery. The amount of any damages has not been set and hearings on various issues are set for later this year. The Company disputes Global Marine's allegations and is vigorously defending the case. The arrestment previously placed on the rig, Sovereign Explorer, in connection with the proceedings has been lifted. Although the Company cannot predict with certainty the outcome of the dispute at this time, the Company does not expect that the ultimate liability, if any, resulting from the matter will have a material adverse effect on its business or financial position.

RIGCO North America, LLC ("RIGCO"), a subsidiary of Tatham Offshore Inc., filed suit in Texas state court in July 1999 asserting various claims in connection with shipyard and rig management contracts for two rigs managed on behalf of RIGCO. As a result of the merger, Sedco Forex assumed liability for these claims. RIGCO alleges breach of contract, negligence and fraud and claims damages of approximately $51 million, plus exemplary damages, attorney's fees and other unspecified damages. In August 1999, RIGCO filed for voluntary bankruptcy protection in the U.S. federal bankruptcy court sitting in Texas. As part of the bankruptcy

proceedings, RIGCO filed a preference action in September 1999. RIGCO seeks to avoid alleged transfers of approximately $4.2 million and to have those funds returned to the RIGCO bankruptcy estate. The Company disputes the allegations and is vigorously defending the case. Although the Company cannot predict with certainty the outcome of the dispute at this time, the Company does not expect that the liability, if any, resulting from the matter will have a material adverse effect on its business or financial position.

The Indian Customs Department, Mumbai, filed a "show cause notice" against a subsidiary of Sedco Forex and various third parties on July 8, 1999. The show cause notice alleges that the entry into India and other subsequent movements of the Trident 2 jackup rig operated by the subsidiary constituted imports and exports for which proper customs procedures were not followed and that customs duties should have been paid, and seeks payment of customs duties, with interest and penalties, and confiscation of the rig. In connection with these allegations, the customs authorities confiscated the rig, which confiscation was stayed by application to the High Court, Mumbai, until one month following the order of the Customs Department in respect of the show cause notice. In January 2000, the Customs Department issued an order in respect of the show cause notice, directing the Company to pay an approximately $3.5 million redemption fee for the rig in lieu of confiscation and approximately $1.5 million in penalties in addition to the amount of customs duties owed, which were unspecified in the order. The Company disputes the ruling and is vigorously defending the case. In February 2000, the Company filed an appeal with the Customs, Excise, Gold (Exchange), Appellate Tribunal (CEGAT) and an application with the High Court in Mumbai to have the confiscation of the rig stayed pending the outcome of the appeal. The Company does not expect that the ultimate liability, if any, resulting from the matter will have a material adverse effect on its business or financial position.

The Company and its subsidiaries are involved in a number of other lawsuits, all of which have arisen in the ordinary course of the Company's business. The Company does not believe that ultimate liability, if any, resulting from any such other pending litigation will have a material adverse effect on its business or financial position.

In January 2000, an anchor from one of the Company's drilling rigs was accidentally released as a result of an anchor winch failure while the rig was under tow to a drilling location in the U.S. Gulf of Mexico. The incident resulted in damage to offshore facilities, including a crude oil pipeline, the release of hydrocarbons from the damaged section of the pipeline and the shutdown of the pipeline and affected production platforms. All appropriate governmental authorities were notified, and the Company cooperated fully with the operator and relevant authorities in support of the remediation efforts. Following the incident, the operator of the pipeline and certain other joint owners and affected producers have notified the Company that they consider the Company liable for the resulting damages. The Company expects that existing insurance will substantially cover any potential liability associated with this matter.

ITEM 4. Submission of Matters to a Vote of Security Holders

During the fourth quarter of 1999, the Company submitted to a vote of its shareholders the proposed merger with Sedco Forex and certain related matters. These matters were submitted to a vote of the Company's shareholders at an Extraordinary General Meeting of Shareholders held on December 10, 1999. At that meeting, the shareholders voted to approve all of the matters presented to them for consideration. Of the 100,574,790 ordinary shares outstanding at the time, 69,056,133 were eligible to be voted at the meeting. There were no broker non-votes. The results were as follows:

Proposal 1: The increase of the Company's authorized ordinary share capital to $3,000,000, consisting of 300,000,000 ordinary shares, par value $0.01 per share.

For	68,486,649
Against	434,423
Abstain	135,061

Proposal 2: The issuance of ordinary shares under the terms of the Agreement and Plan of Merger, dated as of July 12, 1999, among Schlumberger Limited, Sedco Forex Holdings Limited, Transocean Offshore Inc. and the Company's wholly owned subsidiary, Transocean SF Limited.

For	68,489,713
Against	381,268
Abstain	185,152

Proposal 3: The change of the Company's name to "Transocean Sedco Forex Inc." as a special resolution to be implemented only upon the completion of the merger under the Agreement and Plan of Merger.

For	68,540,459
Against	393,795
Abstain	121,879

Proposal 4: The amendment of the Company's Long-Term Incentive Plan to, among other things, increase the number of ordinary shares reserved for issuance under the plan from 6,300,000 to 13,300,000.

For	63,018,567
Against	5,803,364
Abstain	234,202

Proposal 5: The amendment of the Company's Employee Stock Purchase Plan to, among other things, increase the number of ordinary shares reserved for issuance under the plan from 250,000 to 750,000.

For	67,953,930
Against	906,652
Abstain	195,551

Executive Officers of the Registrant

Officer	Office	As of March 1, 2000
J. Michael Talbert	President, Chief Executive Officer and Director	53
Jean P. Cahuzac	Executive Vice President and President, Europe, Middle East and Africa	46
W. Dennis Heagney	Executive Vice President and President, Asia and Americas	52
Jon C. Cole	Executive Vice President, Marketing	47
Robert L. Long	Executive Vice President, Chief Financial Officer and Treasurer	54
Donald R. Ray	Senior Vice President, Technical Services	53
Eric B. Brown	Vice President, General Counsel and Secretary	48
Barbara S. Koucouthakis	Vice President and Chief Information Officer	41
David Mullen	Vice President, Human Resources	42
Ricardo Rosa	Vice President and Controller	43
Brian C. Voegele	Vice President, Finance	40

Each of the Company's executive officers was elected to his or her current position effective December 31, 1999 in connection with the Sedco Forex merger. The officers of the Company are elected annually by the Board of Directors. There is no family relationship between any of the above-named executive officers.

J. Michael Talbert has served as the Chief Executive Officer and a member of the Board of Directors of the Company since August 1994. Mr. Talbert also served as Chairman of the Board of the Company from August 1994 until the time

of the Sedco Forex merger, at which time he assumed the additional position of President of the Company. Mr. Talbert is also a director of Equitable Resources, Inc. Prior to assuming his duties with the Company, Mr. Talbert was President and Chief Executive Officer of Lone Star Gas Company, a natural gas distribution company and a division of Ensearch Corporation.

Jean P. Cahuzac is an Executive Vice President and the President, Europe, Middle East and Africa of the Company. Mr. Cahuzac served as the President of Sedco Forex from January 1999 until the time of the Sedco Forex merger, at which time he assumed his current positions with the Company. Mr. Cahuzac served as Vice President--Operations Manager of Sedco Forex from May 1998 to January 1999, Region Manager--Europe, Africa and CIS of Sedco Forex from September 1994 to May 1998 and Vice President/General Manager--North Sea Region of Sedco Forex from February 1994 to September 1994. He had been employed by Schlumberger since 1979.

W. Dennis Heagney is an Executive Vice President and the President, Asia and the Americas of the Company. Mr. Heagney served as a director of the Company from June 12, 1997 and President and Chief Operating Officer of the Company from April 1, 1986 until the time of the Sedco Forex merger, at which time he assumed his current positions. He has been employed by the Company since 1969 and was elected Vice President in 1983 and Senior Vice President in 1984.

Jon C. Cole is the Executive Vice President, Marketing of the Company. Mr. Cole served as Senior Vice President of the Company from April 1, 1993 until the time of the Sedco Forex merger, at which time he assumed his current position. Mr. Cole joined the Company in 1978 and was elected Vice President in 1990.

Robert L. Long is an Executive Vice President, Chief Financial Officer and Treasurer of the Company. Mr. Long has served as Chief Financial Officer of the Company since August 1996. Mr. Long also served as Senior Vice President of the Company from May 1, 1990 and Treasurer of the Company from September 1, 1997 until the time of the Sedco Forex merger, at which time he assumed the additional position as Executive Vice President. Mr. Long has been employed by the Company since 1976 and was elected Vice President in 1987.

Donald R. Ray is the Senior Vice President, Technical Services of the Company. Mr. Ray served as Senior Vice President of the Company, with responsibility for technical services, from December 1, 1996 until the time of the Sedco Forex merger, at which time he assumed his current position. Mr. Ray has been employed by the Company since 1972 and has served as a Vice President of the Company since 1986.

Eric B. Brown has served as the Vice President and General Counsel of the Company since February 1, 1995 and Secretary of the Company since September 29, 1995. Prior to assuming his current position with the Company, Mr. Brown served as General Counsel of Coastal Gas Marketing Company.

Barbara S. Koucouthakis is the Vice President and Chief Information Officer of the Company. Ms. Koucouthakis served as Controller of the Company from January 1, 1990 and Vice President from April 1, 1993 until the time of the Sedco Forex merger, at which time she assumed her current position. She has been employed by the Company since 1982.

David Mullen is the Vice President, Human Resources of the Company. Mr. Mullen served Schlumberger as Director of Personnel Geco-Prakla from 1998 until the time of the Sedco Forex merger, at which time he assumed his current position with the Company. Mr. Mullen was elected Managing Director--Schlumberger (Nigeria) Ltd. in 1996, District Manager--Eastern Venezuela Schlumberger (Wireline & Testing) in 1994 and had been employed by Schlumberger since 1983.

Ricardo Rosa is a Vice President and the Controller of the Company. Mr. Rosa served as Controller of Sedco Forex from September 1995 until the time of the Sedco Forex merger, at which time he assumed his current positions with the Company. He was appointed Gas Management Controller in October 1993. Mr. Rosa had been with Schlumberger since 1983.

Brian C. Voegele has served as Vice President, Finance of the Company since March 1998. Previously, he served as Director of Tax for the Company from June 1993 until such date. Prior to joining the Company in 1993, he served as Tax Manager for Sonat Inc. and as a Tax Manager for the accounting firm of Ernst & Young LLP.

PART II

ITEM 5. Market for Registrant's Common Equity and Related Shareholder Matters

The Company's ordinary shares are listed on the New York Stock Exchange (the "NYSE") under the symbol "RIG." The following table sets forth the high and low sales prices of the Company's ordinary shares for the periods indicated as reported on the NYSE Composite Tape.

	Price	
	High	Low
1998		
First Quarter	$54 15/16	$35
Second Quarter	59 15/16	41 11/16
Third Quarter	46 3/8	23
Fourth Quarter	41 1/2	23 9/16
1999		
First Quarter	31 9/16	19 5/8
Second Quarter	32 1/2	22 5/8
Third Quarter	36 1/2	25 9/16
Fourth Quarter	34 3/8	23 7/8
2000		
First Quarter (through March 1)	42 15/16	29 1/4

On March 1, 2000, the last reported sales price of the Company's ordinary shares on the NYSE Composite Tape was $41 1/2 per share. On such date, there were approximately 32,800 holders of record of the Company's ordinary shares and 210,257,041 ordinary shares outstanding.

The Company has paid quarterly cash dividends of $0.03 per ordinary share since the fourth quarter of 1993. Any future declaration and payment of dividends will be (i) dependent upon the Company's results of operations, financial condition, cash requirements and other relevant factors, (ii) subject to the discretion of the Board of Directors of the Company, (iii) subject to restrictions contained in the Company's bank credit agreements and note purchase agreement (see "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations--Liquidity and Capital Resources--Debt") and (iv) payable only out of the Company's profits or share premium account in accordance with Cayman Islands law.

ITEM 6. Selected Combined Financial Data

On December 31, 1999, the merger of Transocean Offshore Inc. and Sedco Forex Holdings Limited ("Sedco Forex") was completed. Sedco Forex was the offshore contract drilling service business of Schlumberger Limited and was spun-off immediately prior to the merger transaction. As a result of the merger, Sedco Forex became a wholly owned subsidiary of "Transocean Offshore Inc.," which changed its name to Transocean Sedco Forex Inc. The merger was accounted for as a purchase, with Sedco Forex as the acquiror for accounting purposes.

The selected combined financial data as of December 31, 1999 and 1998, and for each of the three years in the period ended December 31, 1999 has been derived from the audited combined financial statements included elsewhere herein. The selected combined financial data as of December 31, 1997, and for the year ended December 31, 1996 has been derived from audited combined financial statements not included herein. The selected combined financial data as of December 31, 1996 and 1995, and for the year ended December 31, 1995 are unaudited. The following data should be read in conjunction with "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations," and the combined financial statements and the notes thereto included under "Item 8. Financial Statements and Supplementary Data."

The balance sheet data as of December 31, 1999 represents the consolidated financial position of the merged company. The income statement data and other financial data for the periods presented, and the balance sheet data for the periods prior to the merger, reflect the operating results and financial position of Sedco Forex and not that of historical Transocean Offshore Inc.

	Years ended December 31,				
	1999	1998	1997	1996	1995
	(In millions, except per share data)				
					(Unaudited)
Income Statement Data					
Operating Revenues	$ 648	$1,091	$ 891	$663	$437
Operating Income	49	377	299	163	60
Net Income	58	342	260	148	62
Unaudited Pro Forma Earnings Per Share(a)					
Basic	0.53	3.12	2.38	1.35	0.57
Diluted	0.53	3.12	2.38	1.35	0.57
Other Financial Data(b)					
Cash Flows From Operating Activities	$ 241	$ 473	$ 318	$236	
Capital Expenditures	537	425	187	151	
EBITDA(c)	186	508	420	272	
				(Unaudited)	
Balance Sheet Data (at end of period)					
Total Assets	$6,140	$1,473	$1,051	$899	$781
Total Debt	1,266	100	160	53	44
Total Equity	3,910	564	363	462	574

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(a) Unaudited pro forma earnings per share calculated using the Transocean Sedco Forex shares and options issued pursuant to the merger agreement.

(b) Other Financial Data is not available for the year ended December 31, 1995.

(c) EBITDA (earnings before interest, taxes, depreciation and amortization) is presented here because it is a widely accepted financial indication of a company's ability to incur and service debt. EBITDA is not a measurement presented in accordance with accounting principles generally accepted in the United States ("GAAP") and is not intended to be used in lieu of GAAP presentations of results of operations and cash provided by operating activities.

ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following information should be read in conjunction with the information contained in the combined financial statements and the notes thereto included under "Item 8. Financial Statements and Supplementary Data" elsewhere in this annual report.

Overview

On December 31, 1999, the merger of Transocean Offshore Inc. and Sedco Forex Holdings Limited ("Sedco Forex") was completed. Sedco Forex was the offshore contract drilling service business of Schlumberger Limited ("Schlumberger") and was spun-off immediately prior to the merger transaction. As a result of the merger, Sedco Forex became a wholly owned subsidiary of "Transocean Offshore Inc." which changed its name to Transocean Sedco Forex Inc. The merger was accounted for as a purchase, with Sedco Forex as the acquiror for accounting purposes.

Transocean Sedco Forex Inc. (together with its subsidiaries and predecessors, unless the context requires otherwise, the "Company", "we" or "our") is a leading international provider of deepwater and harsh environment contract drilling services for oil and gas wells. As of March 1, 2000, the Company owns, has partial

ownership interests in, operates or has under construction 73 mobile offshore drilling units. The Company's active fleet consists of twelve high-specification semisubmersibles, thirty-one second- and third-generation semisubmersibles, one Discoverer Enterprise-class drillship, four other drillships, sixteen jackup rigs and three tenders. The Company has under construction two Discoverer Enterprise-class drillships, three Sedco Express-class semisubmersibles and one independent-leg cantilevered jackup. In addition, the fleet includes one multipurpose service jackup, six swamp barges and two land drilling rigs. The Company contracts these drilling rigs, related equipment and work crews primarily on a dayrate basis to drill offshore wells.

The balance sheet as of December 31, 1999 represents the consolidated financial position of the merged company. The results of operations and cash flows for the periods presented in the combined financial statements, and the balance sheets for periods prior to the merger, reflect the operating results and financial position of Sedco Forex and not that of historical Transocean Offshore Inc. At the time of the merger, Sedco Forex owned, had ownership interest in or operated 40 mobile offshore drilling rigs and had four such rigs under construction.

Historical Operating Results

	Years ended December 31,		
	1999	1998	1997
	(In thousands)		
Operating Revenues	$648,236	$1,090,523	$891,334
Costs and Expenses			
Operating and maintenance	450,756	562,565	466,269
Depreciation	131,933	124,707	110,780
General and administrative	16,703	25,986	15,664
	599,392	713,258	592,713
Operating Income	48,844	377,265	298,621
Other Income (Expense), Net			
Equity in earnings of joint ventures	5,610	5,389	4,946
Interest income	5,433	3,361	3,296
Interest expense, net of amounts capitalized	(10,250)	(12,950)	(19,639)
Other, net	(830)	956	5,235
	(37)	(3,244)	(6,162)
Income Before Income Taxes	48,807	374,021	292,459
Income Taxes	(9,296)	32,443	32,004
Net Income	$ 58,103	$ 341,578	$260,455

Historical 1999 compared to 1998

Operating revenues for the year ended December 31, 1999 were $648.2 million compared to $1,090.5 million for 1998, a decrease of $442.3 million or 41 percent. The decrease in revenues for 1999 resulted primarily from decreased utilization, which declined from an average of 91 percent in 1998 to 64 percent in 1999, and a decrease in dayrates from an average of approximately $70,000 in 1998 to approximately $61,000 in 1999.

Operating and maintenance expense for the year ended December 31, 1999 was $450.8 million compared to $562.6 million for 1998, a decrease of $111.8 million or 20 percent. The decrease in 1999 resulted primarily from reduced operating activity for rigs during the year. A large portion of operating and maintenance expense consists of employee-related costs and is fixed or only semi-variable. Accordingly, operating and maintenance expense does not vary in direct proportion to activity. Operating and maintenance expense for the years ended December 31, 1999 and 1998 included charges totaling $42.0 million and $23.4 million, respectively, relating to severance liabilities, the write-down of obsolete fixed assets and provisions for legal disputes. In addition, 1999

included expense of $13.4 million related to provision for doubtful accounts receivable in West Africa and dayrate contract penalties in Brazil.

Depreciation expense increased from $124.7 million in 1998 to $131.9 million in 1999, an increase of $7.2 million or 6 percent. The increase primarily resulted from the capitalization of equipment associated with rig life extension and upgrade projects.

General and administrative expense for the year ended December 31, 1999 was $16.7 million compared to $26.0 million for 1998, a decrease of $9.3 million or 36 percent. The decrease in 1999 resulted from the lower allocation by Schlumberger of corporate overhead due to lower revenues. General and administrative expense included an allocation by Schlumberger that amounted to approximately $8.0 million for 1999 and $9.4 million for 1998. The general and administrative expense allocation by Schlumberger was dependent on a number of factors, including the level of corporate costs and the proportion of revenues to Schlumberger's worldwide group revenues. Accordingly, the allocation methods were considered to be reasonable. The level of general and administrative expenses prior to the merger may not be indicative of ongoing costs for the Company.

Interest income for the year ended December 31, 1999 was $5.4 million compared to $3.4 million for 1998, an increase of $2.0 million or 59 percent. The increase resulted from higher average cash balances during the year.

Interest expense for the year ended December 31, 1999 was $10.3 million compared to $13.0 million for 1998, a decrease of $2.7 million or 21 percent. The decrease in 1999 resulted primarily from the capitalization of $27.2 million in interest relating to construction projects compared to $8.7 million capitalized in 1998, partially offset by increased interest expense on higher long-term debt balances during the year.

Income tax benefit for the year ended December 31, 1999 was $9.3 million compared to expense of $32.4 million for 1998. The Company operates in a number of countries where income tax is charged on a deemed profit basis. Accordingly, income tax expense does not necessarily vary in direct proportion with pre-tax income. The decrease in income tax expense in relation to pre-tax income for 1999 resulted primarily from additional U.K. tax loss carryforwards for which no valuation allowance was provided and the adjustment of UK tax loss carryforwards for prior years. These carryforwards, which the Company believes will be fully utilized, are available to the Company indefinitely.

Net income for the year ended December 31, 1999 was $58.1 million compared to $341.6 million for 1998, a decrease of $283.5 million or 83 percent. The decrease in 1999 resulted primarily from lower operating income due to decreased dayrates and rig utilization.

Historical 1998 compared to 1997

Operating revenues for the year ended December 31, 1998 were $1,090.5 million compared to $891.3 million for 1997, an increase of $199.2 million or 22 percent. The increase in revenues for 1998 resulted primarily from an increase in dayrates from an average of approximately $56,000 in 1997 to approximately $70,000 in 1998 and from increased utilization, which improved from an average of 90 percent in 1997 to 91 percent in 1998. Dayrates increased in early 1998 as a result of higher market demand converging with tightening supply.

Operating and maintenance expense for the year ended December 31, 1998 was $562.6 million compared to $466.3 million for 1997, an increase of $96.3 million or 21 percent. The increase in 1998 resulted primarily from rig reactivation and mobilization costs and higher maintenance costs and employee compensation. A large portion of operating expense consists of employee-related costs and is fixed or only semi-variable. Accordingly, operating and maintenance expense does not vary in direct proportion to activity. Operating and maintenance expense for the year ended December 31, 1998 also included charges totaling $23.4 million relating to severance liabilities, the write-down of obsolete fixed assets and provisions for legal disputes.

Depreciation expense increased by $13.9 million or 13 percent, from $110.8 million for the year ended December 31, 1997 to $124.7 million for 1998. The increase was due primarily to additional depreciation resulting from capitalization of equipment associated with rig life extension and upgrade projects.

General and administrative expense for the year ended December 31, 1998 was $26.0 million compared to $15.7 million for 1997, an increase of $10.3 million or 66 percent. The increase in 1998 resulted from the higher allocation of corporate overhead by Schlumberger due to higher revenues and from increased marketing and business development efforts. General and administrative expense included an allocation by Schlumberger that amounted to approximately $9.4 million for 1998 and $4.4 million for 1997. The general and administrative expense allocation by Schlumberger was dependent on a number of factors, including the level of corporate costs and the proportion of revenues to Schlumberger's worldwide group revenues. Accordingly, the allocation methods were considered to be reasonable.

Interest expense for the year ended December 31, 1998 was $13.0 million compared to $19.6 million for 1997, a decrease of $6.6 million or 34 percent. The decrease in 1998 resulted primarily from the capitalization of $8.7 million in interest relating to construction projects compared to no interest capitalized in 1997.

Income tax expense for the year ended December 31, 1998 was $32.4 million compared to $32.0 million for 1997. The Company operates in a number of countries where income tax is charged on a deemed profit basis. Accordingly, income tax expense does not necessarily vary in direct proportion with pre-tax income. The decrease in income tax expense in relation to pre-tax income for 1998 resulted primarily from the release of a valuation allowance relating to U.K. tax loss carryforwards of $14.5 million. These carryforwards, which the Company believes will be fully utilized, are available to the Company indefinitely.

Net income for the year ended December 31, 1998 was $341.6 million compared to $260.5 million for 1997, an increase of $81.1 million or 31 percent. The increase in 1998 resulted primarily from higher operating income due to increased dayrates and rig utilization, partially offset by charges included in operating and maintenance expense totaling $20.4 million after tax as discussed above.

1999 and 1998 Charges

Operating and maintenance expense for the years ended December 31, 1999 and 1998 included charges totaling $42.0 million and $23.4 million, respectively. Reduced exploration and development activity by customers, resulting from a period of low oil prices from late 1997 through early 1999 and industry consolidation over the same time period, resulted in a slowdown in the offshore drilling industry during 1998 and 1999. As a result of this slowdown approximately 1000 operating personnel were determined to be redundant, and charges associated with termination and severance benefits of $13.2 million and $3.6 million were recognized during 1999 and 1998, respectively. Substantially all of these employees have been terminated and severance and termination costs have been paid as of December 31, 1999. Provisions for potential legal claims of $28.8 million and $10.0 million were recognized during 1999 and 1998, respectively (see Note 10 to the Company's combined financial statements). Asset impairment charges of $9.8 million were recognized in 1998 related to assets retired from the active fleet.

1999 Pro Forma Operating Results

Unaudited pro forma combined results for Transocean Sedco Forex Inc. for the twelve months ended December 31, 1999, reflected net income of $237.9 million or $1.13 per diluted share on pro forma revenues of $1,579.0 million. The pro forma operating results assume the spin-off and merger was completed on January 1, 1999. See Note 3 to the combined financial statements. These pro forma results do not reflect the effects of reduced depreciation expense related to conforming the estimated lives of Sedco Forex rigs and the elimination of certain allocated costs from Schlumberger, which will not be incurred in the future. The pro forma financial data should not be relied on as an indication of operating results that Transocean Sedco Forex Inc. would have achieved had the spin-off and merger taken place earlier or of the future results that Transocean Sedco Forex Inc. may achieve.

Market Outlook

Fleet utilization on a pro forma combined basis, as if the merger had occurred on January 1, 1999, averaged 69 percent for the fourth quarter of 1999 and 74 percent for the year 1999 for our 62 active, fully owned or chartered mobile offshore drilling units (i.e., excluding newbuilds under construction, managed rigs and partially owned rigs). Combined semisubmersible and drillship ("floater") utilization was 71 percent and 77 percent, respectively, during the corresponding periods. Average dayrates during 1999 for these 62 rigs were $85,000 fleetwide and $105,300 for floaters.

Fleet activity in 1999 was negatively influenced by a global reduction in exploration and development spending by our customers, resulting from the sustained period of dramatically lower oil prices from late 1997 through early 1999 and consolidation activity among major oil producers over the same time period. Spending levels in 1999 are estimated to have declined by more than 18 percent from levels experienced during 1998. Rig availability also increased as a result of expiring contracts and delivery of newly constructed drilling rigs by several offshore drilling contractors. The decline in exploration and development activity and increased rig availability created a highly competitive market for contract drilling services throughout 1999, with corresponding reductions in utilization and dayrates for all classes of offshore rigs.

With crude oil prices improving 34 percent during 1999 and 80 percent from lows experienced in 1998, signs of improving fleet activity are emerging in several operating regions. In February 2000, the semisubmersible Transocean Richardson returned to work for an estimated 45-day contract in the U.S. Gulf of Mexico following a brief idle period. In the North Sea, we have recently secured new work assignments for the semisubmersibles Transocean Leader and Sovereign Explorer, which are expected to return to work by April 2000 for firm periods of approximately one year and approximately 60 days, respectively. Both rigs have been idle since the fourth quarter of 1999. In West Africa, operator interest in our jackup fleet has strengthened, with several customers discussing term contracts. Finally, in Southeast Asia, we currently expect two semisubmersibles and two jackups to begin contracts by March 31, 2000, which will place all of our semisubmersibles and jackups in the region on contract. However, these increases in customer interest and activity have not yet led to significant increases in dayrates.

As of March 1, 2000, 46 of the 62 active and fully owned or chartered mobile offshore drilling units were either operating or had signed contracts for future operations, including 30 of 42 floaters. As of that date, approximately 52 percent of our floater and jackup fleet days were committed for the remainder of 2000 and 27 percent for the year 2001. Of the idle rigs, two jackups and two semisubmersibles are currently cold-stacked.

Other Factors Affecting Operating Results

Our business depends on the level of activity in offshore oil and gas exploration, development and production in markets worldwide. Oil and gas prices, market expectations of potential changes in these prices and a variety of political and economic factors significantly affect this level of activity. Oil and gas prices are extremely volatile and are affected by numerous factors, including

- worldwide demand for oil and gas;
- the ability of the Organization of Petroleum Exporting Countries, commonly called "OPEC," to set and maintain production levels and pricing;
- the level of production in non-OPEC countries;
- the policies of the various governments regarding exploration and development of their oil and gas reserves;
- advances in exploration and development technology; and
- the political environment in oil-producing regions.

The offshore contract drilling industry is highly competitive with numerous industry participants, none of which has a dominant market share. Some of our competitors may have greater financial resources than we do.

Drilling contracts are traditionally awarded on a competitive bid basis. Intense price competition is often the primary factor in determining which qualified contractor is awarded a job, although rig availability and the quality and technical capability of service and equipment may also be considered.

Our industry has historically been cyclical. There have been periods of high demand, short rig supply and high dayrates, followed by periods of lower demand, excess rig supply and low dayrates. The industry experienced a period of significantly lower demand during 1999 as a result of reduced spending for exploration and development by the Company's customers in response to dramatically lower crude oil prices during 1998. In addition, rig availability has increased as a result of contract expirations and construction by other drilling contractors of new rigs that are competing with our rigs. Periods of excess rig supply intensify the competition in the industry and often result in rigs being idled for long periods of time.

Our customers may terminate some of our term drilling contracts if the drilling unit is destroyed or lost or if drilling operations are suspended for a specified period of time as a result of a breakdown of major equipment or, in some cases, due to other events beyond the control of either party. In addition, the drilling contracts for the Sedco Forex newbuild rigs contain termination or term reduction provisions tied to late delivery of these units. In reaction to depressed market conditions, our customers may also seek renegotiation of firm drilling contracts to reduce their obligations.

As of March 1, 2000, we had six new rigs in shipyards under construction or undergoing sea trials. These construction projects are subject to the risks of delay or cost overruns inherent in any large construction project resulting from numerous factors, including the following:

- shipyard unavailability;
- shortages of equipment, materials or skilled labor;
- unscheduled delays in the delivery of ordered materials and equipment;
- engineering problems, including those relating to the commissioning of newly designed equipment;
- work stoppages;
- weather interference;
- unanticipated cost increases; and
- difficulty in obtaining necessary permits or approvals.

These factors may contribute to cost variations and delays in the delivery of our drilling units under construction. Delays in delivery of these units would result in delays in contract commencements, resulting in a loss of revenue to us, and may also cause customers to terminate or shorten the term of the drilling contracts for these rigs pursuant to late delivery clauses for the Sedco Express-class semisubmersibles and the Trident 20. In the event of termination of a drilling contract for one of these rigs, it is unlikely that we would be able to secure a replacement contract on as favorable terms.

We operate in various regions throughout the world that may expose us to political and other uncertainties, including risks of:

- war and civil disturbances;
- expropriation of equipment;
- the inability to repatriate income or capital; and
- changing taxation policies.

We are protected to a substantial extent against loss of capital assets, but generally not loss of revenue, from most of these risks through insurance, indemnity provisions in our drilling contracts or both. As of March 1, 2000, all areas in which we were operating were covered by existing insurance policies.

The offshore drilling business is subject to significant government regulations in different jurisdictions. Many governments favor or effectively require the awarding of drilling contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction. These practices may adversely affect our ability to compete. We expect to continue our efforts to structure our operations in order to remain competitive in international markets.

Another risk inherent in our operations is the possibility of currency exchange losses where revenues are received and expenses are paid in nonconvertible currencies. We may also incur losses as a result of an inability to collect revenues because of a shortage of convertible currency available to the country of operation. We seek to limit these risks by structuring contracts such that compensation is made in freely convertible currencies and, to the extent possible, by limiting acceptance of blocked currencies to amounts that match our expense requirements in local currency.

We require highly skilled personnel to operate and provide technical services and support for our drilling units. To the extent demand for drilling services and the size of the worldwide industry fleet increase, shortages of qualified personnel could arise, creating upward pressure on wages. We are continuing our recruitment and training programs as required to meet our anticipated personnel needs.

On a worldwide basis, we had approximately 22 percent of our employees working under collective bargaining agreements at December 31, 1999, most of whom were working in Norway and Nigeria. Of these represented employees, a majority are working under agreements that are subject to salary negotiation in 2000.

The general rate of inflation in the majority of the countries in which we operate has been moderate over the past several years and has not had a material impact on our results of operations. The increase in the demand for offshore drilling rigs experienced in 1996 and 1997 led to higher labor, transportation and other operating expenses as a result of an increased need for qualified personnel and services. Because of the decline in demand for offshore drilling services since 1998, these inflationary pressures have decreased.

Merger Purchase Price Allocation

The purchase price allocation for the merger of Transocean Offshore Inc. and Sedco Forex included, at estimated fair value, total assets of $3.8 billion and the assumption of total liabilities of $1.9 billion. The excess of the purchase price over the estimated fair value of net assets acquired was approximately $1.1 billion, which has been accounted for as goodwill. As of December 31, 1999, this goodwill represented approximately 17 percent of total assets and 27 percent of total shareholders' equity. The goodwill is being amortized over 40 years based on the nature of the offshore drilling industry, long-lived drilling equipment and the long-standing relationships with core customers. Goodwill amortization expense will be approximately $27 million per year.

Liquidity and Capital Resources

Sources and Uses of Cash

Cash flows provided by operations were $240.6 million for the year ended December 31, 1999, compared to $473.4 million for 1998, a decrease of $232.8 million. The decrease in cash provided by operations was primarily due to lower net income during the year ended December 31, 1999, partially offset by increases provided by net working capital components.

Cash flows used in investing activities decreased $331.3 million from $421.5 million for the year ended December 31, 1998 to $90.2 million in 1999. The decrease in cash used in investing activities resulted primarily

from cash acquired in the merger partially offset by an increase in capital expenditures relating to rig construction and upgrade projects.

Cash flows used in financing activities increased $186.8 million from 1998 to 1999. During 1999, net borrowings from related parties were repaid.

Capital Expenditures

Capital expenditures, including capitalized interest, totaled $537 million during the year ended December 31, 1999 and include $132 million, $138 million and $151 million spent on the construction of the Sedco Express, Sedco Energy, and Cajun Express, respectively. Capital expenditures also included $60 million on the construction of the Trident 20 during 1999. As discussed above, these capital expenditures do not include amounts expended by Transocean Offshore Inc.

The Company's investments in its existing fleet and previously announced fleet additions, including the Sedco Express-class semisubmersibles, the Trident 20 and the Discoverer Enterprise-class drillships, continue to require significant capital expenditures and are expected to be approximately $573 million in 2000.

The following table summarizes projected expenditures (including capitalized interest) during 2000 for the Company's major construction projects.

	Projected Expenditures	Projected Recorded Value At Completion
	(In millions)	
Sedco Express	$ 77	$ 326
Sedco Energy	87	332
Cajun Express	65	273
Discoverer Spirit	69	310
Discoverer Deep Seas	117	315
Trident 20	32	135
	$447	$1,691

The Company has under construction three Sedco Express-class semisubmersibles. These semisubmersibles will be capable of ultra-deepwater drilling operations and are designed to reduce total well construction time by up to 25 percent through several technological innovations. The Sedco Express is expected to be operational in the third quarter of 2000, when it will begin a three-year contract with Elf. The Sedco Energy is expected to be operational in the third quarter of 2000, when it will begin a five-year contract with Texaco. The Cajun Express is also expected to be operational in the third quarter of 2000, when it will begin a three-year contract with Marathon.

The Company has two Discoverer Enterprise-class drillships under construction. These drillships represent a new class of advanced, ultra-deepwater drilling rigs employing the Company's dual-activity drilling system which aims to reduce the cost of deepwater projects by up to 40 percent. The Discoverer Spirit is expected to be operational in the third quarter of 2000, when it will begin a five-year contract with Spirit Energy 76, a division of Unocal. The Discoverer Deep Seas is expected to be operational in the fourth quarter of 2000, when it will begin a five-year contract with Chevron.

The Company also has an independent-leg cantilevered jackup, the Trident 20, under construction in Azerbaijan. This rig will be 75 percent owned by the Company through a joint venture. The rig is expected to be operational in the fourth quarter 2000, when it will begin a three-year contact for Elf.

As with any major construction project that takes place over an extended period of time, the actual costs, the timing of expenditures and the project completion date may vary from estimates based on numerous factors,

including actual terms of awarded contracts, weather, exchange rates, shipyard labor conditions and the market demand for components and resources required for drilling unit construction. See "--Other Factors Affecting Operating Results." The Company intends to fund the cash requirements relating to these capital commitments through available cash balances, borrowings under the Revolving Credit Agreement referred to below and other commercial bank or capital market financings.

Debt

Revolving Credit Agreement--The Company is a party to a $540 million revolving credit agreement, as amended, with a group of banks led by ABN AMRO Bank, NV, as agent, dated as of July 30, 1996 (the "Revolving Credit Agreement"). Borrowings under the Revolving Credit Agreement bear interest, at the option of the Company, at a base rate or LIBOR plus a margin (0.20 percent per annum at January 31, 2000) that varies depending on the Company's funded debt to total capital ratio or its public senior unsecured debt rating. The Revolving Credit Agreement requires compliance with various restrictive covenants and provisions customary for an agreement of this nature including an interest coverage ratio that could limit the Company's ability to pay dividends in the future. The Revolving Credit Agreement has a maturity date of July 30, 2002. As of December 31, 1999, $235 million was outstanding and $305 million was available for additional borrowings under the Revolving Credit Agreement.

Term Loan Agreement--The Company is a party to a $400 million unsecured five-year term loan agreement with a group of banks led by SunTrust Bank, Atlanta, as agent, dated as of December 16, 1999 (the "Term Loan Agreement"). Borrowings available under the Term Loan Agreement were used to repay indebtedness to Schlumberger upon completion of the merger and for general corporate purposes. Amounts outstanding under the Term Loan Agreement bear interest at the Company's option, at a base rate or LIBOR plus a margin (0.55 percent per annum at December 31, 1999) that varies depending on the Company's public senior unsecured debt rating. No principal amortization is required for the first two years, and the Company may prepay some or all of the debt at any time without premium or penalty. The Term Loan Agreement requires compliance with various restrictive covenants and provisions customary for an agreement of this nature including an interest coverage ratio that could limit the Company's ability to pay dividends in the future.

Secured Loan Agreement--The Company is a party to a $235.2 million secured five-year term loan agreement with a group of banks led by ABN AMRO Bank, NV, as agent, dated as of December 22, 1999 (the "Secured Loan Agreement"). Borrowings under the Secured Loan Agreement were used to repay debt incurred for construction of the Discoverer Enterprise and upgrade of the Transocean Amirante and were secured by both rigs. At December 31, 1999, both rigs were operating under term contracts of up to five years with BP Amoco based on their respective acceptance dates (see below). Cash flow from the BP Amoco contracts will be used to repay the debt outstanding under the Secured Loan Agreement in scheduled monthly payments. The Company may prepay some or all of the debt at any time without premium or penalty. Approximately 92 percent of the amounts outstanding under the Secured Loan Agreement bear interest at a commercial paper rate plus a margin (0.31 percent per annum at December 31, 1999) while the remaining 8 percent of the amounts outstanding bear interest at LIBOR plus a margin (0.65 percent per annum at December 31, 1999). The floating rates under the Secured Loan Agreement have been converted to a fixed rate by the interest rate swap agreement described below. (See "Quantitative and Qualitative Disclosures About Market Risk--Interest Rate Risk"). The Secured Loan Agreement contains covenants and provisions customary for a secured agreement of this nature.

In January 2000, the Company agreed to cancel the remaining 14 months of the contract with BP Amoco for the Transocean Amirante for a cash settlement of $25 million. The cash received was used to repay borrowings under the Secured Loan Agreement relating to the Transocean Amirante and the security interest in the rig was released by the banks. The interest rate swap agreement was also amended to reflect the reduced amounts subject to the swap.

Public Debt Offering--The Company has outstanding $300 million aggregate principal amount of senior, unsecured debt securities originally issued in a public offering. The securities consist of $100 million aggregate

principal amount of 7.45 percent notes due April 15, 2027 (the "Notes") and $200 million aggregate principal amount of 8.00 percent debentures due April 15, 2027 (the "Debentures"). Holders of the Notes may elect to have all or any portion of the Notes repaid on April 15, 2007 at 100 percent of the principal amount. The Notes, at any time after April 15, 2007, and the Debentures, at any time, may be redeemed at the option of the Company at 100 percent of the principal amount plus a make-whole premium, if any, equal to the excess of the present value of future payments due under the Notes and Debentures using a discount rate equal to the then-prevailing yield of U.S. treasury notes for a corresponding remaining term plus 20 basis points over the principal amount of the security being redeemed. Interest is payable on April 15 and October 15 of each year. The indenture and supplemental indenture relating to the Notes and the Debentures place limitations on the Company's ability to incur indebtedness secured by certain liens, engage in certain sale/leaseback transactions and engage in certain merger, consolidation or reorganization transactions.

Secured Rig Financing--The Company has outstanding $85.1 million of debt secured by the Trident IX and the Trident 16 (the "Secured Rig Financing"). Payments under these financing agreements include an interest component of 7.95 percent for the Trident IX and 7.20 percent for the Trident 16. The Trident IX facility expires in April 2003 while the Trident 16 facility expires in September 2004. The financing arrangements provide for a call right on the part of the Company to repay the financing prior to expiration of their scheduled terms and in some circumstances a put right on the part of the banks to require the Company to repay the financings. Under either circumstance, the Company would retain ownership of the rigs.

Notes Payable--The Company has outstanding $20.8 million aggregate principal amount of unsecured 6.90 percent notes due February 15, 2004 originally issued in a private placement. The note purchase agreement underlying the notes requires compliance with various restrictive covenants and provisions customary for an agreement of this nature and on substantially the same terms as those under the Revolving Credit Agreement, including an interest coverage ratio that could limit the Company's ability to pay dividends in the future.

Letters of Credit--The Company had letters of credit outstanding at December 31, 1999 totaling $124.2 million, including a letter of credit relating to the legal dispute with Kvaerner Installasjon a.s valued at $27.5 million. See Note 10 to the Company's combined financial statements. The remaining amount guarantees various insurance, rig construction and contract bidding activities.

Shelf Registration

The Company has an effective $450 million shelf registration statement on Form S-3 for the proposed offering from time to time of senior or subordinated debt securities, preference shares, ordinary shares and warrants to purchase debt securities, preference shares, ordinary shares or other securities.

Acquisitions and Dispositions

In December 1999, Transocean Sedco Forex issued 109,419,166 ordinary shares to Schlumberger shareholders in the merger, and issued an additional 145,102 ordinary shares that were sold on the market for cash paid in lieu of fractional shares.

In February 2000, the Company sold its coiled tubing drilling services business, Transocean Petroleum Technology, to Schlumberger. The net proceeds from the sale were approximately $25 million and no gain or loss was recognized on the sale. The Company's interests in its Transocean-Nabors Drilling Technology LLC and Deep Vision LLC joint ventures were excluded from the sale. The proceeds from the sale were used to repay debt and for general corporate purposes.

The Company, from time to time, reviews possible acquisitions of businesses and drilling units, and may in the future make significant capital commitments for such purposes. Any such acquisition could involve the payment by the Company of a substantial amount of cash and the issuance of a substantial number of ordinary shares. The Company would expect to fund the cash portion of any such acquisition through cash balances on hand, the incurrence of additional debt, sales of assets or ordinary shares or a combination thereof.

Derivative Instruments

The Company, from time to time, may enter into a variety of derivative financial instruments in connection with the management of its exposure to fluctuations in foreign exchange rates and interest rates. The Company does not enter into derivative transactions for speculative purposes; however, for accounting purposes certain transactions may not meet the criteria for hedge accounting.

Gains and losses on foreign exchange derivative instruments, which qualify as accounting hedges, are deferred and recognized when the underlying foreign exchange exposure is realized. Gains and losses on foreign exchange derivative instruments, which do not qualify as hedges for accounting purposes, are recognized currently based on the change in market value of the derivative instruments. At December 31, 1999, the Company did not have any foreign exchange derivative instruments not qualifying as hedges.

The Company, from time to time, may use interest rate swap agreements to effectively convert a portion of its floating rate debt to a fixed rate basis, reducing the impact of interest rate changes on future income. Interest rate swaps are designated as a hedge of underlying future interest payments. The interest rate differential to be received or paid on the swaps is recognized over the lives of the swaps as an adjustment to interest expense. The interest rate swap agreements were recorded at fair value as part of the merger. See "--Liquidity and Capital Resources--Debt--Secured Loan Agreement" and "Quantitative and Qualitative Disclosures About Market Risk--Interest Rate Risk."

Sources of Liquidity

The Company believes that its cash and cash equivalents, cash generated from operations, borrowings available under its Revolving Credit Agreement and access to other financing sources will be adequate to meet its anticipated short-term and long-term liquidity requirements, including scheduled debt repayments and capital expenditures for new rig construction and upgrade projects.

New Accounting Pronouncements

In June 1998, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 133 Accounting for Derivative Instruments and Hedging Activities. In June 1999, the FASB issued SFAS No. 137, Accounting for Derivative Instruments and Hedging Activities--Deferral of the Effective Date of FASB 133 to delay the required effective date for adoption of SFAS No. 133 to fiscal years beginning after June 15, 2000. Because of the Company's limited use of derivatives to manage its exposure to fluctuations in foreign exchange rates and interest rates, management does not anticipate that the adoption of the new statement will have a significant effect on the results of operations or the financial position of the Company. The Company will adopt SFAS No. 133 as of January 1, 2001.

Year 2000 Issue

Previously we discussed the nature and progress of our plans to become Year 2000 ready. In late 1999, we completed our remediation and testing of systems. As a result of those planning and implementation efforts, we experienced no significant disruptions in our operations or information technology systems and believe we successfully responded to the Year 2000 date change. The cost of our Year 2000 program was approximately $4 million, including an allocation from Schlumberger of less than $1 million. We are not aware of any material problems resulting from Year 2000 issues, whether with our rigs, our internal systems, or the products and services of third parties. We will continue to monitor our rig systems, critical computer applications and our suppliers and vendors throughout the year 2000 to ensure that any latent Year 2000 matter that may arise is addressed promptly.

Forward-Looking Information

The statements included in this annual report regarding future financial performance and results of operations and other statements that are not historical facts are forward-looking statements within the meaning

of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Statements to the effect that the Company or management "anticipates," "believes," "budgets," "estimates," "expects," "forecasts," "intends," "plans," "predicts," or "projects" a particular result or course of events, or that such result or course of events "could," "might," "may" or "should" occur, and similar expressions, are also intended to identify forward-looking statements. Forward-looking statements in this annual report include, but are not limited to, statements involving expected capital expenditures, results and effects of legal proceedings, liabilities for tax issues, integration of Transocean Offshore Inc. and Sedco Forex, the timing and cost of completion of capital projects, and the Company's expectations with regard to market outlook. Such statements are subject to numerous risks, uncertainties and assumptions, including but not limited to, uncertainties relating to the level of activity in offshore oil and gas exploration and development, exploration success by producers, oil and gas prices, demand for oil and gas rigs, competition and market conditions in the contract drilling industry, our ability to successfully integrate the operations of Transocean Offshore Inc. and Sedco Forex, delays or cost overruns on construction projects and possible cancellation of drilling contracts as a result of delays, work stoppages by shipyard workers where our newbuilds are being constructed, our ability to enter into and the terms of future contracts, the availability of qualified personnel, labor relations and the outcome of negotiations with unions representing workers, operating hazards, political and other uncertainties inherent in non-U.S. operations (including exchange and currency fluctuations), the impact of governmental laws and regulations, the adequacy of sources of liquidity, the effect of litigation and contingencies and other factors discussed in this annual report and in the Company's other filings with the Securities and Exchange Commission ("SEC"), which are available free of charge on the SEC's website at www.sec.gov. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those indicated. You should not place undue reliance on forward-looking statements. Each forward-looking statement speaks only as of the date of the particular statement, and we undertake no obligation to publicly update or revise any forward-looking statements.

ITEM 7A. Quantitative and Qualitative Disclosures About Market Risk

Interest Rate Risk

The Company's exposure to market risk for changes in interest rates relates primarily to the Company's long-term debt obligations and interest rate swaps. The tables below provide information about the Company's derivative financial instruments and other financial instruments that are sensitive to changes in interest rates as of December 31, 1999. Prior to the merger, Sedco Forex believed its exposure to interest rate risk was not material since its long-term debt obligations consisted solely of fixed rate indebtedness or related party variable debt that was repaid in connection with the merger. For debt obligations, the table presents expected cash flows and related weighted-average interest rates expected by maturity dates. Weighted-average variable rates are based on estimated LIBOR and commercial paper rates as of December 31, 1999, plus applicable margins. The fair value of fixed rate debt is based on the estimated yield to maturity for each debt issue as of December 31, 1999.

As of December 31, 1999:

	Expected Maturity Date							
	2000	2001	2002	2003	2004	Thereafter	Total	Fair Value 12/31/99
	(In millions, except interest rate percentages)							
Long-term debt								
Fixed Rate(a)	$21.4	$22.6	$ 24.0	$ 18.8	$ 19.1	$300.0	$405.9	$393.2
Average interest rate	7.5%	7.5%	7.5%	7.4%	7.2%	7.8%	7.7%	
Variable Rate	$57.2	$43.8	$376.4	$194.6	$198.2	--	$870.2	$870.2
Average interest rate	6.1%	6.1%	6.7%	6.8%	6.8%	--	6.7%	

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(a) Reflects payment of face value of debt and not fair market value of debt as assumed in the merger of Transocean Offshore Inc. and Sedco Forex.

For interest rate swaps, the table presents notional amounts and weighted-average interest rates by contractual maturity dates as of December 31, 1999.

These interest rate swaps are those entered into by

Transocean Offshore Inc. as Sedco Forex did not have any interest rate swaps prior to the merger. Notional amounts are used to calculate the contractual payments to be exchanged under the interest rate swaps. The average receive rate under the interest rate swaps is based on estimated commercial paper rates. The fair value of the interest rate swaps is based on the market value of similar swap arrangements as of December 31, 1999.

As of December 31, 1999:

	Expected Maturity Date							
	2000	2001	2002	2003	2004	Thereafter	Total	Fair Value 12/31/99
	(In millions, except interest rate percentages)							
Interest Rate Swaps								
Pay fixed/receive variable	$57.2	$43.8	$41.4	$44.6	$48.2	--	$235.2	$(2.2)
Average pay rate	6.9%	6.9%	6.9%	6.9%	6.9%	--	6.9%	
Average receive rate	5.7%	5.7%	5.7%	5.7%	5.7%	--	5.7%	

In January 2000 in connection with the repayment of amounts outstanding under the Secured Loan Agreement, the Company amended the interest rate swaps to reduce the notional amount to $208.5 million. See "--Liquidity and Capital Resources--Debt--Secured Loan Agreement."

Foreign Exchange Risk

The Company operates internationally, resulting in exposure to foreign exchange risk. The Company uses a variety of techniques to minimize the exposure to foreign exchange risk, including customer contract terms and the use of foreign exchange derivative instruments or spot purchases. The Company does not enter into derivative transactions for speculative purposes. At December 31, 1999 the Company had no material open foreign exchange contracts.

ITEM 8. Financial Statements and Supplementary Data

REPORT OF INDEPENDENT AUDITORS

To the Shareholders and Board of Directors
Transocean Sedco Forex Inc.

We have audited the accompanying consolidated balance sheet of Transocean Sedco Forex Inc. and Subsidiaries as of December 31, 1999, and the related combined statements of operations, equity, and cash flows for the year then ended. Our audit also included the financial statement schedule listed in the Index at Item 14(a). These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Transocean Sedco Forex Inc. and Subsidiaries at December 31, 1999, and the combined results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

/s/ Ernst & Young LLP

Houston, Texas
January 31, 2000

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Stockholders of Schlumberger Limited

In our opinion, the accompanying combined balance sheet and the related combined statements of income, of equity and of cash flows present fairly, in all material respects, the financial position of Transocean Sedco Forex Inc. (previously Sedco Forex Holdings Limited) at December 31, 1998, and the results of their operations and their cash flows for each of the two years in the period ended December 31, 1998, in conformity with accounting principles generally accepted in the United States. These financial statements are the responsibility of Sedco Forex Holdings Limited's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

PricewaterhouseCoopers LLP
New York, New York
August 6, 1999

TRANSOCEAN SEDCO FOREX INC. AND SUBSIDIARIES

COMBINED STATEMENTS OF OPERATIONS

	Year ended December 31,		
	1999	1998	1997
	(In thousands, except per share data)		
Operating Revenues	$648,236	$1,090,523	$891,334
Costs and Expenses			
Operating and maintenance	450,756	562,565	466,269
Depreciation	131,933	124,707	110,780
General and administrative	16,703	25,986	15,664
	599,392	713,258	592,713
Operating Income	48,844	377,265	298,621
Other Income (Expense), Net			
Equity in earnings of joint ventures	5,610	5,389	4,946
Interest income	5,433	3,361	3,296
Interest expense, net of amounts capitalized	(10,250)	(12,950)	(19,639)
Other, net	(830)	956	5,235
	(37)	(3,244)	(6,162)
Income Before Income Taxes	48,807	374,021	292,459
Income Taxes	(9,296)	32,443	32,004
Net Income	$ 58,103	$ 341,578	$260,455
Unaudited Pro Forma Earnings Per Share			
Basic	$ 0.53	$ 3.12	$ 2.38
Diluted	$ 0.53	$ 3.12	$ 2.38
Unaudited Pro Forma Shares Outstanding			
Basic	109,564	109,564	109,564
Diluted	109,636	109,636	109,636

See accompanying notes.

TRANSOCEAN SEDCO FOREX INC. AND SUBSIDIARIES

COMBINED BALANCE SHEETS

	December 31,	
	1999	1998
ASSETS	(In thousands, except per share data)	
Cash and Cash Equivalents	$ 165,673	$ 174,481
Accounts Receivable		
Trade	220,066	183,165
Other	57,286	51,016
Receivables from Related Parties	15,276	52,620
Materials and Supplies	77,058	45,976
Deferred Income Taxes	12,562	--
Other Current Assets	10,945	7,435
Total Current Assets	558,866	514,693
Property and Equipment	5,498,116	1,954,961
Less Accumulated Depreciation	1,153,614	1,039,538
Property and Equipment, net	4,344,502	915,423
Goodwill, net	1,067,594	--
Investments in and Advances to Joint Ventures	101,892	24,865
Deferred Income Taxes	--	17,938
Other Assets	67,316	--
Total Assets	$6,140,170	$1,472,919
LIABILITIES AND EQUITY		
Accounts Payable	$ 129,248	$ 87,425
Accrued Income Taxes	111,853	41,058
Current Portion of Long-Term Debt	78,584	14,348
Payables to Related Parties	15,290	32,960
Deferred Gain on Sale of Rigs	26,167	26,000
Other Current Liabilities	167,379	96,193
Total Current Liabilities	528,521	297,984
Long-Term Debt	1,187,578	86,100
Related Party Debt	--	407,402
Deferred Income Taxes	383,991	--
Deferred Gain on Sale of Rigs	69,779	97,000
Other Long-Term Liabilities	60,162	20,051
Total Long-Term Liabilities	1,701,510	610,553
Commitments and Contingencies		
Preference Shares, $0.10 par value; 50,000,000 shares authorized, none issued and outstanding	--	
Ordinary Shares, $0.01 par value; 300,000,000 shares authorized, 210,119,501 shares issued and outstanding	2,101	
Additional Paid-in Capital	3,908,038	
Total Equity	3,910,139	564,382
Total Liabilities and Equity	$6,140,170	$1,472,919

See accompanying notes.

TRANSOCEAN SEDCO FOREX INC. AND SUBSIDIARIES

COMBINED STATEMENTS OF EQUITY

	Ordinary Shares		Additional Paid-in	Pre-Merger	Total
	Shares	Amount	Capital	Equity	Equity
	(In thousands)				
Balance at December 31, 1996..				$461,586	$ 461,586
Net income.....				260,455	260,455
Dividends paid.....				(71,195)	(71,195)
Advances to related parties and other.....				(287,952)	(287,952)
Balance at December 31, 1997..				362,894	362,894
Net income.....				341,578	341,578
Advances to related parties and other.....				(140,090)	(140,090)
Balance at December 31, 1998..				564,382	564,382
Net income.....				58,103	58,103
Advances from related parties and other.....				299,578	299,578
Merger with Transocean Offshore Inc.....	210,120	$2,101	$3,908,038	(922,063)	2,988,076
Balance at December 31, 1999..	210,120	$2,101	$3,908,038	$ --	$3,910,139

See accompanying notes.

TRANSOCEAN SEDCO FOREX INC. AND SUBSIDIARIES

COMBINED STATEMENTS OF CASH FLOWS

	Years ended December 31,		
	1999	1998	1997
	(In thousands)		
Cash Flows from Operating Activities			
Net income	$ 58,103	$ 341,578	$ 260,455
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation	131,933	124,707	110,780
Amortization of deferred gain on sale of rigs	(26,167)	(26,000)	(8,667)
1999 and 1998 charges	29,409	23,350	--
Deferred income taxes	(24,253)	(16,039)	501
Equity in earnings of joint ventures	(5,610)	(5,389)	(4,946)
Other, net	1,101	--	--
Changes in operating assets and liabilities, net of effects from the merger with Transocean Offshore Inc.			
Accounts receivable	100,547	(18,297)	(41,319)
Accounts payable and accrued liabilities	(22,505)	27,703	146
Receivables/payables with related parties, net	19,460	1,201	(8,761)
Income taxes receivable/payable, net	(21,504)	15,062	6,788
Other assets and liabilities, net	123	5,538	3,507
Net cash provided by operating activities	240,637	473,414	318,484
Cash Flows from Investing Activities			
Capital expenditures	(537,029)	(424,749)	(187,411)
Cash acquired in merger with Transocean Offshore Inc	439,780	--	--
Net proceeds from sale of drilling rigs	--	--	174,000
Other, net	7,096	3,205	(5,842)
Net cash used in investing activities	(90,153)	(421,544)	(19,253)
Cash Flows from Financing Activities			
Advances and other (to) from related parties	265,523	(140,090)	(287,952)
Proceeds from issuance of related party debt	371,720	250,080	40,000
Payments of principal of related party debt	(779,122)	(22,063)	(45,118)
Dividends paid	--	--	(71,195)
Proceeds from issuance of long-term debt	--	--	120,060
Payments of principal of long-term debt	(15,303)	(59,406)	(13,369)
Other, net	(2,110)	(1,027)	(11,277)
Net cash provided by (used in) financing activities	(159,292)	27,494	(268,851)
Net Increase (Decrease) in Cash and Cash Equivalents	(8,808)	79,364	30,380
Cash and Cash Equivalents at Beginning of Period	174,481	95,117	64,737
Cash and Cash Equivalents at End of Period	$ 165,673	$ 174,481	$ 95,117

See accompanying notes.

TRANSOCEAN SEDCO FOREX INC. AND SUBSIDIARIES

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 1--Principles of Combination

Transocean Sedco Forex Inc. (together with its majority owned subsidiaries and predecessors, "the Company," unless the context requires otherwise) is a leading international provider of deepwater and harsh environment contract drilling services for oil and gas wells. The Company owns, has partial ownership interests in, operates or has under construction 73 mobile offshore drilling units. The Company's active fleet consists of twelve high-specification semisubmersibles, thirty-one second- and third-generation semisubmersibles, one Discoverer Enterprise-class drillship, four other drillships, sixteen jackup rigs and three tenders. The Company has under construction two Discoverer Enterprise-class drillships, three Sedco Express-class semisubmersibles and one independent-leg cantilevered jackup. In addition, the fleet includes one multipurpose service jackup, six swamp barges and two land drilling rigs. The Company contracts these drilling rigs, related equipment and work crews primarily on a dayrate basis to drill offshore wells.

On December 31, 1999, the merger of Transocean Offshore Inc. and Sedco Forex Holdings Limited ("Sedco Forex") was completed. Sedco Forex was the offshore contract drilling service business of Schlumberger Limited ("Schlumberger") and was spun-off immediately prior to the merger transaction. As a result of the merger, Sedco Forex became a wholly owned subsidiary of "Transocean Offshore Inc." which changed its name to Transocean Sedco Forex Inc. The merger was accounted for as a purchase, with Sedco Forex as the acquiror for accounting purposes.

The balance sheet as of December 31, 1999 represents the consolidated position of the merged company. The results of operations and cash flows for the periods presented in these combined financial statements, and the balance sheet for the period prior to the merger, reflect the results and financial position of Sedco Forex and not that of historical Transocean Offshore Inc. Intercompany transactions and accounts have been eliminated. The equity method of accounting is used for investments in joint ventures owned 50 percent or less.

The combined financial statements for the period prior to the merger represent the offshore contract drilling service business of Schlumberger, which comprised certain businesses, operations, assets and liabilities of Sedco Forex and its subsidiaries and of Schlumberger and its subsidiaries, as defined in the distribution agreement (see Note 3). Although Sedco Forex was not a separate public company prior to the merger, the combined financial statements are presented as if Sedco Forex had existed as an entity separate from its parent, Schlumberger. The combined financial statements include the historical assets, liabilities, revenues and expenses that were directly related to the offshore contract drilling service business of Schlumberger during the periods presented and have been prepared using Schlumberger's historical bases in the assets and liabilities and the historical results of operations of Sedco Forex.

Certain Schlumberger corporate expenses, including centralized research and engineering, legal, accounting, employee benefits, real estate, insurance, information technology services, treasury and other corporate and infrastructure costs, although not directly attributable to Sedco Forex's operations, have been allocated to Sedco Forex on bases that Schlumberger and Sedco Forex considered to be a reasonable reflection of the utilization of services provided or the benefit received by Sedco Forex (see Note 16). However, the financial information included herein may not reflect the combined financial position, operating results, changes in equity and cash flows of Sedco Forex had Sedco Forex been a separate, stand-alone entity during the periods presented.

Because Sedco Forex was historically not operated as a separate, stand-alone entity, and in many cases Sedco Forex's results were included in the combined financial statements of Schlumberger on a divisional basis, there are no separate meaningful historical equity accounts for Sedco Forex prior to the merger. Changes in equity prior to the merger represent Schlumberger's contribution of its net investment in Sedco Forex after giving effect to the net earnings of Sedco Forex, dividends paid, plus net cash transfers to and from Schlumberger and other transfers from Schlumberger.

Certain assets and liabilities included in the financial statements for periods prior to the merger, primarily associated with employee benefits, income taxes, and balances due to or from Schlumberger companies other than Sedco Forex, were retained by Schlumberger in accordance with the distribution agreement (see Note 3).

Note 2--Summary of Significant Accounting Policies

Accounting Estimates--The preparation of financial statements in conformity with accounting principles generally accepted in the U. S. requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Cash and Cash Equivalents--Cash equivalents are stated at cost plus accrued interest, which approximates fair value. Cash equivalents are highly liquid debt instruments with an original maturity of three months or less and consist of time deposits with a number of commercial banks with high credit ratings, Eurodollar time deposits, certificates of deposit and commercial paper. The Company may also invest excess funds in a no-load, open-end, management investment trust ("mutual fund"). The mutual fund invests exclusively in high quality money market instruments. Generally, the maturity date of the Company's investments is the next day of business.

Materials and Supplies--Materials and supplies are carried at average cost less an allowance for obsolescence.

Property and Equipment--Property and equipment are stated at cost less accumulated depreciation, which is provided for by charges to income over the estimated useful lives of the assets by the straight-line method. Expenditures for renewals, replacements, and improvements are capitalized. Maintenance and repairs are charged to operating expenses as incurred. Upon sale or other disposition, the applicable amounts of asset cost and accumulated depreciation are removed from the accounts and the net amount, less proceeds from disposal, is charged or credited to income.

Estimated useful lives of rigs range from 10 to 25 years, buildings and improvements from 10 to 30 years and machinery and equipment from 4 to 12 years. From time to time, major improvements are performed on the rigs which extend their useful lives. These improvements are amortized over 10 to 15 years.

Goodwill--The excess of the purchase price over the estimated fair value of net assets acquired is accounted for as goodwill and is amortized on a straight-line basis over 40 years based on the nature of the offshore drilling industry, long-lived drilling equipment and the long-standing relationships with core customers.

Impairment of Long-Lived Assets--The carrying value of long-lived assets, principally goodwill and property and equipment, is reviewed for potential impairment when events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. For property and equipment, the determination of recoverability is made based upon the estimated undiscounted future net cash flows of the related asset. For goodwill, the determination of recoverability is made based upon a comparison of the Company's net book value to the value indicated by the market price of its equity securities.

Operating Revenues and Expenses--Operating revenues are recognized as earned, based on contractual daily rates or on a fixed price basis. Turnkey profits are recognized on completion of the well and acceptance by the customer; however, provisions for losses are made on contracts in progress when losses are anticipated. In connection with drilling contracts, the Company may receive lump sum fees for the mobilization of equipment and personnel or for capital improvements to rigs. In connection with contracted mobilizations, to the extent

expenses exceed fees received, the net costs are deferred and amortized over the appropriate periods of benefit, generally the term of the contract. Profits on mobilizations are recognized based on contractual daily rates or percentage of completion, depending upon the contract terms. Costs of relocating drilling units without contracts to more promising market areas are expensed as incurred. Upon completion of drilling contracts, any demobilization fees received are reflected in income, as are any related expenses. Capital upgrade fees received from the client are deferred and recognized as revenue over the period of the drilling project. The actual cost incurred for the capital upgrade is depreciated over the estimated useful life of the asset. The Company incurs periodic survey and drydock costs in connection with obtaining regulatory certification to operate its rigs on an ongoing basis. Costs associated with these certifications are deferred and amortized over the period until the next survey.

Capitalized Interest--Interest costs for the construction and upgrade of qualifying assets are capitalized. Capitalized interest costs on construction work in progress were $27.2 million and $8.7 million for the years ended December 31, 1999 and 1998, respectively (none during 1997).

Derivative Instruments--The Company enters into a variety of derivative financial instruments in connection with the management of its exposure to fluctuations in foreign exchange rates and interest rates. The Company does not enter into derivative transactions for speculative purposes; however, for accounting purposes certain transactions may not meet the criteria for hedge accounting (see Note 6).

Foreign Currency Translation--The U.S. dollar is the functional currency for the Company's foreign operations. Foreign currency exchange gains and losses are included in other income as incurred. Net foreign currency gains amounted to $1.0 million and $5.2 million for the years ended December 31, 1998 and 1997, respectively. Net foreign currency gains were less than $0.1 million in 1999.

Income Taxes--Sedco Forex's operating results historically have been included in Schlumberger's consolidated U.S. and state income tax returns and in tax returns of Schlumberger's foreign subsidiaries. The provision for income taxes in the combined financial statements has been determined on a separate return basis.

Taxes on income are computed in accordance with the tax rules and regulations of the taxing authorities where the income is earned. The income tax rates imposed by these taxing authorities vary substantially. Taxable income may differ from pre-tax income for financial accounting purposes. Deferred tax assets and liabilities are usually recognized for the expected tax consequences of temporary differences between the tax bases of assets and liabilities and their reported amounts in the financial statements. A valuation allowance is provided if it is more likely than not that some or all of the deferred tax asset will not be realized.

Stock-Based Compensation--In accordance with the provisions of the Financial Accounting Standards Board's ("FASB") Statement of Financial Accounting Standard ("SFAS") No. 123, Accounting for Stock-Based Compensation, the Company has elected to follow the Accounting Principles Board's Opinion No. 25, Accounting for Stock Issued to Employees and related interpretations ("APB 25") in accounting for its employee stock-based compensation plans. Under APB 25, if the exercise price of employee stock options equals or exceeds the fair value of the underlying stock on the date of grant, no compensation expense is recognized (see Note 11).

Comprehensive Income--Comprehensive income is reported in accordance with FASB's Reporting Comprehensive Income, SFAS No. 130. There were no significant items of comprehensive income for the three years ended December 31, 1999.

New Accounting Pronouncements--In June 1998, the FASB issued SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities. In June 1999, the FASB issued SFAS No. 137, Accounting for

Derivative Instruments and Hedging Activities--Deferral of the Effective Date of FASB 133 to delay the required effective date for adoption of SFAS No. 133 to fiscal years beginning after June 15, 2000. Because of the Company's limited use of derivatives to manage its exposure to fluctuations in foreign exchange rates and interest rates, management does not anticipate that the adoption of the new statement will have a significant effect on the results of operations or the financial position of the Company. The Company will adopt SFAS No. 133 as of January 1, 2001.

Reclassifications--Certain reclassifications have been made to prior period amounts to conform with the current year presentation.

Note 3--Distribution, Spin-off and Merger

Pursuant to the Distribution Agreement dated July 12, 1999 between Schlumberger and Sedco Forex, Schlumberger separated and consolidated its offshore contract drilling service business under Sedco Forex. In December 1999 Schlumberger made a capital contribution of $226.7 million to Sedco Forex to adjust Sedco Forex's level of indebtedness and cash balances to those required by the terms of the Distribution Agreement.

In accordance with the Distribution Agreement, certain Sedco Forex assets and liabilities, primarily associated with employee benefits, income taxes and balances due to or from Schlumberger companies other than Sedco Forex were retained by Schlumberger. The net liabilities retained totaled $30.9 million and were treated as a capital contribution by Schlumberger.

On December 30, 1999, Schlumberger completed the spin-off of Sedco Forex to the Schlumberger shareholders by issuing one share of Sedco Forex capital stock for each share of Schlumberger common stock owned.

On December 31, 1999, the merger of Transocean Offshore Inc. and Sedco Forex Holdings Limited was completed. Under the terms of the Agreement and Plan of Merger dated July 12, 1999 among Schlumberger, Sedco Forex, Transocean Offshore Inc. and Transocean SF Limited, a wholly owned Transocean Offshore Inc. subsidiary, Transocean SF Limited merged with and into Sedco Forex, and Schlumberger shareholders exchanged all of the Sedco Forex shares distributed by Schlumberger for 109,564,268 ordinary shares of the Company, of which 145,102 ordinary shares were sold on the market for cash paid in lieu of fractional shares.

The merger was accounted for as a purchase, with Sedco Forex as the acquiror for accounting purposes. The purchase price of $2.99 billion is comprised of the calculated market capitalization of Transocean Offshore Inc. of $2.94 billion and the estimated fair value of Transocean Offshore Inc. stock options at the time of the merger of $0.05 billion. The market capitalization of Transocean Offshore Inc. was calculated using the average closing price of Transocean Offshore Inc. ordinary shares over the seven-day period commencing three days before July 12, 1999, the date the merger was announced.

The purchase price included, at estimated fair value, current assets of $638 million, drilling and other property and equipment of $3,029 million, other assets of $136 million and the assumption of current liabilities of $299 million, other net long-term liabilities of $278 million and long-term debt of $1,119 million. In addition, a deferred tax liability of $188 million was recorded primarily for the difference in the basis for tax and financial reporting purposes of the net assets acquired. The excess of the purchase price over the estimated fair value of net assets acquired was $1,068 million, which has been accounted for as goodwill.

Unaudited pro forma combined operating results of Sedco Forex and Transocean Offshore Inc. for the years ended December 31, 1999 and 1998, assuming the acquisition had been made as of January 1, 1998, are summarized as follows:

	Year ended December 31,	
	1999	1998
	(In thousands, except per share data)	
Operating revenues	$1,579,058	$2,180,135
Operating income	291,147	789,531
Net income	237,898	654,866
Earnings per share:		
Basic	$ 1.13	$ 3.12
Diluted	1.13	3.11

The pro forma information includes adjustments for additional depreciation based on the fair market value of the drilling and other property and equipment acquired, the amortization of goodwill arising from the transaction, decreased interest expense for related party debt replaced by borrowings under the Term Loan Agreement (see Note 5) and related adjustments for income taxes. The pro forma information is not necessarily indicative of the results of operations had the transaction been effected on the assumed date or the results of operations for any future periods.

Note 4--Upgrade and Expansion of Drilling Fleet

Capital expenditures, including capitalized interest, totaled $537 million during the year ended December 31, 1999 and include $132 million, $138 million and $151 million spent on the construction of the Sedco Express, Sedco Energy and Cajun Express, respectively. Capital expenditures also included $60 million on the construction of the Trident 20 during 1999.

At December 31, 1999, three Sedco Express-class semisubmersibles, the Trident 20 and two Discoverer Enterprise-class drillships were under construction.

Note 5--Debt

Debt is comprised of the following:

	December 31,	
	1999	1998
	(In thousands)	
Term Loan Agreement	$ 400,000	$ --
Secured Loan Agreement	235,174	--
Revolving Credit Agreement	235,000	--
8.00% Debentures, at fair value	197,774	--
7.45% Notes, at fair value	93,916	
Secured Rig Financing	85,145	100,448
6.90% Notes Payable, at fair value	19,153	--
Total Debt	1,266,162	100,448
Less Current Maturities	78,584	14,348
Total Long-Term Debt	$1,187,578	$ 86,100

Term Loan Agreement--The Company is a party to a $400 million unsecured five-year term loan agreement with a group of banks led by SunTrust Bank, Atlanta, as agent, dated as of December 16, 1999 (the "Term Loan Agreement"). Amounts outstanding under the Term Loan Agreement bear interest, at the Company's option, at a base rate or LIBOR plus a margin (0.55 percent per annum at December 31, 1999) that varies depending on the Company's public senior unsecured debt rating. No principal amortization is required for the first two years, and the Company may prepay some or all of the debt at any time without premium or penalty. The Term Loan Agreement requires compliance with various restrictive covenants and provisions customary for an agreement of this nature including an interest coverage ratio that could limit the Company's ability to pay dividends in the future. The carrying value of the term loan approximates fair value.

Secured Loan Agreement--The Company is a party to a $235.2 million secured five-year term loan agreement with a group of banks led by ABN AMRO Bank, NV, as agent, dated as of December 22, 1999 (the "Secured Loan Agreement"). At December 31, 1999, the loan was secured by the Discoverer Enterprise and Transocean Amirante. The Company may prepay some or all of the debt at any time without premium or penalty. Approximately 92 percent of the amounts outstanding under the Secured Loan Agreement bear interest at a commercial paper rate plus a margin (0.31 percent per annum at December 31, 1999) while the remaining 8 percent of the amounts outstanding bear interest at LIBOR plus a margin (0.65 percent per annum at December 31, 1999). The floating rates under the Secured Loan Agreement have been converted to a fixed rate of 6.9 percent per annum by the interest rate swap agreement (see Note 6). The Secured Loan Agreement contains covenants and provisions customary for a secured agreement of this nature. The carrying value of the secured loan approximates fair value.

In January 2000, the Company agreed to cancel the remaining 14 months of a contract with BP Amoco for its semisubmersible rig, the Transocean Amirante, for a cash settlement of $25 million. The cash received was used to repay borrowings under the Secured Loan Agreement relating to the Transocean Amirante and the security interest in the rig was released by the banks. The interest rate swap agreement was also amended to reflect the reduced amounts subject to the swap.

Revolving Credit Agreement--The Company is a party to a $540 million revolving credit agreement with a group of banks led by ABN AMRO Bank, NV, as agent, (the "Revolving Credit Agreement"). Borrowings under the Revolving Credit Agreement bear interest, at the option of the Company, at a base rate or LIBOR plus a margin (0.20 percent per annum at January 31, 2000) that varies depending on the Company's funded debt to total capital ratio or its public senior unsecured debt rating. The Revolving Credit Agreement requires compliance with various restrictive covenants and provisions customary for an agreement of this nature including an interest coverage ratio that could limit the Company's ability to pay dividends in the future. The Revolving Credit Agreement has a maturity date of July 30, 2002. The carrying amount of the borrowings under the Revolving Credit Agreement approximates fair value. As of December 31, 1999, $305 million was available for additional borrowings under the Revolving Credit Agreement.

Public Debt Offering--The Company has outstanding $300 million aggregate principal amount of senior, unsecured debt securities originally issued in a public offering. The securities consist of $100 million aggregate principal amount of 7.45 percent notes due April 15, 2027 (the "Notes") and $200 million aggregate principal amount of 8.00 percent debentures due April 15, 2027 (the "Debentures"). Holders of the Notes may elect to have all or any portion of the Notes repaid on April 15, 2007 at 100 percent of the principal amount. The Notes, at any time after April 15, 2007, and the Debentures, at any time, may be redeemed at the option of the Company at 100 percent of the principal amount plus a make-whole premium, if any, equal to the excess of the present value of future payments due under the Notes and Debentures using a discount rate equal to the then-prevailing yield of U.S. treasury notes for a corresponding remaining term plus 20 basis points over the principal amount of the security being redeemed. Interest is payable on April 15 and October 15 of each year. The indenture and

supplemental indenture relating to the Notes and the Debentures place limitations on the Company's ability to incur indebtedness secured by certain liens, engage in certain sale/leaseback transactions and engage in certain merger, consolidation or reorganization transactions. The Notes and Debentures were recorded at fair value as part of the merger.

Secured Rig Financing--The Company has outstanding $85.1 million of debt secured by the Trident IX and the Trident 16 (the "Secured Rig Financing"). Payments under these financing agreements included an interest component of 7.95 percent for the Trident IX and 7.20 percent for the Trident 16. The Trident IX facility expires in April 2003 while the Trident 16 facility expires in September 2004. The financing arrangements provide for a call right on the part of the Company to repay the financing prior to expiration of their scheduled terms and in some circumstances a put right on the part of the banks to require the Company to repay the financings. Under either circumstance, the Company would retain ownership of the rigs. The estimated fair value of the Secured Rig Financing at December 31, 1999 was $82.4 million based on the estimated yield to maturity as of December 31, 1999.

Notes Payable--The Company has outstanding a $20.8 million aggregate principal amount of unsecured 6.90 percent notes due February 15, 2004 originally issued in a private placement. The note purchase agreement underlying the notes requires compliance with various restrictive covenants and provisions customary for an agreement of this nature and on substantially the same terms as those under the Revolving Credit Agreement, including an interest coverage ratio that could limit the Company's ability to pay dividends in the future. The notes payable were recorded at fair value as part of the merger.

Expected maturity of the Company's debt is as follows:

	Years ended December 31,						
	2000	2001	2002	2003	2004	Thereafter	Total
	(In thousands)						
Term Loan Agreement.....	$ --	$ --	$100,000	$150,000	$150,000	$ --	$ 400,000
Secured Loan Agreement..	57,159	43,831	41,431	44,601	48,152	--	235,174
Revolving Credit Agreement.....	--	--	235,000	--	--	--	235,000
8.00% Debentures, at fair value.....	--	--	--	--	--	197,774	197,774
7.45% Notes, at fair value.....	--	--	--	--	--	93,916	93,916
Secured Rig Financing...	16,810	18,001	19,381	14,212	16,741	--	85,145
6.90% Notes Payable, at fair value.....	4,615	4,615	4,615	4,615	693	--	19,153
Total Debt.....	$78,584	$66,447	$400,427	$213,428	$215,586	$291,690	$1,266,162

Letters of Credit--The Company had letters of credit outstanding at December 31, 1999 totaling $124.2 million, including a letter of credit relating to the legal dispute with Kvaerner Installasjon a.s valued at $27.5 million (see Note 10). The remaining amount guarantees various insurance, rig construction and contract bidding activities .

Note 6--Financial Instruments and Risk Concentration

Foreign Exchange Risk--The Company operates internationally, resulting in exposure to foreign exchange risk. This risk is primarily associated with compensation costs denominated in currencies other than the U.S. dollar and with purchases from foreign suppliers. The Company uses a variety of techniques to minimize the exposure to foreign exchange risk, including customer contract payment terms and the use of foreign exchange derivative instruments.

The Company's primary foreign exchange risk management strategy involves structuring customer contracts to provide for payment in both U.S. dollars and local currency. The payment portion denominated in local

currency is based on anticipated local currency requirements over the contract term. Foreign exchange derivative instruments, specifically, foreign exchange forward contracts, may be used to minimize foreign exchange risk in instances where the primary strategy is not attainable. A foreign exchange forward contract obligates the Company to exchange predetermined amounts of specified foreign currencies at specified exchange rates on specified dates or to make an equivalent U.S. dollar payment equal to the value of such exchange.

Gains and losses on foreign exchange derivative instruments which qualify as accounting hedges are deferred and recognized when the underlying foreign exchange exposure is realized. At December 31, 1999 and 1998, there were no material unrealized gains or losses on open foreign exchange derivative hedges. Gains and losses on foreign exchange derivative instruments which do not qualify as hedges for accounting purposes are recognized currently based on the change in market value of the derivative instruments. As of December 31, 1999 and 1998, the Company had no foreign exchange derivative instruments not qualifying as accounting hedges.

Interest Rate Risk--The Company uses interest rate swap agreements to effectively convert a portion of its floating rate debt to a fixed rate basis, reducing the impact of interest rate changes on future income. Interest rate swaps are designated as hedges of underlying future payments. These agreements involve the exchange of amounts based on variable interest rates for amounts based on a fixed interest rate over the life of the agreement without an exchange of the notional amount upon which the payments are based. The interest rate differential to be received or paid on the swaps is recognized over the lives of the swaps as an adjustment to interest expense. Gains and losses on terminations of interest rate swap agreements are deferred as an adjustment to interest expense related to the debt over the remaining term of the original contract life of the terminated swap agreement. In the event of the early extinguishment of a designated debt obligation, any realized or unrealized gain or loss from the swap would be recognized in income. The interest rate swap agreements were recorded at fair value as part of the merger.

Credit Risk--Financial instruments which potentially subject the Company to concentrations of credit risk are primarily cash and cash equivalents and trade receivables. It is the Company's practice to place its cash and cash equivalents in time deposits at commercial banks with high credit ratings or mutual funds which invest exclusively in high quality money market instruments. In foreign locations, local financial institutions are generally utilized for local currency needs. The Company limits the amount of exposure to any one institution and does not believe it is exposed to any significant credit risk.

The Company derives the majority of its revenue from services to international oil companies and government-owned and government-controlled oil companies. There are concentrations of receivables in various countries (see Note 14). The Company maintains an allowance for uncollectible accounts receivable based upon expected collectibility. This allowance was approximately $27.1 million and $0.8 million at December 31, 1999 and 1998, respectively. The Company is not aware of any significant credit risks relating to its customer base and does not generally require collateral or other security to support customer receivables.

Labor Agreements--On a worldwide basis, the Company had approximately 22 percent of its employees working under collective bargaining agreements at December 31, 1999, most of whom were working in Norway and Nigeria. Of these represented employees, a majority are working under agreements that are subject to salary negotiation in 2000.

Note 7--Other Current Liabilities

Other current liabilities are comprised of the following:

	December 31,	
	1999	1998
	(In thousands)	
Accrued Payroll and Employee Benefits	$ 55,542	$66,421
Contract Disputes and Legal Claims	50,454	10,000
Deferred Revenue	17,763	--
Accrued Taxes, Other than Income	13,433	13,565
Accrued Interest	10,056	--
Other	20,131	6,207
	$167,379	$96,193

Note 8--Supplemental Cash Flow Information

Non-cash financing activities for the year ended December 31, 1999 included $2.99 billion related to the ordinary shares held by Transocean Offshore Inc. shareholders at the time of the merger. Also included was $34.1 million of non-cash increases in equity advances from Schlumberger relating to balances retained under the Distribution Agreement (see Note 3). Non-cash investing activities for the year ended December 31, 1999 included $2.55 billion of net assets acquired in the merger.

