



Scotia Howard Weil Energy Conference

March 23, 2015

www.deepwater.com

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- **Company Overview**
- **Market Overview**
- **Value Creation**
 - **Financial Flexibility**
 - **Capital Investment**
- **Litigation Update**
- **Investment Highlights**

Company Overview

Industry Leader

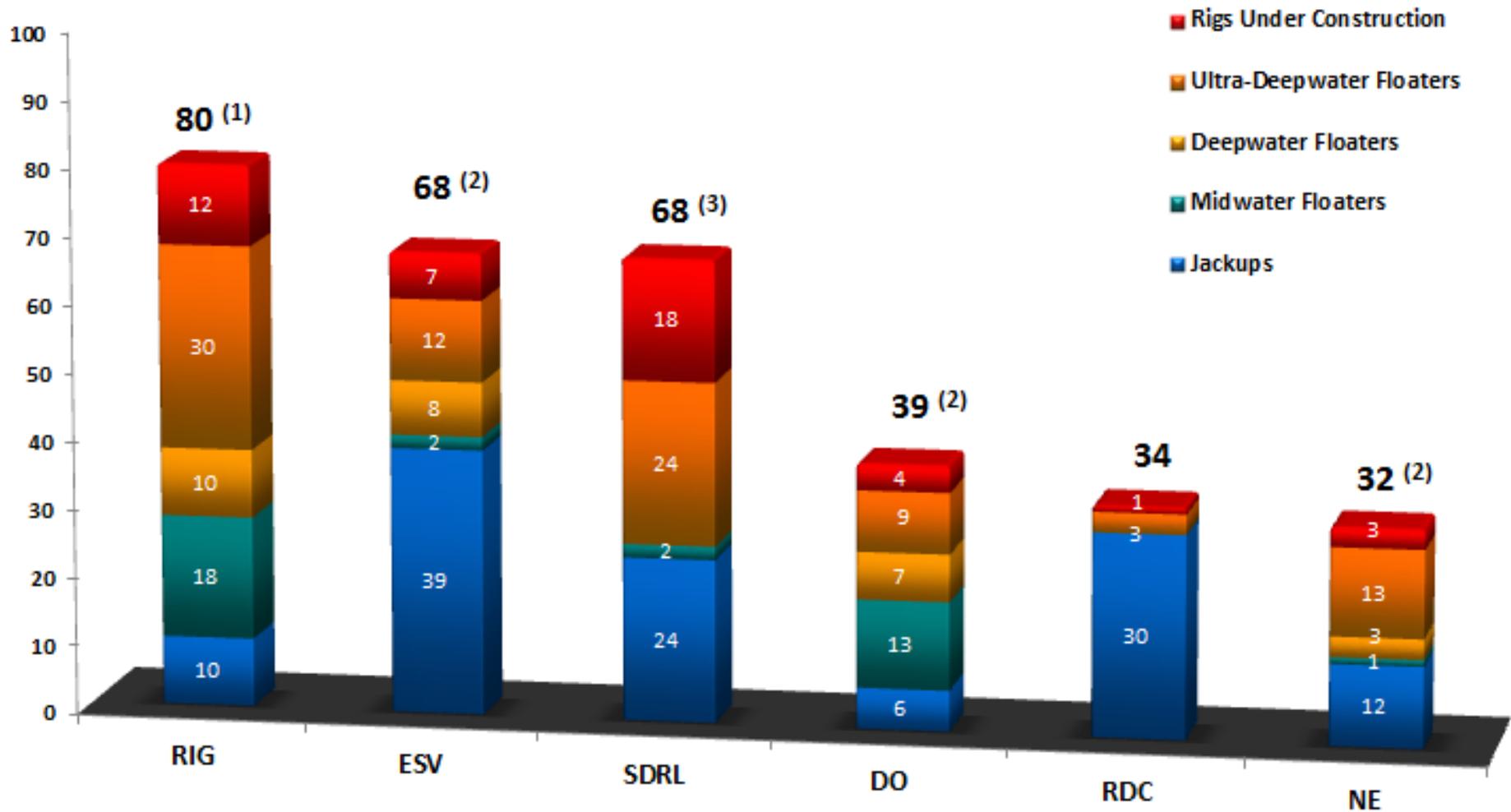


- Premier position in ultra-deepwater market segment
- Largest fleet of high spec and midwater floaters
- Operates in most major markets worldwide
- Technical leader
- Significant relationships across the customer spectrum
- Size and technical capabilities create reinvestment opportunities



