

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

FORM 8-K

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

Date of Report (Date of earliest event reported): August 6, 2008 (August 6, 2008)

TRANSOCEAN INC.

(Exact name of registrant as specified in its charter)

Cayman Islands
(State or other jurisdiction of
incorporation or organization)

333-75899
(Commission
File Number)

66-0582307
(I.R.S. Employer
Identification No.)

4 Greenway Plaza
Houston, Texas
(Address of principal executive offices)

77046
(zip code)

70 Harbour Drive
Grand Cayman, Cayman Islands
(Address of principal executive offices)

KY1-1003
(zip code)

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

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

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

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

Item 2.02. Results of Operations and Financial Condition.

Our news release dated August 6, 2008, concerning second quarter 2008 financial results, furnished as Exhibit 99.1 to this report, is incorporated by reference herein. The press release contains certain measures (discussed below) which may be deemed "non-GAAP financial measures" as defined in Item 10 of Regulation S-K of the Securities Exchange Act of 1934, as amended.

In the press release, we discuss field operating income for the three months ended June 30, 2008, March 31, 2008 and June 30, 2007 and the six months ended June 30, 2008 and June 30, 2007. Management believes field operating income is a useful measure of operating results since the measure only deducts expenses directly related to operations from revenues. The most directly comparable GAAP financial measure, operating income before general and administrative expenses, and information reconciling the GAAP and non-GAAP measures are included in the press release.

Item 7.01. Regulation FD Disclosure.*Slide Presentation*

On August 6, 2008, we are posting the slide presentation furnished as Exhibit 99.2 to this report on our website at www.deepwater.com. Exhibit 99.2 is incorporated in this Item 7.01 by reference.

Statements contained within the slide presentation that are not historical facts are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements include, but are not limited to projections relating to out-of-service forecasts, operating and maintenance costs trends, contract backlog, and other statements that are not historical facts. 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, rig demand and capacity, drilling industry market conditions, possible delays or cancellation of drilling contracts, work stoppages, operational or other downtime, the Company's ability to enter into and the terms of future contracts, the availability of qualified personnel, labor relations, future financial results, operating hazards, political and other uncertainties inherent in non-U.S. operations (including exchange and currency fluctuations), war, terrorism, natural disaster and cancellation or unavailability of insurance coverage, the impact of governmental laws and regulations, the adequacy of sources of liquidity, the effect of litigation and contingencies and other factors discussed in the Company's Form 10-K for the year ended December 31, 2007, 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. We caution investors not to 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, except as required by law.

Item 9.01. Financial Statements and Exhibits

(d) Exhibits.

The exhibits to this report furnished pursuant to items 2.02 and 7.01 are as follows:

<u>Exhibit No.</u>	<u>Description</u>
99.1	Transocean Inc. Release Reporting Second Quarter 2008 Financial Results
99.2	Slide Presentation

SIGNATURES

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

TRANSOCEAN INC.

Date: August 6, 2008

By: /s/ Chipman Earle
Chipman Earle
Associate General Counsel and
Corporate Secretary

Index to Exhibits

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Transocean Inc.
Post Office Box 2765
Houston TX 77252 2765

Analyst Contact: Gregory S. Panagos
713-232-7551

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713-232-7647

News Release
FOR RELEASE: August 6, 2008

TRANSOCEAN INC. REPORTS
SECOND QUARTER 2008 FINANCIAL RESULTS

HOUSTON – Transocean Inc. (NYSE: RIG) today reported net income for the three months ended June 30, 2008 of \$1.107 billion, or \$3.45 per diluted share, compared to net income of \$549 million, or \$2.63 per diluted share for the three months ended June 30, 2007. Revenues for the second quarter of 2008 were \$3.102 billion compared to \$1.434 billion for the second quarter of 2007.

For the six months ended June 30, 2008, net income totaled \$2.296 billion, or \$7.15 per diluted share, on revenues of \$6.212 billion. For the same period last year, net income totaled \$1.102 billion, or \$5.24 per diluted share, on revenues of \$2.762 billion. Net income for the first half of 2008 included after-tax charges of \$31 million, or \$0.10 per diluted share, resulting primarily from \$25 million of discrete tax items, \$3 million of merger-related costs and a \$3 million loss from the early retirement of debt. For the same period last year, net income included after-tax gains of \$33 million, or \$0.15 per diluted share, resulting primarily from a \$20 million gain on the sale of the tender rig *Charley Graves* and \$13 million of discrete tax items during the first quarter 2007.