Cash payments for interest were $39.8 million, $21.4 million and $19.2 million for the years ended December 31, 1999, 1998 and 1997, respectively. Cash payments for income taxes, net, were $35.3 million, $30.0 million and $26.2 million for the years ended December 31, 1999, 1998 and 1997, respectively.

Note 9--Income Taxes

Income taxes have been provided based upon the tax laws and rates in the countries in which operations are conducted and income is earned. There is no expected relationship between the provision for or benefit from income taxes and income or loss before income taxes because each country has taxation regimes which vary not only with respect to nominal rate, but also due to the availability of deductions, credits and other benefits. Variations also arise because income earned in and subject to tax by any particular country or countries fluctuates from year to year. Sedco Forex, a British Virgin Islands company, is not subject to income tax in that jurisdiction. The effective tax rate for the years ended December 31, 1999, 1998 and 1997 was (19.0) percent, 8.7 percent and 10.9 percent, respectively.

The components of the provision for income taxes are as follows:

	Years ended December 31,		
	1999	1998	1997
	(In thousands)		
Current provision	$ 14,957	$ 48,482	$31,503
Deferred provision (benefit)	(24,253)	(16,039)	501
Income Taxes	$(9,296)	$ 32,443	$32,004

Significant components of deferred tax assets and liabilities as of December 31, 1999 and 1998 are as follows:

	December 31,	
	1999	1998
	(In thousands)	
Deferred Tax Assets--Current		
Accrued personnel taxes	$ 1,204	$ --
Accrued workers' compensation insurance	422	--
Other accruals	8,877	--
Retirement and benefit plan accruals	2,831	--
Insurance accruals	420	--
Other	929	--
Total Current Deferred Tax Assets	14,683	--
Deferred Tax Liabilities--Current		
Deferred drydock	(2,121)	--
Total Current Deferred Tax Liabilities	(2,121)	--
Net Current Deferred Tax Assets	$ 12,562	$ --
Deferred Tax Assets--Noncurrent		
Net operating loss carry forward	$ 28,205	$14,549
Retirement and benefit plan accruals	5,218	3,129
Other accruals	13,574	226
Deferred income and other	171	34
Total Noncurrent Deferred Tax Assets	47,168	17,938
Deferred Tax Liabilities--Noncurrent		
Depreciation and amortization	(358,705)	--
Deferred gains	(39,774)	--
Investment in subsidiaries	(27,213)	--
Other	(5,467)	--
Total Noncurrent Deferred Tax Liabilities	(431,159)	--
Net Noncurrent Deferred Tax Assets (Liabilities)	$(383,991)	$17,938

The Company has not provided a valuation allowance to offset the deferred tax assets because, in the opinion of management, it is more likely than not that all deferred tax assets will be realized. In the fourth quarter of 1998, the Company released the valuation allowance related to its UK tax loss carryforwards. These carryforwards, which the Company believes will be fully utilized, are available to the Company indefinitely. Prior to 1998, the Company had recorded a 100 percent valuation allowance on these tax loss carryforwards.

Transocean Sedco Forex Inc., a Cayman Islands company, is not subject to income taxes in the Cayman Islands. As of December 31, 1999, there is no Cayman Islands income or profits tax, withholding tax, capital gains tax, capital transfer tax, estate duty or inheritance tax payable by a Cayman Islands company or its shareholders. The Company has obtained an assurance from the Cayman Islands government under the Tax Concessions Law (1995 Revision) that, in the event that any legislation is enacted in the Cayman Islands imposing tax computed on profits or income, or computed on any capital assets, gain or appreciation, or any tax in the nature of estate duty or inheritance tax, such tax shall not, until June 1, 2019, be applicable to the Company or to any of its operations or to the shares, debentures or other obligations of the Company. Therefore, under present law there will be no Cayman Islands tax consequences affecting distributions.

The Company's income tax returns are subject to review and examination in the various jurisdictions in which the Company operates. Certain tax authorities have questioned the amounts of income and expense subject to tax in their jurisdiction for prior periods. The Company is currently contesting additional assessments which have been asserted and may contest any future assessments. In the opinion of management, the ultimate resolution of these asserted income tax liabilities will not have a material adverse effect on the Company's business, financial position or results of operations.

In connection with the distribution of Sedco Forex to the Schlumberger shareholders, Sedco Forex and Schlumberger entered into a Tax Separation Agreement. In accordance with the terms of the Tax Separation Agreement, Schlumberger agreed to indemnify Sedco Forex for any tax liabilities incurred directly in connection with the preparation of Sedco Forex for this distribution. In addition, Schlumberger agreed to indemnify Sedco Forex for tax liabilities associated with Sedco Forex operations conducted through Schlumberger entities prior to the merger and any tax liabilities associated with Sedco Forex assets retained by Schlumberger.

Transocean Offshore Inc. was included in the consolidated federal income tax returns filed by a former parent, Sonat Inc. ("Sonat") during all periods in which Sonat's ownership was greater than or equal to 80 percent ("Affiliation Years"). Transocean Offshore Inc. and Sonat entered into a Tax Sharing Agreement providing for the manner of determining payments with respect to federal income tax liabilities and benefits arising in the Affiliation Years. Under the Tax Sharing Agreement, Transocean Offshore Inc. will pay to Sonat an amount equal to Transocean Offshore Inc.'s share of the Sonat consolidated federal income tax liability, generally determined on a separate return basis. In addition, Sonat will pay Transocean Offshore Inc. for utilization by Sonat of deductions, losses and credits which are attributable to Transocean Offshore Inc. and in excess of that which would be utilized on a separate return basis. Transocean Offshore Inc. has been notified that the IRS will commence an examination of the last Affiliation Year, the short taxable year ended June 4, 1993.

Note 10--Commitments and Contingencies

Leases--The Company has operating lease commitments expiring at various dates, principally for real estate, office space, office equipment and rig bareboat charters. In addition to rental payments, some leases provide that the Company pay a pro rata share of operating costs applicable to the leased property. At December 31, 1999, future minimum payments for noncancellable operating leases are as follows:

	(In thousands)
2000	$29,575
2001	23,262
2002	1,997
2003	1,924
2004	1,661
Thereafter	13,151
Total	$71,570

Rental expense for all operating leases, including leases with terms of less than one year, was $37 million, $56 million and $30 million for the years ended December 31, 1999, 1998 and 1997, respectively.

Upgrade and Expansion of Drilling Fleet--The Company's investments in its previously announced fleet additions continue to require significant capital expenditures. At December 31, 1999, the Company had firm commitments related to rig construction (see Note 4) totaling $242.3 million.

Legal Proceedings--During 1997, Kvaerner Installasjon a.s ("Kvaerner") in Norway performed modification and refurbishment work on a high specification semisubmersible drilling rig, the Transocean

Leader. The amount owed with respect to such work is in dispute. A letter of credit valued at approximately $27.5 million as of December 31, 1999 has been posted pending the resolution of the dispute by agreement between the parties or by final judgment under the Norwegian judicial process. In September 1998, the Company instituted an action in the Norwegian courts alleging that it owes no additional amounts and that the letter of credit should be released. In March 1999, Kvaerner commenced proceedings in the Norwegian courts seeking judgment for approximately $33 million plus interest. The Company vigorously denies the material allegations of Kvaerner's petition and expects a trial date to be set in the fourth quarter of 2000. Although the Company cannot predict with certainty the outcome of the dispute at this time, the Company does not expect the liability, if any, resulting from this matter to have a material adverse effect on its business or financial position.

In 1990 and 1991, two of the Company's subsidiaries were served with various assessments collectively valued at approximately $7.4 million from the municipality of Rio de Janeiro, Brazil to collect a municipal tax on services. The Company believes that neither subsidiary is liable for the taxes and has contested the assessments in the Brazilian administrative and court systems. The proceeding with respect to a June 1991 assessment, which was valued at approximately $6.3 million, is now pending before the Brazil Supreme Court. The lower courts and the superior court of appeals have rejected the Company's arguments. An August 1990 assessment also had an unfavorable ruling at the first and second court levels and is being submitted to the Brazil Supreme Court. The Company is awaiting a ruling from the Taxpayer's Council as to an October 1990 assessment. If the Company's defenses are ultimately unsuccessful, the Company believes that the Brazilian government-controlled oil company, Petrobras, has a contractual obligation to reimburse the Company for municipal tax payments required to be paid by the Company. The Company does not expect the liability, if any, resulting from these assessments to have a material adverse effect on the Company's business or financial position.

Global Marine Drilling Company ("Global Marine") initiated an arbitration proceeding in London in December 1997 against a subsidiary of Sedco Forex. Global Marine alleges a claim for approximately $85 million (plus interest and costs) for an alleged late return of a chartered rig and for breach of maintenance obligations under the charter. In February 1998, the tribunal held that the charter expired January 20, 1998, plus time for physical delivery. The rig was not redelivered until May 1998 and, accordingly, the Company will probably be required to pay some dayrate for the period from January 1998 until redelivery. The amount of any damages has not been set and hearings on various issues are set for later this year. The Company disputes Global Marine's allegations and is vigorously defending the case. The arrestment previously placed on the rig, Sovereign Explorer, in connection with the proceedings has been lifted. Although the Company cannot predict with certainty the outcome of the dispute at this time, the Company does not expect that the ultimate liability, if any, resulting from the matter will have a material adverse effect on its business or financial position.

RIGCO North America, LLC ("RIGCO"), a subsidiary of Tatham Offshore Inc., filed a lawsuit in Texas state court in July 1999 asserting various claims in connection with shipyard and rig management contracts for two rigs managed on behalf of RIGCO. As a result of the merger, Sedco Forex assumed liability for these claims. RIGCO alleges breach of contract, negligence and fraud and claims damages of approximately $51 million, plus exemplary damages, attorney's fees and other unspecified damages. In August 1999, RIGCO filed for voluntary bankruptcy protection in the U.S. federal bankruptcy court sitting in Texas. As part of the bankruptcy proceedings, RIGCO filed a preference action in September 1999. RIGCO seeks to avoid alleged transfers of approximately $4.2 million and to have those funds returned to the RIGCO bankruptcy estate. The Company disputes the allegations and is vigorously defending the case. Although the Company cannot predict with certainty the outcome of the dispute at this time, the Company does not expect that the liability, if any, resulting from the matter will have a material adverse effect on its business or financial position.

The Indian Customs Department, Mumbai, filed a "show cause notice" against a subsidiary of Sedco Forex and various third parties on July 8, 1999. The show cause notice alleges that the original entry into India and

other subsequent movements of the Trident 2 jackup rig operated by the subsidiary constituted imports and exports for which proper customs procedures were not followed and that customs duties should have been paid, and seeks payment of customs duties, with interest and penalties, and confiscation of the rig. In connection with these allegations, the customs authorities confiscated the rig, which confiscation was stayed by application to the High Court, Mumbai, until one month following the order of the Customs Department in respect of the show cause notice. In January 2000, the Customs Department issued an order in respect of the show cause notice, directing the Company to pay approximately a $3.5 million redemption fee for the rig in lieu of confiscation and approximately $1.5 million in penalties in addition to the amount of customs duties owed, which were unspecified in the order. The Company disputes the ruling and is vigorously defending the case. In February 2000, the Company filed an appeal with the Customs, Excise, Gold (Exchange), Appellate Tribunal (CEGAT) and an application with the High Court in Mumbai to have the confiscation of the rig stayed pending the outcome of the appeal. The Company does not expect that the ultimate liability, if any, resulting from the matter will have a material adverse effect on its business or financial position.

In January 2000, an anchor from one of the Company's drilling rigs was accidentally released as a result of an anchor winch failure while the rig was under tow to a drilling location in the U.S. Gulf of Mexico. The incident resulted in the release of hydrocarbons from the damaged section of the pipeline, damage to offshore facilities, including a crude oil pipeline, and the shutdown of the pipeline and affected production platforms. All appropriate governmental authorities were notified, and the Company cooperated fully with the operator and relevant authorities in support of the remediation efforts. Following the incident, the operator of the pipeline and certain other joint owners and affected producers have notified the Company that they consider the Company liable for the resulting damages. The Company expects that existing insurance will substantially cover any potential liability associated with this matter.

Other--The Company has other contingent liabilities resulting from litigation, claims and commitments incidental to the ordinary course of business. Management believes that the probable resolution of such contingencies will not materially affect the business or financial position of the Company.

Note 11--Stock-Based Compensation Plans

Prior to the spin-off, key employees of Sedco Forex were granted stock options at various dates under the Schlumberger stock option plans. For all of the stock options granted under such plans, the exercise price of each option equaled the market price of Schlumberger stock on the date of grant; each option's maximum term was ten years, and they generally vested in 20 percent increments over five years. Fully vested options held by Sedco Forex employees at the date of the spin-off will lapse in accordance with their provisions. Non-vested options were terminated and fully vested stock options to purchase ordinary shares of Transocean Sedco Forex Inc. were granted under a new plan (the "SF Plan"). Certain Sedco Forex employees did not join the Company; therefore, their options remained unchanged under the Schlumberger stock option plans.

Incentive Plan--The Company has an incentive plan for key employees and outside directors (the "Incentive Plan"). Under the Incentive Plan, awards can be granted in the form of stock options, restricted stock, stock appreciation rights ("SARs") and cash performance awards. Under the Incentive Plan, the Company is authorized to grant up to (i) 12.9 million ordinary shares to employees; (ii) 400,000 ordinary shares to outside directors; and (iii) 250,000 freestanding SARs to employees or directors. Options issued under the Incentive Plan have a ten-year term and become exercisable in three equal annual installments after the date of grant. On December 31, 1999, all unvested stock options and SARs and all unvested restricted shares granted after April 1996 became fully vested as a result of the merger. At December 31, 1999, there were 8.6 million total shares available for future grants.

The following table summarizes option activities:

	Number of Shares Under Option	Weighted-Average Exercise Price
Schlumberger Options		
Outstanding at December 31, 1996	720,400	$33.18
Granted	167,000	81.51
Exercised	(89,080)	30.43
Outstanding at December 31, 1997	798,320	43.60
Granted	14,500	78.38
Exercised	(49,900)	30.31
Outstanding at December 31, 1998	762,920	45.13
Granted	121,250	56.83
Exercised	(216,616)	33.38
Unvested options terminated	(282,000)	61.23
Options retained by Schlumberger	(385,554)	48.56
Transocean Sedco Forex Inc. Options		
Options outstanding at time of merger	2,747,773	25.04
Options issued under the SF Plan	491,645	34.09
Options issued under the Incentive Plan	20,000	33.69
Outstanding at December 31, 1999	3,259,418	$26.46
Exercisable at December 31, 1997	367,220	$31.28
Exercisable at December 31, 1998	444,220	$35.80
Exercisable at December 31, 1999	3,239,418	$26.41

The following table summarizes information about stock options outstanding at December 31, 1999:

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Weighted-Average Remaining Contractual Life	Number Outstanding	Weighted-Average Exercise Price	Number Outstanding	Weighted-Average Exercise Price
$ 8.38--$19.17	4.69 years	570,645	$ 9.99	570,645	$ 9.99
$23.44--$34.63	7.96 years	2,115,914	$25.98	2,095,914	$25.90
$36.94--$56.31	8.11 years	572,859	$44.64	572,859	$44.64

On December 31, 1999, there were 135,057 restricted shares and 86,585 stock appreciation rights outstanding under the Incentive Plan.

Stock Purchase Plan--The Company provides a stock purchase plan (the "Stock Purchase Plan") for certain full-time employees. Under the terms of the Stock Purchase Plan, employees can choose each year to have between two and twenty percent of their annual base earnings withheld to purchase up to $25,000 of the Company's ordinary shares. The purchase price of the stock is 85 percent of the lower of its beginning-of-year or end-of-year market price. Up to 750,000 ordinary shares are reserved for issuance pursuant to the Plan.

As discussed in Note 2, APB 25 and related interpretations are applied in accounting for stock-based compensation plans. If compensation expense for stock options granted under Schlumberger stock option plans was recognized using the alternative fair value method of accounting under SFAS No. 123, net income and unaudited pro forma earnings per share would have been reduced to the pro forma amounts indicated below:

	Years ended December 31,		
	1999	1998	1997
	(In thousands)		
Net Income:			
As Reported	$58,103	$341,578	$260,455
Pro Forma	56,274	339,537	259,244
Unaudited Pro Forma Earnings Per Share:			
Basic			
As Reported	$ 0.53	$ 3.12	$ 2.38
SFAS 123 Pro Forma	0.51	3.10	2.37
Diluted			
As Reported	$ 0.53	$ 3.12	$ 2.38
SFAS 123 Pro Forma	0.51	3.10	2.36

The above pro forma information is not indicative of future pro forma results. The fair value of each option grant under the Schlumberger stock option plans is estimated on the date of grant using the multiple option Black-Scholes option pricing model with the following weighted-average assumptions used for grants in 1999, 1998 and 1997, respectively: dividend yields of 0.75 percent; expected volatility of 26-27 percent, 21-25 percent and 21 percent; risk free interest rates of 4.86-5.22 percent, 4.35-5.62 percent and 5.80-6.77 percent; and expected lives of 5.60 years, 5.02 and 5.09 years. The weighted-average fair value of options granted was $18.31, $23.18 and $24.04 for the years ended December 31, 1999, 1998 and 1997, respectively.

Note 12--Retirement Plans and Other Postemployment Benefits

Qualified Defined Benefit Pension Plans--Prior to the spin-off of Sedco Forex, Schlumberger sponsored several defined benefit pension plans that covered substantially all U.S. employees (the "Sedco Forex Plans"). Pursuant to the distribution agreement (see Note 3), Schlumberger and the Company entered into an employee matters agreement concerning personnel and employee benefit matters. Pursuant to this agreement, Schlumberger retained the benefit-related liabilities of former Sedco Forex employees under the Sedco Forex Plans. The benefits under these plans are based on years of service and compensation on a career-average pay basis. These plans are substantially fully funded with trustees in respect to past and current service. Charges to expense were based upon costs computed by independent actuaries. The funding policy is to contribute annually amounts that are allowable for U.S. federal income tax purposes. These contributions are intended to provide for benefits earned to date and those expected to be earned in the future.

The change in benefit obligation, fair value of plan assets and funded status for the Sedco Forex Plans for the year ended December 31, 1998 is shown in the table below. These changes are not presented for the year ended December 31, 1999 because Schlumberger retained the benefit obligation and plan assets related to the Sedco Forex Plans.

	Pension Benefits
	December 31, 1998
	(In thousands)
Change in benefit obligation	
Benefit obligation at beginning of year	$6,297
Service cost	396
Interest cost	460
Actuarial losses	467
Benefits paid	(277)
Benefit obligation at end of year	7,343
Change in plan assets	
Fair value of plan assets at beginning of year	6,336
Actual return on plan assets	1,049
Company contributions	315
Benefits paid	(277)
Fair value of plan assets at end of year	7,423
Funded status	80
Unrecognized net transition asset	(17)
Unrecognized net actuarial gain	(366)
Unrecognized prior service cost	402
Prepaid pension cost	$ 99

	Pension Benefits	
	As of December 31,	
Weighted-average assumptions of the Sedco Forex Plans	1999	1998
Discount rate	7.75%	7.5%
Expected return on plan assets	9.0%	9.0%
Rate of compensation increase	4.5%	4.5%

Net pension cost for the Sedco Forex Plans included the following components:

	Pension Benefits		
	Years ended December 31,		
	1999	1998	1997
	(In thousands)		
Components of Net Periodic Benefit Cost			
Service cost	$ 689	$ 396	$ 243
Interest cost	548	460	416
Expected return on plan assets	(575)	(485)	(392)

Amortization of transition asset	(6)	(6)	(6)
Amortization of prior service cost	44	43	40
Early retirement charge	134	--	--
Benefit cost	$ 834	$ 408	$ 301

Pursuant to the employee matters agreement, Schlumberger will continue to maintain various non-U.S. defined benefit and defined contribution plans. Expenses for these funds were immaterial for each of the three years ended December 31, 1999.

The Company provides a qualified defined benefit pension plan (the "Retirement Plan"), which covers substantially all U.S. employees of the Company. The Company also maintains a plan (the "Supplemental Benefit Plan") which provides certain eligible employees with benefits in excess of those allowed under the Retirement Plan (together, the "U.S. Plans"). Annual retirement benefits under the U.S. Plans are based on a combination of participants' years of service and compensation. The amount of funding to the Retirement Plan is determined on a year-to-year basis, with amounts consistent with minimum and maximum funding requirements established by various governmental bodies. The Supplemental Benefit Plan is not funded.

In addition, the Company provides several defined benefit plans, primarily group pension schemes with life insurance companies covering non-U.S. employees (the "non-U.S. Plans"). Benefits are based on compensation once eligibility is reached. Certain of the pension schemes are financed in part by contributions from employees. Employer contributions are determined primarily by the respective life insurance companies based upon plan terms. For insurance-based schemes, annual premium payments are considered to represent a reasonable approximation of the service costs of benefits earned during the period, and the amounts owed for the employer's portion of the social security tax are expensed in the period of payment. The U.S. Plans and the non-U.S. Plans comprise the pension benefits provided by the Company (together, the "TSF Plans").

The aggregate benefit obligation, fair value of plan assets and funded status of the TSF Plans were $129.1 million, $135.4 million and $6.3 million, respectively, at December 31, 1999.

The aggregate projected benefit obligation and fair value of plan assets for the TSF Plans with projected benefit obligations in excess of plan assets were $42.2 million and $11.7 million, respectively, at December 31, 1999.

The aggregate accumulated benefit obligation and fair value of plan assets for the TSF Plans with accumulated benefit obligations in excess of plan assets were $16.2 million and $5.4 million, respectively, at December 31, 1999.

Postretirement Benefits Other Than Pensions--Prior to the spin-off, Sedco Forex provided certain health care benefits to former employees who have retired under the Sedco Forex Plans (the "Sedco Forex Other Benefit Plan").

The change in benefit obligation for the Sedco Forex Other Benefit Plan for the year ended December 31, 1998 is shown in the table below. This change is not presented for the year ended December 31, 1999 because Schlumberger retained the postretirement benefit obligation for retirees and fully eligible participants of the plan, which amounted to approximately $4 million at December 31, 1999.

	Other Benefits
	December 31, 1998
	(In thousands)
Change in benefit obligation	
Benefit obligation at beginning of year	$4,056
Service cost	136
Interest cost	295
Actuarial losses	283
Benefits paid	(232)
Benefit obligation at end of year	4,538
Unrecognized net actuarial gain	972
Unrecognized prior service cost	68
Postretirement benefit liability	$5,578

	Other Benefits	
	As of December 31,	
Weighted-average assumptions of the Sedco Forex Other Benefit Plans	1999	1998
Discount rate	7.75%	7.5%

For measurement purposes, the rate of increase in the per capita costs of covered health care benefits was assumed to be 6.7 percent in 1999.

Net cost for the Sedco Forex Other Benefit Plan included the following components:

	Other Benefits		
	Years ended December 31,		
	1999	1998	1997
	(In thousands)		
Components of Net Periodic Benefit Cost			
Service cost	$207	$136	$ 80
Interest cost	346	295	291
Amortization of prior service cost	(4)	(4)	(4)
Amortization of unrecognized net gain	(41)	(61)	(67)
	$508	$366	$300

The Company maintains plans that provide for non-contractual limited health

care and life insurance benefits to U.S. office employees and certain other U.S. field employees when they retire (the "TSF Other Benefit Plans").

The aggregate accumulated benefit obligation, fair value of plan assets and funded status of the TSF Other Benefit Plans were $8.7 million, $0.6 million and $(8.1) million at December 31, 1999.

Defined Contribution Plans--The Company provides a defined contribution pension and savings plan covering senior non-U.S. field employees working outside the United States. Contributions and costs are determined as 4.5 percent to 6.5 percent of each covered employee's salary, based on years of service. In addition, the Company sponsors a U.S. defined contribution savings plan. It covers certain employees and limits Company contributions to no more than 4.5 percent of each covered employee's salary, based on the employee's contribution. The Company also sponsors various other defined contribution plans worldwide.

Deferred Compensation Plan--The Company provides a Deferred Compensation Plan (the "Plan"). The Plan's primary purpose is to provide tax-advantageous asset accumulation for a select group of management, highly compensated employees and non-employee members of the Board of Directors of the Company.

Eligible employees who enroll in the Plan may elect to defer up to a maximum of 90 percent of base salary, 100 percent of any future performance awards, 100 percent of any special payments and 100 percent of directors' meeting fees and annual retainers; however, the Administrative Committee (three individuals appointed by the Compensation Committee of the Board of Directors) may, at its discretion, establish minimum amounts that must be deferred by anyone electing to participate in the plan. In addition, the Compensation Committee may authorize employer contributions to participants, and the Chief Executive Officer of the Company (with Compensation Committee approval) may enter into "Deferred Compensation Award Agreements" with such participants.

Note 13--Investments in and Advances to Joint Ventures

The Company has a 25 percent interest in Sea Wolf Drilling Limited ("Sea Wolf"). In September 1997, Sedco Forex sold two semisubmersible rigs, the Drillstar and the Sedco Explorer, to Sea Wolf. The rigs are operated by the Company under bareboat charters. The sale resulted in a deferred gain of $157 million which is being amortized to operating and maintenance expense over the six year life of the bareboat charter.

The Company also has a 50 percent interest in Overseas Drilling Limited ("ODL"), which owns the drillship Joides Resolution. The drillship is contracted to perform drilling and coring operations in deep waters worldwide for the purpose of scientific research. The Company manages and operates the vessel on behalf of ODL.

The Company has a 24.89 percent interest in Arcade Drilling as ("Arcade"), a Norwegian offshore drilling company. Arcade owns two high specification semisubmersible rigs, the Henry Goodrich and the Paul B. Loyd, Jr. The investment in Arcade was recorded at fair value as part of the merger.

Note 14--Segments, Geographical Analysis and Major Customers

The Company operates in one industry segment, offshore contract drilling services. For the years ended December 31, 1999, 1998 and 1997, the Royal Dutch Shell Group accounted for approximately 16.2 percent, 19.2 percent, and 24.1 percent, respectively, of total revenue. The loss of this or other significant customers could have a material adverse effect on the Company's results of operations.

Revenues and long-lived assets by country are as follows:

	Years ended December 31,		
	1999	1998	1997
	(In thousands)		
Operating Revenues			
United Kingdom	$ 124,918	$ 344,061	$312,141
Indonesia	88,158	124,904	104,229
Nigeria	69,326	118,935	97,140
Australia	62,347	91,108	78,184
Brazil	60,607	79,780	40,980
Angola	53,107	75,529	73,781
Rest of the World	189,773	256,206	184,879
Total Operating Revenues	$ 648,236	$1,090,523	$891,334
Long-Lived Assets			
United States	$1,372,224	$ 37,658	$ 31,735
Norway	705,122	--	--
United Kingdom	630,086	148,808	147,936
France	492,400	225,000	--
Brazil	386,568	84,126	100,174
Angola	25,740	51,552	62,687
Congo	35,519	59,785	73,616
Thailand	3,055	3,318	73,951
Goodwill(a)	1,067,594	--	--
Other	862,996	347,979	162,175
Total Long-Lived Assets	$5,581,304	$ 958,226	$652,274

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(a)Goodwill resulting from the merger has not been allocated to individual countries.

A substantial portion of the Company's assets are mobile. Asset locations at the end of the period are not necessarily indicative of the geographic distribution of the earnings generated by such assets during the periods.

The Company's international operations are subject to certain political and other uncertainties, including risks of war and civil disturbances (or other events that disrupt markets), expropriation of equipment, repatriation of income or capital, taxation policies, and the general hazards associated with certain areas in which operations are conducted.

Note 15--1999 and 1998 Charges

Operating and maintenance expense for the years ended December 31, 1999 and 1998 included charges totaling $42.0 million and $23.4 million, respectively. Reduced exploration and development activity by customers, resulting from a period of low oil prices from late 1997 through early 1999 and industry consolidation over the same time period, resulted in a slowdown in the offshore drilling industry during 1998 and 1999. As a result of this slowdown approximately 1000 operating personnel were determined to be redundant, and charges associated with termination and severance benefits of $13.2 million and $3.6 million were recognized during 1999 and 1998, respectively. Substantially all of these employees have been terminated and severance and termination costs have been paid as of December 31, 1999. Provisions for potential legal claims of $28.8 million and $10.0 million were recognized during 1999 and 1998, respectively (see Note 10). Asset impairment charges of $9.8 million were recognized in 1998 related to assets retired from the active fleet.

Note 16--Related Party Transactions

In certain countries prior to the merger, Sedco Forex participated in Schlumberger's centralized treasury and cash processes. In these countries, cash was managed either through zero balance accounts or an interest-bearing offsetting mechanism. Cash disbursements for operations, acquisitions and other investments were funded as needed from Schlumberger.

Certain Schlumberger corporate expenses, including centralized research and engineering, legal, accounting, employee benefits, real estate, insurance, information technology services, treasury and other corporate and infrastructure costs have been allocated to Sedco Forex on bases that Schlumberger and Sedco Forex considered to be a reasonable reflection of the utilization of services provided or the benefit received by Sedco Forex. The allocation methods include relative revenues, headcount, square footage, transaction processing costs, adjusted operating expenses and others. These allocations resulted in charges being recorded in the combined statements of operations, as follows:

	Years Ended December 31,		
	1999	1998	1997
	(In thousands)		
Operating and maintenance	$ 56,184	$78,350	$44,539
General and administrative	7,978	9,433	4,416
	$ 64,162	$87,783	$48,955

On December 31, 1999, the Company repaid indebtedness to Schlumberger in the aggregate amount of $303.6 million with the proceeds from the $400 million unsecured five-year term loan (see Note 5). At December 31, 1998, Sedco Forex had long-term debt due to Schlumberger of $407 million. These loans bore interest at rates based on fifty basis points over LIBOR and were used to finance both Sedco Forex's existing fleet of rigs and ongoing major construction projects. Interest expense on related party indebtedness aggregated $26 million, $11 million and $10 million for 1999, 1998 and 1997, respectively.

The related party receivables and payables balances included in the combined balance sheets represent amounts arising from transactions entered into by the Company to settle outstanding customer and trade receivables and payables with other Schlumberger entities.

Note 17--Unaudited Pro Forma Earnings Per Share

Sedco Forex did not have a separate capital structure prior to the spin-off from Schlumberger and merger with Transocean Offshore Inc. Accordingly, historical earnings per share has not been presented (see Note 1). Unaudited pro forma earnings per share for each period presented was calculated using the Transocean Sedco Forex shares issued pursuant to the merger agreement and the dilutive effect of Transocean Sedco Forex stock options granted under the SF Plan (see Note 11), as applicable.

The reconciliation of the numerator and denominator used for the computation of basic and diluted pro forma earnings per share is as follows:

	Years ended December 31,		
	1999	1998	1997
	(In thousands, except per share data)		
Net income for basic and diluted earnings per share	$ 58,103	$ 341,578	$ 260,455
Pro forma shares for basic earnings per share	109,564	109,564	109,564
Effect of dilutive securities:			
Employee stock options	72	72	72
Adjusted pro forma shares and assumed conversions for diluted earnings per share	109,636	109,636	109,636
Unaudited pro forma basic earnings per share	$ 0.53	$ 3.12	$ 2.38
Unaudited pro forma diluted earnings per share	$ 0.53	$ 3.12	$ 2.38

Note 18--Quarterly Results (Unaudited)

Shown below are selected unaudited quarterly data:

	Quarter			
	First	Second	Third	Fourth
	(In thousands, except per share data)			
1999				
Operating Revenues	$ 189,158	$ 162,432	$ 165,250	$ 131,396
Operating Income(a)	7,767	32,402	29,293	(20,618)
Net Income(a)	11,336	27,358	31,804	(12,395)
Unaudited Pro Forma Earnings Per Share(a)(c)				
Basic	$ 0.10	$ 0.25	$ 0.29	$ (0.11)
Diluted	0.10	0.25	0.29	(0.11)
Unaudited Pro Forma Shares Outstanding(c)				
Basic	109,564	109,564	109,564	109,564
Diluted	109,636	109,636	109,636	109,636
1998				
Operating Revenues	$ 257,935	$ 276,453	$ 290,093	$ 266,042
Operating Income(b)	83,442	104,490	104,780	84,553
Net Income(b)	67,264	91,001	92,199	91,114
Unaudited Pro Forma Earnings Per Share(b)(c)				
Basic	$ 0.61	$ 0.83	$ 0.84	$ 0.83
Diluted	0.61	0.83	0.84	0.83
Unaudited Pro Forma Shares Outstanding(c)				
Basic	109,564	109,564	109,564	109,564
Diluted	109,636	109,636	109,636	109,636

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(a) First quarter 1999 included charges totaling $42.0 million ($32.5 million after taxes) for severance costs and provisions for potential legal claims. Fourth quarter 1999 included charges totaling $13.4 million for provisions for doubtful accounts receivable in West Africa and contract penalties.

(b) Third quarter 1998 included charges totaling $13.4 million after taxes for severance costs and asset impairments. Fourth quarter 1998 included a $7.0 million after tax provision for a potential legal claim.
(c) Unaudited pro forma earnings per share calculated using the Transocean Sedco Forex shares and options issued pursuant to the merger agreement.

ITEM 9. Changes In and Disagreements With Accountants on Accounting and Financial Disclosure

The Company has not had a change in or disagreement with its accountants within twenty-four months prior to the date of its most recent financial statements or in any period subsequent to such date.

PART III

ITEM 10. Directors and Executive Officers of the Registrant

ITEM 11. Executive Compensation

ITEM 12. Security Ownership of Certain Beneficial Owners and Management

ITEM 13. Certain Relationships and Related Transactions

The information required by Items 10, 11, 12 and 13 is incorporated herein by reference to the Company's definitive proxy statement for its 2000 annual general meeting of shareholders, which will be filed with the Securities and Exchange Commission pursuant to Regulation 14A under the Securities Exchange Act of 1934 within 120 days of December 31, 1999. Certain information with respect to the executive officers of the Company is set forth in Item 4 of this annual report under the caption "Executive Officers of the Registrant."

PART IV

ITEM 14. Exhibits, Financial Statement Schedules and Reports on Form 8-K

(a)Index to Financial Statements, Financial Statement Schedules and Exhibits

(1) Financial Statements

Financial statements of 50 percent or less owned joint ventures are not presented herein because such joint ventures do not meet the significance test.

(2) Financial Statement Schedules

Transocean Sedco Forex and Subsidiaries

Schedule II--Valuation and Qualifying Accounts

	Balance at Beginning of Period	Additions: Charged to Costs and Expenses	Additions: Charged to Other Accounts--Describe	Deductions--Describe	Balance at End of Period
			(In thousands)		
Year Ended December 31, 1997					
Reserves and allowances deducted from asset accounts:					
Allowance for doubtful accounts receivable..	1,137	605		80(3)	1,662
Allowance for obsolete materials and supplies.....	9,348	193		315(4)	9,226
Year Ended December 31, 1998					
Reserves and allowances deducted from asset accounts:					
Allowance for doubtful accounts receivable..	1,662	2,216		3,049(3)	829
Allowance for obsolete materials and supplies.....	9,226	1,962		994(4)	10,194
Year Ended December 31, 1999					
Reserves and allowances deducted from asset accounts:					
Allowance for doubtful accounts receivable..	829	13,839	12,564(1)	123(3)	27,109
Allowance for obsolete materials and supplies.....	10,194	1,795	12,582(2)	1,439(4)	23,132

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(1) Amount includes $10,464 relating to the allowance for doubtful accounts receivable assumed in the merger with Transocean Offshore Inc. and $2,100 in receivable reserves reclassifications.
(2) Amount includes $12,582 relating to the allowance for obsolete materials and supplies assumed in the merger with Transocean Offshore Inc.
(3) Uncollectible accounts receivable written off, net of recoveries.
(4) Obsolete materials and supplies written off, net of scrap.

Other schedules are omitted either because they are not required or are not applicable, or because the required information is included in the financial statements or notes thereto.

REPORT OF INDEPENDENT ACCOUNTANTS ON THE FINANCIAL STATEMENT SCHEDULE

To the Board of Directors of Schlumberger Limited

Our audits of the combined financial statements referred to in our report dated August 6, 1999 appearing in the 1999 Annual Report to Shareholders of Transocean Sedco Forex Inc. (which report and combined financial statements are incorporated by reference in this Annual Report on Form 10-K) also included an audit of the financial statement schedule listed in Item 14(a)(2) of this Form 10-K. In our opinion, this financial statement schedule presents fairly, in all material respects, the information set forth therein, as of and for the two years ended December 31, 1998, when read in conjunction with the related combined financial statements.

PricewaterhouseCoopers LLP
New York, New York
August 6, 1999

(3) Exhibits

The following exhibits are filed in connection with this Report:

Number	Description
2.1	Agreement and Plan of Merger dated as of July 12, 1999 among Schlumberger Limited, Sedco Forex Holdings Limited, Transocean Offshore Inc. and Transocean SF Limited (incorporated by reference to Annex A to the Joint Proxy Statement/Prospectus dated October 27, 1999 included in the Company's Registration Statement on Form S-4 (Registration No. 333-89727))
2.2	Distribution Agreement dated as of July 12, 1999 between Schlumberger Limited and Sedco Forex Holdings Limited (incorporated by reference to Annex B to the Joint Proxy Statement/Prospectus dated October 27, 1999 included in the Company's Registration Statement on Form S-4 (Registration No. 333-89727))
2.3	Agreement and Plan of Merger and Conversion dated as of March 12, 1999 between Transocean Offshore Inc. and Transocean Offshore (Texas) Inc. (incorporated by reference to Exhibit 2.1 to the Registration Statement on Form S-4 of Transocean Offshore (Texas) Inc. filed on April 8, 1999 (Registration No. 333-75899))
3.1	Memorandum of Association of Transocean Sedco Forex Inc., as amended (incorporated by reference to Exhibit 4.1 to the Company's Form 8-K dated January 12, 2000)
3.2	Articles of Association of Transocean Sedco Forex Inc., as amended (incorporated by reference to Exhibit 4.2 to the Company's Form 8-K dated January 12, 2000)
4.1	Credit Agreement dated as of July 30, 1996 among Sonat Offshore Drilling Inc., the Lenders party thereto, ABN AMRO Bank, as Agent, and the Co-Agents listed therein (incorporated by reference to Exhibit 10-(1) to the Company's Form 10-Q for the quarter ending June 30, 1996)
4.2	First Amendment to Credit Agreement dated as of April 24, 1997 (incorporated by reference to Exhibit 4.1 to the Company's Form 10-Q for the quarter ending March 31, 1997)
4.3	Second Amendment to Credit Agreement dated as of December 19, 1997 (incorporated by reference to Exhibit 4.4 to the Company's Form 10-K for the year ending December 31, 1997)
4.4	Third Amendment to Credit Agreement dated May 22, 1998 (incorporated by reference to Exhibit 4.9 to the Company's Form 10-Q for the quarter ending June 30, 1998)
+4.5	Secured Loan Agreement dated as of December 21, 1999 among Transocean Enterprise Inc., the Liquidity Providers party thereto and ABN AMRO Bank, as Agent and Enhancer
+4.6	Credit Agreement dated as of December 16, 1999 among Transocean Offshore Inc., the Lenders party thereto, and SunTrust Bank, Atlanta, as Agent
4.7	Indenture dated as of April 15, 1997 between the Company and Texas Commerce Bank National Association, as trustee (incorporated by reference to Exhibit 4.1 to the Company's Form 8-K dated April 29, 1997)
4.8	First Supplemental Indenture dated as of April 15, 1997 between the Company and Texas Commerce Bank National Association, as trustee, supplementing the Indenture dated as of April 15, 1997 (incorporated by reference to Exhibit 4.2 to the Company's Form 8-K dated April 29, 1997)
4.9	Second Supplemental Indenture dated as of May 14, 1999 between the Company and Chase Bank of Texas, National Association, as trustee (incorporated by reference to Exhibit 4.5 to the Company's Post-Effective Amendment No. 1 to Registration Statement on Form S-3 (Registration No. 333-59001-99))
4.10	Form of Note (incorporated by reference to Exhibit 4.3 to the Company's

Form 8-K dated April 29, 1997)

Number	Description
4.11	Form of Debenture (incorporated by reference to Exhibit 4.4 to the Company's Form 8-K dated April 19, 1997)
10.1	Tax Sharing Agreement between Sonat Inc. and Sonat Offshore Drilling Inc. dated June 3, 1993 (incorporated by reference to Exhibit 10-(3) to the Company's Form 10-Q for the quarter ending June 30, 1993)
*10.2	Performance Award and Cash Bonus Plan of Sonat Offshore Drilling Inc. (incorporated by reference to Exhibit 10-(5) to the Company's Form 10-Q for quarter ending June 30, 1993)
*10.3	Form of Sonat Offshore Drilling Inc. Executive Life Insurance Program Split Dollar Agreement and Collateral Assignment Agreement (incorporated by reference to Exhibit 10-(9) to the Company's Form 10-K for the year ending December 31, 1993)
10.4	Purchase Agreement dated as of April 1, 1987 among Sonat Offshore Drilling Inc., Sonat Offshore Ventures Inc., Dixilyn-Field Drilling Company and Panhandle Eastern Corporation (incorporated by reference to Exhibit 10-(9) to the Company's Registration Statement on Form S-1 (Registration No. 33-60992) dated April 13, 1993)
10.5	Agreement dated as of June 14, 1995, among Sonat Offshore Ventures Inc., Sonat Offshore Drilling Inc., Dixilyn-Field Drilling Company and Panhandle Eastern Corporation (incorporated by reference to Exhibit 10-(8) to the Company's Form 10-K for the year ending December 31, 1995)
*10.6	Employee Stock Purchase Plan, as amended and restated effective January 1, 2000 (incorporated by reference to Exhibit 4.4 to the Company's Registration Statement on Form S-8 (Registration No. 333-94551) filed January 12, 2000)
+*10.7	Long-Term Incentive Plan of Transocean Sedco Forex Inc., as amended and restated effective January 1, 2000
*10.9	Form of Employment Agreement dated May 14, 1999 between J. Michael Talbert, W. Dennis Heagney, Robert L. Long, Jon C. Cole, Donald R. Ray, Eric B. Brown, Barbara S. Koucouthakis and Alan A. Broussard, individually, and the Company (incorporated by reference to Exhibit 10.1 to the Company's Form 10-Q for the quarter ending June 30, 1999)
+*10.10	Deferred Compensation Plan of Transocean Offshore Inc., as amended and restated effective January 1, 2000
10.12	Employment Matters Agreement dated as of December 13, 1999 among Schlumberger Limited, Sedco Forex Holdings Limited and Transocean Offshore Inc. (incorporated by reference to Exhibit 4.3 to the Company's Registration Statement on Form S-8 (Registration No. 333-94551) filed January 12, 2000)
*10.13	Sedco Forex Employees Option Plan of Transocean Sedco Forex Inc. effective December 31, 1999 (incorporated by reference to Exhibit 4.5 to the Company's Registration Statement on Form S-8 (Registration No. 333-94569) filed January 12, 2000)
+21	Subsidiaries of the Company
+23.1	Consent of Ernst & Young LLP
+23.2	Consent of PricewaterhouseCoopers LLP
+24	Powers of Attorney
+27(1)	Financial Data Schedule

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* Compensatory plan or arrangement.
+ Filed herewith.

Exhibits listed above as previously having been filed with the Securities and Exchange Commission are incorporated herein by reference pursuant to Rule 12b-32 under the Securities Exchange Act of 1934 and made a part hereof with the same effect as if filed herewith.

Certain instruments relating to long-term debt of the Company and its subsidiaries have not been filed as exhibits since the total amount of securities authorized under any such instrument does not exceed 10 percent of the total assets of the Company and its subsidiaries on a combined basis. The Company agrees to furnish a copy of each such instrument to the Commission upon request.

(b) Reports on Form 8-K

During the quarter ended December 31, 1999 the Company filed a Current Report on Form 8-K on November 9, 1999. Items 5 and 7 were reported and the following financial statements were filed: Unaudited Condensed Pro Forma Combined Financial Statements for Transocean Sedco Forex Inc. and Sedco Forex Holdings Limited Combined Financial Statements.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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, on March 20, 2000.

TRANSOCEAN SEDCO FOREX INC.

By: /s/ Robert L. Long

Robert L. Long
Executive Vice President

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant in the capacities indicated on March 20, 2000.

Signature	Title
/s/ Victor E. Grijalva Victor E. Grijalva	Chairman of the Board of Directors
/s/ J. Michael Talbert J. Michael Talbert	President, Chief Executive Officer and Director (Principal Executive Officer)
/s/ Robert L. Long Robert L. Long	Executive Vice President and Chief Financial Officer (Principal Financial Officer)
/s/ Ricardo Rosa Ricardo Rosa	Vice President and Controller (Principal Accounting Officer)
* Richard D. Kinder	Director
* Ronald L. Kuehn, Jr.	Director
* Arthur Lindenauer	Director
* Martin B. McNamara	Director
* Roberto Monti	Director
* Alain Roger	Director
* Kristian Siem	Director
* Ian C. Strachan	Director

*By /s/ William E. Turcotte
William E. Turcotte
(Attorney-in-Fact)

EXHIBIT 4.5

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Secured Loan Agreement
(Amoco Contracts)

Dated as of December 21, 1999

among

Transocean Enterprise Inc.,

as the Borrower,

ABN AMRO Bank N.V.,

as the Agent and the Collateral Agent,

the Liquidity Providers

from time to time party hereto,

ABN AMRO Bank N.V.,

as the Enhancer,

and

Amsterdam Funding Corporation

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SECURED LOAN AGREEMENT

(AMOCO CONTRACTS)

Secured Loan Agreement (Amoco Contracts), dated as of December 21, 1999, among Transocean Enterprise Inc., a Delaware corporation (the "Borrower"), the liquidity providers party hereto (the "Liquidity Providers"), Amsterdam Funding Corporation, a Delaware corporation ("Amsterdam"), ABN AMRO Bank N.V., as provider of the Program LOC (the "Enhancer"), and ABN AMRO Bank N.V., as agent for the Lenders (the "Agent") and continuing its role as collateral agent (the "Collateral Agent") originally established pursuant to the Secured Credit Agreement.

The parties hereto agree as follows:

Article I

DEFINITIONS

The following terms used herein have the meanings set forth, or referred to, below:

"ABN AMRO" means ABN AMRO Bank N.V. in its individual capacity and not in its capacity as the Agent.

"Affiliate" means, for any Person, any other Person which, directly or indirectly, is in control of, is controlled by, or is under common control with such Person. For purposes of this definition, "control" means the power, directly or indirectly, to either (i) vote ten percent (10%) or more of the securities having ordinary voting power for the election of directors of a Person or (ii) cause the direction of the management and policies of a Person.

"Agent" is defined in the first paragraph hereof.

"Agent's Account" means the Agent's account designated as such to the Borrower and the Lenders by the Agent.

"Aggregate Commitment" means Two Hundred Thirty Nine Million Eight Hundred Seventy Seven Thousand Fifty Six Dollars and 94/100 ($239,877,056.94), as such amount may be reduced pursuant to Section 2.9.

"Aggregate Principal Amount" means, at any time, the sum of all Principal Amounts then outstanding.

"Amoco" means Amoco Production Company, a Delaware corporation. Should Amoco be succeeded by merger or consolidation, references in this Agreement and the other Credit Documents to Amoco shall be deemed to be to the successor corporation or other entity.

"Amoco Contracts" means the Amoco Drillship Contract and the Amoco Rig Contract.

"Amoco Drillship Contract" means that certain Amoco Production Company Offshore Drilling/Workover/Completion Contract with respect to the Drillship dated December 10, 1999, as amended, restated or supplemented from time to time.

"Amoco Letter of Acceptance" means a letter from Amoco accepting the Drillship or the Rig, as the case may be, pursuant to the terms of the Amoco Drillship Contract or the Amoco Rig Contract, as the case may be, each such letter to be substantially in the form of Exhibit 5.1.

"Amoco Rig Contract" means that certain Amoco Production Company Offshore Drilling/Workover/Completion Contract with respect to the Rig dated as of November 5, 1996, as amended by Letter Agreement dated December 6, 1996, each by and between Amoco and Transocean, as assigned to the Borrower pursuant to that certain Transocean Amirante Drilling Contract Assignment Agreement dated as of January 10, 1997, as amended by Amendment No. 2 dated February 27, 1997, Amendment No. 3 dated September 16, 1997 and Amendment No. 4 dated as of April 29, 1998, each by and between Amoco (or its permitted assignee) and the Borrower, and as subsequently amended, restated or supplemented from time to time.

"Amortization Date" is defined in Section 2.3.

"Amortized Value of Vessels" means, at any time, an amount equal to (x) the sum of (i) the amount set forth on Schedule II hereof under the heading "Amortized Value of Drillship" (or, if the Vessel Amortization Payments relating to the Drillship have been prepaid in full under Section 2.5(a), all other amounts owed under such Section 2.5(a) have been paid, and the corresponding payments related to the Drillship have been prepaid in full and all other amounts then owed have been paid, under the corresponding provision of the Transocean Contracts Loan Agreement, $0) and (ii) the amount set forth on Schedule II hereof under the heading "Amortized Value of Rig" (or, if the Vessel Amortization Payments relating to the Rig have been prepaid in full under Section 2.5(a) or (b), as applicable, and the corresponding payments related to the Rig have been prepaid in full under the corresponding provision of the Transocean Contracts Loan Agreement, $0) minus (y) the amount of any Casualty Proceeds applied to the reduction of the Vessel Amortization Payments hereunder or under the Transocean Contracts Loan Agreement.

"Amsterdam" is defined in the first paragraph hereof.

"Amsterdam Termination Date" means the earliest of (a) the Business Day designated as the Amsterdam Termination Date by the Borrower with no less than five (5) Business Days prior notice to the Agent, (b) the Business Day designated as the Amsterdam Termination Date by Amsterdam at any time to the Borrower and (c) the Liquidity Termination Date.

"Amsterdam Transfer" is defined in the definition of "Purchase Price."

"Assignment Agreement" is defined in Section 10.8.

"Assignments of Amoco Contracts" means the Collateral Assignment of Amoco Drillship Contract and the Collateral Assignment of Amoco Rig Contract, each dated as of January 17,

1997, by and between the Borrower and the Collateral Agent, as amended, restated or supplemented from time to time.

"Assignment of Bank Guarantees" means the Collateral Assignment of Bank Guarantees dated as of January 17, 1997, by and between the Borrower and the Collateral Agent, as amended, restated or supplemented from time to time.

"Assignments of O&M Contracts" means the Collateral Assignment of Drillship Operating and Maintenance Contract and the Collateral Assignment of Rig Operating and Maintenance Contract, each dated as of January 17, 1997, by and between the Borrower and the Collateral Agent, as amended, restated or supplemented from time to time.

"Assignments of Shipyard Construction Contracts" means the Collateral Assignment of Drillship Shipyard Construction Contract and the Collateral Assignment of Rig Shipyard Construction Contract, each dated as of January 17, 1997, by and between the Borrower and the Collateral Agent, as amended, restated or supplemented from time to time.

"Assignments of Transocean Contracts" means the Collateral Assignment of Transocean Drillship Contract and the Collateral Assignment of Transocean Rig Contract, each dated as of January 17, 1997, by and between the Borrower and the Collateral Agent, as amended, restated or supplemented from time to time.

"Bankruptcy Event" means, for any Person, that (a) such Person makes a general assignment for the benefit of creditors or any proceeding is instituted by or against such Person seeking to adjudicate it bankrupt or insolvent, or seeking the liquidation, winding up, reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee or other similar official for it or any substantial part of its property or (b) such Person takes any corporate action to authorize any such action.

"Base Rate" means, for any period, the daily average during such period of the greater of (a) the floating commercial Dollar loan rate per annum of ABN AMRO (which rate is a reference rate and does not necessarily represent the lowest or best rate actually charged to any customer by ABN AMRO) announced from time to time, changing as and when said rate changes and (b) the Federal Funds Rate plus 0.50% per annum.

"Borrower" is defined in the first paragraph hereof.

"Borrower Account" means any account designated by the Borrower to the Agent from time to time.

"Borrowing" means a Loan or Loans allocated to a single Interest Period pursuant to Section 2.1(b) or 2.2(a) or (b). Each Loan of a Lender for a specific Interest Period is, in the case of Amsterdam, a Borrowing or, in the case of a Committed Lender, its portion of a Borrowing. A Borrowing is "advanced" on the Funding Date when the applicable Lender(s) advance(s)

funds comprising such Borrowing, is "continued" on the date a new Interest Period commences for the same type of Borrowing, and is "converted" (in the case of a Borrowing from the Committed Lenders) when such Borrowing is changed to a different type of Borrowing for an Interest Period or otherwise. The "type" of a Borrowing is its status as a (i) CP Borrowing, (ii) Eurodollar Borrowing or (iii) Base Rate Borrowing depending whether interest accrues on the principal amount thereof during its Interest Period based on a (i) CP Rate, (ii) Eurodollar Rate, or (iii) Base Rate.

"Borrowing Amount" is defined in Section 2.1(b).

"Borrowing Base" means, at any time the same is to be determined, 81% of the Amortized Value of the Vessels as then determined.

"Borrowing Limit" means, at any time, the amount set forth on Schedule 2.3 as the "Borrowing Limit" for the Funding Date, at all times before the first Amortization Date, and thereafter for the then most recent Amortization Date.

"Business Day" means any day other than (a) a Saturday, Sunday or other day on which banks in New York City, Chicago, Illinois or Houston, Texas are authorized or required to close, (b) a holiday on the Federal Reserve calendar and, (c) solely for matters relating to a Eurodollar Loan, a day on which dealings in Dollars are not carried on in the London, England interbank market.

"Capitalized Lease Obligations" means, for any Person, the amount of such Person's liabilities under all leases of real or personal property (or any interest therein) which is required to be capitalized on the balance sheet of such Person as determined in accordance with GAAP.

"Cash Equivalents" means (i) securities issued or directly and fully guaranteed or insured by the United States of America or any agency or instrumentality thereof having maturities of not more than twelve (12) months from the date of acquisition, (ii) time deposits and certificates of deposits maturing within one year from the date of acquisition thereof or repurchase agreements with financial institutions whose short-term unsecured debt rating is A-1 or above as obtained from either S&P or Moody's, (iii) commercial paper or Eurocommercial paper with a rating of at least A-1 by S&P or at least P-1 by Moody's, with maturities of not more than twelve (12) months from the date of acquisition, (iv) repurchase obligations entered into with any Lender, or any other Person whose short-term senior unsecured debt rating from S&P is at least A-1 or from Moody's is at least P-1, which are secured by a fully perfected security interest in any obligation of the type described in (i) above and has market value at the time such repurchase is entered into of not less than 100% of the repurchase obligation of such Lender or such other Person thereunder, (v) marketable direct obligations issued by any state of the United States of America or any political subdivision of any such state or any public instrumentality thereof maturing within twelve (12) months from the date of acquisition thereof or providing for the resetting of the interest rate applicable thereto not less often than annually and, at the time of acquisition, having one of the two highest ratings obtainable from either S&P or Moody's, and (vi) money market funds which have at least $1,000,000,000 in assets and which invest primarily in securities of the types described in clauses (i) through (v) above.

"Cash Flow Reserve" is defined in Section 7.1(m).

"Casualty Event" means an event resulting in destruction or damage to either of the Drillship or the Rig other than as a result of an Event of Loss.

"Casualty Proceeds" means all compensation, damages and other payments, including, without limitation, any insurance proceeds from insurance required to be provided hereunder and provided by Amoco pursuant to the Amoco Contracts, Transocean pursuant to the Transocean Contracts or any other Person pursuant to the Substitute Contracts, if any, received by the Borrower, the Agent, the Collateral Agent or any of the Lenders, jointly or severally, from any governmental authority or other Person with respect to or in connection with a Casualty Event, net of all reasonable out-of-pocket costs and expenses incurred by such recipient in connection therewith; provided, however, Casualty Proceeds shall not include any "sue and labor reimbursement" expenses received by the Borrower or Transocean under any hull insurance policy required pursuant to Section 7.1(f).

"Code" means the Internal Revenue Code of 1986, as amended.

"Collateral" means all property and assets of the Borrower in which the Collateral Agent is granted a Lien for the benefit of the Lenders, the "Lenders" under the Transocean Contracts Loan Agreement and the Swap Parties, under the terms of a Security Document.

"Collateral Agent" means ABN AMRO acting in its capacity as collateral agent for the Lenders, the "Lenders" under the Transocean Contracts Loan Agreement and the Swap Parties, and any successor collateral agent appointed hereunder pursuant to Section 9.10.

"Collateral Agreement" means the Collateral Agreement dated as of January 17, 1997, among the Borrower, the Collateral Agent, the Agent, the "Agent" under the Transocean Contracts Loan Agreement and the Swap Parties, as amended, restated or supplemented from time to time.

"Collateral Termination Date" means the first date when (i) no Loans or Commitments remain outstanding hereunder and no other Obligation is due and payable hereunder, (ii) no "Loans" or "Commitments" remain outstanding under the Transocean Contracts Loan Agreement and no other Transocean Contracts Obligation is due and payable under the Transocean Contracts Loan Agreement and (iii) the Borrower has no obligation to make any further interest rate swap payments to any Swap Party under any Interest Rate Protection Agreement entered into in accordance with Section 7.1(j) and no other obligations of the Borrower are due and payable under any such Interest Rate Protection Agreement.

"Combined Aggregate Principal Amount" means the sum of the Aggregate Principal Amount and the Transocean Contracts Aggregate Principal Amount.

"Committed Lender" means any Liquidity Provider and the Enhancer.

"Committed Lenders" means, collectively, each Liquidity Provider and the Enhancer.

"Commitment" means, for each Committed Lender, the amount set forth on Schedule I, as adjusted in accordance with Sections 2.9, 2.11(b) and 10.8.

"Consenting Lender" is defined in Section 2.11(b).

"Construction Loan" means the "Construction Loan" advanced under the Secured Credit Agreement and payable on the "Conversion Date" defined therein. The "B Portion" of the Construction Loan means the principal amount of the Construction Loan eligible to be converted into the "Tranche B Term Loan" under the Secured Credit Agreement.

"CP Dealer" means, at any time, each Person Amsterdam then engages as a placement agent or commercial paper dealer.

"CP Loan" means a Loan outstanding from Amsterdam that has been advanced or continued for an Interest Period.

"CP Rate" means, for any Interest Period for a CP Borrowing, a rate per annum equal to (a) the weighted average of the rates per annum at which commercial paper notes having a term equal to such Interest Period are sold on the first day of such Interest Period by any CP Dealer selected by Amsterdam, as agreed between each such CP Dealer and Amsterdam, plus (b) on or after the occurrence, and during the continuance, of an Event of Default, 2% per annum. If such rate is a discount rate, the CP Rate shall be the rate resulting from Amsterdam's converting such discount rate to an interest-bearing equivalent rate per annum. If Amsterdam determines that it is not able, or that it is impractical, to issue commercial paper notes for any period of time, then the CP Rate shall be the Base Rate for such period of time. The CP Rate shall include all costs and expenses to Amsterdam of issuing the related commercial paper notes, including all dealer commissions and note issuance costs in connection therewith.

"Credit Documents" means this Agreement, the Fee Letter, the Pricing Letter and the Security Documents.

"Credit Party" means the Borrower or Transocean.

"Debt Rating" means, for any Person, the credit rating provided by Moody's or S&P, as applicable, to such Person's long-term, unsecured, non-third party credit enhanced senior debt.

"Default" means any Event of Default or any event or condition that with the lapse of time or giving of notice, or both, would constitute an Event of Default.

"Direct Lender" means any Funding Liquidity Provider, Funding Replaceable Committed Lender or Non-Consenting Lender that has an outstanding Loan or Loans that have not been repaid with the proceeds of a Loan advanced by Amsterdam pursuant to Section 2.1.

"Dollar" and "$" mean lawful currency of the United States of America.

"Drillship" means the dynamically positioned dual activity drillship known as the Discoverer Enterprise, which has been contracted to Amoco pursuant to the Amoco Drillship Contract for the drilling of offshore wells.

"Drillship Documents" is defined in Section 2.5(e).

"Drillship Shipyard Construction Contract" means the Contract for Construction of a Dynamically Positioned Drilling Unit dated as of July 24, 1996, by and between Transocean and Astilleros Y Talleres del Noroeste, S.A., a corporation organized under the laws of Spain, as assigned to the Borrower pursuant to that certain Shipyard Contract Assignment Agreement between Transocean and the Borrower dated as of January 17, 1997, and as amended, restated or supplemented from time to time.

"Early Payment Fee" means, if (i) any Eurodollar Borrowing is not advanced or continued (or created through a conversion from a Base Rate Borrowing) after the Borrower so requests pursuant to Section 2.1(b) or 2.2(a), other than because of a default by a Lender, or (ii) any CP Borrowing or Eurodollar Borrowing, or portion thereof, is repaid (as opposed to purchased pursuant to Section 3.1) or any Eurodollar Borrowing is purchased, in whole or in part, by Amsterdam pursuant to Section 2.2(c) (unless the Borrower requests Amsterdam to pay to the Committed Lenders all interest scheduled to become due on such Borrowing during its current Interest Period), in each case before the last day of its Interest Period (the amount so repaid or purchased being referred to as the "Prepaid Amount"), the cost to the relevant Lender of such reduction in the CP or Eurodollar Loan it holds (or was scheduled to hold, in the case of a Eurodollar Borrowing not advanced, continued or created through conversion), which (a) for a CP Borrowing means any compensation payable in prepaying the related commercial paper (in respect of unamortized discount or unaccrued interest, as the case may be) or, if such commercial paper is not prepaid, any shortfall between the amount that will be available to Amsterdam on the maturity date of the related commercial paper from reinvesting the Prepaid Amount in Permitted Investments and the Face Amount of such commercial paper and (b) for a Eurodollar Borrowing will be determined based on the difference between the LIBOR applicable to such Borrowing and the LIBOR applicable for a period equal to the remaining maturity of the Borrowing on the date (x) the Borrowing is not advanced, continued or converted, in the case of clause (i) above, or (y) the Prepaid Amount is received, in the case of clause (ii) above.

"Effective Date" means the date on which all conditions precedent set forth in Section 5.1 have been satisfied.

"Enhancer" is defined in the first paragraph hereof and any of its successors or assigns.

"Enhancer Commitment Percentage" means ten percent (10%).

"Environmental Claims" means any and all administrative, regulatory or judicial actions, suits, demands, demand letters, claims, liens, notices of non-compliance or violation, investigations or proceedings relating to any Environmental Law or any permit issued under any Environmental Law ("Claims"), including, without limitation, (i) any and all Claims by governmental or regulatory authorities for enforcement, cleanup, removal, response, remedial or

other actions or damages pursuant to any applicable Environmental Law, and (ii) any and all Claims by any third party seeking damages, contribution, indemnification, cost recovery, compensation or injunctive relief resulting from Hazardous Materials or arising from alleged injury or threat of injury to the environment.

"Environmental Law" means any federal, state, local or foreign statute, law, rule, regulation, ordinance, code, policy or rule of common law now or hereafter in effect, including any judicial, administrative or arbitral order, consent, decree or judgment, relating to the environment.

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

"Eurodollar Rate" means, for any Interest Period for a Eurodollar Borrowing, the sum of (a) LIBOR for such Interest Period divided by 1 minus the `Reserve Requirement" and (b) (i) for the Loans from a Liquidity Provider, the rate specified in the Pricing Letter, or (ii) for any Loans from the Enhancer (other than in its capacity as a Liquidity Provider), the rate specified in the Fee Letter; where "Reserve Requirement" means, for any Interest Period for a Eurodollar Borrowing, the daily average during such Interest Period of the percentage in effect on each day of such Interest Period, if any, as prescribed by the Board of Governors of the Federal Reserve System (or any successor thereto) for determining the maximum reserve requirements (including, without limitation, any supplemental, marginal and emergency reserves) applicable to "eurocurrency liabilities" of member banks of the Federal Reserve System in New York City with deposits exceeding $1,000,000,000 pursuant to Regulation D of the Board of Governors of the Federal Reserve System or any other then applicable regulation of the Board of Governors (or any successor thereto) which prescribes reserve requirements applicable to "Eurocurrency Liabilities" as presently defined in such Regulation D.

"Event of Default" is defined in Section 8.1.

"Event of Loss" means any of the following events: (a) an event that results in an insurance settlement on the basis of an actual or constructive total loss of either the Drillship or the Rig; (b) theft, illegal confiscation or disappearance of either of the Drillship or the Rig for a period of time sufficient to allow Amoco or any Person under a Substitute Contract, as applicable, to terminate or cancel, or that results in a termination or cancellation of, the Amoco Contract or a Substitute Contract, as applicable, for such vessel; or (c) condemnation or other taking of title of either of the Drillship or the Rig by a governmental authority or the requisition or taking of use of either of the Drillship or the Rig by a governmental authority, in each case for a period of time sufficient to allow Amoco or any Person under a Substitute Contract, as applicable, to terminate or cancel, or that results in the termination or cancellation of, the Amoco Contract or a Substitute Contract, as applicable, for such vessel.

"Event of Loss Proceeds" means all compensation, damages and other payments, including, without limitation, any insurance proceeds from insurance required to be provided hereunder and provided by Amoco pursuant to the Amoco Contracts, Transocean pursuant to the Transocean Contracts or any other Person pursuant to the Substitute Contracts, if any, received by the Borrower, Transocean, the Agent, the Collateral Agent or any of the Lenders, jointly or

severally, from any governmental authority or other Person with respect to or in connection with an Event of Loss, net of all reasonable out-of-pocket costs and expenses incurred by such recipient in connection therewith; provided, however, Event of Loss Proceeds shall not include any "sue and labor" reimbursement expense payments received by the Borrower or Transocean under any hull insurance policy required pursuant to Section 7.1(f).

"Excess Cash Flow" means for any calendar month beginning the first full calendar month after the Funding Date, all sums paid to the Borrower under the Amoco Contracts, the Transocean Contracts or the Substitute Contracts during the period from the date of the prior Excess Cash Flow calculation (or for the first calculation thereof, from the Funding Date) to two (2) Business Days prior to the Amortization Date falling during such calendar month in excess of the sum of (i) (x) with respect to the Drillship during the term of the Amoco Drillship Contract or any Substitute Drillship Contract, $181,000 per day for the number of days in the period to which the payment relates, or (y) with respect to the Drillship during the term of the Transocean Drillship Contract, the operating dayrate contained therein (express or implicit) for the number of days in the period to which the payment relates, plus (ii) with respect to the Rig during the term of the Amoco Rig Contract or any Substitute Rig Contract, the operating dayrate in the Amoco Rig Contract as of the Funding Date, and with respect to the Rig during the term of the Transocean Rig Contract, the operating dayrate contained therein (express or implicit), as applicable, in each case for the number of days in the period to which the payment relates, and in the case of all of the foregoing, without giving effect to any amendment thereto which reduces the stated operating dayrate and excluding any portion of any such sum paid to the Borrower that is, or is attributable to, (i) cost reimbursements (including, without limitation, for capital expenditures), (ii) employee performance bonuses, or other third party bonuses paid or payable to a third party which is not an Affiliate of the Borrower or Transocean, (iii) any sums paid to the Borrower pursuant to any increase in the stated operating dayrate under the stated contract for the Drillship or the Rig as a result of cost escalations or capital expenditures, as demonstrated to the reasonable satisfaction of the Agent, (iv) stated operating dayrate income paid under any Substitute Contract during any period of cancellation of the Amoco Contract for the same vessel during which Amoco is required to pay cancellation fees, to the extent over and above the stated operating dayrate under the Amoco Contract, which is required to be paid to Amoco under the applicable Amoco Contract, and (v) income paid to the Borrower during any period of assignment of an Amoco Contract to the extent required to be paid to Amoco under the applicable Amoco Contract. To the extent the Borrower or Transocean funds or replenishes the Cash Flow Reserve or the Insurance Reserve pursuant to the provisions of Section 7.1(f)(iii) or Section 7.1(m), as applicable, the Borrower shall recoup the amount so funded or replenished (to the extent not already recouped by the Borrower out of any excess Casualty Proceeds released to the Borrower pursuant to the terms of Section 2.5(d)) before calculating Excess Cash Flow, and the Excess Cash Flow in contemporaneous and subsequent months shall be deemed reduced (but not below zero) until the entire amount so funded or replenished is so recouped.

"Face Amount" means the face amount of any Amsterdam commercial paper issued on a discount basis or, if not issued on a discount basis, the principal amount of such note and interest scheduled to accrue thereon to its stated maturity.

"Federal Funds Rate" means, for any period, a fluctuating interest rate per annum equal, for each day during such period, to the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers, as published for such day (or, if such day is not a Business Day, for the immediately preceding Business Day) by the Federal Reserve Bank of New York or, if such rate is not so published for any day which is a Business Day, the average of the quotations for such transactions received by ABN AMRO as of approximately 10:00 a.m. (Chicago time) on such day from three federal funds brokers of recognized standing selected by it.

"Fee Letter" means the letter agreement relating to this Agreement dated as of the date hereof among the Borrower, the Agent, Amsterdam and the Enhancer.

"First Mortgages" means the First Naval Mortgage covering the Drillship dated as of August 6, 1998 between Transocean Hull No. 275 S. de R.L. and the Collateral Agent, as assumed by the Borrower and the First Naval Mortgage covering the Rig dated as of January 17, 1997, between the Borrower and the Collateral Agent, as each mortgage may be amended, restated or supplemented from time to time.

"Fixed Operating Expenses" means the monthly Fixed Operating Expenses for each of the Drillship and the Rig at the applicable time as defined in the applicable O&M Contract.

"Force Majeure" with respect to the Drillship and the Rig, as applicable, has the meaning ascribed to such term in the applicable Amoco Contract, Transocean Contract or Substitute Contract.

"Free Cancellation Right" is defined in Section 2.3(b).

"Functional Requirements" means the specifications and requirements for the design, construction and performance capabilities of the Drillship and the Rig as set forth in the Amoco Drillship Contract and the Amoco Rig Contract, respectively.

"Funding Date" means the Business Day selected by the Borrower pursuant to Section 2.1(b) as the date for the Lenders to advance funds hereunder.

"Funding Liquidity Provider" means each Liquidity Provider which on the Funding Date does not have a short-term debt rating of at least "A-1" by S&P and "P-1" by Moody's.

"Funding Party" is defined in Section 4.4(b).

"Funding Replaceable Committed Lender" is defined in Section 10.8(c).

"GAAP" means generally accepted accounting principles from time to time in effect as set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and the statements and pronouncements of the Financial Accounting Standards Board or in such other statements, opinions and

pronouncements by such other entity as may be approved by a significant segment of the U.S. accounting profession.

"Governmental Authority" means any (a) Federal, state, municipal or other governmental entity, board, bureau, agency or instrumentality, (b) administrative or regulatory authority (including any central bank or similar authority) or (c) court, judicial authority or arbitrator, in each case, whether foreign or domestic.

"Guaranty" by any Person means all contractual obligations (other than endorsements in the ordinary course of business of negotiable instruments for deposit or collection or similar transactions in the ordinary course of business) of such Person guaranteeing any Indebtedness, dividend or other obligation (including, without limitation, obligations in connection with sales of any property) of any other Person (the "primary obligor") in any manner, whether directly or indirectly, including, without limitation, all obligations incurred through an agreement, contingent or otherwise, by such Person: (i) to purchase such Indebtedness or obligation, or to purchase any property or assets constituting security therefor, primarily for the purpose of assuring the owner of such Indebtedness or obligation of the ability of the primary obligor to make payment of such Indebtedness or obligation; or (ii) to advance or supply funds (x) for the purchase or payment of such Indebtedness or obligation, or (y) to maintain working capital or other balance sheet condition, or otherwise to advance or make available funds for the purchase or payment of such Indebtedness or obligation, in each case primarily for the purpose of assuring the owner of such Indebtedness or obligation of the ability of the primary obligor to make payment of such Indebtedness or obligation; or (iii) to lease property, or to purchase securities or other property or services, of the primary obligor, primarily for the purpose of assuring the owner of such Indebtedness or obligation of the ability of the primary obligor to make payment of such Indebtedness or obligation; or (iv) otherwise to assure the owner of such Indebtedness or obligation of the primary obligor against loss in respect thereof. For the purpose of all computations made under this Agreement, the amount of a Guaranty in respect of any obligation shall be deemed to be equal to the amount that would apply if such obligation were the direct obligation of such Person rather than the primary obligor or, if less, the maximum aggregate potential liability of such Person under the terms of such Guaranty.

"Hazardous Material" has the meaning assigned to that term in the Comprehensive Environmental Response Compensation and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Acts of 1986, and shall also include Hydrocarbons or any other substance defined as "hazardous" or "toxic" or words with similar meaning and effect under any Environmental Law applicable to the Borrower.

"Hydrocarbons" means oil, gas and other liquid or gaseous hydrocarbons.

"Indebtedness" means, for any Person, the following obligations of such Person, without duplication: (i) obligations of such Person for borrowed money; (ii) obligations of such Person representing the deferred purchase price of property or services other than accounts payable arising in the ordinary course of business and other than amounts which are being contested in good faith and for which reserves in conformity with GAAP have been provided; (iii) obligations of such Person evidenced by bonds, notes, bankers acceptances, debentures or other similar

instruments of such Person or arising, whether absolute or contingent, out of letters of credit issued for such Person's account or pursuant to such Person's application; (iv) obligations of other Persons, whether or not assumed, secured by Liens (other than Permitted Liens) upon property or payable out of the proceeds or production from property now or hereafter owned or acquired by such Person, but only to the extent of such property's fair market value; (v) Capitalized Lease Obligations of such Person; (vi) obligations under (x) Interest Rate Protection Agreements, (y) commodity hedge, swap, exchange, forward, future, collar or cap arrangements, fixed price commodity agreements and all other agreements or arrangements, in each case designed primarily to protect against fluctuations in commodity prices, and (z) futures agreements, arrangements or options designed primarily to protect against fluctuations in currency exchange rates; and (vii) obligations of such Person pursuant to a Guaranty of any of the foregoing of another Person. For purposes of this Agreement, the Indebtedness of any Person shall include the Indebtedness of any partnership or joint venture to the extent such Indebtedness is recourse to such Person.

"Instructing Group" means the Enhancer and Liquidity Providers having Commitments that together with the Enhancer's Commitment constitute a majority of the Commitments and, unless the Amsterdam Termination Date has occurred and Amsterdam has no outstanding Borrowings, Amsterdam.

"Insurance Reserve" is defined in Section 7.1(f).

"Insurance Reserve Required Amount" is defined in Section 7.1(f).

"Intended Tax Characterization" is defined in Section 10.9.

"Interest Period" means the period commencing on the date a Borrowing is advanced pursuant to Section 2.1 or continued or converted pursuant to Section 2.2 and ending: (a) in the case of Base Rate Borrowings, the last Business Day of the calendar quarter in which such Base Rate Borrowing is advanced pursuant to Section 2.1 or continued or converted pursuant to Section 2.2; (b) in the case of Eurodollar Borrowings, on the next Amortization Date; and (c) in the case of CP Borrowings, 1-45 days thereafter, as requested by the Borrower, if acceptable to Amsterdam, or as established by the Agent; provided, however, that:

(a) any Interest Period for a Base Rate Borrowing that would otherwise end after the last Amortization Date shall end on such Amortization Date;

(b) an Interest Period for a CP Borrowing that would extend beyond an Amortization Date may not be selected if, as a result, the aggregate principal amount of CP and Eurodollar Borrowings scheduled to be outstanding with Interest Periods ending after such Amortization Date would exceed the principal amount of Loans scheduled to be outstanding after such Amortization Date;

(c) whenever the last day of any Interest Period would otherwise be a day that is not a Business Day, the last day of such Interest Period shall be extended to the next succeeding Business Day, but, if such extension would cause the last day of an Interest

Period for a Eurodollar Borrowing to occur in the following calendar month, the last day of such Interest Period shall be the immediately preceding Business Day; and

(d) for purposes of determining an Interest Period for a Eurodollar Borrowing, a month means a period starting on one day in a calendar month and ending on the numerically corresponding day in the next calendar month; provided, however, that if there is no numerically corresponding day in the month in which such an Interest Period is to end or, if such an Interest Period begins on the last Business Day of a calendar month, then such Interest Period shall end on the last Business Day of the calendar month in which such Interest Period is to end.

"Interest Rate Protection Agreement" means any interest rate swap, interest rate cap, interest rate collar, or other interest rate hedging agreement or arrangement designed to protect against fluctuations in interest rates.

"Lenders" means the Liquidity Providers and the Enhancer (whether in their capacities as such or as Committed Lenders) and Amsterdam.

"Lending Office" means the branch, office or affiliate of a Committed Lender specified on the appropriate signature page hereof, or designated pursuant to Section 4.5 or 10.8, as the office through which it will make its Loans hereunder for each type of Loan available from it hereunder.

"LIBOR" means, for any Interest Period for a Eurodollar Borrowing or any other period, the rate per annum (rounded upwards, if necessary, to the next higher one hundred-thousandth of a percentage point) for deposits in Dollars for a period equal to such Interest Period or other period, which appears on Page 3750 of the Telerate Service (or any successor page or successor service that displays the British Bankers' Association Interest Settlement Rates for Dollar deposits) as of 11:00 a.m. (London, England time) two Business Days before the commencement of such Interest Period or other period for a period approximately equal to such Interest Period or other period and in an amount equal or comparable to the aggregate principal amount of the Eurodollar Loans to which such Interest Period relates. If the foregoing Telerate rate is unavailable for any reason, then such rate shall be determined by the Agent from the Reuters Screen LIBOR page, or if such rate is also unavailable on such service, on any other interest rate reporting service of recognized standing selected by the Agent after consultation with the Borrower.

"License Agreement" means the License Agreement dated as of January 17, 1997 by and between Transocean and the Borrower, as amended, restated or supplemented from time to time.

"Lien" means any interest in any property or asset in favor of a Person other than the owner of such property or asset and securing an obligation owed to, or a claim by, such Person, whether such interest is based on the common law, statute or contract, including, but not limited to, the security interest lien arising from a mortgage, encumbrance, pledge, conditional sale, security agreement or trust receipt, or a lease, consignment or bailment for security purposes.

"Liquidity Providers" is defined in the first paragraph hereof together with those Persons that become Liquidity Providers pursuant to Section 10.8.

"Liquidity Termination Date" means the earliest of (a) the date of the occurrence of an Event of Default described in clause (g) or (h) of the definition of Event of Default, (b) the date designated by the Agent to the Borrower at any time after the occurrence of, and during the continuation of, any other Event of Default, (c) the Business Day designated by the Borrower with no less than five (5) Business Days prior notice to the Agent and (d) the Scheduled Termination Date. The Liquidity Termination Date establishes the last day on which the Liquidity Providers are obligated to acquire Loans from Amsterdam. The maturity of Loans is established pursuant to Sections 2.3, 2.4, 2.5 (in the case of mandatory prepayments), and Article VIII (in the case of an accelerated maturity).

"Loan" means any funds advanced to the Borrower pursuant to Section 2.1(a). Although all Loans are advanced on the Funding Date, and the aggregate principal amount of Loans outstanding never thereafter increases, the Loans held by a Lender at any time are comprised of (a) before the end of its initial Interest Period, each Loan it advances to the Borrower on the Funding Date as part (or all) of a single Borrowing, and (b) after such initial Interest Period, each Loan it continues, establishes through conversion from a different type of Borrowing, or purchases from another Lender pursuant to Section 2.2(c) or 3.1, in each case as part (or all) of a single Borrowing (but disregarding under both (a) and (b) any portion of any such Loan transferred to another Lender pursuant to Section 2.2(c) or 3.1). Each Loan from a Committed Lender is a Eurodollar Loan or Base Rate Loan depending whether it is part of a Eurodollar Borrowing or Base Rate Borrowing.

"Material Adverse Effect" means an effect that results in a material adverse (i) change, since the Effective Date (in each case except to the extent resulting from transactions expressly permitted under any Credit Document), in (x) the business, properties, assets or financial condition of the Borrower or the prospects of the Borrower during the scheduled term of the Loans, (y) so long as the Transocean Performance Guaranty is in force and effect, the business, properties, assets or financial condition of Transocean and its Subsidiaries taken as a whole, or (z) the ability of the Borrower or the Borrower and Transocean taken as a whole to perform their Obligations under the Operative Documents to which they are a party, or (ii) change in the rights and remedies of the Lenders or the Agent under the Credit Documents (other than in accordance with the express terms thereof).

"Matured Aggregate Loan Amount" means, at any time, the Matured Value of Amsterdam's outstanding Loans plus the aggregate principal amount of all Loans then outstanding from the other Lenders.

"Matured Value" means, of any Loan (or portion thereof), the sum of the principal amount of such Loan (or portion thereof) plus all interest scheduled to become due (whether or not then due) on such Loan (or portion thereof) during its current Interest Period and then unpaid.

"Monthly Report" is defined in Section 7.1(g).

"Moody's" means Moody's Investors Service, Inc.

"Non-Consenting Lender" is defined in Section 2.11(a).

"Note" is defined in Section 2.10.

"Obligations" means all obligations of the Borrower and Transocean to pay fees, costs and expenses, principal or interest on Loans and to pay any other obligations to the Agent or any Lender arising under any Credit Document.

"O&M Contracts" means the Drillship Operation and Maintenance Contract and the Rig Operation and Maintenance Contract, each dated as of January 17, 1997, by and between Transocean and the Borrower, as amended, restated or supplemented from time to time.

"Operative Documents" means the Amoco Contracts, the Transocean Contracts, the Substitute Contracts, the O&M Contracts, the License Agreement and the Credit Documents.

"PBGC" means the Pension Benefit Guaranty Corporation or any successor thereto.

"Permitted Distribution Sources" is defined in Section 7.1(k).

"Permitted Indebtedness" is defined in Section 7.1(o).

"Permitted Investments" means (a) evidences of indebtedness, maturing within thirty (30) days after the date of purchase thereof, issued by, or the full and timely payment of which is guaranteed by the full faith and credit of, the federal government of the USA, (b) repurchase agreements with banking institutions or broker-dealers registered under the Securities Exchange Act of 1934 which are fully secured by obligations of the kind specified in clause (a), (c) money market funds (i) rated not lower than the highest rating category from both Moody's and S&P or (ii) which are otherwise acceptable to the Rating Agencies or (d) commercial paper issued by any corporation incorporated under the laws of the USA and rated at least "A-1" (or the equivalent) by S&P and at least "P-1" (or the equivalent) by Moody's.