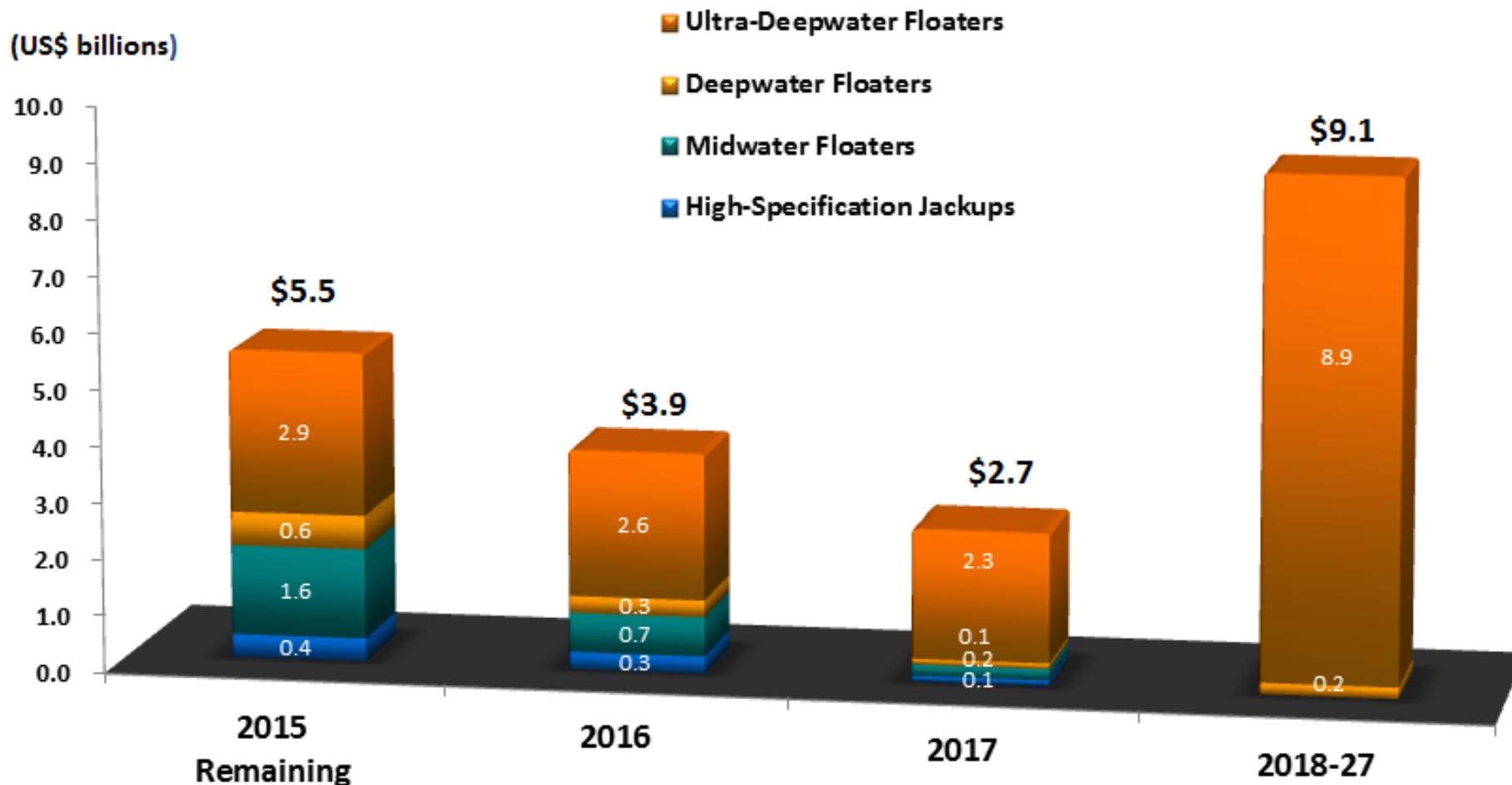
Company Overview

Largest Worldwide Rig Fleet



Company Overview

Strong Backlog



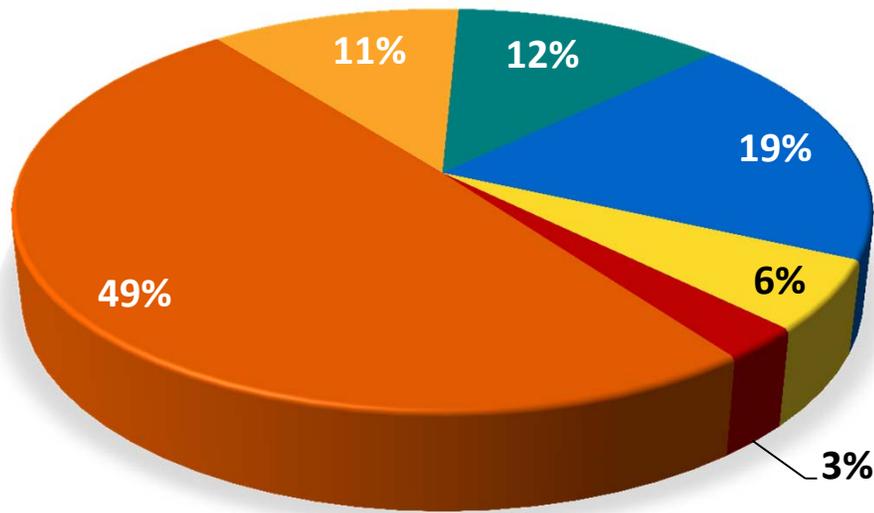
Total Backlog - \$21.2 billion⁽⁴⁾