On November 27, 2007, Transocean Inc. merged with GlobalSantaFe Corporation and reclassified its ordinary shares into cash and shares (the “Reclassification”). Reported results for the second quarter and first half of 2008 include a full three and six months, respectively, from GlobalSantaFe’s operations. Diluted earnings per share for the second quarter and first half of 2007 exclude GlobalSantaFe’s operations and are based on a weighted average diluted share count of 210 million and 211 million shares, respectively, which includes the effect of restating the historical diluted share count for the Reclassification.

Operations Quarterly Review

Revenues for the three months ended June 30, 2008 were \$3.102 billion compared to revenues of \$3.110 billion during the three months ended March 31, 2008. The \$8 million quarter-to-quarter decrease in total revenues included \$53 million of lower contract drilling revenues reflecting an increase in out-of-service time for planned shipyards, which were partially offset by an increase in average dayrates, and \$34 million of lower non-cash contract drilling intangible revenues. These net declines were offset by a \$79 million increase in other revenues, primarily from non-drilling activities. The average dayrate for the fleet increased four percent from \$229,000 in the first quarter to \$238,600 in the second quarter, primarily as a result of rigs commencing new contracts at higher dayrates in the second quarter.

Operating and maintenance expenses for the three months ended June 30, 2008 were \$1.364 billion compared to \$1.157 billion for the prior three-month period. The \$207 million increase in operating and maintenance expenses primarily reflects an increase in shipyard and maintenance projects as previously anticipated and scheduled pay increases.

Depreciation, depletion and amortization totaled \$337 million in the second quarter of 2008, a decline of 8.2 percent compared to \$367 million in the first quarter of 2008. The quarter-to-quarter decrease in depreciation, depletion and amortization is related to recently sold rigs and rigs classified as held for sale.

General and administrative expenses decreased 8.2 percent to \$45 million in the second quarter of 2008 compared to \$49 million in the prior three-month period. The decrease primarily reflects a reduction in merger-related compensation costs relative to the first quarter of 2008.

Interest Expense and Liquidity

Interest expense, net of amounts capitalized, for the second quarter of 2008 decreased to \$111 million compared to \$137 million for the first quarter of 2008. The decrease resulted primarily from a quarter-to-quarter reduction in total debt of approximately \$1.316 billion. As of June 30, 2008, total debt was \$15.279 billion compared to \$16.6 billion as of March 31, 2008.

Cash flow from operating activities totaled \$1.011 billion for the second quarter of 2008 compared to \$1.482 billion for the first quarter of 2008. Lower quarter-to-quarter cash flow during the second quarter of 2008 primarily reflects an increase in working capital and deferred expenses, as well as lower net income.

Effective Tax Rate

The Annual Effective Tax Rate⁽¹⁾ for the second quarter and first half of 2008 was 11.4 percent and 12.5 percent, respectively. The Effective Tax Rate⁽²⁾ for the first half of 2008 was 13.5 percent, which reflects the impact of various discrete tax items totaling \$25 million, primarily related to changes in estimates. The Effective Tax Rate⁽²⁾ for the second quarter of 2008 was 11.2 percent.

Conference Call Information

Transocean will conduct a teleconference call at 10:00 a.m. Eastern Time on August 6, 2008. To participate, dial 913-312-1439 and refer to confirmation code 2830174 approximately five to 10 minutes prior to the scheduled start time of the call.

In addition, the conference call will be simultaneously broadcast over the Internet in a listen-only mode and can be accessed by logging onto the company's website at www.deepwater.com and selecting "Investor Relations/News & Events/Webcasts & Presentations." A file containing four charts to be discussed during the conference call, titled "2Q08 Charts," has been posted to the company's website and can also be found by selecting "Investor Relations/News & Events/Webcasts & Presentations." The conference call may also be accessed via the Internet at www.CompanyBoardroom.com by typing in the company's New York Stock Exchange trading symbol, "RIG."

A telephonic replay of the conference call should be available after 1:00 p.m. Eastern Time on August 6, 2008 and can be accessed by dialing 719-457-0820 and referring to the passcode 2830174. Also, a replay will be available through the Internet and can be accessed by visiting either of the above-referenced Worldwide Web addresses.