"Permitted Liens" is defined in Section 7.1(n).

"Person" means an individual, partnership, corporation, limited liability company, association, trust, unincorporated organization or any other entity or organization, including a government or any agency or political subdivision thereof.

"Plan" means an employee pension benefit plan covered by Title IV of ERISA or subject to the minimum funding standards under Section 412 of the Code that is either (i) maintained by the Borrower, or (ii) maintained pursuant to a collective bargaining agreement or any other arrangement under which more than one employer makes contributions and to which the Borrower is then making or accruing an obligation to make contributions or has within the preceding five (5) plan years made or had an obligation to make contributions.

"Pricing Letter" means the letter agreement dated as of the date hereof among the Liquidity Providers, the Agent and the Borrower.

"Principal Amount" means, for any Lender at any time, the aggregate unpaid principal amount of all Loans then held by such Lender, whether made directly by such Lender or acquired from another Lender.

"Program LOC" means the irrevocable transferable letter of credit No. S550115, dated November 3, 1995, issued by the Enhancer at the request of Amsterdam, and each letter of credit issued in substitution or replacement therefor.

"Program Unreimbursed Draw Amount" means the sum of all draws under the Program LOC in connection with this Agreement which have not been reimbursed (whether through the payment of cash or the exchange of assets), together with all interest thereon and all other amounts, if any, payable in connection therewith.

"Purchase Price" means, for each Committed Lender (other than a Direct Lender) for any Put (any such Put being an "Amsterdam Transfer"), such Lender's Purchased Percentage for such Amsterdam Transfer multiplied by the sum of (a) (i) for the Enhancer, the principal amount of Loans from Amsterdam being transferred pursuant to such Amsterdam Transfer (the "Transferred Principal") and (ii) for each Liquidity Provider (other than a Direct Lender), the lesser of (A) the Transferred Principal and (B) the product of (1) the Transferred Principal divided by the aggregate principal amount of all Loans outstanding from Amsterdam (before giving effect to such Amsterdam Transfer), (2) Amsterdam's Share of Outstanding Loans at such time (before giving effect to such Amsterdam Transfer), and (3) the Borrowing Base as then determined and computed, plus (b) (i) all unpaid interest owed to Amsterdam (whether or not then due) on the Transferred Principal to the end of the current Interest Period for each Loan (or portion thereof) included in such Transferred Principal, (ii) all accrued but unpaid fees (whether or not then due) payable to Amsterdam in connection herewith at the time of such purchase and (iii) all accrued and unpaid costs, expenses and indemnities due to Amsterdam from the Borrower in connection herewith. Amsterdam shall calculate the Purchase Price on the date of such Amsterdam Transfer based on the information then available to it, and, regardless of whether such information is complete, such calculation shall be conclusive and binding absent manifest error; provided, however, that if such purchase occurs due to the occurrence of a Put Event, the Borrowing Base shall be determined as of the date immediately preceding the occurrence of such Put Event, adjusted to reflect amounts received by Amsterdam. In making any such calculation, Amsterdam shall be entitled to rely on information provided to it by the Borrower without any obligation to investigate the accuracy or completeness of such information.

"Purchased Percentage" means, for any Amsterdam Transfer, for each Committed Lender (other than a Direct Lender), its Ratable Share (calculated without giving effect to the Commitments of the Direct Lenders) or such lesser percentage as is necessary to prevent the Purchase Price of such Lender from exceeding its Unused Commitment (unless, in the case of the Enhancer, it elects not to reduce its Purchased Percentage in whole or in part).

"Put" is defined in Section 3.l(a).

"Put Event" means: (i) the occurrence of any Event of Default, (ii) the Combined Aggregate Principal Amount 80.5% or more of the Amortized Value of Vessels as then determined, or (iii) the long term, senior, unsecured, non-credit enhanced indebtedness of BP Amoco PLC, a corporation organized under the laws of England, ceases to be rated at least BBB- from S&P and at least Baa3 from Moody's (or S&P or Moody's withdraws or suspends either such rating). Should BP Amoco PLC be succeeded by a merger or consolidation, reference in this Agreement and the other Operative Documents to BP Amoco PLC shall be deemed to be to the successor corporation or other entity.

"Ratable Share" means, for each Committed Lender, such Lender's Commitment divided by the Aggregate Commitment. If, however, on the date any Amsterdam Transfer is to take place, the Enhancer has outstanding Principal Amount plus Program Unreimbursed Draw Amount in excess of its Ratable Share of the outstanding Principal Amount and Program Unreimbursed Draw Amount of all Committed Lenders, then for purposes of such Amsterdam Transfer the Ratable Share of each Committed Lender shall be replaced with a percentage equal for each Committed Lender to (a) its Commitment minus the sum of (i) its Principal Amount and (ii) Program Unreimbursed Draw Amount before such Amsterdam Transfer (the sum of the amounts in clauses (a)(i) and (a)(ii) being its "Existing Outstanding Principal Amount") divided by (b) the Aggregate Commitment minus the sum of the Existing Outstanding Principal Amount of all Committed Lenders.

"Rating Agency" means Moody's, S&P and any other rating agency Amsterdam chooses to rate its commercial paper notes.

"Ratings" means the ratings by the Rating Agencies of the indebtedness for borrowed money of Amsterdam.

"Replaceable Committed Lender" is defined in Section 10.8(c).

"Replacement Committed Lender" is defined in Section 10.8(b).

"Required Coverage Payment" means, in connection with any mandatory prepayment of Loans pursuant to Section 2.5, the excess, if any, of the Combined Aggregate Principal Amount over the Borrowing Base.

"Required Liquidity Providers" means Liquidity Providers having Commitments of at least 51% of the Commitments of all Liquidity Providers without including the Commitment of any Defaulting Lender, either for voting purposes or for calculating the Commitments of all Liquidity Providers, so long as such Defaulting Lender has not satisfied any Unpaid Amount owed by it under Section 3.1(b).

"Rig" means the third-generation semisubmersible drilling rig known as the Transocean Amirante which has been contracted to Amoco pursuant to the Amoco Rig Contract for the drilling of offshore wells for hydrocarbons.

"Rig Documents" is defined in Section 2.5(e).

"Rig Shipyard Construction Contract" means the Master Service Contract for the Rig by and between Transocean and Amfels, Inc., a Texas corporation, dated as of June 7, 1996, as amended and assigned to the Borrower pursuant to the Master Service Contract Amendment and Assignment Agreement dated as of January 10, 1997 by and among Transocean, Amfels, Inc. and the Borrower, together with all work orders issued thereunder, as amended, restated or supplemented from time to time.

"Scheduled Principal Payments" is defined in Section 2.3.

"Scheduled Termination Date" means December 19, 2000 or the later date, if any, most recently established pursuant to Section 2.11.

"SEC" means the Securities and Exchange Commission.

"Secured Credit Agreement" means that certain Secured Credit Agreement dated as of January 17, 1997 among the Borrower, the Lenders party thereto, and the Agent and Co-Agents named therein, as amended by the First Amendment to Secured Credit Agreement dated as of December 21, 1998, the Second Amendment to Secured Credit Agreement dated as of August 13, 1999 and the Third Amendment to Secured Credit Agreement dated as of October 22, 1999.

"Security Agreement" means the Security Agreement, dated as of January 17, 1997, by and between the Borrower and the Collateral Agent, as amended, restated or supplemented from time to time.

"Security Documents" means the First Mortgages, the Security Agreement, the Assignments of Shipyard Construction Contracts, the Assignments of Amoco Contracts, the Assignments of Transocean Contracts, the Assignments of O&M Contracts, any collateral assignment of any Substitute Contract, Section 2 of the Collateral Agreement and all other security agreements, mortgages and like agreements or instruments delivered by the Borrower or any other Person granting a Lien on any of such Person's property to the Collateral Agent for the benefit of the Lenders, the "Lenders" under the Transocean Contracts Loan Agreement and the Swap Parties to secure (without limitation) the Obligations, as any of the same may be amended, restated or supplemented from time to time.

"Senior Officer" means the president, any vice president, the chief financial officer, the treasurer or the controller of the Borrower.

"Share of Outstanding Loans" means, at any time, for a Lender or group of Lenders, a percentage equal to such Lender's then outstanding Principal Amount or, as applicable, such group of Lenders' aggregate outstanding Principal Amounts, divided, in each case, by the sum of (x) the Aggregate Principal Amount and (y) the Transocean Contracts Aggregate Principal Amount then outstanding.

"Special Transaction Subaccount" means the special transaction subaccount established for this Agreement pursuant to Amsterdam's depositary agreement and referred to in Section 3.1(d).

"S&P" means Standard & Poor's Ratings Group.

"Subsidiary" means, for any Person, any other Person of which more than fifty percent (50%) of the outstanding stock or comparable equity interests having ordinary voting power for the election of the board of directors of such corporation, any managers of such limited liability company or similar governing body (irrespective of whether or not at the time stock or other equity interests of any other class or classes of such corporation or other entity shall have or might have voting power by reason of the happening of any contingency), is at the time directly or indirectly owned by such former Person or by one or more of its Subsidiaries; provided, however, if the definition of "Subsidiary" shall be amended (but not deleted) in the Transocean Credit Facility, the definition of "Subsidiary" herein shall be deemed amended in the same respect.

"Substitute Contracts" means the Substitute Drillship Contract and the Substitute Rig Contract.

"Substitute Drillship Contract" means any contract for the use of the Drillship entered into by and between the Borrower and another Person (including, without limitation, Amoco) in replacement of the Transocean Drillship Contract as described in Section 7.1(r), provided that no such contract shall be deemed to constitute a Substitute Drillship Contract unless and until the Borrower terminates the Transocean Drillship Contract.

"Substitute Rig Contract" means any contract for the use of the Rig entered into by and between the Borrower and another Person (including, without limitation, Amoco) in replacement of the Transocean Rig Contract as described in Section 7.1(r), provided that no such contract shall be deemed to constitute a Substitute Rig Contract unless and until the Borrower terminates the Transocean Rig Contract.

"Swap Obligations" means all obligations of the Borrower to pay fees, costs and expenses, interest rate swap payments or other obligations to any Swap Party under any Interest Rate Protection Agreement heretofore or hereafter entered into by the Borrower.

"Swap Party" means each counterparty to an Interest Rate Protection Agreement heretofore or hereafter entered into by the Borrower in accordance with Section 6.10 of the Secured Credit Agreement and/or Section 7.1(j) that is or was a Lender or an Affiliate of a Lender at the time such Interest Rate Protection Agreement is or was entered into.

"Taxes" is defined in Section 6.1(k).

"Termination Date" means (a) for Amsterdam, the Amsterdam Termination Date, (b) for the Liquidity Providers, the Liquidity Termination Date and (c) for the Enhancer, the earlier of

(i) the third (3rd) Business Day following the Liquidity Termination Date and (ii) Scheduled Termination Date.

"Transfer" means a sale, transfer, conveyance, assignment or other disposition (or a series of related dispositions), including, without limitation, any transfer pursuant to an option to purchase, any sale or assignment (with or without recourse) of any accounts receivable and any sale and leaseback of assets, of an asset having a net book value as established in accordance with GAAP in excess of $250,000, but excluding any involuntary transfer by operation of law and any transfers of an asset pursuant to any casualty or theft with respect to such asset.

"Transocean" means Transocean Offshore Inc., a Cayman Islands exempted company, as successor by merger and conversion to Transocean Offshore Inc., a Delaware corporation.

"Transocean Contracts" means the Transocean Drillship Contract and the Transocean Rig Contract.

"Transocean Contracts Aggregate Principal Amount" means, at any time, the aggregate unpaid principal amount of all "Loans" then outstanding under the Transocean Contracts Loan Agreement.

"Transocean Contracts Loan Agreement" means the Secured Loan Agreement relating to the Transocean Contracts dated as of even date herewith among the Borrower, the Agent, and the lenders party thereto, as amended, restated or supplemented from time to time, if executed. If such Secured Loan Agreement is not executed all references herein to the Transocean Contracts Loan Agreement, Transocean Contract Loans, Transocean Contracts Obligations and other related definitions shall be deemed to be deleted.

"Transocean Contracts Loans" means the "Loans" to the Borrower outstanding under and as defined in the Transocean Contracts Loan Agreement.

"Transocean Contracts Obligations" means the "Obligations" of the Borrower under and as defined in the Transocean Contracts Loan Agreement.

"Transocean Credit Facility" means that certain Secured Credit Agreement dated as of July 30, 1996, by and among Transocean, ABN AMRO, as Agent, and certain lenders parties thereto, as amended, restated or supplemented from time to time.

"Transocean Drillship Contract" means the Transocean Drillship Lease Agreement dated as of January 17, 1997 by and between Transocean and the Borrower, as amended, restated or supplemented from time to time.

"Transocean Performance Guaranty" means the Amended and Restated Transocean Performance Guaranty dated as of December 21, 1998 issued by Transocean, as amended, restated or supplemented from time to time.

"Transocean Rig Contract" means the Transocean Rig Lease Agreement dated as of January 17, 1997 by and between Transocean and the Borrower, as amended, restated or supplemented from time to time.

"UCC" means, for any state, the Uniform Commercial Code as in effect in such state.

"USA" means the United States of America (including all states and political subdivisions thereof).

"Unfunded Vested Liabilities" means, for any Plan at any time, the amount (if any) by which the present value of all vested nonforfeitable accrued benefits under such Plan exceeds the fair market value of all Plan assets allocable to such benefits, determined as of the then most recent valuation date for such Plan, but only to the extent that such excess represents a potential liability of the Borrower to the PBGC or such Plan.

"Unused Commitment" means, for any Committed Lender at any time, the difference between its Commitment and its Loans then outstanding.

"Unused Aggregate Commitment" means, at any time, the difference between the Aggregate Commitment then in effect and the outstanding Matured Aggregate Loan Amount.

"Vessel Amortization Payments" is defined in Section 2.3.

"Vessel Financing Termination" is defined in Section 2.5(b).

"Vessel Percentage" shall have the meaning ascribed to such term in Section 7.1(f)(iii).

The foregoing definitions shall be equally applicable to both the singular and plural forms of the defined terms. Unless otherwise inconsistent with the terms of this Agreement, all accounting terms used herein shall be interpreted, and all accounting determinations hereunder shall be made, in accordance with GAAP.

Article II

LOANS TO BORROWER AND REPAYMENTS

Section 2.1. The Refinancing Loan.

(a) Amsterdam Loan Option and Other Lenders' Commitments. Subject to the terms and conditions hereof, Amsterdam may advance one or more Loans to the Borrower on the Funding Date, and, if Amsterdam chooses not to so advance one or more Loans to the Borrower on the Funding Date (subject to Section 5.2 and the other terms and conditions hereof) each Liquidity Provider (other than the Funding Liquidity Providers) and the Enhancer severally hereby agrees to, advance one or more Loans to the Borrower on the Funding Date. Subject to the terms and conditions hereof, each Funding Liquidity Provider severally agrees to advance one or more Loans to the Borrower on the Funding Date. Each Borrowing from Amsterdam shall be comprised of a Loan advanced or continued solely by Amsterdam. Each Borrowing

from the Committed Lenders (other than the Funding Liquidity Providers) shall be advanced, continued or converted through a Loan from each Committed Lender (other than the Funding Liquidity Providers) based on its Ratable Share of all Borrowings required to be made on the Funding Date. Each Borrowing from the Funding Liquidity Providers shall be advanced, continued or converted through a Loan from each Funding Liquidity Provider based on its Ratable Share of all Borrowings required to be made. After the Funding Date, Loans may only be continued or converted pursuant to Section 2.2 or acquired pursuant to Sections 3.1 or 10.8(c), and no additional Loans shall be advanced. At any time the short-term debt rating of a Funding Liquidity Provider is "A-1" or higher by S&P and "P-1" or higher by Moody's, Amsterdam may advance a Loan to the Borrower in an amount up to the aggregate principal amount of the outstanding Loans from such Funding Liquidity Provider. The proceeds of such Loan shall be deposited with such Funding Liquidity Provider to repay solely Loans then owed such Funding Liquidity Provider without thereby reducing the aggregate principal amount of outstanding Loans. No Lender shall be permitted or required to advance, continue or convert a Loan if, after giving effect thereto, (i) the Aggregate Principal Amount would thereby exceed the Borrowing Limit, (ii) the Matured Aggregate Loan Amount would thereby exceed the Aggregate Commitment, (iii) the product of (x) Lenders' Share of Outstanding Loans at such time and (y) the Borrowing Base then in effect would be less than the Aggregate Principal Amount, or (iv) in the case of an advance of a Loan by a Committed Lender, such Committed Lender's Principal Amount (after giving effect to such advance) would thereby exceed its Commitment. At no time will Amsterdam have any obligation to advance or continue any Loan.

(b) Manner of Borrowing on Funding Date. The Borrower shall provide to the Agent an irrevocable written request (including by telecopier or other facsimile communication) substantially in the form of Exhibit A by 11:00 a.m. (Chicago time) (i) three (3) Business Days before the requested Funding Date to request a Eurodollar Borrowing and (ii) one (1) Business Day before the requested Funding Date to request a Base Rate Borrowing or CP Borrowing. For each requested Borrowing, the Borrower shall specify whether it is requested from Amsterdam or from the Funding Liquidity Providers or from the other Committed Lenders, the requested Funding Date and the requested amount (the "Borrowing Amount") of such Borrowing, which must be in a minimum amount of $1,000,000 and multiples thereof (provided that one Borrowing may be for an amount equal to $1,000 or any amount in excess thereof), and a requested Interest Period for such Borrowing (provided that in all events the Agent shall be entitled to establish the Interest Period for a Borrowing from Amsterdam). The Agent shall promptly notify the contents of such request to each Lender from which the advance of a Borrowing is requested. If a Borrowing is requested from Amsterdam on the Funding Date and Amsterdam determines, in its sole discretion, to advance the requested Borrowing, Amsterdam shall transfer to the Agent's Account the amount of such Borrowing on the requested Funding Date. If a Borrowing is requested from the Funding Liquidity Providers on the Funding Date, subject to Section 5.2 and the other terms and conditions hereof, each Funding Liquidity Provider shall transfer its Ratable Share of the requested Borrowing Amount into the Agent's Account by no later than 12:00 noon (Chicago time) on the Funding Date. If a Borrowing is requested from any Committed Lender (other than a Funding Liquidity Provider) on the Funding Date, subject to Section 5.2 and the other terms and conditions hereof, each such Committed Lender shall transfer its Ratable Share of the requested Borrowing Amount into the Agent's Account by no later than 12:00 noon (Chicago time) on the Funding Date. To the extent Amsterdam does not deliver to the Agent's

Account by 12:00 noon (Chicago time) on the Funding Date any portion of a Borrowing Amount requested from it, the Agent shall promptly notify each Committed Lender and the Borrower of such circumstance, and the Borrower shall be deemed to have requested from the Committed Lenders (other than Funding Liquidity Providers) a Base Rate Borrowing in the amount of such deficiency (the "Unfunded Amount"), unless the Borrower notifies the Agent (including, at its option, by telephone) that it does not require the proceeds of such Borrowing to repay fully the B Portion of the Construction Loan. Subject to Section 5.2 and the other terms and conditions hereof, each Committed Lender (other than Funding Liquidity Providers) shall remit to the Agent's Account by no later than 2:00 p.m. (Chicago time) on the Funding Date its Ratable Share of any such Borrowing of an Unfunded Amount. The Agent shall transfer to the Borrower Account the proceeds of any Borrowing delivered into the Agent's Account. The Borrower agrees to request Borrowings from the Funding Liquidity Providers in an aggregate principal amount equal to the Funding Liquidity Provider's Ratable Share of all the Loans advanced on the Funding Date.

Section 2.2. Selection of Interest Rate Types and Interest Periods. (a) The Loan(s) included in each Borrowing advanced on the Funding Date shall bear interest initially at the type of rate specified in the Borrower's notice requesting such Borrowing pursuant to Section 2.1(b) or as otherwise established by the third to last sentence of Section 2.1(b). Thereafter, the Borrower may request Amsterdam to continue for an additional Interest Period part or all of any CP Borrowing by giving the Agent notice of such requested continuation by no later than 11:00 a.m. (Chicago time) one Business Day before the end of the current Interest Period for such Borrowing. At any time that any Borrowings are outstanding from the Committed Lenders, the Borrower may from time to time elect to change or continue the type of interest rate borne by each such Borrowing or, subject to the minimum amount of each Borrowing required by the first sentence of Section 2.1(b) (or, for any Committed Lender that makes a Loan pursuant to Section 10.8(c) or 2.11(b) in a principal amount less than such minimum amount, the principal amount of such Loan), any portion thereof, as follows: (i) if such Borrowing is a Eurodollar Borrowing, the Borrower may continue part or all of such Borrowing as a Eurodollar Borrowing for an Interest Period specified by the Borrower or convert part or all of such Borrowing into a Base Rate Borrowing on the last day of the Interest Period applicable thereto, or the Borrower may earlier convert part or all of such Borrowing into a Base Rate Borrowing so long as it pays the Early Payment Fee provided in Section 2.8(b); and (ii) if such Borrowing is a Base Rate Borrowing, on any Business Day the Borrower may convert all or part of such Borrowing into a Eurodollar Borrowing. All such requests to continue or convert part or all of a Borrowing from the Committed Lenders must be delivered to the Agent by no later than 11:00 a.m. (Chicago time) three (3) Business Days before the requested conversion or continuation through a written notice (including by telecopier or other facsimile communication). All Borrowings (i) from Amsterdam shall be CP Borrowings and (ii) from the Committed Lenders may be Eurodollar or Base Rate Borrowings, in all cases for an Interest Period. During the pendency of an Event of Default, the Borrower may not request any Eurodollar Borrowings and all outstanding Eurodollar Borrowings shall convert into Base Rate Borrowings on the last day of their Interest Periods if any Event of Default is continuing at such time.

(b) If, by the time required in Section 2.2(a), the Borrower fails to request an Interest Period for any Borrowing from Amsterdam or the requested Interest Period is unacceptable to

Amsterdam, the Agent may, in its sole discretion, select such Interest Period. If, by the time required in Section 2.2(a), the Borrower fails to select the type of Borrowing or Interest Period therefor from the Committed Lenders, such Borrowing shall continue at the end of its then current Interest Period as a Base Rate Borrowing. Any portion of a Borrowing from Amsterdam transferred to Committed Lenders pursuant to Section 3.1 shall thereupon be deemed to have been converted to a Base Rate Borrowing.

(c) In addition to transfers of Borrowings from Amsterdam to the Committed Lenders, at any time a Borrowing is outstanding from the Committed Lenders, the Borrower may request Amsterdam to purchase all, but not less than all, of the outstanding Borrowing(s) then held by the Committed Lenders (other than Direct Lenders). If Amsterdam, in its sole discretion, determines to acquire such Borrowing(s) and is able to fund its acquisition of all or any part of such Borrowing(s), Amsterdam may purchase such Borrowing(s), or the portion thereof for which it is able to receive funding, at a purchase price equal to the Matured Value of the Loans comprising each Borrowing (or portion thereof) so purchased (or, so long as all Early Payment Fees payable to the Committed Lenders in connection with such purchase are paid by the Borrower, the principal amount of, and all accrued and unpaid interest on, such Borrowing or portion thereof); provided that, if more than one Borrowing from the Committed Lenders (other than Direct Lenders) is outstanding, Amsterdam may purchase each Borrowing on the last day of the Interest Period applicable to such Borrowing. Any such purchase of a Borrowing by Amsterdam from the Committed Lenders shall be accomplished through a notification in the form of Exhibit B hereto and shall be subject to the limitations in Section 2.1(a), and such sale shall be made by each Committed Lender without recourse, representation or warranty except for the representation and warranty by each applicable Committed Lender that each Loan sold by such Committed Lender is free and clear of any Liens created or granted by such Committed Lender and that such Committed Lender has not suffered any Bankruptcy Event.

Section 2.3. Maturity of Loans. (a) The Borrower shall repay a portion of the Borrowings on the last Business Day of each calendar month, commencing on the last Business Day of the first full calendar month after the Funding Date (except that the first payment date may be the last Business Day in the calendar month in which the Loans are first advanced to the Borrower) (each an "Amortization Date"), in the principal amounts set forth opposite each Amortization Date on Schedule 2.3 under the heading "Scheduled Principal Payments" (the "Scheduled Principal Payments") (or, if less, the aggregate principal amount of Loans then outstanding). Each Scheduled Principal Payment shall be allocated between a payment related to the Rig and a payment related to the Drillship as set forth opposite each Amortization Date on Schedule 2.3 under the heading "Vessel Amortization Payments" (the unpaid portion of such payments at any date may be referred to as "Vessel Amortization Payments").

(b) The Agent shall, after consultation with the Borrower and Transocean, reset the sizing of the Loans and the Transocean Contract Loans (keeping the aggregate principal amount of the Loans and the Transocean Contract Loans outstanding the same), the amortization payments for the Loans and the Transocean Contract Loans, the rent payable under the Transocean Contracts, to the extent any such contract remains effective pursuant to the terms hereof, and the allocation of payments required on each Amortization Date between the Rig and the Drillship (all in accordance with the Sizing Methodology defined in the Secured Credit

Agreement as last in effect before the repayment of the Construction Loans on or before the Funding Date) within ten (10) Business Days from when (i) the effective date with respect to a Substitute Contract shall have occurred, (ii) the Borrower provides evidence reasonably satisfactory to the Agent that Amoco is then required to pay under the terms and provisions of the applicable Amoco Contract the stated operating dayrate contained therein as opposed to any cancellation fee for the remaining term of such contract (or, if earlier, until the last Amortization Date for the Loans), or (iii) if Amoco does not cancel a portion of the term of the Amoco Rig Contract (pursuant to the right to do so with no obligation to pay a cancellation fee (the "Free Cancellation Right")) prior to the commencement of the fourth year, fifth year or last eighteen (18) month period, respectively, of the term of the Amoco Rig Contract. The Borrower shall provide written notice to the Agent of any event described in (iii) above, and the Agent shall promptly provide any such notice to all Lenders. The Agent shall, after consultation with the Borrower and Transocean, also reset downwards the rent payable under the Transocean Contracts, to the extent any such contract remains effective pursuant to the terms hereof, within ten (10) Business Days from any prepayment of the Transocean Contract Loans pursuant to Section 2.4 or 2.5 of the Transocean Contracts Loan Agreement, all in accordance with the Sizing Methodology defined in the Secured Credit Agreement as last in effect before the repayment of the Construction Loans on or before the Funding Date.

Section 2.4. Optional Prepayments. Except pursuant to Section 2.5, the Borrower may not prepay any Borrowing unless all Transocean Contracts Loans have been repaid in full. Subject to the immediately preceding sentence, the Borrower shall have the privilege of prepaying (x) Base Rate Borrowings without premium or penalty at any time in whole or at any time and from time to time in part (but, if in part, then in an amount which is equal to or greater than $1,000,000), so long as the Borrower shall have given notice of such prepayment to the Agent (which shall in turn provide such notice promptly to the Lenders) no later than 12:00 noon (Chicago time) on the date of such prepayment, and (y) Eurodollar Borrowings or CP Borrowings without premium or penalty in whole or in part (but, if in part, then in an amount which is equal to or greater than $5,000,000) (i) only on the last Business Day of an Interest Period for such a Borrowing, and (ii) at any other time so long as any Early Payment Fee then due pursuant to Section 2.8(b) are paid; provided, however, that the Borrower shall have given notice of such prepayment to the Agent (which shall in turn provide such notice promptly to the Lenders) no later than 11:00 a.m. (Chicago time) (I) with respect to Base Rate Borrowings, on the date of such prepayment or (II) with respect to Eurodollar Borrowings or CP Borrowings, at least three (3) Business Days before the proposed prepayment date. Each such optional prepayment shall be accompanied by a payment of all accrued and unpaid interest on the Loans prepaid and any Early Payment Fee then due pursuant to Section 2.8(b). Optional prepayments under this Section 2.4 shall be applied to the remaining Scheduled Principal Payments in the inverse order of maturity. Each payment applied to a Scheduled Principal Payment shall be applied ratably between the Vessel Amortization Payments comprising such Scheduled Principal Payment. Amounts prepaid on the Loans under Section 2.4 or 2.5 may not be reborrowed.

Section 2.5. Mandatory Prepayments.

(a) Event of Loss. Within three (3) days of receipt by the Borrower, Transocean, the Agent, the Collateral Agent or any of the Lenders of any casualty

insurance proceeds or any condemnation or other similar proceeds from any governmental authority or other Person from any Event of Loss (the "Insurance Receipt Date"), the Borrower may, upon written notice to the Agent (who shall promptly provide such notice to the Lenders), elect to reconstruct the Drillship or the Rig, as applicable, with the Event of Loss Proceeds so long as (i) such reconstruction can be completed within eighteen (18) months from the date of such Event of Loss, as reasonably determined by the Borrower at such time and as demonstrated to the reasonable satisfaction of the Agent, (ii) such Event of Loss has not caused and is not reasonably likely to cause either of the Amoco Contracts or any Substitute Contract to terminate or cancel (with no obligation to pay a cancellation fee and other than pursuant to the Free Cancellation Right) and Amoco or such substitute contracting party, as applicable, provides written confirmation to the Agent that it will continue to lease the applicable vessel at the end of such reconstruction period pursuant and subject to the terms of such applicable contract for the full stated term thereof, (iii) the Collateral Agent (for the benefit of the Lenders, the "Lenders" under the Transocean Contracts Loan Agreement and the Swap Parties) is provided a security interest in any construction contract and any letter of credit or other collateral provided to the Borrower or Transocean in connection therewith on terms substantially similar to the applicable Security Documents and otherwise as reasonably satisfactory to the Agent, (iv) Transocean executes and delivers a new performance guaranty of the reconstruction thereof containing terms substantially similar to the applicable portions of the Transocean Performance Guaranty and otherwise as reasonably satisfactory to the Agent, (v) the Borrower shall be able to obtain loss of hire insurance for such vessel after the reconstruction period therefor as then reasonably determined by the Borrower and as demonstrated to the reasonable satisfaction of the Agent, and (vi) the Borrower shall demonstrate to the reasonable satisfaction of the Agent that it shall be able to timely pay its Obligations hereunder and any "true up" costs and expenses payable to any Swap Parties as a result of such Event of Loss and such reasonably determined reconstruction period under the Interest Rate Protection Agreements as required pursuant to Section 7.1(j) and no Default shall have occurred and be continuing, in which event all Event of Loss Proceeds shall be segregated and held by the Collateral Agent and made available by the Collateral Agent to the Borrower (x) for such reconstruction, using contractors, plans and specifications and methods substantially in accordance with the Functional Requirements as reasonably satisfactory to the Agent and the Instructing Group, and (y) for the payment of the Obligations, the Transocean Contracts Obligations and the Swap Obligations, as provided below. If the Borrower elects not to, or is unable pursuant to the terms and conditions hereof to, reconstruct the applicable vessel with any such Event of Loss Proceeds, the Borrower shall within three (3) days of the Insurance Receipt Date, make a mandatory principal prepayment of (i) the remaining unpaid Vessel Amortization Payments for the Drillship or the Rig, as applicable, (ii) the remaining unpaid "Vessel Amortization Payments" under the Transocean Contracts Loan Agreement for the Drillship or the Rig, as applicable, and (iii) after giving effect to the preceding clause (ii), (x) any unpaid Transocean Contracts Aggregate Principal Amount in the amount of any Required Coverage Payment (or, if less, the remaining unpaid Transocean Contracts Aggregate Principal Amount) and (y) if such outstanding Transocean Contracts Aggregate Principal Amount is less than the Required Coverage Payment, Loans outstanding hereunder in the amount of such

difference. Prepayments made under clause (iii) of the preceding sentence shall be applied to the "Scheduled Principal Payments" under the Transocean Contracts Loan Agreement, or to the Scheduled Principal Payments, as the case may be, in the inverse order of maturity. Each such mandatory payment shall be accompanied by a payment of all accrued and unpaid interest on the Loans and the Transocean Aggregate Principal Amount prepaid and any Early Payment Fee pursuant to Section 2.8(b) and the comparable provisions of the Transocean Contracts Loan Agreement. Any Event of Loss Proceeds received at any time by the Borrower, Transocean, the Agent, the Collateral Agent or any of the Lenders shall (i) if received by any such Person other than the Collateral Agent, forthwith be turned over to the Collateral Agent or (ii) if received by the Collateral Agent (or turned over to the Collateral Agent pursuant to clause (i)), be applied as directed by the Borrower from time to time to the payment of Obligations, Transocean Contract Obligations, or Swap Obligations (including, without limitation, to mandatory payments of the amounts provided in clauses (i)-(iii) of the second preceding sentence or to the payment of costs incurred in connection with the reconstruction of the Drillship or the Rig, as applicable, if undertaken in accordance with this Section 2.5(a)). Any Event of Loss Proceeds held by the Collateral Agent (i) after such reconstruction is completed, as evidenced by a certificate from the Borrower certifying the completion of such reconstruction or repair in form and substance reasonably satisfactory to the Agent, or (ii) after the mandatory prepayment of amounts owed hereunder and under the Transocean Contracts Loan Agreement, as described above, shall be released by the Collateral Agent to the Borrower upon demand.

(b) Vessel Financing Termination. The Borrower may for any reason at any time elect to terminate the financing arrangements provided in this Agreement and the Transocean Contracts Loan Agreement for the Rig (a "Vessel Financing Termination"). The Borrower shall give the Agent at least three (3) Business Days' notice of the date on which it intends to effect a Vessel Financing Termination. The Agent shall promptly provide any such notice to the Lenders. On the date so specified, the Borrower shall make a prepayment of amounts owing hereunder and under the Transocean Contracts Loan Agreement as it would be required under clauses (i)-(iii) of the second sentence in Section 2.5(a) if the Rig were subject to an Event of Loss and were not reconstructed.

(c) Excess Cash Flow. On each Amortization Date, if there are no outstanding Transocean Contracts Obligations, the Borrower shall make a mandatory prepayment of the outstanding Loans in an amount equal to 50% of Excess Cash Flow received during the preceding calendar month, for application to the Scheduled Principal Payments in the inverse order of maturity, applied ratably between the Vessel Amortization Payments due on each such date based on their principal amounts.

(d) Casualty Event. The Borrower shall use any Casualty Proceeds aggregating less than $15,000,000 from any Casualty Event to repair the Drillship or the Rig, as applicable, so long as no Default shall have occurred and be continuing, provided that the Collateral Agent shall hold any such Casualty Proceeds so long as a Default shall have occurred and then be continuing and (i) shall release such Casualty Proceeds to the Borrower to be used for such repair when and if such Default shall have been cured or

waived pursuant to the terms hereof or (ii) if so directed by the Borrower, shall apply such Casualty Proceeds against the Obligations, Transocean Contract Obligations and/or Swap Obligations as set forth below in this Section 2.5(d). The Borrower shall use any Casualty Proceeds aggregating $15,000,000 or more to repair the Drillship or the Rig, as applicable, using such contractors, plans and specifications and methods substantially in accordance with the Functional Requirements as reasonably determined by the Borrower so long as (i) such repair can be completed within eighteen (18) months from the date of such Casualty Event as reasonably determined by the Borrower at such time, (ii) such Casualty Event shall have not caused, and is not reasonably likely to cause, either of the Amoco Contracts or the Substitute Contracts, if any, to terminate or cancel (with no obligation to pay a cancellation fee and other than pursuant to the Free Cancellation Right), (iii) Transocean executes and delivers a new performance guaranty of the repair thereof containing terms substantially similar to the applicable portions of the Transocean Performance Guaranty and otherwise as reasonably satisfactory to the Agent, provided that the damages for failure to perform such guaranty shall be limited to the amount of the aggregate Casualty Proceeds received by the Borrower or Transocean from such Casualty Event and such guaranty of repair shall be deemed satisfied when Amoco or any other Person party to a Substitute Contract, as applicable, shall have commenced making scheduled stated operating dayrate payments with respect to the applicable vessel after such repairs have been completed, and (iv) the Borrower shall demonstrate to the reasonable satisfaction of the Agent that it shall be able to timely pay its Obligations hereunder during the anticipated repair period as reasonably determined by the Borrower, and any "true up" costs and expenses payable to any Swap Parties as a result of such Casualty Event and such repair period under the Interest Rate Protection Agreement as required pursuant to Section 7.1(j) and no Default shall have occurred and be continuing. If the Borrower elects not to (for any Casualty Event whose Casualty Proceeds aggregate more than $15,000,000), or is unable pursuant to the terms and conditions hereof to, repair the applicable vessel with any such Casualty Proceeds, the Borrower shall within three (3) days of receipt by the Borrower, Transocean, the Agent, the Collateral Agent or any of the Lenders of any casualty insurance proceeds or any condemnation or other similar proceeds from any governmental authority or any other Person, make a mandatory principal prepayment of the Loans and/or Transocean Contracts Loans, as determined below, in an aggregate amount such that the sum of the aggregate principal payment, plus the other amounts that will become payable as a result of such mandatory prepayment as set forth in the following two sentences and the corresponding provisions of the Transocean Contracts Loan Agreement, equals the Casualty Proceeds. Each such mandatory prepayment shall be accompanied by a payment of all accrued and unpaid interest on the Loans and Transocean Contracts Loans prepaid and any Early Payment Fee then due pursuant to Section 2.8(b) or the comparable provision of the Transocean Contracts Loan Agreement. So long as the Amoco Contract or the Substitute Contract, as applicable, for the vessel subject to such Casualty Event remains in effect, each such prepayment shall be applied to the Transocean Contracts Loans in inverse order of maturity and, only after their payment in full, to the Loans in inverse order of maturity (and, with respect to such particular remaining Scheduled Principal Payment to which such prepayment is so allocated, shall be further suballocated between the two Vessel Amortization Payments comprising each such Scheduled Principal Payment, ratably

according to the amount of each such Vessel Amortization Payment). If the Amoco Contract or the Substitute Contract, as applicable, for such vessel subject to the Casualty Event does not remain in effect, such prepayment shall be applied ratably to the Vessel Amortization Payments for the applicable vessel and the "Vessel Amortization Payments" under the Transocean Contracts Loan Agreement for the applicable vessel, ratably based on their aggregate amounts, in inverse order of their maturities. Any Casualty Proceeds received at any time by the Borrower, Transocean, the Agent, the Collateral Agent or any of the Lenders shall (i) if received by any such Person other than the Collateral Agent, forthwith be turned over to the Collateral Agent, or (ii) if received by the Collateral Agent (or turned over to the Collateral Agent pursuant to clause (i)), be applied as directed by the Borrower from time to time to the payment of amounts payable hereunder and/or under the Transocean Contracts Loan Agreement (including, without limitation, to the mandatory prepayment provided for in this Section 2.5(d), if any) and/or Swap Obligations, or to the payment of costs incurred in connection with the repair of the Drillship or the Rig, as applicable, if undertaken in accordance with this Section 2.5(d)). Any Casualty Proceeds held by the Collateral Agent after any such repair is completed, as evidenced by a certificate from the Borrower certifying the completion of such repair in form and substance reasonably satisfactory to the Agent, shall be released by the Collateral Agent to the Borrower upon demand.

(e) Adjustments to Operative Documents. Any term of this Agreement or any other Security Document to the contrary notwithstanding, upon the making of payments pursuant to Section 2.5(a) or (b), (i) the Collateral Agent shall execute and deliver to the Agent such instruments as are necessary to release the applicable vessel and any Collateral related thereto from any Lien thereon under any Security Document, and the Borrower and the Collateral Agent shall enter into such instruments as are necessary to terminate the applicability of the Credit Documents to the applicable vessel and any such related Collateral, (ii) without limitation of clause (i), if the Drillship is the applicable vessel, references herein to the Drillship or to the Amoco Drillship Contract, the Transocean Drillship Contract, the Substitute Drillship Contract, the Drillship O&M Contract, the Drillship Shipyard Construction Contract, the Assignment of Bank Guarantees and any other Credit Documents relating solely to the Drillship (collectively, the "Drillship Documents"), other than references to any of the foregoing in Section 2.5(a) or (b), as applicable, and other than specific references to the Drillship as the applicable vessel pursuant to Section 2.5(a) or (b), as applicable, and except to the extent otherwise expressly provided in provisions making specific reference to this Section 2.5(e), shall be deemed to be deleted, references in the Credit Documents that are not Drillship Documents to the Drillship or any of the Drillship Documents, other than specific references therein to the Drillship as the applicable vessel pursuant to Section 2.5(a) or (b), as applicable, and except to the extent otherwise expressly provided in provisions making specific reference to this Section 2.5(e), shall be deemed to be deleted, the Credit Documents that are Drillship Documents shall be terminated and the Borrower shall be free to act in its sole discretion with respect to the Drillship (and related assets) and the Drillship Documents that are not Credit Documents, (iii) without limitation of clause (i), if the Rig is the applicable vessel, references herein to the Rig or to the Amoco Rig Contract, the Transocean Rig Contract, the Substitute Rig Contract, the

Rig O&M Contract, the Rig Shipyard Construction Contract and any other Credit Documents relating solely to the Rig (collectively, the "Rig Documents"), other than references to any of the foregoing in Section 2.5(a) or (b), as applicable, and other than specific references to the Rig as the applicable vessel pursuant to Section 2.5(a) or (b), as applicable, and except to the extent otherwise expressly provided in provisions making specific reference to this Section 2.5(e), shall be deemed to be deleted, references in the Credit Documents that are not Rig Documents to the Rig or any of the Rig Documents, other than specific references therein to the Rig as the applicable vessel pursuant to Section 2.5(a) or (b), as applicable, and except to the extent otherwise expressly provided in provisions making specific reference to this Section 2.5(e), shall be deemed to be deleted, the Credit Documents that are Rig Documents shall be terminated and the Borrower shall be free to act in its sole discretion with respect to the Rig (and related assets) and the Rig Documents that are not Credit Documents, and (iv) any amount in the Insurance Reserve with respect to such vessel as determined pursuant to Section 7.1(f)(iii) shall be released by the Collateral Agent to the Borrower. Notwithstanding anything to the contrary contained in this Section 2.5(e), the applicable vessel and any related Collateral shall not be released from any Lien thereon under any Security Documents unless and until the Borrower shall have effected a "true-up" of the financial terms of the Interest Rate Protection Agreement or Agreements in effect at such time to the extent necessary to eliminate any over-hedged position at such time as a result of any such prepayments or, if no Default or Event of Default shall have occurred and be continuing under the Transocean Credit Facility, the Borrower shall have assigned its rights and obligations under such Interest Rate Protection Agreement or Agreements to Transocean to the extent of such prepayment pursuant to documentation in form and substance reasonably satisfactory to the affected Swap Party.

(f) "Sue and Labor" Reimbursement Insurance Proceeds. The Collateral Agent shall promptly turn over to Transocean any "sue and labor" reimbursement expense payments received by it so long as (or when) no Default shall have occurred and be continuing (or, if so directed by Transocean, apply such payments against the Obligations, the Transocean Contract Obligations and/or Swap Obligations).

(g) Early Payment Fee. If any payments made under this Section 2.5 would result in the reduction of any CP or Eurodollar Borrowing before the last day of its Interest Period, in order to avoid the need to pay an Early Payment Fee under Section 2.8(b), so long as no Event of Default then exists, the Borrower may direct the Agent to invest the funds required to be applied to make such payment in Permitted Investments, through an investment account in the Agent's name and sole control, and apply the proceeds of such investments to repay CP or Eurodollar Borrowings on the last day of the Interest Period applicable thereto. Interest shall continue to accrue on such CP or Eurodollar Borrowings until payments are applied to reduce such Borrowings.

(h) Drillship Dayrate Differential. If the stated operating dayrate (excluding any incentive or bonus rates) to be paid by Amoco pursuant to the terms of the Amoco Drillship Contract is less than $181,000 per day as a result of one or more agreements of the parties thereto to an incentive program, then the Borrower shall give prompt written

notice thereof to the Agent (which the Agent will in turn forward promptly to the Lenders) and the Agent shall on or prior to the date ten (10) days after any such agreement becomes effective so as to reduce the operating day rate thereunder, after consultation with the Borrower and Transocean, reasonably determine the reduced size of the Loans and the principal amount of each required payment of each Loan on each remaining Amortization Date, in each case using the Sizing Methodology defined in the Secured Credit Agreement as last in effect before the repayment of the Construction Loans on or before the Funding Date. The remaining required amortization payments for the Loans shall be such that the Loans (after taking into account the Fixed Operating Expenses attributable to each of the Rig and the Drillship) are fully amortized to $0 by the last Amortization Date on Schedule 2.3. The Borrower will, on or prior to the date fifteen (15) days after any such agreement becomes effective so as to reduce the operating dayrate thereunder, prepay the principal amount of the Loans in an amount equal to the difference between the outstanding principal balance of the Loans and such reduced size of the Loans appropriately using the Sizing Methodology. Such mandatory prepayment shall be accompanied by a payment of all accrued and unpaid interest on the principal amount of Loans so prepaid and any applicable breakage fees and funding losses pursuant to Section 2.8(b).

Section 2.6. Applicable Interest Rates. (a) Base Rate Borrowings. Each Base Rate Borrowing shall bear interest (computed on the basis of a 365/366-day year and actual days elapsed excluding the date of repayment) on the unpaid principal amount thereof from the date such Borrowing is advanced, continued or created through conversion until the last day of its Interest Period, conversion to a Eurodollar Borrowing or maturity (whether by acceleration or otherwise), at a rate per annum equal to the Base Rate from time to time in effect, payable on such last day of its Interest Period, date of conversion or at maturity (whether by acceleration or otherwise).

(b) Eurodollar Borrowings. Each Eurodollar Borrowing shall bear interest (computed on the basis of a 360-day year and actual days elapsed, excluding the date of repayment) on the unpaid principal amount thereof from the date such Borrowing is advanced, continued or created through conversion until the last day of its Interest Period, conversion to a Base Rate Borrowing or maturity (whether by acceleration or otherwise), at a rate per annum equal to the Eurodollar Rate applicable to such Borrowing, payable on such last day of its Interest Period, conversion to a Base Rate Borrowing or at maturity (whether by acceleration or otherwise).

(c) CP Borrowings. Each CP Borrowing shall bear interest (computed on the basis of a 360-day year and actual days elapsed, excluding the date of repayment) on the unpaid principal amount thereof from the date such Borrowing is advanced or continued until the last day of its Interest Period (whether by acceleration or otherwise) at a rate per annum equal to the CP Rate for such Borrowing, payable on the last day of its Interest Period and when required by Section 3.1(c).

(d) Rate Determinations. The Agent shall determine each interest rate applicable to each Borrowing and such determination shall be conclusive and binding except in the case of the Agent's manifest error or willful misconduct.

Section 2.7. Default Rate. If any payment of principal on any Borrowing from the Committed Lenders is not made when due after the expiration of the grace period therefor provided in Section 8.1(a) (whether by acceleration or otherwise), such Borrowing shall bear interest (computed on the basis of a year of 360, 365 or 366 days, as applicable for the relevant type of rate, and actual days elapsed) after such grace period expires until such principal then due is paid in full, payable on demand, at a rate per annum equal to:

(i) for any Base Rate Borrowing, the sum of two percent (2%) per annum plus the Base Rate from time to time in effect (but not less than the Base Rate in effect at maturity); and

(ii) for any Eurodollar Borrowing, the sum of two percent (2%) per annum plus the rate of interest in effect thereon at the time of such default until the end of the Interest Period for such Borrowing and, thereafter, at a rate per annum equal to the sum of two percent (2%) per annum plus the Base Rate from time to time in effect (but not less than the Base Rate in effect at maturity).

Section 2.8. Fees and Other Costs and Expenses. (a) The Borrower shall pay to the Agent (i) for the ratable benefit of the Liquidity Providers, such amounts as agreed to with the Liquidity Providers and the Agent in the Pricing Letter, and (ii) for the account of the Enhancer and the Agent, such amounts as agreed to with the Enhancer and the Agent in the Fee Letter.

(b) If (x) any portion of a CP Borrowing or Eurodollar Borrowing is repaid (as opposed to purchased) or, in the case of a Eurodollar Borrowing, purchased by Amsterdam pursuant to Section 2.2(c) (unless the Borrower requests Amsterdam to pay to the Committed Lenders all interest scheduled to become due on such Borrowing during its current Interest Period), in each case, before the last day of its Interest Period or (y) a Eurodollar Borrowing is not advanced or continued, or created by conversion, as requested by the Borrower pursuant to Section 2.1(b) or 2.2(a), the Borrower shall pay the Early Payment Fee to each Lender that had its Loan so repaid or purchased or not so advanced, continued, or created by conversion (other than as a result of such Lender's default).

Section 2.9. Reduction in Commitments. The Borrower may, upon thirty days' notice to the Agent (which shall promptly notify each Lender), reduce the Borrowing Limit and/or Aggregate Commitment in increments of $1,000,000, so long as the Aggregate Commitment at all times equals at least the Matured Aggregate Loan Amount and at least 102% of the Borrowing Limit then in effect. At the time any Scheduled Principal Payment or mandatory prepayment is received by the Agent in full, or any optional prepayment is received, the Borrowing Limit shall automatically reduce by the amount of such payment (if not already reduced by such amount on Schedule 2.3) and the Aggregate Commitment shall automatically reduce to an amount equal to 102% of the Borrowing Limit then in effect or, if larger, the Matured Aggregate Loan Amount then in effect. Each reduction in the Aggregate Commitment shall reduce the Commitment of each Committed Lender in accordance with its Ratable Share.

Section 2.10. The Note. The Loans outstanding to the Borrower from the Lenders shall be evidenced by a single promissory note of the Borrower payable to the order of the Agent, for the

benefit of the Lenders, in the form of Exhibit 2.10 (the "Note"). The Agent shall record on its books and records or on a schedule to the Note the amount of each Loan held by a Lender, all payments of principal and interest and the principal balance from time to time owed to each Lender, the type of each Loan and the Interest Period and interest rate applicable thereto. Such record, whether shown on the books and records of the Agent or on a schedule to the Note, shall be prima facie evidence as to all such matters; provided, however, that the failure of the Agent to record any of the foregoing or any error in any such record shall not limit or otherwise affect the obligation of the Borrower to repay all Loans outstanding to it hereunder together with accrued interest thereon.

Section 2.11. Extensions of Scheduled Termination Date.

(a) Not more than 90 days before the Scheduled Termination Date then in effect, the Borrower may request that each Committed Lender (other than a Direct Lender that previously was a Non-Consenting Lender) extend its Commitment for an additional 364 days. Each such Committed Lender shall respond to such request within 30 days of receiving such request or, if later, on the date 45 days before the then Scheduled Termination Date. If, by the date 45 days before the then Scheduled Termination Date, any such Committed Lender (a "Non-Consenting Lender") has not notified the Agent it agrees to so extend its Commitment for an additional 364 day period, unless (in the case of a Liquidity Provider) any other Liquidity Provider or Providers (including any Person who thereby becomes a Liquidity Provider) assumes the Commitment of such Non-Consenting Lender, including any Loans made by a Direct Lender, in accordance with Section 10.8(b) on or before the date 30 days before the then Scheduled Termination Date and agrees to extend such Commitment for an additional 364 day period, the Scheduled Termination Date shall not be extended, unless the Scheduled Termination Date is extended pursuant to Section 2.11(b). If all such Committed Lenders agree to extend the Scheduled Termination Date, or if the Commitment of each Non-Consenting Lender that is a Liquidity Provider is assumed by another Lender pursuant to the preceding sentence, the Scheduled Termination Date shall be extended for an additional 364 day period. Otherwise, subject to Section 2.11(b), the Scheduled Termination Date shall take place as scheduled.

(b) If the Enhancer and Liquidity Providers having Commitments that together with the Enhancer's Commitment constitute a majority of the Commitments have agreed (each such Lender being a "Consenting Lender"), pursuant to Section 2.11(a), to extend their Commitments (including the assumption of Commitments pursuant to Section 2.11(a)) for an additional 364 day period, but one or more Non-Consenting Lenders have not had their Commitment(s), including any Loan made by a Direct Lender, assumed as contemplated by Section 2.11(a), the Borrower may by notice to the Agent either (i) reduce the Aggregate Commitment by an amount up to the amount of the Unused Commitment(s) of the Liquidity Provider(s) that were Non-Consenting Lender(s) either by requiring each such Non-Consenting Lender to advance one or more Loans and/or by terminating all or any portion of each such Non-Consenting Lender's Commitment, if such reduction in the Aggregate Commitment is permitted under Section 2.9 (without giving effect to the minimum amount or required increment for such reductions, neither of which shall apply in such instance) or (ii) repay on the then Scheduled Termination Date all or a portion of the Loans advanced by any Committed Lenders that were Non-Consenting Lenders, with each such payment to be allocated pro rata solely to the Non-Consenting Lenders that are

Committed Lenders. Such reduction in the Aggregate Commitments shall thereupon become effective with the reduction allocated pro rata solely to the Non-Consenting Lender(s) with its or their Unused Commitment(s) reduced by an amount designated by the Borrower and any repayment of Loans shall be allocated pro rata solely to the Non-Consenting Lenders in accordance with the aggregate principal amount of all outstanding Loans owed to the Non-Consenting Lenders. Any previously advanced Loans then outstanding from such Non-Consenting Lender(s) shall remain outstanding subject to the terms of this Agreement. If Loans are then outstanding from Amsterdam, then the Borrower may elect to (i) extend the Scheduled Termination Date for each Consenting Lender by delivering a notice to the Agent of such election and (ii) require each Non-Consenting Lender (that is not a Direct Lender) to advance on or before the then Scheduled Termination Date one or more Loans (each a "Non-Consenting Lender Loan") on a pro rata basis equal, in each case, to an amount specified in the Borrower's election that is no greater than such Non-Consenting Lender's Unused Commitment. The proceeds of any such Non-Consenting Lender Loans shall be deposited with the Agent and applied on the next Amortization Date to repay solely Loans then owed Amsterdam without thereby reducing the aggregate principal amount of outstanding Loans. Thereafter, such Non-Consenting Lender Loans and any outstanding Loans of a Direct Lender that is or was a Non-Consenting Lender shall be repaid to the extent provided pursuant to Sections 2.3 and 3.2 for Loans of a Liquidity Provider. If an extension of the Scheduled Termination Date is agreed to by the Enhancer and Liquidity Providers having Commitments that together with the Enchancer's Commitment constitute a majority of the Commitments and such extension takes place pursuant to this Section 2.11(b), the Scheduled Termination Date shall be extended for the Enhancer and the Consenting Lenders (or replacement Lenders, as applicable) for an additional 364 day period.

ARTICLE III

SALES TO AND FROM AMSTERDAM; ALLOCATIONS

Section 3.1. Required Purchases from Amsterdam. (a) Amsterdam may, at any time on or prior to the Liquidity Termination Date, and, on the earlier of the Amsterdam Termination Date and upon the Agent and Amsterdam learning of a continuing Put Event, Amsterdam shall, sell to the Committed Lenders (other than the Direct Lenders) any percentage designated by Amsterdam of Amsterdam's Principal Amount (each, a "Put"). If the Put occurs due to the Amsterdam Termination Date or a Put Event, the designated percentage shall be 100% or such lesser percentage as is necessary to obtain the maximum available Purchase Price from each such Committed Lender. Immediately upon notice of a Put from Amsterdam to the Agent, the Agent shall deliver to each such Committed Lender and the Borrower a notification of assignment in substantially the form of Exhibit C by not later than 12:30 p.m. (Chicago time), and each such Committed Lender shall purchase from Amsterdam its Purchase Percentage of Amsterdam's Principal Amount subject to such Put by transferring to the Agent's Account an amount equal to such Lender's Purchase Price by not later than 1:00 p.m. (Chicago time) on the date such funds are requested; provided, however, that the Enhancer may exchange for part or all of the Purchase Price payable by it an equal amount of the Program Unreimbursed Draw Amount.

(b) If a Liquidity Provider fails to transfer to the Agent its full Purchase Price when required by Section 3.1(a) (each such Liquidity Provider being a "Defaulting Lender" and the aggregate amount not made available to the Agent by each such Liquidity Provider being the

"Unpaid Amount"), then, upon notice from the Agent by not later than 1:15 p.m. (Chicago time), each Liquidity Provider not owing an Unpaid Amount shall transfer to the Agent's Account, by not later than 1:45 p.m. (Chicago time), an amount equal to the lesser of such Liquidity Provider's proportionate share (based on its Commitment divided by the Commitments of all Liquidity Providers that have not so failed to pay their full Purchase Price) of the Unpaid Amount and the unused portion of its Commitment. If the Agent does not then receive the Unpaid Amount in full, upon notice from the Agent by not later than 2:00 p.m. (Chicago time) on such day, each Liquidity Provider that has not failed to fund any part of its obligations on such day under this Section 3.1 shall pay to the Agent, by not later than 2:30 p.m. (Chicago time), its proportionate share (determined as described above) of the amount of such remaining deficiency up to the amount of the unused portion of its Commitment. Any Defaulting Lender that fails to make a payment under this Section 3.1 relating to such Unpaid Amount on the date of a Put shall pay on demand to each other Liquidity Provider that makes a payment under this subsection (b) the amount of such payment, together with interest thereon, for each day from the date such payment was made until the date such other Liquidity Provider has been paid such amount in full, at a rate per annum equal to the Federal Funds Rate plus two percent (2%) per annum. In addition, without prejudice to any other rights Amsterdam may have under applicable law, any Defaulting Lender shall pay on demand to Amsterdam the difference between such unpaid Purchase Price and the amount paid by other Liquidity Providers or the Agent to cover such failure, together with interest thereon, for each day from the date such Purchase Price was due until the date paid, at a rate per annum equal to the Federal Funds Rate plus two percent (2%) per annum. Notwithstanding anything in Section 3.2 or elsewhere in this Agreement to the contrary, no Defaulting Lender shall receive any payment of principal, interest or any other amount hereunder until the Unpaid Amount owed by such Defaulting Lender is recovered by Amsterdam or, if funded by the other Liquidity Providers pursuant to this subsection (b), by such Liquidity Providers. For such purposes, all amounts otherwise payable to such Defaulting Lender hereunder shall be applied to satisfy its obligations to Amsterdam and/or the Liquidity Providers until such obligations are fully satisfied, with such payments by the Borrower nevertheless discharging the obligations owed to the Defaulting Lender that otherwise would have been satisfied by such payment, and each Defaulting Lender is hereby directing such use of funds received for its benefit hereunder to satisfy any Unpaid Amount owed by such Defaulting Lender.

(c) Any portion of Amsterdam's Principal Amount purchased by a Committed Lender (including any purchased under Section 3.1(b) in fulfillment of another Committed Lender's obligation unless such purchase is reimbursed in full, with interest, by such other Committed Lender under Section 3.1(b)) shall be considered part of such Lender's Principal Amount from the date of the relevant Put. Each such sale by Amsterdam to a Committed Lender shall be without recourse, representation or warranty except for the representation and warranty that such Principal Amount and related amounts are being sold by Amsterdam free and clear of any Lien created or granted by Amsterdam. Immediately upon any purchase by the Committed Lenders of any portion of Amsterdam's Principal Amount, the Borrower shall pay to the Agent (for the ratable benefit of such Lenders) an amount equal to the sum of the amount calculated for all such Lenders pursuant to clause (b) of the definition of Purchase Price. Such payment shall discharge the obligations described in such clause (b).

(d) The proceeds from each Put received by Amsterdam (other than amounts described in clauses (b)(ii) and (iii) of the definition of Purchase Price) shall be transferred into the Special Transaction Subaccount and used solely to pay that portion of the outstanding commercial paper of Amsterdam issued to fund or maintain the Principal Amount of Amsterdam so transferred.

(e) The obligation of each Committed Lender (other than the Direct Lenders) to make any purchase from Amsterdam pursuant to this Section 3.1 or Section 2.2(c) shall be several, not joint, and shall be absolute and unconditional; provided, however, that no such Committed Lender shall have any obligation to make such a purchase at a time that (i) Amsterdam shall have voluntarily commenced any proceeding or filed any petition under any bankruptcy, insolvency or similar law seeking the dissolution, liquidation or reorganization of Amsterdam or (ii) involuntary proceedings or an involuntary petition shall have been commenced or filed against Amsterdam under any bankruptcy, insolvency or similar law seeking the dissolution, liquidation or reorganization of Amsterdam and such proceeding or petition shall not have been dismissed or stayed for a period of thirty (30) days, or any of the actions sought in such proceeding or petition (including the entry of an order for relief against, or the appointment of a receiver, trustee, custodian or other similar official for, Amsterdam or for any substantial part of Amsterdam's property) shall occur.

(f) Each Funding Liquidity Provider, by its acceptance hereof, severally agrees to purchase from each other Committed Lender that has purchased a portion of Amsterdam's Principal Amount, and each Committed Lender purchasing a portion of Amsterdam's Principal Amount hereby agrees to sell to each such Funding Liquidity Provider, an undivided percentage participating interest in an amount equal to the amount calculated for such Committed Lender pursuant to clause (b) of the definition of Purchase Price. Such participating interests shall be purchased and sold to the extent necessary to cause the amount of each Funding Liquidity Provider's participating interest in such amount to be equal to its Ratable Share of such amount. After the payment by the relevant Committed Lenders of the Purchase Price of any Put, each Funding Liquidity Provider shall, not later than the Business Day it receives a request therefor from a Committed Lender (given directly or through the Agent) to such effect, if such request is received before 1:00 P.M. (New York City time), or not later than the following Business Day, if such request is received after such time, pay to the Agent for the account of the Committed Lenders an amount equal to its Ratable Share of such amount, together with interest on such amount accrued from the date the payment was made by the Committed Lenders to the date of such payment by such Funding Liquidity Provider at a rate per annum equal to (i) from the date the related payment was made by the Committed Lenders to the date two (2) Business Days after payment by such Funding Liquidity Provider is due hereunder, the Federal Funds Rate for each such day and (ii) from the date two (2) Business Days after such payment is due from such Funding Liquidity Providers to the date such payment is made by such Funding Liquidity Providers, the Base Rate in effect for each such day. Each such Funding Liquidity Providers shall thereafter be entitled to receive its Ratable Share of each payment received in respect of the relevant amount and of interest paid thereon, with each Committed Lender retaining its Ratable Share.

The several obligations of the Funding Liquidity Providers to each Committed Lender under this Section 3.1(f) shall be absolute, irrevocable and unconditional under any and all

circumstances whatsoever and shall not be subject to any set-off, counterclaim or defense to payment which any Funding Liquidity Providers may have or have had against the Borrower, any Committed Lender or any other Person whatsoever. Without limiting the generality of the foregoing, such obligations shall not be affected by any Default or by any reduction or termination of any Commitment of any Committed Lender. The Agent shall be entitled to offset amounts received for the account of Committed Lenders under this Section against unpaid amounts due from Committed Lenders hereunder (whether as fundings of participations, indemnities or otherwise) but shall not be entitled to offset against amounts owed to the Agent by any Committed Lender arising outside this Agreement.

Section 3.2. Allocations and Distributions.

(a) Before Amsterdam Termination Date. Subject to Section 3.2(d), at all times before the Amsterdam Termination Date payments received hereunder on the Obligations, other than payments of principal, shall be distributed to the Lenders ratably in payment of amounts then due and owing to each Lender hereunder and payments of principal received on the Loans hereunder shall be distributed to the Lenders in payment of such Borrowings, in whole or in part, as the Borrower identifies to the Agent for repayment (or, in the absence of such designation, to the Borrowing(s) that have their Interest Period(s) ending on or the soonest after such date, with the Agent selecting such applications in its sole discretion if more than one Borrowing satisfies such criteria). Notwithstanding anything in this Section 3.2(a) to the contrary, all payments of Borrowings from Committed Lenders will be applied ratably to the Loans held by such Committed Lenders that comprise such Borrowing.

(b) Amsterdam Termination Date. Subject to Section 3.2(d), at all times on and after the Amsterdam Termination Date that the Liquidity Termination Date has not occurred, all payments of principal received on the Loans shall be applied first to repay Loans then held by Amsterdam, as selected by the Agent, and thereafter in accordance with Section 3.2(a) and all other payments received on the Obligations shall be distributed as provided in Section 3.2(a).

(c) Liquidity Termination Date. Subject to Section 3.2(d), at all times on and after the Liquidity Termination Date, all payments of principal received on the Loans shall be applied ratably between Borrowings outstanding from Amsterdam and the Liquidity Providers, as designated by the Agent, and all other payments received on the Obligations shall be distributed in accordance with Section 3.2(a).

(d) Acceleration; Shortfalls. At any time the maturity of any Loans has been accelerated pursuant to Section 8.2 or 8.3 or any payment is received on the Obligations representing less than the total amount then due and owing hereunder, all payments received on the Obligations, including from the Collateral Agent as proceeds of Collateral, shall be applied as follows:

(i) first, to Amsterdam and to the Liquidity Providers (ratably, based on the Matured Value of the Loans they hold) as payments of principal and interest on their Loans until all such principal and interest owed to the Liquidity Providers and Amsterdam has been paid in full;

(ii) second, to the Enhancer as payments of principal and interest on its Loans until all such principal and interest owed to the Enhancer has been paid in full;

(iii) third, to the Lenders (ratably based on the remaining Obligations owed to each) as payment of all other Obligations not covered in clauses (i) and (ii) above owed to Lenders until all such Obligations have been paid in full;

(iv) fourth, to the Agent as payment of Obligations owed to it until all such Obligations have been paid in full; and

(v) fifth, to the Borrower (or as otherwise required by applicable law).

ARTICLE IV

INDEMNIFICATION

Section 4.1. Legal Fees, Other Costs and Indemnification. (a) The Borrower, upon demand by the appropriate Person, agrees to pay the reasonable out-of-pocket costs and expenses (i) of the Agent and the Collateral Agent, including, without limitation the reasonable fees and disbursements of legal counsel to the Agent and the Collateral Agent, in connection with the preparation and execution of the Credit Documents, and any amendment, waiver or consent related thereto, whether or not the transactions contemplated therein are consummated, and (ii) of the Agent, the Collateral Agent and the Lenders in connection with advising the Agent, the Collateral Agent and the Lenders of their rights and responsibilities under the Credit Documents during any Default or in connection with the enforcement by the Lenders, the Agent and the Collateral Agent of any of the Credit Documents against either Credit Party, provided that the Agent, the Collateral Agent and the Lenders agree to the extent feasible and to the extent a conflict of interest does not exist in the reasonable opinion of any of the foregoing, to use the same single counsel in connection with the foregoing to the extent they seek reimbursement for the expenses thereof from the Borrower. The Borrower further agrees to indemnify each Lender, the Agent, the Collateral Agent and their respective directors, officers, employees and attorneys (in each case in their capacities as such) (collectively, the "Indemnified Parties"), against all losses, claims, damages, penalties, judgments, liabilities and expenses (including, without limitation, all reasonable attorneys' fees and other reasonable expenses of litigation or preparation therefor, whether or not such Indemnified Party is a party thereto, but excluding any Taxes and excluding any losses, claims, damages, penalties, judgments, liabilities or expenses of the nature described in Sections 2.8(b) and 4.4 (regardless of whether indemnified pursuant to such sections)) which any of them may pay or incur arising out of or relating to (x) any action, suit or proceeding by any Person not a party to this Agreement (a "third party") or governmental authority against such Indemnified Party and relating to the execution, delivery or performance (or non-performance) of any Credit Document by either Credit Party, the Loans or the application or proposed application by the Borrower of the proceeds of any Loan, REGARDLESS OF WHETHER SUCH CLAIMS OR ACTIONS ARE FOUNDED IN WHOLE OR IN PART UPON THE ALLEGED SIMPLE OR CONTRIBUTORY NEGLIGENCE OF ANY OF THE INDEMNIFIED PARTIES AND/OR ANY OF THEIR RESPECTIVE DIRECTORS, OFFICERS, EMPLOYEES OR ATTORNEYS, (y) any investigation of any third party or any governmental authority involving any Lender (as a lender hereunder) or the Agent or the Collateral Agent (in such capacity hereunder) and related to any use made or

proposed to be made by the Borrower of the proceeds of the Borrowings, or any transaction financed or to be financed in whole or in part, directly or indirectly with the proceeds of any Borrowing, and (z) any investigation of any third party or any governmental authority, litigation or proceeding involving any Lender (as a lender hereunder) or the Agent or the Collateral Agent (in such capacity hereunder) and related to any environmental cleanup, audit or compliance with respect to the Borrower or its properties, or any other matter relating to any Environmental Law or the presence of any Hazardous Material (including, without limitation, any losses, liabilities, damages, injuries, costs, expenses or claims asserted or arising under any Environmental Law) with respect to the Borrower or its properties, regardless of whether caused by, or within the control of, the Borrower; provided, however, that the Borrower shall not be obligated to indemnify any Indemnified Party for any of the foregoing arising out of such Indemnified Party's, or the Agent's or the Collateral Agent's, as the case may be, gross negligence, willful misconduct or breach of any material provision of any Credit Document or the gross negligence or wilful misconduct of, or the breach of any material provision of any Credit Document by, any other Indemnified Party with respect to the same Lender. The Borrower, upon demand by the Agent or the Collateral Agent at any time, shall reimburse the applicable Indemnified Party for any reasonable legal or other expenses incurred in connection with investigating or defending against any of the foregoing except if the same is excluded from indemnification pursuant to the provisions of the preceding sentence.

(b) Promptly after receipt by an Indemnified Party of notice of the commencement of any action, suit or proceeding against such Indemnified Party relating to any of the matters described in Section 4.1(a), such Indemnified Party shall give written notice to the Borrower of the commencement thereof, but the failure so to notify the Borrower shall not relieve it of any liability that it may have to any Indemnified Party except to the extent the Borrower demonstrates that the defense of such action is prejudiced thereby. The Borrower shall be entitled to participate therein and, to the extent that it shall elect, to assume the defense thereof with counsel reasonably satisfactory to such Indemnified Party and, after notice from the Borrower to such Indemnified Party of its election so to assume the defense thereof, the Borrower shall not be liable to such Indemnified Party hereunder for any fees of other counsel or any other expenses, in each case subsequently incurred by such Indemnified Party in connection with the defense thereof, other than reasonable costs of investigation. If the Borrower assumes the defense of such action, suit or proceeding, (i) no compromise or settlement thereof may be effected by the Borrower without the applicable Indemnified Party's consent (which shall not be unreasonably withheld) unless (x) there is no finding or admission of any violation of law or any violation of the rights of any Person, no fine or penalty is assessed against, or payable by, such Indemnified Party and there are no other claims that may be made by the claimant in such action, suit or proceeding against such Indemnified Party, in each case as a result of such compromise or settlement, and (y) the sole relief provided is monetary damages that are paid in full by the Borrower, and (ii) the Borrower shall have no liability with respect to any compromise or settlement thereof effected without its consent (which shall not be unreasonably withheld). If notice is given to the Borrower of the commencement of any action, suit or proceeding and it does not, within ten (10) days after the notice is given, give written notice to such Indemnified Party of its election to assume the defense thereof, the Borrower shall be bound by any determination made in such action or any compromise or settlement thereof effected by such Indemnified Party. Notwithstanding the foregoing, if an Indemnified Party determines in good

faith that there is a reasonable probability that an action may adversely affect it or its Affiliates other than as a result of monetary damages, such Indemnified Party may, by notice to the Borrower, assume the exclusive right to defend, compromise or settle such action, suit or proceeding, but the Borrower shall not be bound by any determination of an action so defended or any compromise or settlement thereof effected without its consent (which shall not be unreasonably withheld). Nothing in this Section 4.1(b) shall require the Borrower to make any payment that it is not required to make under Section 4.1(a).

Section 4.2. Change of Law. (a) Notwithstanding any other provisions of this Agreement, if at any time any change, after the date hereof (or, if later, after the date the applicable Committed Lender becomes a Lender), in applicable law or regulation or in the interpretation thereof makes it unlawful for any Committed Lender to make or continue to maintain Eurodollar Loans, such Committed Lender shall promptly give written notice thereof and of the basis therefor in reasonable detail to the Borrower and such Lender's obligations to advance, continue or convert Loans into Eurodollar Loans under this Agreement shall thereupon be suspended until it is no longer unlawful for such Committed Lender to make or maintain Eurodollar Loans.

(b) Upon the giving of the notice to Borrower referred to in subsection (a) above, (i) any outstanding Eurodollar Loan of such Lender shall be automatically converted to a Base Rate Loan on the last day of the Interest Period then applicable thereto or on such earlier date as required by law, and (ii) such Lender shall maintain its funding of its Loan that is part of any requested Borrowing of Eurodollar Loans as a Base Rate Loan, which Base Rate Loan shall, for all other purposes, be considered part of such Borrowing.

(c) Any Committed Lender that has given any notice pursuant to Section 4.2(a) shall, upon determining that it would no longer be unlawful for it to fund Eurodollar Loans, give prompt written notice thereof to the Borrower and the Agent, and upon giving such notice, its obligation to advance, allow conversions into and continue Eurodollar Loans shall be reinstated.

Section 4.3. Unavailability of Deposits or Inability to Ascertain LIBOR. If on or before the first day of any Interest Period for any Eurodollar Borrowing the Agent determines in good faith (after consultation with the Committed Lenders) that, due to changes in circumstances since the Effective Date, adequate and fair means do not exist for determining the Eurodollar Rate or such rate will not accurately reflect the cost to the Instructing Group of funding Eurodollar Loans for such Interest Period, the Agent shall give written notice (in reasonable detail) of such determination and of the basis therefor to the Borrower and the Committed Lenders, whereupon until the Agent notifies the Borrower and Committed Lenders that the circumstances giving rise to such suspension no longer exist (which the Agent shall do promptly after they do not exist), (i) the obligations of the Committed Lenders to advance, continue or convert Loans into Eurodollar Loans shall be suspended and (ii) each Eurodollar Loan will, automatically on the last day of the then existing Interest Period therefor, convert into a Base Rate Loan.

Section 4.4. Increased Cost and Reduced Return. (a) If, on or after the date hereof (or, if later, after the date the applicable Committed Lender becomes a Committed Lender), the adoption of or any change in any applicable law, rule or regulation, or any change in the

interpretation or administration thereof by any governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by any Committed Lender (or its Lending Office) with any request or directive (whether or not having the force of law) of any such authority, central bank or comparable agency exercising control over banks or financial institutions generally issued after the date hereof (or, if later, after the date such Committed Lender becomes a Committed Lender) (other than any request or directive requesting or in effect requiring compliance with any applicable law, rule or regulation imposing or in effect imposing a fine or penalty for any failure to comply with any such law, rule or regulation):

(i) subjects any Committed Lender (or its Lending Office) to any tax, duty or other similar charge related to any Eurodollar Loan, or its participation in any thereof, or its obligation to advance or maintain Eurodollar Loans or to participate therein, or shall change the basis of taxation of payments to any Committed Lender (or its Lending Office) of the principal of or interest on its Eurodollar Loans or participations therein, or any other amounts due under this Agreement related to its Eurodollar Loans or participations therein, or its obligation to advance or maintain Eurodollar Loans or acquire participations therein (except for changes with respect to income or franchise taxes excluded from indemnification pursuant to Section 4.7); or

(ii) imposes, modifies or deems applicable any reserve, special deposit or similar requirement (including, without limitation, any such requirement imposed by the Board of Governors of the Federal Reserve System, but excluding for any Eurodollar Loan any such requirement included in an applicable Reserve Requirement) against assets of, deposits with or for the account of, or credit extended by, any Committed Lender (or its Lending Office) or imposes on any Committed Lender (or its Lending Office) or on the interbank market any other condition affecting its Eurodollar Loans owed to it, or its participation in any thereof, or its obligation to advance or maintain Eurodollar Loans or participate in any thereof;

and the result of any of the foregoing is to increase in the future the cost to such Committed Lender (or its Lending Office) of advancing or maintaining any Eurodollar Loan or participating therein, or to reduce the amount of any sum received or receivable by such Committed Lender (or its Lending Office) in connection therewith under this Agreement, by an amount deemed by such Committed Lender to be material, then, subject to Section 4.4(c), from time to time, within thirty (30) days after receipt of a certificate from such Committed Lender (with a copy to the Agent) pursuant to subsection (c) below setting forth in reasonable detail such determination and the basis thereof, the Borrower shall be obligated to pay to such Committed Lender such additional amount or amounts as will compensate such Committed Lender for such future increased cost or reduction.

(b) If, after the date hereof (or, if later, the date any such Funding Party becomes a Funding Party), the Agent or any Lender (collectively, the "Funding Parties") shall have reasonably determined that (i) the adoption after the date hereof of (x) any applicable law, rule or regulation regarding capital adequacy, or (y) any change therein (including, without limitation, any revision after the date hereof in the Final Risk-Based Capital Guidelines of the Board of

Governors of the Federal Reserve System (12 CFR Part 208, Appendix A; 12 CFR Part 225, Appendix A) or of the Office of the Comptroller of the Currency (12 CFR Part 3, Appendix A), or in any other applicable capital adequacy rules heretofore adopted and issued by any governmental authority), (ii) any change after the date hereof in the interpretation or administration thereof by any governmental authority, central bank or comparable agency charged with the interpretation or administration of any such applicable law, rule or regulation regarding capital adequacy, or (iii) compliance by any Funding Party or its Lending Office with any request or directive of general applicability issued after the date hereof regarding capital adequacy (whether or not having the force of law) of any such authority, central bank or comparable agency (other than any request or directive requiring or in effect requiring compliance with any applicable law, rule or regulation regarding capital adequacy or imposing fines or penalties for any failure to comply with any such law, rule or regulation), has or would have the effect of reducing in the future the rate of return on such Funding Party's capital, or on the capital of any corporation controlling such Funding Party, as a consequence of its obligations hereunder to a level below that which such Funding Party or such corporation could have achieved but for such adoption, change or compliance (taking into consideration such Funding Party's or its controlling corporation's policies with respect to capital adequacy in effect immediately before such adoption, change or compliance) by an amount reasonably deemed by such Funding Party to be material, then, subject to Section 4.4(c), from time to time, within thirty (30) days after its receipt of a certificate from such Funding Party (with a copy to the Agent) pursuant to subsection (c) below setting forth in reasonable detail such determination and the basis thereof, the Borrower shall pay to such Funding Party such additional amount or amounts as will compensate such Funding Party or such corporation for such future reduced return or the Borrower may prepay all Eurodollar Loans of such Committed Lender.

(c) Any Funding Party that determines to seek compensation under this Section 4.4 shall give written notice to the Borrower and, in the case of a Funding Party other than a Funding Party which is the Agent, the Agent of the circumstances that entitle the Agent or such Funding Party to such compensation no later than ninety (90) days after such Funding Party receives actual notice or obtains actual knowledge of the law, rule, order or interpretation or occurrence of another event giving rise to a claim hereunder. In any event the Borrower shall not have any obligation to pay any amount with respect to claims accruing, or for periods, prior to the ninetieth day preceding such written demand. The Agent and each Funding Party shall use reasonable efforts to avoid the need for, or reduce the amount of, such compensation and any payment under Section 4.7, including, without limitation, the designation of a different Lending Office, if such action or designation will not, in the sole judgment of the Agent or such Funding Party made in good faith, be otherwise disadvantageous to it; provided that the foregoing shall not in any way affect the rights of any Funding Party or the obligations of the Borrower under this Section 4.4, and provided further that no Committed Lender shall be obligated to make its Eurodollar Loans hereunder at any office located in the United States of America and the Enhancer, in its capacity as issuer of the Program LOC, shall not have any obligation to change the office from which it issues and maintains the Program LOC. A certificate of the Agent or any Funding Party, as applicable, claiming compensation under this Section 4.4 and setting forth the additional amount or amounts to be paid to it hereunder and accompanied by a statement prepared by the Agent or such Funding Party, as applicable, describing in reasonable detail the calculations thereof shall be rebuttable presumptive evidence thereof in the absence of manifest

error. In determining such amount, such Person may use any reasonable averaging and attribution methods.

Section 4.5. Lending Offices. Each Committed Lender may, at its option, elect to make and maintain its Loans hereunder at the Lending Office for each type of Loan available from it hereunder or at such other of its branches, offices or affiliates as it may from time to time elect and designate in a written notice to the Borrower and the Agent, provided that, except that in the case of any such transfer to another of its branches, offices or affiliates made at the request of the Borrower, the Borrower shall not be responsible for the costs arising under Section 4.7 or 4.4 resulting from any such transfer to the extent not otherwise applicable to such Committed Lender prior to such transfer.

Section 4.6. Discretion of Lender as to Manner of Funding. Subject to the other provisions of this Agreement, each Lender shall be entitled to fund and maintain its funding of all or any part of its Loans in any manner it sees fit.

Section 4.7. Withholding Taxes. (a) Payments Free of Withholding. Except as otherwise required by law and subject to Section 4.7(b), each payment by the Borrower or Transocean to any Lender or the Agent under this Agreement or any other Credit Document shall be made without withholding for or on account of any present or future taxes imposed by or within the jurisdiction in which the Borrower or Transocean is domiciled, any jurisdiction from which the Borrower or Transocean makes any payment, or (in each case) any political subdivision or taxing authority thereof or therein, excluding, in the case of each Lender and the Agent, taxes, assessments or other governmental charges:

(i) imposed on, based upon, or measured by its income, and branch profits, franchise and similar taxes imposed on it, by any jurisdiction in which such Lender or the Agent, as the case may be, is incorporated or maintains its principal place of business or Lending Office or which subjects such Lender or the Agent to tax by reason of a connection between the taxing jurisdiction and such Lender or the Agent (other than a connection resulting from the transactions contemplated by this Agreement);

(ii) imposed as a result of a connection between the taxing jurisdiction and such Lender or the Agent, as the case may be, other than a connection resulting from the transactions contemplated by this Agreement;

(iii) imposed as a result of the transfer by such Lender of its interest in this Agreement or any other Credit Document or a designation by such Lender (other than pursuant to Section 4.4(c)) of a new Lending Office (other than taxes imposed as a result of any change in treaty, law or regulation after such transfer of such Lender's interest in this Agreement or any other Credit Document or designation of a new Lending Office);

(iv) imposed by the United States of America upon a Lender organized under the laws of a jurisdiction outside of the United States, except to the extent that such tax is imposed or increased as a result of any change in applicable law, regulation or treaty (other than any addition of or change in any "anti-treaty shopping," "limitation of

benefits," or similar provision applicable to a treaty) after the date hereof, in the case of each Lender originally a party hereto or, in the case of any other Lender, after the date on which it becomes a Lender; or

(v) which would not have been imposed but for (A) the failure of any Lender or the Agent, as the case may be, to provide an Internal Revenue Service Form W-8BEN or W-8ECI, as the case may be, or any substitute or successor form prescribed by the Internal Revenue Service, pursuant to Section 4.7(b), or any other certification, documentation or proof which is reasonably requested by the Borrower, or (B) a determination by a taxing authority or a court of competent jurisdiction that a certification, documentation or other proof provided by such Lender or the Agent to establish an exemption from such tax, assessment or other governmental charge is false.