Company Overview

Diversified Revenue Sources

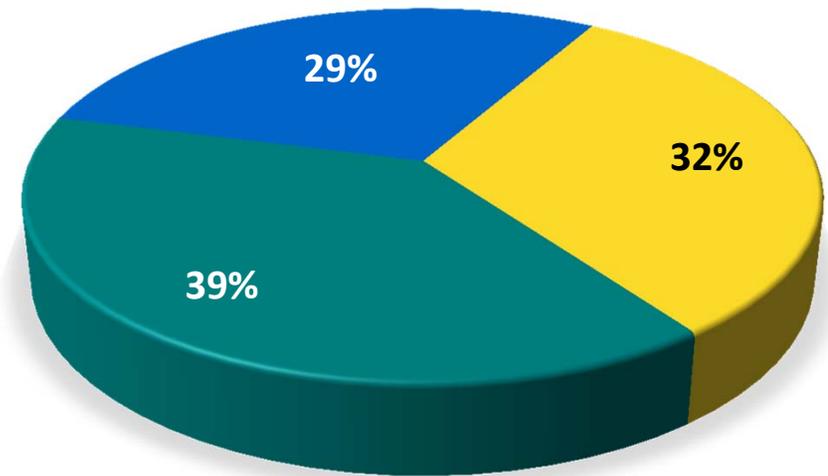


By Asset Class



- Ultra-Deepwater
- Deepwater
- Harsh Environment
- Midwater
- High-Spec Jackups
- Other