Transocean Inc. is the world's largest offshore drilling contractor and the leading provider of drilling management services worldwide. With a fleet of 137 mobile offshore drilling units plus 10 announced ultra-deepwater newbuild units, the company's fleet is considered one of the most modern and versatile in the world due to its emphasis on technically demanding segments of the offshore drilling business. The company owns or operates a contract drilling fleet of 39 High-Specification Floaters (Ultra-Deepwater, Deepwater and Harsh-Environment semisubmersibles and drillships), 29 Midwater Floaters, 10 High-Specification Jackups, 55 Standard Jackups and other assets utilized in the support of offshore drilling activities worldwide.

⁽¹⁾ Annual Effective Tax Rate is defined as income tax expense excluding various discrete items (such as changes in estimates and tax on items excluded from income before income taxes) divided by income before income taxes excluding gains on sales and similar items pursuant to Financial Accounting Standards Board Interpretation No. 18. See the accompanying schedule entitled "Supplemental Effective Tax Rate Analysis."

⁽²⁾ Effective Tax Rate is defined as income tax expense divided by income before income taxes. See the accompanying schedule entitled "Supplemental Effective Tax Rate Analysis."

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

	Three months ended		Six months ended	
	June 30,	2007	June 30,	2007
	2008	2007	2008	2007
Operating revenues				
Contract drilling revenues	\$ 2,587	\$ 1,360	\$ 5,227	\$ 2,633
Contract drilling intangible revenues	190	—	414	—
Other revenues	325	74	571	129
	<u>3,102</u>	<u>1,434</u>	<u>6,212</u>	<u>2,762</u>
Costs and expenses				
Operating and maintenance	1,364	627	2,521	1,195
Depreciation, depletion and amortization	337	101	704	201
General and administrative	45	29	94	55
	<u>1,746</u>	<u>757</u>	<u>3,319</u>	<u>1,451</u>
Gain (loss) from disposal of assets, net	(6)	(1)	(3)	22
Operating income	<u>1,350</u>	<u>676</u>	<u>2,890</u>	<u>1,333</u>
Other income (expense), net				
Interest income	10	5	23	10
Interest expense, net of amounts capitalized	(111)	(33)	(248)	(70)
Other, net	(3)	(5)	(11)	8
	<u>(104)</u>	<u>(33)</u>	<u>(236)</u>	<u>(52)</u>
Income before income taxes and minority interest	1,246	643	2,654	1,281
Income tax expense	140	93	358	178
Minority interest	(1)	1	—	1
Net income	<u>\$ 1,107</u>	<u>\$ 549</u>	<u>\$ 2,296</u>	<u>\$ 1,102</u>
Earnings per share				
Basic	\$ 3.48	\$ 2.73	\$ 7.22	\$ 5.45
Diluted	<u>\$ 3.45</u>	<u>\$ 2.63</u>	<u>\$ 7.15</u>	<u>\$ 5.24</u>
Weighted average shares outstanding				
Basic	318	202	318	202
Diluted	<u>321</u>	<u>210</u>	<u>321</u>	<u>211</u>

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

	June 30, 2008 (Unaudited)	December 31, 2007
ASSETS		
Cash and cash equivalents	\$ 976	\$ 1,241
Accounts receivable, net of allowance for doubtful accounts of \$62 and \$50 at June 30, 2008 and December 31, 2007, respectively	2,478	2,370
Materials and supplies, net of allowance for obsolescence of \$23 and \$22 at June 30, 2008 and December 31, 2007, respectively	414	333
Deferred income taxes, net	84	119
Assets held for sale	567	—
Other current assets	212	233
Total current assets	<u>4,731</u>	<u>4,296</u>
Property and equipment	24,661	24,545
Less accumulated depreciation	4,277	3,615
Property and equipment, net	<u>20,384</u>	<u>20,930</u>
Goodwill	8,351	8,219
Other assets	1,011	919
Total assets	<u>\$ 34,477</u>	<u>\$ 34,364</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Accounts payable	\$ 861	\$ 805
Accrued income taxes	182	99
Debt due within one year	2,145	6,172
Other current liabilities	732	826
Total current liabilities	<u>3,920</u>	<u>7,902</u>
Long-term debt	13,134	11,085
Deferred income taxes, net	734	681
Other long-term liabilities	1,719	2,125
Total long-term liabilities	<u>15,587</u>	<u>13,891</u>
Commitments and contingencies		
Minority interest	5	5
Preference shares, \$0.10 par value; 50,000,000 shares authorized, none issued and outstanding	—	—
Ordinary shares, \$0.01 par value; 800,000,000 shares authorized, 319,044,814 and 317,222,909 shares issued and outstanding at June 30, 2008 and December 31, 2007, respectively	3	3
Additional paid-in capital	10,907	10,799
Accumulated other comprehensive loss	(47)	(42)
Retained earnings	4,102	1,806
Total shareholders' equity	<u>14,965</u>	<u>12,566</u>
Total liabilities and shareholders' equity	<u>\$ 34,477</u>	<u>\$ 34,364</u>