(all such non-excluded taxes, assessments or other governmental charges and liabilities being herein referred to as "Indemnified Taxes"). If any such withholding is so required, the Borrower or Transocean, as applicable, shall make the withholding, pay the amount withheld to the appropriate governmental authority before penalties attach thereto or interest accrues thereon and forthwith pay such additional amount as may be necessary to ensure that the net amount actually received by each Lender and the Agent is free and clear of such Indemnified Taxes (including Indemnified Taxes on such additional amount) and is equal to the amount that such Lender or the Agent (as the case may be) would have received had such withholding not been made. If the Agent or any Lender pays any amount in respect of any Indemnified Taxes, penalties or interest, the Borrower or Transocean, as applicable, shall reimburse the Agent or that Lender for such payment on demand in the currency in which such payment was made. If the Borrower or Transocean pays any Indemnified Taxes, or penalties or interest in connection therewith, it shall deliver official tax receipts evidencing the payment or certified copies thereof, or other satisfactory evidence of payment if such tax receipts have not yet been received by the Borrower or Transocean (with such tax receipts to be promptly delivered when actually received), to the Lender or Agent on whose account such withholding was made (with a copy to the Agent if not the recipient of the original) within fifteen (15) days of such payment. Each such Lender shall make written demand on the Borrower for indemnification or compensation hereunder no later than ninety (90) days after the earlier of (i) the date on which such Lender or the Agent makes payment of Indemnified Taxes, and (ii) the date on which the relevant taxing authority or other governmental authority makes written demand upon such Lender or the Agent for payment of Indemnified Taxes. In the event that such Lender or the Agent fails to give the Borrower timely notice as provided herein, the Borrower shall not have any obligation to pay such claim for compensation or indemnification.

(b) U.S. Withholding Tax Exemptions. Each Lender that is not a United States person (as such term is defined in Section 7701(a)(30) of the Code) shall submit to the Borrower and the Agent on or before the Funding Date, two duly completed and signed copies of either Form W-8BEN (entitling such Lender to a complete exemption from withholding under the Code on all amounts to be received by such Lender, including fees, pursuant to the Credit Documents) or Form W-8ECI (relating to all amounts to be received by such Lender, including fees, pursuant to the Credit Documents) of the United States Internal Revenue Service. Thereafter and from time to time, each such Lender shall submit to the Borrower and the Agent

such additional duly completed and signed copies of one or the other of such forms (or such successor forms as shall be adopted from time to time by the relevant United States taxing authorities) as may be (i) notified by the Borrower, directly or through the Agent, to such Lender, and (ii) required under then-current United States law or regulations to avoid United States withholding taxes on payments in respect of all amounts to be received by such Lender, including fees, pursuant to the Credit Documents. Upon the request of the Borrower, each Lender that is a United States person shall submit to the Borrower a certificate to the effect that it is a United States person.

(c) Inability of Lender to Submit Forms. If any Lender determines, as a result of any change in applicable law, regulation or treaty, or in any official application or interpretation thereof, that it is unable to submit to the Borrower or Agent any form or certificate that such Lender is obligated to submit pursuant to subsection (b) of this Section 4.7 or that such Lender is required to withdraw or cancel any such form or certificate previously submitted or any such form or certificate otherwise becomes ineffective or inaccurate, such Lender shall promptly notify the Borrower and Agent of such fact and such Lender shall to that extent not be obligated to provide any such form or certificate and will be entitled to withdraw or cancel any affected form or certificate, as applicable.

(d) Refund of Taxes. If any Lender or the Agent receives a refund of any Indemnified Tax or any documentary, stamp or similar taxes with respect to which the Borrower or Transocean has paid any amount pursuant to this Section 4.7, such Lender or the Agent shall promptly notify the Borrower and Transocean and shall pay the amount of such refund (including any interest received with respect thereto) to the Borrower or Transocean.

ARTICLE V

CONDITIONS PRECEDENT

Section 5.1. Conditions to Closing. This Agreement shall become effective on the first date all conditions in this Section 5.1 are satisfied (and the advance of the first Loan hereunder shall conclusively establish the effectiveness of this Agreement for all purposes). (1) On or before such date, the Borrower shall deliver to the Agent the following documents in form, substance and quantity acceptable to the Agent:

(a) A certificate of the Secretary or Assistant Secretary of each of the Borrower and Transocean certifying (i) the resolutions of each Credit Party's board of directors approving each Credit Document to which it is a party, (ii) the name, signature, and authority of each officer who executes on the Borrower's or Transocean's behalf a Credit Document (on which certificate the Agent and each Lender may conclusively rely until a revised certificate is received), (iii) the Borrower's and Transocean's certificate or articles of incorporation certified by the Secretary of State of its state of incorporation, (iv) a copy of the Borrower's and Transocean's by-laws and (v) good standing certificates issued by the Secretaries of State of each jurisdiction where the Borrower or Transocean has material operations as and to the extent agreed with the Agent.

(b) The Security Documents and the Collateral Agreement.

(c) All instruments and other documents required, or deemed desirable by the Agent, to perfect the Collateral Agent's first priority (subject to Permitted Liens) security interest for the benefit of the Lenders and the Swap Parties in the Collateral in all appropriate jurisdictions, including, without limitation, a certificate from the Collateral Agent confirming that it holds a security interest for the benefit (without limitation) of the Lenders in the Drillship, the Rig, the Amoco Contracts and the other Collateral under the Security Documents and the Collateral Agreement as collateral security for (without limitation) the obligations of the Borrower under this Agreement.

(d) UCC search reports and any other lien search or title reports from all jurisdictions the Agent requests showing no Liens against the Collateral other than Permitted Liens.

(e) (i) Executed copies of all documents evidencing any necessary corporate action, consents and government authorizations taken or obtained by the Borrower or Transocean in connection with the Credit Documents, (ii) an executed pro forma Monthly Report setting forth the Excess Cash Flow calculation and demonstrating compliance with the Borrowing Base, in each case as of the Effective Date, and (iii) executed copies of each Credit Document.

(f) Favorable opinions of counsel to the Borrower and Transocean (and, if requested by Amsterdam, the Enhancer or any Liquidity Provider and then at the expense of the Borrower) covering such matters as Amsterdam or the Agent may request.

(g) An insurance certificate on behalf of the Borrower dated within ten (10) days of the Funding Date from the Borrower describing in reasonable detail the insurance maintained by the Borrower as required by the Credit Documents.

(h) Such other approvals, opinions or documents as the Agent or Amsterdam may request.

(2) The construction of the Drillship and the upgrade of the Rig shall have been completed substantially in accordance with the Functional Requirements therefor (as certified to the Agent and the Lenders by ABS Marine Services, Inc. or such other engineer selected by the Agent with the consent of the Borrower, which consent shall not be unreasonably withheld).

(3) The Borrower shall have delivered to the Agent a copy of the Amoco Letter of Acceptance for each of the Drillship and the Rig in substantially the form of Exhibit 5.1B.

(4) The Borrower shall have furnished to the Agent a certificate executed on behalf of the Borrower by a Senior Officer, which indicates that it is made in favor of and for the benefit of the Agent and each of the Lenders certifying, representing and warranting that:

(A) the Drillship and the Rig have been constructed substantially in compliance with the Functional Requirements therefor;

(B) all amounts (other than amounts being contested in good faith by the Borrower and for which reserves in conformity with GAAP have been provided) then due and owing by the Borrower and/or Transocean to third parties for the construction of the Drillship and the upgrade of the Rig, including, without limitation, all amounts (other than amounts being contested in good faith by the Borrower and for which reserves in conformity with GAAP have been provided) due and owing by the Borrower and/or Transocean under the Drillship Shipyard Construction Contract, under the Rig Shipyard Construction Contract and for all other construction costs, have been paid in full;

(C) the Borrower owns each of the Drillship and the Rig, free and clear of all Liens other than Permitted Liens;

(D) (I) neither the Borrower nor Transocean has received written notice from or on behalf of Amoco that (x) any default or event of default (in each case, as defined in the relevant Amoco Contract) under either of the Amoco Contracts has occurred and any such alleged default or event of default is continuing (it being understood and agreed that such default or event of default shall cease to be "continuing" for the purposes of this Agreement when it shall cease to constitute a continuing default or event of default under the applicable Amoco Contract for any reason (including, without limitation, as a result of the curing thereof or any waiver or modification thereunder)), (y) Amoco intends to take or has taken any steps to cancel or terminate either of the Amoco Contracts (other than, with respect to the Amoco Rig Contract, if a cancellation fee or termination fee is to be paid pursuant to the terms thereof or other than the free cancellation provided in such contract), or (z) either of the Amoco Contracts is otherwise no longer in full force and effect; and (II) the Borrower is not aware, of any default or event of default (in each case, as defined in the relevant Amoco Contract) under either of the Amoco Contracts has occurred and is continuing (it being understood and agreed that such default or event of default shall cease to be "continuing" for the purposes of this Agreement when it shall cease to constitute a continuing default or event of default under the applicable Amoco Contract for any reason (including, without limitation, as a result of the curing thereof or any waiver or modification thereunder)) after any applicable grace period; and

(E) the Borrower has obtained loss of hire insurance with respect to each of the Drillship and the Rig as required by Section 7.1(f).

Section 5.2. Conditions to Advance of Each Loan on Funding Date. The obligation of each Committed Lender to make any Loan, and the right of the Borrower to request or accept any Loan, on the Funding Date are subject to the conditions (and each Borrowing shall evidence the Borrower's representation and warranty that each such condition has been satisfied) that on the date of such Borrowing before and after giving effect to the Borrowing:

(a) on the Funding Date the Construction Loans and the "Tranche A Loans" as defined in the Secured Credit Agreement are repaid in full;

(b) no Default shall then exist or shall occur as a result of such Borrowing;

(c) the Liquidity Termination Date has not occurred;

(d) the representations and warranties of the Borrower in Section 6.1 and in the other Credit Documents, and of Transocean in Sections 2.1, 2.2 and 2.3 of the Transocean Performance Guaranty, are true and correct in all material respects on and as of such date (except to the extent that any of such representations or warranties are not true and correct as a result of transactions expressly permitted hereunder, under the Transocean Contracts Loan Agreement or under the Secured Credit Agreement and except to the extent such representations and warranties relate solely to an earlier date in which case it shall have been true and correct in all material respects as of such earlier date); and

(e) each of the Borrower and Transocean is in full compliance with its covenants and agreements in the Credit Documents (including all covenants and agreements in Article VII and the limitations on each Lender's Principal Amount, the Aggregate Principal Amount, and the Matured Aggregate Loan Amount set forth in Section 2.1(a)).

Nothing in this Article V limits the obligations (including those in Section 3.1) of each Committed Lender to Amsterdam.

ARTICLE VI

REPRESENTATIONS AND WARRANTIES

Section 6.1. Representations and Warranties. The Borrower represents and warrants to each Lender and the Agent that, except to the extent that any of the following is not true and correct as a result of transactions expressly permitted under the Secured Credit Agreement, each of the following statements is true and correct in all material respects:

(a) Corporate Organization. The Borrower (i) is a duly organized and existing corporation in good standing under the laws of the State of Delaware; (ii) has all necessary corporate power to construct, own and operate each of the Drillship and the Rig and to carry on its business contemplated in connection therewith; and (iii) is duly licensed or qualified and in good standing in each jurisdiction in which the nature of the business transacted by it or the nature of the property owned or leased by it makes such licensing or qualification necessary.

(b) Corporate Power and Authority; Validity. Each Credit Party has the corporate power and authority to execute, deliver and carry out the terms and provisions of the Credit Documents to which it is a party and to consummate the transactions contemplated hereby and has taken all necessary corporate action to authorize the execution, delivery and performance of such Credit Documents and to consummate the transactions contemplated hereby. Each Credit Party has duly executed and delivered each Credit Document to which it is a party and each such Credit Document constitutes the legal, valid and binding obligation of such Credit Party enforceable against it in accordance with its terms, subject as to enforcement only to bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and equitable principles.

(c) No Violation. Neither the execution, delivery or performance by any Credit Party of the Credit Documents to which it is a party nor compliance by it with the terms and provisions thereof, nor the consummation by it of the transactions contemplated herein or therein, will (i) assuming the timely obtaining and making of all necessary permits, licenses, consents, approvals and other authorizations of, and filings with, governmental authorities, contravene in any material respect any applicable provision of any law, statute, rule or regulation, or any applicable order, writ, injunction or decree of any court or governmental instrumentality, including, without limitation, all applicable laws with respect to the location of the Drillship and the Rig, (ii) conflict with or result in any breach of any term, covenant, condition or other provision of, or constitute a default under, or result in the creation or imposition of (or the obligation to create or impose) any Lien other than any Permitted Lien upon any of the property or assets of any Credit Party under, the terms of any material contractual obligation to which any Credit Party is a party or by which any of them or any of their properties or assets is bound or to which any of them may be subject, or (iii) violate or conflict with any provision of the certificate of incorporation or by-laws of any Credit Party.

(d) Litigation. There are no actions, suits, proceedings or counterclaims (including, without limitation, arbitration, derivative or injunctive actions) pending or, to the knowledge of the Borrower, threatened against the Borrower that are reasonably likely to have a Material Adverse Effect.

(e) Use of Proceeds; Margin Regulations. (i) The proceeds of the Loans shall only be used to repay the Construction Loans and accrued and unpaid interest thereon.

(ii) The Borrower is not engaged in the business of extending credit for the purpose of purchasing or carrying margin stock. No proceeds of any Loan will be used for a purpose which violates Regulation U or X of the Board of Governors of the Federal Reserve System. After application of the proceeds of any of the Borrowings, none of the assets of the Borrower consists of "margin stock" (as defined in Regulation U of the Board of Governors of the Federal Reserve System).

(f) Investment Company Act. The Borrower is not an "investment company" or a company "controlled" by an "investment company," within the meaning of the Investment Company Act of 1940, as amended.

(g) Public Utility Holding Company Act. The Borrower is not a "holding company," or a "subsidiary company" of a "holding company," or an "affiliate" of a "holding company" or of a "subsidiary company" of a "holding company," within the meaning of the Public Utility Holding Company Act of 1935, as amended.

(h) True and Complete Disclosure. All factual information (taken as a whole) furnished by the Borrower and Transocean in writing to the Agent or any Lender in connection with any Credit Document or any transaction contemplated therein is, disregarding any updated, corrected, supplemented, superseded or otherwise modified information except as so updated, corrected, supplemented, superseded or otherwise modified, and all other such factual information hereafter furnished by any such Persons in writing to the Agent or any Lender in connection herewith, or

with any of the other Credit Documents or the Loans, will be, on the date of such information, true and accurate in all material respects and not incomplete by omitting to state any material fact necessary to make such information (taken as a whole) not misleading at such time in light of the circumstances under which such information was provided.

(i) No Material Adverse Change. There has occurred no event or effect, other than any event specifically permitted, contemplated or provided for under any Credit Document, that has had or is reasonably likely to have a Material Adverse Effect.

(j) Labor Controversies. There are no labor controversies pending or, to the best knowledge of the Borrower, threatened against the Borrower that are reasonably likely to have a Material Adverse Effect.

(k) Taxes. The Borrower has filed, if any, all United States federal income tax returns, and all other material tax returns required to be filed, whether in the United States or in any foreign jurisdiction, and has paid, if any, all governmental taxes, rates, assessments, fees, charges and levies (collectively, "Taxes") shown to be due and payable on such returns or on any assessments made against Borrower or any of its properties (other than any such assessments which can thereafter be paid without penalty or which are being contested in good faith by appropriate proceedings and for which reserves have been provided in conformity with GAAP).

(l) ERISA. With respect to each Plan, the Borrower has fulfilled, if any, its obligations under the minimum funding standards of, and is in compliance in all material respects with, ERISA and the Code to the extent applicable to it, and has not incurred any liability under Title IV of ERISA to the PBGC or a Plan other than a liability to the PBGC for premiums under Section 4007 of ERISA, in each case with such exceptions as are not reasonably likely to have a Material Adverse Effect. As of the Effective Date, the Borrower has no contingent liabilities with respect to any post-retirement benefits under a welfare plan subject to ERISA.

(m) Security Interests. Each of the Security Documents creates in favor of the Collateral Agent for the benefit of (without limitation) the Lenders and the Swap Parties as security for (without limitation) the Obligations a valid and enforceable perfected (to the extent that perfection may be achieved by the filing of proper financing statements (or similar instruments in foreign jurisdictions), the Security Documents and/or other customary documents in the appropriate jurisdictions) first priority (subject only to Permitted Liens) security interest in and Lien on all of the Collateral described therein, subject to no other Liens except Permitted Liens.

(n) Consents. At the time of consummation thereof, all consents and approvals of, and filings and registrations with, and all other actions of, all governmental agencies, authorities or instrumentalities required to have been obtained or made by the Borrower prior to such time in order to consummate the Borrowings hereunder, and to execute, deliver and perform the Credit Documents, have been or will have been obtained or made and are or will be in full force and effect.

(o) Intellectual Property. The Borrower owns or holds valid licenses to use (or will, at the time required, own or hold valid licenses to use) all the material patents, trademarks, permits,

service marks, and trade names that are necessary to the operation of the business of the Borrower with such exceptions which are not reasonably likely to have a Material Adverse Effect.

(p) Ownership of Property. The Borrower owns the Rig and the Drillship, in each case subject to no Liens except Permitted Liens.

(q) Compliance with Statutes, Etc. The Borrower is in compliance with all applicable statutes, regulations and orders of, and all applicable restrictions imposed by, all governmental bodies, domestic and foreign, including, without limitation, all applicable laws with respect to the location of the Drillship and the location of the Rig, in respect of the conduct of its business as currently conducted by it and the ownership and operation of its properties as currently operated by it, except for such instances of non-compliance as are not reasonably and likely to, individually or in the aggregate, have a Material Adverse Effect, and has all necessary permits and licenses, and other necessary authorizations, with respect thereto with such exceptions (if any) as are not reasonably likely to, individually or in the aggregate, have a Material Adverse Effect.

(r) Environmental Matters. Except as disclosed in Schedule 6.1(r), the Borrower is in compliance with all applicable Environmental Laws and the requirements of any permits issued under such Environmental Laws, except for such instances of non-compliance (if any) as are not reasonably likely to have a Material Adverse Effect. To the best knowledge of the Borrower, there are no pending, past or threatened Environmental Claims against the Borrower on any property owned or operated by the Borrower except as disclosed in Schedule 6.1(r) or except as are not reasonably likely to have a Material Adverse Effect. To the best knowledge of the Borrower, there are no conditions or occurrences on any property owned or operated by the Borrower or on any property adjoining or in the vicinity of any such property that are reasonably likely to form the basis of an Environmental Claim against the Borrower or any such property that individually or in the aggregate are reasonably likely to have a Material Adverse Effect. To the best of the Borrower's knowledge, (i) Hazardous Materials have not at any time been generated, used, treated or stored on, or transported to or from, any property owned or operated by the Borrower in a manner that has violated or could reasonably be expected to violate any Environmental Law, and (ii) Hazardous Materials have not at any time been released on or from any property owned or operated by the Borrower, in the case of both (i) and (ii), with such exceptions as are not reasonably likely to have a Material Adverse Effect.

(s) Existing Indebtedness. The Borrower has no existing Indebtedness outstanding as of the Effective Date other than the Obligations hereunder and other Permitted Indebtedness.

(t) Year 2000. The Borrower has reviewed the areas within its business and operations which could reasonably be expected to be materially and adversely affected by, and Transocean has developed or is developing a program to address on a timely basis, the "Year 2000 Problem" (that is, the risk that computer applications used by Transocean and the Borrower may be unable to recognize and perform properly date-sensitive functions involving certain dates prior to and any date on or after December 31, 1999), has made or is making related inquiry of material suppliers and vendors, and based on such review and program, the Borrower believes that the

"Year 2000 Problem" will not have a Material Adverse Effect. The foregoing statement constitutes "year 2000 readiness disclosure" as such term in defined is the Year 2000 Information and Readiness Disclosure Act.

ARTICLE VII

COVENANTS

Section 7.1. Covenants of the Borrower. The Borrower hereby covenants and agrees that, so long as any Commitment is outstanding hereunder or any other Obligation is due and payable hereunder:

(a) Corporate Existence. The Borrower will preserve and maintain its corporate existence. The Borrower shall not form any subsidiaries or enter into any partnerships, joint ventures or any other business combinations.

(b) Maintenance of Drillship and Rig. Subject to the terms, conditions, restrictions and limitations set forth in the Operative Documents, the Borrower shall take, or shall cause to be taken, all actions necessary for the performance and satisfaction of all of its obligations under the Operative Documents, including:

(i) enforcing, or causing to be enforced, performance by the builders of the Drillship and the Rig and each other party to any construction contract with the Borrower and/or Transocean with respect to the construction of the Drillship and the upgrade of the Rig of their respective warranties and other construction obligations with respect to the design, engineering and construction thereof and pursuing remedies with respect to the breach of any of these obligations;

(ii) obtaining and maintaining all material permits, licenses, consents, approvals and other authorizations, including those required under all applicable laws, from all governmental authorities necessary to be obtained by it in connection with the operation and maintenance of the Drillship and the Rig as required by the Amoco Contracts, the Transocean Contracts or the Substitute Contracts, as applicable;

(iii) operating and maintaining the Drillship and the Rig in accordance with the requirements of the Amoco Contracts, the Transocean Contracts or the Substitute Contracts, as applicable; and

(iv) maintaining all books and records with respect to the operation and maintenance of the Drillship and the Rig as required by the Amoco Contracts, the Transocean Contracts or the Substitute Contracts, as applicable;

all of the foregoing subject to such exceptions as are not reasonably likely, individually or in the aggregate, to have a Material Adverse Effect; provided that this Section 7.1(b) shall not require the Borrower to perform any obligation under any contract to which it is a party if it shall be contesting such obligation in good faith and if reserves in conformity with GAAP have been provided therefor. The Borrower will, in all material respects, maintain each of the Drillship and

the Rig in as good an operating condition as at the date of the Amoco Letter of Acceptance (ordinary wear and tear excepted), in compliance with all applicable laws and regulations regarding maintenance and operation and in accordance with manufacturer's warranties and recommended maintenance procedures, if any. In no event shall the Drillship or the Rig be maintained or serviced in all material respects to a lesser standard of maintenance than employed by Transocean or its Affiliates for similar drillships or rigs, as the case may be, owned or leased by it in similar locations or jurisdictions.

(c) Taxes. The Borrower will duly pay and discharge all Taxes upon or against it or its properties before penalties accrue thereon, unless and to the extent that the same is being contested in good faith and by appropriate proceedings and reserves have been established in conformity with GAAP.

(d) ERISA. The Borrower will timely pay and discharge all obligations and liabilities arising under ERISA or otherwise with respect to each Plan of a character which if unpaid or unperformed might result in the imposition of a material Lien against any properties or assets of the Borrower and will promptly notify the Agent upon an officer of the Borrower becoming aware thereof, of (i) the occurrence of any reportable event (as defined in ERISA) relating to a Plan, other than any such event with respect to which the PBGC has waived notice by regulation; (ii) receipt of any notice from PBGC of its intention to seek termination of any Plan or appointment of a trustee therefor; (iii) the Borrower's intention to terminate or withdraw from any Plan if such termination or withdrawal would result in liability under Title IV of ERISA; and (iv) the receipt by the Borrower of notice of the occurrence of any event that is reasonably likely to result in the incurrence of any liability (other than for benefits), fine or penalty to the Borrower that would be material to the Borrower or any Plan amendment that is reasonably likely to materially increase the contingent liability of the Borrower in connection with any post-retirement benefit under a welfare plan subject to ERISA.

(e) Burdensome Restrictions, Etc. Promptly upon any officer of the Borrower becoming aware thereof, the Borrower shall give to the Agent written notice of (i) the adoption of any new requirement of law which is reasonably likely to have a Material Adverse Effect, and (ii) the existence or occurrence of any strike, slow down or work stoppage which is reasonably likely to have a Material Adverse Effect.

(f) Insurance. (i) Types of Insurance Required. The Borrower shall maintain, or cause to be maintained, with reputable insurance companies reasonably acceptable to the Agent, the types of insurance required to be maintained by it under the Amoco Contracts, the Transocean Contracts or the Substitute Contracts, as applicable, in at least the amounts required thereunder and, at a minimum, the following types of insurance in at least the following amounts:

(1) Workmen's Compensation and Employer's Liability insurance which shall fully comply with the laws of the State of Louisiana (and such other states, countries or jurisdictions where the Borrower shall operate), such policy to contain the following endorsements covering:

(x) United States Longshoremen's and Harbor Workers' Compensation Act;

(y) Employer's Liability covering marine operations with minimum limits of liability of $1,000,000 for deaths or injuries arising out of one occurrence; and

(z) United States Longshoremen's and Harbor Workers' Compensation Act as applicable to the Outer Continental Shelf Lands Act (if applicable).

(2) Comprehensive General Liability or Commercial General Liability (or equivalent coverage) insurance including Contractual Liability and suitably endorsed to cover maritime operations with minimum limits of $1,000,000 per occurrence for deaths or injuries and property damage arising out of one accident (if this contract is governed by the laws of the State of Texas, the minimum limits for contractual liability insurance shall be no less than $500,000).

(3) Automobile Public Liability and Property Damage insurance with a minimum limit of $1,000,000 for injury or death of one person, $1,000,000 for injuries or deaths arising out of one accident and $1,000,000 property damage arising out of one accident.

(4) Vessel Insurance: The Drillship and the Rig, and any other vessels owned, chartered or operated in performance of any operations of the Borrower, shall be covered with (x) P&I Insurance (on SP23 Form or equivalent) including crew, which may be part of Transocean's policy, in amounts equal to the greater of the coverage afforded under Transocean's policy as in effect from time to time and the amount that would be obtained by reasonably prudent operators of the general expertise of Transocean owning and operating vessels such as the Drillship and Rig and (y) hull insurance (on a current American Institute or equivalent hull form), including wreck removal coverage (legal, contractual and voluntary) and full collision coverage (floating and stationary). The hull policy with respect to the Drillship shall have a minimum limit of not less than the book value of such vessel based upon a 30 year straight line amortization and the hull policy with respect to the Rig shall have a minimum limit of an amount to be agreed by the Agent and the Borrower as of the Effective Date and each anniversary thereafter based upon the remaining Vessel Amortization Payments and "Vessel Amortization Payments" under the Transocean Contracts Loan Agreement for the Rig.

(5) Mortgagee's Interest/Breach of Warranty Insurance (on a current London Institute mortgagees interest clause - hulls form) on each of the Drillship and the Rig in a minimum limit of not less than $250,000,000 for the Drillship and in an amount to be agreed by the Agent and the Borrower for the Rig as of the Effective Date and each anniversary thereafter based upon the remaining Vessel Amortization Payments, and the remaining "Vessel Amortization Payments" under the Transocean Contracts Loan

Agreement, for the Rig. Such insurance may be obtained through an endorsement to the required hull insurance.

(6) Umbrella or Excess Liability insurance with a limit of at least $50,000,000, following the form of all underlying liability policies.

(7) If the Drillship or the Rig shall at any time be located in war-endangered waters or in other waters which may under the hull policy be considered excluded by any "free of capture and seizure" clause, the Borrower shall give prompt prior written notice thereof to the Agent, and at the request of the Agent shall insure (through a separate policy or by endorsement to the applicable hull policy) such vessel against war and political risks in the amount required to be maintained under the hull policy with respect thereto.

No deductible under any of such policies shall exceed $250,000, unless such deductible amount under any such policy shall become unavailable on commercially reasonable terms. The Borrower shall not self-insure any of such risks. The hull policies (including any war and political risk coverage) shall each name the Collateral Agent as a named assured and a loss payee (provided that the Collateral Agent need not be named as a loss payee with respect to any "sue and labor" coverage), the liability insurance policies required herein shall name the Collateral Agent as a named assured and the mortgagee's interest/breach of warranty policy or endorsement shall name only the Collateral Agent as a named assured and loss payee. Each of such policies shall be reasonably acceptable to the Agent and shall provide that the Collateral Agent shall have no responsibility for payment of premium and that it shall not terminate without at least thirty (30) days' (or such fewer days, if any, in the case of cancellation pursuant to any war and related risk termination clauses contained in such policies) advance written notice to the Collateral Agent.

(ii) Loss of Hire. From and after the Funding Date and during the term of the Amoco Contract or any Substitute Contract with respect to the Drillship and the Rig, respectively, the Borrower shall maintain loss of hire insurance for a period of at least eighteen (18) months (or, if less, for the then remaining scheduled term of such Amoco Contract or Substitute Contract, as the case may be) and in an amount equal to at least $137,000 (reduced by the amount of any reduction in the stated operating dayrate to be paid by Amoco under the Amoco Drillship Contract to the extent the Borrower, as a result of such reduction, is required to make a prepayment of the Loans pursuant to Section 2.5(g)) per day with respect to the Drillship and $68,600 (or $50,000, if the operating dayrate is reduced to $75,000 per day pursuant to the terms of the Amoco Rig Contract) per day with respect to the Rig for such period (subject to a maximum ninety (90) day deductible). If the Borrower shall make a mandatory prepayment of the remaining Vessel Amortization Payments for either the Drillship or the Rig as provided in Section 2.5(a) or (b), as applicable, together with all other amounts required to be paid therein, the Borrower shall no longer be required to maintain loss of hire insurance with respect to the affected vessel. Such loss of hire policy shall be reasonably acceptable to the Agent, shall name the Collateral Agent as a named assured and a loss payee and shall provide it shall not terminate without at least thirty (30) days' advance written notice to the Collateral Agent.

(iii) Insurance Reserve. On the Funding Date, the Borrower shall establish (but not then be required to fund) a single insurance reserve account with the Collateral Agent for both this Agreement and the Transocean Contracts Loan Agreement (the "Insurance Reserve"). As used herein, the term "Insurance Reserve Required Amount" shall mean, at any date of computation, an amount equal to the aggregate of $137,000 (reduced by the amount of any reduction in the stated operating dayrate to be paid by Amoco under the Amoco Drillship Contract to the extent the Borrower, as a result of such reduction, is required to make a prepayment of the Loans pursuant to Section 2.5(g)) with respect to the Drillship and $68,600 (or $50,000, if the operating dayrate is reduced to $75,000 per day pursuant to the terms of the Amoco Rig Contract) with respect to the Rig times the number of days in the period of any deductible under the applicable loss of hire policy or policies maintained by the Borrower pursuant to Section 7.1(f)(ii), subject to the reduction as set forth herein. If the Borrower shall make a mandatory prepayment of the remaining Vessel Amortization Payments for either the Drillship or the Rig as provided in Section 2.5(a) or (b), as applicable, together with all other amounts required to be paid therein, the Insurance Reserve Required Amount shall permanently be reduced by a percentage, the numerator of which is the product of (i) either $137,000 (reduced by the amount of any reduction in the stated operating dayrate to be paid by Amoco under the Amoco Drillship Contract to the extent the Borrower, as a result of such reduction, is required to make a prepayment of the Loans pursuant to Section 2.5(g)) with respect to the Drillship or $68,600 (or $50,000, if the operating dayrate is reduced to $75,000 per day pursuant to the terms of the Amoco Rig Contract) with respect to the Rig, whichever is applicable, times (ii) the number of days in the period of any deductible under the loss of hire policy then in effect for the applicable vessel, and the denominator of which is the Insurance Reserve Required Amount immediately in effect before such prepayment (the "Vessel Percentage"). If a loss of hire event of a nature covered by the loss of hire insurance policy or policies maintained pursuant to Section 7.1(f)(ii) shall occur with respect to the Drillship or the Rig during the term of the Amoco Contract or any Substitute Contract for the applicable vessel, the Borrower shall deposit (or cause to be deposited) into the Insurance Reserve, as and when necessary for the Borrower to be able to pay timely and in full its Obligations and the Transocean Contracts Obligations becoming due and payable, an aggregate amount equal to the amount of loss of hire insurance proceeds foregone with respect to such loss of hire event as a result of any deductible under the loss of hire insurance policy then in effect, provided that the Borrower shall not be obligated to make any deposit into the Insurance Reserve (pursuant to any provision of this Section 7.1(f)(iii) or any comparable provision of the Transocean Contracts Loan Agreement) to the extent that, after giving effect to such deposit, the aggregate amount theretofore at any time deposited by or on behalf of the Borrower into the Insurance Reserve (pursuant to any provision of this Section 7.1(f)(iii) or any comparable provision of the Transocean Contracts Loan Agreement) would exceed an amount equal to the Insurance Reserve Required Amount then in effect less the aggregate amount of any prior deposits (pursuant to any provision of this Section 7.1(f)(iii) or any comparable provision of the Transocean Contracts Loan Agreement) into the Insurance Reserve to the extent not repaid by the Borrower to Transocean pursuant to the terms and conditions hereof or (without duplication) recouped out of Excess Cash Flow pursuant to the last sentence of the definition thereof. The Borrower shall thereafter use (and the Collateral Agent shall make available to the Borrower) the funds in the Insurance Reserve and then the loss of hire insurance proceeds to pay its Obligations, its Transocean Contracts Obligations and/or its Swap Obligations as they become due under the relevant documents. The Borrower (or Transocean on behalf of the Borrower) also

in its discretion may make deposits into the Insurance Reserve from time to time (and such deposits shall constitute funding or replenishment of the Insurance Reserve for purposes of the last sentence of the definition of the term "Excess Cash Flow"). If an Event of Loss or a Casualty Loss shall occur, the Borrower shall fund the Insurance Reserve as set forth in the third preceding sentence, and shall thereafter use (and the Collateral Agent shall make available to the Borrower) the funds in the Insurance Reserve, as necessary, to pay its Obligations, its Transocean Contracts Obligations and/or its Swap Obligations as they become due under the relevant documents. If the amount of funds in the Insurance Reserve shall at any time exceed the Insurance Reserve Required Amount for any reason (such as, for example, the lowering of the deductible under the loss of hire insurance policies), the Collateral Agent shall upon request of the Borrower release the excess amount to the Borrower. The Collateral Agent shall invest and reinvest the amounts in the Insurance Reserve in such Cash Equivalents as the Borrower may specify from time to time, and shall liquidate such investments as it may be directed from time to time by the Borrower (unless an Event of Default shall have occurred and be continuing hereunder, in which event the Borrower hereby authorizes the Collateral Agent to liquidate any such investments in its sole discretion without any further direction or authorization from the Borrower), and all such investments shall be deemed to constitute part of the Insurance Reserve for all purposes of this Agreement. On the Collateral Termination Date, all amounts in the Insurance Reserve shall be released to the Borrower.

(iv) Insurance Certificate. The Borrower will (i) on or before March 31st of each calendar year and (ii) on the request of the Agent, furnish to the Agent a certificate from a Senior Officer of the Borrower setting forth the nature and extent of the insurance and the amount of the Insurance Reserve maintained pursuant to this Section 7.1(f).

(g) Financial Reports and Other Information. (i) The Borrower will maintain a system of accounting in such manner as will enable preparation of financial statements in accordance with GAAP and will furnish to the Lenders and their respective authorized representatives such information about the business and financial condition of the Borrower as any Lender may reasonably request; and, without any request, will furnish to the Agent:

(x) within sixty (60) days after the end of each of the first three (3) fiscal quarters of each fiscal year of the Borrower, the balance sheet of the Borrower as at the end of such fiscal quarter and the related statements of income and retained earnings and of cash flows for such fiscal quarter and for the portion of the fiscal year ended with the last day of such fiscal quarter, all of which shall be in reasonable detail and certified by the chief financial officer of the Borrower that they fairly present the financial condition of the Borrower and as of the dates indicated and the results of its operations and changes in its cash flows for the periods indicated and that they have been prepared in accordance with GAAP, in each case, subject to normal year-end audit adjustments and the omission of footnotes;

(y) within one hundred twenty (120) days after the end of each fiscal year of the Borrower, the balance sheet of the Borrower as at the end of such fiscal year and the related statements of income and retained earnings and of cash flows for such fiscal year and setting forth consolidated comparative figures as of the end of and for the preceding

fiscal year, audited (in the case of each full calendar year from and after the Funding Date) by an independent nationally-recognized accounting firm; and

(z) on each Amortization Date, a written certificate (the "Monthly Report") signed by the Borrower's chief financial officer (or other financial officer of the Borrower), in his or her capacity as such, (i) showing in reasonable detail the Excess Cash Flow calculation for the preceding calendar month and (ii) showing in reasonable detail the calculation of the Borrowing Base as of the date of such certificate.

The Agent will forward promptly to the Lenders the information provided by the Borrower pursuant to (x), (y) and (z) above.

(ii) Each financial statement furnished to the Agent pursuant to subsections (x) and (y) of Section 7.1(g)(i) shall be accompanied by a written certificate signed by the Borrower's chief financial officer (or other financial officer of the Borrower), in his or her capacity as such, (i) to the effect that no Default then exists or, if any such Default exists as of the date of such certificate, setting forth a description of such Default and specifying the action, if any, taken by the Borrower to remedy the same, (ii) stating the then outstanding principal amount, if any, of any loan or advance from Transocean to the Borrower to fund the Cash Flow Reserve or the Insurance Reserve and the remaining obligation of Transocean to fund each of the Cash Flow Reserve and the Insurance Reserve, and (iii) stating that the Year 2000 remediation efforts of the Borrower are proceeding as scheduled.

(iii) Promptly upon receipt thereof, the Borrower will provide the Agent with a copy of each report or "management letter" submitted to the Borrower by its independent accountants or auditors in connection with any annual, interim or special audit made by them of the books and records of the Borrower and each "management letter" submitted to the Borrower by its independent accountants or auditors and any report by any regulator regarding the Year 2000 exposure, program or progress of Transocean and its Subsidiaries;

(iv) Promptly after any officer of the Borrower obtains knowledge of any of the following, the Borrower will provide the Agent with written notice in reasonable detail of:

(x) any pending or threatened material Environmental Claim against the Borrower or any property owned or operated by the Borrower;

(y) any condition or occurrence on any property owned or operated by the Borrower that results in material noncompliance by the Borrower with any Environmental Law; and

(z) the taking of any material remedial action in response to the actual or alleged presence of any Hazardous Material on any property owned or operated by the Borrower other than in the ordinary course of business.

(v) The Borrower will promptly, and in any event within five (5) days, after a Senior Officer has knowledge thereof, give written notice to the Agent of (who will in turn provide notice to the Lenders of): (i) the occurrence of any Default; (ii) any litigation or governmental proceeding of the type described in Section 6.1(d); (iii) any circumstance that has had or reasonably threatens a Material Adverse Effect, including, without limitation, the revocation, change, modification or reconsideration of any license, consent or approval which has had or reasonably threatens a Material Adverse Effect; (iv) the downgrading, withdrawal or suspension of any rating by any Rating Agency of any indebtedness of Amoco; (v) any investigation of the Drillship or the Rig for a violation of applicable law; or (vi) any assignment by Amoco, or any assignee of Amoco, of its rights and obligations under either the Amoco Drillship Contract or the Amoco Rig Contract.

If the Agent receives such a notice, the Agent shall promptly give notice thereof to each Lender and, until Amsterdam has no Loans outstanding after the Amsterdam Termination Date, to each CP Dealer and each Rating Agency.

(h) Lender Inspection Rights. Upon reasonable notice from the Agent or any Lender, the Borrower will permit the Agent or any Lender (and such Persons as the Agent or such Lender may reasonably designate) during normal business hours at such entity's sole expense unless a Default shall have occurred and be continuing, in which event at the Borrower's expense, to visit and inspect any of the properties of the Borrower, to examine all of its books and records, to make copies and extracts therefrom, and to discuss its affairs, finances and accounts with its officers and independent public accountants (and by this provision the Borrower authorizes such accountants to discuss with the Agent and any Lender (and such Persons as the Agent or such Lender may reasonably designate) the affairs, finances and accounts of the Borrower), all as often, and to such extent, as may be reasonably requested. The chief financial officer of the Borrower and/or his or her designee shall be afforded the opportunity to be present at any meeting of the Agent or the Lenders and such accountants. The Agent agrees to use reasonable efforts to minimize, to the extent practicable, the number of separate requests from the Lenders to exercise their rights under this Section 7.1(h) and/or Section 7.1(g) and to coordinate the exercise by the Lenders of such rights.

(i) Conduct of Business. The Borrower will not engage in any line of business other than the construction, ownership and operation of the Drillship and the Rig.

(j) Interest Rate Protection. The Borrower will maintain its outstanding Interest Rate Protection Agreements (and/or other Interest Rate Protection Agreements providing the same interest protection) in effect for the term of the applicable Loans hereunder. If an Event of Default shall have occurred and be continuing and the Instructing Group shall have elected to take action with respect thereto (unless not required hereunder because of an insolvency event), the Borrower shall effect a "true-up" of the financial terms of the Interest Rate Protection Agreement or Agreements in effect at such time to the extent necessary to eliminate any over-hedged position at such time as a result of any prior optional or mandatory prepayment of the Obligations. If the Agent or a Lender is the counterparty to an Interest Rate Protection

Agreement, any obligations of the Borrower thereunder shall be secured pari passu by the Collateral.

(k) Limitation on Dividends; Negative Pledges. The Borrower will not pay any dividends or make any other distributions on its capital stock so long as a Default shall have occurred and be continuing, and it shall only make dividends or distributions on its capital stock out of (i) its portion of Excess Cash Flow, (ii) any excess Event of Loss Proceeds, Casualty Proceeds or loss of hire insurance proceeds after compliance in full with Sections 2.5(a), 7.1(f) and 7.1(j) as applicable, (iii) the amount of the stated operating dayrate (express or implicit) in any Substitute Contract paid to the Borrower above the stated dayrate (express or implicit) in the Transocean Contract for the applicable vessel but below the stated operating dayrate in the Amoco Rig Contract in effect on the Funding Date with respect to the Rig or below $181,000 with respect to the Drillship or (iv) in the event that any optional prepayments of the Loans are made, out of any other funds (provided that dividends pursuant to this clause (iv) shall not exceed in the aggregate the aggregate amount of all such optional prepayments) (all such permitted sources, the "Permitted Distribution Sources"). The Borrower may not redeem, purchase or otherwise acquire any shares of its capital stock or make any deposit for such purpose. The Borrower shall not enter into any agreement (other than the Operative Documents) expressly and directly prohibiting the creation or assumption of any Lien upon its properties, revenues or assets, whether now owned or hereafter acquired, or prohibiting or restricting the ability of the Borrower from amending or otherwise modifying any Credit Document, except that the Borrower (x) may do so (l) in connection with the incurrence or assumption of any Indebtedness permitted to exist pursuant to Section 7.1(o)(other than, subject to clause (y) below, Section 7.1(o)(iv)), or (2) with respect to any particular property or asset (or the revenues associated therewith), in connection with any permitted transaction involving such property or asset (including, without limitation, prohibitions in agreements on the assignment or granting of a Lien thereon) and (y) may enter into any agreement with Transocean prohibiting or restricting the ability of the Borrower from amending or otherwise modifying this Agreement or any other Credit Documents.

(l) Restrictions on Fundamental Changes. The Borrower shall not be a party to any merger into or consolidation with, or purchase or otherwise acquire all or substantially all of the assets or any of the stock of, any other Person, or (subject to Section 2.5(e)) sell the Drillship or the Rig or any of its stock unless any such merger or consolidation is with Transocean or any such sale is to Transocean and Transocean assumes the Borrower's Obligations hereunder, and Transocean delivers to the Agent a legal opinion in form and substance satisfactory to the Agent with respect to such merger, consolidation or sale.

(m) Cash Flow Reserve. On the Funding Date, the Borrower shall establish (but not then be required to fund) a single cash flow reserve account with the Collateral Agent for both this Agreement and the Transocean Contracts Loan Agreement (the "Cash Flow Reserve"). As used herein, the term "Cash Flow Reserve Required Amount" shall mean (i) $20,630,000 during the ninety (90) day period immediately following the Funding Date, and (ii) $8,300,000 thereafter, in each case subject to reduction as set forth herein; provided, however, that for purposes of the calculation in the proviso to the next sentence, any amounts deposited by the Borrower into the Cash Flow Reserve up to $12,330,000 in the aggregate during the period that

the Cash Flow Reserve Amount is $20,630,000 shall not be counted as having been previously so deposited once the Cash Flow Reserve Amount is reset to $8,300,000. If the Borrower shall be unable for any reason to pay timely and in full any of its Obligations or Transocean Contracts Obligations becoming due and payable, the Borrower shall deposit (or cause to be deposited) into the Cash Flow Reserve the incremental amount necessary for Borrower to be able to pay timely and in full such Obligations and Transocean Contracts Obligations becoming due and payable, provided that the Borrower shall not be obligated to make any deposit into the Cash Flow Reserve (pursuant to any provision of this Section 7.1(m) or any comparable provision of the Transocean Contracts Loan Agreement), to the extent that, after giving effect to such deposit, the aggregate amount theretofore at any time deposited by or on behalf of the Borrower into the Cash Flow Reserve (pursuant to any provision of this Section 7.1(m) or any comparable provision of the Transocean Contracts Loan Agreement) would exceed an amount equal to the Cash Flow Reserve Required Amount then in effect less the aggregate amount of any prior deposits into the Cash Flow Reserve (pursuant to any provision of this Section 7.1(m) or any comparable provision of the Transocean Contracts Loan Agreement), to the extent not repaid by the Borrower to Transocean pursuant to the terms and conditions hereof or (without duplication) recouped by the Borrower pursuant to the last sentence of the definition of the term "Excess Cash Flow." The Borrower shall use (and the Collateral Agent shall make available to the Borrower) the funds in the Cash Flow Reserve to pay its Obligations, its Transocean Contracts Obligations and/or its Swap Obligations as they become due under the relevant documents, provided that the funds in the Insurance Reserve shall first be used by the Borrower if a loss of hire event, an Event of Loss or a Casualty Event shall have occurred. The Borrower also may in its discretion fund or replenish the Cash Flow Reserve from time to time from any source of funds to any extent (and such deposits shall constitute funding or replenishment of the Cash Flow Reserve for purposes of the last sentence of the definition of the term "Excess Cash Flow"). If the Borrower shall elect a Vessel Financing Termination or if an Event of Loss shall occur with respect to either the Drillship or the Rig, and the Borrower shall make a mandatory prepayment of its Vessel Amortization Payments for the applicable vessel as provided in Section 2.5(a) or (b), as applicable and its "Vessel Amortization Payments" for the applicable vessel as provided in the comparable provisions of the Transocean Contracts Loan Agreement, then the Cash Flow Reserve Required Amount shall permanently be reduced by the Vessel Percentage thereof. The Collateral Agent shall invest and reinvest the amounts in the Cash Flow Reserve in such Cash Equivalents as the Borrower may specify from time to time, and shall liquidate such investments as it may be directed from time to time by the Borrower (unless an Event of Default shall have occurred and be continuing, in which event the Borrower hereby authorizes the Collateral Agent to liquidate any such investments in its sole discretion without any further direction or authorization from the Borrower), and all such investments shall be deemed to constitute part of the Cash Flow Reserve for all purposes of this Agreement. If the amount of funds in the Cash Flow Reserve shall at any time exceed the Cash Flow Reserve Required Amount (such as, for example, as a result of a prepayment of the Loans pursuant to Section 2.5(a) the Collateral Agent shall upon the request of the Borrower release the excess amount to the Borrower. On the Collateral Termination Date, all amounts in the Cash Flow Reserve shall be released to the Borrower.

(n) Liens. The Borrower shall not create, incur, assume or suffer to exist any Lien of any kind on any property or asset of any kind of the Borrower, except the following (collectively, the "Permitted Liens"):

(i) Liens arising in the ordinary course of business by operation of law, deposits, pledges or other Liens in connection with workers' compensation, unemployment insurance, old age benefits, social security obligations, taxes, assessments, public or statutory obligations or other similar charges, good faith deposits, pledges or other Liens in connection with (or to obtain letters of credit in connection with) bids, performance, return-of-money or payment bonds, contracts or leases to which the Borrower is a party or other deposits required to be made in the ordinary course of business; provided that in each case the obligation secured is not for Indebtedness for borrowed money and is not overdue or, if overdue, is being contested in good faith by appropriate proceedings and reserves in conformity with GAAP have been provided therefor;

(ii) mechanics', workmen's, materialmen's, landlords', carriers', maritime or other similar Liens arising in the ordinary course of business (or deposits to obtain the release of such Liens) related to obligations not overdue for more than thirty (30) days, or, if so overdue, that are being contested in good faith by appropriate proceedings and reserves in conformity with GAAP have been provided therefor;

(iii) Liens for Taxes which are being contested in good faith by appropriate proceedings and reserves in conformity with GAAP have been provided therefor;

(iv) Liens imposed by ERISA (or comparable foreign laws) which are being contested in good faith by appropriate proceedings and reserves in conformity with GAAP have been provided therefor;

(v) Liens arising out of judgments or awards against the Borrower or in connection with surety or appeal bonds or the like in connection with bonding such judgments or awards, the time for appeal from which or petition for rehearing of which shall not have expired or for which the Borrower shall be prosecuting an appeal or proceeding for review, and for which it shall have obtained (within thirty (30) days with respect to a judgment or award rendered in the United States or within sixty (60) days with respect to a judgment or award rendered in a foreign jurisdiction after entry of such judgment or award or expiration of any previous such stay, as applicable) a stay of execution or the like pending such appeal or proceeding for review; provided, that the aggregate amount of uninsured or underinsured liabilities (including interest, costs, fees and penalties, if any) of the Borrower secured by such Liens shall not exceed $5,000,000 at any one time outstanding;

(vi) rights reserved to or vested in any municipality or governmental, statutory or public authority by the terms of any right, power, franchise, grant, license or permit, or by any provision of law, to terminate such right, power, franchise, grant, license or permit

or to purchase, condemn, expropriate or recapture or to designate a purchaser of any of the property of a Person;

(vii) rights reserved to or vested in any governmental, statutory or public authority to control, regulate or use any property of a Person;

(viii) Liens arising under Environmental Laws; and

(ix) Liens created by the Operative Documents or the "Operative Documents" under the Transocean Contracts Loan Agreement.

(o) Indebtedness. The Borrower shall not incur, assume or suffer to exist any Indebtedness, except the following (collectively, the "Permitted Indebtedness"):

(i) Indebtedness under the Credit Documents or the Transocean Contracts Loan Agreement;

(ii) Indebtedness incurred, assumed or existing in connection with the Liens permitted by Section 7.1(n);

(iii) Interest Rate Protection Agreements as required by Section 7.1(j); and

(iv) unsecured Indebtedness to Transocean or any of its Subsidiaries so long as (A) payment of such Indebtedness is subordinated to payment of the Borrower's Obligations hereunder during the continuance of any Default, no payments of principal, interest or fees on such Indebtedness are scheduled to be made before the Collateral Termination Date except for (w) repayments of any amounts paid by Transocean or any of its Subsidiaries in connection with (1) the design, engineering, construction and equipment of the Drillship and the acquisition, design, engineering, upgrade and equipping of the Rig as contemplated by the Amoco Drillship Contract and the Amoco Rig Contract, respectively, (2) insurance premiums or binder deposits under the insurance policies required or heretofore required to be maintained by the Borrower pursuant to any Operative Document or any "Operative Document" under the Transocean Contracts Loan Agreement, (3) the Interest Rate Protection Agreements required or heretofore required by Section 7.1(j) or by Section 6.10 of the Secured Credit Agreement (including, without limitation, any true-up costs or expenses with respect thereto) and (4) flagging costs and costs of obtaining certification of the Drillship and the Rig, (x) repayments of the principal of, and accrued interest on, any borrowings from Transocean or any of its Subsidiaries to fund Amoco or any substitute contracting party directed or requested capital expenditures out of payments therefor by Amoco or any substitute contracting party in excess of Fixed Operating Expenses, as applicable, (y) payments out of any Permitted Distribution Sources, or (z) repayments of the principal of, and accrued interest on, any borrowings from Transocean or any of its Subsidiaries to fund or replenish the Cash Flow Reserve or the Insurance Reserve (even if such funding of any such reserve was not at the time required), out of any incentive or bonus payments under the Amoco Drillship Contract or any Permitted Distribution Source or any Event of Loss Proceeds,

Casualty Proceeds or loss of hire insurance proceeds paid over to the Borrower pursuant to Section 7.1(f), in each case so long as no Default shall have occurred and be continuing, and (B) the documentation with respect to such Indebtedness otherwise is reasonably satisfactory to the Agent.

(p) Use of Property and Facilities; Environmental Laws. The Borrower shall comply in all material respects with all Environmental Laws applicable to or affecting the properties or business operations of the Borrower, where the failure to comply is reasonably likely to have a Material Adverse Effect.

(q) Advances, Investments and Loans. The Borrower shall not lend money or make advances to any Person, guaranty any obligations of any Person or purchase or acquire any stock, indebtedness, obligations or securities of, or any other interest in, or make any capital contribution to, any other Person (any of the foregoing, an "Investment") except:

(i) Investments (including, without limitation, of the Cash Flow Reserve and the Insurance Reserve) in Cash Equivalents and deposit accounts;

(ii) receivables owing to the Borrower created or acquired in the ordinary course of business and payable on customary trade terms of the Borrower;

(iii) Investments received in connection with the bankruptcy or reorganization of suppliers and customers and in settlement of delinquent obligations of, and other disputes with, customers and suppliers arising in the ordinary course of business;

(iv) Interest Rate Protection Agreements entered into in compliance with Section 7.1(j);

(v) deposits and progress payments made in the ordinary course of business;

(vi) unsubordinated demand loans to Transocean out of any Permitted Distribution Sources; and

(vii) temporary Investments of cash not otherwise permitted above to the extent the same is being held to fund reasonably anticipated working capital needs, not to exceed the equivalent of $5,000,000 in the aggregate.

(r) Modifications of Corporate Documents and Contracts. (i) The Borrower shall not amend, modify or change in any way materially adverse to the interests of the Lenders, its certificate of incorporation, by-laws or other corporate governance documents.

(ii) The Borrower shall not amend, modify or change in any way any of the Amoco Contracts, the Transocean Contracts or the Substitute Contracts (except as specifically contemplated thereby) so as to reduce the length of the term thereof, change in any respect materially adverse to the interests of the Lenders any of the time and manner, or reduce the amount of, any of the payments to be made thereunder by any party thereto other than the

Borrower, reduce in any respect materially adverse to the interests of the Lenders any of the insurance required to be maintained thereunder or change in any respect materially adverse to the interests of the Lenders any of the terms thereof, in each case, without the consent of the Instructing Group; provided, however, that (i) the Borrower may amend, modify or change in any way the Functional Requirements for the Drillship or the Rig with the consent of Amoco so long as such amendment, modification or change does not materially diminish the value, useful life or anticipated utility of the applicable vessel and (ii) the Borrower and Transocean may terminate either or both of the Transocean Contracts if either (x) the Transocean Contracts Loans, together with all accrued and unpaid interest thereon and any breakage fees due under the Transocean Contracts Loan Agreement, shall have been paid in full, or (y) the Borrower enters into a substitute contract (whether through an extension of either of the Amoco Contracts or a new contract with Amoco or with another Person) providing for the lease or employment of the Drillship or the Rig, as applicable, the anticipated cash flow under which is no less than that under the relevant Transocean Contract containing collateral assignment provisions no less favorable to the Borrower than the provisions of the applicable Amoco Contract and containing non-financial terms and provisions (including, without limitation, with respect to the operating dayrates, cost reimbursements, the term, insurance, force majeure and defaults thereunder), that overall are no less favorable to the Borrower than the non-financial terms and provisions of the applicable Amoco Contract and otherwise are reasonably satisfactory to the Agent, with Amoco or with another Person which has an investment grade rating of at least BBB from S&P and Baa2 from Moody's and not on credit watch for a downgrade of such ratings to below either such level, as applicable, and if the Borrower provides to the Collateral Agent (for the benefit of, without limitation, the Lenders) a Lien upon the Borrower's interest in any such Substitute Contract pursuant to an assignment in substantially the form of the Assignments of Amoco Contracts and obtains the consent of the substitute contracting party to such assignment in form and substance reasonably satisfactory to the Agent. Any such Substitute Contract shall be substituted for the applicable Transocean Contract (i) when it shall have become effective, and (ii) when it shall have been reasonably accepted by the Agent as a Substitute Contract in compliance with the criteria contained herein as evidenced by a consent from the Agent to the Borrower. The Agent shall promptly provide the Lenders with a copy of any Substitute Rig Contract or Substitute Drillship Contract and its consent thereto.

(iii) The Borrower shall not, without the consent of the Instructing Group, amend, modify or supplement, in each case in any way materially adverse to the interests of the Lenders, the License Agreement or the O&M Contracts.

(iv) The Borrower shall not, after the date hereof, enter into, or amend or modify, any Operative Document, Substitute Contract or Interest Rate Protection Agreement without the prior written consent of Transocean.

(s) Transfers of Assets. The Borrower shall not permit any Transfer of an asset (other than the Rig and related assets in connection with a Vessel Financing Termination) except:

(i) the Transfer of equipment and other assets in the ordinary course of business including the repayment of the Loans;

(ii) the retirement or replacement of assets in the ordinary course of business;

(iii) any Investment permitted by Section 7.1(q);

(iv) the Liens permitted by Section 7.1(n);

(v) the Transfer of assets that are obsolete, worn out or no longer useful in the business of the Borrower;

(vi) exchanges of assets that are of a like kind and value;

(vii) any Transfer of the Drillship or the Rig to Transocean pursuant to Section 7.1(r); and

(viii) any Transfer permitted or effected under the O&M Contracts or the Transocean Contracts.

(t) Transactions with Affiliates. Except as otherwise specifically permitted herein, the Borrower shall not enter into or engage in any material transaction or arrangement or series of related transactions or arrangements which in the aggregate would be material with any Affiliate, but excluding the transactions and arrangements contemplated by the Operative Documents and excluding any tax-sharing agreement between Transocean and the Borrower, including, without limitation, the purchase from, sale to or exchange of property with, or the rendering of any service by or for, any Affiliate, except pursuant to the requirements of the Borrower's business and unless such transaction or arrangement or series of related transactions or arrangements, taken as a whole, is fair and equitable to the Borrower.

(u) Compliance with Laws. Without limiting any of the other covenants of the Borrower in this Article VII, the Borrower shall conduct its business, and otherwise be, in compliance with all applicable laws, regulations, ordinances and orders of any governmental or judicial authorities; provided, however, that this Section 7.1(u) shall not require the Borrower to comply with any such law, regulation, ordinance or order if (x) it shall be contesting such law, regulation, ordinance or order in good faith by appropriate proceedings and reserves in conformity with GAAP have been provided therefor, or (y) the failure to comply therewith is not reasonably likely to have a Material Adverse Effect.

(v) Bank Accounts. The Borrower shall maintain separate bank accounts from Transocean and its Subsidiaries.

(w) Notice of Change of Definitions. The Borrower shall give written notice to the Agent of any change of any of the definitions in the Transocean Credit Facility that would cause any change in any of the definitions contained herein within five (5) days of any such change. The Agent shall in turn promptly provide such notice to the Lenders.

ARTICLE VIII

EVENTS OF DEFAULT

Section 8.1. Events of Default. Any one or more of the following shall constitute an Event of Default:

(a) default by the Borrower in the payment of the principal amount of any Loan, any interest thereon or any fees payable hereunder within two (2) Business Days following the date when due;

(b) default by the Borrower in the observance or performance of any covenant set forth in Section 7.1(g)(v)(i) (if the Borrower shall have failed to give the applicable written notice contemplated by Section 7.1(g)(v)(i) within five (5) days after a Senior Officer of the Borrower first having knowledge of the occurrence of any Default), 7.1(k), 7.1(l), 7.1(r) or 7.1(s);

(c) any event of default or default described in a Security Document, any of the O&M Contracts or the License Agreement, other than any Events of Default specifically provided in this Section 8.1, shall occur and remain unremedied after any applicable grace period therefor, or if no grace period is provided therein, the applicable grace period for purposes hereof shall be thirty (30) days following notice to the Borrower by the Agent of the occurrence of such event of default or default;

(d) default by any Credit Party in the observance or performance of any provision hereof or of any other Credit Document not mentioned in (a), (b) or (c) above, which is not remedied within thirty (30) days after notice thereof to the Borrower by the Agent;

(e) any representation or warranty made or deemed made herein or in any other Credit Document by the Borrower or Transocean proves untrue in any material respect as of the date of the making, or deemed making, thereof;

(f) default occurs in the payment when due of Indebtedness in an aggregate principal amount of $5,000,000 or more when aggregated with any Indebtedness described in Section 8.1(1) which is then in default, of the Borrower (other than Indebtedness to Transocean or any of its Subsidiaries) after any applicable grace period therefor, and such default, if in payment when due of Indebtedness, continues for a period of time sufficient to permit the holder or beneficiary of such Indebtedness, or a trustee therefor, to cause the acceleration of the maturity of any such Indebtedness or any mandatory unscheduled prepayment, purchase, or other early funding thereof;

(g) the Borrower, Transocean, Amoco (during the stated term (other than any portion thereof cancelled pursuant to the Free Cancellation Right) of either Amoco Contract) or any substitute contracting party under a Substitute Contract (during the stated term of any such Substitute Contract) (i) has entered involuntarily against it an order for relief under the United States Bankruptcy Code or a comparable action is taken under any bankruptcy or insolvency law of another country or political subdivision of such country, (ii) generally does not pay, or admits its inability generally to pay, its debts as they become due, (iii) makes a general assignment for

the benefit of creditors, (iv) applies for, seeks, consents to, or acquiesces in, the appointment of a receiver, custodian, trustee, liquidator or similar official for it or any substantial part of its property under the Bankruptcy Code or under the bankruptcy or insolvency laws of another country or a political subdivision of such country, (v) institutes any proceeding seeking to have entered against it an order for relief under the United States Bankruptcy Code or any comparable law, to adjudicate it insolvent, or seeking dissolution, winding up, liquidation, reorganization, arrangement, adjustment or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors or fails to file an answer or other pleading denying the material allegations of or consents to or acquiesces in any such proceeding filed against it, (vi) makes any board of directors resolution in direct furtherance of any matter described in clauses (i)-(v) above, or (vii) fails to contest in good faith any appointment or proceeding described in this Section 8.1(g);

(h) a custodian, receiver, trustee, liquidator or similar official is appointed for the Borrower, Transocean, Amoco (during the stated term (other than any portion thereof cancelled pursuant to the Free Cancellation Right) of either Amoco Contract), or any substitute contracting party under a Substitute Contract (during the stated term of any such Substitute Contract), or any substantial part of its property under the Bankruptcy Code or under the bankruptcy or insolvency laws of another country or a political subdivision of such country, or a proceeding described in Section 8.1(g)(v) is instituted against the Borrower, Transocean, Amoco or such substitute lessee, and such appointment continues undischarged or such proceeding continues undismissed and unstayed for a period of sixty (60) days (or one hundred twenty (120) days in the case of any such event occurring outside the United States of America);

(i) the Borrower or Transocean fails within thirty (30) days with respect to a judgment or order that is rendered in the United States or sixty (60) days with respect to a judgment or order that is rendered in a foreign jurisdiction (or such earlier date as any execution on such judgment or order shall take place) to vacate, pay, bond or otherwise discharge any judgment or order for the payment of money the uninsured portion of which is in excess of $5,000,000 with respect to the Borrower and $15,000,000 with respect to Transocean and which is not stayed on appeal or otherwise being appropriately contested in good faith in a manner that stays execution;

(j) the Borrower fails to pay when due an amount aggregating in excess of $5,000,000 that it is liable to pay to the PBGC or to a Plan under Title IV of ERISA; or a notice of intent to terminate a Plan having Unfunded Vested Liabilities of the Borrower in excess of $5,000,000 (a "Material Plan") is filed under Title IV of ERISA; or the PBGC institutes proceedings under Title IV of ERISA to terminate or to cause a trustee to be appointed to administer any Material Plan or a proceeding is instituted by a fiduciary of any Material Plan against the Borrower or to collect any liability under Section 515 or 4219(c)(5) of ERISA, and in each case such proceeding is not dismissed within thirty (30) days thereafter; or a condition exists by reason of which the PBGC would be entitled to obtain a decree adjudicating that any Material Plan must be terminated;

(k) any Credit Party or any Person authorized to act on behalf of a Credit Party challenges the validity of any Credit Document or such Credit Party's obligations thereunder in any material respect, or any Credit Document ceases, other than in accordance with its terms, to

be valid and binding or ceases, in any material respect, other than in accordance with its terms, to give to the Agent and the Lenders the Liens, rights, and powers purported to be granted in their favor thereby;

(l) the Borrower shall default in any payment under any Interest Rate Protection Agreement required pursuant to Section 7.1(j) when obligated to make such payment, whether by acceleration or otherwise, and such payment default shall continue after any applicable grace period and be in an amount in excess of $5,000,000 when aggregated with all Indebtedness described in Section 8.1(f) which is then in default as described in Section 8.1(f);

(m) Transocean shall fail to directly or indirectly own one hundred percent (100%) of the stock of the Borrower;

(n) any event of default under the Transocean Performance Guaranty shall occur and shall be continuing (it being understood and agreed that such event of default shall cease to be "continuing" for the purposes of this Agreement when it shall cease to constitute a continuing event of default under the Transocean Performance Guaranty for any reason (including without limitation as a result of the curing thereof or any waiver or modification thereunder)) after any applicable cure period therefor;

(o) any event of default under the Transocean Contracts Loan Agreement shall occur and shall be continuing (it being understood and agreed that such event of default shall cease to be "continuing" for the purposes of this Agreement when it shall cease to constitute a continuing event of default under the Transocean Contracts Loan Agreement for any reason (including, without limitation, as a result of the curing thereof or any waiver or modification thereunder)) after any applicable grace period therefor;

(p) any event of default shall occur under the Transocean Credit Facility and shall be continuing (it being understood and agreed that such event of default shall cease to be "continuing" for the purposes of this Agreement when it shall cease to constitute a continuing event of default under the Transocean Credit Facility for any reason (including, without limitation, as a result of the curing thereof or any waiver or modification thereunder)) after any applicable grace period therefor; provided that such event shall not be an Event of Default hereunder so long as (i) the Cash Flow Reserve and the Insurance Reserve shall be funded to the maximum extent that the Borrower then could be required to fund such accounts pursuant to Section 7.1(f)(iii) or 7.1(m), (ii) the Borrower has effected a "true-up" of the financial terms of the Interest Rate Protection Agreement or Agreements in effect at such time to the extent necessary to eliminate any over-hedged position at such time as a result of any prior optional or mandatory prepayment of the Obligations and (iii) the stated operating dayrate reduction described in Section 2.5(h) shall not have occurred, or if such event shall have occurred, the Borrower or Transocean shall have made the mandatory prepayment required in Section 2.5(h) as a result thereof; or

(q) any default (as defined in the applicable contract) or event of default (as defined in the applicable contract) under any of the Amoco Contracts, the Transocean Contracts or the Substitute Contracts shall occur and shall be continuing (it being understood and agreed that

such default or event of default shall cease to be "continuing" for the purposes of this Agreement when it shall cease to constitute a continuing default or event of default under any such agreement for any reason (including without limitation as a result of the curing thereof or any waiver or modification thereunder)) after any applicable grace period therefor, or any of such contracts shall be cancelled or terminated (other than if a cancellation fee or termination fee is to be paid pursuant to the terms thereof, other than the free cancellation provided in the Amoco Rig Contract and other than any termination of a Transocean Contract in accordance with Section 7.1(r)) or otherwise no longer in full force and effect prior to the stated term thereof, including, without limitation, as a result of an Event of Loss or Casualty Loss (unless the Borrower is in compliance with Section 2.5(a) or (b), as applicable and Sections 7.1(f)(iii) and 7.1(m)) or an event of Force Majeure; provided, that it shall not be an Event of Default hereunder if the Borrower shall be contesting in good faith any dispute in connection with any of such contracts so long as reserves in accordance with GAAP are established and all Obligations of the Borrower are being timely paid hereunder.

Section 8.2. Non-Bankruptcy Defaults. When any Event of Default (other than those described in Section 8.1(g) or (h) with respect to the Borrower) has occurred and is continuing, the Agent shall, by notice to the Borrower: (a) if so directed by the Instructing Group, terminate the remaining Commitments to the Borrower hereunder on the date stated in such notice (which may be the date thereof); and (b) if so directed by the Instructing Group, declare the principal of and the accrued interest on all outstanding Loans to be forthwith due and payable and thereupon all outstanding Loans, including both principal and interest thereon, shall be and become immediately due and payable together with all other accrued amounts payable under the Credit Documents without further demand, presentment, protest or notice of any kind, including, but not limited to, notice of intent to accelerate and notice of acceleration, each of which is expressly waived by the Borrower. The Agent, after giving notice to the Borrower pursuant to this Section 8.2, shall also promptly send a copy of such notice to the other Lenders, but the failure to do so shall not impair or annul the effect of such notice.

Section 8.3. Bankruptcy Defaults. When any Event of Default described in Section 8.1(g) or (h) has occurred and is continuing with respect to the Borrower, then all outstanding Loans shall immediately become due and payable together with all other accrued amounts payable under the Credit Documents without presentment, demand, protest or notice of any kind, each of which is expressly waived by the Borrower; and all Commitments of the Lenders hereunder shall immediately terminate.

Section 8.4. Notice of Default. The Agent shall give notice to the Borrower under Section 8.2 promptly upon being requested to do so by the Instructing Group and shall thereupon notify all the Lenders thereof.

ARTICLE IX

THE AGENTS

Section 9.1. Appointment and Authorization. Each Lender hereby irrevocably designates and appoints ABN AMRO Bank N.V. as the "Agent" and the "Collateral Agent" hereunder and under the other Credit Documents and authorizes the Agent and the Collateral Agent to take such

actions and to exercise such powers as are delegated to the Agent and the Collateral Agent hereby and under any Credit Document and to exercise such other powers as are reasonably incidental thereto. Neither the Agent nor the Collateral Agent shall have any duties other than those expressly set forth herein or any fiduciary relationship with any Lender, and no implied obligations or liabilities shall be read into this Agreement, or otherwise exist, against the Agent or the Collateral Agent. Neither the Agent nor the Collateral Agent assumes, nor shall it be deemed to have assumed, any obligation to, or relationship of trust or agency with, the Borrower.

Section 9.2. Delegation of Duties. The Agent and the Collateral Agent may execute any of their duties through agents or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. Neither the Agent nor the Collateral Agent shall be responsible for the negligence or misconduct of any agents or attorneys-in-fact selected by it with reasonable care.

Section 9.3. Exculpatory Provisions. Neither the Agent nor the Collateral Agent nor any of their directors, officers, agents or employees shall be liable for any action taken or omitted (i) with the consent or at the direction of the Instructing Group or (ii) in the absence of such Person's gross negligence or willful misconduct. Neither the Agent nor the Collateral Agent shall be responsible to any Lender or other Person for (i) any recitals, representations, warranties or other statements made by the Borrower, Transocean or any of their Affiliates, (ii) the value, validity, effectiveness, genuineness, enforceability or sufficiency of any Credit Document, (iii) any failure of the Borrower, Transocean or any of their Affiliates to perform any obligation or (iv) the satisfaction of any condition specified in Article V except the receipt of documents to be received by it as provided therein. Neither the Agent nor the Collateral Agent shall have any obligation to any Lender to ascertain or inquire about the observance or performance of any agreement contained in any Credit Document or to inspect the properties, books or records of the Borrower, Transocean or any of their Affiliates.

Section 9.4. Reliance by Agent. The Agent and the Collateral Agent shall in all cases be entitled to rely, and shall be fully protected in relying, upon any document, other writing or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person and upon advice and statements of legal counsel (including counsel to the Borrower), independent accountants and other experts selected by the Agent and the Collateral Agent. The Agent and the Collateral Agent shall in all cases be fully justified in failing or refusing to take any action under any Credit Document unless it shall first receive such advice or concurrence of the Lenders, and assurance of its indemnification, as it deems appropriate.

Section 9.5. Assumed Payments. Unless the Agent shall have received notice from the applicable Lender before the date of any Put or of any Borrowing that such Lender will not make available to the Agent the amount it is scheduled to remit as part of such Put or Borrowing the Agent may assume such Lender has made such amount available to the Agent when due (an "Assumed Payment") and, in reliance upon such assumption, the Agent may (but shall have no obligation to) make available such amount to the appropriate Person. If and to the extent that any Lender shall not have made its Assumed Payment available to the Agent, such Lender (and the Borrower in the case of any Borrowing) hereby agrees to pay the Agent forthwith on demand such unpaid portion of such Assumed Payment up to the amount of funds actually paid by the

Agent, together with interest thereon for each day from the date of such payment by the Agent until the date the requisite amount is repaid to the Agent, at a rate per annum equal to the Federal Funds Rate plus 2%.

Section 9.6. Notice of Defaults or Put Events. Neither the Agent nor the Collateral Agent shall be deemed to have knowledge or notice of the occurrence of any Default or Put Event unless the Agent and the Collateral Agent have received notice from any Lender or the Borrower stating that a Default or Put Event has occurred hereunder and describing such Default or Put Event. The Agent and the Collateral Agent shall take such action concerning a Default or Put Event as may be directed by the Instructing Group (or, if required for such action, all of the Lenders), but until the Agent and the Collateral Agent receive such directions, the Agent and the Collateral Agent may (but shall not be obligated to) take such action, or refrain from taking such action, as the Agent and the Collateral Agent deem advisable and in the best interests of the Lenders.

Section 9.7. Non-Reliance on Agent and Other Lenders. Each Lender expressly acknowledges that neither the Agent, the Collateral Agent nor any of their officers, directors, employees, agents, attorneys-in-fact or Affiliates has made any representations or warranties to it and that no act by the Agent or the Collateral Agent hereafter taken, including any review of the affairs of the Borrower or Transocean, shall be deemed to constitute any representation or warranty by the Agent or the Collateral Agent. Each Lender represents and warrants to the Agent and the Collateral Agent that, independently and without reliance upon the Agent or the Collateral Agent or any other Lender and based on such documents and information as it has deemed appropriate, it has made and will continue to make its own appraisal of and investigation into the business, operations, property, prospects, financial and other conditions and creditworthiness of the Borrower, Transocean, and the Amoco Contracts and its own decision to enter into this Agreement and to take, or omit to take, action under any Credit Document. The Agent shall deliver each month to any Lender that so requests a copy of any report received covering the preceding calendar month. Except for items specifically required to be delivered hereunder, neither the Agent nor the Collateral Agent shall have any duty or responsibility to provide any Lender with any information concerning the Borrower, Transocean or any of their Affiliates that comes into the possession of the Agent or the Collateral Agent or any of its officers, directors, employees, agents, attorneys-in-fact or Affiliates.

Section 9.8. Agent and Affiliates. The Agent and the Collateral Agent and their Affiliates may extend credit to, accept deposits from and generally engage in any kind of business with the Borrower, Transocean or any of their Affiliates and, in its roles as a Liquidity Provider and the Enhancer, ABN AMRO may exercise or refrain from exercising its rights and powers as if it were not the Agent or the Collateral Agent. The parties acknowledge that ABN AMRO acts as agent for Amsterdam and subagent for Amsterdam's management company in various capacities, as well as providing credit facilities and other support for Amsterdam not contained in the Credit Documents.

Section 9.9. Indemnification. Each Committed Lender shall indemnify and hold harmless the Agent and the Collateral Agent and their officers, directors, employees, representatives and agents (to the extent not reimbursed by the Borrower and without limiting the

obligation of the Borrower to do so), ratably in accordance with its Ratable Share from and against any and all liabilities, obligations, losses, damages, penalties, judgments, settlements, costs, expenses and disbursements of any kind whatsoever (including in connection with any investigative or threatened proceeding, whether or not the Agent or the Collateral Agent or such Person shall be designated a party thereto) that may at any time be imposed on, incurred by or asserted against the Agent or the Collateral Agent or such Person as a result of or related to any of the transactions contemplated by the Credit Documents or the execution, delivery or performance of the Credit Documents or any other document furnished in connection therewith (but excluding any such liabilities, obligations, losses, damages, penalties, judgments, settlements, costs, expenses or disbursements resulting solely from the gross negligence or willful misconduct of the Agent or the Collateral Agent or such Person as finally determined by a court of competent jurisdiction).

Section 9.10. Successor Agent. The Agent or the Collateral Agent may, upon at least thirty (30) days' notice to the Borrower and each Lender, resign as Agent or the Collateral Agent. Such resignation shall not become effective until a successor agent is appointed by an Instructing Group and has accepted such appointment. Upon such acceptance of its appointment as the Agent or the Collateral Agent hereunder by a successor Agent or Collateral Agent, such successor Agent or Collateral Agent shall succeed to and become vested with all the rights and duties of the retiring Agent or Collateral Agent, and the retiring Agent or Collateral Agent shall be discharged from its duties and obligations under the Credit Documents. After any retiring Agent's or Collateral Agent's resignation hereunder, the provisions of Article IV and this Article IX shall inure to its benefit as to any actions taken or omitted to be taken by it while it was the Agent or the Collateral Agent.

ARTICLE X

MISCELLANEOUS

Section 10.1. Termination. Amsterdam shall cease to be a party hereto when the Amsterdam Termination Date has occurred, Amsterdam holds no Loan and all amounts payable to it hereunder have been indefeasibly paid in full, and thereafter Amsterdam shall have no rights hereunder (except to the extent that any right of Amsterdam survives the termination of this Agreement by the express terms hereof) and all references to Amsterdam shall be disregarded (except for references to Amsterdam in any provision relating to the survival of rights hereunder). This Agreement shall terminate following the Liquidity Termination Date when no Loans are held by a Lender and all other amounts payable hereunder have been indefeasibly paid in full, but the rights and remedies of the Agent and each Lender concerning any covenant made by the Borrower under Article IV, and under Section 9.9, shall survive such termination.

Section 10.2. Notices. Unless otherwise specified, all notices and other communications hereunder shall be in writing (including by telecopier or other facsimile communication), given to the appropriate Person at its address or telecopy number set forth on the signature pages hereof or at such other address or telecopy number as such Person may specify, and effective when received at the address specified by such Person. Each party hereto, however, authorizes the Agent to act on telephone notices of Loans, Puts, and interest rate and Interest Period selections from any person the Agent in good faith believes to be acting on behalf of the relevant party and,

at the Agent's option, to tape record any such telephone conversation. Each party hereto agrees to deliver promptly to the Agent a confirmation of each telephone notice given or received by such party (signed by an authorized officer of such party), but the absence of such confirmation shall not affect the validity of the telephone notice. The Agent's records of all such conversations shall be deemed correct absent manifest error and, if the confirmation of a conversation differs in any material respect from the action taken by the Agent, the records of the Agent shall govern absent manifest error. The number of days for any advance notice required hereunder may be waived (orally or in writing) by the Person receiving such notice and, in the case of notices to the Agent, the consent of each Person to which the Agent is required to forward such notice.

Section 10.3. Payments and Computations. Notwithstanding anything herein to the contrary, any amounts to be paid or transferred by the Borrower to, or for the benefit of, any Lender, or any other Person shall be paid or transferred to the Agent (for the benefit of such Lender or other Person). The Agent shall promptly (and, if reasonably practicable, on the day it receives such amounts) forward each such amount to the Person entitled thereto and such Person shall apply the amount in accordance herewith. All amounts to be paid or deposited hereunder shall be paid or transferred on the day when due in immediately available Dollars (and, if due from the Borrower, by 11:00 a.m. (Chicago time), with amounts received after such time being deemed paid on the Business Day following such receipt). To the fullest extent permitted by applicable law, the Borrower hereby authorizes the Agent to debit the Borrower Account for application to any amounts due and payable by the Borrower hereunder. Except as otherwise expressly provided in Section 2.7, the Borrower shall, to the extent permitted by law, pay to the Agent upon demand, for the account of the applicable Person, interest on all amounts not paid or transferred by the Borrower when due hereunder at a rate equal to the Base Rate plus 2% per annum, calculated from the date any such amount became due until the date paid in full. Any payment or other transfer of funds scheduled to be made on a day that is not a Business Day shall be made on the next Business Day, and any interest rate accruing on such amount to be paid or transferred shall continue to accrue to such next Business Day.

Section 10.4. Setoff. In addition to any rights now or hereafter granted under applicable law and not by way of limitation of any such rights, upon the occurrence of, and throughout the continuance of, any Event of Default, each Lender is hereby authorized by the Borrower at any time or from time to time, to the extent permitted by law, without notice to the Borrower or any other Person, any such notice being hereby expressly waived, to set off and to appropriate and to apply any and all deposits (general or special, including, but not limited to, Indebtedness evidenced by certificates of deposit, whether matured or unmatured, but not including trust accounts, and in whatever currency denominated) and any other Indebtedness at any time owing by that Lender or that subsequent holder to or for the credit or the account of the Borrower, whether or not matured, against and on account of the due and unpaid obligations and liabilities of the Borrower to that Lender or that subsequent holder under the Credit Documents, irrespective of whether or not that Lender or that subsequent holder shall have made any demand hereunder. Each Lender shall promptly give notice to the Borrower of any action taken by it under this Section 10.4, provided that any failure of such Lender to give such notice to the Borrower shall not affect the validity of such setoff. Each Lender agrees with each other Lender a party hereto that if such Lender receives and retains any payment, whether by setoff or

application of deposit balances or otherwise, on any of the Loans in excess of the share of payments to which such Lender is entitled under Section 3.2 on all such Obligations then owed to the Lenders hereunder, then such Lender shall purchase for cash at face value, but without recourse, ratably from each of the other Lenders such amount of the Loans, or participations therein, held by each such other Lender as shall be necessary to cause such Lender to share such excess payment ratably with all the other Lenders; provided, however, that if any such purchase is made by any Lender, and if such excess payment or part thereof is thereafter recovered from such purchasing Lender, the related purchases from the other Lenders shall be rescinded ratably and the purchase price restored as to the portion of such excess payment so recovered, but without interest.