By Customer



- Integrated
- NOC
- Independent

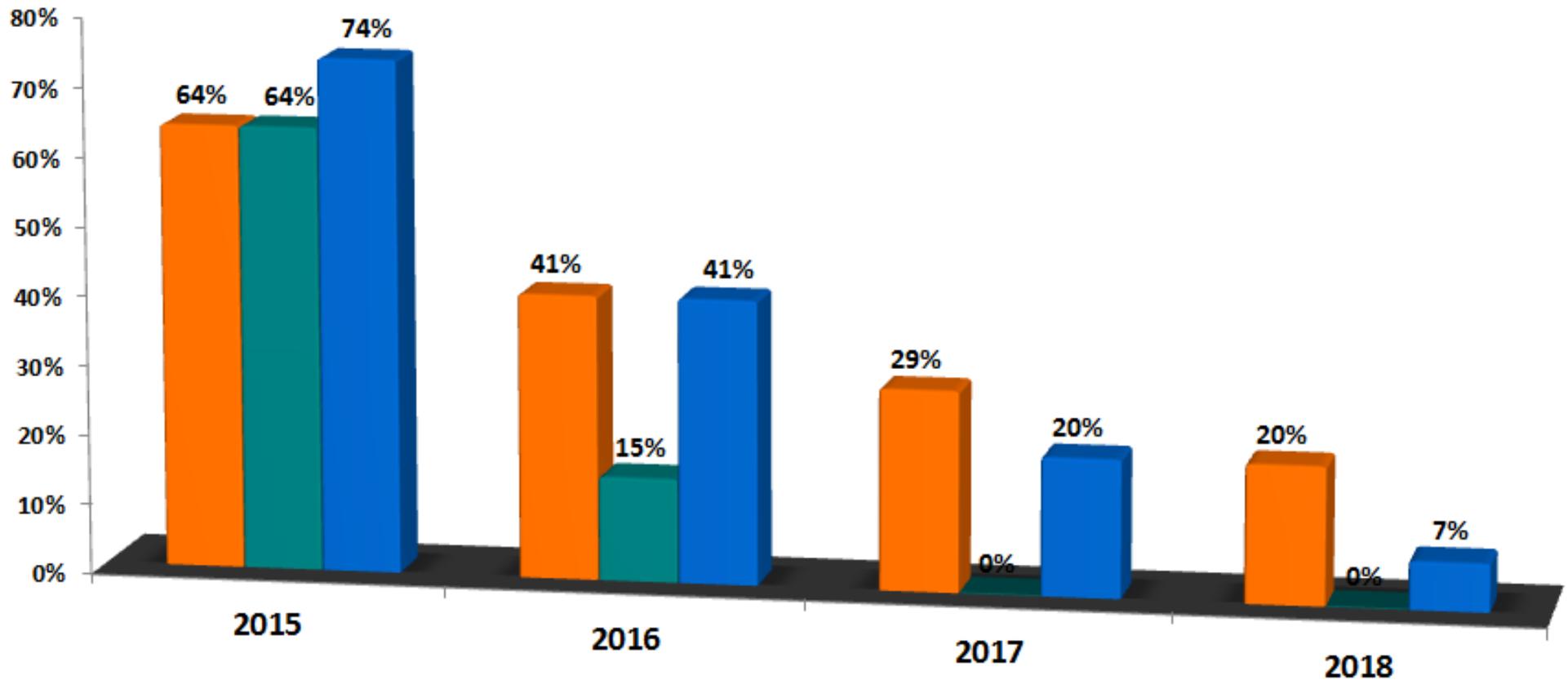
2014 Revenues - \$9.2 billion

Company Overview

Committed Fleet ⁽⁵⁾



■ High-Specification Floaters ■ Midwater Floaters ■ High-Specification Jackups



Market Overview



- Exploration successes support long-term ultra-deepwater demand
 - Market conditions are currently challenging
 - Rig market is temporarily oversupplied, including ultra-deepwater

Ultra-deepwater



Deepwater Invictus

Deepwater



Jack Bates

Midwater



GSF Rig 140

High-Spec Jackups



Transocean Honor

- Global fleet utilization 91% ⁽⁶⁾
- Newbuilds being delivered without contracts
- Global fleet utilization 85% ⁽⁶⁾
- Weakening activity; increase in rig availability
- Global fleet utilization 92% ⁽⁶⁾
- Near-term increase in rig availability
- Global fleet utilization 89% ⁽⁶⁾
- Demand and dayrates remain under pressure