TRANSOCEAN INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In millions)
(Unaudited)

	Three months ended		Six months ended	
	June 30,	2007	June 30,	2007
	2008		2008	
Cash flows from operating activities				
Net income	\$ 1,107	\$ 549	\$ 2,296	\$ 1,102
Adjustments to reconcile net income to net cash provided by operating activities:				
Amortization of drilling contract intangibles	(190)	—	(414)	—
Depreciation, depletion and amortization	337	101	704	201
Share-based compensation expense	11	9	33	19
(Gain) loss from disposal of assets, net	6	1	3	(22)
Deferred revenue, net	7	4	25	38
Deferred expenses, net	(145)	(6)	(129)	(13)
Deferred income taxes	(31)	(5)	(56)	(7)
Other, net	(6)	5	(18)	4
Changes in operating assets and liabilities	(85)	(51)	49	(61)
Net cash provided by operating activities	<u>1,011</u>	<u>607</u>	<u>2,493</u>	<u>1,261</u>
Cash flows from investing activities				
Capital expenditures	(420)	(290)	(1,189)	(755)
Proceeds from disposal of assets, net	93	2	347	41
Joint ventures and other investments, net	—	—	(3)	(3)
Net cash used in investing activities	<u>(327)</u>	<u>(288)</u>	<u>(845)</u>	<u>(717)</u>
Cash flows from financing activities				
Borrowings (repayments) under commercial paper program, net	(171)	—	1,145	—
Repayments under revolving credit facilities, net	(180)	(190)	(1,500)	—
Proceeds from debt	75	—	2,051	—
Repayments of debt	(1,040)	(230)	(3,673)	(230)
Payments made upon exercise of warrants, net	—	—	(4)	—
Proceeds from issuance of ordinary shares under share-based compensation plans, net	34	40	61	55
Repurchase of ordinary shares	—	—	—	(400)
Tax benefit from issuance of ordinary shares under share-based compensation plans	8	4	11	9
Other, net	(1)	—	(4)	—
Net cash used in financing activities	<u>(1,275)</u>	<u>(376)</u>	<u>(1,913)</u>	<u>(566)</u>
Net decrease in cash and cash equivalents	(591)	(57)	(265)	(22)
Cash and cash equivalents at beginning of period	1,567	502	1,241	467
Cash and cash equivalents at end of period	<u>\$ 976</u>	<u>\$ 445</u>	<u>\$ 976</u>	<u>\$ 445</u>

Transocean Inc.
Fleet Operating Statistics

	Operating Revenues (\$ Millions) ⁽¹⁾				
	Three months ended			Six months ended	
	June 30, 2008	March 31, 2008	June 30, 2007	June 30, 2008	June 30, 2007
Contract Drilling Revenues					
High-Specification Floaters:					
Ultra Deepwater Floaters	\$ 558	\$ 608	\$ 336	\$ 1,166	\$ 676
Deepwater Floaters	377	325	256	702	498
Harsh Environment Floaters	168	150	126	318	236
Total High-Specification Floaters	1,103	1,083	718	2,186	1,410
Midwater Floaters	650	675	396	1,325	768
High-Specification Jackups	147	157	12	304	24
Standard Jackups	674	711	218	1,385	401
Other Rigs	13	14	16	27	30
Subtotal	2,587	2,640	1,360	5,227	2,633
Contract Intangible Revenue	190	224	0	414	0
Other Revenues					
Client Reimbursable Revenues	51	47	29	98	59
Integrated Services and Other	48	(52)	45	(4)	70
Drilling Management Services	208	227	0	435	0
Oil and Gas Properties	18	24	0	42	0
Subtotal	325	246	74	571	129
Total Company	\$ 3,102	\$ 3,110	\$ 1,434	\$ 6,212	\$ 2,762