Section 10.5. Amendments, Waivers and Consents. Subject to Sections 10.11 and 10.25, any provision of the Credit Documents may be amended or waived if, but only if, such amendment or waiver is in writing and is signed (and/or consented to) by (a) the Borrower, (b) the Instructing Group, and (c) if the rights or duties of the Agent or the Collateral Agent are affected thereby, the Agent or the Collateral Agent, as the case may be, provided that:

(i) no amendment or waiver shall (A) increase the Aggregate Commitment without the consent of all Lenders or increase any Commitment of any Lender without the consent of such Lender or extend the Liquidity Termination Date with respect to a Lender without the consent of such Lender, (B) postpone any Amortization Date without the consent of all Lenders or reduce the amount (other than pursuant to Section 2.3(b)) of or postpone the date for any Scheduled Principal Payment or any scheduled payment of any interest on any Loan or any fee payable hereunder to any Lender without the consent of each Lender owed any such Obligation, (C) release any Collateral for any Obligation (including, without limitation, the Transocean Performance Guaranty) without the consent of all Lenders (except in connection with Transfers permitted under the Security Documents), or (D) amend or waive any provision of Article III without the consent of all Lenders; and

(ii) no amendment or waiver shall, unless signed by each Lender, change the provisions of this Section 10.5 or the definition of Instructing Group or of Required Liquidity Providers or the number of Lenders required to take any action under any other provision of the Credit Documents.

To the extent that any amendment or waiver of any provision of any Operative Document (other than any Credit Document) requires any consent of the Lenders, such Operative Document may so be amended or waived if, but only if, such amendment or waiver is consented to by the Instructing Group.

Section 10.6. Waivers. No failure or delay of the Agent or any Lender in exercising any power, right, privilege or remedy hereunder shall operate as a waiver thereof, nor (to the fullest extent permitted by applicable law) shall any single or partial exercise of any such power, right, privilege or remedy preclude any other or further exercise thereof or the exercise of any other power, right, privilege or remedy. Any waiver hereof shall be effective only in the specific instance and for the specific purpose for which such waiver was given. After any waiver, the

Borrower, the Lenders and the Agent shall be restored to their former position and rights and any Default or Put Event waived shall be deemed to be cured and not continuing, but no such waiver shall extend to (or impair any right consequent upon) any subsequent or other Default or Put Event. Any additional interest that has accrued after an Event of Default before the execution of a waiver thereof, solely as a result of the occurrence of such an Event of Default, may be waived by the Agent at the direction of the Lender entitled thereto or, in the case of interest owing to the Liquidity Providers, of the Required Liquidity Providers.

Section 10.7. Successors and Assigns. This Agreement shall be binding upon the Borrower, each of the Lenders, the Agent, the Collateral Agent and their respective successors and assigns, and shall inure to the benefit of the Borrower, each of the Lenders, the Agent, the Collateral Agent and their respective successors and assigns; provided, however, the Borrower may not assign any of its rights or obligations under this Agreement or any other Credit Document without the written consent of all Lenders, the Agent and the Collateral Agent, and the Agent and the Collateral Agent may not assign any of their respective rights or obligations under this Agreement or any Credit Document except in accordance with Section 9 and no Committed Lender may assign any of its rights or obligations under this Agreement or any other Credit Document except in accordance with Section 10.8. Any Committed Lender may at any time pledge or assign all or any portion of its rights under this Agreement to a Federal Reserve Bank to secure extensions of credit by such Federal Reserve Bank to such Committed Lender; provided that no such pledge or assignment shall release a Committed Lender from any of its obligations hereunder or substitute any such Federal Reserve Bank for such Committed Lender as a party hereto.

Section 10.8. Participations and Assignments. (a) Participations. Any Committed Lender may at any time sell to one or more commercial banking institutions ("Participants") participating interests in any Borrowing owing to such Committed Lender, any Commitment of such Committed Lender or any other interest of such Committed Lender hereunder, provided that no Committed Lender may sell any participating interests in any such Borrowing, Commitment or other interest hereunder without also selling to such Participant the appropriate pro rata share of all its Borrowings, Commitments and other interests hereunder, and provided further that no Committed Lender shall transfer, grant or assign any participation under which the Participant shall have rights to vote upon or to consent to any matter to be decided by the Committed Lenders or the Instructing Group hereunder or under any other Operative Document or to approve any amendment to or waiver of this Agreement or any other Operative Document except to the extent such amendment or waiver would (i) increase the amount of such Committed Lender's Commitment and such increase would affect such Participant, (ii) reduce the principal of, or interest on, any of such Committed Lender's Loans, or any fees or other amounts payable to such Committed Lender hereunder and such reduction would affect such Participant, (iii) postpone any date fixed for any scheduled payment of principal of, or interest on, any of such Committed Lender's Loans, or any fees or other amounts payable to such Committed Lender hereunder and such postponement would affect such Participant, (iv) release any Collateral for any Obligation, except as otherwise specifically provided in any Credit Document or (v) extend the Liquidity Termination Date with respect to such Participant. In the event of any such sale by a Committed Lender of participating interests to a Participant, such Committed Lender's obligations under this Agreement to the other parties to this Agreement shall remain unchanged,

such Committed Lender shall remain solely responsible for the performance thereof, the Borrower and the Agent shall continue to deal solely and directly with such Committed Lender in connection with such Committed Lender's rights and obligations under this Agreement and such Committed Lender shall retain the sole right (as between itself and the Participant) to enforce the obligations of any Credit Party under any Credit Document. The Borrower agrees that if amounts outstanding under this Agreement shall have been declared or shall have become due and payable in accordance with Section 8.2 or 8.3 upon the occurrence of an Event of Default, each Participant shall be deemed to have the right of setoff in respect of its participating interest in amounts owing under this Agreement to the same extent as if the amount of its participating interest were owing directly to it as a Committed Lender under this Agreement, provided that such right of setoff shall be subject to the obligation of such Participant to share with the Committed Lenders, and the Committed Lenders agree to share with such Participant, as provided in Section 10.4. The Borrower also agrees that each Participant shall be entitled to the benefits of Sections 2.8(b), 4.7 and 4.4 with respect to its participation in the Commitments and the Borrowings outstanding from time to time, provided that no Participant shall be entitled to receive any greater amount pursuant to such Sections than the transferor Committed Lender would have been entitled to receive in respect of the amount of the participation transferred if no participation had been transferred and provided, further, that Sections 4.4(c) and 10.8(c) shall apply to the transferor Committed Lender with respect to any claim by any Participant pursuant to Section 2.8(b), 4.7 or 4.4 as fully as if such claim was made by such Committed Lender. Anything herein to the contrary notwithstanding, the Borrower shall not, at any time, be obligated to pay to any Committed Lender any sum in excess of the sum the Borrower would have been obligated to pay to such Committed Lender hereunder if such Committed Lender had not sold any participation in its rights and obligations under this Agreement or any other Credit Document.

(b) Assignments. Any Committed Lender may at any time sell to (i) any other Committed Lender, or any affiliate thereof, that is a commercial banking institution not subject to Regulation T of the Board of Governors of the Federal Reserve System so long as such entity has a short-term rating of A-1 from S&P and P-1 from Moody's (unless otherwise agreed by the Agent, the Borrower and Transocean), (ii) with the prior written consent of the Agent and the Borrower (which shall not be unreasonably withheld or delayed), to one or more commercial banking institutions not subject to Regulation T of the Board of Governors of the Federal Reserve System and which has a short-term rating of A-1 from S&P and P-1 from Moody's (unless otherwise agreed by the Agent, the Borrower and Transocean), (any of (i) or (ii), a "Replacement Committed Lender"), all or any part of its rights and obligations under this Agreement and the other Credit Documents, pursuant to an Assignment Agreement in the form attached as Exhibit 10.8, executed by such Replacement Committed Lender and such transferor Committed Lender (and, in the case of a Replacement Committed Lender which is not then a Committed Lender or an affiliate thereof, by the Borrower and the Agent) and delivered to the Agent; provided that each such sale to a Replacement Committed Lender shall be in an amount of $10,000,000 or more, or if in a lesser amount or if as a result of such sale the sum of the unfunded Commitment of such Committed Lender plus the aggregate principal amount of such Committed Lender's Loans would be less than $10,000,000, such sale shall be of all of such Committed Lender's rights and obligations under this Agreement and all of the other Credit Documents payable to it to one Replacement Committed Lender. Notwithstanding the

requirement of the Borrower's consent set forth above, but subject to all of the other terms and conditions of this Section 10.8(b), any Committed Lender may sell to one or more commercial banking institutions not subject to Regulation T of the Board of Governors of the Federal Reserve System, all or any part of its rights and obligations under this Agreement and the other Credit Documents with only the consent of the Agent (which shall not be unreasonably withheld or delayed) if the Loans have been accelerated pursuant to Section 8.2 or 8.3. No Committed Lender may sell any Loans to a Replacement Committed Lender without also selling to such Replacement Committed Lender the appropriate pro rata share of (i) all of its Loans, Commitments and other interests hereunder and (ii) all of its Transocean Contracts Loans and "Commitments" under the Transocean Contracts Loan Agreement. Upon such execution, delivery and acceptance, from and after the effective date of the transfer determined pursuant to such Assignment Agreement, (x) the Replacement Committed Lender thereunder shall be a party hereto and, to the extent provided in such Assignment Agreement, have the rights and obligations of a Committed Lender hereunder with a Commitment as set forth herein and (y) the transferor Committed Lender thereunder shall, to the extent provided in such Assignment Agreement, be released from its obligations under this Agreement (and, in the case of an Assignment Agreement covering all or the remaining portion of a transferor Committed Lender's rights and obligations under this Agreement, such transferor Committed Lender shall cease to be a party hereto (except as to Sections 4.1, 4.4 and 4.7 for periods prior to the effective date of such assignment). Such Assignment Agreement shall be deemed to amend this Agreement to the extent, and only to the extent, necessary to reflect the addition of such Replacement Committed Lender and the resulting adjustment of Commitments and Percentages arising from the purchase by such Replacement Committed Lender of all or a portion of the rights and obligations of such transferor Committed Lender under this Agreement and the other Credit Documents.

(c) Replaceable Committed Lenders. If any Committed Lender (a "Replaceable Committed Lender") (i) shall demand compensation or give notice of its intention to demand compensation under Section 4.4, (ii) shall cease to have a short-term debt rating of "A-1" by S&P and "P-1" by Moody's (unless otherwise agreed by the Agent, the Borrower and Transocean), (iii) shall require the Borrower to pay any additional amount to any Committed Lender under Section 2.8(b), (iv) is unable to submit any form or certificate required under Section 4.7(b) or withdraws or cancels any previously submitted form with no substitution therefor, (v) gives notice of any change in law or regulations, or in the interpretation thereof, pursuant to Section 4.2, (vi) has been declared insolvent or a receiver or conservator has been appointed for a material portion of its assets, business or properties, (vii) is a Defaulting Lender or shall seek to avoid its obligation to make Loans hereunder for any reason, including, without limitation, reliance upon 12 U.S.C. (S) 1821(e) or (n)(1)(B), (viii) shall require withholding or deductions by the Borrower or payment by the Borrower of additional amounts to such Lender, or other reimbursement or indemnification of such Committed Lender, as a result of any taxes referred to in Section 4.7 having been levied or imposed (or if such Taxes have been imposed or levied on such Committed Lender or if the Borrower determines in good faith that there is a substantial likelihood that such Taxes will be levied or imposed with respect to such Committed Lender), or (ix) shall decline to consent to a modification or waiver of the terms of this Agreement or any other Operative Document requested by the Borrower, the Borrower (and/or, in the case of an event described in the foregoing clause (ii), Amsterdam) may designate a Replacement Committed Lender reasonably satisfactory to the Agent and satisfactory to

Amsterdam, in its sole discretion, to which such Replaceable Committed Lender shall, subject to its receipt of an amount equal to its Principal Amount and accrued interest and fees thereon (plus, from the Borrower, any Early Payment Fee that would have been payable if such transferred Principal Amount had been paid on such date) and all amounts due and payable to it under Section 4.4, promptly assign all of its rights, obligations and Commitment hereunder, together with all of its Principal Amount, to the Replacement Committed Lender in accordance with Section 10.8(b). In the case of an event described in clause (ii) of the preceding sentence, if a Replacement Committed Lender, has not assumed the Replaceable Committed Lender's Commitment within 30 days of such rating cessation, the Replaceable Committed Lender (a "Funding Replaceable Committed Lender") shall make a Loan in the principal amount of its then Unused Commitment. The proceeds of such Loan shall be deposited with the Agent and applied on the next Amortization Date to repay solely Loans then owed Amsterdam without thereby reducing the aggregate principal amount of outstanding Loans. Thereafter, such Loan from the Replaceable Committed Lender shall be repaid to the extent provided pursuant to Section 3.2 for Loans from a Liquidity Provider.

(d) Registration and Processing Fee. Upon its receipt of an Assignment Agreement executed by a transferor Committed Lender, a Replacement Committed Lender and the Agent (and, in the case of a Replacement Committed Lender that is not then a Committed Lender or an affiliate thereof, by the Borrower), together with payment by the transferor Committed Lender to the Agent hereunder of a registration and processing fee of $3,500 (unless (x) the Borrower is replacing such Committed Lender pursuant to the terms hereof, in which event such fee shall be paid by the Borrower, or (y) Amsterdam is replacing such Committed Lender pursuant to the terms hereof, in which event no such fee shall be payable), the Agent shall (i) promptly accept such Assignment Agreement, and (ii) on the effective date of the transfer determined pursuant thereto give notice of such acceptance and recordation to the Committed Lenders and the Borrower. The payment of a registration and processing fee by the Borrower or the transferor Committed Lender under any comparable provision of the Transocean Contracts Loan Agreement shall satisfy the obligation of the Borrower or the transferor Committed Lender, as applicable, to pay a registration and processing fee under this Section 10.8(d). The Borrower shall not be responsible for such registration and processing fee or any costs or expenses incurred by any Committed Lender, any Replacement Committed Lender or the Agent in connection with such assignment except as provided above.

(e) Withholding Taxes. If, pursuant to this Section 10.8 any interest in this Agreement or the Note is transferred to any transferee which is organized under the laws of any jurisdiction other than the United States of America or any State thereof, the transferor Committed Lender shall cause such transferee, concurrently with the effectiveness of such transfer, (i) to represent to the transferor Committed Lender (for the benefit of the transferor Committed Lender, the Agent and the Borrower) that under applicable law and treaties no taxes will be required to be withheld by the Agent, the Borrower or the transferor Committed Lender with respect to any payments to be made to such transferee in respect of the Loans, (ii) to furnish to the transferor Committed Lender (and, in the case of any Replacement Committed Lender, the Agent and the Borrower) two duly completed and signed copies of either U.S. Internal Revenue Service Form W-8ECI or U.S. Internal Revenue Service Form W-8BEN or such successor forms as shall be adopted from time to time by the relevant United States taxing authorities (wherein such

transferee claims entitlement to complete exemption from U.S. federal withholding tax on all interest payments hereunder), and (iii) to agree (for the benefit of the transferor Committed Lender, the Agent and the Borrower) to provide the transferor Committed Lender (and, in the case of any Replacement Committed Lender, the Agent and the Borrower) new forms as contemplated by Section 4.7(b) upon the expiration or obsolescence of any previously delivered form and comparable statements in accordance with applicable U.S. laws and regulations and amendments duly executed and completed by such transferee, and to comply from time to time with all applicable U.S. laws and regulations with regard to such withholding tax exemption.

(f) Prohibition of Transfer in Violation of Securities Laws. Notwithstanding any other provisions of this Section 10.8, no transfer or assignment of the interests of any Committed Lender hereunder or any grant of participations therein shall be permitted if such transfer, assignment or grant would require the Borrower or Transocean to file a registration statement with the SEC or to qualify the Loans, the Note or any other Obligations under the securities laws of any jurisdiction.

(g) Assignment by Amsterdam. Each party hereto agrees and consents (i) to Amsterdam's assignment, participation, grant of security interests in or other transfers of any portion of, or any of its beneficial interest in, the Loans held by Amsterdam and (ii) to the complete assignment by Amsterdam of all of its rights and obligations hereunder to ABN AMRO or any other Person, and upon such assignment Amsterdam shall be released from all obligations and duties hereunder; provided, however, that Amsterdam may not, without the prior consent of the Instructing Group, transfer any of its rights under Section 3.1 to cause the Liquidity Providers or the Enhancer to purchase the Amsterdam Principal Amount unless the assignee (i) is a corporation whose principal business is the purchase of assets similar to the Amoco Contracts, (ii) has ABN AMRO as its administrative agent and (iii) issues commercial paper with credit ratings substantially comparable to the Ratings, and further provided that any such assignment, participation or transfer shall be subject to the limitations and requirements set forth in Section 10.8(a), (b), (e) and (f). Amsterdam shall promptly notify each party hereto of any such assignment. Upon such an assignment of any portion of the Amsterdam Principal Amount, the assignee shall have all of the rights of Amsterdam hereunder relating to such Amsterdam Principal Amount.

(h) Opinions of Counsel. If required by the Agent or to maintain the Ratings, each Assignment Agreement must be accompanied by an opinion of counsel of the assignee as to such matters as the Agent may reasonably request.

Section 10.9. Intended Tax Characterization. It is the intention of the parties hereto that, for the purposes of all Taxes, the transactions contemplated hereby shall be treated as a loan by the Lenders (through the Agent) to the Borrower that is secured by the Amoco Contracts (the "Intended Tax Characterization"). The parties hereto agree to report and otherwise to act for the purposes of all Taxes in a manner consistent with the Intended Tax Characterization.

Section 10.10. Governing Law; Submission to Jurisdiction; Waiver of Jury Trial. (A) THIS AGREEMENT AND THE RIGHTS AND DUTIES OF THE PARTIES HERETO, SHALL BE

CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE INTERNAL LAWS OF THE STATE OF NEW YORK.

(B) TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE PARTIES HERETO AGREE THAT ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER, OR IN CONNECTION WITH, THIS AGREEMENT OR ANY OTHER CREDIT DOCUMENT, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENT (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF THE AGENT OR THE COLLATERAL AGENT, THE LENDERS OR THE BORROWER MAY BE BROUGHT AND MAINTAINED IN THE COURTS OF THE STATE OF NEW YORK SITTING IN THE BOROUGH OF MANHATTAN OR THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK. TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE BORROWER HEREBY EXPRESSLY AND IRREVOCABLY SUBMITS TO THE JURISDICTION OF THE COURTS OF THE STATE OF NEW YORK AND THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK FOR THE PURPOSE OF ANY SUCH LITIGATION AS SET FORTH ABOVE AND IRREVOCABLY AGREES TO BE BOUND BY ANY JUDGMENT RENDERED THEREBY IN CONNECTION WITH SUCH LITIGATION. TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE BORROWER FURTHER IRREVOCABLY CONSENTS TO THE SERVICE OF PROCESS, BY REGISTERED MAIL, POSTAGE PREPAID, OR BY PERSONAL SERVICE WITHIN OR WITHOUT THE STATE OF NEW YORK. TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE BORROWER HEREBY EXPRESSLY AND IRREVOCABLY WAIVES ANY OBJECTION WHICH IT MAY HAVE OR HEREAFTER MAY HAVE TO THE LAYING OF VENUE OF ANY SUCH LITIGATION BROUGHT IN ANY SUCH COURT REFERRED TO ABOVE AND ANY CLAIM THAT ANY SUCH LITIGATION HAS BEEN BROUGHT IN AN INCONVENIENT FORUM. TO THE EXTENT THAT THE BORROWER HAS OR HEREAFTER MAY ACQUIRE ANY IMMUNITY FROM JURISDICTION OF ANY COURT OF THE STATE OF NEW YORK SITTING IN THE BOROUGH OF MANHATTAN OR THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK OR FROM ANY LEGAL PROCESS WITH RESPECT TO ANY ACTION COMMENCED IN ANY SUCH COURT (WHETHER THROUGH SERVICE OF NOTICE, ATTACHMENT PRIOR TO JUDGMENT, ATTACHMENT IN AID OF EXECUTION OR OTHERWISE) WITH RESPECT TO ITSELF OR ITS PROPERTY, THE BORROWER HEREBY IRREVOCABLY WAIVES TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, SUCH IMMUNITY IN RESPECT OF ITS OBLIGATIONS UNDER THIS AGREEMENT AND THE OTHER CREDIT DOCUMENTS.

(C) TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, EACH PARTY HERETO WAIVES ANY RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING TO ENFORCE OR DEFEND ANY RIGHTS UNDER THIS AGREEMENT OR ANY OTHER CREDIT DOCUMENT OR UNDER ANY AMENDMENT, INSTRUMENT, DOCUMENT OR AGREEMENT DELIVERED OR WHICH MAY IN THE FUTURE BE DELIVERED IN CONNECTION HEREWITH OR ARISING FROM ANY BANKING RELATIONSHIP EXISTING IN CONNECTION WITH THIS AGREEMENT OR ANY OTHER CREDIT DOCUMENT, AND AGREES THAT ANY SUCH ACTION OR PROCEEDING SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY.

Section 10.11. Confidentiality. Each Lender agrees it will not disclose (and will cause its affiliates not to disclose) without the Borrower's consent any information concerning the Borrower, Transocean or any direct or indirect Subsidiaries of Transocean furnished pursuant to, or otherwise in connection with, any of the Credit Documents (including without limitation any

information concerning the intellectual property that is the subject of the License Agreement); provided that any Lender may disclose any such information (a) to its employees, auditors, counsel or other professional advisors who are or are expected to be involved in the evaluation of such information in connection with the transactions contemplated by this Agreement, each of whom will be informed of, and shall abide by the provisions of, this Section 10.11, (b) to any other Lender or to any affiliate of such Lender, (c) that has become generally available to the public, (d) if required or appropriate in any examination or audit by, or report, statement or testimony submitted to, any federal or state regulatory body having or claiming to have jurisdiction over such Lender, (e) if required or appropriate in response to any summons or subpoena or in connection with any litigation, (f) in order to comply with the mandatory provisions of any law, order, regulation or ruling applicable to such Lender, (g) to any prospective or actual permitted transferee in connection with any contemplated or actual permitted transfer of any of the Borrowings or any interest therein by such Lender (provided that such actual or prospective transferee executes an agreement with such Lender (and expressly for the benefit of the Borrower and Transocean) containing provisions substantially identical to those contained in this Section 10.11 prior to such transferee's receipt of any such information), (h) in connection with the exercise of any remedies by the Agent or any Lender, (i) to any rating agency, (j) to any surety, guarantor or credit or liquidity enhancer to Amsterdam who in each case agree for the benefit of the Borrower and Transocean to be bound by the provisions of this Section 10.11, (k) to any entity organized to purchase, or make loans secured by, financial assets for which ABN AMRO provides managerial services or acts as an administrative agent and who agrees for the benefit of the Borrower and Transocean to be bound by the provisions of this Section 10.11, and (l) to Amsterdam's administrator, management company, referral agents, issuing agents or depositaries or CP Dealers, each of which will be informed of, and shall abide by the provisions of, this Section 10.11. Each Lender hereby irrevocably constitutes Transocean as, and agrees that Transocean shall be, an intended third party beneficiary of the covenant of such Lender contained in this Section 10.11 and, without limitation of the foregoing, agrees that Transocean may enforce such Lender's covenant set forth in this Section 10.11 without any requirement that any action also be taken by the Borrower. This Section 10.11 may not be amended, modified or supplemented without the written consent of Transocean.

Section 10.12. Confidentiality of Agreement. Unless otherwise consented to by the Agent, the Borrower hereby agrees that it will not disclose the contents of any Credit Document, or any other confidential or proprietary information furnished by the Agent or any Lender, to any Person other than to Transocean, the auditors and attorneys of the Borrower or Transocean, or as required by (i) applicable law or (ii) listing agreements with, or applicable rules or regulations of, any securities exchange or organization (in each case, as determined in good faith by the Borrower or Transocean).

Section 10.13. Agreement Not to Petition. Each party hereto agrees, for the benefit of the holders of the privately or publicly placed indebtedness for borrowed money for Amsterdam, not, prior to the date which is one (1) year and one (1) day after the payment in full of all such indebtedness, to acquiesce, petition or otherwise, directly or indirectly, invoke, or cause Amsterdam to invoke, the process of any Governmental Authority for the purpose of (a) commencing or sustaining a case against Amsterdam under any federal or state bankruptcy, insolvency or similar law (including the Federal Bankruptcy Code), (b) appointing a receiver,

liquidator, assignee, trustee, custodian, sequestrator or other similar official for Amsterdam, or any substantial part of its property, or (c) ordering the winding up or liquidation of the affairs of Amsterdam.

Section 10.14. Excess Funds. Other than amounts payable under Section 10.4, Amsterdam shall be required to make payment of the amounts required to be paid pursuant hereto only if Amsterdam has Excess Funds (as defined below). If Amsterdam does not have Excess Funds, the excess of the amount due hereunder (other than pursuant to Section 10.4) over the amount paid shall not constitute a "claim" (as defined in Section 101(5) of the Federal Bankruptcy Code) against Amsterdam until such time as Amsterdam has Excess Funds. If Amsterdam does not have sufficient Excess Funds to make any payment due hereunder (other than pursuant to Section 10.4), then Amsterdam may pay a lesser amount and make additional payments that in the aggregate equal the amount of deficiency as soon as possible thereafter. The term "Excess Funds" means the excess of (a) the aggregate projected value of Amsterdam's assets and other property (including cash and cash equivalents), over (b) the sum of (i) the sum of all scheduled payments of principal, interest and other amounts payable on publicly or privately placed indebtedness of Amsterdam for borrowed money, plus (ii) the sum of all other liabilities, indebtedness and other obligations of Amsterdam for borrowed money or owed to any credit or liquidity provider, together with all unpaid interest then accrued thereon, plus (iii) all taxes payable by Amsterdam to the Internal Revenue Service, plus (iv) all other indebtedness, liabilities and obligations of Amsterdam then due and payable, but the amount of any liability, indebtedness or obligation of Amsterdam shall not exceed the projected value of the assets to which recourse for such liability, indebtedness or obligation is limited. Excess Funds shall be calculated once each Business Day.

Section 10.15. No Recourse. The obligations of Amsterdam, its management company, its administrator and its referral agents (each a "Program Administrator") under any Credit Document or other document relating to Amsterdam (each, a "Program Document") to which a Program Administrator is a party in such capacity are solely the corporate obligations of such Program Administrator and no recourse shall be had for such obligations against any Affiliate, director, officer, member, manager, employee, attorney or agent of any Program Administrator.

Section 10.16. Limitation of Liability. No Person shall make a claim against the Agent or any Lender (or their respective Affiliates, directors, officers, members, managers, employees, attorneys or agents) for any special, indirect, consequential or punitive damages under any claim for breach of contract or other theory of liability in connection with the Credit Documents or the transactions contemplated thereby, and the Borrower (for itself and all other Persons claiming by or through the Borrower) hereby waives any claim for any such damages.

Section 10.17. Headings; Counterparts. Article and section headings in this Agreement are for reference only and shall not affect the construction of this Agreement. This Agreement may be executed by different parties on any number of counterparts, each of which shall constitute an original and all of which, taken together, shall constitute one and the same agreement.

Section 10.18. Cumulative Rights and Severability. To the extent permitted by applicable law, all rights and remedies of the Lenders and Agent hereunder shall be cumulative and non-exclusive of any rights or remedies such Persons have under law or otherwise. Any provision hereof that is prohibited or unenforceable in any jurisdiction shall, in such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof and without affecting such provision in any other jurisdiction.

Section 10.19. Entire Agreement. The Credit Documents constitute the entire understanding of the parties thereto concerning the subject matter thereof. Any previous or contemporaneous agreements, whether written or oral, concerning such matters are superseded thereby.

Section 10.20. Change in Accounting Principles, Fiscal Year or Tax Laws. If (i) any change in accounting principles from those applicable to the Borrower as of the date hereof is hereafter occasioned by the promulgation of rules, regulations, pronouncements and opinions by or required by the Financial Accounting Standards Board or the American Institute of Certified Public Accounts (or successors thereto or agencies with similar functions) other than changes mandated by SFAS 106 and such change materially affects the calculation of any component of any standard or term found in this Agreement, or (ii) there is a material change in federal or foreign tax laws which materially affects the Borrower's ability to comply with the standards or terms found in this Agreement, the Borrower and the Instructing Group agree to enter into negotiations in order to amend such provisions so as to equitably reflect such changes with the desired result that the criteria for evaluating the Borrower's financial condition shall be the same after such changes as if such changes had not been made. Unless and until such provisions have been so amended, the provisions of this Agreement shall govern.

Section 10.21. Officer's Certificates. It is not intended that any certificate of any officer of the Borrower or Transocean delivered to the Agent or any Lender pursuant to this Agreement shall give rise to any personal liability on the part of such officer.

Section 10.22. Effect of Inclusion of Exceptions. It is not intended that the specification of any exception to any covenant herein shall imply that the excepted matter would, but for such exception, be prohibited or required.

Section 10.23. Non-Recourse Obligation. The Obligations of the Borrower under the Credit Documents shall be non-recourse to Transocean and its Subsidiaries (excluding the Borrower) other than as expressly provided in the Operative Documents. No recourse with respect to any Credit Document, any amount payable or which may be payable by the Borrower under any Credit Document or any representation, warranty, covenant, obligation, liability or agreement of the Borrower contained in, made or incurred pursuant to or in any way arising out of or resulting from any Credit Document (collectively, the "Non-Recourse Obligations") (including without limitation under any judgment obtained against the Borrower or by the enforcement of any assessment or by any legal or equitable proceeding by virtue of any constitution or statute or otherwise or under any other circumstances) shall be had against any incorporator, shareholder, Affiliate, director, officer or employee, past, present or future, of the Borrower (or any Person directly or indirectly controlling any of the foregoing Persons)

(collectively, the "Released Persons"), either directly or through the Borrower. Any and all personal liability of every nature, whether at common law or in equity or by statute or by constitution or otherwise, of any such Released Person (i) to respond by reason of any act or omission on its part or otherwise, for the payment to any Lender, the Agent and/or the Collateral Agent or for or to the Borrower or any receiver thereof, of any sum that may remain due and unpaid under or on account of any Non-Recourse Obligation, and (ii) otherwise in respect of the Non-Recourse Obligations, is hereby expressly waived and released by the Lenders, the Agent and the Collateral Agent as a condition of and as consideration for the execution of this Agreement by the Borrower. Nothing in this Section 10.23 releases Transocean from, or modifies in any respect, any liability or obligation, past, present or future, of Transocean under the express terms of any Credit Document to which it is or hereafter becomes a party (by executing the same).

Section 10.24. Lease Securitization Facility. This Agreement is part of the "Lease Securitization Facility" referred to in the Secured Credit Agreement and the other Credit Documents.

Section 10.25. Amoco Quiet Enjoyment; Transocean Replaced Parts. (a) The Lenders, the Agent and the Collateral Agent each hereby (i) acknowledge and consent to the provisions of Section 2(h) of each of the O&M Contracts and Section 7(b) of each of the Transocean Contracts and (ii) agree, for the benefit of Transocean, that, any term of any Credit Document to the contrary notwithstanding, unless and until the Collateral Agent shall terminate any such contract in accordance with its terms, (x) any replaced "Part" (as such term is defined in such contracts) that, in accordance with the terms of any such contract, is to become the property of Transocean shall so become the property of Transocean, free and clear of the Liens of the Security Documents, and (y) the Collateral Agent shall execute such instruments as Transocean reasonably may request from time to time to give effect to, or evidence, the release of any such replaced "Part" from the Liens of the Security Documents.

(b) The Lenders, the Agent and the Collateral Agent each hereby (i) acknowledge and consent to the provisions of the Amoco Contracts, and (ii) agree, with respect to each Amoco Contract, that, any term of any Credit Document to the contrary notwithstanding, during the term of each Amoco Contract and so long as Amoco shall be in compliance in all material respects with its obligations set forth in such Amoco Contracts, it shall not take any action under any Credit Document that would result in any material breach by "Contractor" under such Amoco Contract or otherwise interfere with Amoco's rights under such Amoco Contract.

(c) Transocean hereby is constituted as, and each party hereto hereby agrees that Transocean shall be, an intended third party beneficiary of this Section 10.25 and, without limitation of the foregoing, any term of this Agreement to the contrary notwithstanding, this Section 10.25 may not be amended, modified or supplemented without the written consent of Transocean. References in this Section 10.25 to Transocean include Transocean Offshore Inc., its successors and, with respect to any O&M Contract or Transocean Contract, its permitted assigns thereunder.

In Witness Whereof, the parties hereto have caused this Agreement to be executed and delivered by their duly authorized officers as of the date hereof.

ABN AMRO Bank N.V., as the Agent

By: /s/ Stuart Murray
Title: Vice President

By: /s/ Robert J. Cunningham
Title: Group Vice President

Address: Structured Finance,
Asset Securitization
135 South LaSalle Street
Chicago, Illinois 60674-9135
Attention: Lender Agent-
Amsterdam
Telephone: (312) 904-2737
Telecopy: (312) 904-6376

ABN AMRO Bank N.V.,
as a Liquidity Provider

By: /s/ Stuart Murray
Title: Vice President

By: /s/ Robert J. Cunningham
Title: Group Vice President

Address: Three Riverway, Suite 1700
Houston, Texas 77056
Attention: Stuart Murray
Telephone: (713) 964-3358
Telecopy: (713) 629-7533

ABN AMRO Bank N.V., as the Enhancer

By: /s/ Stuart Murray
Title: Vice President

By: /s/ Robert J. Cunningham
Title: Group Vice President

Address: Structured Finance,
Asset Securitization
135 South LaSalle Street
Chicago, Illinois 60674-9135
Attention: Enhancer-Amsterdam
Telephone: (312) 904-2737
Telecopy: (312) 904-6376

with a copy to:

ABN AMRO Bank N.V.
Address: Structured Finance,
Asset Securitization
135 South LaSalle Street
Chicago, Illinois 60674-9135
Attention: Administrator - Amsterdam
Telephone: (312) 904-2737
Telecopy: (312) 904-6376

AMSTERDAM FUNDING CORPORATION

By: /s/ Andrew L. Stidd

Title: President

Address: c/o Global Securitization Services, LLC
114 West 47th Street, Suite 1715
New York, New York 10036
Attention: Andrew L. Stidd,
Vice President
Telephone: (212) 302-8330
Telecopy: (212) 302-8767

TRANSOCEAN ENTERPRISE INC.

By: /s/ Brian C. Voegele

Title: Vice President

Address: Transocean Enterprise Inc.
4 Greenway Plaza
Houston, Texas 77046
Attention: Robert L. Long
Telephone: (713) 232-7500
Telecopy: (713) 232-7028

TRANSOCEAN OFFSHORE INC.

Address: Transocean Enterprise Inc.
4 Greenway Plaza
Houston, Texas 77046
Attention: Nicolas J. Evanoff
Telephone: (713) 232-7601
Telecopy: (713) 232-7026

AUSTRALIA AND NEW ZEALAND BANKING GROUP
LIMITED, as a Liquidity Provider

By: /s/ Claude Devillers

Title: Director Oil and Gas Americas

Address: 1177 Avenue of the Americas
6th Floor
New York, New York 10036-2798
Attention: David Giacalone
Telephone: (212) 801-9814
Telecopy: (212) 556-4814

THE BANK OF NOVA SCOTIA, ATLANTA AGENCY, as a Liquidity Provider

By: /s/ F.C.H. Ashby

Title: Senior Manager Loan Operations

Address: Houston Representative Office
1100 Louisiana Street, Suite 3000
Houston, Texas 77002
Attention: Spencer Smith
Telephone: (713) 759-2425
Telecopy: (713) 759-3439

BANK OF TOKYO - MITSUBISHI, LTD., HOUSTON
AGENCY, as a Funding Liquidity Provider

By: /s/ Michael G. Meiss

Title: Vice President and Manager

Address: 1100 Louisiana Street, Suite 2800
Houston, Texas 77002
Attention: Mike Meiss
Telephone: (713) 655-3814
Telecopy: (713) 658-0116

WESTDEUTSCHE LANDESBANK GIROZENTRALE, NEW YORK BRANCH,
as a Liquidity Provider

By: /s/ Jonathan Berman

Title: Managing Director

By: /s/ Jared Brenner

Title: Director

Address: 1211 Avenue of the Americas
23rd Floor
New York, New York 10036
Attention: Richard Newman
Telephone: (212) 852-6120
Telecopy: (212) 852-6307

BAYERISCHE HYPO-UND VEREINSBANK AG, NEW YORK BRANCH, as a Liquidity Provider

By: /s/ Steven Atwell

Title: Director

By: /s/ Pamela J. Gillons

Title: Associate Director

Address: 150 East 42nd Street
New York, New York 10017
Attention: Steve Atwell
Telephone: (212) 672-5458
Telecopy: (212) 672-5530

SUNTRUST BANK, ATLANTA, as a Liquidity Provider

By: /s/ John A. Fields, Jr.

Title: Vice President

Address: 25 Park Place
24th Floor, Center 120
Atlanta, Georgia 30303
Attention: Steve Newby
Telephone: (404) 658-4916
Telecopy: (404) 827-6270

BANK ONE, NA,
(Main Office Chicago)
as a Liquidity Provider

By: /s/ Karen Patterson

Title: First Vice President

Address: One Bank One Plaza, IL1-0634
Chicago, Illinois 60670
Attention: William P. Laird

with a copy to:

910 Travis, 6th Floor
Houston, Texas 77002
Attention: Helen Carr
Telephone: (713) 751-3731
Telecopy: (713) 751-3760

THE BANK OF NEW YORK, as a Liquidity Provider

By: /s/ Helen L. Sarro

Title: Vice President

Address: One Wall Street, 22nd Floor
New York, New York 10286
Attention: Helen L. Sarro
Telephone: (212) 635-6898
Telecopy: (212) 635-6434

ROYAL BANK OF CANADA, as a Liquidity Provider

By: /s/ Gil J. Benard

Title: Senior Manager

Address: 12450 Greenspoint Drive, Suite 1450
Houston, Texas 77060
Attention: Gil Benard
Telephone: (281) 874-5662
Telecopy: (281) 874-0081

with a copy to:

South Tower
Royal Bank Plaza
Toronto, Canada M5J2J5
Attention: Sue Tyler
Telephone: (416) 974-1778
Telecopy: (416) 974-0680

KBC BANK, N.V., as a Liquidity Provider

By: /s/ Robert Snauffer

Title: First Vice President

By: /s/ Raymond F. Murray

Title: First Vice President

Address: Two Midtown Plaza, Suite 1759
1349 West Peachtee Street
Atlanta, Georgia 30309
Attention: Mike Sawicki
Telephone: (404) 876-2556
Telecopy: (404) 876-3212

ROYAL BANK OF SCOTLAND, as a Liquidity Provider

By: /s/ Scott Barton

Title: Vice President

Address: 88 Pine Street, 26th Floor
New York, New York 10005
Attention: Scott Barton
Telephone: (212) 269-1706
Telecopy: (212) 480-0791

CHASE BANK OF TEXAS, NATIONAL ASSOCIATION, as a Liquidity Provider

By: /s/ Ki Allen

Title: Vice President

Address: 600 Travis Street, 20th Floor
Houston, Texas 77002
Attention: Ki Allen
Telephone: (713) 216-3657
Telecopy: (713) 216-4227

EXHIBIT 2.10
TO
SECURED LOAN AGREEMENT

FORM OF NOTE

_____, ____

For Value Received, the undersigned, Transocean Enterprise Inc., a Delaware corporation (the "Borrower"), promises to pay to the order of ABN AMRO Bank N.V., as Agent under the hereinafter defined Loan Agreement (the "Agent"), for the benefit of the Lenders at the office of the Agent in Chicago, Illinois, in immediately available funds, the Loans outstanding under the hereinafter defined Loan Agreement at the times and in the amounts specified on Schedule 2.3 of the hereinafter defined Loan Agreement, together with interest on the unpaid principal amount of each Loan from time to time outstanding at the rates, and payable in the manner and on the dates, specified in the Loan Agreement.

The Agent shall record on its books and records or on the schedule attached to this Note, which is a part hereof, each Loan made by each Lender to the Borrower under the Loan Agreement, together with all payments of principal and interest and the principal balances from time to time outstanding hereon, whether the Loans are Base Rate Loans, Eurodollar Loans or CP Loans and the interest rate and Interest Period applicable thereto, provided that prior to the transfer of this Note all such amounts shall be recorded on the schedule attached to this Note. The record thereof, whether shown on such books and records or on the schedule to this Note, shall be prima facie evidence of the same, provided, however, that the failure of the Agent to record any of the foregoing or any error in any such record shall not limit or otherwise affect the obligation of the Borrower to repay all Loans made to it pursuant to the Loan Agreement together with accrued interest thereon.

This Note is the Note referred to in the Secured Loan Agreement (Amoco Contracts) dated as of December 21, 1999, between the Borrower, the Agent, and the Lenders (the "Loan Agreement"), and this Note and the holder hereof are entitled to all the benefits and security provided for thereby or referred to therein, to which Loan Agreement reference is hereby made for a statement thereof. All defined terms used in this Note, except terms otherwise defined herein, shall have the same meaning as in the Loan Agreement. This Note shall be governed by and construed in accordance with the internal laws of the State of New York.

Prepayments may or shall be made hereon and this Note may be declared due prior to the expressed maturity hereof, all in the events, on the terms and in the manner as provided for in the Loan Agreement.

To the extent permitted under applicable law, the Borrower hereby waives demand, presentment, protest or notice of any kind hereunder.

Transocean Enterprise Inc.

By _____
Its _____

EXHIBIT 10.8

ASSIGNMENT AND ASSUMPTION AGREEMENT

This Assignment Agreement (this "Agreement") dated as of _____, ____, is by and among _____ (the "Assignor"), _____ (the "Assignee"), Transocean Enterprise Inc., a Delaware corporation (the "Borrower"), and ABN AMRO Bank N.V., as Agent for the Lenders (as hereinafter defined) (in such capacity, the "Agent").

W I T N E S S E T H:

Whereas, the Borrower and the Agent have entered into that certain Secured Loan Agreement (Amoco Contracts) (as amended, supplemented and restated from time to time, the "Secured Loan Agreement") dated as of December 21, 1999, by and among the Borrower, the lenders from time to time parties thereto (collectively, the "Lenders"), Amsterdam Funding Corporation, and the Agent, as agent for the Lenders;

Whereas, on a pro rata basis, the Assignor proposes to sell and assign to the Assignee, and the Assignee proposes to buy and accept from the Assignor, a ____ percent (_____%) interest (the "Assigned Interest") in the rights and obligations of the Assignor under the Credit Documents with the effect that the Assignee will have a maximum Commitment of $_____, resuling in a Percentage of _____%;

Whereas, the Assignor has agreed to make certain Loans to the Borrower in accordance with the terms of the Secured Loan Agreement, with the maximum aggregate amount of the Assignor's Loans not to exceed the Assignor's Commitment; and

Now, Therefore, in consideration of the foregoing and the mutual agreements contained herein, the parties hereto agree as follows:

Section 1. Defintions. Any term defined in the Secured Loan Agreement and used in this Agreement shall have the meaning ascribed to it in the Secured Loan Agreement. Section 1.1 of the Secured Loan Agreement is hereby incorporated into this Agreement by reference.

Section 2. Assignment. The Assignor hereby assigns and sells, without recourse to or warranty by the Assignor except as specifically set forth herein, to the Assignee the Assigned Interest in the rights and obligations of the Assignor under the Credit Documents. The Assignee hereby purchases and accepts, without recourse to or warranty by the Assignor except as specifically set forth herein, from the Assignor all of such rights and obligations of the Assignor, including the corresponding portion of the principal amount of the Loans made by the Assignor. As of the date hereof, the Assignee's Percentage of the outstanding principal balance of the Loans is $_____. Subject to the execution and delivery hereof by the Assignor, the Assignee, the Borrower and the Agent as of the date hereof, (a) the Assignee shall succeed, on a

pro rata basis, to the rights and interests, and be obligated to perform the obligations, of a Lender under the Credit Documents with a Percentage of _____%, and shall be considered a Lender for all purposes; (b) the Assignee shall deliver to the Assignor, in immediately available funds, the Assignee's Percentage of the outstanding Loans, and (c) the Percentage of the Assignor as of the date hereof shall be reduced by the Percentage acquired by the Assignee, and the Assignor shall be released from its obligations under the Credit Documents which have been so assigned to and accepted by the Assignee.

Section 3. Payments. Commitment fees accrued to the date hereof with respect to the Assignor's Percentage of the Commitment pursuant to Section 2.8 of the Secured Loan Agreement are for the account of the Assignor and such fees accruing from and including the date hereof with respect to the Assigned Interest are for the account of the Assignee. All payments of principal of and accrued interest on the Loans are to be made by the Borrower to the Agent. The Agent shall divide such payments among the Lenders as their interests may appear, with all interest accruing on the Loans of the Assignor before the date hereof to belong to the Assignor. Each of the Assignor and the Assignee hereby agrees that if it receives any amount from the Borrower under the Credit Documents which is for the account of the other party hereto, it shall receive the same for the account of such other party to the extent of such other party's interest therein and shall promptly pay the same to such other party. The rights of the Assignor and the Assignee under this Section are in addition to other rights and remedies which the Assignor or the Assignee may have.

Section 4. Consent of the Borrower and the Agent. This Agreement is conditioned upon the consent of the Borrower and the Agent to the extent required by Section 10.8(b) of the Secured Loan Agreement. The execution of this Agreement by the Borrower and the Agent is evidence of any such consent.

Section 5. The Assignor. The Assignor (a) represents and warrants to the Assignee that it is the legal and beneficial owner of the Assigned Interest and that such Assigned Interest is free and clear of any Lien; (b) makes no representation or warranty and assumes no responsibility with respect to (i) any statements, warranties or representations made in or in connection with the Credit Documents or the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Credit Documents or any document furnished pursuant thereto or (ii) the financial condition of the Borrower or any other Credit Party or the performance or observance by the Borrower or any other Credit Party of any of its obligations under the Credit Documents.

Section 6. The Assignee. The Assignee (a) confirms that is has received a copy of the Credit Documents, together with such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Agreement; (b) agrees that it will, independently and without reliance upon the Agent, the Assignor or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Credit Documents; (c) appoints and authorizes the Agent to take such action as agent on behalf of the Assignee and to exercise such powers under the Credit Documents as are delegated to the Agent by the terms thereof, together with such power as are reasonably incidental thereto; and (d) agrees that it will

perform in accordance with their terms all of the obligations which by the terms of the Credit Documents are required to be performed by it as a Lender. If the Assignee is organized under the laws of any jurisdiction other than the United States of America or any State thereof, the Assignee hereby (a) represents to the Assignor, the Agent and the Borrower that under applicable law and treaties no taxes will be required to be withheld by the Agent, the Borrower or the Assignor with respect to any payments to be made to the Assignee in respect of the Loans, (b) furnishes to the Assignor, the Agent and the Borrower the forms required by Section 10.8(e) of the Secured Loan Agreement, either U.S. Internal Revenue Service Form W-8ECI or U.S. Internal Revenue Service Form W-8BEN (wherein the Assignee claims entitlement to complete exemption from U.S. federal withholding tax on all interest payments under the Credit Documents), and (c) agrees for the benefit of the Assignor, the Agent and the Borrower to provide the Assignor, the Agent and the Borrower from time to time new forms as required by Section 10.8(e)(iii) and 4.7(b) of the Secured Loan Agreement, and to comply from time to time with all applicable U.S. laws and regulations with regard to such withholding tax exemption.

Section 7. Notices and Payment Instructions. All notices in connection herewith shall be given in accordance with Section 10.2 of the Secured Loan Agreement. The address of the Assignee for notices hereunder and thereunder, together with payment instructions for amounts to be paid to the Assignee under the Secured Loan Agreement, shall be initially as set forth on the signature pages hereof.

Section 8. Miscellaneous. This Agreement (a) embodies the entire agreement and understanding between the parties with respect to the subject matter hereof and supersedes all prior agreements, consents and understandings relating to such subject matter, (b) is a Credit Document, and (c) shall be governed by and construed in accordance with the laws of the State of New York. [The Borrower is hereby agreed to be, and is hereby constituted, an express, intended third-party beneficiary of this Agreement. Without limitation of the preceding sentence, this Agreement may not be amended, modified or supplemented without the written consent of the Borrower, and the Borrower may enforce the terms hereof as fully as if it were a signatory hereto.]/1/

In Witness Whereof, the parties have caused this Agreement to be executed and delivered by their duly authorized officers as of the date first above written.

_____

/1/ Insert bracketed language if the Borrower's execution hereof is not required under Section 10.8(b) of the Secured Loan Agreement.

[NAME OF ASSIGNOR]

By: _____
Name: _____
Title: _____

[NAME OF ASSIGNEE]

By: _____
Name: _____
Title: _____

[INSERT ADDRESS]_____
_____
_____
Attention: _____
Telecopy No.: (___) _____
Answerback No.: (___) _____
Telex No.: (___) _____

Send payments to:

_____
_____
_____

[REFERENCE: TRANSOCEAN ENTERPRISE INC.]

[TRANSOCEAN ENTERPRISE INC.]

By: _____
Name: _____
Title: _____

ABN AMRO Bank N.V., as Agent

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

EXHIBIT 4.6

CREDIT AGREEMENT

Dated as of

December 16, 1999

Among

TRANSOCEAN OFFSHORE INC.,

THE LENDERS PARTY HERETO,

SUNTRUST BANK, ATLANTA,
as Administrative Agent,

ROYAL BANK OF CANADA,
as Syndication Agent,

BANK OF AMERICA, N.A.,
as Documentation Agent,

And

BANK ONE, NA
And
PARIBAS,
as Senior Managing Agents

SUNTRUST EQUITABLE SECURITIES CORPORATION,
as Lead Arranger

CREDIT AGREEMENT (the "Agreement"), dated as of December 16, 1999, among TRANSOCEAN OFFSHORE INC. (the "Borrower"), a Cayman Islands company, the lenders from time to time parties hereto (each a "Lender" and collectively, the "Lenders"), SUNTRUST BANK, ATLANTA ("STBA"), a Georgia banking corporation, as administrative agent for the Lenders (in such capacity, the "Administrative Agent"), ROYAL BANK OF CANADA, a bank chartered under the laws of Canada, as syndication agent for the Lenders (in such capacity, the "Syndication Agent"), BANK OF AMERICA, N.A., a U.S. national banking association, as documentation agent for the Lenders (in such capacity, the "Documentation Agent"), and BANK ONE, NA (Main Office Chicago), a U.S. national banking association, and PARIBAS, a bank chartered under the laws of France, as senior managing agents for the Lenders (in such capacity, each a "Senior Managing Agent" and collectively, the "Senior Managing Agents").

WITNESSETH:

WHEREAS, the Borrower desires to obtain from the Lenders a term loan in the aggregate principal amount of $400,000,000; and

WHEREAS, the Lenders are willing to make such a term loan to the Borrower on the terms and subject to the conditions and requirements hereinafter set forth;

NOW, THEREFORE, in consideration of the premises and of the mutual covenants herein contained, the parties hereto agree as follows:

ARTICLE 1. DEFINITIONS; INTERPRETATION.

Section 1.1. Definitions. Unless otherwise defined herein, the following terms shall have the following meanings, which meanings shall be equally applicable to both the singular and plural forms of such terms:

"Adjusted LIBOR" means, for any portions of the Term Loan consisting of Eurodollar Loans, a rate per annum determined in accordance with the following formula:

$$\text{Adjusted LIBOR} = \frac{\text{LIBOR Rate}}{1.00 - \text{Eurodollar Reserve Percentage}}$$

"Administrative Agent" means SunTrust Bank, Atlanta, acting in its capacity as Administrative Agent for the Lenders, and any successor Administrative Agent appointed hereunder pursuant to Section 9.7.

"Agreement" means this Credit Agreement, as the same may be amended, restated and supplemented from time to time.

"Applicable Margin" means, for any day, at such times as a debt rating (either express or implied) by S&P or Moody's (or in the event that both cease the issuance of debt ratings generally, such other ratings agency agreed to by the Borrower and the Administrative Agent) is in effect on the Borrower's senior unsecured long-term debt, the percentage per annum set forth opposite such debt rating:

Debt Rating	Percentage
A+/A1 or above	0.350%
A/A2	0.450%
A-/A3	0.550%
BBB+/Baa1	0.700%
BBB/Baa2	0.850%
BBB-/Baa3	1.100%
BB+/Ba1 or below	1.475%

If the ratings issued by S&P and Moody's differ (i) by one rating, the higher rating shall apply to determine the Applicable Margin, (ii) by two ratings, the rating which falls between them shall apply to determine the Applicable Margin, or (iii) by more than two ratings, the rating immediately above the lower of the two ratings shall apply to determine the Applicable Margin. The Borrower shall give written notice to the Administrative Agent of any changes to such ratings, within three (3) Business Days thereof, and any change to the Applicable Margin shall be effective on the date of the relevant change. Notwithstanding the foregoing, (i) the Applicable Margin in effect at all times during the first six months after the Borrowing Date shall in no event be less than a percentage per annum equal to 0.550%, and (ii) if the Borrower shall at any time fail to have in effect such a debt rating on the Borrower's senior unsecured long-term debt, the Borrower shall seek and obtain (if not already in effect), within thirty (30) days after such debt rating first ceases to be in effect, a corporate credit rating or a bank loan rating from Moody's or S&P, or both, and the Applicable Margin shall thereafter be based on such ratings in the same manner as provided herein with respect to the Borrower's senior unsecured long-term debt rating (with the Applicable Margin in effect prior to the issuance of such corporate credit rating or bank loan rating being the same as the Applicable Margin in effect at the time the senior unsecured long-term debt rating ceases to be in effect).

"Assignment Agreement" means an agreement in substantially the form of Exhibit 10.10 whereby a Lender conveys part or all of its Commitment or its portion of the Term Loan to another Person that is, or thereupon becomes, a Lender, pursuant to Section 10.10.

"Base Rate" means for any day the greater of:

(i) the fluctuating commercial loan rate announced by the Lender which is the Administrative Agent from time to time at its Atlanta, Georgia office (or other corresponding office, in the case of any successor Administrative Agent) as its base rate for U.S. Dollar loans in the United States of America in effect on such day (which base rate may not be the lowest rate charged by such Lender on loans to any of its customers), with any change in the Base Rate

resulting from a change in such announced rate to be effective on the date of the relevant change; and

(ii) the sum of (x) the rate per annum (rounded upwards, if necessary, to the nearest 1/16th of 1%) equal to the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers on such day, as published by the Federal Reserve Bank of New York on the next Business Day, provided that (A) if such day is not a Business Day, the rate on such transactions on the immediately preceding Business Day as so published on the next Business Day shall apply, and (B) if no such rate is published on such next Business Day, the rate for such day shall be the average of the offered rates quoted to the Administrative Agent by two (2) federal funds brokers of recognized standing on such day for such transactions as selected by the Administrative Agent, plus (y) a percentage per annum equal to (I) for the period from December 1, 1999 through January 31, 2000, one and one-half percent (1 1/2%) per annum, and (II) at all other times, one-half of one percent (1/2%) per annum.

"Base Rate Loan" means any portion of the Term Loan bearing interest prior to maturity at the rate specified in Section 2.6(a).

"Borrower" means Transocean Offshore Inc., a company organized under the laws of the Cayman Islands, and its successors.

"Borrowing" means any extension of credit made by the Lenders by way of a portion of the Term Loan, including any Borrowing advanced, continued or converted. A Borrowing is "advanced" on the day the Lenders advance funds comprising a portion of the Term Loan to the Borrower, is "continued" (in the case of Eurodollar Loans) on the date a new Interest Period commences for such Borrowing, and is "converted" when such Borrowing is changed from one type of Loan to the other, all as requested by the Borrower pursuant to Section 2.3(a).

"Borrowing Date" means the date on which all conditions precedent set forth herein to the initial Borrowings have been satisfied or waived in writing and the funding of the Term Loan hereunder has occurred, which date shall be no later than January 31,2000.

"Business Day" means any day other than a Saturday or Sunday on which banks are not authorized or required to close in Atlanta, Georgia, Houston, Texas, or New York, New York and, if the applicable Business Day relates to the advance or continuation of, conversion into, or payment on, a Eurodollar Borrowing, on which banks are dealing in U.S. Dollar deposits in the interbank eurocurrency market in London, England.

"Capitalized Lease Obligations" means, for any Person, the aggregate amount of such Person's liabilities under all leases of real or personal property (or any interest therein) which is required to be capitalized on the balance sheet of such Person as determined in accordance with GAAP.

"Cash Equivalents" means (i) securities issued or directly and fully guaranteed or insured by the United States of America or any agency or instrumentality thereof having maturities of

not more than twelve (12) months from the date of acquisition, (ii) time deposits and certificates of deposits maturing within one year from the date of acquisition thereof or repurchase agreements with financial institutions whose short-term unsecured debt rating is A or above as obtained from either S&P or Moody's, (iii) commercial paper or Eurocommercial paper with a rating of at least A-1 by S&P or at least P-1 by Moody's, with maturities of not more than twelve (12) months from the date of acquisition, (iv) repurchase obligations entered into with any Lender, or any other Person whose short-term senior unsecured debt rating from S&P is at least A-1 or from Moody's is at least P-1, which are secured by a fully perfected security interest in any obligation of the type described in (i) above and has a market value of the time such repurchase is entered into of not less than 100% of the repurchase obligation of such Lender or such other Person thereunder, (v) marketable direct obligations issued by any state of the United States of America or any political subdivision of any such state or any public instrumentality thereof maturing within twelve (12) months from the date of acquisition thereof or providing for the resetting of the interest rate applicable thereto not less often than annually and, at the time of acquisition, having one of the two highest ratings obtainable from either S&P or Moody's, and (vi) money market funds which have at least $1,000,000,000 in assets and which invest primarily in securities of the types described in clauses (i) through (v) above.

"Code" means the Internal Revenue Code of 1986, as amended.

"Commitment" means, relative to any Lender, such Lender's obligations to fund a portion of the Term Loan pursuant to Section 2.1 in the amount and percentage set forth opposite its signature hereto or pursuant to Section 10.10, as such commitment may be reduced from time to time or terminated pursuant to this Agreement.

"Commitment Fee" means the fee payable to each Lender as provided in Section 3.1(a).

"Commitment Termination Date" means the earliest of (i) funding of the Term Loan on the Borrowing Date, and (ii) January 31, 2000.

"Compliance Certificate" means a certificate in the form of Exhibit 6.6.

"Confidential Information Memorandum" shall mean the Confidential Information Memorandum of the Borrower dated October 1999, as the same may be amended, restated and supplemented from time to time and distributed to the Lenders prior to the Effective Date.

"Consolidated EBITDA" means, for any period, for the Borrower and its Subsidiaries, the sum of (a) net income or net loss (before discontinued operations and income or loss resulting from extraordinary items), plus (b) the sum of (i) Consolidated Interest Expense, (ii) income tax expense, (iii) depreciation expense, (iv) amortization expense, and (v) other non-cash charges, all determined in accordance with GAAP on a consolidated basis for the Borrower and its Subsidiaries (excluding, in the case of the foregoing clauses (a) and (b), any net income or net loss and expenses and charges of any SPVs or other Persons that are not Subsidiaries), plus (c) dividends or distributions received during such period by the Borrower and its Subsidiaries from SPVs and any other Persons that are not Subsidiaries.

"Consolidated Indebtedness" means all Indebtedness of the Borrower and its Subsidiaries that would be reflected on a consolidated balance sheet of such Persons prepared in accordance with GAAP.

"Consolidated Indebtedness to Total Capitalization Ratio" means, at any time, the ratio of Consolidated Indebtedness at such time to Total Capitalization at such time.

"Consolidated Interest Expense" means, for any period, total interest expense of the Borrower and its Subsidiaries on a consolidated basis for such period, in connection with Indebtedness, all as determined in accordance with GAAP, but excluding capitalized interest expense and interest expense attributable to expected federal income tax settlements.

"Consolidated Net Assets" means, as of any date of determination, an amount equal to the aggregate book value of the assets of the Borrower, its Subsidiaries and, to the extent of the equity interest of the Borrower and its Subsidiaries therein, SPVs at such time, minus the current liabilities of the Borrower and its Subsidiaries, all as determined on a consolidated basis in accordance with GAAP.

"Consolidated Net Worth" means, as of any date of determination, consolidated shareholders equity of the Borrower and its Subsidiaries determined in accordance with GAAP (but excluding the effect on shareholders equity of cumulative foreign exchange translation adjustments). For purposes of this definition, SPVs shall be accounted for pursuant to the equity method of accounting.

"Controlling Affiliate" means for the Borrower, (i) any other Person that directly or indirectly through one or more intermediaries controls, or is under common control with, the Borrower (other than Persons controlled by the Borrower), and (ii) any other Person owning beneficially or controlling ten percent (10%) or more of the equity interests in the Borrower. As used in this definition, "control" means the power, directly or indirectly, to direct or cause the direction of management or policies of a Person (through ownership of voting securities or other equity interests, by contract or otherwise).

"Credit Documents" means this Agreement, the Notes, and any Subsidiary Guaranties in effect from time to time.

"Default" means any event or condition the occurrence of which would, with the passage of time or the giving of notice, or both, constitute an Event of Default.

"Documentation Agent" shall mean Bank of America, N.A., in its capacity as Documentation Agent for the Lenders, and any successor Documentation Agent appointed pursuant to Section 9.7; provided, however, that no such Documentation Agent shall have any duties, responsibilities, or obligations hereunder in such capacity.

"Dollar" and "U.S. Dollar" and the sign "$" mean lawful money of the United States of America.

"Effective Date" means the date this Agreement shall become effective as defined in Section 10.16.

"Environmental Claims" means any and all administrative, regulatory or judicial actions, suits, demands, demand letters, claims, liens, notices of non-compliance or violation, investigations or proceedings relating to any Environmental Law ("Claims") or any permit issued under any Environmental Law, including, without limitation, (i) any and all Claims by governmental or regulatory authorities for enforcement, cleanup, removal, response, remedial or other actions or damages pursuant to any applicable Environmental Law, and (ii) any and all Claims by any third party seeking damages, contribution, indemnification, cost recovery, compensation or injunctive relief resulting from Hazardous Materials or arising from alleged injury or threat of injury to the environment.

"Environmental Law" means any federal, state or local statute, law, rule, regulation, ordinance, code, policy or rule of common law now or hereafter in effect, including any judicial or administrative order, consent, decree or judgment, relating to the environment.

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

"Eurodollar Loan" means a portion of the Term Loan bearing interest before maturity at the rate specified in Section 2.6(b).

"Eurodollar Reserve Percentage" means, with respect to each Interest Period for a Eurodollar Loan, a percentage (expressed as a decimal) equal to the daily average during such Interest Period of the percentages in effect on each day of such Interest Period, if any, as prescribed by the Board of Governors of the Federal Reserve System (or any successor thereto), for determining the maximum reserve requirements (including, without limitation, any supplemental, marginal and emergency reserves) applicable to "Eurocurrency Liabilities" of member banks of the Federal Reserve System in New York City with deposits exceeding $1,000,000,000 pursuant to Regulation D of the Board of Governors of the Federal Reserve System or any other then applicable regulation of the Board of Governors which prescribes reserve requirements applicable to "Eurocurrency Liabilities" as presently defined in Regulation D.

"Event of Default" means any of the events or circumstances specified in Section 7.1.

"Foreign Plan" means any pension, profit sharing, deferred compensation, or other employee benefit plan, program or arrangement maintained by any foreign Subsidiary of the Borrower which, under applicable local law, is required to be funded through a trust or other funding vehicle, but shall not include any benefit provided by a foreign government or its agencies.

"GAAP" means generally accepted accounting principles from time to time in effect as set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and the statements and

pronouncements of the Financial Accounting Standards Board or in such other statements, opinions and pronouncements by such other entity as may be approved by a significant segment of the U.S. accounting profession.

"Guarantor" means any Subsidiary of the Borrower required to execute and delivery a Subsidiary Guaranty hereunder pursuant to Section 6.12, in each case unless and until the relevant Subsidiary Guaranty is released pursuant to Section 6.12.

"Guaranty" by any Person means all contractual obligations (other than endorsements in the ordinary course of business of negotiable instruments for deposit or collection or similar transactions in the ordinary course of business) of such Person guaranteeing any Indebtedness of any other Person (the "primary obligor") in any manner, whether directly or indirectly, including, without limitation, all obligations incurred through an agreement, contingent or otherwise, by such Person: (i) to purchase such Indebtedness or to purchase any property or assets constituting security therefor, primarily for the purpose of assuring the owner of such Indebtedness of the ability of the primary obligor to make payment of such Indebtedness; or (ii) to advance or supply funds (x) for the purchase or payment of such Indebtedness, or (y) to maintain working capital or other balance sheet condition, or otherwise to advance or make available funds for the purchase or payment of such Indebtedness, in each case primarily for the purpose of assuring the owner of such Indebtedness of the ability of the primary obligor to make payment of such Indebtedness; or (iii) to lease property, or to purchase securities or other property or services, of the primary obligor, primarily for the purpose of assuring the owner of such Indebtedness of the ability of the primary obligor to make payment of such Indebtedness; or (iv) otherwise to assure the owner of such Indebtedness of the primary obligor against loss in respect thereof. For the purpose of all computations made under this Agreement, the amount of a Guaranty in respect of any Indebtedness shall be deemed to be equal to the amount that would apply if such Indebtedness was the direct obligation of such Person rather than the primary obligor or, if less, the maximum aggregate potential liability of such Person under the terms of the Guaranty.

"Hazardous Material" shall have the meaning assigned to that term in the Comprehensive Environmental Response Compensation and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Acts of 1986, and shall also include petroleum, including crude oil or any fraction thereof, or any other substance defined as "hazardous" or "toxic" or words with similar meaning and effect under any Environmental Law applicable to the Borrower or any of its Subsidiaries.

"Highest Lawful Rate" means the maximum nonusurious interest rate, if any, that any time or from time to time may be contracted for, taken, reserved, charged or received on any portions of the Term Loan, under laws applicable to any of the Lenders which are presently in effect or, to the extent allowed by applicable law, under such laws which may hereafter be in effect and which allow a higher maximum nonusurious interest rate than applicable laws now allow. Determination of the rate of interest for the purpose of determining whether any portions of the Loan are usurious under all applicable laws shall be made by amortizing, prorating, allocating, and spreading, in equal parts during the period of the full stated term of the Term Loan, all interest at any time contracted for, taken, reserved, charged or received from the Borrower in connection with the Term Loan.

"Indebtedness" means, for any Person, the following obligations of such Person, without duplication: (i) obligations of such Person for borrowed money; (ii) obligations of such Person representing the deferred purchase price of property or services other than accounts payable and accrued liabilities arising in the ordinary course of business and other than amounts which are being contested in good faith and for which reserves in conformity with GAAP have been provided; (iii) obligations of such Person evidenced by bonds, notes, bankers acceptances, debentures or other similar instruments of such Person or arising, whether absolute or contingent, out of letters of credit issued for such Person's account or pursuant to such Person's application securing Indebtedness; (iv) obligations of other Persons, whether or not assumed, secured by Liens (other than Permitted Liens) upon property or payable out of the proceeds or production from property now or hereafter owned or acquired by such Person, but only to the extent of such property's fair market value; (v) Capitalized Lease Obligations of such Person; (vi) obligations under Interest Rate Protection Agreements, and (vii) obligations of such Person pursuant to a Guaranty of any of the foregoing obligations of another Person; provided, however, Indebtedness shall exclude Non-recourse Debt. For purposes of this Agreement, the Indebtedness of any Person shall include the Indebtedness of any partnership or joint venture to the extent such Indebtedness is recourse to such Person.

"Interest Coverage Ratio" means, as of the end of any fiscal quarter, the ratio of (i) Consolidated EBITDA for the four fiscal quarter period then ended, minus all dividends paid to shareholders of the Borrower during such four fiscal quarter period and all cash income taxes paid during such four fiscal quarter period, to (ii) Consolidated Interest Expense for the four fiscal quarter period then ended. In any four fiscal quarter period for which the Interest Coverage Ratio is being determined which includes the fiscal quarter during which the Sedco Forex Merger occurred, Consolidated EBITDA and Consolidated Interest Expense for those fiscal quarters included in such period ending on or before December 31, 1999 shall be for the Borrower and its Subsidiaries as existing prior to the Sedco Forex Merger and, in addition, if the Sedco Forex Merger shall occur on or after April 1, 2000, Consolidated EBITDA and Consolidated Interest Expense for the fiscal quarter ending March 31, 2000 shall also be for the Borrower and its Subsidiaries as existing prior to the Sedco Forex Merger. Other fiscal quarters during any such four-quarter period shall be for the Borrower and its Subsidiaries as existing after consummation of the Sedco Forex Merger.

"Interest Payment Date" means (i) for each Base Rate Loan, the last Business Day of each calendar quarter during which such Loan is outstanding, whether during all or any portion of such calendar quarter, and (ii) for each Eurodollar Loan, the last Business Day of each Interest Period for such Loan and, during any Interest Period of six (6) months, the next Business Day occurring three (3) months after the commencement of such Interest Period.

"Interest Period" means the period commencing on the date that a Borrowing of Eurodollar Loans is advanced, continued or created by conversion and, subject to Section 2.4, ending on the date 1, 2, 3 or 6 months thereafter as selected by the Borrower pursuant to the terms of this Agreement.

"Interest Rate Protection Agreement" shall mean any interest rate swap, interest rate cap, interest rate collar, or other interest rate hedging agreement or arrangement designed to protect against fluctuations in interest rates.

"Lead Arranger" means SunTrust Equitable Securities Corporation, acting in its capacity as lead arranger for the Term Loan.

"Lender" is defined in the preamble.

"Lending Office" means the branch, office or affiliate of a Lender specified on the appropriate signature page hereof, or designated pursuant to Sections 8.4 or 10.10, as the office through which it will make its portion of the Term Loan hereunder for each type of Loan available hereunder.

"LIBOR Rate" means, relative to any Interest Period for each Eurodollar Loan comprising part of the same Borrowing, a rate of interest per annum (rounded upwards, if necessary, to the nearest whole multiple of 1/16 of 1%), equal to the arithmetic mean of the "LIBOR" rates of interest per annum appearing on Telerate Page 3750 (or any successor publication) for Dollars two (2) Business Days before the commencement of such Interest Period for delivery on the first day of such Interest Period, at or about 11:00 a.m. (London, England time) for a period approximately equal to such Interest Period and in an amount equal or comparable to the aggregate principal amount of the Eurodollar Loans to which such Interest Period relates. If the foregoing Telerate rate is unavailable for any reason, then such rate shall be determined by the Administrative Agent from the Reuters Screen LIBOR page, or if such rate is also unavailable on such service, on any other interest rate reporting service of recognized standing selected by the Administrative Agent after consultation with the Borrower.

"Lien" means any interest in any property or asset in favor of a Person other than the owner of such property or asset and securing an obligation owed to, or a claim by, such Person, whether such interest is based on the common law, statute or contract, including, but not limited to, the security interest lien arising from a mortgage, encumbrance, pledge, conditional sale, security agreement or trust receipt, or a lease, consignment or bailment for security purposes.

"Loan" mean a Base Rate Loan or Eurodollar Loan, each of which is a "type" of Loan hereunder, outstanding as a portion of the Term Loan.

"Material Adverse Effect" means a material adverse effect on (i) the business, assets, operations or condition of the Borrower and its Subsidiaries taken as a whole, or (ii) the Borrower's ability to perform any of its payment obligations under the Agreement or the Notes.

"Maturity Date" means the fifth anniversary of the Borrowing Date.

"Moody's" means Moody's Investors Service, Inc., or any successor thereto.

"Non-recourse Debt" means with respect to any Person (i) obligations of such Person against which the obligee has no recourse to such Person except as to certain named or described

present or future assets or interests, and (ii) the obligations of SPVs to the extent the obligee thereof has no recourse to the Borrower or any of its Subsidiaries.

"Note" means any of the promissory notes of the Borrower defined in Section 2.10.

"Obligations" means all obligations of the Borrower to pay fees, costs and expenses hereunder, to pay principal or interest on the Term Loan, and to pay any other obligations to the Administrative Agent or any Lender arising under any Credit Document.

"PBGC" means the Pension Benefit Guaranty Corporation or any successor thereto.

"Percentage" means, for each Lender, prior to funding of the Term Loan, the percentage of the Commitments represented by such Lender's Commitment, and on and after the funding of the Term Loan, the percentage of the Term Loan held by such Lender.

"Performance Guaranties" means all Guaranties of the Borrower or any of its Subsidiaries delivered in connection with the construction financing of drill ships, offshore mobile drilling units or offshore drilling rigs for which firm drilling contracts have been obtained by the Borrower, any of its Subsidiaries or a SPV.

"Performance Letters of Credit" means all letters of credit for the account of the Borrower, any Subsidiary or a SPV issued as support for Non-recourse Debt or a Performance Guaranty.

"Permitted Business" has the meaning ascribed to such term in Section 6.8.

"Permitted Liens" means the Liens permitted as described in Section 6.11.

"Person" means an individual, partnership, corporation, limited liability company, association, trust, unincorporated organization or any other entity or organization, including a government or any agency or political subdivision thereof.

"Plan" means an employee pension benefit plan covered by Title IV of ERISA or subject to the minimum funding standards under Section 412 of the Code that is either (i) maintained by the Borrower or any of its Subsidiaries, or (ii) maintained pursuant to a collective bargaining agreement or any other arrangement under which more than one employer makes contributions and to which the Borrower or any of its Subsidiaries is then making or accruing an obligation to make contributions or has within the preceding five (5) plan years made or had an obligation to make contributions.

"Principal Payment Date" shall have the meaning set forth in Section 2.5.

"Required Lenders" means, prior to funding of the Term Loan, Lenders then holding in the aggregate at least fifty-one percent (51%) of the Commitments, and on and after funding of the Term Loan, Lenders then holding portions of the Term Loan representing in the aggregate at least fifty-one percent (51%) of the total principal amount of the Term Loan then outstanding.

"Reuters Screen" means, when used in connection with any designated page and the "LIBOR" rate, the display page so designated on the Reuter Money 2000 Service (or such other page as may replace that page on that service or on any replacement Reuter Service for the purpose of displaying rates comparable to the "LIBOR" rate).

"Sale-Leaseback Transaction" means any arrangement whereby the Borrower or a Subsidiary shall sell or transfer any property, real or personal, used or useful in its business, whether now owned or hereafter acquired, and thereafter rent or lease property that it intends to use for substantially the same purpose or purposes as the property sold or transferred.

"Schlumberger" means Schlumberger Limited, a company incorporated in the Netherlands Antilles.

"SEC" means the Securities and Exchange Commission.

"Sedco Forex" means Sedco Forex Holdings Limited, a wholly owned Subsidiary of Schlumberger under which the offshore contract drilling business of Schlumberger is to be consolidated prior to the Sedco Forex Distribution as described in the Transocean Schlumberger Joint Proxy Statement.

"Sedco Forex Distribution" means the distribution of the capital stock of Sedco Forex to the shareholders of Schlumberger pursuant to the Sedco Forex Distribution Agreement.

"Sedco Forex Distribution Agreement" means the distribution agreement dated as of July 12, 1999, between Schlumberger and Sedco Forex, as the same may be amended, restated or supplemented from time to time.

"Sedco Forex Merger" means the merger of Sedco Forex and Sedco Forex Merger Sub, pursuant to which Sedco Forex and the Subsidiaries of Sedco Forex shall become wholly owned Subsidiaries of the Borrower as described in the Transocean Schlumberger Joint Proxy Statement.

"Sedco Forex Merger Agreement" means the merger agreement dated as of July 12, 1999, among the Borrower, Sedco Forex Merger Sub, Schlumberger, and Sedco Forex, as the same may be amended, restated or supplemented from time to time.

"Sedco Forex Merger Sub" means Transocean SF Limited, a wholly owned Subsidiary of the Borrower that will merge with and into Sedco Forex, with Sedco Forex surviving as a wholly owned Subsidiary of the Borrower.

"Senior Managing Agents" means each of Bank One, NA (Main Office Chicago) and Paribas in their capacities as senior managing agents for the Lenders, and any successor senior managing agents appointed pursuant to Section 9.7; provided, however, that no such senior managing agents shall have any duties, responsibilities, or obligations hereunder in such capacities.

"S&P" means Standard & Poor's Ratings Group or any successor thereto.

"SPV" means any Person that is designated by the Borrower as a SPV, provided that the Borrower shall not designate as a SPV any Subsidiary that owns, directly or indirectly, any other Subsidiary that has total assets (including assets of any Subsidiaries of such other Subsidiary, but excluding any assets that would be eliminated in consolidation with the Borrower and its Subsidiaries) which equates to at least five percent (5%) of the Borrower's Total Assets, or that had net income (including net income of any Subsidiaries of such other Subsidiary, all before discontinued operations and income or loss resulting from extraordinary items, all determined in accordance with GAAP, but excluding revenues and expenses that would be eliminated in consolidation with the Borrower and its Subsidiaries) during the most recently completed fiscal year of the Borrower in excess of the greater of (i) $1,000,000, and (ii) fifteen percent (15%) of the net income (before discontinued operations and income or loss resulting from extraordinary items) for the Borrower and its Subsidiaries, all as determined on a consolidated basis in accordance with GAAP during such fiscal year of the Borrower. The Borrower may elect to treat any Subsidiary as a SPV (provided such Subsidiary would otherwise qualify as such), and may rescind any such prior election, by giving written notice thereof to the Administrative Agent specifying the name of such Subsidiary or SPV, as the case may be, and the effective date of such election, which shall be a date within sixty (60) days after the date such notice is given. The election to treat a particular Person as a SPV may only be made once.

"Significant Subsidiary" has the meaning ascribed to it under Regulation S-X promulgated under the Securities Exchange Act of 1934, as amended.

"Subsidiary" means, for any Person, any other Person (other than, except in the context of Section 6.6(a), a SPV) of which more than fifty percent (50%) of the outstanding stock or comparable equity interests having ordinary voting power for the election of the board of directors of such corporation, any managers of such limited liability company or similar governing body (irrespective of whether or not at the time stock or other equity interests of any other class or classes of such corporation or other entity shall have or might have voting power by reason of the happening of any contingency), is at the time directly or indirectly owned by such former Person or by one or more of its Subsidiaries.

"Subsidiary Debt Basket Amount" has the meaning ascribed to such term in Section 6.12(i).

"Subsidiary Guaranty" means any Guaranty of any Subsidiary delivered pursuant to Section 6.12(j).

"Syndication Agent" shall mean Royal Bank of Canada, acting in its capacity as Syndication Agent for the Lenders, and any successor Syndication Agent appointed hereunder pursuant to Section 9.7; provided, however, that no such Syndication Agent shall have any duties, responsibilities, or obligations hereunder in such capacity.

"Taxes" has the meaning set forth in Section 5.12.

"Telerate" means, when used in connection with any designated page and the "LIBOR" rate, the display page so designated on the Dow Jones Telerate Service (or such other page as may replace that page on that service or on any replacement Dow Jones Service for the purpose of displaying rates comparable to the "LIBOR" rate).

"Term Loan" means the $400,000,000 principal amount term loan made by the Lenders to the Borrower pursuant to Section 2.1.

"Total Assets" means, as of any date of determination, the aggregate book value of the assets of the Borrower and its Subsidiaries determined on a consolidated basis in accordance with GAAP as of such date.

"Total Capitalization" means, as of any date of determination, the sum of Consolidated Indebtedness plus Consolidated Net Worth as of such date.

"Transocean Schlumberger Joint Proxy Statement" means the joint proxy statement/prospectus of the Borrower and Schlumberger dated October 27, 1999, as the same may be amended or supplemented from time to time.

"Unfunded Vested Liabilities" means, for any Plan at any time, the amount (if any) by which the present value of all vested nonforfeitable accrued benefits under such Plan exceeds the fair market value of all Plan assets allocable to such benefits, determined as of the then most recent valuation date for such Plan, but only to the extent that such excess represents a potential liability of the Borrower or any of its Subsidiaries to the PBGC or such Plan.

Section 1.2. Interpretation. The foregoing definitions shall be equally applicable to the singular and plural forms of the terms defined. All references to times of day in this Agreement shall be references to New York, New York time unless otherwise specifically provided.

Section 1.3. Sedco Forex and Subsidiaries. Except as otherwise expressly provided herein, references in this Agreement and the other Credit Documents to any Subsidiary or Subsidiaries of the Borrower shall, from and after the time of the Sedco Forex Merger, be deemed to include and refer to Sedco Forex and any Subsidiaries of Sedco Forex, but shall not be deemed to include or refer to Sedco Forex or any of its Subsidiaries prior to the Sedco Forex Merger.

ARTICLE 2. THE TERM LOAN FACILITY.

Section 2.1. Borrowing of the Term Loan . Subject to the terms and conditions hereof, each Lender severally and not jointly agrees to make to the Borrower on the Borrowing Date a portion of the Term Loan in an aggregate principal amount equal to its Commitment. Funding of the Term Loan may be by one or more Borrowings as provided in Sections 2.2 and 2.3. Each Borrowing in respect of the Term Loan shall be made ratably from the Lenders in proportion to their respective Percentages. Amounts paid or prepaid in respect of the Term Loan may not be reborrowed.

Section 2.2. Types of Loans and Minimum Borrowing Amounts . Borrowings in respect of the Term Loan may be outstanding as either Base Rate Loans or Eurodollar Loans, as selected by the Borrower pursuant to Section 2.3. Each Borrowing of Base Rate Loans shall be in an amount of not less than $1,000,000 and each Borrowing of Eurodollar Loans shall be in an amount of not less than $10,000,000.

Section 2.3. Manner of Borrowing.