Market Overview

Long-Term Rig Requirements

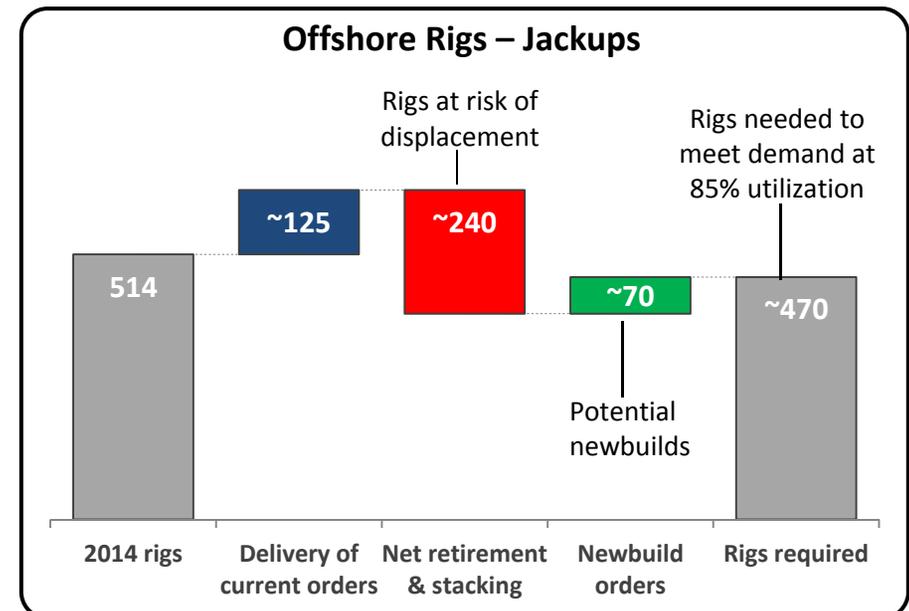
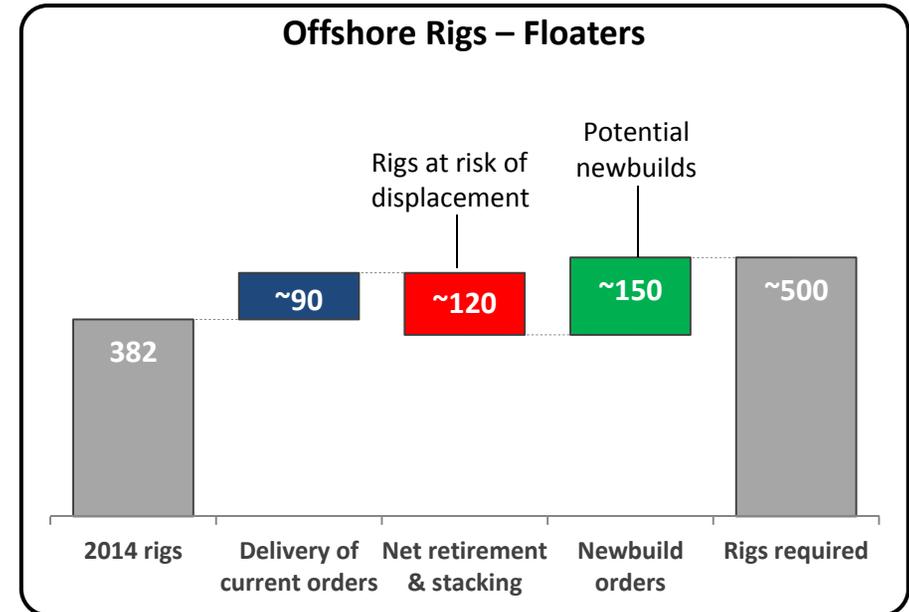