	Average Dayrates ⁽¹⁾				
	Three months ended			Six months ended	
	June 30, 2008	March 31, 2008	June 30, 2007	June 30, 2008	June 30, 2007
High-Specification Floaters:					
Ultra Deepwater Floaters	\$ 390,400	\$ 380,800	\$ 288,900	\$ 385,300	\$ 295,100
Deepwater Floaters	\$ 317,400	\$ 284,100	\$ 212,600	\$ 301,100	\$ 215,800
Harsh Environment Floaters	\$ 379,400	\$ 344,000	\$ 288,500	\$ 361,900	\$ 267,300
Total High-Specification Floaters	\$ 360,500	\$ 340,900	\$ 256,100	\$ 350,500	\$ 257,200
Midwater Floaters	\$ 299,300	\$ 292,300	\$ 234,400	\$ 295,700	\$ 233,300
High-Specification Jackups	\$ 178,000	\$ 173,800	\$ 130,400	\$ 175,800	\$ 131,900
Standard Jackups	\$ 149,400	\$ 146,200	\$ 117,300	\$ 147,700	\$ 110,400
Other Rigs	\$ 48,400	\$ 49,700	\$ 57,200	\$ 49,000	\$ 53,700
Total Drilling Fleet	\$ 238,600	\$ 229,000	\$ 202,400	\$ 233,700	\$ 200,200

	Utilization ⁽¹⁾				
	Three months ended			Six months ended	
	June 30, 2008	March 31, 2008	June 30, 2007	June 30, 2008	June 30, 2007
High-Specification Floaters:					
Ultra Deepwater Floaters	87%	98%	98%	92%	97%
Deepwater Floaters	81%	79%	83%	80%	80%
Harsh Environment Floaters	98%	96%	96%	97%	98%
Total High-Specification Floaters	86%	90%	91%	88%	89%
Midwater Floaters	82%	88%	98%	85%	96%
High-Specification Jackups	91%	99%	100%	95%	100%
Standard Jackups	89%	93%	85%	91%	84%
Other Rigs	100%	100%	100%	100%	100%
Total Drilling Fleet	87%	91%	91%	89%	90%

⁽¹⁾ Average daily revenue is defined as contract drilling revenue earned per revenue earning day in the period. A revenue earning day is defined as a day for which a rig earns dayrate after commencement of operations. Utilization is defined as the total actual number of revenue earning days in the period as a percentage of the total number of calendar days in the period for all drilling rigs in our fleet.

Transocean Inc. and Subsidiaries
Non-GAAP Financial Measures and Reconciliations

**Operating Income Before General and Administrative Expense
to Field Operating Income**
(in millions)

	Three months ended			Six months ended	
	June 30, 2008	March 31, 2008	June 30, 2007	June 30, 2008	June 30, 2007
Operating revenue	\$ 3,102	\$ 3,110	\$ 1,434	\$ 6,212	\$ 2,762
Operating and maintenance expense	1,364	1,157	627	2,521	1,195
Depreciation, depletion and amortization	337	367	101	704	201
(Gain) loss from disposal of assets, net	6	(3)	1	3	(22)
Operating income before general and administrative expense	1,395	1,589	705	2,984	1,388
Add back (subtract):					
Depreciation, depletion and amortization	337	367	101	704	201
(Gain) loss from disposal of assets, net	6	(3)	1	3	(22)
Field operating income	\$ 1,738	\$ 1,953	\$ 807	\$ 3,691	\$ 1,567

Transocean Inc. and Subsidiaries
Supplemental Effective Tax Rate Analysis
(In millions)

	Three months ended			Six months ended		Years ended Dec. 31,	
	June 30, 2008	March 31, 2008	June 30, 2007	June 30, 2008	June 30, 2007	2007	2006
Income (Loss) before income taxes and minority interest	\$ 1,246	\$ 1,408	\$ 643	\$ 2,654	\$ 1,281	\$ 3,384	\$ 1,607
Add back (subtract):							
(Gain) loss on disposal of assets, net	—	—	1	—	(22)	(264)	(410)
Income from TODCO tax sharing agreement	—	—	—	—	—	(277)	(51)
Loss on retirement of debt	1	2	—	3	—	8	—
GSF Merger related costs	3	1	—	4	—	82	—
Adjusted income before income taxes	1,250	1,411	644	2,661	1,259	2,933	1,146
Income tax expense	140	218	93	358	178	253	222
Add back (subtract):							
(Gain) loss on disposal of assets, net	—	—	—	—	(3)	(3)	(24)
GSF Merger related costs	—	—	—	—	—	15	—
Changes in estimates (1)	2	(27)	11	(25)	13	101	14
Adjusted income tax expense (2)	\$ 142	\$ 191	\$ 104	\$ 333	\$ 188	\$ 366	\$ 212
Effective Tax Rate (3)	11.2%	15.5%	14.4%	13.5%	13.9%	7.5%	13.8%
Annual Effective Tax Rate (4)	11.4%	13.5%	16.1%	12.5%	14.9%	12.5%	18.5%