(a) Notice to the Administrative Agent. The Borrower shall give notice to the Administrative Agent by no later than 12:00 p.m. (i) at least three (3) Business Days before the Borrowing Date, with respect to those portions of the Term Loan to be funded with a Borrowing or Borrowings of Eurodollar Loans, and (ii) at least one (1) Business Day before the Borrowing Date, with respect to any portions of the Term Loan to be funded with a Borrowing of Base Rate Loans, in each case pursuant to a duly executed Borrowing Request substantially in the form of Exhibit 2.3 (a "Borrowing Request"). The Loans included in each Borrowing shall bear interest initially at the type of rate specified in the Borrowing Request with respect to such Borrowing. Thereafter, the Borrower may from time to time elect to change or continue the type of interest rate borne by each Borrowing or, subject to the minimum amount requirement for each outstanding Borrowing as set forth in Section 2.2, a portion thereof, as follows: (i) if such Borrowing is of Eurodollar Loans, the Borrower may continue part or all of such Borrowing as Eurodollar Loans for an Interest Period specified by the Borrower or convert part or all of such Borrowing into Base Rate Loans on the last day of the Interest Period applicable thereto, or the Borrower may earlier convert part or all of such Borrowing into Base Rate Loans so long as it pays the breakage fees and funding losses provided in Section 2.11; and (ii) if such Borrowing is of Base Rate Loans, the Borrower may convert all or part of such Borrowing into Eurodollar Loans for an Interest Period specified by the Borrower on any Business Day. The Borrower may select multiple Interest Periods for the Eurodollar Loans constituting any particular Borrowing, provided that at no time shall the number of different Interest Periods for outstanding Eurodollar Loans exceed eight (it being understood for such purposes that (x) Interest Periods of the same duration, but commencing on different dates, shall be counted as different Interest Periods and (y) all Interest Periods commencing on the same date and of the same duration shall be counted as one Interest Period regardless of the number of Borrowings or Eurodollar Loans involved). Notices of the continuation of a Borrowing of Eurodollar Loans for an additional Interest Period or of the conversion of part or all of a Borrowing of Eurodollar Loans into Base Rate Loans or of Base Rate Loans into Eurodollar Loans must be given by no later than 12:00 p.m. at least three

(3) Business Days before the date of the requested continuation or conversion. The Borrower shall give such notices concerning the continuation or conversion of a Borrowing by telephone or facsimile (which notice shall be irrevocable once given and, if by telephone, shall be promptly confirmed in writing) pursuant to a Borrowing Request which shall specify the date of the requested continuation or conversion (which shall be a Business Day), the amount of the affected Borrowing, the type of Loans to comprise such continued or converted Borrowing and, if such Borrowing is to be comprised of Eurodollar Loans, the Interest Period applicable thereto. The Borrower agrees that the Administrative Agent may rely on any such telephonic or facsimile notice given by any person it in good faith believes is an authorized representative of the Borrower without the necessity of independent investigation and that, if any such notice by telephone conflicts with any written confirmation, such telephonic notice shall govern if the Administrative Agent has acted in reliance thereon.

(b) Notice to the Lenders. The Administrative Agent shall give prompt telephonic, telex or facsimile notice to each Lender of any notice received pursuant to Section 2.3(a) relating to a Borrowing. The Administrative Agent shall give notice to the Borrower and each Lender by like means of the interest rate applicable to each Borrowing of Eurodollar Loans (but, if such notice is given by telephone, the Administrative Agent shall confirm such rate in writing) promptly after the Administrative Agent has made such determination.

(c) Borrower's Failure to Notify. If the Borrower fails to give notice pursuant to Section 2.3(a) of the continuation or conversion of any outstanding principal amount of a Borrowing of Eurodollar Loans, and has not notified the Administrative Agent by 12:00 p.m. at least three (3) Business Days before the last day of the Interest Period for any Borrowing of Eurodollar Loans that it intends to continue or convert such Borrowing, the Borrower shall be deemed to have requested the continuation of such Borrowing as a Eurodollar Loan with an Interest Period of one (1) month, so long as no Event of Default shall have occurred and be continuing or would occur as a result of such Borrowing. Upon the occurrence and during the continuance of any Event of Default, each Eurodollar Loan will automatically, on the last day of the then existing Interest Period therefor, convert into a Base Rate Loan.

(d) Disbursement of Loans. Not later than 12:00 p.m. with respect to Eurodollar Loans, and not later than 1:00 p.m. with respect to Base Rate Loans on the Borrowing Date each Lender, subject to all other provisions hereof, shall make available its Loan comprising its ratable share of such Borrowing in funds immediately available in Atlanta, Georgia for the benefit of the Administrative Agent and according to the disbursement instructions of the Administrative Agent. The Administrative Agent shall make the proceeds of each such Borrowing available in immediately available funds to the Borrower (or as directed in writing by Borrower) on such date. In the event that any Lender does not make such amounts available to the Administrative Agent by the time prescribed above, but such amount is received later that day, such amount may be credited to the Borrower in the manner described in the preceding sentence on the next Business Day (with interest on such amount to begin accruing hereunder on such next Business Day) provided that acceptance by the Borrower of any such late amount shall not be deemed a waiver by the Borrower of any rights it may have against such Lender. No Lender shall be responsible to the Borrower for any failure by another Lender to fund its portion

of a Borrowing, and no such failure by a Lender shall relieve any other Lender from its obligation, if any, to fund its portion of a Borrowing.

(e) Administrative Agent Reliance on Lender Funding. Unless the Administrative Agent shall have been notified by a Lender before the Borrowing Date (which notice shall be effective upon receipt) that such Lender does not intend to make such payment, the Administrative Agent may assume that such Lender has made such payment when due and in reliance upon such assumption may (but shall not be required to) make available to the Borrower the proceeds of the Loans to be made by such Lender and, if any Lender has not in fact made such payment to the Administrative Agent, such Lender shall, on demand, pay to the Administrative Agent the amount made available to the Borrower attributable to such Lender together with interest thereon for each day during the period commencing on the date such amount was made available to the Borrower and ending on (but excluding) the date such Lender pays such amount to the Administrative Agent at a rate per annum equal to the Administrative Agent's cost of funds. If such amount is not received from such Lender by the Administrative Agent immediately upon demand, the Borrower will, on demand, repay to the Administrative Agent the proceeds of the Loans attributable to such Lender with interest thereon at a rate per annum equal to the interest rates applicable to the relevant Loans, but the Borrower shall in no event be liable for breakage fees pursuant to Section 2.11 in connection with such repayment. Nothing in this subsection shall be deemed to relieve any Lender from its obligation to fund its Commitment hereunder or to prejudice any rights which the Borrower may have against any Lender as a result of any default by such Lender hereunder.

(f) Conversion. If the Borrower shall elect to convert any particular Borrowing from one Type of Loan to the other only in part, then, from and after the date on which such conversion shall be effective, such particular Borrowing shall, for all purposes of this Agreement (including, without limitation, for purposes of subsequent application of this sentence) be deemed to instead constitute two Borrowings (each originally initiated on the same date as such particular Borrowing), one comprised of (subject to subsequent conversion in accordance with this Agreement) Eurodollar Loans in an aggregate principal amount equal to the portion of such Borrowing so elected by the Borrower to be comprised of Eurodollar Loans and the second comprised of (subject to subsequent conversion in accordance with this Agreement) Base Rate Loans in an aggregate principal amount equal to the portion of such particular Borrowing so elected by the Borrower to be comprised of Base Rate Loans. If the Borrower shall elect to have multiple Interest Periods apply to any particular Borrowing comprised of Eurodollar Loans, then, from and after the date such multiple Interest Periods commence, such particular Borrowing shall, for all purposes of this Agreement (including, without limitation, for purposes of subsequent application of this sentence), be deemed to constitute a number of separate Borrowings (each originally advanced on the same date as such particular Borrowing) equal to the number of, and corresponding to, the different Interest Periods so elected, each such deemed separate Borrowing corresponding to a particular selected Interest Period comprised of (subject to subsequent conversion in accordance with this Agreement) Eurodollar Loans in an aggregate principal amount equal to the portion of such particular Borrowing so elected by the Borrower to have such Interest Period. This Section 2.3(f) shall be applied appropriately in the event that the Borrower shall make the elections described in the two preceding sentences at the same time with respect to the same particular Borrowing.

Section 2.4. Interest Periods . As provided in Section 2.3(a), at the time of each request for the advance or continuation of, or conversion into, a Borrowing of Eurodollar Loans, the Borrower shall select an Interest Period applicable to such Loans from among the available options subject to the limitations in Section 2.3(a); provided, however, that:

(i) the Borrower may not select an Interest Period for a Borrowing of Loans that extends beyond the Maturity Date;

(ii) no Interest Period shall extend beyond any Principal Payment Date unless the aggregate principal amount of Base Rate Loans, and Eurodollar Loans that have Interest Periods which will expire on or before the Principal Payment Date, is equal to or in excess of the amount of any such principal amount required to be paid on the Principal Payment Date;

(iii) whenever the last day of any Interest Period would otherwise be a day that is not a Business Day, the last day of such Interest Period shall either be (i) extended to the next succeeding Business Day, or (ii) reduced to the immediately preceding Business Day if the next succeeding Business Day is in the next calendar month; and

(iv) for purposes of determining an Interest Period, a month means a period starting on one day in a calendar month and ending on the numerically corresponding day in the next calendar month; provided, however, that if there is no such numerically corresponding day in the month in which an Interest Period is to end or if an Interest Period begins on the last Business Day of a calendar month, then such Interest Period shall end on the last Business Day of the calendar month in which such Interest Period is to end.

Section 2.5. Repayment of the Term Loan. The Borrower shall repay the principal amount of the Term Loan in full in twelve (12) consecutive quarterly principal payments, such payments to commence twenty-seven (27) months following the Borrowing Date, and continuing every three (3) months thereafter, with the final principal payment being due and payable on the Maturity Date (each such payment being due on the same calendar day of the month as the Borrowing Date, and each such quarterly payment date being referred to herein as a "Principal Payment Date"). The first four (4) such quarterly payments in respect of the Term Loan shall each be in a principal amount equal to $25,000,000; and the remaining eight (8) such quarterly payments shall each be in the principal amount of $37,500,000. Any other unpaid principal amounts in respect of the Term Loan, and any interest thereon, and any fees, expenses, or other Obligations then outstanding under the Credit Documents shall be due and payable in full on the Maturity Date.

Section 2.6. Applicable Interest Rates; Interest Payments.

(a) Base Rate Loans. Each Base Rate Loan shall bear interest (computed on the basis of a 365 or 366-day year and actual days elapsed excluding the date of repayment) on the unpaid principal amount thereof from the date such Loan is made until maturity (whether by

acceleration or otherwise) or conversion to a Eurodollar Loan, at a rate per annum equal to the lesser of (i) the Highest Lawful Rate, or (ii) the Base Rate from time to time in effect.

(b) Eurodollar Loans. Each Eurodollar Loan shall bear interest (computed on the basis of a 360-day year and actual days elapsed, excluding the date of repayment) on the unpaid principal amount thereof from the date such Loan is made until maturity (whether by acceleration or otherwise) or conversion to a Base Rate Loan at a rate per annum equal to the lesser of (i) the Highest Lawful Rate, or (ii) the sum of Adjusted LIBOR plus the Applicable Margin.

(c) Rate Determinations. The Administrative Agent shall determine each interest rate applicable to the Eurodollar Loans hereunder insofar as such interest rate involves a determination of Adjusted LIBOR and such determination shall be conclusive and binding except in the case of the Administrative Agent's manifest error or willful misconduct. The Administrative Agent shall promptly give notice to the Borrower and each Lender of each determination of Adjusted LIBOR with respect to each Eurodollar Loan.

(d) Interest Payments. The Borrower shall pay interest on all outstanding Base Rate Loans and Eurodollar Loans comprising the Term Loan on the respective Interest Payment Dates for such Base Rate Loans and Eurodollar Loans, upon the conversion of any Eurodollar Loans to Base Rate Loans, and at maturity (whether by acceleration or otherwise).

Section 2.7. Default Rate. If any payment of principal on the Term Loan is not made when due after the expiration of the grace period therefor provided in Section 7.1(a) (whether by acceleration or otherwise), such principal amount shall bear interest (computed on the basis of a year of 360, 365 or 366 days, as applicable, and actual days elapsed) after such grace period expires until such principal amount then due is paid in full, payable on demand, at a rate per annum equal to:

(a) for any Base Rate Loan the lesser of (i) the Highest Lawful Rate, or (ii) the sum of two percent (2%) per annum plus the Base Rate from time to time in effect (but not less than the Base Rate in effect at the time such payment was due); and

(b) for any Eurodollar Loan the lesser of (i) the Highest Lawful Rate, or (ii) the sum of two percent (2%) per annum plus the rate of interest in effect thereon at the time of such default until the end of the Interest Period for such Loan and, thereafter, at a rate per annum equal to the sum of two percent (2%) per annum plus the Base Rate from time to time in effect (but not less than the Base Rate in effect at the time such payment was due).

It is the intention of the Administrative Agent and the Lenders to conform strictly to usury laws applicable to them. Accordingly, if the transactions contemplated hereby or the Loans would be usurious as to any of the Lenders under laws applicable to it (including the laws of the United States of America and the State of New York or any other jurisdiction whose laws may be mandatorily applicable to such Lender notwithstanding the other provisions of this Agreement, the Notes or any other Credit Document), then, in that event, notwithstanding anything to the

contrary in this Agreement, the Notes or any other Credit Document, it is agreed as follows: (i) the aggregate of all consideration which constitutes interest under laws applicable to such Lender that is contracted for, taken, reserved, charged or received by such Lender under this Agreement, the Notes or any other Credit Document or otherwise shall under no circumstances exceed the Highest Lawful Rate, and any excess shall be credited by such Lender on the principal amount of the Notes (or, if the principal amount of the Notes shall have been paid in full, refunded by such Lender to the Borrower); and (ii) in the event that the maturity of the Notes is accelerated by reason of an election of the holder or holders thereof resulting from any Event of Default hereunder or otherwise, or in the event of any required or permitted prepayment, then such consideration that constitutes interest under laws applicable to such Lender may never include more than the Highest Lawful Rate, and excess interest, if any, provided for in this Agreement, the Notes, any other Credit Document or otherwise shall be automatically canceled by such Lender as of the date of such acceleration or prepayment and, if theretofore paid, shall be credited by such Lender on the principal amount of the Notes (or if the principal amount of the Notes shall have been paid in full, refunded by such Lender to the Borrower). To the extent that the Texas Finance Code is relevant to the Administrative Agent and the Lenders for the purpose of determining the Highest Lawful Rate, the Administrative Agent and the Lenders hereby elect to determine the applicable rate ceiling under such Article by the weekly rate ceiling from time to time in effect, subject to their right subsequently to change such method in accordance with applicable law. In the event the Loans are paid in full by the Borrower prior to the full stated term of the Term Loan and the interest received for the actual period of the existence of the Term Loan exceeds the Highest Lawful Rate, the Lenders shall refund to the Borrower the amount of the excess or shall credit the amount of the excess against amounts owing under the Term Loan or otherwise in respect of the Obligations, and none of the Administrative Agent or the Lenders shall be subject to any of the penalties provided by law for contracting for, taking, reserving, charging or receiving interest in excess of the Highest Lawful Rate.

Section 2.8. Optional Prepayments. The Borrower shall have the privilege of prepaying Base Rate Loans without premium or penalty at any time in whole or at any time and from time to time in part (but, if in part, then in an amount which is equal to or greater than $1,000,000); provided, however, that the Borrower shall have given notice of such prepayment to the Administrative Agent not less than three (3) Business Days prior to the date of such prepayment. The Borrower shall have the privilege of prepaying Eurodollar Loans (a) without premium or penalty in whole or in part (but, if in part, then in an amount which is equal to or greater than $5,000,000) only on the last Business Day of an Interest Period for such Loan, and (b) at any other time so long as the breakage fees and funding losses provided for in Section 2.11 are paid; provided, however, that the Borrower shall have given notice of such prepayment to the Administrative Agent not less than three (3) Business Days prior to the last Business Day of such Interest Period or the proposed prepayment date. Any such prepayments shall be made by the payment of the principal amount to be prepaid and accrued and unpaid interest thereon to the date of such prepayment. Prepayments of principal shall be applied pro rata to the principal payments thereafter remaining to be paid as set forth in Section 2.5.

Section 2.9. Mandatory Prepayment of Term Loan. If funding of the Term Loan occurs prior to the time of the Sedco Forex Merger, and the Sedco Forex Merger has not been consummated as provided in the Sedco Forex Merger Agreement prior to April 30, 2000, then

the Borrower shall prepay in full the entire outstanding principal amount of the Term Loan on May 1, 2000, together with all interest accrued and unpaid thereon (including payment of all breakage fees and funding losses provided for in Section 2.11), and all fees, expense reimbursements, indemnity payments, and other Obligations then outstanding under this Agreement and the other Credit Documents. Except for the foregoing amounts, such prepayment shall be made by the Borrower without penalty or premium.

Section 2.10. The Notes.

(a) The portion of the Term Loan outstanding to the Borrower from each Lender shall be evidenced by a promissory note of the Borrower payable to such Lender in the form of Exhibits 2.10 (each a "Note").

(b) Each holder of a Note shall record on its books and records or on a schedule to its appropriate Note (and prior to any transfer of its Notes shall endorse thereon or on schedules forming a part thereof appropriate notations to evidence) the amount of each Loan outstanding from it to the Borrower, all payments of principal and interest and the principal balance from time to time outstanding thereon, the type of such Loan and, if a Eurodollar Loan, the Interest Period and interest rate applicable thereto. Such record, whether shown on the books and records of a holder of a Note or on a schedule to its Note, shall be prima facie evidence as to all such matters; provided, however, that the failure of any holder to record any of the foregoing or any error in any such record shall not limit or otherwise affect the obligation of the Borrower to repay all Loans outstanding to it hereunder together with accrued interest thereon. At the request of any holder of a Note and upon such holder tendering to the Borrower the Note to be replaced, the Borrower shall furnish a new Note to such holder to replace any outstanding Note and at such time the first notation appearing on the schedule on the reverse side of, or attached to, such new Note shall set forth the aggregate unpaid principal amount of all Loans, if any, then outstanding thereon.

Section 2.11. Breakage Fees. If any Lender incurs any loss, cost or expense (excluding loss of anticipated profits and other indirect or consequential damages) by reason of the liquidation or re-employment of deposits or other funds acquired by such Lender to fund or maintain any Eurodollar Loan as a result of any of the following events (other than any such occurrence as a result of a change of circumstance described in Sections 8.1 or 8.2):

(a) any payment, prepayment or conversion of a Eurodollar Loan on a date other than the last day of its Interest Period (whether by acceleration, mandatory or optional prepayment or otherwise);

(b) any failure to make a principal payment of a Eurodollar Loan on the due date therefor; or

(c) any failure by the Borrower to borrow, continue or prepay, or convert to, a Eurodollar Loan on the date specified in a notice given pursuant to Section 2.3(a) (other than by reason of a default of such Lender),

then the Borrower shall pay to such Lender such amount as will reimburse such Lender for such loss, cost or expense. If any Lender makes such a claim for compensation, it shall provide to the Borrower a certificate executed by an officer of such Lender setting forth the amount of such loss, cost or expense in reasonable detail (including an explanation of the basis for and the computation of such loss, cost or expense) no later than ninety (90) days after the event giving rise to the claim for compensation, and the amounts shown on such certificate shall be prima facie evidence of such Lender's entitlement thereto. Within ten (10) days of receipt of such certificate, the Borrower shall pay directly to such Lender such amount as will compensate such Lender for such loss, cost or expense as provided herein, unless such Lender has failed to timely give notice to the Borrower of such claim for compensation as provided herein, in which event the Borrower shall not have any obligation to pay such claim.

ARTICLE 3. FEES AND PAYMENTS.

Section 3.1. Fees.

(a) Commitment Fees. The Borrower shall pay to the Administrative Agent, for the ratable benefit of each Lender, a commitment fee on such Lender's Commitment, calculated at the rate of 0.125% per annum for the period commencing on the fourteenth (14th) day after the Effective Date and ending on the day prior to the earlier of (i) the Borrowing Date, and (ii) the Commitment Termination Date, at which time all such commitment fees shall be due and payable in full.

(b) Administrative Agent Fees. The Borrower shall pay to the Administrative Agent the fees from time to time agreed to by the Borrower and the Administrative Agent.

Section 3.2. Place and Application of Payments.

(a) All payments of principal of and interest on the Loans and of all other amounts payable by the Borrower under the Credit Documents shall be made by the Borrower to the Administrative Agent by no later than 2:30 p.m. on the due date thereof at the office of the Administrative Agent in Atlanta, Georgia (or such other location in the United States as the Administrative Agent may designate to the Borrower) for the benefit of the Lenders entitled to such payments. Any payments received by the Administrative Agent from the Borrower after 2:30 p.m. shall be deemed to have been received on the next Business Day. The Administrative Agent will, on the same day each payment is received or deemed to have been received in accordance with this Section 3.2, cause to be distributed like funds to each Lender owed an Obligation for which such payment was received, pro rata based on the respective amounts of such type of Obligation then owing to each Lender.

(b) If any payment received by the Administrative Agent under any Credit Document is insufficient to pay in full all amounts then due and payable to the Administrative Agent and the Lenders under the Credit Documents, such payment shall be distributed by the Administrative Agent and applied by the Administrative Agent and the Lenders in the order set forth in Section 7.5. In calculating the amount of Obligations owing each Lender other than for principal and interest on the Loans and fees under Section 3.1, the Administrative Agent shall

only be required to include such other Obligations that Lenders have certified to the Administrative Agent in writing are due to such Lenders.

Section 3.3. Withholding Taxes.

(a) Payments Free of Withholding. Except as otherwise required by law, each payment by the Borrower to any Lender or the Administrative Agent under this Agreement or any other Credit Document shall be made without withholding for or on account of any present or future taxes imposed by or within the jurisdiction in which the Borrower is incorporated, any jurisdiction from which the Borrower makes any payment, or (in each case) any political subdivision or taxing authority thereof or therein, excluding, in the case of each Lender and the Administrative Agent, the following taxes:

(i) taxes imposed on, based upon, or measured by its net income or profits, and branch profits, franchise, and similar taxes imposed on it;

(ii) taxes imposed on it as a result of a present or former connection between the taxing jurisdiction and such Lender or the Administrative Agent, or any affiliate thereof, as the case may be, other than a connection resulting solely from the transactions contemplated by this Agreement;

(iii) taxes imposed as a result of the transfer by such Lender of its interest in this Agreement or any other Credit Document or a designation by such Lender (other than pursuant to Section 8.3(c)) of a new Lending Office (other than taxes imposed as a result of any change in treaty, law or regulation after such transfer of such Lender's interest in this Agreement or any other Credit Document or designation of a new Lending Office);

(iv) taxes imposed by the United States of America (or any political subdivision thereof or tax authority therein) upon a Lender organized under the laws of a jurisdiction outside of the United States, except to the extent that such tax is imposed as a result of any change in applicable law, regulation or treaty (other than any addition of or change in any "anti-treaty shopping," "limitation of benefits," or similar provision applicable to a treaty) after the date hereof, in the case of each Lender originally a party hereto or, in the case of any Purchasing Lender (as defined in Section 10.10), after the date on which it becomes a Lender; or

(v) taxes which would not have been imposed but for (a) the failure of any Lender or the Administrative Agent, as the case may be, to provide (I) an Internal Revenue Service Form 1001 or 4224, as the case may be, or any substitute or successor form prescribed by the Internal Revenue Service, pursuant to Section 3.3(b), or (II) any other certification, documentation or proof which is reasonably requested by the Borrower, or (b) a determination by a taxing authority or a court of competent jurisdiction that a certification, documentation or other proof provided by such Lender or the Administrative Agent to establish an exemption from such tax is false;

(all such present or future taxes, excluding only the taxes described in the preceding clauses (i) through (v), being hereinafter referred to as "Indemnified Taxes"). If any such withholding is so required, the Borrower shall make the withholding, pay the amount withheld to the appropriate governmental authority before penalties attach thereto or interest accrues thereon and forthwith pay such additional amount as may be necessary to ensure that the net amount actually received by each Lender and the Administrative Agent is free and clear of any Indemnified Taxes (including Indemnified Taxes on such additional amount) and is equal to the amount that such Lender or the Administrative Agent (as the case may be) would have received had withholding of any Indemnified Taxes not been made. If the Borrower pays any Indemnified Taxes, or any penalties or interest in connection therewith, it shall deliver official tax receipts evidencing the payment or certified copies thereof, or other evidence of payment if such tax receipts have not yet been received by the Borrower (with such tax receipts to be delivered within fifteen (15) days after being actually received), to the Lender or Administrative Agent on whose account such withholding was made (with a copy to the Administrative Agent if not the recipient of the original) within fifteen (15) days of such payment. If the Administrative Agent or any Lender pays any Indemnified Taxes, or any penalties or interest in connection therewith, upon the Borrower's failure to withhold and pay such Indemnified Taxes, penalties or interest, Borrower shall reimburse the Administrative Agent or that Lender for the payment on demand in the currency in which such payment was made. The Administrative Agent or such Lender shall make written demand on the Borrower for reimbursement hereunder no later than ninety (90) days after the earlier of (i) the date on which such Lender or the Administrative Agent makes payment of the Indemnified Taxes, penalties or interest, and (ii) the date on which the relevant taxing authority or other governmental authority makes written demand upon such Lender or the Administrative Agent for payment of the Indemnified Taxes, penalties or interest. Any such demand shall describe in reasonable detail such Indemnified Taxes, penalties or interest, including the amount thereof if then known to such Lender or the Administrative Agent, as the case may be. In the event that such Lender or the Administrative Agent fails to give the Borrower timely notice as provided herein, the Borrower shall not have any obligation to pay such claim for reimbursement.

(b) U.S. Withholding Tax Exemptions. Upon the request of the Borrower or the Administrative Agent, each Lender that is not a United States person (as such term is defined in Section 7701(a)(30) of the Code) shall submit to the Borrower and the Administrative Agent, promptly after written request from the Borrower, two duly completed and signed copies of either Form 1001 (entitling such Lender to a complete exemption from withholding under the Code on all amounts to be received by such Lender, including fees, pursuant to the Credit Documents) or Form 4224 (relating to all amounts to be received by such Lender, including fees, pursuant to the Credit Documents) of the United States Internal Revenue Service. Thereafter and from time to time, each such Lender shall submit to the Borrower and the Administrative Agent such additional duly completed and signed copies of one or the other of such forms (or such successor forms as shall be adopted from time to time by the relevant United States taxing authorities) as may be required under then-current United States law or regulations to avoid United States withholding taxes on payments in respect of all amounts to be received by such Lender, including fees, pursuant to the Credit Documents. Upon the request of the Borrower, each Lender that is a United States person shall submit to the Borrower a certificate to the effect that it is such a United States person.

(c) Inability of Lender to Submit Forms. If any Lender determines in good faith, as a result of any change in applicable law, regulation or treaty, or in any official application or interpretation thereof, that (i) it is unable to submit to the Borrower or Administrative Agent any form or certificate that such Lender is obligated to submit pursuant to subsection (b) of this Section 3.3, (ii) it is required to withdraw or cancel any such form or certificate previously submitted, or (iii) any such form or certificate otherwise becomes ineffective or inaccurate, such Lender shall promptly notify the Borrower and Administrative Agent of such fact and the Lender shall to that extent not be obligated to provide any such form or certificate and will be entitled to withdraw or cancel any affected form or certificate, as applicable.

(d) Refund of Taxes. If any Lender or the Administrative Agent receives a refund of any Indemnified Tax or any tax referred to in Section 10.3 with respect to which the Borrower has paid any amount pursuant to this Section 3.3 or Section 10.3, such Lender or the Administrative Agent shall pay the amount of such refund (including any interest received with respect thereto) to the Borrower within fifteen (15) days after receipt thereof. A Lender or the Administrative Agent shall provide, at the sole cost and expense of the Borrower, such assistance as the Borrower may reasonably request in order to obtain such a refund; provided, however, that neither the Administrative Agent nor any Lender shall in any event be required to disclose any information to the Borrower with respect to the overall tax position of the Administrative Agent or such Lender.

ARTICLE 4. CONDITIONS PRECEDENT.

Section 4.1. Initial Borrowing. The obligation of each Lender to advance its portion of the Term Loan hereunder on the Borrowing Date is subject to the satisfaction of the following requirements and conditions precedent:

(a) The Administrative Agent shall have received the following, all in form and substance reasonably satisfactory to the Administrative Agent (which shall be evidenced by the making of such Term Loan) all in sufficient number of signed counterparts, where applicable, to provide one for each Lender (except for the Notes, of which only one original shall be signed for each Lender):

(i) Notes. The duly executed Notes of the Borrower;

(ii) Certificates of Officers. Certificates of the Secretary or Assistant Secretary of the Borrower containing specimen signatures of the persons authorized to execute Credit Documents on the Borrower's behalf or any other documents provided for herein or therein, together with (x) copies of resolutions of the Board of Directors or other appropriate body of the Borrower authorizing the execution and delivery of the Credit Documents, (y) copies of the Borrower's Memorandum and Articles of Association and other publicly filed organizational documents in its jurisdiction of organization and bylaws and other governing documents, and (z) a certificate of incorporation and good standing from the appropriate governing agency of the Borrower's jurisdiction of organization;

(iii) Regulatory Filings and Approvals. Copies of all necessary governmental and third party approvals, registrations, and filings in respect of the transactions contemplated by this Agreement and, if the Sedco Forex Merger has been consummated on or prior to the Borrowing Date, in respect of the transactions contemplated by the Sedco Forex Merger Agreement, together with evidence that any waiting periods in respect of any of the foregoing shall have expired or terminated, in each case without any action being taken by any competent authority that restrains, prevents or imposes materially adverse conditions on the consummation of the Sedco Forex Merger;

(iv) Insurance Certificate. An insurance certificate dated not more than ten (10) days prior to the Borrowing Date from the Borrower describing in reasonable detail the insurance maintained by the Borrower and its Subsidiaries as required by this Agreement;

(v) Borrowing Request. The Borrowing Request required by Section 2.3(a);

(vi) Opinions of Counsel. The opinions of (x) Baker & Botts, counsel for the Borrower, in the form of Exhibit 4.1A, (y) Nicolas J. Evanoff, Associate General Counsel of the Borrower, in the form of Exhibit 4.1B, and (z) Walkers, Cayman Islands counsel for the Borrower, in the form of Exhibit 4.1C;

(vii) Closing Certificate. Certificate of the President or a Vice President of the Borrower as to the satisfaction of all conditions set forth in this Section 4.1, including without limitation, where the Sedco Forex Merger has occurred on or prior to the Borrowing Date, consummation of the Sedco Forex Merger on substantially the terms as set forth in the Sedco Forex Merger Agreement and in the proxy statements submitted to the shareholders of the Borrower and Schlumberger/Sedco Forex in respect of such transaction; and

(viii) Escrow Agreement. If the Borrowing Date occurs prior to the Sedco Forex Merger, the escrow agreement as described in Section 4.2.

(b) Each of the representations and warranties of the Borrower and its Subsidiaries (which representations and warranties shall, if the Sedco Forex Merger has occurred on or prior to the Borrowing Date, be deemed to include and refer to Sedco Forex and its Subsidiaries) set forth herein and in the other Credit Documents shall be true and correct in all material respects as of the time of such Borrowing, except to the extent that any such representation or warranty relates solely to an earlier date, in which case it shall have been true and correct in all material respects as of such earlier date;

(c) No Default or Event of Default shall have occurred and be continuing or would occur as a result of such Borrowing;

(d) There shall be no pending or, to the knowledge of the Borrower, threatened actions, suits or proceedings at law or in equity or by or before any governmental authority

against or affecting the Borrower or any of its Subsidiaries or any of their respective businesses, properties or rights which, if adversely determined, could reasonably be expected to result in a Material Adverse Effect;

(e) There shall not exist or have occurred any change in the financial condition, results of operations, business, assets, or operations of the Borrower and its Subsidiaries, taken as a whole, which could reasonably be expected to result in a Material Adverse Effect; and

(f) Payment of all fees and all expenses incurred through the Effective Date then due and owing to the Administrative Agent, the Lenders, and the Lead Arranger pursuant to this Agreement and as otherwise agreed in writing by the Borrower.

The acceptance by the Borrower of the proceeds of the Term Loan (whether or not such proceeds are then subject to being released to the Borrower pursuant to Section 4.2) shall be deemed to be a representation and warranty by the Borrower on the date of such Borrowing that all conditions precedent to such Borrowing set forth in this Section 4.1 with respect to the Borrowing hereunder have (except to the extent waived in accordance with the terms hereof) been satisfied or fulfilled unless the Borrower gives to the Lenders written notice to the contrary, in which case none of the Lenders shall be required to fund any portion of the Term Loan unless the Required Lenders (or, if required pursuant to Section 10.11, all the Lenders) shall have previously waived in writing such non-compliance.

Section 4.2. Funding of Term Loan Prior to Sedco Forex Merger; Release of Term Loan Proceeds . If the Borrowing Date occurs prior to the Sedco Forex Merger, that portion of the Term Loan proceeds to be used by the Borrower for the purposes of refinancing Indebtedness of Sedco Forex and its Subsidiaries promptly after consummation of the Sedco Forex Merger, as specified by the Borrower in the Borrowing Request described in Section 4.1(a)(v), shall be funded into an escrow arrangement with the Administrative Agent in accordance with the terms of an escrow agreement in the form of Exhibit 4.2 attached hereto. All such Term Loan proceeds shall be deemed funded by the Lenders to the Borrower on the Borrowing Date and shall bear interest from and after the Borrowing Date at the rates, and shall be payable at the times, specified herein. All such Term Loan proceeds shall be held pursuant to such escrow arrangement, shall be held or invested in cash or Cash Equivalents during the term of such escrow arrangement, and shall be subject to release from such escrow arrangement to the Borrower on or after December 29, 1999, upon satisfaction of the following terms and conditions:

(a) The Administrative Agent shall have received copies of all governmental and third party approvals, registrations, and consents necessary to consummate the Sedco Forex Merger, together with evidence that any waiting periods in respect thereof shall have expired or terminated, other than the passage of time to the effective date of the Sedco Forex Merger set forth in the articles of merger filed with the appropriate governmental authority in the British Virgin Islands, in each case without any action then having been taken by any competent authority that restrains, prevents or imposes materially adverse conditions on the consummation of the Sedco Forex Merger;

(b) The shareholders of Schlumberger shall have approved the Sedco Forex Distribution and the shareholders of the Borrower shall have approved the Sedco Forex Merger, in each case as described in the terms of the Transocean Schlumberger Joint Proxy Statement, and the articles of merger in respect of the merger of Sedco Forex and Sedco Forex Merger Sub shall have been filed in the appropriate government office of the British Virgin Islands without conditions to the effectiveness thereof other than the passage of time to the effective date of the Sedco Forex Merger;

(c) The Sedco Forex Merger is then scheduled to occur within the two Business Days immediately following the date of the requested release of the escrowed funds;

(d) Each of the representations and warranties of the Borrower and its Subsidiaries (which representations and warranties shall be deemed to include and refer to Sedco Forex and its Subsidiaries with the same effect as if the Sedco Forex Merger had been consummated immediately prior to such time) set forth herein and in the other Credit Documents shall be true and correct in all material respects as of the time of such requested release of such Term Loan proceeds, except to the extent that any such representation or warranty relates solely to an earlier date, in which case it shall have been true and correct in all material respects as of such earlier date; and

(e) The Administrative Agent shall have received a Certificate of the President or Vice President of the Borrower as to the satisfaction of all conditions set forth in this Section 4.2, and that the Sedco Forex Merger Agreement has not been terminated and remains in force and effect.

ARTICLE 5. REPRESENTATIONS AND WARRANTIES.

The Borrower represents and warrants to each Lender and the Administrative Agent as follows:

Section 5.1. Corporate Organization . The Borrower and each of its material Subsidiaries: (i) is duly organized and existing in good standing under the laws of the jurisdiction of its organization; (ii) has all necessary company power and authority to own the property and assets it uses in its business and otherwise to carry on its present business; and (iii) is duly licensed or qualified and in good standing in each jurisdiction in which the nature of the business transacted by it or the nature of the property owned or leased by it makes such licensing or qualification necessary, except where the failure to be so licensed or qualified or to be in good standing, as the case may be, would not have a Material Adverse Effect.

Section 5.2. Power and Authority; Validity . The Borrower has the organizational power and authority to execute, deliver and carry out the terms and provisions of the Credit Documents and has taken all necessary company action to authorize the execution, delivery and performance of such Credit Documents. The Borrower has duly executed and delivered each Credit Document and each such Credit Document constitutes the legal, valid and binding obligation of the Borrower enforceable against it in accordance with its terms, subject as to

enforcement only to bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and equitable principles.

Section 5.3. No Violation. Neither the execution, delivery or performance by the Borrower of the Credit Documents nor compliance by it with the terms and provisions thereof, nor the consummation by it of the transactions contemplated herein or therein, will (i) contravene in any material respect any applicable provision of any law, statute, rule or regulation, or any applicable order, writ, injunction or decree of any court or governmental instrumentality, (ii) conflict with or result in any breach of any term, covenant, condition or other provision of, or constitute a default under, or result in the creation or imposition of (or the obligation to create or impose) any Lien other than any Permitted Lien upon any of the property or assets of the Borrower or any of its Subsidiaries under, the terms of any material contractual obligation to which the Borrower or any of its Subsidiaries is a party or by which they or any of their properties or assets are bound or to which they may be subject, or (iii) violate or conflict with any provision of the Memorandum and Articles of Association, charter, articles or certificate of incorporation, partnership or limited liability company agreement, by-laws, or other applicable governance documents of the Borrower or any of its Subsidiaries.

Section 5.4. Litigation. There are no actions, suits, proceedings or counterclaims (including, without limitation, derivative or injunctive actions) pending or, to the knowledge of the Borrower, threatened against the Borrower or any of its Subsidiaries that are reasonably likely to have a Material Adverse Effect.

Section 5.5. Use of Proceeds; Margin Regulations.

(a) The proceeds of the Term Loan shall only be used (i) to refinance Indebtedness of Sedco Forex and its Subsidiaries promptly after consummation of the Sedco Forex Merger, and (ii) for general corporate purposes of the Borrower and its Subsidiaries.

(b) Neither the Borrower nor any of its Subsidiaries is engaged in the business of extending credit for the purpose of purchasing or carrying margin stock. No proceeds of the Term Loan will be used for a purpose which violates Regulations T, U or X of the Board of Governors of the Federal Reserve System. After application of the proceeds of the Term Loan and any acquisitions permitted hereunder, less than 25% of the assets of each of the Borrower and its Subsidiaries consists of "margin stock" (as defined in Regulation U of the Board of Governors of the Federal Reserve System).

Section 5.6. Investment Company Act . Neither the Borrower nor any of its Subsidiaries is an "investment company" or a company "controlled" by an "investment company," within the meaning of the Investment Company Act of 1940, as amended.

Section 5.7. Public Utility Holding Company Act . Neither the Borrower nor any of its Subsidiaries is a "holding company," or a "subsidiary company" of a "holding company," or an "affiliate" of a "holding company" or of a "subsidiary company" of a "holding company," within the meaning of the Public Utility Holding Company Act of 1935, as amended.

Section 5.8. True and Complete Disclosure. All factual information (taken as a whole) furnished by the Borrower or any of its Subsidiaries in writing to the Administrative Agent or any Lender in connection with any Credit Document or the Confidential Information Memorandum or any transaction contemplated therein did not, as of the date such information was furnished (or, if such information expressly related to a specific date, as of such specific date), contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein (taken as a whole), in light of the circumstances under which such information was furnished, not misleading, except for such statements, if any, as have been updated, corrected, supplemented, superseded or modified pursuant to a written correction or supplement furnished to the Lenders prior to the date of this Agreement.

Section 5.9. Financial Statements.

(a) The financial statements heretofore delivered to the Lenders for the Borrower's fiscal year ending December 31, 1998, and for the Borrower's fiscal quarter and year-to-date period ending September 30, 1999, have been prepared in accordance with GAAP applied on a basis consistent, except as otherwise noted therein, with the Borrower's financial statements for the previous fiscal year. Such annual and quarterly financial statements fairly present on a consolidated basis the financial position of the Borrower as of the dates thereof, and the results of operations for the periods indicated, subject in the case of interim financial statements, to normal year-end audit adjustments and omission of certain footnotes (as permitted by the SEC). As of the Effective Date, the Borrower and its Subsidiaries, considered as a whole, had no material contingent liabilities or material Indebtedness required under GAAP to be disclosed in a consolidated balance sheet of the Borrower that were not disclosed in the financial statements referred to in this Section 5.9(a) or in the notes thereto or disclosed in writing to the Administrative Agent (with a request to the Administrative Agent to distribute such disclosure to the Lenders).

(b) The Borrower has heretofore delivered to the Lenders audited combined financial statements for Sedco Forex and its Subsidiaries as of the dates and for the periods ended December 31, 1996, December 31, 1997, and December 31, 1998, and unaudited combined financial statements for Sedco Forex and its Subsidiaries as of and for the six month periods ended June 30, 1998 and June 30, 1999 (the "Sedco Forex Historical Financial Statements"). To the best of the Borrower's knowledge and belief, the Sedco Forex Historical Financial Statements (i) have been prepared in accordance with GAAP consistently applied throughout the periods presented, and (ii) fairly present in all material respects the combined assets, liabilities, financial position, results of operations and cash flows of Sedco Forex and its Subsidiaries as of the dates and for the periods indicated, subject in the case of interim financial statements to normal year-end audit adjustments and omission of certain footnotes (as permitted by the SEC).

Section 5.10. No Material Adverse Change. There has occurred no event or effect that has had or could reasonably be expected to have a Material Adverse Effect.

Section 5.11. Labor Controversies. There are no labor controversies pending or, to the best knowledge of the Borrower, threatened against the Borrower or any of its Subsidiaries that could reasonably be expected to have a Material Adverse Effect.

Section 5.12. Taxes. The Borrower and its Subsidiaries have filed all United States federal income tax returns, and all other material tax returns required to be filed, whether in the United States or in any foreign jurisdiction, and have paid all governmental taxes, rates, assessments, fees, charges and levies (collectively, "Taxes") shown to be due and payable on such returns or on any assessments made against Borrower and its Subsidiaries or any of their properties (other than any such assessments, fees, charges or levies that are not more than ninety (90) days past due, or which can thereafter be paid without penalty, or which are being contested in good faith by appropriate proceedings and for which reserves have been provided in conformity with GAAP, or which the failure to pay could not reasonably be expected to have a Material Adverse Effect).

Section 5.13. ERISA. With respect to each Plan, the Borrower and its Subsidiaries have fulfilled their obligations under the minimum funding standards of, and are in compliance in all material respects with, ERISA and with the Code to the extent applicable to it, and have not incurred any liability under Title IV of ERISA to the PBGC other than a liability to the PBGC for premiums under Section 4007 of ERISA, except as described in Schedule 5.13 and in each case with such exceptions as could not reasonably be expected to have a Material Adverse Effect. As of the Effective Date, neither the Borrower nor any of its Subsidiaries has any material contingent liability with respect to any post-retirement benefits under a welfare plan subject to ERISA, other than liability for continuation coverage described in Part 6 of Title I of ERISA and as disclosed in the financial statements of the Borrower for the fiscal quarter ending September 30, 1999, described in Section 5.9(a), or any other liability that could not reasonably be expected to have a Material Adverse Effect.

Section 5.14. Year 2000. The Borrower has reviewed the areas within its business and operations, and the business and operations of its Subsidiaries that could reasonably be expected to be materially and adversely affected by, and has developed or is developing a program to address on a timely basis, the "Year 2000 Problem" (that is, the risk that computer applications used by the Borrower and its Subsidiaries and SPVs may be unable to recognize and perform properly date-sensitive functions involving certain dates prior to and any date on or after December 31, 1999), has made or is making related inquiry of material suppliers and vendors, and based on such review and program, the Borrower believes that the "Year 2000 Problem" could not reasonably be expected to have a Material Adverse Effect. The foregoing statement constitutes "year 2000 readiness disclosure" as such term is defined in the Year 2000 Information and Readiness Disclosure Act.

Section 5.15. Consents. On the Borrowing Date, all consents and approvals of, and filings and registrations with, and all other actions of, all governmental agencies, authorities or instrumentalities required to have been obtained or made by the Borrower in order to borrow the Term Loan hereunder have been or will have been obtained or made and are or will be in full force and effect.

Section 5.16. Insurance. The Borrower and its material Subsidiaries currently maintain in effect, with responsible insurance companies, insurance against any loss or damage to all insurable property and assets owned by it, which insurance is of a character and in or in excess of

such amounts as are customarily maintained by companies similarly situated and operating like property or assets (subject to self-insured retentions and deductibles), and insurance with respect to employers' and public and product liability risks (subject to self-insured retentions and deductibles).

Section 5.17. Intellectual Property. The Borrower and its Subsidiaries own or hold valid licenses to use all the patents, trademarks, permits, service marks, and trade names that are necessary to the operation of the business of the Borrower and its Subsidiaries as presently conducted, except where the failure to own, or hold valid licenses to use, such patents, trademarks, permits, service marks, and trade names could not reasonably be expected to have a Material Adverse Effect.

Section 5.18. Ownership of Property. The Borrower and its Subsidiaries have good title to or a valid leasehold interest in all of their real property and good title to, or a valid leasehold interest in, all of their other property, subject to no Liens except Permitted Liens, except where the failure to have such title or leasehold interest in such property could not reasonably be expected to have a Material Adverse Effect.

Section 5.19. Compliance with Statutes, Etc. The Borrower and its Subsidiaries are in compliance with all applicable statutes, regulations and orders of, and all applicable restrictions imposed by, all governmental bodies, domestic and foreign, in respect of the conduct of their businesses and the ownership of their properties, except for such instances of non-compliance as could not reasonably be expected to, individually or in the aggregate, have a Material Adverse Effect.

Section 5.20. Environmental Matters.

(a) Except as described in Schedule 5.20, the Borrower and its Subsidiaries are in compliance with all applicable Environmental Laws and the requirements of any permits issued under such Environmental Laws, except for such instances of non-compliance as could not reasonably be expected to have a Material Adverse Effect. To the best knowledge of the Borrower, there are no pending, past or threatened Environmental Claims against the Borrower or any of its Subsidiaries on any property owned or operated by the Borrower or any of its Subsidiaries except as described in Schedule 5.20 or except as could not reasonably be expected to have a Material Adverse Effect. To the best knowledge of the Borrower, there are no conditions or occurrences on any property owned or operated by the Borrower or any of its Subsidiaries or on any property adjoining or in the vicinity of any such property that could reasonably be expected to form the basis of an Environmental Claim against the Borrower or any of its Subsidiaries or any such property that individually or in the aggregate could reasonably be expected to have a Material Adverse Effect.

(b) To the best of the Borrower's knowledge, (i) Hazardous Materials have not at any time been generated, used, treated or stored on, or transported to or from, any property owned or operated by the Borrower or any of its Subsidiaries in a manner that has violated or could reasonably be expected to violate any Environmental Law, and (ii) Hazardous Materials have not at any time been released on or from any property owned or operated by the Borrower or any of

its Subsidiaries, in the case of both (i) and (ii), with such exceptions as could not reasonably be expected to have a Material Adverse Effect.

Section 5.21. Existing Indebtedness. Schedule 5.21 contains a complete and accurate list of all Indebtedness outstanding as of the Effective Date, both with respect to the Borrower and its Subsidiaries and, to the best of the Borrower's knowledge and belief, with respect to Sedco Forex and its Subsidiaries after giving effect to the Sedco Forex Distribution, in a principal amount of $20,000,000 or more (other than the Obligations hereunder and Indebtedness permitted by Section 6.12(b) through (k)) and permitted by Section 6.12(a), in each case showing the aggregate principal amount thereof, the name of the respective borrower and any other entity which directly or indirectly guaranteed such Indebtedness, and the scheduled payments of such Indebtedness.

Section 5.22. Existing Subsidiary Restrictions. Schedule 5.22 contains a complete and accurate list of all contractual restrictions in effect on the Effective Date, both with respect to the Borrower and its Subsidiaries and, to the best of the Borrower's knowledge and belief, with respect to Sedco Forex and its Subsidiaries after giving effect to the Sedco Forex Distribution, restricting or impairing the ability of any Subsidiaries of the Borrower, or Sedco Forex or any Subsidiaries of Sedco Forex, to (i) pay dividends or make any other distributions to the Borrower or any of its Subsidiaries, SPVs or Affiliates on the Borrower's or such Subsidiary's capital stock, partnership or limited liability company interests, or other equity or ownership interests, as the case may be, or any other interest or participation in its profits, (ii) pay any Indebtedness owed to the Borrower or any of its Subsidiaries, or (iii) make loans or advances to the Borrower or any of its Subsidiaries, in each case where any such restriction restricts or impairs the payment or making of such distributions, dividends, loans, interests or participations in profits, or payments of Indebtedness (other than restrictions permitted by Section 6.9(b) through (m)) and permitted by Section 6.9(a), in each case showing the aggregate amount so restricted or impaired, the name of the Person subject to such restrictions, and the basis for and terms of such restriction.

Section 5.23. Existing Liens . Schedule 5.23 contains a complete and accurate list of all Liens outstanding as of the Effective Date, both with respect to the Borrower and its Subsidiaries and, to the best of the Borrower's knowledge and belief, with respect to Sedco Forex and its Subsidiaries after giving effect to the Sedco Forex Distribution, where the Indebtedness or other obligations secured by such Lien is in a principal amount of $20,000,000 or more (other than the Liens permitted by Section 6.11(b) through (r)), and permitted by Section 6.11(a), in each case showing the name of the Person whose assets are subject to such Lien, the aggregate principal amount of the Indebtedness secured thereby, and a description of the Agreements or other instruments creating, granting, or otherwise giving rise to such Lien.

ARTICLE 6. COVENANTS.

The Borrower covenants and agrees that, so long as any Note or Commitment is outstanding hereunder, or any other Obligation is due and payable hereunder:

Section 6.1. Corporate Existence. Each of the Borrower and its material Subsidiaries will preserve and maintain its organizational existence, except (i) for the dissolution of any material Subsidiaries whose assets are transferred to the Borrower or any of its Subsidiaries, (ii) where the failure to preserve, renew or keep in full force and effect the existence of any Subsidiary could not reasonably be expected to have a Material Adverse Effect, or (iii) as otherwise expressly permitted in this Agreement.

Section 6.2. Maintenance. Each of the Borrower and its material Subsidiaries will maintain, preserve and keep its properties and equipment necessary to the proper conduct of its business in reasonably good repair, working order and condition (normal wear and tear excepted) and will from time to time make all reasonably necessary repairs, renewals, replacements, additions and betterments thereto so that at all times such properties and equipment are reasonably preserved and maintained, in each case with such exceptions as could not, individually or in the aggregate, be reasonably expected to have a Material Adverse Effect; provided, however, that nothing in this Section 6.2 shall prevent the Borrower or any material Subsidiary from discontinuing the operation or maintenance of any such properties or equipment if such discontinuance is, in the judgment of the Borrower or any material Subsidiary, as applicable, desirable in the conduct of their businesses.

Section 6.3. Taxes. Each of the Borrower and its Subsidiaries will duly pay and discharge all Taxes upon or against it or its properties before penalties accrue thereon (or, if later, within ninety (90) days of becoming past due), unless and to the extent that (i) the same is being contested in good faith and by appropriate proceedings and reserves have been established in conformity with GAAP, or (ii) the failure to effect such payment or discharge could not reasonably be expected to have a Material Adverse Effect.

Section 6.4. ERISA. Each of the Borrower and its Subsidiaries will timely pay and discharge all obligations and liabilities arising under ERISA or otherwise with respect to each Plan of a character which if unpaid or unperformed might result in the imposition of a material Lien against any properties or assets of the Borrower or any material Subsidiary and will promptly notify the Administrative Agent upon an officer of the Borrower becoming aware thereof, of (i) the occurrence of any reportable event (as defined in ERISA) relating to a Plan (other than a multi-employer plan, as defined in ERISA), so long as the event thereunder could reasonably be expected to have a Material Adverse Effect, other than any such event with respect to which the PBGC has waived notice by regulation; (ii) receipt of any notice from PBGC of its intention to seek termination of any Plan or appointment of a trustee therefor; (iii) Borrower's or any of its Subsidiaries' intention to terminate or withdraw from any Plan if such termination or withdrawal would result in liability under Title IV of ERISA, unless such termination or withdrawal could not reasonably be expected to have a Material Adverse Effect; and (iv) the receipt by the Borrower or its Subsidiaries of notice of the occurrence of any event that could reasonably be expected to result in the incurrence of any liability (other than for benefits), fine or penalty to the Borrower and/or to the Borrower's Subsidiaries, or any plan amendment that could reasonably be expected to increase the contingent liability of the Borrower and its Subsidiaries, taken as a whole, in connection with any post-retirement benefit under a welfare plan (subject to ERISA), unless such event or amendment could not reasonably be expected to have a Material Adverse Effect. The Borrower will also promptly notify the Administrative Agent of (i) any

material contributions to any Foreign Plan that have not been made by the required due date for such contribution if such default could reasonably be expected to have a Material Adverse Effect; (ii) any Foreign Plan that is not funded to the extent required by the law of the jurisdiction whose law governs such Foreign Plan based on the actuarial assumptions reasonably used at any time if such underfunding (together with any penalties likely to result) could reasonably be expected to have a Material Adverse Effect, and (iii) any material change anticipated to any Foreign Plan that could reasonably be expected to have a Material Adverse Effect.

Section 6.5. Insurance. Each of the Borrower and its material Subsidiaries will maintain or cause to be maintained, with responsible insurance companies, insurance against any loss or damage to all insurable property and assets owned by it, such insurance to be of a character and in or in excess of such amounts as are customarily maintained by companies similarly situated and operating like property or assets (subject to self-insured retentions and deductibles) and will (subject to self-insured retentions and deductibles) maintain or cause to be maintained insurance with respect to employers' and public and product liability risks.

Section 6.6. Financial Reports and Other Information.

(a) The Borrower, its Subsidiaries and any SPVs will maintain a system of accounting in such manner as will enable preparation of financial statements in accordance with GAAP and will furnish to the Lenders and their respective authorized representatives such information about the business and financial condition of the Borrower, its Subsidiaries and any SPVs as any Lender may reasonably request; and, without any request, will furnish to the Administrative Agent:

(i) within sixty (60) days after the end of each of the first three (3) fiscal quarters of each fiscal year of the Borrower, the consolidated balance sheet of the Borrower and its Subsidiaries as at the end of such fiscal quarter and the related consolidated statements of income and retained earnings and of cash flows for such fiscal quarter and for the portion of the fiscal year ended with the last day of such fiscal quarter, all of which shall be in reasonable detail or in the form filed with the SEC, and certified by the chief financial officer of the Borrower that they fairly present the financial condition of the Borrower and its Subsidiaries as of the dates indicated and the results of their operations and changes in their cash flows for the periods indicated and that they have been prepared in accordance with GAAP, in each case, subject to normal year-end audit adjustments and the omission of any footnotes as permitted by the SEC (delivery to the Administrative Agent of a copy of the Borrower's Form 10-Q filed with the SEC (without exhibits) in any event will satisfy the requirements of this subsection subject to Section 6.6(b));

(ii) within one hundred twenty (120) days after the end of each fiscal year of the Borrower, the consolidated balance sheet of the Borrower and its Subsidiaries as at the end of such fiscal year and the related consolidated statements of income and retained earnings and of cash flows for such fiscal year and setting forth consolidated comparative figures as of the end of and for the preceding fiscal year, audited by an independent

nationally-recognized accounting firm and in the form filed with the SEC (delivery to the Administrative Agent of a copy of the Borrower's Form 10-K filed with the SEC (without exhibits) in any event will satisfy the requirements of this subsection subject to Section 6.6(b));

(iii) commencing with fiscal year 2000, to the extent actually prepared and approved by the Borrower's board of directors, a projection of Borrower's consolidated balance sheet and consolidated income, retained earnings and cash flows for its current fiscal year showing such projected budget for each fiscal quarter of the Borrower ending during such year; and

(iv) within ten (10) days after the sending or filing thereof, copies of all financial statements, projections, documents and other communications that the Borrower sends to its stockholders generally or files with the SEC or any similar governmental authority (and is publicly available).

The Administrative Agent will forward promptly to the Lenders the information provided by the Borrower pursuant to (i) through (iv) above.

(b) Each financial statement furnished to the Lenders pursuant to subsections (i) and (ii) of Section 6.6(a) shall be (i) accompanied by additional information setting forth calculations excluding the effects of any SPVs and containing such calculations for any SPVs as reasonably requested by the Administrative Agent, and (ii) accompanied by (x) a written certificate signed by the Borrower's chief financial officer (or other financial officer of the Borrower), in his or her capacity as such, to the effect that no Default or Event of Default then exists or, if any such Default or Event of Default exists as of the date of such certificate, setting forth a description of such Default or Event of Default and specifying the action, if any, taken by the Borrower to remedy the same, and (y) a Compliance Certificate in the form of Exhibit 6.6 showing the Borrower's compliance with certain of the covenants set forth herein.

(c) Promptly upon receipt thereof, the Borrower will provide the Administrative Agent with a copy of each report or "management letter" submitted to the Borrower, any of its material Subsidiaries or any SPVs by its independent accountants or auditors in connection with any annual, interim or special audit made by them of the books and records of the Borrower, any of its material Subsidiaries or any SPVs.

(d) Promptly after any officer of the Borrower obtains knowledge of any of the following, the Borrower will provide the Administrative Agent with written notice in reasonable detail of any of the following that, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect:

(i) any pending or threatened Environmental Claim against the Borrower, any of its Subsidiaries or any SPV or any property owned or operated by the Borrower, any of its Subsidiaries or any SPV;

(ii) any condition or occurrence on any property owned or operated by the Borrower, any of its Subsidiaries or any SPV that results in noncompliance by the Borrower, any of its Subsidiaries or any SPV with any Environmental Law; and

(iii) the taking of any material remedial action in response to the actual or alleged presence of any Hazardous Material on any property owned or operated by the Borrower, any of its Subsidiaries or any SPV other than in the ordinary course of business.

(e) The Borrower will promptly, and in any event within five (5) Days, after an officer of the Borrower has knowledge thereof, give written notice to the Administrative Agent of (who will in turn provide notice to the Lenders of): (i) the occurrence of any Default or Event of Default; (ii) any litigation or governmental proceeding of the type described in Section 5.4; (iii) any circumstance that has had or could reasonably be expected to have a Material Adverse Effect; (iv) the occurrence of any event which has resulted in a breach of, or is likely to result in a breach of, Sections 6.17 or 6.18; and (v) any notice received by it, any Subsidiary or any SPV from the holder(s) of Indebtedness of the Borrower, any Subsidiary or any SPV in an amount which, in the aggregate, exceeds $30,000,000, where such notice states or claims the existence or occurrence of any default or event of default with respect to such Indebtedness under the terms of any indenture, loan or credit agreement, debenture, note, or other document evidencing or governing such Indebtedness.

Section 6.7. Lender Inspection Rights. Upon reasonable notice from the Administrative Agent or any Lender, the Borrower will permit the Administrative Agent or any Lender (and such Persons as the Administrative Agent or such Lender may reasonably designate) during normal business hours at such entity's sole expense unless a Default or Event of Default shall have occurred and be continuing, in which event at the Borrower's expense, to visit and inspect any of the properties of the Borrower or any of its Subsidiaries, to examine all of their books and records, to make copies and extracts therefrom, and to discuss their respective affairs, finances and accounts with their respective officers and independent public accountants (and by this provision the Borrower authorizes such accountants to discuss with the Administrative Agent and any Lender (and such Persons as the Administrative Agent or such Lender may reasonably designate) the affairs, finances and accounts of the Borrower and its Subsidiaries), all as often, and to such extent, as may be reasonably requested. The chief financial officer of the Borrower and/or his or her designee shall be afforded the opportunity to be present at any meeting of the Administrative Agent or the Lenders and such accountants. The Administrative Agent agrees to use reasonable efforts to minimize, to the extent practicable, the number of separate requests from the Lenders to exercise their rights under this Section 6.7 and/or Section 6.6 and to coordinate the exercise by the Lenders of such rights.

Section 6.8. Conduct of Business. The Borrower and its Subsidiaries will at all times remain primarily engaged in (i) the contract drilling business, (ii) the provision of services to the energy industry, (iii) other existing businesses described in the Borrower's current SEC reports and in the Transocean Schlumberger Joint Proxy Statement, and (iv) any related businesses (each a "Permitted Business").

Section 6.9. Limitation on Certain Restrictions on Subsidiaries. The Borrower and its Subsidiaries will not, directly or indirectly, create or otherwise permit to exist or become effective any contractual restriction on the ability of any Subsidiaries of the Borrower to (i) pay dividends or make any other distributions to the Borrower or any of its Subsidiaries, SPVs or Affiliates on the Borrower's or such Subsidiary's capital stock, partnership or limited liability company interests, or other equity or ownership interests, or any other interest or participation in its profits, or pay any Indebtedness owed to the Borrower or any of its Subsidiaries, or (ii) make loans or advances to the Borrower or any of its Subsidiaries, except for:

(a) Existing restrictions as to Subsidiaries of the Borrower (including Sedco Forex and its Subsidiaries) as described on Schedule 5.22 hereto;

(b) Restrictions existing as to Sedco Forex and its Subsidiaries at the time of the Sedco Forex Merger, provided that such restrictions do not restrict or impair the payment or making of such distributions, dividends, loans, interests or participations in profits, or payments of Indebtedness by Sedco Forex and such Subsidiaries in an aggregate amount greater than ten percent (10%) of Consolidated EBITDA for the most recently ended fiscal year of the Borrower and Sedco Forex and their respective Subsidiaries on a pro forma combined basis;

(c) Restrictions imposed by law or this Agreement;

(d) Customary restrictions contained in agreements relating to the sale of a Subsidiary or its assets pending such sale, provided such restrictions apply only to such Subsidiary or such assets to be sold;

(e) Restrictions applicable to SPVs or the stock of SPVs;

(f) Customary restrictions in contracts as to the assignment thereof;

(g) Restrictions relating to any assets acquired after the Effective Date of this Agreement, provided such restrictions relate only to the assets so acquired and are not created in anticipation of such acquisition;

(h) Restrictions relating to any acquired Indebtedness of any Subsidiary at the date on which such Subsidiary was acquired by the Borrower or any Subsidiary (other than Indebtedness incurred in anticipation of such acquisition), provided such restriction relates only to such acquired Indebtedness and Subsidiary;

(i) Restrictions imposed in connection with a refinancing or assumption of Indebtedness that is subject to similar restrictions otherwise permitted by this Agreement;

(j) Restrictions on the sale or other disposition of any property securing any Non-recourse Debt or any Indebtedness as a result of a Permitted Lien on such property;

(k) Customary restrictions on cash or other deposits imposed by customers under contracts entered into in the ordinary course of business;

(l) Restrictions contained in agreements or instruments relating to Indebtedness that prohibit the transfer of all or substantially all of the assets of the obligor thereunder unless the transferee shall assume the obligations of the obligor under such agreement or instrument; and

(m) Agreements as to formalities required to declare or make a dividend or distribution or that require retention of reasonable cash reserves for working capital purposes.

Section 6.10. Restrictions on Fundamental Changes. The Borrower shall not merge or consolidate with any other Person, or cause or permit any dissolution of the Borrower or liquidation of its assets, or sell, transfer or otherwise dispose of all or substantially all of the Borrower's assets, except that:

(a) The Borrower or any of its Subsidiaries may merge into, or consolidate with, any other Person if upon the consummation of any such merger or consolidation the Borrower or such Subsidiary is the surviving corporation to any such merger or consolidation (or the other Person is, or will thereby become, a Subsidiary of the Borrower), and

(b) The Borrower may sell or transfer all or substantially all of its assets (including stock in its Subsidiaries) to any Person if such Person is a Subsidiary of the Borrower (or a Person who will contemporaneously therewith become a Subsidiary of the Borrower);

provided in the case of any transaction described in the preceding clauses (a) and (b), (x) the Borrower or any such Subsidiary complies with the provisions of Section 6.9 to the extent applicable, and (y) no Default or Event of Default shall exist immediately prior to, or after giving effect to, such transaction.

Section 6.11. Liens . The Borrower and its Subsidiaries shall not create, incur, assume or suffer to exist any Lien of any kind on any property or asset of any kind of the Borrower or any Subsidiary, except the following (collectively, the "Permitted Liens"):

(a) Liens existing on the date hereof (each such Lien, to the extent it secures Indebtedness or other obligations in an aggregate amount of $20,000,000 or more, being described on Schedule 5.23 attached hereto);

(b) Liens arising in the ordinary course of business by operation of law, deposits, pledges or other Liens in connection with workers' compensation, unemployment insurance, old age benefits, social security obligations, taxes, assessments, public or statutory obligations or other similar charges, good faith deposits, pledges or other Liens in connection with (or to obtain letters of credit in connection with) bids, performance, return-of-money or payment bonds, contracts or leases to which the Borrower or its Subsidiaries are parties or other deposits required to be made in the ordinary course of business; provided that in each case the obligation secured is not for Indebtedness for borrowed money and is not overdue or, if overdue, is being contested in good faith by appropriate proceedings and reserves in conformity with GAAP have been provided therefor;

(c) mechanics', workmen's, materialmen's, landlords', carriers' or other similar Liens arising in the ordinary course of business (or deposits to obtain the release of such Liens) related to obligations not overdue for more than thirty (30) days if such Liens arise with respect to domestic assets and for more than ninety (90) days if such Liens arise with respect to foreign assets, or, if so overdue, that are being contested in good faith by appropriate proceedings and reserves in conformity with GAAP have been provided therefor, or if such Liens otherwise could not reasonably be expected to have a Material Adverse Effect;

(d) Liens for Taxes not more than ninety (90) days past due or which can thereafter be paid without penalty or which are being contested in good faith by appropriate proceedings and reserves in conformity with GAAP have been provided therefor, or if such Liens otherwise could not reasonably be expected to have a Material Adverse Effect;

(e) Liens imposed by ERISA (or comparable foreign laws) which are being contested in good faith by appropriate proceedings and reserves in conformity with GAAP have been provided therefor, or if such Liens otherwise could not reasonably be expected to have a Material Adverse Effect;

(f) Liens arising out of judgments or awards against the Borrower or any of its Subsidiaries, or in connection with surety or appeal bonds or the like in connection with bonding such judgments or awards, the time for appeal from which or petition for rehearing of which shall not have expired or for which the Borrower or such Subsidiary shall be prosecuting on appeal or proceeding for review, and for which it shall have obtained (within thirty (30) days with respect to a judgment or award rendered in the United States or within sixty (60) days with respect to a judgment or award rendered in a foreign jurisdiction after entry of such judgment or award or expiration of any previous such stay, as applicable) a stay of execution or the like pending such appeal or proceeding for review; provided, that the aggregate amount of uninsured or underinsured liabilities (net of customary deductibles, and including interest, costs, fees and penalties, if any) of the Borrower and its Subsidiaries secured by such Liens shall not exceed $30,000,000 at any one time outstanding;

(g) Liens on fixed or capital assets and related inventory and intangible assets acquired, constructed, improved, altered or repaired by the Borrower or any Subsidiary; provided that (i) such Liens secure Indebtedness otherwise permitted by this Agreement, (ii) such Liens and the Indebtedness secured thereby are incurred prior to or within 365 days after such acquisition or the later of the completion of such construction, improvement, alteration or repair or the date of commercial operation of the assets constructed, improved, altered or repaired, (iii) the Indebtedness secured thereby does not exceed the cost of acquiring, constructing, improving, altering or repairing such fixed or capital assets, as the case may be, and (iv) such Lien shall not apply to any other property or assets of the Borrower or any Subsidiary;

(h) Liens securing Interest Rate Protection Agreements or foreign exchange hedging obligations incurred in the ordinary course of business and not for speculative purposes;

(i) Liens on property existing at the time such property is acquired by the Borrower or any Subsidiary of the Borrower and not created in contemplation of such acquisition (or on

repairs, renewals, replacements, additions, accessions and betterments thereto), and Liens on the assets of any Person at the time such Person becomes a Subsidiary of the Borrower and not created in contemplation of such Person becoming a Subsidiary of the Borrower (or on repairs, renewals, replacements, additions, accessions and betterments thereto;

(j) any extension, renewal or replacement (or successive extensions, renewals or replacements) in whole or in part of any Lien referred to in the foregoing subsections (a) through (i), provided, however, that the principal amount of Indebtedness secured thereby does not exceed the principal amount secured at the time of such extension, renewal or replacement (other than amounts incurred to pay costs of extension, renewal or replacement), and that such extension, renewal or replacement is limited to the property already subject to the Lien so extended, renewed or replaced;

(k) rights reserved to or vested in any municipality or governmental, statutory or public authority by the terms of any right, power, franchise, grant, license or permit, or by any provision of law, to terminate such right, power, franchise, grant, license or permit or to purchase, condemn, expropriate or recapture or to designate a purchaser of any of the property of a Person;

(l) rights reserved to or vested in any municipality or governmental, statutory or public authority to control, regulate or use any property of a Person;

(m) rights of a common owner of any interest in property held by a Person and such common owner as tenants in common or through other common ownership;

(n) encumbrances (other than to secure the payment of Indebtedness), easements, restrictions, servitudes, permits, conditions, covenants, exceptions or reservations in any property or rights-of-way of a Person for the purpose of roads, pipelines, transmission lines, transportation lines, distribution lines, removal of gas, oil, coal, metals, steam, minerals, timber or other natural resources, and other like purposes, or for the joint or common use of real property, rights-of-way, facilities or equipment, or defects, irregularity and deficiencies in title of any property or rights-of-way;

(o) zoning, planning and environmental laws and ordinances and municipal regulations;

(p) financing statements filed by lessors of property (but only with respect to the property so leased);

(q) Liens on property securing Non-recourse Debt;

(r) Liens on the stock or assets of SPVs (including Transocean Enterprise, Inc. and the Transocean Amirante and the Discoverer Enterprise); and

(s) Liens (not otherwise permitted by this Section 6.11) on property securing Indebtedness (or other obligations) not exceeding $100,000,000 in the aggregate at any time outstanding.

Section 6.12. Indebtedness. The Borrower and its Subsidiaries shall not incur, assume or suffer to exist any Indebtedness, except:

(a) existing Indebtedness outstanding on the Effective Date (such Indebtedness, to the extent the principal amount thereof is $20,000,000 or more, being described on Schedule 5.21 attached hereto), and any subsequent extensions, renewals or refinancings thereof so long as such Indebtedness is not increased in amount, the scheduled maturity date thereof (if prior to the Maturity Date) is not accelerated, the interest rate per annum applicable thereto is not increased, any scheduled amortization of principal thereunder prior to the Maturity Date is not shortened and the payments thereunder are not increased;

(b) Indebtedness under the Credit Documents;

(c) intercompany loans and advances to the Borrower or its Subsidiaries, and intercompany loans and advances from any of such Subsidiaries or SPVs to the Borrower or any other Subsidiaries of the Borrower;

(d) Indebtedness under any Interest Rate Protection Agreements and under foreign exchange futures agreements, arrangements or options designed to protect against fluctuations in currency exchange rates;

(e) Indebtedness of the Borrower that may be incurred, assumed or suffered to exist without violating any section of this Agreement, including, without limitation, Sections 6.17 and 6.18 hereof;

(f) Indebtedness of any Subsidiary of the Borrower (i) under overdraft lines of credit or for working capital purposes in foreign countries with financial institutions on terms no more favorable to the lenders thereunder than under this Agreement, and (ii) arising from the honoring by a bank or other Person of a check, draft or similar instrument inadvertently drawing against insufficient funds, all such Indebtedness not to exceed $50,000,000 in the aggregate at any time outstanding, provided that amounts under overdraft lines of credit or outstanding as a result of drawings against insufficient funds shall be outstanding for one (1) Business Day before being included in such aggregate amount;

(g) Indebtedness of a Person existing at the time such Person becomes a Subsidiary of the Borrower or is merged with or into the Borrower or any Subsidiary of the Borrower and not incurred in contemplation of such transaction;

(h) Indebtedness of the Borrower or any Subsidiary of the Borrower (i) under Performance Guaranties and Performance Letters of Credit, and (ii) with respect to letters of credit issued in the ordinary course of business;

(i) Indebtedness of any Subsidiaries of the Borrower in an aggregate principal amount for all Subsidiaries not to exceed an amount equal to ten percent (10%) of Consolidated Net Assets (the "Subsidiary Debt Basket Amount") in the aggregate at any time outstanding;

(j) other Indebtedness of any Subsidiary of the Borrower so long as such Subsidiary has in force a Subsidiary Guaranty in substantially the form of Exhibit 6.12, provided that such Subsidiary Guaranty shall contain a provision that such Subsidiary Guaranty and all obligations thereunder of the Guarantor party thereto shall be terminated upon delivery to the Administrative Agent by the Borrower of a certificate stating that (x) the aggregate principal amount of Indebtedness of all Subsidiaries outstanding pursuant to the preceding clause (i) and this clause (j) is equal to or less than the Subsidiary Debt Basket Amount, and (y) no Default or Event of Default has occurred and is continuing; and

(k) extensions, renewals or replacements of Indebtedness permitted by this Section 6.12 that do not increase the amount of such Indebtedness.

Section 6.13. Use of Property and Facilities; Environmental Laws. The Borrower and its Subsidiaries shall comply in all material respects with all Environmental Laws applicable to or affecting the properties or business operations of the Borrower or any Subsidiary of the Borrower, where the failure to comply could reasonably be expected to have a Material Adverse Effect.

Section 6.14. Transactions with Affiliates. Except as otherwise specifically permitted herein, the Borrower and its Subsidiaries shall not (except pursuant to contracts outstanding as of (i) with respect to the Borrower, the Effective Date or (ii) with respect to any Subsidiary of the Borrower, the Effective Date or, if later, the date such Subsidiary first became a Subsidiary of the Borrower) enter into or engage in any material transaction or arrangement or series of related transactions or arrangements which in the aggregate would be material with any Controlling Affiliate, including without limitation, the purchase from, sale to or exchange of property with, any merger or consolidation with or into, or the rendering of any service by or for, any Controlling Affiliate, except pursuant to the requirements of the Borrower's or such Subsidiary's business and unless such transaction or arrangement or series of related transactions or arrangements, taken as a whole, is fair and equitable to the Borrower or such Subsidiary.

Section 6.15. Sale and Leaseback Transactions. The Borrower will not, and will not permit any of its Subsidiaries to, enter into, assume, or suffer to exist any Sale-Leaseback Transaction, except any such transaction that may be entered into, assumed or suffered to exist without violating any other provision of this Agreement, including without limitation, Sections 6.17 and 6.18.

Section 6.16. Compliance with Laws. Without limiting any of the other covenants of the Borrower in this Article 6, the Borrower and its Subsidiaries shall conduct their business, and otherwise be, in compliance with all applicable laws, regulations, ordinances and orders of any governmental or judicial authorities; provided, however, that this Section 6.16 shall not require the Borrower or any Subsidiary of the Borrower to comply with any such law, regulation, ordinance or order if (x) it shall be contesting such law, regulation, ordinance or order in good

faith by appropriate proceedings and reserves in conformity with GAAP have been provided therefor, or (y) the failure to comply therewith could not reasonably be expected to have a Material Adverse Effect.

Section 6.17. Interest Coverage Ratio. The Borrower will not permit the Interest Coverage Ratio as of the end of each fiscal quarter of the Borrower to be less than 3:00 to 1:00.

Section 6.18. Indebtedness to Total Capitalization Ratio. The Borrower will maintain, as of the end of each fiscal quarter of the Borrower, a ratio (expressed as a percentage) of Consolidated Indebtedness to Total Capitalization of no greater than 40%.

ARTICLE 7. EVENTS OF DEFAULT AND REMEDIES.

Section 7.1. Events of Default. Any one or more of the following shall constitute an Event of Default:

(a) default by the Borrower in the payment of any principal amount of the Term Loan, any interest thereon or any fees payable hereunder, within two (2) Business Days following the date when due;

(b) default by the Borrower in the observance or performance of any covenant set forth in Sections 6.10, 6.11, 6.17, or 6.18;

(c) default by the Borrower in the observance or performance of any provision hereof or of any other Credit Document not mentioned in clauses (a) or (b) above, which is not remedied within thirty (30) days after notice thereof to the Borrower by the Administrative Agent;

(d) any representation or warranty made or deemed made herein or in any other Credit Document by the Borrower or any Subsidiary proves untrue in any material respect as of the date of the making, or deemed making, thereof;

(e) (x) Indedtedness in the aggregate principal amount of $30,000,000 of the Borrower and its Subsidiaries ("Material Indebtedness") shall (i) not be paid at maturity (beyond any applicable grace periods), or (ii) be declared to be due and payable or required to be prepaid, redeemed or repurchased prior to its stated maturity, or (y) any default in respect of Material Indedtedness shall occur which permits the holders thereof, or any trustees or agents on their behalf, to accelerate the maturity of such Indedtedness or requires such Indedtedness to be prepaid, redeemed, or repurchased prior to its stated maturity;

(f) the Borrower or any Significant Subsidiary (i) has entered involuntarily against it an order for relief under the United States Bankruptcy Code or a comparable action is taken under any bankruptcy or insolvency law of another country or political subdivision of such country, (ii) generally does not pay, or admits its inability generally to pay, its debts as they become due, (iii) makes a general assignment for the benefit of creditors, (iv) applies for, seeks, consents to, or acquiesces in, the appointment of a receiver, custodian, trustee, liquidator or

similar official for it or any substantial part of its property under the Bankruptcy Code or under the bankruptcy or insolvency laws of another country or a political subdivision of such country, (v) institutes any proceeding seeking to have entered against it an order for relief under the United States Bankruptcy Code or any comparable law, to adjudicate it insolvent, or seeking dissolution, winding up, liquidation, reorganization, arrangement, adjustment or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors or fails to file an answer or other pleading denying the material allegations of or consents to or acquiesces in any such proceeding filed against it, (vi) makes any board of directors resolution in direct furtherance of any matter described in clauses (i)-(v) above, or (vii) fails to contest in good faith any appointment or proceeding described in this Section 7.1(f);

(g) a custodian, receiver, trustee, liquidator or similar official is appointed for the Borrower or any Significant Subsidiary or any substantial part of its property under the Bankruptcy Code or under the bankruptcy or insolvency laws of another country or a political subdivision of such country, or a proceeding described in Section 7.1(f)(v) is instituted against the Borrower or any Significant Subsidiary, and such appointment continues undischarged or such proceeding continues undismissed and unstayed for a period of sixty (60) days (or one hundred twenty (120) days in the case of any such event occurring outside the United States of America);

(h) the Borrower or any Subsidiaries of the Borrower fail within thirty (30) days with respect to any judgments or orders that are rendered in the United States or sixty (60) days with respect to any judgments or orders that are rendered in foreign jurisdictions (or such earlier date as any execution on such judgments or orders shall take place) to vacate, pay, bond or otherwise discharge any judgments or orders for the payment of money the uninsured portion of which is in excess of $30,000,000 in the aggregate and which are not stayed on appeal or otherwise being appropriately contested in good faith in a manner that stays execution;

(i) (x) the Borrower or any Subsidiary of the Borrower fails to pay when due an amount that it is liable to pay to the PBGC or to a Plan under Title IV of ERISA; or a notice of intent to terminate a Plan having Unfunded Vested Liabilities of the Borrower or any of its Subsidiaries in excess of $30,000,000 (a "Material Plan") is filed under Title IV of ERISA; or the PBGC institutes proceedings under Title IV of ERISA to terminate or to cause a trustee to be appointed to administer any Material Plan or a proceeding is instituted by a fiduciary of any Material Plan against any Borrower or any Subsidiary to collect any liability under Section 515 or 4219(c)(5) of ERISA, and in each case such proceeding is not dismissed within thirty (30) days thereafter; or a condition exists by reason of which the PBGC would be entitled to obtain a decree adjudicating that any Material Plan must be terminated, and (y) the occurrence of one or more of the matters in the preceding clause (x) could reasonably be expected to have a Material Adverse Effect; or

(j) any Person or group of Persons acting in concert (as such terms are used in Rule 13d-5 under the Securities Exchange Act of 1934, as amended, which the Borrower and the Lenders acknowledge would not include the public shareholders of Schlumberger/Sedco Forex receiving shares of the Borrower in the Sedco Forex Merger) shall own, directly or indirectly, beneficially or of record, securities of the Borrower (or other securities convertible into such

securities) representing fifty percent (50%) or more of the combined voting power of all outstanding securities of the Borrower entitled to vote in the election of directors, other than securities having such power only by reason of the happening of a contingency.

Section 7.2. Non-Bankruptcy Defaults. When any Event of Default (other than those described in subsections (f) or (g) of Section 7.1 with respect to the Borrower) has occurred and is continuing, the Administrative Agent shall, by notice to the Borrower: (a) if so directed by the Required Lenders, terminate any Commitments to the Borrower in effect hereunder on the date stated in such notice (which may be the date thereof); and (b) if so directed by the Required Lenders, declare the principal of and the accrued interest on all outstanding Notes to be forthwith due and payable and thereupon all outstanding Notes, including both principal and interest thereon, shall be and become immediately due and payable together with all other accrued amounts payable under the Credit Documents without further demand, presentment, protest or notice of any kind, including, but not limited to, notice of intent to accelerate and notice of acceleration, each of which is expressly waived by the Borrower. The Administrative Agent, after giving notice to the Borrower pursuant to this Section 7.2, shall also promptly send a copy of such notice to the other Lenders, but the failure to do so shall not impair or annul the effect of such notice.

Section 7.3. Bankruptcy Defaults. When any Event of Default described in subsections (f) or (g) of Section 7.1 has occurred and is continuing with respect to the Borrower, then all outstanding Notes shall immediately become due and payable together with all other accrued amounts payable under the Credit Documents without presentment, demand, protest or notice of any kind, each of which is expressly waived by the Borrower; and all obligations of the Lenders shall immediately terminate.

Section 7.4. Notice of Default. The Administrative Agent shall give notice to the Borrower under Section 7.2 promptly upon being requested to do so by the Required Lenders and shall thereupon notify all the Lenders thereof.

Section 7.5. Expenses The Borrower agrees to pay to the Administrative Agent and each Lender all reasonable out-of-pocket expenses incurred or paid by the Administrative Agent or such Lender, including reasonable attorneys' fees and court costs, in connection with any Default or Event of Default by the Borrower hereunder or in connection with the enforcement of any of the Credit Documents.

Section 7.6. Distribution and Application of Proceeds. After the occurrence of and during the continuance of an Event of Default, any payment to the Administrative Agent or any Lender hereunder or otherwise shall be paid to the Administrative Agent to be distributed and applied as follows (unless otherwise agreed by the Borrower, the Administrative Agent and all Lenders):

(a) First, to the payment of any and all reasonable out-of-pocket costs and expenses of the Administrative Agent, including without limitation, reasonable attorneys' fees and out-of-pocket costs and expenses, as provided by this Agreement or by any other Credit Document, incurred in connection with the collection of such payment or in respect of the enforcement of

any rights of the Administrative Agent or the Lenders under this Agreement or any other Credit Document;

(b) Second, to the payment of any and all reasonable out-of-pocket costs and expenses of the Lenders, including, without limitation, reasonable attorneys' fees and out-of-pocket costs and expenses, as provided by this Agreement or by any other Credit Document, incurred in connection with the collection of such payment or in respect of the enforcement of any rights of the Lenders under this Agreement or any other Credit Document, pro rata in the proportion in which the amount of such costs and expenses unpaid to each Lender bears to the aggregate amount of the costs and expenses unpaid to all Lenders collectively, until all such fees, costs and expenses have been paid in full;

(c) Third, to the payment of any due and unpaid fees to the Administrative Agent or any Lender as provided by this Agreement or any other Credit Document, pro rata in the proportion in which the amount of such fees due and unpaid to the Administrative Agent and each Lender bears to the aggregate amount of the fees due and unpaid to the Administrative Agent and all Lenders collectively, until all such fees have been paid in full;

(d) Fourth, to the payment of accrued and unpaid interest on the Notes to the date of such application, pro rata in the proportion in which the amount of such interest, accrued and unpaid to each Lender bears to the aggregate amount of such interest accrued and unpaid to all Lenders collectively, until all such accrued and unpaid interest has been paid in full;

(e) Fifth, to the payment of the outstanding due and payable principal amount of each of the Notes, pro rata in the proportion in which the outstanding principal amount of such Notes owing to each Lender bears to the aggregate amount of all outstanding Notes;

(f) Sixth, to the payment of any other outstanding Obligations then due and payable, pro rata in the proportion in which the outstanding Obligations owing to each Lender bears to the aggregate amount of such Obligations until all such Obligations have been paid in full; and

(g) Seventh, to the Borrower or to such other Person as may be lawfully entitled thereto.