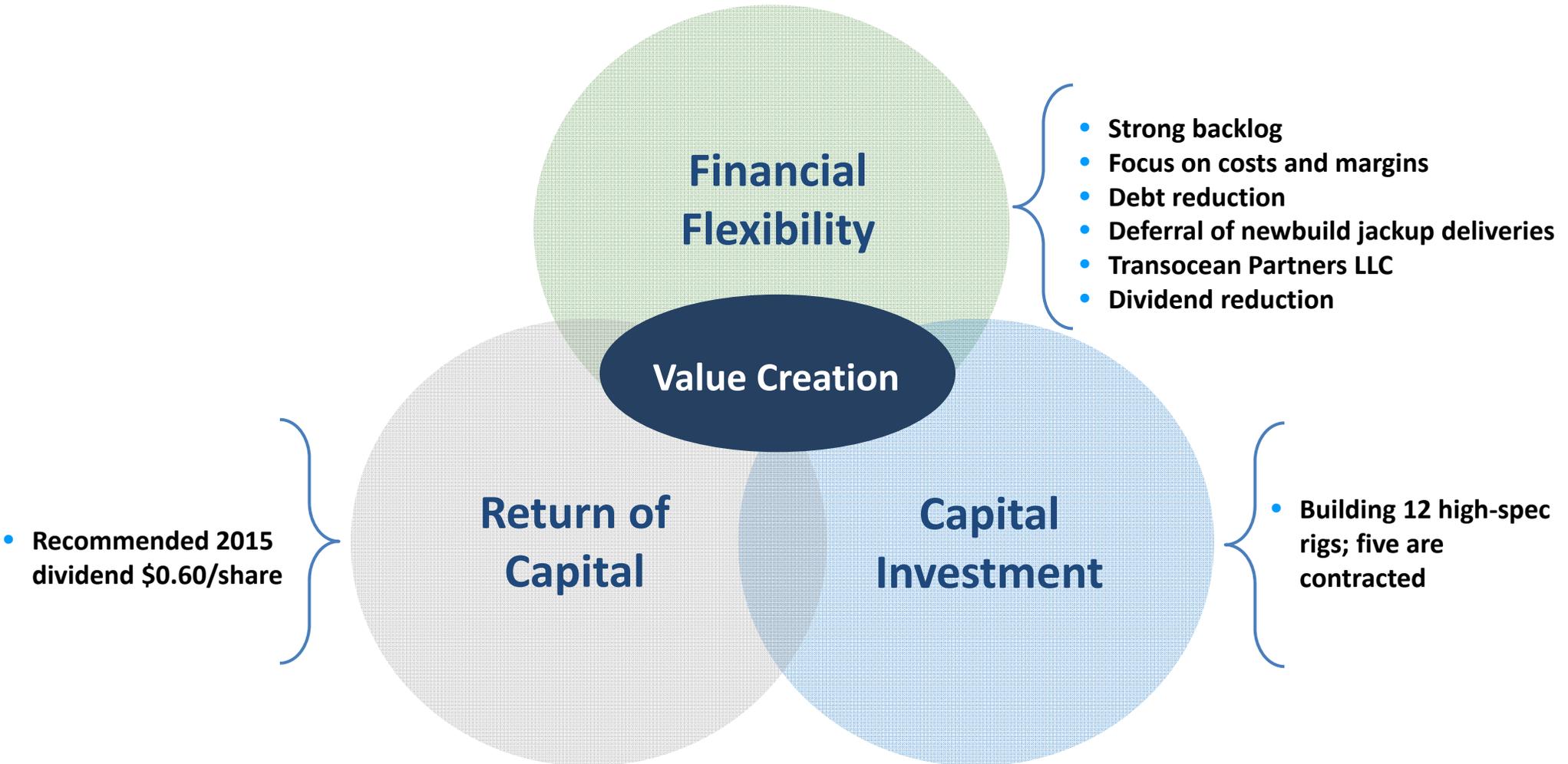
• Floaters

- Long-term growth in deepwater
- Lower spec rigs particularly at risk
- ~125 floaters are 30+ years old
- High-spec rigs preferred
- Stacking/attrition

• Jackups

- ~240 jackups are 30+ years old
- Customers actively replacing lower-spec rigs
- Stacking/attrition





Financial Flexibility

Highlights



- **\$21 billion backlog provides solid cash-generation foundation**
- **\$5.6 billion total liquidity at December 31, 2014**
 - **\$2.6 billion cash**
 - **\$3.0 billion undrawn revolving credit facility**
- **Transocean Partners LLC**
- **Continue to take actions to strengthen balance sheet**
 - **Completed accelerated debt retirement**
 - **80% reduction in dividend frees approximately \$870 million annually**
 - **Competitive 4% yield**
 - **Re-phasing/reduction of capital spend**
 - **Continuous improvement in operating performance, costs**
 - **Fleet retirement and recycling**