- (1) Our estimates change as we file tax returns, settle disputes with tax authorities or become aware of other events and include changes in deferred taxes valuation allowances on deferred taxes and other tax liabilities.
- (2) The three months ended June 30, 2008 include \$ (30) million of additional tax expense (benefit) reflecting the catch-up effect of an increase (decrease) in the annual effective tax rate from the previous quarter estimate.
- (3) Effective Tax Rate is income tax expense divided by income before income taxes.
- (4) Annual Effective Tax Rate is income tax expense excluding various discrete items (such as changes in estimates and tax on items excluded from income before income taxes) divided by income before income taxes excluding gains on sales and similar items pursuant to Financial Accounting Standards Board Interpretation No. 18.



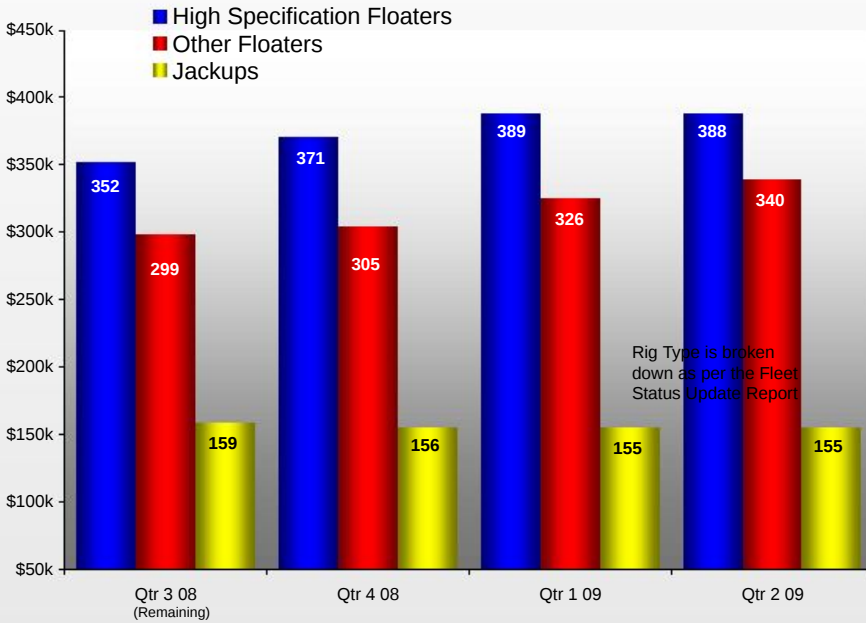
Your Next Generation Driller

Transocean Inc. Reports
Second Quarter 2008 Results



Chart #1: Average Contracted Dayrate by Rig Type

Qtr 3 2008 through Qtr 2 2009 (Unaudited)



Definitions

Average Dayrate The weighted average contract dayrate for each rig type based on current backlog from the company's most recent Fleet Status Update Report as of August 5, 2008. Includes firm contracts only.

High-Specification Floaters The High-Specification Floaters category is a consolidation of the Ultra-Deepwater Floaters, Other High-Specification Floaters and Other Deepwater Floaters as described below.

Ultra-Deepwater Floaters have high-pressure mud pumps and a water depth capability of 7,500 feet or greater.

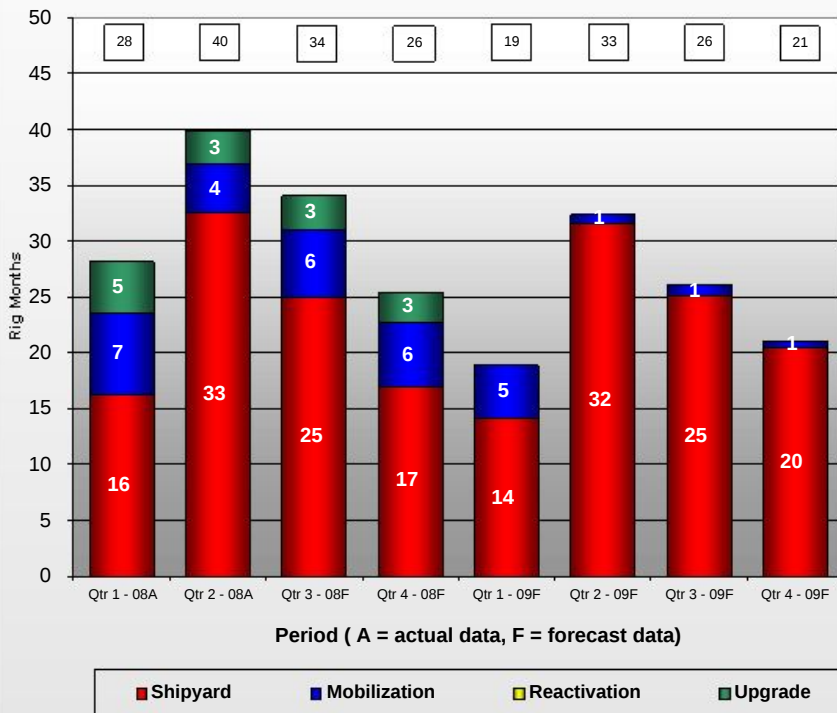
Other High-Specification Floaters were built in the mid to late 1980s, are capable of drilling in harsh environments and have greater displacement than previously constructed rigs resulting in larger variable load capacity, more useable deck space and better motion characteristics.