ARTICLE 8. CHANGE IN CIRCUMSTANCES.

Section 8.1. Change of Law.

(a) Notwithstanding any other provisions of this Agreement or any Note, if at any time any change, after the date hereof (or, if later, after the date the Administrative Agent, the Documentation Agent, the Syndication Agent, any Senior Managing Agent or a Lender becomes the Administrative Agent, the Documentation Agent, the Syndication Agent, a Senior Managing Agent or a Lender), in applicable law or regulation or in the interpretation thereof makes it unlawful for any Lender to make or maintain Eurodollar Loans, such Lender shall promptly give written notice thereof and of the basis therefor in reasonable detail to the Borrower and such Lender's obligations to fund Eurodollar Loans or make, continue or convert Loans as or into

Eurodollar Loans under this Agreement shall thereupon be suspended until it is no longer unlawful for such Lender to make or maintain Eurodollar Loans.

(b) Upon the giving of the notice to Borrower referred to in subsection (a) above, (i) any outstanding Eurodollar Loan of such Lender shall be automatically converted to a Base Rate Loan on the last day of the Interest Period then applicable thereto or on such earlier date as required by law, and (ii) such Lender shall make or continue its portion of any requested Borrowing of Eurodollar Loans as a Base Rate Loan, which Base Rate Loan shall, for all other purposes, be considered part of such Borrowing.

(c) Any Lender that has given any notice pursuant to Section 8.1(a) shall, upon determining that it would no longer be unlawful for it to make Eurodollar Loans, give prompt written notice thereof to the Borrower and the Administrative Agent, and upon giving such notice, its obligation to make, allow conversions into and maintain Eurodollar Loans shall be reinstated.

Section 8.2. Unavailability of Deposits or Inability to Ascertain LIBOR Rate. If on or before the first day of any Interest Period for any Borrowing of Eurodollar Loans the Administrative Agent determines in good faith (after consultation with the other Lenders) that, due to changes in circumstances since the date hereof, adequate and fair means do not exist for determining the Adjusted LIBOR Rate or such rate will not accurately reflect the cost to the Required Lenders of funding Eurodollar Loans for such Interest Period, the Administrative Agent shall give written notice (in reasonable detail) of such determination and of the basis therefor to the Borrower and the Lenders, whereupon until the Administrative Agent notifies the Borrower and Lenders that the circumstances giving rise to such suspension no longer exist (which the Administrative Agent shall do promptly after they do not exist), (i) the obligations of the Lenders to make, continue or convert Loans as or into Eurodollar Loans, or to convert Base Rate Loans into Eurodollar Loans, shall be suspended and (ii) each Eurodollar Loan will automatically on the last day of the then existing Interest Period therefor, convert into a Base Rate Loan.

Section 8.3. Increased Cost and Reduced Return.

(a) If, on or after the date hereof, the adoption of or any change in any applicable law, rule or regulation, or any change in the interpretation or administration thereof by any governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by any Lender (or its Lending Office), with any request or directive (whether or not having the force of law) of any such authority, central bank or comparable agency exercising control over banks or financial institutions generally issued after the date hereof (or, if later, after the date the Administrative Agent, the Documentation Agent, a Syndication Agent, a Senior Managing Agent or Lender becomes the Administrative Agent, the Documentation Agent, the Syndication Agent, a Senior Managing Agent or Lender):

(i) subjects any Lender (or its Lending Office) to any tax, duty or other charge related to any Eurodollar Loan or its obligation to advance or maintain Eurodollar Loans, or shall change the basis of taxation of payments to any Lender (or its Lending

Office) of the principal of or interest on its Eurodollar Loans, or any other amounts due under this Agreement related to its Eurodollar Loans, or its obligation to make Eurodollar Loans (except for changes with respect to taxes that are not Indemnified Taxes pursuant to Section 3.3); or

(ii) imposes, modifies or deems applicable any reserve, special deposit or similar requirement (including, without limitation, any such requirement imposed by the Board of Governors of the Federal Reserve System, but excluding for any Eurodollar Loan any such requirement included in an applicable Eurodollar Reserve Percentage) against assets of, deposits with or for the account of, or credit extended by, any Lender (or its Lending Office) or imposes on any Lender (or its Lending Office) or on the interbank market any other condition affecting its Eurodollar Loans or its participation in any thereof, or its obligation to advance or maintain Eurodollar Loans;

and the result of any of the foregoing is to increase the cost to such Lender (or its Lending Office) of advancing or maintaining any Eurodollar Loan or to reduce the amount of any sum received or receivable by such Lender (or its Lending Office) in connection therewith under this Agreement or its Note, by an amount deemed by such Lender to be material, then, subject to Section 8.3(c), from time to time, within thirty (30) days after receipt of a certificate from such Lender (with a copy to the Administrative Agent) pursuant to subsection (c) below setting forth in reasonable detail such determination and the basis thereof, the Borrower shall be obligated to pay to such Lender such additional amount or amounts as will compensate such Lender for such increased cost or reduction.

(b) If, after the date hereof, the Administrative Agent or any Lender shall have reasonably determined that the adoption after the date hereof of any applicable law, rule or regulation regarding capital adequacy, or any change therein (including, without limitation, any revision in the Final Risk-Based Capital Guidelines of the Board of Governors of the Federal Reserve System (12 CFR Part 208, Appendix A; 12 CFR Part 225, Appendix A) or of the Office of the Comptroller of the Currency (12 CFR Part 3, Appendix A), or in any other applicable capital adequacy rules heretofore adopted and issued by any governmental authority), or any change after the date hereof in the interpretation or administration thereof by any governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by the Administrative Agent or any Lender (or its Lending Office) with any request or directive regarding capital adequacy (whether or not having the force of law) of any such authority, central bank or comparable agency, has or would have the effect of reducing the rate of return on such Lender's capital, or on the capital of any corporation controlling such Lender, as a consequence of its obligations hereunder to a level below that which such Lender could have achieved but for such adoption, change or compliance (taking into consideration such Lender's or its controlling corporation's policies with respect to capital adequacy in effect immediately before such adoption, change or compliance) by an amount reasonably deemed by such Lender to be material, then, subject to Section 8.3(c), from time to time, within thirty (30) days after its receipt of a certificate from such Lender (with a copy to the Administrative Agent) pursuant to subsection (c) below setting forth in reasonable detail such determination and the basis thereof, the Borrower shall pay to such Lender such additional amount or amounts as will

compensate such Lender for such reduction or the Borrower may prepay all Eurodollar Loans of such Lender.

(c) The Administrative Agent and each Lender that determines to seek compensation under this Section 8.3 shall give written notice to the Borrower and, in the case of a Lender other than the Administrative Agent, the Administrative Agent of the circumstances that entitle the Administrative Agent or such Lender to such compensation no later than ninety (90) days after such Lender receives actual notice or obtains actual knowledge of the law, rule, order or interpretation or occurrence of another event giving rise to a claim hereunder. In any event the Borrower shall not have any obligation to pay any amount with respect to claims accruing prior to the ninetieth day preceding such written demand. The Administrative Agent and each Lender shall use reasonable efforts to avoid the need for, or reduce the amount of, such compensation and any payment under Section 3.3, including, without limitation, the designation of a different Lending Office, if such action or designation will not, in the sole judgment of the Administrative Agent or such Lender made in good faith, be otherwise disadvantageous to it; provided that the foregoing shall not in any way affect the rights of any Lender or the obligations of the Borrower under this Section 8.3, and provided further that no Lender shall be obligated to make its Eurodollar Loans hereunder at any office located in the United States of America. A certificate of the Administrative Agent or any Lender, as applicable, claiming compensation under this Section 8.3 and setting forth the additional amount or amounts to be paid to it hereunder and accompanied by a statement prepared by the Administrative Agent or such Lender, as applicable, describing in reasonable detail the calculations thereof shall be rebuttable presumptive evidence thereof in the absence of manifest error. In determining such amount, such Lender may use any reasonable averaging and attribution methods.

Section 8.4. Lending Offices. The Administrative Agent and each Lender may, at its option, elect to make or maintain its Loans hereunder at the Lending Office for each type of Loan available hereunder or at such other of its branches, offices or affiliates as it may from time to time elect and designate in a written notice to the Borrower and the Administrative Agent, provided that, except in the case of any such transfer to another of its branches, offices or affiliates made at the request of the Borrower, the Borrower shall not be responsible for the costs arising under Section 3.3 or 8.3 resulting from any such transfer to the extent not otherwise applicable to such Lender prior to such transfer.

Section 8.5. Discretion of Lender as to Manner of Funding. Subject to the other provisions of this Agreement, each Lender shall be entitled to fund and maintain its funding of all or any part of its Loans in any manner it sees fit.

Section 8.6. Substitution of Lender. If (a) any Lender has demanded compensation or given notice of its intention to demand compensation under Section 8.3, (b) the Borrower is required to pay any additional amount to any Lender under Section 2.11, (c) any Lender is unable to submit any form or certificate required under Section 3.3(b) or withdraws or cancels any previously submitted form with no substitution therefor, (d) any Lender gives notice of any change in law or regulations, or in the interpretation thereof, pursuant to Section 8.1, (e) any Lender has been declared insolvent or a receiver or conservator has been appointed for a material portion of its assets, business or properties or (f) any Lender shall seek to avoid its obligation to

make or maintain Loans hereunder for any reason, including, without limitation, reliance upon 12 U.S.C. (S) 1821(e) or (n) (1) (B), (g) any taxes referred to in Section 3.3 have been levied or imposed (or the Borrower determines in good faith that there is a substantial likelihood that such taxes will be levied or imposed) so as to require withholding or deductions by the Borrower or payment by the Borrower of additional amounts to any Lender, or other reimbursement or indemnification of any Lender, as a result thereof, or (h) any Lender shall decline to consent to a modification or waiver of the terms of this Agreement or any other Credit Documents requested by the Borrower, then and in such event, upon request from the Borrower delivered to such Lender and the Administrative Agent, such Lender shall assign, in accordance with the provisions of Section 10.10 and an appropriately completed Assignment Agreement, all of its rights and obligations under the Credit Documents to another Lender or a commercial banking institution selected by the Borrower and (in the case of a commercial banking institution) reasonably satisfactory to the Administrative Agent, in consideration for the payments set forth in such Assignment Agreement and payment by the Borrower to such Lender of all other amounts which such Lender may be owed pursuant to this Agreement, including, without limitation, Sections 2.11, 3.3, 8.3 and 10.13.

ARTICLE 9. THE ADMINISTRATIVE AGENTS.

Section 9.1. Appointment and Authorization of Administrative Agent, Syndication Agent, Documentation Agent and Senior Managing Agents. Each Lender hereby appoints SunTrust Bank, Atlanta as the Administrative Agent, Royal Bank of Canada as the Syndication Agent, Bank of America, N.A. as the Documentation Agent, and each of Bank One, NA and Paribas as Senior Managing Agents, under the Credit Documents and hereby authorizes the Administrative Agent, the Syndication Agent, the Documentation Agent and the Senior Managing Agents to take such action as Administrative Agent, Syndication Agent, Documentation Agent and Senior Managing Agents on each of its behalf and to exercise such powers under the Credit Documents as are delegated to the Administrative Agent, the Syndication Agent, the Documentation Agent and the Senior Managing Agents, respectively, by the terms thereof, together with such powers as are reasonably incidental thereto.

Section 9.2. Rights and Powers. The Administrative Agent, the Syndication Agent, the Documentation Agent and the Senior Managing Agents shall have the same rights and powers under the Credit Documents as any other Lender and may exercise or refrain from exercising such rights and power as though it were not an Administrative Agent, a Syndication Agent, a Documentation Agent or a Senior Managing Agent, and the Administrative Agent, the Syndication Agent, the Documentation Agent and the Senior Managing Agents and their respective Controlling Affiliates may accept deposits from, lend money to, and generally engage in any kind of business with the Borrower or any of its Subsidiaries or Controlling Affiliates as if it were not an Administrative Agent, a Syndication Agent, a Documentation Agent or a Senior Managing Agent under the Credit Documents. The term Lender as used in all Credit Documents, unless the context otherwise clearly requires, includes the Administrative Agent, the Syndication Agent, the Documentation Agent and each Senior Managing Agent in their respective individual capacities as a Lender.

Section 9.3. Action by Administrative Agent, Syndication Agent, Documentation Agent and Senior Managing Agents. The obligations of the Administrative Agent, the Syndication Agent, the Documentation Agent and the Senior Managing Agents under the Credit Documents are only those expressly set forth therein. Without limiting the generality of the foregoing, the Administrative Agent shall not be required to take any action concerning any Default or Event of Default, except as expressly provided in Sections 7.2 and 7.4. Unless and until the Required Lenders (or, if required by Section 10.11, all of the Lenders) give such direction the Administrative Agent may, except as otherwise expressly provided herein or therein, take or refrain from taking such actions as it deems appropriate and in the best interest of all the Lenders. In no event, however, shall the Administrative Agent, the Syndication Agent, the Documentation Agent or any Senior Managing Agent be required to take any action in violation of applicable law or of any provision of any Credit Document, and each of the Administrative Agent, the Syndication Agent, the Documentation Agent and the Senior Managing Agents shall in all cases be fully justified in failing or refusing to act hereunder or under any other Credit Document unless it first receives any further assurances of its indemnification from the Lenders that it may require, including prepayment of any related expenses and any other protection it requires against any and all costs, expenses, and liabilities it may incur in taking or continuing to take any such action. The Administrative Agent shall be entitled to assume that no Default or Event of Default, other than non-payment of any scheduled principal or interest payment due hereunder, exists unless notified in writing to the contrary by a Lender or the Borrower. In all cases in which the Credit Documents do not require the Administrative Agent, the Syndication Agent, the Documentation Agent or any Senior Managing Agent to take specific action, the Administrative Agent, each of the Syndication Agent, the Documentation Agent and the Senior Managing Agents shall be fully justified in using its discretion in failing to take or in taking any action thereunder. Any instructions of the Required Lenders, or of any other group of Lenders called for under specific provisions of the Credit Documents, shall be binding on all the Lenders and holders of Notes.

Section 9.4. Consultation with Experts. Each of the Administrative Agent, the Syndication Agent, the Documentation Agent and the Senior Managing Agents may consult with legal counsel, independent public accountants and other experts selected by it and shall not be liable for any action taken or omitted to be taken by it in good faith in accordance with the advice of such counsel, accountants or experts.

Section 9.5. Indemnification Provisions; Credit Decision. Neither the Administrative Agent, the Syndication Agent, the Documentation Agent, the Senior Managing Agents nor any of their directors, officers, agents, or employees shall be liable for any action taken or not taken by them in connection with the Credit Documents (i) with the consent or at the request of the Required Lenders (or, if required by Section 10.11, all of the Lenders), or (ii) in the absence of their own gross negligence or willful misconduct. Neither the Administrative Agent, the Syndication Agent, the Documentation Agent, the Senior Managing Agents nor any of their directors, officers, agents or employees shall be responsible for or have any duty to ascertain, inquire into or verify (i) any statement, warranty or representation made in connection with this Agreement, any other Credit Document or any Borrowing; (ii) the performance or observance of any of the covenants or agreements of the Borrower or any Subsidiary contained herein or in any other Credit Document; (iii) the satisfaction of any condition specified in Article 4, except

receipt of items required to be delivered to the Administrative Agent; or (iv) the validity, effectiveness, genuineness, enforceability, value, worth or collectability hereof or of any other Credit Document or of any other documents or writings furnished in connection with any Credit Document; and the Administrative Agent, the Syndication Agent, the Documentation Agent and the Senior Managing Agents make no representation of any kind or character with respect to any such matters mentioned in this sentence. The Administrative Agent, the Syndication Agent, the Documentation Agent and the Senior Managing Agents may execute any of their duties under any of the Credit Documents by or through employees, agents, and attorneys-in-fact and shall not be answerable to the Lenders or any other Person for the default or misconduct of any such agents or attorneys-in-fact selected with reasonable care. The Administrative Agent, the Syndication Agent, the Documentation Agent and the Senior Managing Agents shall not incur any liability by acting in reliance upon any notice, consent, certificate, other document or statement (whether written or oral) believed by it to be genuine or to be sent by the proper party or parties. In particular and without limiting any of the foregoing, the Administrative Agent and the Documentation Agent shall have no responsibility for confirming the accuracy of any Compliance Certificate or other document or instrument received by any of them under the Credit Documents. The Administrative Agent, the Syndication Agent, the Documentation Agent and the Senior Managing Agents may treat the payee of any Note as the holder thereof until written notice of transfer shall have been filed with such Administrative Agent signed by such owner in form satisfactory to such Administrative Agent. Each Lender acknowledges that it has independently, and without reliance on the Administrative Agent, the Syndication Agent, the Documentation Agent or any of the Senior Managing Agents or any other Lender, obtained such information and made such investigations and inquiries regarding the Borrower and its Subsidiaries as it deems appropriate, and based upon such information, investigations and inquiries, made its own credit analysis and decision to extend credit to the Borrower in the manner set forth in the Credit Documents. It shall be the responsibility of each Lender to keep itself informed about the creditworthiness and business, properties, assets, liabilities, condition (financial or otherwise) and prospects of the Borrower and its Subsidiaries, and the Administrative Agent, the Syndication Agent, the Documentation Agent and the Senior Managing Agents shall have no liability whatsoever to any Lender for such matters. The Administrative Agent, the Syndication Agent, the Documentation Agent and the Senior Managing Agents shall have no duty to disclose to the Lenders information that is not required by any Credit Document to be furnished by the Borrower or any Subsidiaries to such Agent at such time, but is voluntarily furnished to such Agent (either in their respective capacity as Administrative Agent, the Syndication Agent, the Documentation Agent or the Senior Managing Agents or in their individual capacity).

Section 9.6. Indemnity. The Lenders shall ratably, in accordance with their Percentages, indemnify and hold the Administrative Agent, the Syndication Agent, the Documentation Agent, the Senior Managing Agents, and their directors, officers, employees, agents and representatives harmless from and against any liabilities, losses, costs or expenses suffered or incurred by it under any Credit Document or in connection with the transactions contemplated thereby, regardless of when asserted or arising, except to the extent they are promptly reimbursed for the same by the Borrower and except to the extent that any event giving rise to a claim was caused by the gross negligence or willful misconduct of the party seeking to

be indemnified. The obligations of the Lenders under this Section 9.6 shall survive termination of this Agreement.

Section 9.7. Resignation of Agents and Successor Agents. The Administrative Agent, the Syndication Agent, the Documentation Agent and any Senior Managing Agent may resign at any time and shall resign upon any removal thereof as a Lender pursuant to the terms of this Agreement upon at least thirty (30) days' prior written notice to the Lenders and the Borrower. Any resignation of the Administrative Agent shall not be effective until a replacement therefor is appointed pursuant to the terms hereof. Upon any such resignation of the Administrative Agent, the Syndication Agent, the Documentation Agent or any Senior Managing Agent, the Required Lenders and, so long as no Event of Default shall then exist, with the consent of the Borrower (which consent shall not be unreasonably withheld or delayed) shall have the right to appoint a successor Administrative Agent, Syndication Agent, Documentation Agent or Senior Managing Agent, as the case may be. If no successor Administrative Agent, Syndication Agent, Documentation Agent or Senior Managing Agent, as the case may be, shall have been so appointed by the Required Lenders and shall have accepted such appointment within thirty (30) days after the retiring Administrative Agent's, Syndication Agent's, Senior Managing Agent's or Documentation Agent's giving of notice of resignation, then the retiring Administrative Agent, Syndication Agent, Documentation Agent or Senior Managing Agent, as the case may be, may, on behalf of the Lenders and, so long as no Event of Default shall then exist, with the consent of the Borrower (which consent shall not be unreasonably withheld or delayed) appoint a successor Administrative Agent, Syndication Agent, Documentation Agent or Senior Managing Agent, as the case may be, which shall be any Lender hereunder or any commercial bank organized under the laws of the United States of America or of any State thereof and having a combined capital and surplus of at least $1,000,000,000. Upon the acceptance of its appointment as the Administrative Agent, the Syndication Agent, the Documentation Agent or any Senior Managing Agent hereunder, such successor Administrative Agent, Syndication Agent, Documentation Agent or Senior Managing Agent, as the case may be, shall thereupon succeed to and become vested with all the rights and duties of the retiring Administrative Agent, Syndication Agent, Documentation Agent or Senior Managing Agent, as the case may be, under the Credit Documents, and the retiring Administrative Agent, Syndication Agent, Documentation Agent or any Senior Managing Agent shall be discharged from its duties and obligations thereunder. After any retiring Administrative Agent's, Syndication Agent's, Documentation Agent's or Senior Managing Agent's resignation hereunder as Administrative Agent, Syndication Agent, Documentation Agent or Senior Managing Agent, as the case may be, the provisions of this Article 9 and all protective provisions of the other Credit Documents shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent, Syndication Agent, Documentation Agent or Senior Managing Agent, as the case may be.

ARTICLE 10. MISCELLANEOUS.

Section 10.1. No Waiver. No delay or failure on the part of the Administrative Agent or any Lender, or on the part of the holder or holders of any Notes, in the exercise of any power, right or remedy under any Credit Document shall operate as a waiver thereof or as an acquiescence in any default, nor shall any single or partial exercise thereof preclude any other or further exercise of any other power, right or remedy. To the fullest extent permitted by

applicable law, the powers, rights and remedies under the Credit Documents of the Administrative Agent, the Lenders and the holder or holders of any Notes are cumulative to, and not exclusive of, any powers, rights or remedies any of them would otherwise have.

Section 10.2. Non-Business Day. Subject to Section 2.4, if any payment of principal or interest on any portion of the Term Loan or of any other Obligation shall fall due on a day which is not a Business Day, interest or fees (as applicable) at the rate, if any, such portion of the Term Loan or other Obligation bears for the period prior to maturity shall continue to accrue in the manner set forth herein on such Obligation from the stated due date thereof to the next succeeding Business Day, on which the same shall instead be payable.

Section 10.3. Documentary Taxes. The Borrower agrees that it will pay any documentary, stamp or similar taxes payable with respect to any Credit Document, including interest and penalties, in the event any such taxes are assessed irrespective of when such assessment is made, other than any such taxes imposed as a result of any transfer of an interest in a Credit Document. Each Lender that determines to seek compensation under this Section 10.3 shall give written notice to the Borrower and, in the case of a Lender other than the Administrative Agent, the Administrative Agent of the circumstances that entitle such Lender to such compensation no later than ninety (90) days after such Lender receives actual notice or obtains actual knowledge of the law, rule, order or interpretation or occurrence of another event giving rise to a claim hereunder. In any event, the Borrower shall not have any obligation to pay any amount with respect to claims accruing prior to the 90th day preceding such written demand.

Section 10.4. Survival of Representations. All representations and warranties made herein or in certificates given pursuant hereto shall survive the execution and delivery of this Agreement and the other Credit Documents, and shall continue in full force and effect with respect to the date as of which they were made as long as the Borrower has any Obligation hereunder or any Commitment hereunder is in effect.

Section 10.5. Survival of Indemnities. All indemnities and all provisions relative to reimbursement to the Lenders of amounts sufficient to protect the yield of the Lenders with respect to the Term Loan, including, but not limited to, Section 2.11, Section 3.3, Section 7.5, Section 8.3 and Section 10.13 hereof, shall, subject to Section 8.3(c), survive the termination of this Agreement and the other Credit Documents and the payment of the Term Loan and all other Obligations and, with respect to any Lender, any replacement by the Borrower of such Lender pursuant to the terms hereof, in each case for a period of one (1) year.

Section 10.6. Setoff. In addition to any rights now or hereafter granted under applicable law and not by way of limitation of any such rights, upon the occurrence of, and throughout the continuance of, any Event of Default, each Lender and each subsequent holder of any Note is hereby authorized by the Borrower at any time or from time to time, without notice to the Borrower or any other Person, any such notice being hereby expressly waived, to set off and to appropriate and to apply any and all deposits (general or special, including, but not limited to, Indebtedness evidenced by certificates of deposit, whether matured or unmatured, but not including trust accounts, and in whatever currency denominated) and any other Indebtedness at any time owing by that Lender or that subsequent holder to or for the credit or the account of the

Borrower, whether or not matured, against and on account of the due and unpaid obligations and liabilities of the Borrower to that Lender or that subsequent holder under the Credit Documents, irrespective of whether or not that Lender or that subsequent holder shall have made any demand hereunder. Each Lender shall promptly give notice to the Borrower of any action taken by it under this Section 10.6, provided that any failure of such Lender to give such notice to the Borrower shall not affect the validity of such setoff. Each Lender agrees with each other Lender a party hereto that if such Lender receives and retains any payment, whether by setoff or application of deposit balances or otherwise, in respect of the Term Loan in excess of its ratable share of payments on all such Obligations then owed to the Lenders hereunder, then such Lender shall purchase for cash at face value, but without recourse, ratably from each of the other Lenders such amount of the Term Loan held by each such other Lender as shall be necessary to cause such Lender to share such excess payment ratably with all the other Lenders; provided, however, that if any such purchase is made by any Lender, and if such excess payment or part thereof is thereafter recovered from such purchasing Lender, the related purchases from the other Lenders shall be rescinded ratably and the purchase price restored as to the portion of such excess payment so recovered, but without interest.

Section 10.7. Notices. Except as otherwise specified herein, all notices under the Credit Documents shall be in writing (including cable, telecopy or telex) and shall be given to a party hereunder at its address, telecopier number or telex number set forth below or such other address, telecopier number or telex number as such party may hereafter specify by notice to the Administrative Agent and the Borrower, given by courier, by United States certified or registered mail, by telegram or by other telecommunication device capable of creating a written record of such notice and its receipt. Notices under the Credit Documents to the Lenders and the Administrative Agent shall be addressed to their respective addresses, telecopier or telex number, or telephone numbers set forth on the signature pages hereof, and to the Borrower to:

Transocean Offshore Inc.
4 Greenway Plaza
Houston, Texas 77046
Attention: Brian C. Voegele
Telephone No.: (713) 232-7587
Fax No.: (713) 232-7033

With a copy to:

Baker & Botts, L.L.P.
One Shell Plaza
Houston, Texas 77002-4995
Attention: Stephen Krebs
Telephone No. (713) 229-1467
Fax No.: (713) 229-1522

Each such notice, request or other communication shall be effective (i) if given by telecopier, when such telecopy is transmitted to the telecopier number specified in this Section 10.7, on the signature pages hereof or pursuant to Section 10.10 and a confirmation of receipt of such

telecopy has been received by the sender, (ii) if given by courier, when delivered, (iii) if given by mail, five (5) days after such communication is deposited in the mail, certified or registered with return receipt requested, or (iv) if given by any other means, when delivered at the addresses specified in this Section 10.7, on the signature pages hereof or pursuant to Section 10.10; provided that any notice given pursuant to Article 2 shall be effective only upon receipt and, provided further, that any notice that but for this proviso would be effective after the close of business on a Business Day or on a day that is not a Business Day shall be effective at the opening of business on the next Business Day.

Section 10.8. Counterparts. This Agreement may be executed in any number of counterparts, and by the different parties on different counterpart signature pages, each of which when executed shall be deemed an original, but all such counterparts taken together shall constitute one and the same Agreement.

Section 10.9. Successors and Assigns. This Agreement shall be binding upon the Borrower, each of the Lenders, the Administrative Agent, the Syndication Agent, the Documentation Agent, the Senior Managing Agents, and their respective successors and assigns, and shall inure to the benefit of the Borrower, each of the Lenders, the Administrative Agent, the Syndication Agent, the Documentation Agent, the Senior Managing Agents, and their respective successors and assigns, including any subsequent holder of any Note; provided, however, the Borrower may not assign any of its rights or obligations under this Agreement or any other Credit Document without the written consent of all Lenders, the Administrative Agent, the Syndication Agent, the Documentation Agent and the Senior Managing Agents, and the Administrative Agent, the Syndication Agent, the Documentation Agent and the Senior Managing Agents may not assign any of their respective rights or obligations under this Agreement or any Credit Document except in accordance with Article 9 and no Lender may assign any of its rights or obligations under this Agreement or any other Credit Document except in accordance with Section 10.10. Any Lender may at any time pledge or assign all or any portion of its rights under this Agreement and the Notes issued to it to a Federal Reserve Bank to secure extensions of credit by such Federal Reserve Bank to such Lender; provided that no such pledge or assignment shall release a Lender from any of its obligations hereunder or substitute any such Federal Reserve Bank for such Lender as a party hereto.

Section 10.10. Sales and Transfers of Portions of Term Loan and Notes; Participations in Portions of Term Loan and Notes.

(a) Any Lender may at any time sell to one or more commercial banking or other financial or lending institutions ("Participants") participating interests in any portion of the Term Loan held by such Lender, any Note held by such Lender, any Commitment of such Lender or any other interest of such Lender hereunder, provided that no Lender shall transfer, grant or assign any participation under which the Participant shall have rights to vote upon or to consent to any matter to be decided by the Lenders or the Required Lenders hereunder or under any other Credit Document or to approve any amendment to or waiver of this Agreement or any other Credit Document, except to the extent such amendment or waiver would (i) increase the amount of such Lender's Commitment and such increase would affect such Participant, (ii) reduce the principal of, or interest on, any portion of the Term Loan held by such Lender, or any fees or

other amounts payable to such Lender hereunder, and such reduction would affect such Participant, (iii) postpone any date fixed for any scheduled payment of principal of, or interest on, any portion of the Term Loan held by such Lender, or any fees or other amounts payable to such Lender hereunder, and such postponement would affect such Participant, or (iv) release any collateral security for any Obligation, except as otherwise specifically provided in any Credit Document. In the event of any such sale by a Lender of participating interests to a Participant, such Lender's obligations under this Agreement to the other parties to this Agreement shall remain unchanged, such Lender shall remain solely responsible for the performance thereof, such Lender shall remain the holder of any such Note for all purposes under this Agreement, the Borrower and the Administrative Agent shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement, and such Lender shall retain the sole right to enforce the obligations of the Borrower under any Credit Document. The Borrower agrees that if amounts outstanding under this Agreement and the Notes shall have been declared or shall have become due and payable in accordance with Section 7.2 or 7.3 upon the occurrence of an Event of Default, each Participant shall be deemed to have the right of setoff in respect of its participating interest in amounts owing under this Agreement and any Note to the same extent as if the amount of its participating interest were owing directly to it as a Lender under this Agreement or any Note, provided that such right of setoff shall be subject to the obligation of such Participant to share with the Lenders, and the Lenders agree to share with such Participant, as provided in Section 10.6. The Borrower also agrees that each Participant shall be entitled to the benefits of Sections 2.11, 3.3 and 8.3 with respect to its participation in the Commitments and the Term Loan amounts outstanding from time to time, provided that no Participant shall be entitled to receive any greater amount pursuant to such Sections than the transferor Lender would have been entitled to receive in respect of the amount of the participation transferred if no participation had been transferred, and provided further, that Sections 8.3(c) and 8.6 shall apply to the transferor Lender with respect to any claim by any Participant pursuant to Section 2.11, 3.3 or 8.3 as fully as if such claim was made by such Lender. Anything herein to the contrary notwithstanding, the Borrower shall not, at any time, be obligated to pay to any Lender any sum in excess of the sum the Borrower would have been obligated to pay to such Lender hereunder if such Lender had not sold any participation in its rights and obligations under this Agreement or any other Credit Document.

(b) Any Lender may at any time sell to (i) any other Lender or any affiliate thereof that is a commercial banking or other financial or lending institution, and, (ii) with the prior written consent of the Administrative Agent and the Borrower (which shall not be unreasonably withheld or delayed), to one or more commercial banking or other financial or lending institutions (any of (i) or (ii), a "Purchasing Lender"), all or any part of its rights and obligations under this Agreement and the other Credit Documents, pursuant to an Assignment Agreement in the form attached as Exhibit 10.10, executed by such Purchasing Lender and such transferor Lender (and, in the case of a Purchasing Lender which is not then a Lender or an affiliate thereof, by the Borrower and the Administrative Agent) and delivered to the Administrative Agent; provided that each such sale to a Purchasing Lender shall be in an amount of $5,000,000 or more, or if in a lesser amount or if as a result of such sale the Commitment of such Lender or the aggregate principal amount of the portion of the Term Loan held by such Lender would be less than $5,000,000, such sale shall be of all of such Lender's rights and obligations under this Agreement and all of the other Credit Documents payable to it to one Purchasing Lender.

Notwithstanding the requirement of the Borrower's consent set forth above, but subject to all of the other terms and conditions of this Section 10.10(b), any Lender may sell to one or more commercial banking or other financial or lending institutions all or any part of their rights and obligations under this Agreement and the other Credit Documents with only the consent of the Administrative Agent (which shall not be unreasonably withheld or delayed) if an Event of Default shall have occurred and be continuing. Upon such execution, delivery and acceptance, from and after the effective date of the transfer determined pursuant to such Assignment Agreement, (x) the Purchasing Lender thereunder shall be a party hereto and, to the extent provided in such Assignment Agreement, have the rights and obligations of a Lender hereunder with a Commitment as set forth herein and (y) the transferor Lender thereunder shall, to the extent provided in such Assignment Agreement, be released from its obligations under this Agreement (and, in the case of an Assignment Agreement covering all or the remaining portion of a transferor Lender's rights and obligations under this Agreement, such transferor Lender shall cease to be a party hereto). Such Assignment Agreement shall be deemed to amend this Agreement to the extent, and only to the extent, necessary to reflect the addition of such Purchasing Lender and the resulting adjustment of Commitments and Percentages arising from the purchase by such Purchasing Lender of all or a portion of the rights and obligations of such transferor Lender under this Agreement, the Notes and the other Credit Documents. On or prior to the effective date of the transfer determined pursuant to such Assignment Agreement, the Borrower, at its own expense, shall execute and deliver to the Administrative Agent in exchange for any surrendered Note, a new Note as appropriate to the order of such Purchasing Lender in an amount equal to the Commitment assumed by it pursuant to such Assignment Agreement, and, if the transferor Lender has retained a Commitment or any portion of the Term Loan hereunder, a new Note to the order of the transferor Lender in an amount equal to the Commitment or such portion of the Term Loan retained by it hereunder. Such new Notes shall be dated the Borrowing Date and shall otherwise be in the form of the Notes replaced thereby. The Notes surrendered by the transferor Lender shall be returned by the Administrative Agent to the Borrower marked "cancelled."

(c) Upon its receipt of an Assignment Agreement executed by a transferor Lender, a Purchasing Lender and the Administrative Agent (and, in the case of a Purchasing Lender that is not then a Lender or an affiliate thereof, by the Borrower), together with payment by the transferor Lender to the Administrative Agent hereunder of a registration and processing fee of $3,000 (unless the Borrower is replacing such Lender pursuant to the terms hereof, in which event such fee shall be paid by the Borrower), the Administrative Agent shall (i) promptly accept such Assignment Agreement, and (ii) on the effective date of the transfer determined pursuant thereto give notice of such acceptance and recordation to the Lenders and the Borrower. The Borrower shall not be responsible for such registration and processing fee or any costs or expenses incurred by any Lender, any Purchasing Lender or the Administrative Agent in connection with such assignment except as provided above.

(d) If, pursuant to this Section 10.10 any interest in this Agreement or any Note is transferred to any transferee which is organized under the laws of any jurisdiction other than the United States of America or any State thereof, the transferor Lender shall cause such transferee, concurrently with the effectiveness of such transfer, (i) to represent to the transferor Lender (for the benefit of the transferor Lender, the Administrative Agent and the Borrower) that under

applicable law and treaties no taxes will be required to be withheld by the Administrative Agent, the Borrower or the transferor Lender with respect to any payments to be made to such transferee in respect of any portion of the Term Loan, (ii) to furnish to the transferor Lender (and, in the case of any Purchasing Lender, the Administrative Agent and the Borrower) two duly completed and signed copies of either U.S. Internal Revenue Service Form 4224 or U.S. Internal Revenue Service Form 1001 or such successor forms as shall be adopted from time to time by the relevant United States taxing authorities (wherein such transferee claims entitlement to complete exemption from U.S. federal withholding tax on all interest payments hereunder), and (iii) to agree (for the benefit of the transferor Lender, the Administrative Agent and the Borrower) to provide the transferor Lender (and, in the case of any Purchasing Lender, the Administrative Agent and the Borrower) new forms as contemplated by Section 3.3(b) upon the expiration or obsolescence of any previously delivered form and comparable statements in accordance with applicable U.S. laws and regulations and amendments duly executed and completed by such transferee, and to comply from time to time with all applicable U.S. laws and regulations with regard to such withholding tax exemption.

(e) Notwithstanding any other provisions of this Section 10.10, no transfer or assignment of the interests of any Lender hereunder or any grant of participations therein shall be permitted if such transfer, assignment or grant would require the Borrower to file a registration statement with the SEC or to qualify the Term Loan, the Notes or any other Obligations under the securities laws of any jurisdiction.

Section 10.11. Amendments, Waivers and Consents. Any provision of the Credit Documents may be amended or waived if, but only if, such amendment or waiver is in writing and is signed by (a) the Borrower, (b) the Required Lenders, and (c) if the rights or duties of the Administrative Agent, the Syndication Agent, the Documentation Agent or the Senior Managing Agents are affected thereby, the Administrative Agent, the Syndication Agent, the Documentation Agent or the Senior Managing Agents, as the case may be, provided that:

(i) no amendment or waiver shall (A) increase the Commitments without the consent of all Lenders or increase any Commitment of any Lender without the consent of such Lender, or (B) postpone the Maturity Date without the consent of all Lenders, or reduce the amount of or postpone the date for any scheduled payment of any principal of or interest (including, without limitation, any reduction in the rate of interest unless such reduction is otherwise provided herein) on any portion of the Term Loan or of any fee payable hereunder, without the consent of each Lender owed any such Obligation; and

(ii) no amendment or waiver shall, unless signed by each Lender, change the provisions of this Section 10.11 or the definition of Required Lenders or the number of Lenders required to take any action under any other provision of the Credit Documents.

Section 10.12. Headings. Section headings used in this Agreement are for reference only and shall not affect the construction of this Agreement.

Section 10.13. Legal Fees, Other Costs and Indemnification. The Borrower, upon demand by the Administrative Agent, agrees to pay the reasonable fees and disbursements of

legal counsel to the Administrative Agent in connection with the preparation and execution of the Credit Documents (which shall be in an amount agreed in writing by the Borrower), and any amendment, waiver or consent related thereto, whether or not the transactions contemplated therein are consummated. The Borrower further agrees to indemnify each Lender, the Administrative Agent, the Syndication Agent, the Documentation Agent, the Senior Managing Agents, and their respective directors, officers, employees and attorneys (collectively, the "Indemnified Parties"), against all losses, claims, damages, penalties, judgments, liabilities and expenses (including, without limitation, all reasonable attorneys' fees and other reasonable expenses of litigation or preparation therefor, whether or not such Indemnified Party is a party thereto) which any of them may pay or incur as a result of (a) any action, suit or proceeding by any third party or governmental authority against such Indemnified Party and relating to any Credit Document, the Term Loan or the application or proposed application by any of the Borrower of the proceeds of the Term Loan, REGARDLESS OF WHETHER SUCH CLAIMS OR ACTIONS ARE FOUNDED IN WHOLE OR IN PART UPON THE ALLEGED SIMPLE OR CONTRIBUTORY NEGLIGENCE OF ANY OF THE INDEMNIFIED PARTIES AND/OR ANY OF THEIR RESPECTIVE DIRECTORS, OFFICERS, EMPLOYEES OR ATTORNEYS, (b) any investigation of any third party or any governmental authority involving any Lender (as a lender hereunder) or the Administrative Agent, the Syndication Agent, the Documentation Agent or the Senior Managing Agents (in such capacity hereunder) and related to any use made or proposed to be made by the Borrower of the proceeds of the Term Loan, or any transaction financed or to be financed in whole or in part, directly or indirectly with the proceeds of the Term Loan, and (c) any investigation of any third party or any governmental authority, litigation or proceeding involving any Lender (as a lender hereunder) or the Administrative Agent, the Syndication Agent, the Documentation Agent or the Senior Managing Agents (in such capacity hereunder) and related to any environmental cleanup, audit, compliance or other matter relating to any Environmental Law or the presence of any Hazardous Material (including, without limitation, any losses, liabilities, damages, injuries, costs, expenses or claims asserted or arising under any Environmental Law) with respect to the Borrower, regardless of whether caused by, or within the control of, the Borrower; provided, however, that the Borrower shall not be obligated to indemnify any Indemnified Party for any of the foregoing arising out of such Indemnified Party's gross negligence or willful misconduct, as determined pursuant to a final nonappealable judgment of a court of competent jurisdiction or as expressly agreed in writing by such Indemnified Party. The Borrower, upon demand by the Administrative Agent, the Syndication Agent, the Documentation Agent, a Senior Managing Agent or a Lender at any time, shall reimburse the Administrative Agent or such Lender for any reasonable legal or other expenses incurred in connection with investigating or defending against any of the foregoing, except if the same is excluded from indemnification pursuant to the provisions of the preceding sentence. Each Indemnified Party agrees to contest any indemnified claim if requested by the Borrower, in a manner reasonably directed by the Borrower, with counsel selected by the Indemnified Party and approved by the Borrower, which approval shall not be unreasonably withheld or delayed. Any Indemnified Party that proposes to settle or compromise any such indemnified claim shall give the Borrower written notice of the terms of such proposed settlement or compromise reasonably in advance of settling or compromising such claim or proceeding and shall obtain the Borrower's prior written consent thereto, which consent shall not be unreasonably withheld or delayed; provided that the Indemnified Party shall not be

restricted from settling or compromising any such claim if the Indemnified Party waives its right to indemnity from the Borrower in respect of such claim.

Section 10.14. Governing Law; Submission to Jurisdiction; Waiver of Jury Trial.

(A) THIS AGREEMENT AND THE OTHER CREDIT DOCUMENTS, AND THE RIGHTS AND DUTIES OF THE PARTIES THERETO, SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE INTERNAL LAWS OF THE STATE OF NEW YORK.

(B) TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE PARTIES HERETO AGREE THAT ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER, OR IN CONNECTION WITH, THIS AGREEMENT OR ANY OTHER CREDIT DOCUMENT, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENT (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF THE ADMINISTRATIVE AGENT, THE DOCUMENTATION AGENT, THE SENIOR MANAGING AGENTS, THE SYNDICATION AGENT, THE LENDERS OR THE BORROWER MAY BE BROUGHT AND MAINTAINED IN THE COURTS OF THE STATE OF NEW YORK SITTING IN THE BOROUGH OF MANHATTAN OR THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK. TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE BORROWER HEREBY EXPRESSLY AND IRREVOCABLY SUBMITS TO THE JURISDICTION OF THE COURTS OF THE STATE OF NEW YORK AND THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK FOR THE PURPOSE OF ANY SUCH LITIGATION AS SET FORTH ABOVE AND IRREVOCABLY AGREES TO BE BOUND BY ANY JUDGMENT RENDERED THEREBY IN CONNECTION WITH SUCH LITIGATION. THE BORROWER HEREBY IRREVOCABLY DESIGNATES CT CORPORATION SYSTEM, 111 8TH AVENUE, NEW YORK, NEW YORK 10011, AS THE DESIGNEE, APPOINTEE AND AGENT OF THE BORROWER TO RECEIVE, FOR AND ON BEHALF OF THE BORROWER, SERVICE OF PROCESS IN SUCH JURISDICTION IN ANY LEGAL ACTION OR PROCEEDING WITH RESPECT HERETO. TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE BORROWER FURTHER IRREVOCABLY CONSENTS TO THE SERVICE OF PROCESS, BY REGISTERED MAIL, POSTAGE PREPAID, OR BY PERSONAL SERVICE WITHIN OR WITHOUT THE STATE OF NEW YORK. TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE BORROWER HEREBY EXPRESSLY AND IRREVOCABLY WAIVES ANY OBJECTION WHICH IT MAY HAVE OR HEREAFTER MAY HAVE TO THE LAYING OF VENUE OF ANY SUCH LITIGATION BROUGHT IN ANY SUCH COURT REFERRED TO ABOVE AND ANY CLAIM THAT ANY SUCH LITIGATION HAS BEEN BROUGHT IN AN INCONVENIENT FORUM. TO THE EXTENT THAT THE BORROWER HAS OR HEREAFTER MAY ACQUIRE ANY IMMUNITY FROM JURISDICTION OF ANY COURT OR FROM ANY LEGAL PROCESS (WHETHER THROUGH SERVICE OF NOTICE, ATTACHMENT PRIOR TO JUDGMENT, ATTACHMENT IN AID OF EXECUTION OR OTHERWISE) WITH RESPECT TO ITSELF OR ITS PROPERTY, THE BORROWER HEREBY IRREVOCABLY WAIVES

TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, SUCH IMMUNITY IN RESPECT OF ITS OBLIGATIONS UNDER THIS AGREEMENT AND THE OTHER CREDIT DOCUMENTS.

(C) TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, EACH PARTY HERETO WAIVES ANY RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING TO ENFORCE OR DEFEND ANY RIGHTS UNDER THIS AGREEMENT OR UNDER ANY AMENDMENT, INSTRUMENT, DOCUMENT OR AGREEMENT DELIVERED OR WHICH MAY IN THE FUTURE BE DELIVERED IN CONNECTION HEREWITH OR ARISING FROM ANY BANKING RELATIONSHIP EXISTING IN CONNECTION WITH THIS AGREEMENT, AND AGREES THAT ANY SUCH ACTION OR PROCEEDING SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY.

Section 10.15. Confidentiality. The Lenders agree to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (i) to their respective affiliates and to prospective Purchasing Lenders and Participants and their respective directors, officers, employees and agents, including accountants, legal counsel and other advisors who have reason to use such Information in connection with the evaluation of the transactions contemplated by this Agreement (subject to similar confidentiality provisions as provided herein) solely for purposes of evaluating such Information, (ii) to the extent requested by any regulatory authority, (iii) to the extent required by applicable law or regulation or by any subpoena or similar legal process, (iv) in connection with the exercise of any remedies hereunder or any proceedings relating to this Agreement or the other Credit Documents, (v) with the consent of the Borrower, or (vi) to the extent such Information (x) becomes publicly available other than as a result of a breach of this Section 10.15, or (y) becomes available on a non-confidential basis from a source other than the Borrower or its affiliates or the Lenders or their respective affiliates. For purposes hereof, "Information" means all information received by the Lenders from the Borrower relating to the Borrower or its business, other than any such information that is available to the Lenders on a non-confidential basis prior to disclosure by the Borrower. The Lenders shall be considered to have complied with their respective obligations if they have exercised the same degree of care to maintain the confidentiality of such Information as they would accord their own confidential information.

Section 10.16. Effectiveness. This Agreement shall become effective on the date (the "Effective Date") on which the Borrower, the Administrative Agent, and each Lender have signed and delivered to the Administrative Agent a counterparty signature page hereto or, in the case of a Lender, the Administrative Agent has received a facsimile notice that such a counterpart has been signed and mailed to the Administrative Agent.

Section 10.17. Severability. Any provision of this Agreement that 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, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Section 10.18. Currency Conversion. All payments of Obligations under this Agreement, the Notes or any other Credit Document shall be made in U.S. Dollars. If any payment of any Obligation, whether through payment by the Borrower or the proceeds of any collateral, shall be made in a currency other than U.S. Dollars as required hereunder, such amount shall be converted into U.S. Dollars at the official rate for the purchase of U.S. Dollars with the currency in which such obligation was paid, as quoted by the Lender who is the Administrative Agent in accordance with the methods customarily used by such Lender for such purposes as of the close of business on the date of determination. The parties hereto hereby agree, to the fullest extent that they may effectively do so under applicable law, that (i) if for the purposes of obtaining any judgment or award it becomes necessary to convert from any currency other than U.S. Dollars into U.S. Dollars any amount in connection with the Obligations, then the conversion shall be made as provided above on the Business Day before the day on which the judgment or award is given, (ii) in the event that there is a change in the rate of exchange prevailing between the Business Day before the day on which the judgment or award is given and the date of payment, the Borrower will pay to the Administrative Agent, for the benefit of the Lenders, such additional amounts (if any) as may be necessary, and the Administrative Agent, on behalf of the Lenders, will pay to the Borrower such excess amounts (if any) as result from such change in the rate of exchange, to assure that the amount paid on such date is the amount in such other currency, which when converted at the rate of exchange described herein on the date of payment, is the amount then due in U.S. Dollars, and (iii) any amount due from the Borrower under this Section 10.18 shall be due as a separate debt and shall not be affected by judgment or award being obtained for any other sum due.

Section 10.19. U.S. Dollar Equivalent Combinations. Unless otherwise provided herein, to the extent that the determination of compliance with any requirement of this Agreement requires the conversion to U.S. Dollars of foreign currency amounts, such U.S. Dollar amount shall be computed using the U.S. Dollar equivalent of the amount of such foreign currency at the time such item is to be calculated or is incurred, created, transferred or sold for purposes of this Agreement. The U.S. Dollar equivalent shall be determined by converting such currency involved in such computation into Dollars at the spot rate for the purchase of U.S. Dollars with the applicable currency as quoted by the Lender who is the Administrative Agent in accordance with the methods customarily used by such Lender for such purposes as of the close of business on the date of determination thereof specified herein or, if the date of determination thereof is not otherwise specified herein, on the date two (2) Business Days prior to such determination.

Section 10.20. Change in Accounting Principles, Fiscal Year or Tax Laws. If (i) any change in accounting principles from those used in the preparation of the financial statements of the Borrower referred to in Section 5.9 is hereafter occasioned by the promulgation of rules, regulations, pronouncements and opinions by or required by the Financial Accounting Standards Board or the American Institute of Certified Public Accounts (or successors thereto or agencies with similar functions), and such change materially affects the calculation of any component of any financial covenant, standard or term found in this Agreement, or (ii) there is a material change in federal or foreign tax laws which materially affects any of the Borrower and its Subsidiaries' ability to comply with the financial covenants, standards or terms found in this Agreement, the Borrower and the Lenders agree to enter into negotiations in order to amend such provisions (with the agreement of the Required Lenders or, if required by Section 10.11, all of

the Lenders) so as to equitably reflect such changes with the desired result that the criteria for evaluating any of the Borrower's and its Subsidiaries' financial condition shall be the same after such changes as if such changes had not been made. Unless and until such provisions have been so amended, the provisions of this Agreement shall govern.

Section 10.21. Notice. The Credit Documents constitute the entire understanding among the Credit Parties, the Lenders, and the Administrative Agent and supersede all earlier or contemporaneous agreements, whether written or oral, concerning the subject matter of the Credit Documents. THIS WRITTEN AGREEMENT TOGETHER WITH THE OTHER CREDIT DOCUMENTS REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

Section 10.22. Officer's Certificates. It is not intended that any certificate of any officer of the Borrower delivered to the Administrative Agent or any Lender pursuant to this Agreement shall give rise to any personal liability on the part of such officer.

Section 10.23. Effect of Inclusion of Exceptions. It is not intended that the specification of any exception to any covenant herein shall imply that the excepted matter would, but for such exception, be prohibited or required.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their duly authorized officers as of the day and year first above written.

BORROWER:

TRANSOCEAN OFFSHORE INC.,
a Cayman Islands Company

By: /s/ Brian C. Voegele

Name: Brian C. Voegele
Title: Vice President, Finance

SUNTRUST BANK, ATLANTA,
As Administrative Agent and Lender

By: /s/ John A. Fields, Jr.

Name: John A. Fields, Jr.
Title: Vice President

COMMITMENT AMOUNT: $45,000,000

PERCENTAGE: 11.250%

Address for Notices:
- ---

SunTrust Bank, Atlanta
SunTrust Plaza
303 Peachtree Street, N.E., 3rd Floor
Atlanta, GA 30308
Attn: Mr. John Fields
Telephone No.: 404/724-3667
Telecopy No.: 404/827-6270

Lending Office:
- ---

SunTrust Bank, Atlanta
SunTrust Plaza
303 Peachtree Street, N.E., 3rd Floor
Atlanta, GA 30308
Attn: Mr. John Fields
Telephone No.: 404/724-3667
Telecopy No.: 404/827-6270

Payment Instructions:
- ---

Bank Name: SunTrust Bank, Atlanta
ABA Number: 061 000 104
City, State: Atlanta, Georgia
Account Number: 908 8000 112
Attention: Pat Etheridge 404-588-8358
Reference: Transocean Offshore Inc.

ROYAL BANK OF CANADA,
As Syndication Agent and Lender

By: /s/Gil J. Bernard

Name: Gil J. Bernard
Title: Senior Manager

COMMITMENT AMOUNT: $45,000,000

PERCENTAGE: 11.250%

Address for Notices:
- ---

Royal Bank of Canada
c/o New York Branch
One Liberty Plaza, 4th Floor
New York, NY 10006-1404
Attn: Aurora Lanteigne
Telephone No.: 212/428-6338
Telecopy No.: 212/428-2372

with a copy to:
- ---

Royal Bank of Canada
12450 Greenspoint Drive, Suite 1450
Houston, TX 77060
Attn: Gil Benard, Senior Manager
Telephone No.: 281/874-0191
Telecopy No.: 281/874-0081

Lending Office:
- ---

Royal Bank of Canada, New York
One Liberty Plaza, 4th Floor
New York, NY 10006
Attn: Aurora Lanteigne
Telephone No.: 212/428-6338
Telecopy No.: 212/428-2372

Payment Instructions:
- --------------------

Bank Name:	Chase Manhattan Bank, N.A.
ABA Number:	021-00-0021
City/State:	Manhattan, NY
Account Name:	Royal Bank of Canada, New York
Account Number:	920-1-033363
Benef. Acct. Name:	Royal Bank of Canada, New York
Benef. Account #:	For Further Credit to Account #218-599-9
Attention:	Aurora Lanteigne
Reference:	Transocean Sedco Forex (Please specify purpose for each wire)

BANK OF AMERICA, N.A.,
As Documentation Agent and Lender

By: /s/ Paul L. Colon

Name: Paul L. Colon
Title: Vice President

COMMITMENT AMOUNT: $45,000,000

PERCENTAGE: 11.250%

Address for Notices:
- ---

Bank of America, N.A.
333 Clay Street, Suite 4550
Houston, TX 77002
Attn: Paul Colon
Vice President
Telephone No.: 713/651-4834
Telecopy No.: 713/651-4808

Lending Office:
- ---

Bank of America, N.A.
501 Main Street
Dallas, TX 75202
Attn: Ramon Garcia
Customer Service Representative
Telephone No.: 214/209-2119
Telecopy No.: 214/290-9462

with a copy to:
- ---

Bank of America, N.A.
333 Clay Street, Suite 4550
Houston, TX 77002
Attn: Thelma Johnson
Telephone No.: 713/651-4864
Telecopy No.: 713/651-4902

BANK OF AMERICA, N.A. (cont)

Payment Instructions:
- ---

Fedwire

Bank Name:	Bank of America, N.A.
City/State:	Dallas, TX 75202
ABA Number:	ABA # 111000012
Account Number:	1282000883
Account Name:	Transocean Offshore Inc.
In Favor Of:	Corp. Loan Funds

BANK ONE, NA
(MAIN OFFICE CHICAGO),
As Senior Managing Agent and Lender

By: /s/Karen Patterson

Name: Karen Patterson
Title: First Vice President

COMMITMENT AMOUNT: $37,500,000

PERCENTAGE: 9.375%

Address for Notices:
- ---

Bank One, NA
910 Travis, 6th Floor
Houston, TX 77002
Attn: Karen Patterson
Telephone No.: 713/751-3863
Telecopy No.: 713/751-3760

Lending Office:
- ---

Bank One, NA
1 Bank One Plaza
10th Floor, Suite 0634
Chicago, IL 60670
Attn: Bill Laird
Telephone No.: 312/732-5635
Telecopy No.: 312/732-4840

Payment Instructions:
- ---

Bank Name: Bank One, Chicago
ABA Number: ABA Transit No.:071000013
Name of Account: LSII Incoming Clearing A/c
Account No.: 481152860000
Attn: Bill Laird
Re: Transocean (SunTrust)

PARIBAS,
As Senior Managing Agent and Lender

By: /s/Marian Livingston

Name: Marian Livingston
Title: Vice President

By: /s/John H. Roberts

Name: John H. Roberts
Title: Vice President

COMMITMENT AMOUNT: $37,500,000

PERCENTAGE: 9.375%

Address for Notices:
- ---

Paribas
1200 Smith Street, Suite 3100
Houston, TX 77002
Attn: John Roberts
Vice President
Gabe Ellisor
Associate
Telephone No.: 713/659-4811
Telecopy No.: 713/659-6915

Lending Office:
- ---

Paribas
1200 Smith Street, Suite 3100
Houston, TX 77002
Attn: Leah Evans Hughes, Loan Operations Manager
Telephone No.: 713/982-1126

Attn: Doug Straiton/Candace Grayson
Loan Assistants
Telephone No.: 713/982-1127/713/982-1120
Telecopy No.: 713/659-5305

Payment Instructions:
- --------------------

Bank Name: Bankers Trust Company New York
ABA Number: ABA# 021001033
For Account 04202195 - Paribas New York
For Further Credit to A/C # 2144-001545 Paribas Houston Agency
Ref: Transocean

THE BANK OF NEW YORK,
As Lender

By: /s/Helen L. Sarro

Name: Helen L. Sarro
Title: Vice President

COMMITMENT AMOUNT: $32,500,000

PERCENTAGE: 8.125%

Address for Notices:
- ---

The Bank of New York
One Wall Street, 22nd Floor
New York, NY 10286
Attn: Helen L. Sarro
Telephone No.: 212/635-6898
Telecopy No.: 212/635-6434

Lending Office:
- ---

The Bank of New York
One Wall Street, 19th Floor
New York, NY 10286
Attn: Theresa A. Foran
A.A.
Telephone No.: 212/635-7921
Telecopy No.: 212/635-7923

Payment Instructions:
- ---

Bank Name: The Bank of New York
ABA Number: ABA #021 000 018
City/State: New York, NY
Account Name: Comm Loans Dept
Account Number: GLA/111556
Attention: Bill Barbiero
Reference:

DEN NORSKE BANK ASA,
As Lender

By: /s/Barbara Gronquist

Name: Barbara Gronquist
Title: First Vice President

By: /s/Chr. Tobias Backer

Name: Chr. Tobias Backer
Title: Assistant Vice President

COMMITMENT AMOUNT: $32,500,000

PERCENTAGE: 8.125%

Address for Notices:
- ---

Den norske Bank ASA
200 Park Avenue
New York, NY 10166
Attn: Chr. Tobias Backer
Assistant Vice President
Telephone No.: 212/681-3871
Telecopy No.: 212/681-3900

Lending Office:
- ---

Den norske Bank ASA
200 Park Avenue
New York, NY 10166
Attn: Anny Peralta
Assistant Treasurer
Telephone No.: 212/681-3842
Telecopy No.: 212/681-4123

Payment Instructions:
- ---

Bank Name: Unibank
ABA Number: 026 005 694
City/State: New York, NY
Account Name: Transocean Offshore Inc.
Account Number: 100768999
Attention: Anny Peralta
Reference:

THE ROYAL BANK OF SCOTLAND PLC,
As Lender

By: /s/Scott Barton

Name: Scott Barton
Title: Vice President

COMMITMENT AMOUNT: $32,500,000

PERCENTAGE: 8.125%

Address for Notices:
- ---

The Royal Bank of Scotland plc
88 Pine Street
New York, NY 10005
Attn: Scott Barton
Vice President Lending
Telephone No.: 212/269-1706
Telecopy No.: 212/480-0791

Lending Office:
- ---

The Royal Bank of Scotland plc
Wall Street Plaza, 26th Floor
New York, NY 10005
Attn: Jeanne De Quar
Supv Operations
Telephone No.: 212/269-1700, Ext. 260
Telecopy No.: 212/344-4065

Payment Instructions:
- ---

Bank Name: Northern Trust International New York
ABA Number: 026-001-122
City/State: Swift Address (NCR US33
Account Name: The Royal Bank of Scotland plc
Account Number: 104083-20230
Attention:
Reference: Transocean Offshore Inc.

WELLS FARGO BANK (TEXAS), N.A.,
As Lender

By: /s/Frank W. Schageman

Name: Frank W. Schageman
Title: Vice President, Manager

COMMITMENT AMOUNT: $32,500,000

PERCENTAGE: 8.125%

Address for Notices:
- ---

Wells Fargo Bank (Texas), N.A.
1000 Louisiana, 3rd Floor
Houston, TX 77002
Attn: Frank Schageman
Vice President
Telephone No.: 713/319-1365
Telecopy No.: 713/739-1087

Lending Office:
- ---

Wells Fargo Bank
201 3rd Street, 8th Floor
San Francisco, CA 94103
Attn: Stephen Eiring
Telephone No.: 415/477-5425
Telecopy No.: 415/979-0675

Payment Instructions:
- ---

Bank Name: Wells Fargo Bank
ABA Number: 1210000248
City/State: San Francisco, CA
Account Name: Syndicated Loans
Account Number: 2712507201
Attention: Stephen Elring
Reference: Transocean Offshore

THE BANK OF TOKYO-MITSUBISHI, LTD.
As Lender

By: /s/Michael G. Meiss

Name: Michael G. Meiss
Title: VP & Manager

COMMITMENT AMOUNT: $20,000,000

PERCENTAGE: 5.000%

Address for Notices:
- ---

The Bank of Tokyo-Mitsubishi, Ltd.
1100 Louisiana Street
Suite 2800
Houston, TX 77002
Attn: Michael Meiss
Vice President and Manager
Telephone No.: 713/655-3815
Telecopy No.: 713/655-3855

Lending Office:
- ---

The Bank of Tokyo-Mitsubishi, Ltd.
1100 Louisiana Street
Suite 2800
Houston, TX 77002
Attn: Nadra Breir
Telephone No.: 713/655-3847
Telecopy No.: 713/658-0116

Payment Instructions:
- ---

Bank Name: The Bank of Tokyo-Mitsubishi, Ltd. - New York
ABA Number: 026009632
City/State: New York, New York
Account Name: The Bank of Tokyo-Mitsubishi, Ltd. - Houston Agency
Account Number: 30001710
Attention: Nadra Breir
Reference: Transocean Offshore Inc.

NEDSHIP BANK (AMERICA), N.V.,
As Lender

By: /s/R.J.L. van Heel /s/J.S. Klep

Name: R.J.L. van Heel J.S. Klep
Title: Managing Director Managing Director

COMMITMENT AMOUNT: $20,000,000

PERCENTAGE: 5.000%

Address for Notices:
- ---

Nedship Bank International Inc.
(As Agents for Nedship Bank (America) N.V.)
66 Field Point Rd.
Greenwich, CT 06830
Attn: Anthony Gurnee
President
Telephone No.: 203/422-2300
Telecopy No.: 203/422-2320

Lending Office:
- ---

Nedship Bank (America) N.V.
Scharlooweg 55
Willemstad, Curacao NA
Telephone No.: 5999 465-2311
Telecopy No.: 5999 465-2366
Attn: Richard van Heel
Managing Director

with a copy to:
- ---

Nedship Bank International Inc.
(As Agents for Nedship Bank (America) N.V.)
66 Field Point Rd.
Greenwich, CT 06830
Attn: John Hartigan
Controller
Telephone No.: 203/422-2300

Telecopy No.: 203/422-2320

Payment Instructions:
- --------------------

Bank Name: Republic National Bank of New York
ABA Number: 021004823
City/State: New York, NY
Account Name: Nedship Bank (America) N.V.
Account Number: 608202444
Attention:
Reference: Transocean Offshore Inc.

WESTDEUTSCHE LANDESBANK
GIROZENTRALE, As Lender

By: /s/Felicia La Forgia

Name: Felicia La Forgia
Title: Vice President

By: /s/Thomas Lee

Name: Thomas Lee
Title: Associate

COMMITMENT AMOUNT: $20,000,000

PERCENTAGE: 5.000%

Address for Notices:
- ---

Westdeutsche Landesbank Girozentrale, New York Branch
1211 Avenue of the Americas
New York, NY 10036
Attn: Richard Newman
Telephone No.: 212/852-6120
Telecopy No.: 212/852-6307

Westdeutsche Landesbank Girozentrale, New York Branch
1211 Avenue of the Americas
New York, NY 10036
Attn: Thomas Lee
Telephone No.: 212/852-6204
Telecopy No.: 212/852-6148

Lending Office:
- ---

Westdeutsche Landesbank Girozentrale, New York Branch
1211 Avenue of the Americas
New York, NY 10036
Attn: Richard Newman
Telephone No.: 212/852-6120
Telecopy No.: 212/852-6307

Payment Instructions:
- --------------------

Bank Name:	Chase Manhattan Bank N.A.
ABA Number:	021-000-021
City/State:	New York, NY
Account Name:	Westdeutsche Landesbank Girozentrale, New York Branch
Account Number:	920-1-060663
Attention:	Loan Administration
Reference:	Transocean Offshore Inc.

EXHIBIT 10.7

LONG-TERM INCENTIVE PLAN
OF
TRANSOCEAN SEDCO FOREX INC.

(As Amended and Restated Effective January 1, 2000)

I. GENERAL

1.1 PURPOSE OF THE PLAN

The Long-Term Incentive Plan (the "Plan") of Transocean Sedco Forex Inc., a Cayman Islands exempted company (the "Company"), is intended to advance the best interests of the Company and its subsidiaries by providing Directors and employees with additional incentives through the grant of options ("Options") to purchase ordinary shares, par value US $0.01 per share of the Company ("Ordinary Shares"), share appreciation rights ("SARs"), restricted Ordinary Shares ("Restricted Shares") and cash performance awards ("Cash Awards"), thereby increasing the personal stake of such Directors and employees in the continued success and growth of the Company.

1.2 ADMINISTRATION OF THE PLAN

(a) The Plan shall be administered by the Executive Compensation Committee or other designated committee (the "Committee") of the Board of Directors of the Company (the "Board of Directors") which shall consist of at least two Directors, all of whom (i) are not eligible for awards under Articles II and III of the Plan, (ii) are "non-employee directors" within the meaning of Rule 16b-3 under the Securities Exchange Act of 1934, and (iii) are outside directors satisfying the requirements of Section 162(m) of the Internal Revenue Code of 1986, as amended, or any successor thereto ("the Code"). The Committee shall have authority to interpret conclusively the provisions of the Plan, to adopt such rules and regulations for carrying out the Plan as it may deem advisable, to decide conclusively all questions of fact arising in the application of the Plan, and to make all other determinations necessary or advisable for the administration of the Plan. Notwithstanding the foregoing, the Committee shall have no power or discretion to vary the amount or terms of awards under Article IV of the Plan, except as provided in Section 6.2. All decisions and acts of the Committee shall be final and binding upon all affected Plan participants.

(b) The Committee shall designate the eligible employees, if any, to be granted awards under Articles II and III and the type and amount of such awards and the time when awards will be granted. All awards granted under the Plan shall be on the terms and subject to the conditions hereinafter provided.

1.3 ELIGIBLE PARTICIPANTS

Employees, including officers, of the Company and its subsidiaries, and of partnerships or joint ventures in which the Company and its subsidiaries have a significant ownership interest as determined by the Committee (all of such subsidiaries,

partnerships and joint ventures being referred to as "Subsidiaries") shall be eligible for awards under Articles II, III and V of the Plan. Directors who are not employees of the Company or its Subsidiaries shall not be eligible for awards under Articles II, III and V.

Each Director of the Company who is not an officer or employee of the Company or any of its subsidiaries (an "Eligible Director") shall automatically be granted awards under Article IV of the Plan. Each Eligible Director to whom Options or SARs are granted under Article IV is hereinafter referred to as a "Participant."

1.4 AWARDS UNDER THE PLAN

Awards to employees under Articles II and III may be in the form of (i) Options to purchase Ordinary Shares, (ii) Share Appreciation Rights which may be either freestanding or issued in tandem with Options, (iii) Restricted Ordinary Shares, (iv) Supplemental Payments which may be awarded with respect to Options, Share Appreciation Rights and Restricted Ordinary Shares, or (v) any combination of the foregoing. Awards to employees under Article V will be in the form of performance awards payable in cash.

Awards to Eligible Directors under Article IV shall be in the form of (i) Options to purchase Ordinary Shares and Supplemental Payments with respect thereto, or (ii) solely in the case of Eligible Directors residing in Norway, freestanding SARs.

1.5 SHARES SUBJECT TO THE PLAN

The aggregate number of Ordinary Shares which may be issued with respect to awards made under Articles II and III shall not exceed 12,900,000 shares, reduced by the number of shares which have been issued pursuant to such Articles prior to the date of this Amendment and Restatement. In addition, the aggregate number of Ordinary Shares which may be issued with respect to awards made under Article IV shall not exceed 400,000, reduced by the number of shares which have been issued pursuant to such Article prior to the date of this Amendment and Restatement. At no time shall the number of shares issued plus the number of shares estimated by the Committee to be ultimately issued with respect to outstanding awards under the Plan exceed the number of shares that may be issued under the Plan. No employee shall be granted Share Options, freestanding Share Appreciation Rights, or Restricted Ordinary Shares, or any combination of the foregoing, with respect to more than 600,000 Ordinary Shares in any fiscal year (subject to adjustment as provided in Section 6.2). No employee shall be granted a Supplemental Payment in any fiscal year with respect to more than the number of Ordinary Shares covered by Share Options, freestanding Share Appreciation Rights or Restricted Ordinary Shares awards granted to such employee in such fiscal year. Shares distributed pursuant to the Plan may consist of authorized but unissued shares or treasury shares of the Company, as shall be determined from time to time by the Board of Directors.

If any Option under the Plan shall expire, terminate or be canceled (including cancellation upon the holder's exercise of a related Share Appreciation Right) for any

reason without having been exercised in full, or if any Restricted Ordinary Shares shall be forfeited to the Company, the unexercised Options and forfeited Restricted Ordinary Shares shall not count against the above limit and shall again become available for grants under the Plan (regardless of whether the holder of such Options or shares received dividends or other economic benefits with respect to such Options or shares). Ordinary Shares equal in number to the shares surrendered in payment of the option price, and Ordinary Shares which are withheld in order to satisfy federal, state or local tax liability, shall not count against the above limit and shall again become available for grants under the Plan. Only the number of Ordinary Shares actually issued upon exercise of a Share Appreciation Right or payment of a Supplemental Payment shall count against the above limit, and any shares which were estimated to be used for such purposes and were not in fact so used shall again become available for grants under the Plan.

Freestanding Share Appreciation Rights which may be settled solely in cash shall be issued with respect to no more than an aggregate of 250,000 underlying shares. Such SARs shall not count against the limits set forth above on the number of Ordinary Shares which may be issued under the Plan. If any freestanding SAR shall expire, terminate, or be canceled for any reason without having been exercised in full, the unexercised SARs shall not count against this limit and shall again become available for grants under the Plan.

1.6 OTHER COMPENSATION PROGRAMS

The existence and terms of the Plan shall not limit the authority of the Board of Directors in compensating Directors and employees of the Company and its subsidiaries in such other forms and amounts, including compensation pursuant to any other plans as may be currently in effect or adopted in the future, as it may determine from time to time.

II. SHARE OPTIONS AND SHARE APPRECIATION RIGHTS

2.1 TERMS AND CONDITIONS OF OPTIONS

Subject to the following provisions, all Options granted under the Plan to employees of the Company and its Subsidiaries shall be in such form and shall have such terms and conditions as the Committee, in its discretion, may from time to time determine.

(a) Option Price. The option price per share shall not be less than the fair market value of the Ordinary Shares (as determined by the Committee) on the date the Option is granted. Notwithstanding the foregoing, the option price per share with respect to any Option granted by the Committee within 90 days of the closing of the initial public offering of the Company's Ordinary Shares shall be at the initial public offering price for such Shares.

(b) Term of Option. The term of an Option shall not exceed ten years from the date of grant, except as provided pursuant to Section 2.1(g) with respect to the death of an optionee. No Option shall be exercised after the expiration of its term.

(c) Exercise of Options. Options shall be exercisable at such time or times and subject to such terms and conditions as the Committee shall specify in the Option grant. The Committee shall have discretion to at any time declare all or any portion of the Options held by any optionee to be immediately exercisable. An Option may be exercised in accordance with its terms as to any or all shares purchasable thereunder.

(d) Payment for Shares. The Committee may authorize payment for shares as to which an Option is exercised to be made in cash, Ordinary Shares or in such other manner as the Committee in its discretion may provide.

(e) Nontransferability of Options. No Option or any interest therein shall be transferable by the optionee other than by will or by the laws of descent and distribution. During an optionee's lifetime, all Options shall be exercisable only by such optionee or by the guardian or legal representative of the optionee.

(f) Shareholder Rights. The holder of an Option shall, as such, have none of the rights of a shareholder.

(g) Termination of Employment. The Committee shall have discretion to specify in the Option grant or an amendment thereof, provisions with respect to the period during which the Option may be exercised following the optionee's termination of employment. Notwithstanding the foregoing, the Committee shall not permit any Option to be exercised beyond the term of the Option established pursuant to Section 2.1(b), except that the Committee may provide that, notwithstanding such Option term, an Option which is outstanding on the date of an optionee's death shall remain outstanding and exercisable for up to one year after the optionee's death.

(h) Change of Control. Notwithstanding the exercisability schedule governing any Option, upon the occurrence of a Change of Control (as defined in Section 6.10) all Options outstanding at the time of such Change of Control and held by optionees who are employees of the Company or its Subsidiaries at the time of such Change of Control shall become immediately exercisable and, unless the optionee agrees otherwise in writing, shall remain exercisable for the remainder of the Option term.

2.2 SHARE APPRECIATION RIGHTS IN TANDEM WITH OPTIONS

(a) The Committee may, either at the time of grant of an Option or at any time during the term of the Option, grant Share Appreciation Rights with respect to all or any portion of the Ordinary Shares covered by such Option. A tandem Share Appreciation Right may be exercised at any time the Option to which it relates is then exercisable, but only to the extent the Option to which it relates is exercisable, and shall be subject to the conditions applicable to such Option. When a tandem Share Appreciation Right is exercised, the Option to which it relates shall cease to be exercisable to the extent of the number of shares with respect to which the tandem Share Appreciation Right is

exercised. Similarly, when an Option is exercised, the tandem Share Appreciation Rights relating to the shares covered by such Option exercise shall terminate. Any tandem Share Appreciation Right which is outstanding on the last day of the term of the related Option (as determined pursuant to Section 2.1(b)) shall be automatically exercised on such date for cash without any action by the optionee.

(b) Upon exercise of a tandem Share Appreciation Right, the holder shall receive, for each share with respect to which the tandem Share Appreciation Right is exercised, an amount (the "Appreciation") equal to the amount by which the fair market value (as defined below) of an Ordinary Share on the date of exercise of the Share Appreciation Right exceeds the option price per share of the Option to which the tandem Share Appreciation Right relates. For purposes of the preceding sentence, the fair market value of an Ordinary Share shall be the average of the high and low prices of such share as reported on the consolidated reporting system. The Appreciation shall be payable in cash, Ordinary Shares, or a combination of both, at the option of the Committee, and shall be paid within 30 days of the exercise of the tandem Share Appreciation Right.

(c) Notwithstanding the foregoing, if a tandem Share Appreciation Right is exercised within 60 days of the occurrence of a Change of Control, (i) the Appreciation and any Supplemental Payment (as defined in Section 2.4) to which the holder is entitled shall be payable solely in cash, and (ii) in addition to the Appreciation and the Supplemental Payment (if any), the holder shall receive, in cash, (1) the amount by which the greater of (a) the highest market price per Ordinary Share during the 60-day period preceding exercise of the tandem Share Appreciation Right or (b) the highest price per Ordinary Share (or the cash-equivalent thereof as determined by the Board of Directors) paid by an acquiring person during the 60-day period preceding a Change of Control, exceeds the fair market value of an Ordinary Share on the date of exercise of the tandem Share Appreciation Right, plus (2) if the holder is entitled to a Supplemental Payment, an additional payment, calculated under the same formula as used for calculating such holder's Supplemental Payment, with respect to the amount referred to in clause (1) of this sentence.

2.3 FREESTANDING SHARE APPRECIATION RIGHTS

The Committee may grant Freestanding Share Appreciation Rights to employees of the Company and its Subsidiaries, in such form and having such terms and conditions as the Committee, in its discretion, may from time to time determine, subject to the following provisions.

(a) Base Price and Appreciation. Each freestanding SAR shall be granted with a base price, which shall not be less than the fair market value of the Ordinary Shares (as determined by the Committee) on the date the SAR is granted. Upon exercise of a freestanding SAR, the holder shall receive, for each share with respect to which the SAR is exercised, an amount (the "Appreciation") equal to the amount by which the fair market value (as defined below) of an Ordinary Share on the date of exercise of the SAR exceeds the base price of the SAR. For purposes of the preceding

sentence, the fair market value of an Ordinary Share shall be the average of the high and low prices of such share as reported on the New York Stock Exchange composite tape. The Appreciation shall be payable in cash and shall be paid within 30 days of the exercise of the SAR.

(b) Term of SAR. The term of a freestanding SAR shall not exceed ten years from the date of grant, except as provided pursuant to Section 2.3(f) with respect to the death of the grantee. No SAR shall be exercised after the expiration of its term. Any freestanding SAR which is outstanding on the last day of its term (as such term may be extended pursuant to Section 2.3(f)) and as to which the Appreciation is a positive number on such date shall be automatically exercised on such date for cash without any action by the grantee.

(c) Exercise of SARs. Freestanding SARs shall be exercisable at such time or times and subject to such terms and conditions as the Committee may specify in the SAR grant. The Committee shall have discretion to at any time declare all or any portion of the freestanding SARs then outstanding to be immediately exercisable. A freestanding SAR may be exercised in accordance with its terms in whole or in part.

(d) Nontransferability of SARs. No SAR or any interest therein shall be transferable by the grantee other than by will or by the laws of descent and distribution. During a grantee's lifetime, all SARs shall be exercisable only by such grantee or by the guardian or legal representative of the grantee.

(e) Shareholder Rights. The holder of an SAR shall, as such, have none of the rights of a shareholder.

(f) Termination of Employment. The Committee shall have discretion to specify in the SAR grant or an amendment thereof, provisions with respect to the period during which the SAR may be exercised following the grantee's termination of employment. Notwithstanding the foregoing, the Committee shall not permit any SAR to be exercised beyond the term of the SAR established pursuant to Section 2.3(b), except that the Committee may provide that, notwithstanding such SAR term, an SAR which is outstanding on the date of a grantee's death shall remain outstanding and exercisable for up to one year after the grantee's death.

(g) Change of Control. Notwithstanding the exercisability schedule governing any SAR, upon the occurrence of a Change of Control (as defined in Section 6.10) all SARs outstanding at the time of such Change of Control and held by grantees who are employees of the Company or its Subsidiaries at the time of such Change of Control shall become immediately exercisable and, unless the grantee agrees otherwise in writing, shall remain exercisable for the remainder of the SAR term. In addition, the Committee may provide that if a freestanding SAR is exercised within 60 days of the occurrence of a Change of Control, in addition to the Appreciation the holder shall receive, in cash, the amount by which the greater of (a) the highest market price per Ordinary Share during the 60-day period preceding exercise of the SAR or (b) the highest price per Ordinary Share (or the cash equivalent thereof as determined by the

Board of Directors) paid by an acquiring person during the 60-day period preceding a Change of Control, exceeds the fair market value of an Ordinary Share on the date of exercise of the SAR.

2.4 SUPPLEMENTAL PAYMENT ON EXERCISE OF OPTIONS OR SHARE APPRECIATION RIGHTS

The Committee, either at the time of grant or at the time of exercise of any Option or tandem Share Appreciation Right, may provide for a supplemental payment (the "Supplemental Payment") by the Company to the optionee with respect to the exercise of any Option or tandem Share Appreciation Right. The Supplemental Payment shall be in the amount specified by the Committee, which shall not exceed the amount necessary to pay the income tax payable to the national government with respect to both exercise of the Option or tandem Share Appreciation Right and receipt of the Supplemental Payment, assuming the optionee is taxed at the maximum effective income tax rate applicable thereto. The Committee shall have the discretion to grant Supplemental Payments that are payable solely in cash or Supplemental Payments that are payable in cash, Ordinary Shares, or a combination of both, as determined by the Committee at the time of payment. The Supplemental Payment shall be paid within 30 days of the date of exercise of an Option or Share Appreciation Right (or, if later, within 30 days of the date on which income is recognized for federal income tax purposes with respect to such exercise).

2.5 STATUTORY OPTIONS

Subject to the limitations on Option terms set forth in Section 2.1, the Committee shall have the authority to grant (i) incentive stock options within the meaning of Section 422 of the Code and (ii) Options containing such terms and conditions as shall be required to qualify such Options for preferential tax treatment under the Code as in effect at the time of such grant. Options granted pursuant to this Section 2.4 may contain such other terms and conditions permitted by Article II of this Plan as the Committee, in its discretion, may from time to time determine (including, without limitation, provision for Share Appreciation Rights and Supplemental Payments), to the extent that such terms and conditions do not cause the Options to lose their preferential tax treatment. To the extent the Code and Regulations promulgated thereunder require a plan to contain specified provisions in order to qualify options for preferential tax treatment, such provisions shall be deemed to be stated in this Plan.

III. RESTRICTED ORDINARY SHARES

3.1 TERMS AND CONDITIONS OF RESTRICTED ORDINARY SHARES AWARDS

Subject to the following provisions, all awards of Restricted Ordinary Shares under the Plan to employees of the Company and its Subsidiaries shall be in such form and shall have such terms and conditions as the Committee, in its discretion, may from time to time determine.