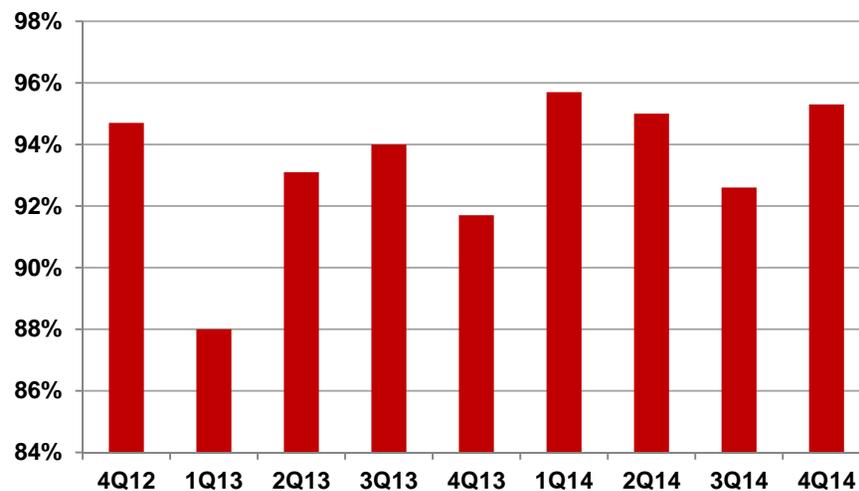
Financial Flexibility

Operating Performance

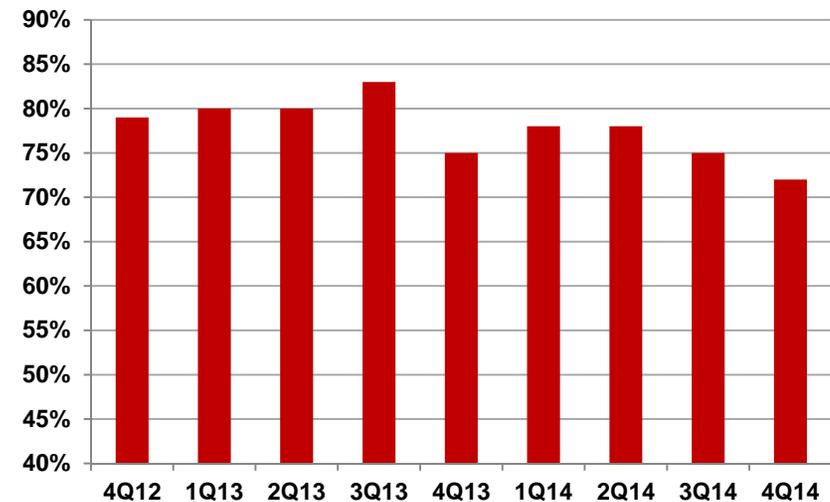


- 4Q14 operating earnings of \$0.95/share on revenues of \$2.24 billion

Revenue Efficiency



Utilization



- Continued progress on margin improvement initiatives help mitigate deteriorating market conditions
 - Objective of ~\$800 million in margin improvement by year-end 2015
 - Cost reductions alone already exceed \$700 million

- **Improve fleet quality**
 - **Divest or scrap non-core assets**
 - **Invest in high-specification rigs**
 - **Acquire**
 - **Build to contract**
 - **Build opportunistically**
- **Will remain disciplined and prudent**
 - **Returns exceed cost of capital**
 - **Contributions accretive to margins**
 - **Will re-phase investment in response to market conditions**
- **Currently, 2015 – 2018 newbuild CapEx forecasted \$1.0 - \$1.8 billion per year**

Capital Investment

Fleet Profile



Current Fleet*					
		Existing	Under construction	Total	
Floaters	Ultra-deepwater	28	+7	35	
	Deepwater	8		8	
	Midwater	15		15	
	Harsh Environment	7		7	
Jack-ups	High-Spec Jackups	10	+5	15	
Total	Total Floaters	58	+7	65	81%
	Total Jackups	10	+5	15	19%
	Total Fleet			80	100%

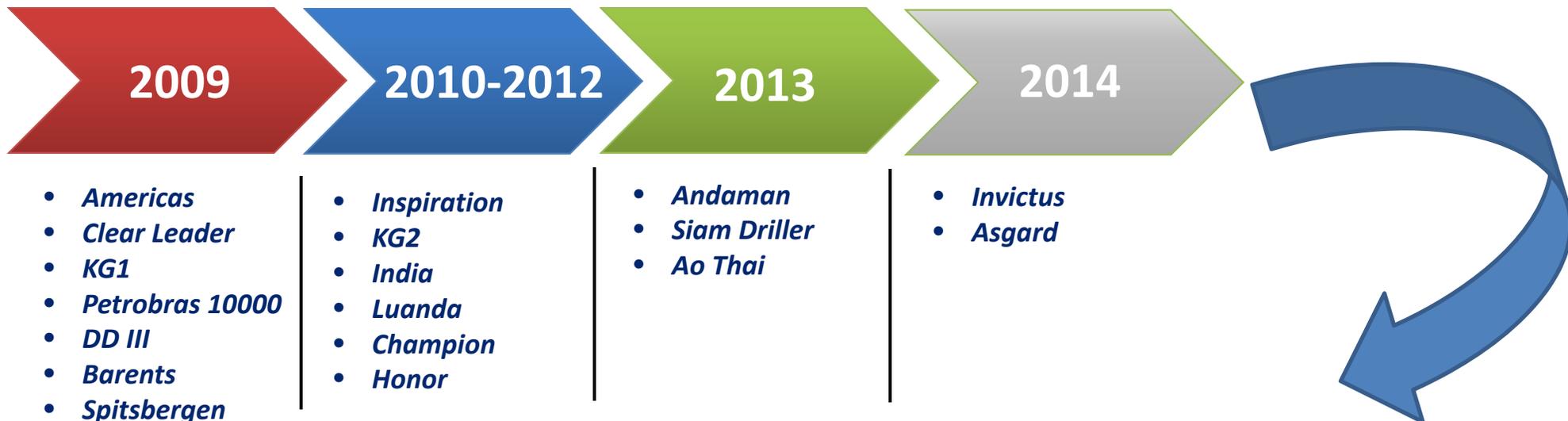
*Reflects announced scrapping

Future Fleet	
Ultra-deepwater	~50%
Deepwater	
Midwater	
Harsh Environment	~10%
High-Spec Jackups	~40%
Total Floaters	~60%
Total Jackups	~40%
Approximate EBITDA Contribution Margin:	
Floaters:	~75%
Jackups:	~25%