The Other Deepwater Floaters include the remaining semi-submersible rigs and drillships that have a water depth capacity of at least 4,500 feet.

Other Floaters The Other Floaters category is generally comprised of those non-High-Specification Floaters with a water depth capacity of less than 4,500 feet.

Jackups The Jackups category consists of our jackup fleet.

Chart #2: Out-of-Service Rig Months Qtr 1 2008 through Qtr 4 2009 (Unaudited)



Definitions

- Rig Months** Time expressed in months that each rig has been, or is forecast to be Out of Service as reflected in the company's Fleet Status Update Report as of August 5, 2008. Also includes out of service time of less than 14 days that is not disclosed in the Fleet Status report.
- Out-of-Service** Time when a rig is not available to earn an operating dayrate due to shipyards, contract preparation, mobilization, reactivation or upgrades.
- Mobilization** Includes mobilization and demobilization to and from operating contracts and other activities such as shipyards excluding those mobilization and demobilization periods covered in *Reactivation* and *Upgrades*.
- Reactivation** Rig time described as "reactivation", relating to the C.K. Rhein Jr., which was previously cold stacked.
- Upgrade** Rig time described as "upgrade" includes the Sedco 702 and Sedco 706 which are undergoing or forecast to undergo a shipyard project to enhance the operational capabilities of the rig.
- Shipyard** Rig time described as "shipyard" refers to periods during which a rig is out of service as a result of other planned shipyards, surveys, repairs, regulatory inspections or other planned service or work on the rig excluding reactivations and upgrades.

Chart #3: Operating & Maintenance (O&M) Costs Trends (Unaudited)