(a) The Restricted Ordinary Shares award shall specify the number of Restricted Ordinary Shares to be awarded, the price, if any, to be paid by the recipient

of the Restricted Ordinary Shares, and the date or dates on which the Restricted Ordinary Shares will vest. The vesting of Restricted Ordinary Shares may be conditioned upon the completion of a specified period of service with the Company or its Subsidiaries, upon the attainment of specified performance goals, or upon such other criteria as the Committee may determine in its sole discretion.

(b) Share certificates representing the Restricted Ordinary Shares granted to an employee shall be registered in the employee's name. Such certificates shall either be held by the Company on behalf of the employee, or delivered to the employee bearing a legend to restrict transfer of the certificate until the Restricted Ordinary Shares have vested, as determined by the Committee. The Committee shall determine whether the employee shall have the right to vote and/or receive dividends on the Restricted Ordinary Shares before they have vested. No Restricted Ordinary Shares may be sold, transferred, assigned, or pledged by the employee until they have vested in accordance with the terms of the Restricted Ordinary Shares award. In the event of an employee's termination of employment before all of his Restricted Ordinary Shares have vested, or in the event other conditions to the vesting of Restricted Ordinary Shares have not been satisfied prior to any deadline for the satisfaction of such conditions set forth in the award, the Restricted Ordinary Shares which have not vested shall be forfeited and any purchase price paid by the employee shall be returned to the employee. At the time Restricted Ordinary Shares vest (and, if the employee has been issued legended certificates of Restricted Ordinary Shares, upon the return of such certificates to the Company), a certificate for such vested shares shall be delivered to the employee (or the Beneficiary designated by the employee in the event of death), free of all restrictions.

(c) Notwithstanding the vesting conditions set forth in the Restricted Ordinary Shares award, (i) the Committee may in its discretion accelerate the vesting of Restricted Ordinary Shares at any time, and (ii) all Restricted Ordinary Shares shall vest upon a Change of Control of the Company.

3.2 PERFORMANCE AWARDS UNDER SECTION 162(M) OF THE CODE

The Committee shall have the right to designate awards of Restricted Ordinary Shares as "Performance Awards." Notwithstanding any other provisions of this Article III, awards so designated shall be granted and administered in a manner designed to preserve the deductibility of the compensation resulting from such awards in accordance with Section 162(m) of the Code. The grant or vesting of a Performance Award shall be subject to the achievement of performance objectives (the "Performance Objectives") established by the Committee based on one or more of the following criteria, in each case applied to the Company on a consolidated basis and/or to a business unit, and either as an absolute measure or as a measure of comparative performance relative to a peer group of companies: sales, operating profits, operating profits before interest expense and taxes, net earnings, earnings per share, return on equity, return on assets, return on invested capital, total shareholder return, cash flow, debt to equity ratio, market share, share price, economic value added, and market value added.

The Performance Objectives for a particular Performance Award relative to a particular fiscal year shall be established by the Committee in writing no later than 90 days after the beginning of such year. The Committee shall have the authority to determine whether the Performance Objectives and other terms and conditions of the award are satisfied, and the Committee's determination as to the achievement of Performance Objectives relating to a Performance Award shall be made in writing. The Committee shall have discretion to modify or waive the Performance Objectives or conditions to the grant or vesting of a Performance Award only to the extent that the exercise of such discretion would not cause the Performance Award to fail to qualify as "performance-based compensation" within the meaning of Section 162(m) of the Code.

3.3 SUPPLEMENTAL PAYMENT ON VESTING OF RESTRICTED ORDINARY SHARES

The Committee, either at the time of grant or at the time of vesting of Restricted Ordinary Shares, may provide for a Supplemental Payment by the Company to the employee in an amount specified by the Committee which shall not exceed the amount necessary to pay the federal income tax payable with respect to both the vesting of the Restricted Ordinary Shares and receipt of the Supplemental Payment, assuming the employee is taxed at the maximum effective federal income tax rate applicable thereto and has not elected to recognize income with respect to the Restricted Ordinary Shares before the date such Restricted Ordinary Shares vest. The Supplemental Payment shall be paid within 30 days of each date that Restricted Ordinary Shares vest. The Committee shall have the discretion to grant Supplemental Payments that are payable solely in cash or Supplemental Payments that are payable in cash, Ordinary Shares, or a combination of both, as determined by the Committee at the time of payment.

IV. SHARE OPTIONS OR FREESTANDING SHARE APPRECIATION RIGHTS FOR DIRECTORS

4.1 GRANT OF OPTIONS OR FREESTANDING SARS

Each person who becomes an Eligible Director (other than a person who first becomes an Eligible Director on the date of an annual meeting of the Company's shareholders) shall be granted, effective as of the date such person becomes an Eligible Director, (i) an Option to purchase 4,000 Ordinary Shares, if such person is not then residing in Norway, or (ii) a freestanding SAR with respect to 4,000 Ordinary Shares, if such person is then residing in Norway. Each person who is or becomes an Eligible Director on the date of an annual meeting of the Company's shareholders and whose service on the Board of Directors will continue after such meeting shall be granted, effective as of the date of such meeting, (i) an Option to purchase 4,000 Ordinary Shares, if such person is not then residing in Norway, or (ii) a freestanding SAR with respect to 4,000 Ordinary Shares, if such person is then residing in Norway.

4.2 TERMS AND CONDITIONS OF OPTIONS

Each Option granted under this Article shall have the following terms and conditions:

(a) Option Price. The option price per share shall be the closing sales price of an Ordinary Share on the date the Option is granted (or, if the Ordinary Shares are not traded on such date, on the immediately preceding date on which the Ordinary Shares are traded).

(b) Term of Option. Each Option shall expire ten years from the date of grant, except as provided in Section 4.2(c) with respect to the death of an optionee. No Option shall be exercised after the expiration of its term.

(c) Exercise of Options. Subject to Section 4.2(g) and the remainder of this paragraph, each Option shall become exercisable in installments as follows: (1) a total of 1,333 Ordinary Shares may be purchased through exercise of the Option on or after the first anniversary of the date of grant; (2) a total of 2,666 Ordinary Shares may be purchased through exercise of the Option on or after the second anniversary of the date of grant; and (3) a total of 4,000 Ordinary Shares may be purchased through exercise of the Option on or after the third anniversary of the date of grant. If a Participant ceases to be a Director of the Company as a result of death, disability, or retirement from the Board of Directors on his Retirement Date (as defined in Section 4.2(i)), each Option shall immediately become fully exercisable and shall remain exercisable for the remainder of its term, except that an Option which is outstanding on the date of an optionee's death shall remain outstanding and exercisable for a term of the greater of ten years from the date of grant or one year after the optionee's death. If a Participant ceases to be a Director of the Company for any reason not set forth in the preceding sentence, no additional portions of the Option will become exercisable, and the portion of the Option that is then exercisable shall expire if not exercised within 60 days after cessation of service as a Director. An Option may be exercised in accordance with its terms as to any or all shares purchasable thereunder.

(d) Payment for Shares. Payment for shares as to which an Option is exercised shall be made in cash, Ordinary Shares or a combination thereof, in the discretion of the Participant, or in such other manner as the Committee in its discretion may provide. Ordinary Shares delivered in payment of the Option price shall be valued at the average of the high and low prices of such Shares on the date of exercise (or, if the Ordinary Shares are not traded on such date, at the weighted average of the high and low prices on the nearest trading dates before and after such date).

(e) Nontransferability of Options. No Option or any interest therein shall be transferable by the Participant other than by will or by the laws of descent and distribution. During a Participant's lifetime, all Options shall be exercisable only by such Participant or by the guardian or legal representative of the Participant.

(f) Shareholder Rights. The holder of an Option shall, as such, have none of the rights of a shareholder.

(g) Change of Control. Notwithstanding any other provisions of the Plan, upon the occurrence of a Change of Control (as defined in Section 6.10) all Options

outstanding at the time of such Change of Control shall become immediately exercisable and shall remain exercisable for the remainder of their term.

(h) Tax Status. The Options granted under this Article shall be "non-qualified" options, and shall not be incentive stock options as defined in Section 422 of the Code.

(i) Retirement Date. For purposes of this Article, a Participant's Retirement Date shall mean the date on which the Participant shall be required to retire from the Board of Directors under the retirement policies of the Board of Directors as in effect on the date of the Participant's retirement.

4.3 TERMS AND CONDITIONS OF FREESTANDING SHARE APPRECIATION RIGHTS

Each Freestanding Share Appreciation Right granted under this Article shall have the following terms and conditions:

(a) Base Price and Appreciation. The base price of the SAR shall be the closing sales price of an Ordinary Share on the date the SAR is granted (or, if the Ordinary Shares are not traded on such date, on the immediately preceding date on which the Ordinary Shares are traded). Upon exercise of an SAR, the holder shall receive, for each share with respect to which the SAR is exercised, an amount (the "Appreciation") equal to the amount by which the fair market value of an Ordinary Share on the date of exercise of the SAR exceeds the base price of the SAR. For purposes of the preceding sentence, the fair market value of an Ordinary Share shall be the average of the high and low prices of such share as reported on the New York Stock Exchange composite tape. The Appreciation shall be payable in cash and shall be paid within 30 days of the exercise of the SAR.

(b) Term of SAR. Each SAR shall expire ten years from the date of grant, except as provided in Section 4.3(c) with respect to the death of a Participant. No SAR shall be exercised after the expiration of its term.

(c) Exercise of SARs. Subject to Section 4.3(f) and the remainder of this paragraph, each SAR shall become exercisable in installments as follows: (1) the SAR shall be exercisable with respect to a total of 1,333 Ordinary Shares on or after the first anniversary of the date of grant; (2) the SAR shall be exercisable with respect to a total of 2,666 Ordinary Shares on or after the second anniversary of the date of grant; and (3) the SAR shall be exercisable with respect to a total of 4,000 Ordinary Shares on or after the third anniversary of the date of grant. If a Participant ceases to be a Director of the Company as a result of death, disability, or retirement from the Board of Directors on his Retirement Date (as defined in Section 4.2(i)), each SAR shall immediately become fully exercisable and shall remain exercisable for the remainder of its term, except that notwithstanding the term of the SAR, an SAR which is outstanding on the date of a Participant's death shall remain outstanding and exercisable for a term of the greater of ten years from the date of grant or one year after the Participant's death. If a Participant ceases to be a Director of the Company for any reason not set forth in the preceding sentence, no additional portions of the SAR will become exercisable, and the

portion of the SAR that is then exercisable shall expire if not exercised within 60 days after cessation of service as a Director. An SAR may be exercised in accordance with its terms in whole or in part.

(d) Nontransferability of SARs. No SAR or any interest therein shall be transferable by the Participant other than by will or by the laws of descent and distribution. During a Participant's lifetime, all SARs shall be exercisable only by such Participant or by the guardian or legal representative of the Participant.

(e) Shareholder Rights. The holder of an SAR shall, as such, have none of the rights of a shareholder.

(f) Change of Control. Notwithstanding any other provisions of the Plan, upon the occurrence of a Change of Control (as defined in Section 6.10) all SARs outstanding at the time of such Change of Control shall become immediately exercisable and shall remain exercisable for the remainder of their term.

(g) Special Provisions. Notwithstanding the foregoing provisions of Section 4.3, the freestanding SARs granted to Eligible Directors residing in Norway who were first elected to the Board of Directors in 1996 (and who waived the grant of an Option to which they were then entitled under the terms of the Plan as then in effect) with respect to their initial election to the Board of Directors (i) shall have a base price equal to the closing sales price of the Ordinary Shares on the date of their initial election, and (ii) shall have exercise and expiration dates determined as if such SARs had been granted on the date of their initial election.

4.4 SUPPLEMENTAL PAYMENT ON EXERCISE OF PRIOR AWARDS OF OPTIONS OR SARS

(a) Supplemental Payments. Within 30 days of each date that an Option or SAR granted prior to the date of this Amendment and Restatement is exercised, a Supplemental Payment shall be paid to the Participant (or to the Participant's Beneficiary in the event of death), in cash, in an amount equal to the amount necessary to pay the income tax payable to the national government where the Director resides with respect to both the exercise of such Option or SAR and receipt of the Supplemental Payment, assuming the Participant is taxed at the maximum effective income tax rate applicable thereto; provided, however, that no such payment shall be made if the Participant has waived his right to the payment pursuant to Section 4.4(b).

(b) Waiver. The Committee may grant an additional Option or SAR, as applicable, to any Participant who agrees in writing to waive the right to receive a supplemental cash payment under Section 4.4(a). Such Option or SAR shall be immediately exercisable. All other provisions of Section 4.2 or 4.3 will apply as though the date of acceptance of the Option or SAR were the date of grant. Notwithstanding the foregoing, however, in no event shall (i) the number of Ordinary Shares subject to this Section 4.4(b) exceed 50,000, or (ii) the number of SARs subject to this Section 4.4(b) exceed 50,000.

V. CASH PERFORMANCE AWARDS

5.1 TERMS AND CONDITIONS OF CASH PERFORMANCE AWARDS

A "Cash Award" is a cash bonus paid solely on account of the attainment of one or more objective performance goals that have been preestablished by the Committee. Each Cash Award shall be subject to such terms and conditions, restrictions and contingencies, if any, as the Committee shall determine. Restrictions and contingencies limiting the right to receive a cash payment pursuant to a Cash Award shall be based on the achievement of single or multiple performance goals over a performance period established by the Committee. No employee shall receive Cash Awards during any calendar year aggregating in excess of $1 million.

5.2 PERFORMANCE OBJECTIVES UNDER SECTION 162(M) OF THE CODE

The Committee shall have the right to designate Cash Awards as "Cash Performance Awards." Notwithstanding any other provisions of this Article V, awards so designated shall be granted and administered in a manner designed to preserve the deductibility of the compensation resulting from such awards in accordance with Section 162(m) of the Code. The payment of a Cash Performance Award shall be subject to the achievement of performance objectives (the "Performance Objectives") established by the Committee based on one or more of the following criteria, in each case applied to the Company on a consolidated basis and/or to a business unit, and either as an absolute measure or as a measure of comparative performance relative to a peer group of companies: sales, operating profits, operating profits before interest expense and taxes, net earnings, earnings per share, return on equity, return on assets, return on invested capital, total shareholder return, cash flow, debt to equity ratio, market share, share price, economic value added, and market value added.

The Performance Objectives for a particular Cash Performance Award relative to a particular fiscal year shall be established by the Committee in writing no later than 90 days after the beginning of such year. The Committee shall have the authority to determine whether the Performance Objectives and other terms and conditions of the award are satisfied, and the Committee's determination as to the achievement of Performance Objectives relating to a Cash Performance Award shall be made in writing.

VI. ADDITIONAL PROVISIONS

6.1 GENERAL RESTRICTIONS

Each award under the Plan shall be subject to the requirement that, if at any time the Committee shall determine that (i) the listing, registration or qualification of the Ordinary Shares subject or related thereto upon any securities exchange or under any state or federal law, or (ii) the consent or approval of any government regulatory body, or (iii) an agreement by the recipient of an award with respect to the disposition of Ordinary Shares is necessary or desirable (in connection with any requirement or interpretation of any federal or state securities law, rule or regulation) as a condition of, or in connection with, the granting of such award or the issuance, purchase or delivery

of Ordinary Shares thereunder, such award may not be consummated in whole or in part unless such listing, registration, qualification, consent, approval or agreement shall have been effected or obtained free of any conditions not acceptable to the Committee.

6.2 ADJUSTMENTS FOR CHANGES IN CAPITALIZATION

In the event of a scheme of arrangement, reorganization, recapitalization, Ordinary Share split, Ordinary Share dividend, combination of shares, rights offer, liquidation, dissolution, merger, consolidation, spin-off, sale of assets, payment of an extraordinary cash dividend, or any other change in or affecting the corporate structure or capitalization of the Company, the Committee shall make appropriate adjustment in the number and kind of shares authorized by the Plan (including any limitations on individual awards), in the number, price or kind of shares covered by the awards and in any outstanding awards under the Plan; provided, however, that no such adjustment shall increase the aggregate value of any outstanding award.

6.3 AMENDMENTS

(a) The Board of Directors may amend the Plan from time to time. No such amendment shall require approval by the shareholders unless shareholder approval is required to satisfy Rule 16b-3 under the Securities Exchange Act of 1934 or Section 162(m) of the Code, or by applicable law or Stock exchange requirements.

(b) The Committee shall have the authority to amend any grant to include any provision which, at the time of such amendment, is authorized under the terms of the Plan; however, no outstanding award may be revoked or altered in a manner unfavorable to the holder without the written consent of the holder.

(c) If a Participant has ceased or will cease to be a Director of the Company for the convenience of the Company (as determined by the Board of Directors), the Board of Directors may amend all or any portion of such Participant's Options or SARs so as to make such Options or SARs fully exercisable and/or specify a schedule upon which they become exercisable, and/or permit all or any portion of such Options or SARs to remain exercisable for such period designated by it, but not beyond the expiration of the term established pursuant to Section 4.2(b) or 4.3(b). A Participant shall not participate in the deliberations or vote by the Board of Directors under this paragraph with respect to his Options or SARs. The exercise periods of Options or SARs established by the Board of Directors pursuant to this paragraph shall override the provisions of Section 4.2(c) or 4.3(c) to the extent inconsistent therewith.

6.4 CANCELLATION OF AWARDS

Any award granted under Articles II and III of the Plan may be canceled at any time with the consent of the holder and a new award may be granted to such holder in lieu thereof, which award may, in the discretion of the Committee, be on more favorable terms and conditions than the canceled award; provided, however, that the Committee may not reduce the exercise or base price of outstanding Options or SARs where the

existing exercise or base price is higher than the then current market price of the Ordinary Shares.

6.5 BENEFICIARY

An employee or Participant may file with the Company a written designation of Beneficiary, on such form as may be prescribed by the Committee, to receive any Options, SARs, Restricted Shares, Ordinary Shares and Supplemental Payments that become deliverable to the employee or Participant pursuant to the Plan after the employee's or Participant's death. An employee or Participant may, from time to time, amend or revoke a designation of Beneficiary. If no designated Beneficiary survives the employee or Participant, the executor or administrator of the employee's or Participant's estate shall be deemed to be the employee's or Participant's Beneficiary.

6.6 WITHHOLDING

(a) Whenever the Company proposes or is required to issue or transfer Ordinary Shares under the Plan, the Company shall have the right to require the award holder to remit to the Company an amount sufficient to satisfy any applicable withholding tax liability prior to the delivery of any certificate for such shares. Whenever under the Plan payments are to be made in cash, such payments shall be net of an amount sufficient to satisfy any withholding tax liability.

(b) An employee entitled to receive Ordinary Shares under the Plan who has not received a cash Supplemental Payment may elect to have a minimum statutory withholding tax liability with respect to such Ordinary Shares satisfied by having the Company withhold from the shares otherwise deliverable to the employee Ordinary Shares having a value equal to the amount of the tax liability to be satisfied with respect to the Ordinary Shares. An election to have all or a portion of the tax liability satisfied using Ordinary Shares shall comply with such requirements as may be imposed by the Committee.

6.7 NON-ASSIGNABILITY

Except as expressly provided in the Plan, no award under the Plan shall be assignable or transferable by the holder thereof except by will or by the laws of descent and distribution. During the life of the holder, awards under the Plan shall be exercisable only by such holder or by the guardian or legal representative of such holder.

6.8 NON-UNIFORM DETERMINATIONS

Determinations by the Committee under the Plan (including, without limitation, determinations of the persons to receive awards under Articles II and III; the form, amount and timing of such awards; the terms and provisions of such awards and the agreements evidencing same; and provisions with respect to termination of employment) need not be uniform and may be made by it selectively among persons

who receive, or are eligible to receive, awards under the Plan, whether or not such persons are similarly situated.

6.9 NO GUARANTEE OF EMPLOYMENT OR DIRECTORSHIP

The grant of an award under the Plan shall not constitute an assurance of continued employment for any period or any obligation of the Board of Directors to nominate any Director for re-election by the Company's shareholders.

6.10 CHANGE OF CONTROL

A "Change of Control" means:

(a) The acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) (a "Person") of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 20% or more of either (i) the then outstanding ordinary shares of the Company (the "Outstanding Company Ordinary Shares") or (ii) the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the "Outstanding Company Voting Securities"); provided, however, that for purposes of this subsection (a), the following acquisitions shall not constitute a Change of Control: (i) any acquisition directly from the Company, (ii) any acquisition by the Company, (iii) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation or other entity controlled by the Company or (iv) any acquisition by any corporation or other entity pursuant to a transaction which complies with clauses (i), (ii) and (iii) of subsection (c) of this Section 6.10; or

(b) Individuals who, as of the date hereof, constitute the Board of the Company (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board of the Company; provided, however, that for purposes of this Section 6.10 any individual becoming a director subsequent to the date hereof whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board of the Company; or

(c) Consummation of a scheme of arrangement, reorganization, merger or consolidation or sale or other disposition of all or substantially all of the assets of the Company (a "Business Combination"), in each case, unless, following such Business Combination, (i) all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Company Ordinary Shares and Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 50% of, respectively, the

then outstanding ordinary shares or shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation or other entity resulting from such Business Combination (including, without limitation, a corporation or other entity which as a result of such transaction owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Business Combination of the Outstanding Company Ordinary Shares and Outstanding Company Voting Securities, as the case may be, (ii) no Person (excluding any corporation or other entity resulting from such Business Combination or any employee benefit plan (or related trust) of the Company or such corporation or other entity resulting from such Business Combination) beneficially owns, directly or indirectly, 20% or more of, respectively, the then outstanding ordinary shares or shares of common stock of the corporation or other entity resulting from such Business Combination or the combined voting power of the then outstanding voting securities of such corporation or other entity except to the extent that such ownership existed prior to the Business Combination and (iii) at least a majority of the members of the board of directors of the corporation resulting from such Business Combination were members of the Incumbent Board at the time of the action of the Board of the Company providing for such Business Combination; or

(d) Approval by the shareholders of the Company of a complete liquidation or dissolution of the Company.

6.11 DURATION AND TERMINATION

(a) The Plan shall be of unlimited duration. Notwithstanding the foregoing, no incentive Share option (within the meaning of Section 422 of the Code) shall be granted under the Plan, and no Options or SARs shall be granted under the Plan to Eligible Directors under Article IV, after May 1, 2003, but awards granted prior to such dates may extend beyond such dates, and the terms of this Plan shall continue to apply to all awards granted hereunder.

(b) The Board of Directors may discontinue or terminate the Plan at any time. Such action shall not impair any of the rights of any holder of any award outstanding on the date of the Plan's discontinuance or termination without the holder's written consent.

6.12 EFFECTIVE DATE

The Plan was originally effective May 1, 1993. The Plan was amended and restated effective March 13, 1997 and March 12, 1998 and amended effective May 14, 1999. This amendment and restatement of the Plan was adopted by the Board of Directors effective January 1, 2000, and the increase in the number of Ordinary Shares reserved for issuance under the Plan and the increase in the aggregate number of Ordinary Shares subject to awards of freestanding SARs to employees was approved by the holders of a majority of issued and outstanding Ordinary Shares at the extraordinary general shareholders' meeting held on December 10, 1999.

IN WITNESS WHEREOF, this document has been executed effective as of January 1, 2000.

TRANSOCEAN SEDCO FOREX INC.

By: /s/ Eric B. Brown

Eric B. Brown
Corporate Secretary

EXHIBIT 10.10

TRANSOCEAN SEDCO FOREX INC.
DEFERRED COMPENSATION PLAN

(As Amended and Restated Effective January 1, 2000)

THIS PLAN, made and executed at Houston, Texas by TRANSOCEAN SEDCO FOREX INC., a Cayman Islands exempted company (the "Company"), effective July 1, 1998, primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees of the Company and its participating affiliates and for the purpose of providing non-employee members of the Board of Directors of the Company the ability to defer receipt of all or part of their compensation from the Company, and as thereafter amended in November 1999, by the First Amendment thereto, is hereby amended and restated effective January 1, 2000.

ARTICLE I.

DEFINITIONS

Section 1.1 Definitions. Unless the context clearly indicates otherwise, when used in this Plan:

(a) "Account" means a Participant's Deferral Account and/or Employer Account, as the case may be.

(b) "Adjustment Date" means the last day of each calendar quarter and such other dates as the Administrative Committee in its discretion may prescribe.

(c) "Affiliated Company" means any corporation or organization which together with the Company would be treated as a single employer under Section 414 of the Code.

(d) "Administrative Committee" means the committee designated pursuant to Section 2.1 to administer this Plan.

(e) "Change of Control" means:

(i) The acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) (a "Person") of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 20% or more of either (A) the then outstanding shares of common stock of the Company (the "Outstanding Company Common Stock") or (B) the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the "Outstanding Company Voting Securities"); provided, however, that for purposes of this subsection (i), the following acquisitions shall not constitute a Change of Control: (A) any acquisition directly from the Company, (B) any acquisition by the Company, (C) any acquisition by any employee benefit

plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company or (D) any acquisition by any corporation pursuant to a transaction which complies with clauses (A), (B) and (C) of subsection (iii) of this Section 1.1(e); or

(ii) Individuals who, as of the date hereof, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the date hereof whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board; or

(iii) Consummation of a reorganization, merger or consolidation or sale or other disposition of all or substantially all of the assets of the Company (a "Business Combination"), in each case, unless, following such Business Combination, (A) all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 50% of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such Business Combination (including, without limitation, a corporation which as a result of such transaction owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Business Combination of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be, (B) no Person (excluding any corporation resulting from such Business Combination or any employee benefit plan (or related trust) of the Company or such corporation resulting from such Business Combination) beneficially owns, directly or indirectly, 20% or more of, respectively, the then outstanding shares of common stock of the corporation resulting from such Business Combination or the combined voting power of the then outstanding voting securities of such corporation except to the extent that such ownership existed prior to the Business Combination and (C) at least a majority of the members of the board of directors of the corporation resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination; or

(iv) Approval by the shareholders of the Company of a complete liquidation or dissolution of the Company.

Notwithstanding the foregoing, the consummation of the transaction contemplated by the Agreement and Plan of Merger by and between Schlumberger Limited, Sedco Forex

Holdings Limited, and the Company dated July 12, 1999, will not be deemed a Change of Control for purposes of the Plan.

(f) "Code" means the Internal Revenue Code of 1986, as amended from time to time.

(g) "Company" means TRANSOCEAN SEDCO FOREX INC., a Cayman Islands exempted company, and its successors.

(h) "Compensation Committee" means the Compensation Committee of the Board of Directors of the Company.

(i) "Deferral Account" means the account established and maintained on the books of an Employer to record a Participant's interest under this Plan attributable to amounts credited to such Participant pursuant to Sections 3.1, 3.2, 3.3 and/or 3.5.

(j) "Director" means a member of the Board of Directors of the Company who is not also an Employee; provided, however, that no Director who is not already a member of the Board of Directors of the Company immediately prior to a Change of Control shall become eligible to participate in this Plan upon or after a Change of Control.

(k) "Effective Date" means July 1, 1998.

(l) "Election Period" means

(i) such period immediately prior to the beginning of a Plan Year (or, with respect to the Short Plan Year, the period immediately prior to the Effective Date) specified by the Administrative Committee for the making of deferral elections for such Plan Year pursuant to Sections 3.1, 3.2 and/or 3.5,

(ii) for purposes of Sections 3.1 and 3.5, solely with respect to individuals who first become Eligible Employees or Directors after the beginning of a Plan Year (or Short Plan Year), the period of 60 days (or shorter period as may be prescribed by the Administrative Committee) beginning on the date such individual becomes an Eligible Employee or Director, as the case may be,

(iii) with respect to deferral elections pursuant to Section 3.3, such period determined in accordance with Section 3.3, or

(iv) with respect to a Participant whose Account is credited with an Employer contribution or who has entered into a Deferred Compensation Award Agreement pursuant to Section 3.4 prior to making any deferral election pursuant to this Plan, the period immediately prior to the date such Employer contribution is credited or such Deferred Compensation Award Agreement is signed by the Participant as may be specified by the Administrative Committee).

(m) "Eligible Employee" means any Employee who is one of a select group of management or highly compensated employees and

(i) whose annual base salary equals or exceeds $125,000, or

(ii) whose annual base salary equals or exceeds $100,000 and whose position is of significant impact on the operations of his or her Employer as determined by the Administrative Committee in its absolute discretion;

provided, however, that no Employee who is not already an Eligible Employee immediately prior to a Change of Control shall become eligible to participate in this Plan upon or after a Change of Control.

(n) "Employee" means an individual who is employed by an Employer and is subject to U.S. income taxation.

(o) "Employer" includes the Company, Transocean Offshore Deepwater Drilling Inc. ("TODDI") and any subsidiaries of TODDI which are Affiliated Companies and are incorporated in the United States, and any other Affiliated Company incorporated in the United States which adopts this Plan with the consent of the Compensation Committee in accordance with Section 6.5.

(p) "Employer Account" means the account established and maintained on the books of an Employer to record an Employee Participant's interest under this Plan attributable to amounts credited to such Participant pursuant to Section 3.4.

(q) "Net Amount Payable" means the gross amount payable to a Participant by the Company or other Employer absent a deferral election under this Plan minus all amounts to be deducted from the gross amount other than income tax withholding, amounts deferred under a cash or deferred arrangement subject to Section 401(k) of the Internal Revenue Code and deferrals under this Plan.

(r) "Ordinary Shares" means ordinary shares, par value U.S. $0.01 per share, of the Company.

(s) "Participant" means a Director, former Director, Eligible Employee or former Eligible Employee for whom an Account is being maintained under this Plan.

(t) "Plan" means this Transocean Sedco Forex Inc. Deferred Compensation Plan, as in effect from time to time on and after the Effective Date.

(u) "Plan Year" means each calendar year commencing after the Short Plan Year.

(v) "Short Plan Year" means the period commencing on the Effective Date and ending on December 31, 1998.

(w) "Termination Date" means with respect to an Employee Participant, the termination of employment with an Employer or Affiliated Company for any reason other than death or transfer to employment with another Employer or Affiliated Company, and with respect to a Director Participant, the termination of service as a Director of the Company.

ARTICLE II.

PLAN ADMINISTRATION

Section 2.1 Administrative Committee. This Plan shall be administered by an Administrative Committee composed of the individuals appointed to serve as the administrative committee for the Company's Retirement Plan. Each member of the Administrative Committee so appointed shall serve in such office until his or her death, resignation or removal by the Company's Board of Directors. The Administrative Committee shall have discretionary and final authority to interpret and implement the provisions of the Plan, including without limitation, authority to determine eligibility for benefits under the Plan. The Administrative Committee shall act by a majority of its members at the time in office and such action may be taken either by a vote at a meeting or in writing without a meeting. The Administrative Committee may adopt such rules and procedures for the administration of the Plan as are consistent with the terms hereof and shall keep adequate records of its proceedings and acts. Every interpretation, choice, determination or other exercise by the Administrative Committee of any power or discretion given either expressly or by implication to it shall be conclusive and binding upon all parties having or claiming to have an interest under the Plan or otherwise directly or indirectly affected by such action, without restriction, however, on the right of the Administrative Committee to reconsider and redetermine such action.

Section 2.2 Appointment of Independent Committee.

(a) Upon a Change of Control, an Independent Committee consisting of at least three members shall be appointed by the Compensation Committee subject to the written approval of a majority of the Participants in the Plans on the date of such Change of Control. Each member of the Independent Committee so appointed shall serve in such office until his or her death, resignation or removal. The Compensation Committee may remove any member of the Independent Committee by giving written notice thereof to all Plan Participants and all members of the Independent Committee; provided, however, that no member of the Independent Committee may be removed by the Compensation Committee except with the written consent of a majority of the Plan Participants. Vacancies on the Independent Committee shall be filled from time to time by the Compensation Committee subject to the written approval of a majority of the Participants in the Plans on the date such vacancy is filled.

(b) The Independent Committee shall act by a majority of its members at the time in office and such action may be taken either by a vote at a meeting or in writing without a meeting. The Independent Committee may by such majority action authorize any one or more of its members to execute any document or documents on behalf of the Independent Committee. Every interpretation, choice, determination or other exercise by the Independent Committee of any power or discretion given either expressly or by implication to it shall be conclusive and binding upon all parties having or claiming to have an interest under the Plan or otherwise directly or indirectly affected by such action, without restriction, however, on the right of the Independent Committee to reconsider and redetermine such action.

(c) Any provision of this Plan to the contrary notwithstanding, in the event that (i) the Compensation Committee shall not appoint an Independent Committee within 30 days following a Change of Control or a majority of the Participants in the Plans do not approve in writing at least three members selected by the Compensation Committee to serve on an Independent Committee within such 30-day period or (ii) the Compensation Committee does not fill a vacancy on the Independent Committee within 30 days of the date such office becomes vacant or a majority of the Participants in the Plans do not approve in writing the Compensation Committee's selection to fill a vacancy on the Independent Committee within such 30-day period, then the Participants in the Plans shall elect, by majority vote, up to three individuals to the extent necessary to ensure that the Independent Committee consists of three members.

(d) Any provision of this Plan to the contrary notwithstanding, on and after the date of a Change of Control, the Independent Committee appointed in accordance with this Section shall be responsible for the administration of this Plan and shall have all of the powers, duties, responsibilities and obligations of the Administrative Committee as provided hereunder. In addition, the Independent Committee shall determine the amount of the irrevocable contributions to be made by the Company to the Deferred Compensation Trust established in accordance with Section 6.2 hereof, and have all authority otherwise allocated to the Administrative Committee under the terms of said Deferred Compensation Trust to determine the entitlement of Plan Participants and beneficiaries to benefits under the terms of the Plan, the amounts payable with respect to each Plan Participant (and his or her beneficiaries), the form in which such amounts are to be paid and the time of commencement for payment of such amounts, and to direct the trustee of the Deferred Compensation Trust to make payments to Plan Participants and their beneficiaries in accordance with such determinations.

ARTICLE III.

DEFERRED COMPENSATION PROVISIONS

Section 3.1 Base Salary Deferral Election. During the Election Period prior to the beginning of each Plan Year (and the Short Plan Year), or with respect to a new Eligible Employee the Election Period during a Plan Year (or the Short Plan Year), an Eligible Employee may elect to

have the payment of an amount of up to 90% of the annual base salary otherwise payable by an Employer to such Eligible Employee for such Plan Year (or the Short Plan Year), but not in excess of the Net Amount Payable of such base salary, deferred for payment in the manner and at the time specified in Article IV; provided, however, that the Administrative Committee may in its discretion establish a minimum amount that an Eligible Employee may elect to defer for a Plan Year (or the Short Plan Year) pursuant to this Section 3.1. The amount of annual base salary a Participant elects to defer pursuant to this Section 3.1 shall be deducted from the Participant's pay in substantially equal amounts over all pay periods during the Plan Year (or Short Plan Year). All elections made pursuant to this Section 3.1 shall be made in writing on a form prescribed by and filed with the Administrative Committee and shall be irrevocable; provided, however, that effective as of the first day of any calendar quarter during a Plan Year, an Eligible Employee may revoke his or her deferral election and thereby suspend further salary deferrals for the remainder of such Plan Year by providing written notice thereof to the Administrative Committee no later than 15 days prior to the effective date of such suspension. Any Eligible Employee who so suspends his or her salary deferrals pursuant to this Section shall not be permitted to elect future salary deferrals pursuant to this Section to be effective earlier than the first day of the next Plan Year.

Section 3.2 Performance Award Cash Bonus Deferral Election. During the Election Period prior to the beginning of each Plan Year (but not the Short Plan Year), an Eligible Employee may elect to have the payment of an amount up to 100% of any future bonus otherwise payable pursuant to the Performance Award Cash Bonus Plan by an Employer with respect to services to be performed by such Eligible Employee during such Plan Year, but not in excess of the Net Amount Payable of such bonus, deferred for payment in the manner and at the time specified in Article IV; provided, however, that the Administrative Committee may in its discretion establish a minimum amount that an Eligible Employee may elect to defer for a Plan Year pursuant to this Section 3.2. All elections made pursuant to this Section 3.2 shall be made in writing on a form prescribed by and filed with the Administrative Committee and shall be irrevocable.

Section 3.3 Special Payment Deferral Election. In addition to the above, during the Election Period prescribed pursuant to this Section, an Eligible Employee may elect to have the payment of an amount of up to 100% of any bonus or other special payment as may be designated by the Chief Executive Officer of the Company (or with respect to amounts otherwise payable to the Chief Executive Officer of the Company, designated by the Chairman of the Compensation Committee) otherwise payable by an Employer with respect to such Eligible Employee, but not in excess of the Net Amount Payable of such bonus or special payment, deferred for payment in the manner and at the time specified in Article IV with the deferral election to be made in the manner and during the Election Period prescribed by the Chief Executive Officer of the Company (or with respect to amounts otherwise payable to the Chief Executive Officer of the Company, the Chairman of the Compensation Committee); provided, however, that any such election must be made in writing by the Eligible Employee prior to the time at which the Eligible Employee otherwise is entitled to receive payment of the amount from the Employer and shall be irrevocable.

Section 3.4 Employer Contributions. For each Plan Year (and the Short Plan Year) each Employer shall credit to the Employer Accounts as an Employer contribution such amount, if any, to be determined by the Compensation Committee. Any Employer contribution so determined for a Plan Year shall be credited to Participants' Employer Accounts at the time and in the manner described in Section 3.6. In addition, the Chief Executive Officer of the Company may enter into "Deferred Compensation Award Agreements" with such Eligible Employees as may from time to time be approved by the Compensation Committee. Such Agreements shall provide for the grant

of a deferred compensation award, either fixed as to amount or determinable pursuant to a formula, to the Eligible Employee subject to such vesting requirements, including performance criteria, as shall be approved by the Compensation Committee.

Section 3.5 Director Fee Deferral Election. During the Election Period prior to the beginning of each Plan Year (and the Short Plan Year), or with respect to a new Director the Election Period during a Plan Year (or the Short Plan Year), a Director may elect to have the payment of an amount of up to 100% of the cash fees otherwise payable by the Company to such Director for services rendered to the Company as a member of its Board of Directors, including services on a committee of the Board of Directors, for such Plan Year (or the Short Plan Year), but not in excess of the Net Amount Payable of such fees, deferred for payment in the manner and at the time specified in Article IV; provided, however, that the Administrative Committee may in its discretion establish a minimum amount that a Director may elect to defer for a Plan Year (or the Short Plan Year) pursuant to this Section 3.5. The amount of Director fees a Participant elects to defer pursuant to this Section 3.5 shall be deducted from the Participant's fees during the Plan Year (or Short Plan Year). All elections made pursuant to this Section 3.5 shall be made in writing on a form prescribed by and filed with the Administrative Committee and shall be irrevocable; provided, however, that effective as of the first day of any calendar quarter during a Plan Year, a Director may revoke his or her deferral election and thereby suspend further fee deferrals for the remainder of such Plan Year by providing written notice thereof to the Administrative Committee no later than 15 days prior to the effective date of such suspension. Any Director who so suspends his or her deferrals pursuant to this Section shall not be permitted to elect future fee deferrals pursuant to this Section to be effective earlier than the first day of the next Plan Year.

Section 3.6 Accounts and Allocations.

(a) An Employer shall establish and maintain on its books a Deferral Account and an Employer Account for each Eligible Employee employed by such Employer who elects to participate in this Plan. The Company shall establish and maintain on its books a Deferral Account for each Director who elects to participate in this Plan. Each such Account shall be designated by the name of the Participant for whom it is established. The Administrative Committee may require separate subaccounts to be maintained within a Participant's Deferral Account and Employer Account.

(b) Amounts deferred for a Participant pursuant to Sections 3.1, 3.2, 3.3 and/or 3.5 shall be credited by the Employer to such Participant's Deferral Account as of the date such amounts otherwise would have been paid to such Participant by such Employer.

(c) The amount of any deferred compensation award pursuant to Section 3.4 hereof which vests pursuant to the terms of a Deferred Compensation Award Agreement entered into with an Eligible Employee shall be credited to such Participant's Deferral Account as of the date of such vesting, if such individual is an Eligible Employee as of the date of vesting.

(d) Any Employer contribution declared for a Plan Year pursuant to Section 3.4 shall be credited to the Employer Accounts of those Employee Participants specified by the Compensation Committee at the time and in the manner determined by the Compensation Committee in its absolute discretion.

(e) An Employer shall continue maintaining a Participant's Accounts as long as a positive balance remains credited to such Accounts.

Section 3.7 Account Adjustments. As of each Adjustment Date, the amount credited to a Participant's Accounts as of the preceding Adjustment Date, less any distributions or forfeitures made with respect to such Accounts since such preceding Adjustment Date, shall be adjusted by reference to the fluctuations in value, taking into account gain, loss, expenses and other adjustments, of the investment indices selected by the Participant for the investment adjustment of his or her Accounts, with such adjustments to be made in the manner prescribed by the Administrative Committee. Following such adjustment, the amounts credited to a Participant's Accounts shall be increased to take into account additional deferrals and contributions credited to such Accounts since the preceding Adjustment Date. The Administrative Committee shall have sole and absolute discretion with respect to the number and type of investment indices made available for selection by Participants pursuant to this Section, the timing of Participant elections and the method by which adjustments are made; provided, however, that Ordinary Shares shall be an available investment index for Director Participants, but shall not be available to Employee Participants. The designation of investment indices by the Administrative Committee shall be for the sole purpose of adjusting Accounts pursuant to this Section and this provision shall not obligate the Employers to invest or set aside any assets for the payment of benefits hereunder; provided, however, that an Employer may invest a portion of its general assets in investments, including investments which are the same as or similar to the investment indices designated by the Administrative Committee and selected by Participants, but any such investments shall remain part of the general assets of such Employer and shall not be deemed or construed to grant a property interest of any kind to any Participant, designated beneficiary or estate. The Administrative Committee shall notify the Participants of the investment indices available and the procedures for making and changing elections.

Section 3.8 Vesting. Subject to Section 4.5, all amounts credited to a Participant's Deferral Account shall be fully vested and nonforfeitable at all times. Any amounts attributable to Employer contributions made for a Plan Year pursuant to Section 3.4 which are credited to Participants' Employer Accounts shall be subject to such vesting schedule as the Compensation Committee shall establish for such contributions in its sole and absolute discretion; provided, however, that all amounts credited to Participants' Employer Accounts shall be 100% vested and nonforfeitable on and after the date of a Change of Control.

ARTICLE IV.

BENEFITS

Section 4.1 Source of Benefit Payments. Benefit payments to be made with respect to an Employee Participant's Accounts maintained pursuant to the Plan will be paid in cash. Such benefit payments will be the primary obligation of the Employer maintaining such Accounts and the Company shall be secondarily liable for the obligation in the event it becomes payable by an Employer that is an Affiliated Company on the date payment is due. Benefit payments to be made with respect to a Director Participant's Accounts maintained pursuant to the Plan will be the obligation solely of the Company. Payment to Director Participants will be made by the transfer to the Director of a number of Ordinary Shares equal to the deemed whole number of Ordinary Shares credited to the Director's Account at the time of distribution, if applicable, based on the Director's prior designation of Ordinary Shares as an investment index, and cash for any fractional Ordinary Shares and for the balance of the Account allocated to any other investment indices. Ordinary Shares transferred to a Director shall be previously issued and outstanding Ordinary Shares acquired for this purpose through a third party.

Section 4.2 Amount of Benefit Payments. The amount payable from a Participant's Accounts shall be determined based upon the vested amount credited to such Accounts as of the Adjustment Date last preceding the date of payment plus any contributions and deferrals credited to and less any distributions or withdrawals made from such Accounts since such Adjustment Date. The amount of each payment made with respect to a Participant's Accounts and any forfeiture amounts applied pursuant to Section 4.5 shall be deducted from the balance credited to such Accounts at the time of payment or forfeiture.

Section 4.3 Termination. Upon a Participant's Termination Date, the amount payable from such Participant's Accounts, as determined in accordance with Section 4.2, shall be paid to such Participant (or, in the event of his or her subsequent death, to the beneficiary or beneficiaries designated by such Participant pursuant to Plan Section 4.6) in one of the following forms as elected by the Participant during the Participant's initial Election Period or in a subsequent election made in accordance with Section 4.8:

(a) a single lump sum to be paid as soon as practicable following the Participant's Termination Date or the Participant's attainment of age 65, as designated by the Participant in his or her election; or

(b) if the amount payable from a Participant's Accounts is $50,000 or more as of the Termination Date, annual installments over the period certain designated by the Participant in his or her election which may not exceed 15 years, commencing in payment as soon as practicable following the Termination Date or the Participant's attainment of age 65, as designated by the Participant in his or her election, with each annual installment equal to the Account balance multiplied by a fraction the numerator of which is one and the denominator of which is the number of payments remaining;

provided, however, that if a Participant who is entitled to a delayed lump sum or installment payments hereunder encounters an unforeseeable emergency (as determined in accordance with Section 4.7 hereof), the Administrative Committee, in its absolute discretion, may direct the Employer to accelerate such portion of the delayed lump sum or installment payments as the Administrative Committee shall determine to be necessary to alleviate the severe financial hardship of the Participant caused by such unforeseeable emergency.

Section 4.4 Death. Upon a Participant's Termination Date arising by reason of death, the amount payable from such Participant's Accounts, as determined in accordance with Section 4.2, shall be paid by the Employer to the beneficiary or beneficiaries designated by such Participant pursuant to Section 4.6 in one of the following forms as elected by the Participant during the Participant's initial Election Period or in a subsequent election made in accordance with Section 4.8:

(a) a single lump sum to be paid as soon as practicable following the Participant's death; or

(b) if the amount payable from the Participant's Accounts is $50,000 or more as of the date of the Participant's death, annual installments over the period certain designated by the Participant in his or her election which may not exceed 15 years, commencing in payment as soon as practicable following the Participant's death with each annual installment equal to the Account balance multiplied by a fraction the numerator of which is one and the denominator of which is the number of payments remaining;

provided, however, that if a beneficiary of a deceased Participant who is entitled to installment payments hereunder encounters an unforeseeable emergency (as determined in accordance with Section 4.7 hereof), the Administrative Committee, in its absolute discretion, may direct the Employer to accelerate such portion of the installment payments as the Administrative Committee shall determine to be necessary to alleviate the severe financial hardship of the beneficiary caused by such unforeseeable emergency.

Section 4.5 Option to Request Immediate Payout. Each Participant (or beneficiary in the case of a deceased Participant) shall have the right at any time, but no more frequently than one time during any calendar year, to elect a lump sum payment in an amount equal to:

(a) all or any portion (but not less than $5,000 or, if less, the entire amount credited to the Participant's Accounts) of the amount payable from the Participant's Accounts, determined in accordance with Section 4.2, minus

(b) a forfeiture amount equal to 10% of the amount elected for withdrawal as provided in (a) above.

A Participant's election for an immediate payout pursuant to this Section must be in the form of a written notice provided to the Administrative Committee. The Administrative Committee shall notify any Employer maintaining a Participant's Accounts with respect to such Participant of the election and the amount so determined, less the amount forfeited as provided above, shall be paid

to the Participant (or, in the case of a deceased Participant, to the beneficiary or beneficiaries designated by such Participant pursuant to Section 4.6) by the Employers no later than fifteen days following receipt of notice by the Administrative Committee.

Section 4.6 Designation of Beneficiaries. Any amount payable under this Plan on account of the death of a married Participant shall be paid when otherwise due hereunder to the surviving spouse of such Participant unless such Participant designates otherwise with the written consent of his or her spouse. Any amount payable under this Plan on account of the death of a Participant who is not married or who is married but has designated, as provided above, a beneficiary other than his or her spouse, shall be paid when otherwise due hereunder to the beneficiary or beneficiaries designated by such Participant. Such designation of beneficiary or beneficiaries shall be made in writing on a form prescribed by and filed with the Administrative Committee and shall remain in effect until changed by such Participant by the filing of a new beneficiary designation form with the Administrative Committee. If an unmarried Participant fails to so designate a beneficiary, or in the event all of a Participant's designated beneficiaries are individuals who either predecease the Participant or survive the Participant but die prior to receiving the full amount payable under this Plan, any remaining amount payable under this Plan shall be paid when otherwise due hereunder to such Participant's spouse if living at the time of the Participant's death or, if not, to the Participant's estate.

Section 4.7 Hardship Distributions. If a Participant encounters an unforeseeable emergency, the Administrative Committee in its absolute discretion may direct the Employer maintaining such Participant's Accounts to pay to such Participant and deduct from such Accounts such portion of the vested amount then credited to such Accounts (including, if appropriate, the entire amount determined in accordance with Section 4.2) as the Administrative Committee shall determine to be necessary to alleviate the severe financial hardship of such Participant caused by such unforeseeable emergency. For this purpose, an "unforeseeable emergency" shall be a severe financial hardship to the Participant resulting from a sudden and unexpected illness or accident of the Participant or of a dependent of the Participant, loss of the Participant's property due to casualty, or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant. The circumstances that will constitute an unforeseeable emergency will depend upon the facts of each case, but in any case, payment may not be made to the extent that such hardship is or may be relieved (i) through reimbursement or compensation by insurance or otherwise, (ii) by liquidation of the Participant's assets, to the extent liquidation of such assets would not itself cause severe financial hardship, or (iii) by cessation of deferrals under the Plan. No distribution shall be made to a Participant pursuant to this Section 4.7 unless such Participant requests such a distribution in writing and provides to the Administrative Committee such information and documentation with respect to his or her unforeseeable emergency as may be requested by the Administrative Committee.

Section 4.8 Change of Distribution Form. Each Participant may elect at any time after a Participant's initial Election Period, but no more often than once during each calendar year, to change the distribution form elected with respect to all amounts credited to such Participant's Accounts; provided, however, that such election shall not be effective unless made at least twelve months preceding the Participant's Termination Date.

Section 4.9 Accelerated Distribution of Reclassified Amounts. In the event that the Internal Revenue Service formally assesses a deficiency against a Participant on the grounds that an amount credited to such Participant's Accounts under this Plan is subject to federal income tax (the "Reclassified Amount") earlier than the time payment otherwise would be made to the Participant pursuant to this Plan, then the Administrative Committee shall direct the Employer maintaining such Participant's Accounts to pay to such Participant and deduct from such Accounts the Reclassified Amount. No payment made to a Participant pursuant to this Section 4.9 shall be subject to forfeiture as provided in Section 4.5 hereof.

ARTICLE V.

AMENDMENT AND TERMINATION

Section 5.1 Amendment and Termination. The Compensation Committee shall have the right and power at any time and from time to time to amend this Plan, in whole or in part, on behalf of all Employers, and to terminate this Plan or any Employer's participation hereunder. Any amendment to or termination of this Plan shall be made by or pursuant to a resolution duly adopted by the Compensation Committee and shall be evidenced by such resolution or by a written instrument executed by such person as the Compensation Committee shall authorize for such purpose. Any provision of this Plan to the contrary notwithstanding, no amendment to or termination of this Plan shall reduce the amounts actually credited to a Participant's Accounts as of the date of such amendment or termination, or further defer the dates for the payment of such amounts, without the consent of the affected Participant. Upon termination of this Plan, the Compensation Committee, in its sole discretion, may require the Administrative Committee to calculate final Account balances as of such Adjustment Date as it may prescribe, and direct each Employer to make immediate lump sum payments to each Participant (or beneficiary in the case of a deceased Participant) with respect to which such Employer maintains an Account in the amount determined to be credited to such Participant's Accounts as of such final Adjustment Date.

Section 5.2 Change of Control. The preceding provisions of this Article to the contrary notwithstanding, no action taken on or after a Change of Control to amend or terminate this Plan shall be effective unless written consent thereto is obtained from a majority of the Participants.

ARTICLE VI.

MISCELLANEOUS PROVISIONS

Section 6.1 Nature of Plan and Rights. This Plan is unfunded and maintained by the Employers primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees and directors of the Employers. The Accounts established and maintained under this Plan by an Employer are for its accounting purposes only and shall not be deemed or construed to create a trust fund or security interest of any kind for or to grant a property interest of any kind to any Participant, designated beneficiary or estate. The amounts credited by an Employer to Accounts maintained under this Plan are and for all purposes shall

continue to be a part of the general assets and liabilities of such Employer, and to the extent that a Participant, designated beneficiary or estate acquires a right to receive a payment from such Employer pursuant to this Plan, such right shall be no greater than the right of any unsecured general creditor of such Employer.

Section 6.2 Deferred Compensation Trust. An Employer may, but shall not be required to, establish a trust (the "Deferred Compensation Trust") which satisfies the requirements of the model trust prescribed by the Internal Revenue Service in Revenue Procedure 92-64 (or otherwise constitutes a grantor trust, of which the Employer is the grantor, within the meaning of subpart E, part I, subchapter J, chapter 1, subtitle A of the Code) into which the Employer will contribute funds to be used to fund the benefit payments under this Plan without accelerating the timing of income recognition for federal income tax purposes for the Participant or beneficiary; provided, however, that, as soon as possible, but in no event more than 30 days following the date of a Change of Control, each Employer shall (i) establish (if such Employer has not already) a Deferred Compensation Trust governed by such provisions and with a trustee as may be acceptable to the Independent Committee, (ii) make an irrevocable contribution to the Deferred Compensation Trust in an amount, as determined by the Independent Committee which when added to the total value of the assets of the Deferred Compensation Trust at such time equals the total amount credited to all Accounts under the Plan as of the date on which the Change of Control occurred, and (iii) on and after the date of the Change of Control, make monthly contributions to the Deferred Compensation Trust in amounts sufficient, as determined by the Independent Committee, to maintain the total value of the Deferred Compensation Trust assets at an amount equal to the total amount credited to all Accounts under the Plan. Any provision of this Plan to the contrary notwithstanding, on and after the date of a Change of Control, the assets of the Deferred Compensation Trust, including any additional contributions made by the Employer in accordance with this Section 6.2 for the period following such Change of Control and any earnings on the assets of the Deferred Compensation Trust, shall be held exclusively for the benefit of those individuals (or their beneficiaries) who were Participants in the Plan or beneficiaries thereof immediately prior to such Change of Control, subject to the claims of general creditors of the Employer under federal and state law as set forth in the Deferred Compensation Trust.

Section 6.3 Spendthrift Provision. No Account balance or other right or interest under this Plan of a Participant, designated beneficiary or estate may be assigned, transferred or alienated, in whole or in part, either directly or by operation of law, and no such balance, right or interest shall be liable for or subject to any debt, obligation or liability of such Participant, designated beneficiary or estate.

Section 6.4 Employment Noncontractual. The establishment of this Plan shall not enlarge or otherwise affect the terms of any Participant's employment with an Employer or service as a Director of the Company, and each Employer may terminate an Employee Participant's employment and the Company may terminate a Director Participant's service as a Director as freely and with the same effect as if this Plan had not been established.

Section 6.5 Adoption by Other Employers. With the consent of the Compensation Committee, this Plan may be adopted by any Affiliated Company, such adoption to be effective as of the date specified by such Affiliated Company at the time of adoption.

Section 6.6 Claims Procedure. If any person (hereinafter called the "Claimant") feels that he or she is being denied a benefit to which he or she is entitled under this Plan, such Claimant may file a written claim for said benefit with the Administrative Committee. Within sixty days following the receipt of such claim the Administrative Committee shall determine and notify the Claimant as to whether he or she is entitled to such benefit. Such notification shall be in writing and, if denying the claim for benefit, shall set forth the specific reason or reasons for the denial, make specific reference to the pertinent provisions of this Plan, and advise the Claimant that he or she may, within sixty days following the receipt of such notice, in writing request to appear before the Administrative Committee or its designated representative for a hearing to review such denial. Any such hearing shall be scheduled at the mutual convenience of the Administrative Committee or its designated representative and the Claimant, and at any such hearing the Claimant and/or his or her duly authorized representative may examine any relevant documents and present evidence and arguments to support the granting of the benefit being claimed. The final decision of the Administrative Committee with respect to the claim being reviewed shall be made within sixty days following the hearing thereon, and Administrative Committee shall in writing notify the Claimant of said final decision, again specifying the reasons therefor and the pertinent provisions of this Plan upon which said final decision is based. The final decision of the Administrative Committee shall be conclusive and binding upon all parties having or claiming to have an interest in the matter being reviewed.

Section 6.7 Reimbursement of Expenses. In the event that a dispute arises between a Participant or beneficiary and the Company or other Employer liable for payments with respect to the payment of benefits hereunder and the Participant or beneficiary is successful in pursuing a benefit to which he or she is entitled under the terms of the Plan against the Company or such other Employer or any other party in the course of litigation or otherwise and incurs attorneys' fees, expenses and costs in connection therewith, the Company or such other Employer against whom the Participant or beneficiary has been successful in pursuing a benefit under this Plan shall reimburse the Participant or beneficiary for the full amount of any such attorneys' fees, expenses and costs.

Section 6.8 Withholding Tax. There shall be deducted from all amounts paid under this Plan any taxes required to be withheld by any Federal, state, local or other government. The Participant and/or his or her beneficiary (including his or her estate) shall bear all taxes on amounts paid under this Plan to the extent that no taxes are withheld, irrespective of whether withholding is required. The Participant will be required to pay to his or her Employer the amount of any federal, state or local taxes required by law to be withheld in connection with the Plan in the event that such Participant is not being paid by an Employer or amounts being paid by an Employer to such Participant are insufficient to satisfy any such withholding obligation.

Section 6.9 Applicable Law. This Plan shall be governed and construed in accordance with the internal laws (and not the principles relating to conflicts of laws) of the State of Texas, except where superseded by federal law.

IN WITNESS WHEREOF, this amendment and restatement of the Plan is effective as of January 1, 2000.

TRANSOCEAN SEDCO FOREX INC.

By: /s/ Eric R. Brown

Title: Vice President and Secretary

EXHIBIT 21

SUBSIDIARIES OF TRANSOCEAN SEDCO FOREX INC.
As of December 31, 1999

NAME*	JURISDICTION
Transocean Offshore Deepwater Drilling Inc.	Delaware
Sonat Offshore Petroleum Services LDC	Cayman Islands
Sonat Offshore Far East LDC	Cayman Islands
Sonat Offshore International LDC	Cayman Islands
Transocean Offshore International Ventures Limited	Cayman Islands
Transocean Offshore Limited	Cayman Islands
Transocean Offshore International Limited	Cayman Islands
Transocean Offshore (North Sea) Limited	Cayman Islands
Transocean Offshore Services Ltd.	Cayman Islands
Transocean Offshore Europe Limited	Cayman Islands
Transocean International Drilling Limited	Cayman Islands
Transocean Offshore (Cayman) Inc.	Cayman Islands
Transocean Alaskan Ventures Inc.	Delaware
Transocean-Nabors Drilling Technology LLC (50%)	Delaware
Transocean Drilling Services Inc.	Delaware
EPN-Sonat, S.A. de C.V. (50%)	Mexico
Offshore Turnkey Ventures (partnership) (50%)	Texas
Offshore Turnkey Ventures L.L.C. (50%)	Delaware
Transocean Enterprise Inc.	Delaware
Transocean Offshore Drilling International Inc.	Delaware
Transocean Offshore Drilling Services Inc.	Delaware
Transocean Offshore D.V. Inc	Delaware
DeepVision L.L.C. (50%)	Delaware
Transocean Offshore Norway Inc.	Delaware
Transocean Offshore USA Inc.	Delaware
Transocean Offshore Ventures Inc.	Delaware
Transocean Offshore (U.K.) Inc.	Delaware
Transocean Offshore Caribbean Sea, L.L.C.	Delaware
Sonat Offshore S.A.	Panama
Asie Sonat Offshore Sdn. Bhd.	Malaysia
Sonat Brasocean Servicos de Perfuracoes Ltda.	Brazil
Sonat Offshore do Brasil Perfuracoes Maritimos Ltda.	Brazil
Transocean Brasil Ltda.	Brazil
Transocean Offshore Nigeria Ltd.	Nigeria
Transocean Hull No. 277 S. de R. L.	Panama
Transhav AS	Norway
Transocean Services AS	Norway
Transocean Offshore Holdings ApS	Denmark
Transocean AS	Norway
Transocean Petroleum Technology AS	Norway
Transocean Petroleum Technology Ltd.	U.K.
Target Drilling Services Ltd.	U.K.
Transocean I AS	Norway
Transocean Drilling (U.S.A.) Inc. (formerly Wilrig (U.S.A.) Inc.)	Texas
Transocean Drilling Co. Inc.	Panama
Transocean Drilling ApS	Denmark
Transocean Drilling Netherlands Ltd.	Bahamas
Transocean Drilling (Nigeria) Ltd.	Nigeria
Transnor Rig Ltd.	U.K.

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* Subsidiaries (50% or greater ownership) are owned 100% unless otherwise indicated.

SUBSIDIARIES OF TRANSOCEAN SEDCO FOREX INC.
As of December 31, 1999

Name*	Jurisdiction
SDS Offshore Ltd.	U.K.
Transocean Drilling Ltd.	U.K.
Shelf Drilling Ltd.	U.K.
Transocean Kan Tan Ltd.	U.K.
Transocean Sino Ltd.	U.K.
Wilrig Offshore (UK) Ltd.	U.K.
Wilrig Holdings (UK) Ltd.	U.K.
Wilrig (UK) Ltd.	U.K.
Wilrig Drilling (Canada) Inc.	Canada
Wilrig Offshore Bahamas Inc.	Bahamas
Transocean Drilling GmbH	Germany
Sedco Forex Holdings Limited	British Virgin Islands
Sedco Forex International, Inc.	Panama
Cariba Ships Corporation N.V.	Netherlands Antilles
Caspian Sea Ventures International Ltd. (75%)	British Virgin Islands
Hellerup Finance International Ltd.	Ireland
International Chandlers, Inc.	Texas
Overseas Drilling Ltd. (50%)	Liberia
Sedco Forex Canada Ltd.	Alberta
Sedco Forex Corporation	Delaware
Sedco-Forex do Brazil Ltda.	Brazil
Sedco Forex International Drilling, Inc.	Panama
PT Hitek Nusantara Offshore Drilling (80%)	Indonesia
Sedco Forex International Resources, Limited	British Virgin Islands
Sedco Forex International Services, Inc.	Panama
Sedco Forex of Nigeria Limited (60%)	Nigeria
Sedco Forex Offshore International N.V. (Limited)	Netherlands Antilles
Sedco Forex Shorebase Support Limited	U.K.
Sedco Forex Technical Services, Inc.	Panama
Sedco Forex Technology, Inc.	Panama
Services Petroliers Sedco Forex	France
Triton Holdings Limited	British Virgin Islands
Sefora Maritime Ltd.	British Virgin Islands
Triton Industries, Inc.	Panama
Sedneth Panama S.A.	Panama

* Subsidiaries (50% or greater ownership) are owned 100% unless otherwise indicated.

EXHIBIT 23.1

CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in the Registration Statements (Forms S-3 Nos. 333-24457 and 333-59001) of Transocean Sedco Forex Inc. and in the related Prospectuses and in the Registrations Statements (Forms S-8 Nos. 33-64776, 33-66036, 333-12475, 333-58211, 333-58203, 333-94543, 333-94569, and 333-94551) pertaining to the Long-term Incentive Plan, Savings Plan, Employee Stock Purchase Plan and Sedco Forex Employees Option Plan of our report dated January 31, 2000, with respect to the consolidated balance sheet as of December 31, 1999, and the related combined statements of operations, equity, and cash flows and schedule for the year then ended of Transocean Sedco Forex Inc. included in this Annual Report (Form 10-K) for the year ended December 31, 1999.

/s/ ERNST & YOUNG LLP

Ernst & Young LLP

Houston, Texas
March 15, 2000

EXHIBIT 23.2

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (Nos. 333-24457; 333-59001) and on Form S-8 (Nos.33-64776; 33-66036; 333-12475; 333-58211; 333-58203; 333-94543; 333-94569; 333-94551) of Transocean Sedco Forex Inc. of our report dated August 6, 1999 relating to the financial statements of Sedco Forex Holdings Limited which appears in the 1999 Annual Report to Shareholders of Transocean Sedco Forex Inc., whose report and financial statements are incorporated by reference in this Annual Report on Form 10-K. We also consent to use of our report on the financial statement schedule which appears in this Form 10-K.

PricewaterhouseCoopers LLP

New York, New York
March 16, 2000

EXHIBIT 24
1999 Form 10-K & 462

TRANSOCEAN SEDCO FOREX INC.

Power of Attorney

WHEREAS, TRANSOCEAN SEDCO FOREX INC., a Cayman Islands corporation (the "Company"), intends to file with the U.S. Securities and Exchange Commission (the "Commission") pursuant to the Securities Exchange Act of 1934, as amended, and the rules and regulations of the Commission promulgated thereunder, an annual report on Form 10-K for the fiscal year ended December 31, 1999, together with any and all exhibits and other instruments and documents necessary, advisable or appropriate in connection therewith (the "Form 10-K"); and

WHEREAS, the Company has filed with the Commission pursuant to the Securities Act of 1933, as amended (the "Securities Act"), a post-effective amendment to the Company's Registration Statement on Form S-3 (Registration No. 333-59001), as amended, including a related prospectus (the "Registration Statement"), as prescribed by the Commission pursuant to the Securities Act and the rules and regulations thereunder, in connection with the registration of ordinary shares, par value U.S. $0.01 per share, unsecured debt securities, preference shares or warrants to purchase securities of the Company.

NOW, THEREFORE, the undersigned, in his capacity as Chairman of the Board of the Company, does hereby appoint Eric B. Brown, Nicolas J. Evanoff, William E. Turcotte, Ricardo Rosa and Brenda S. Masters, and each of them severally, his true and lawful attorney or attorneys with power to act with or without the others, and with full power of substitution and resubstitution, to execute in his name, place and stead, in his capacity as Chairman of the Board of the Company:

a. the Form 10-K and any and all amendments thereto, including any and all exhibits and other instruments and documents said attorney or attorneys shall deem necessary, appropriate or advisable in connection therewith, and to file the same with the Commission and to appear before the Commission in connection with any matter relating thereto; and

b. any and all further post-effective amendments to the Registration Statement, including the exhibits thereto and the related prospectus or prospectuses and any supplement(s) thereto, and any registration statement for the same offering filed pursuant to Rule 462 under the Securities Act and any and all instruments necessary or incidental in connection therewith, as said attorney or attorneys shall deem necessary or incidental in connection therewith, and to file the same with the Commission and to appear before the Commission in connection with any matter relating thereto.

Each of said attorneys shall have full power and authority to do and perform in the name and on behalf of the undersigned, in any and all capacities, every act whatsoever necessary

or desirable to be done in the premises, as fully and to all intents and purposes as the undersigned might or could do in person, the undersigned hereby ratifying and approving the acts that said attorneys and each of them, or their or his substitutes or substitute, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has executed this power of attorney as of the 12th day of March, 2000.

/s/ Victor E. Grijalva

Victor E. Grijalva

TRANSOCEAN SEDCO FOREX INC.

Power of Attorney

WHEREAS, TRANSOCEAN SEDCO FOREX INC., a Cayman Islands corporation (the "Company"), intends to file with the U.S. Securities and Exchange Commission (the "Commission") pursuant to the Securities Exchange Act of 1934, as amended, and the rules and regulations of the Commission promulgated thereunder, an annual report on Form 10-K for the fiscal year ended December 31, 1999, together with any and all exhibits and other instruments and documents necessary, advisable or appropriate in connection therewith (the "Form 10-K"); and

WHEREAS, the Company has filed with the Commission pursuant to the Securities Act of 1933, as amended (the "Securities Act"), a post-effective amendment to the Company's Registration Statement on Form S-3 (Registration No. 333-59001), as amended, including a related prospectus (the "Registration Statement"), as prescribed by the Commission pursuant to the Securities Act and the rules and regulations thereunder, in connection with the registration of ordinary shares, par value U.S. $0.01 per share, unsecured debt securities, preference shares or warrants to purchase securities of the Company.

NOW, THEREFORE, the undersigned, in his capacity as a director of the Company, does hereby appoint Eric B. Brown, Nicolas J. Evanoff, William E. Turcotte, Ricardo Rosa and Brenda S. Masters, and each of them severally, his true and lawful attorney or attorneys with power to act with or without the others, and with full power of substitution and resubstitution, to execute in his name, place and stead, in his capacity as a director of the Company:

a. the Form 10-K and any and all amendments thereto, including any and all exhibits and other instruments and documents said attorney or attorneys shall deem necessary, appropriate or advisable in connection therewith, and to file the same with the Commission and to appear before the Commission in connection with any matter relating thereto; and

b. any and all further post-effective amendments to the Registration Statement, including the exhibits thereto and the related prospectus or prospectuses and any supplement(s) thereto, and any registration statement for the same offering filed pursuant to Rule 462 under the Securities Act and any and all instruments necessary or incidental in connection therewith, as said attorney or attorneys shall deem necessary or incidental in connection therewith, and to file the same with the Commission and to appear before the Commission in connection with any matter relating thereto.

Each of said attorneys shall have full power and authority to do and perform in the name and on behalf of the undersigned, in any and all capacities, every act whatsoever necessary

or desirable to be done in the premises, as fully and to all intents and purposes as the undersigned might or could do in person, the undersigned hereby ratifying and approving the acts that said attorneys and each of them, or their or his substitutes or substitute, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has executed this power of attorney as of the 9th day of March, 2000.

/s/ Richard D. Kinder

Richard D. Kinder

TRANSOCEAN SEDCO FOREX INC.

Power of Attorney

WHEREAS, TRANSOCEAN SEDCO FOREX INC., a Cayman Islands corporation (the "Company"), intends to file with the U.S. Securities and Exchange Commission (the "Commission") pursuant to the Securities Exchange Act of 1934, as amended, and the rules and regulations of the Commission promulgated thereunder, an annual report on Form 10-K for the fiscal year ended December 31, 1999, together with any and all exhibits and other instruments and documents necessary, advisable or appropriate in connection therewith (the "Form 10-K"); and

WHEREAS, the Company has filed with the Commission pursuant to the Securities Act of 1933, as amended (the "Securities Act"), a post-effective amendment to the Company's Registration Statement on Form S-3 (Registration No. 333-59001), as amended, including a related prospectus (the "Registration Statement"), as prescribed by the Commission pursuant to the Securities Act and the rules and regulations thereunder, in connection with the registration of ordinary shares, par value U.S. $0.01 per share, unsecured debt securities, preference shares or warrants to purchase securities of the Company.

NOW, THEREFORE, the undersigned, in his capacity as a director of the Company, does hereby appoint Eric B. Brown, Nicolas J. Evanoff, William E. Turcotte, Ricardo Rosa and Brenda S. Masters, and each of them severally, his true and lawful attorney or attorneys with power to act with or without the others, and with full power of substitution and resubstitution, to execute in his name, place and stead, in his capacity as a director of the Company:

a. the Form 10-K and any and all amendments thereto, including any and all exhibits and other instruments and documents said attorney or attorneys shall deem necessary, appropriate or advisable in connection therewith, and to file the same with the Commission and to appear before the Commission in connection with any matter relating thereto; and

b. any and all further post-effective amendments to the Registration Statement, including the exhibits thereto and the related prospectus or prospectuses and any supplement(s) thereto, and any registration statement for the same offering filed pursuant to Rule 462 under the Securities Act and any and all instruments necessary or incidental in connection therewith, as said attorney or attorneys shall deem necessary or incidental in connection therewith, and to file the same with the Commission and to appear before the Commission in connection with any matter relating thereto.

Each of said attorneys shall have full power and authority to do and perform in the name and on behalf of the undersigned, in any and all capacities, every act whatsoever necessary

or desirable to be done in the premises, as fully and to all intents and purposes as the undersigned might or could do in person, the undersigned hereby ratifying and approving the acts that said attorneys and each of them, or their or his substitutes or substitute, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has executed this power of attorney as of the 10th day of March, 2000.

/s/ Ronald L. Kuehn, Jr.

Ronald L. Kuehn, Jr.

TRANSOCEAN SEDCO FOREX INC.

Power of Attorney

WHEREAS, TRANSOCEAN SEDCO FOREX INC., a Cayman Islands corporation (the "Company"), intends to file with the U.S. Securities and Exchange Commission (the "Commission") pursuant to the Securities Exchange Act of 1934, as amended, and the rules and regulations of the Commission promulgated thereunder, an annual report on Form 10-K for the fiscal year ended December 31, 1999, together with any and all exhibits and other instruments and documents necessary, advisable or appropriate in connection therewith (the "Form 10-K"); and

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NOW, THEREFORE, the undersigned, in his capacity as a director of the Company, does hereby appoint Eric B. Brown, Nicolas J. Evanoff, William E. Turcotte, Ricardo Rosa and Brenda S. Masters, and each of them severally, his true and lawful attorney or attorneys with power to act with or without the others, and with full power of substitution and resubstitution, to execute in his name, place and stead, in his capacity as a director of the Company:

a. the Form 10-K and any and all amendments thereto, including any and all exhibits and other instruments and documents said attorney or attorneys shall deem necessary, appropriate or advisable in connection therewith, and to file the same with the Commission and to appear before the Commission in connection with any matter relating thereto; and

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Each of said attorneys shall have full power and authority to do and perform in the name and on behalf of the undersigned, in any and all capacities, every act whatsoever necessary

or desirable to be done in the premises, as fully and to all intents and purposes as the undersigned might or could do in person, the undersigned hereby ratifying and approving the acts that said attorneys and each of them, or their or his substitutes or substitute, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has executed this power of attorney as of the 9th day of March, 2000.

/s/ Arthur Lindenauer

Arthur Lindenauer

TRANSOCEAN SEDCO FOREX INC.

Power of Attorney

WHEREAS, TRANSOCEAN SEDCO FOREX INC., a Cayman Islands corporation (the "Company"), intends to file with the U.S. Securities and Exchange Commission (the "Commission") pursuant to the Securities Exchange Act of 1934, as amended, and the rules and regulations of the Commission promulgated thereunder, an annual report on Form 10-K for the fiscal year ended December 31, 1999, together with any and all exhibits and other instruments and documents necessary, advisable or appropriate in connection therewith (the "Form 10-K"); and

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NOW, THEREFORE, the undersigned, in his capacity as a director of the Company, does hereby appoint Eric B. Brown, Nicolas J. Evanoff, William E. Turcotte, Ricardo Rosa and Brenda S. Masters, and each of them severally, his true and lawful attorney or attorneys with power to act with or without the others, and with full power of substitution and resubstitution, to execute in his name, place and stead, in his capacity as a director of the Company:

a. the Form 10-K and any and all amendments thereto, including any and all exhibits and other instruments and documents said attorney or attorneys shall deem necessary, appropriate or advisable in connection therewith, and to file the same with the Commission and to appear before the Commission in connection with any matter relating thereto; and

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or desirable to be done in the premises, as fully and to all intents and purposes as the undersigned might or could do in person, the undersigned hereby ratifying and approving the acts that said attorneys and each of them, or their or his substitutes or substitute, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has executed this power of attorney as of the 14th day of March, 2000.

/s/ Martin B. McNamara

Martin B. McNamara

TRANSOCEAN SEDCO FOREX INC.

Power of Attorney

WHEREAS, TRANSOCEAN SEDCO FOREX INC., a Cayman Islands corporation (the "Company"), intends to file with the U.S. Securities and Exchange Commission (the "Commission") pursuant to the Securities Exchange Act of 1934, as amended, and the rules and regulations of the Commission promulgated thereunder, an annual report on Form 10-K for the fiscal year ended December 31, 1999, together with any and all exhibits and other instruments and documents necessary, advisable or appropriate in connection therewith (the "Form 10-K"); and

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NOW, THEREFORE, the undersigned, in his capacity as a director of the Company, does hereby appoint Eric B. Brown, Nicolas J. Evanoff, William E. Turcotte, Ricardo Rosa and Brenda S. Masters, and each of them severally, his true and lawful attorney or attorneys with power to act with or without the others, and with full power of substitution and resubstitution, to execute in his name, place and stead, in his capacity as a director of the Company:

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or desirable to be done in the premises, as fully and to all intents and purposes as the undersigned might or could do in person, the undersigned hereby ratifying and approving the acts that said attorneys and each of them, or their or his substitutes or substitute, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has executed this power of attorney as of the 14th day of March, 2000.

/s/ Roberto Monti

Roberto Monti

TRANSOCEAN SEDCO FOREX INC.

Power of Attorney

WHEREAS, TRANSOCEAN SEDCO FOREX INC., a Cayman Islands corporation (the "Company"), intends to file with the U.S. Securities and Exchange Commission (the "Commission") pursuant to the Securities Exchange Act of 1934, as amended, and the rules and regulations of the Commission promulgated thereunder, an annual report on Form 10-K for the fiscal year ended December 31, 1999, together with any and all exhibits and other instruments and documents necessary, advisable or appropriate in connection therewith (the "Form 10-K"); and

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NOW, THEREFORE, the undersigned, in his capacity as a director of the Company, does hereby appoint Eric B. Brown, Nicolas J. Evanoff, William E. Turcotte, Ricardo Rosa and Brenda S. Masters, and each of them severally, his true and lawful attorney or attorneys with power to act with or without the others, and with full power of substitution and resubstitution, to execute in his name, place and stead, in his capacity as a director of the Company:

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or desirable to be done in the premises, as fully and to all intents and purposes as the undersigned might or could do in person, the undersigned hereby ratifying and approving the acts that said attorneys and each of them, or their or his substitutes or substitute, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has executed this power of attorney as of the 15th day of March 2000.

/s/ Alain Roger

Alain Roger

TRANSOCEAN SEDCO FOREX INC.

Power of Attorney

WHEREAS, TRANSOCEAN SEDCO FOREX INC., a Cayman Islands corporation (the "Company"), intends to file with the U.S. Securities and Exchange Commission (the "Commission") pursuant to the Securities Exchange Act of 1934, as amended, and the rules and regulations of the Commission promulgated thereunder, an annual report on Form 10-K for the fiscal year ended December 31, 1999, together with any and all exhibits and other instruments and documents necessary, advisable or appropriate in connection therewith (the "Form 10-K"); and

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NOW, THEREFORE, the undersigned, in his capacity as a director of the Company, does hereby appoint Eric B. Brown, Nicolas J. Evanoff, William E. Turcotte, Ricardo Rosa and Brenda S. Masters, and each of them severally, his true and lawful attorney or attorneys with power to act with or without the others, and with full power of substitution and resubstitution, to execute in his name, place and stead, in his capacity as a director of the Company:

a. the Form 10-K and any and all amendments thereto, including any and all exhibits and other instruments and documents said attorney or attorneys shall deem necessary, appropriate or advisable in connection therewith, and to file the same with the Commission and to appear before the Commission in connection with any matter relating thereto; and

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Each of said attorneys shall have full power and authority to do and perform in the name and on behalf of the undersigned, in any and all capacities, every act whatsoever necessary

or desirable to be done in the premises, as fully and to all intents and purposes as the undersigned might or could do in person, the undersigned hereby ratifying and approving the acts that said attorneys and each of them, or their or his substitutes or substitute, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has executed this power of attorney as of the 13th day of March, 2000.

/s/ Kristian Siem

Kristian Siem

TRANSOCEAN SEDCO FOREX INC.

Power of Attorney

WHEREAS, TRANSOCEAN SEDCO FOREX INC., a Cayman Islands corporation (the "Company"), intends to file with the U.S. Securities and Exchange Commission (the "Commission") pursuant to the Securities Exchange Act of 1934, as amended, and the rules and regulations of the Commission promulgated thereunder, an annual report on Form 10-K for the fiscal year ended December 31, 1999, together with any and all exhibits and other instruments and documents necessary, advisable or appropriate in connection therewith (the "Form 10-K"); and

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NOW, THEREFORE, the undersigned, in his capacity as a director of the Company, does hereby appoint Eric B. Brown, Nicolas J. Evanoff, William E. Turcotte, Ricardo Rosa and Brenda S. Masters, and each of them severally, his true and lawful attorney or attorneys with power to act with or without the others, and with full power of substitution and resubstitution, to execute in his name, place and stead, in his capacity as a director of the Company:

a. the Form 10-K and any and all amendments thereto, including any and all exhibits and other instruments and documents said attorney or attorneys shall deem necessary, appropriate or advisable in connection therewith, and to file the same with the Commission and to appear before the Commission in connection with any matter relating thereto; and

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or desirable to be done in the premises, as fully and to all intents and purposes as the undersigned might or could do in person, the undersigned hereby ratifying and approving the acts that said attorneys and each of them, or their or his substitutes or substitute, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has executed this power of attorney as of the 15th day of March, 2000.

/s/ Ian C. Strachan

Ian C. Strachan

TRANSOCEAN SEDCO FOREX INC.

Power of Attorney

WHEREAS, TRANSOCEAN SEDCO FOREX INC., a Cayman Islands corporation (the "Company"), intends to file with the U.S. Securities and Exchange Commission (the "Commission") pursuant to the Securities Exchange Act of 1934, as amended, and the rules and regulations of the Commission promulgated thereunder, an annual report on Form 10-K for the fiscal year ended December 31, 1999, together with any and all exhibits and other instruments and documents necessary, advisable or appropriate in connection therewith (the "Form 10-K"); and

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NOW, THEREFORE, the undersigned, in his capacity as President, Chief Executor Officer and a director of the Company, does hereby appoint Eric B. Brown, Nicolas J. Evanoff, William E. Turcotte, Ricardo Rosa and Brenda S. Masters, and each of them severally, his true and lawful attorney or attorneys with power to act with or without the others, and with full power of substitution and resubstitution, to execute in his name, place and stead, in his capacity as President, Chief Executor Officer and a director of the Company:

a. the Form 10-K and any and all amendments thereto, including any and all exhibits and other instruments and documents said attorney or attorneys shall deem necessary, appropriate or advisable in connection therewith, and to file the same with the Commission and to appear before the Commission in connection with any matter relating thereto; and

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purposes as the undersigned might or could do in person, the undersigned hereby ratifying and approving the acts that said attorneys and each of them, or their or his substitutes or substitute, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has executed this power of attorney as of the 13th day of March, 2000.

/s/ J. Michael Talbert

J. Michael Talbert

YEAR	YEAR
DEC-31-1999	DEC-31-1998
JAN-01-1999	JAN-01-1998
DEC-31-1999	DEC-31-1998
165,673	174,481
0	0
277,352	234,181
27,109	829
0	0
558,866	514,693
5,498,116	1,954,961
1,153,614	1,039,538
6,140,170	1,472,919
528,521	297,984
1,187,578	86,100
0	0
0	0
2,101	0
3,908,038	564,382
6,140,170	1,472,919
0	0
648,236	1,090,523
0	0
599,392	713,258
0	0
0	0
10,250	12,950
48,807	374,021
(9,296)	32,443
58,103	341,578
0	0
0	0
0	0
58,103	341,578
0.53	3.12
0.53	3.12

1998 has been restated due to the Reverse Acquisition of Transocean Offshore Inc. by Sedco Forex.
Basic and Diluted Earnings per share are shown on a Pro Forma basis.