Capital Investment Newbuild Program



Completed Program: 18 High-Spec Rigs



Current Program: Seven UDW drillships, five are contract-backed; five high-specification jackups



* Expected contract commencement dates, except two JSPL drillships and five KFELS hi-spec jackups are approximate shipyard delivery dates

- **Favorable ruling handed down by Texas Supreme Court 2/13/15 - BP is not an additional insured**
- **Favorable court ruling 9/4/14 - effectively eliminates Transocean's financial risk arising from the below-surface discharge of oil**
 - **Transocean found to be not grossly negligent and not liable for punitive damages**
 - **Contractual indemnity affirmed as valid and enforceable**
 - **BP's release of its own claims against Transocean is valid and enforceable; PSC cannot pursue**
- **Civil and criminal settlement agreements reached with DOJ announced 1/3/13, comprising \$1.4B paid over five years**

Key Investment Highlights



Operational Improvement

- **Steady gains in revenue efficiency, anticipate 95% in 2015**
- **Accelerating improvement in cost structure**
 - **Reduced headcount, optimized maintenance**
 - **Continued focus on out-of-service time and costs**

Financial Flexibility

- **Enhanced with IPO of Transocean Partners**
- **Completed \$1 billion accelerated debt retirement in 4Q14**
- **\$3 billion unsecured revolving credit facility**

Fleet Renewal

- **Eliminating exposure to non-core rigs**
- **Robust pipeline of value-enhancing newbuilds**
- **Continuing industry leadership**
 - **20k rigs, hybrid power plant, BOP control system, Arctic drilling**

Reducing Uncertainties

- **Macondo, Insurance**
- **Norway**
- **Frade**



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- (1) As of March 18, 2015. Floater classifications are by water depth as described in the Fleet Status Report. Harsh Environment Floaters are included in the appropriate water depth classification. Rig count associated with continuing operations is 68, plus 12 newbuilds. Rigs Under Construction are inclusive of rigs to be accepted by the customer subsequent to March 18, 2015. “Idle” and “Stacked” rig classifications are as described in the Fleet Status Report.
- (2) Excludes retired rigs and rigs held for sale.
- (3) Excludes tender rigs.
- (4) Calculated by multiplying the contracted operating dayrate by the firm contract period for future periods, as of the Fleet Status Report issued February 17, 2015, for continuing operations only. Firm commitments are represented by signed drilling contracts or, in some cases, by other definitive agreements awaiting contract execution. Our contract backlog is calculated by multiplying the full contractual operating dayrate by the number of days remaining in the firm contract period, excluding revenues for mobilization, demobilization and contract preparation or other incentive provisions, which are not expected to be significant to our contract drilling revenues. The contractual operating dayrate may be higher than the actual dayrate we receive or we may receive other dayrates included in the contract, such as a waiting-on-weather rate, repair rate, standby rate or force majeure rate. The contractual operating dayrate may also be higher than the actual dayrate we receive because of a number of factors, including rig downtime or suspension of operations. In certain contracts, the dayrate may be reduced to zero if, for example, repairs extend beyond a stated period of time.
- (5) The committed fleet rate is defined as one minus the uncommitted fleet rate, which is the number of uncommitted days divided by the total number of rig calendar days in the measured period, expressed as a percentage. An uncommitted day is defined as a calendar day during which a rig is idle or stacked, is not contracted to a customer and is not committed to a shipyard. The rate is as of February 17, 2015.
- (6) Global marketed utilization data from IHS-Petrodata as of March 18, 2015. Deepwater rigs are defined as floaters with water depths equal to or greater than 4500’ and less than 7500’. Midwater rigs are defined as floaters with water depths less than 4500’. High-specification jackups are defined as competitive, independent cantilever rigs with water depths of 350’ and greater.
- (7) This presentation is unaudited.