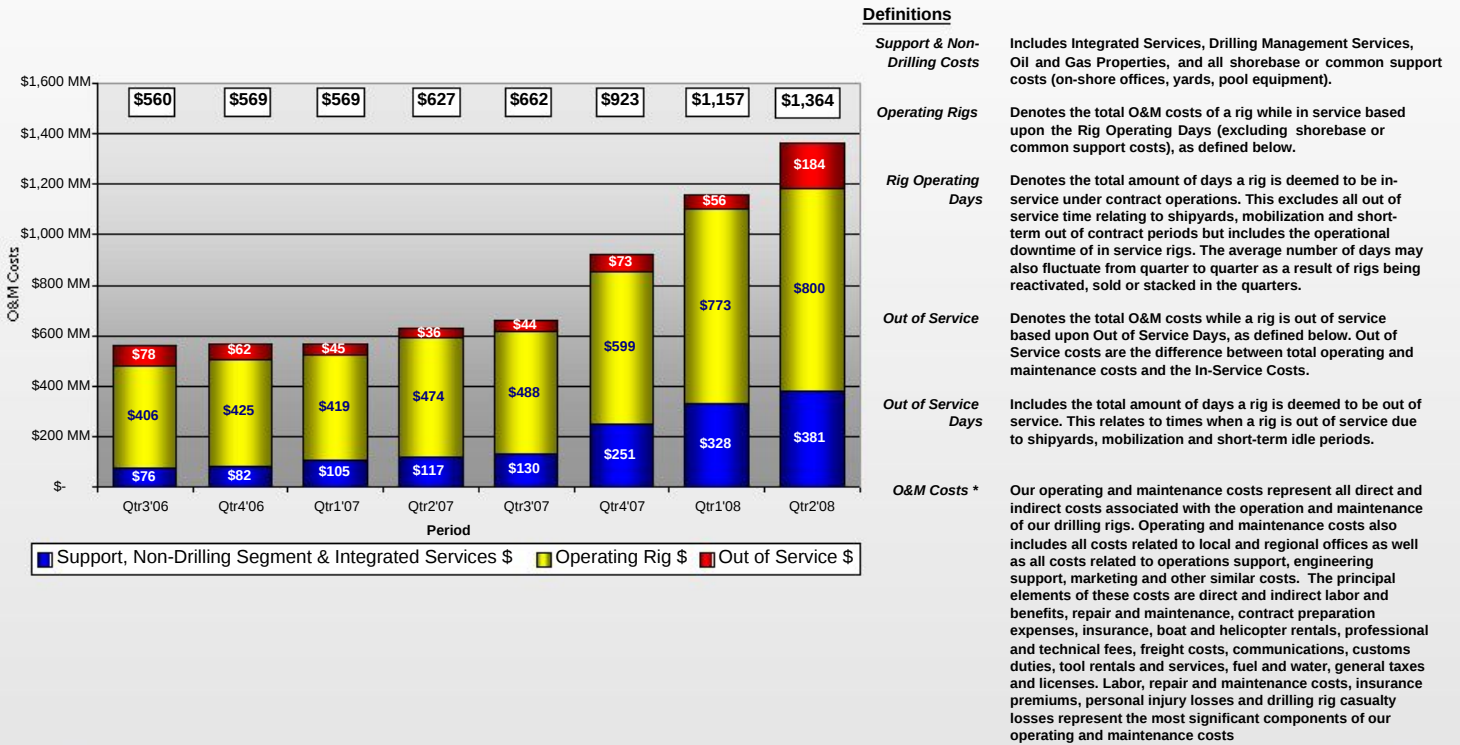
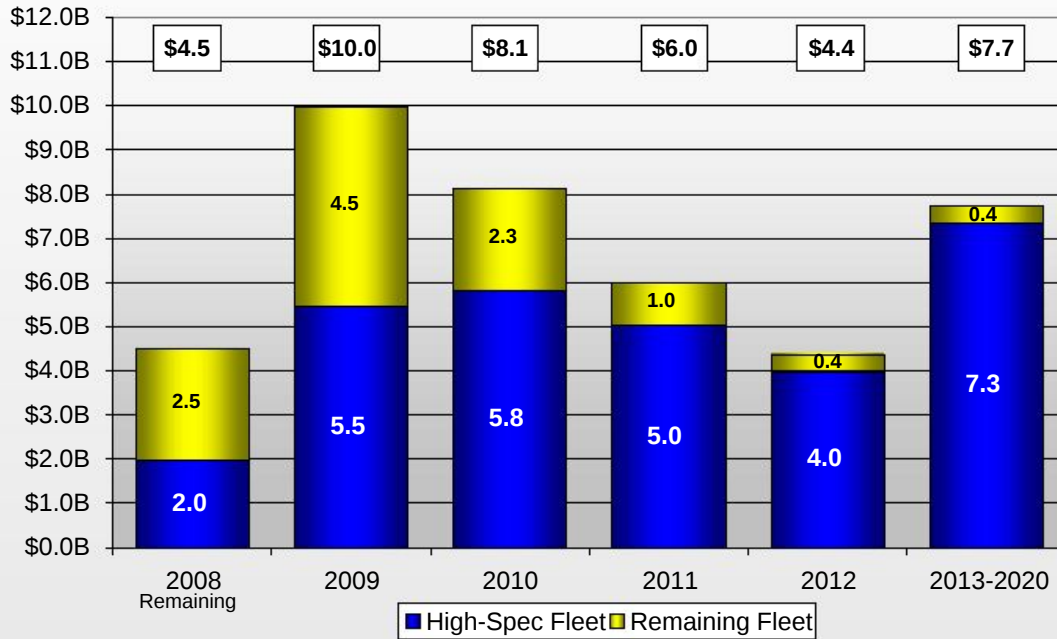


Chart #4: Contract Backlog by Years

(Unaudited)

Total Contract Backlog (1) = \$40.7 Billion



Calculated by multiplying the contracted operating dayrate by the firm contract period from August 1, 2008 forward. Reflects firm commitments represented by signed contracts. Contract backlog excludes revenues from mobilization, demobilization, contract preparation, integrated services and customer reimbursables. Our backlog calculation assumes that we receive the full contractual dayrate, which could be higher than the actual Dayrate that we receive because of a number of factors (rig downtime, suspension of operations, etc....) including some beyond our control.