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**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): February 14, 2007

**TRANSOCEAN INC.**

(Exact name of registrant as specified in its charter)

**Cayman Islands**

**333-75899**

**66-0582307**

(State or other jurisdiction of  
incorporation or organization)

(Commission  
File Number)

(I.R.S. Employer  
Identification No.)

**4 Greenway Plaza  
Houston, Texas 77046**

(Address of principal executive offices and zip code)

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

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

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

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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### ITEM 2.02 Results of Operations and Financial Condition.

Our press release dated February 14, 2007, concerning fourth quarter and full-year 2006 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 December 31, 2006 and September 30, 2006. 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.

On February 14, 2007, Transocean Inc. (the “Company”) is posting the slide presentation furnished as Exhibit 99.2 to this report on the Company’s website at [www.deepwater.com](http://www.deepwater.com). Exhibit 99.2 is incorporated in this Item 7.01 by reference.

The statements made herein 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, statements involving prospects for the Company, expected revenues, capital expenditures, costs and results of operations, market outlook, revenue backlog for the Company and other drillers, contract opportunities and commitments, operational performance, rig demand, rig capacity, dayrates, rig reactivations, rig upgrades including upgrade projects for the Sedco 700-series semisubmersible rigs, newbuild and acquisition opportunities, uses of excess cash including stock buybacks, debt reduction, fleet marketing efforts, rig mobilizations and planned shipyard programs. 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, 2005 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](http://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.

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The information furnished pursuant to Items 2.02 and 7.01 of this report, including Exhibits 99.1 and 99.2, shall not be deemed to be “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934, nor will it be incorporated by reference into any registration statement filed by Transocean Inc. under the Securities Act of 1933, as amended, unless specifically identified therein as being incorporated therein by reference. The furnishing of the information in this report is not intended to, and does not, constitute a determination or admission by Transocean Inc. that the information in this report is material or complete, or that investors should consider this information before making an investment decision with respect to any security of Transocean Inc.

ITEM 9.01 Financial Statements and Exhibits.

(d) Exhibits.

The following exhibits are furnished pursuant to Items 2.02 and 7.01:

| <u>Exhibit Number</u> | <u>Description</u>  |
|-----------------------|---|
| 99.1                  | Transocean Inc. Press Release Reporting Fourth Quarter and Full-Year 2006 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 thereunto duly authorized.

TRANSOCEAN INC.

Date: February 14, 2007

By: /s/ William E. Turcotte

William E. Turcotte  
Vice President, Associate General Counsel  
and Assistant Secretary

INDEX TO EXHIBITS

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**Transocean Inc.**  
 Post Office Box 2765  
 Houston TX 77252 2765

**Analyst Contact:** John Briscoe  
 713-232-7551  
**Media Contact:** Guy A. Cantwell  
 713-232-7647

**News Release**  
**FOR RELEASE:** February 14, 2007

## **TRANSOCEAN INC. REPORTS FOURTH QUARTER AND FULL-YEAR 2006 RESULTS**

HOUSTON—Transocean Inc. (NYSE: RIG) today reported net income for the three months ended December 31, 2006 of \$621 million, or \$2.05 per diluted share, on record quarterly revenues of \$1,186 million. The results compare to net income of \$152 million, or \$0.45 per diluted share, on revenues of \$771 million, for the three months ended December 31, 2005. Net income for the three months ended December 31, 2006 included after-tax gains of \$192 million, or \$0.63 per diluted share, resulting primarily from the sale of two rigs, the *Transocean Wildcat* and the *Searex IX*, and other income of \$51 million, or \$0.17 per share, that we recognized from our tax sharing agreement with TODCO in 2006.

For the 12 months ended December 31, 2006, net income totaled \$1,385 million, or \$4.28 per diluted share, on revenues of \$3,882 million, compared to net income of \$716 million, or \$2.13 per diluted share, on revenues of \$2,892 million for the corresponding 12 months in 2005. Net income for the 12 months ended December 31, 2006 included after-tax gains totaling \$437 million, or \$1.34 per share, resulting from the sale of non-strategic assets, including the two above-mentioned rigs, and income that we recognized from the tax sharing agreement with TODCO in 2006. Net income for the 12 months ended December 31, 2005 included a gain of \$165 million, or \$0.49 per diluted share, resulting from the sale of TODCO common stock, after-tax gains of \$28 million, or \$0.08 per diluted share, resulting from the sale of three rigs, other income of \$11 million, or \$0.03 per diluted share, earned from our tax sharing agreement with TODCO, and a loss of \$7 million, or \$0.02 per diluted share, resulting from the early retirement of debt.

Robert L. Long, Chief Executive Officer of Transocean Inc., stated, “We had a good quarter with revenues up 16% breaking the prior quarter’s record revenues and with costs up less than 2% from the prior quarter. We are entering 2007 with a record contract backlog and a continuation of the excellent market conditions that we saw in 2006.”

### Operations Quarterly Review

Revenues for the three months ended December 31, 2006 increased to \$1,186 million compared to revenues of \$1,025 million during the three months ended September 30, 2006. The increase was primarily due to an improvement in average daily revenue, which rose 17% to \$171,700 from \$146,900 during the three months ended September 30, 2006. This improvement was consistent across the company’s fleet as several rigs commenced new contracts with dayrates that reflect the strong business environment prevalent since mid-2004. In addition, fourth quarter 2006 revenues were enhanced by the return to operation of the semisubmersible rig *Sedco 709* and the drillship *Deepwater Discovery* which were both idle for maintenance programs during the third quarter of 2006 and by a full quarter of activity of the semisubmersible rigs *Transocean Winner* and *Transocean Prospect* after they completed their reactivation programs in the third quarter of 2006.

For the three months ended December 31, 2006, operating income before general and administrative expenses totaled \$701 million, a 70% improvement from \$412 million reported for the third quarter of 2006. Field operating income<sup>(1)</sup> (defined as revenues less operating and maintenance expenses) improved 33% to \$616 million compared to



\$464 million over the same comparative period. These improved fourth quarter 2006 results were due chiefly to the strong revenue growth, partially offset by an increase in operating and maintenance expenses, which totaled \$570 million during the fourth quarter of 2006 compared to \$561 million during the previous quarter in 2006. The increase in operating and maintenance activity was due primarily to the increased number of maintenance projects completed on our operating rigs during the quarter and higher labor costs related to ongoing recruitment efforts and the continued inflationary pressure on wages. This increase was partially offset by a decrease in shipyard expenditures following the return to activity of the *Sedco 709*, *Deepwater Discovery*, *Transocean Winner* and *Transocean Prospect* during the third and fourth quarter.

#### Liquidity

Cash flow from operations increased to \$1,237 million for the 12 months ended December 31, 2006. The company reported a decrease in total debt of approximately \$200 million, to \$3,295 million at December 31, 2006 compared to total debt at September 30, 2006 of \$3,495 million, resulting from a draw of \$100 million on the \$1.0 billion multi-draw term credit facility and net of repayments of \$300 million in the fourth quarter of 2006.

#### Effective Tax Rate

The company's Annual Effective Tax Rate<sup>(2)</sup> for the 12 months ended December 31, 2006 was 18.5%, excluding the previously mentioned impact on income before income tax related to the gains from the rig sales and the TODCO tax sharing agreement as well as excluding from income tax expense various discrete tax items. The Effective Tax Rate<sup>(3)</sup> of 10.4% for the fourth quarter of 2006 reflects the impact of the previously mentioned rig sales and TODCO tax sharing income in addition to a \$17 million favorable impact resulting from changes in estimates and resolution of prior years' tax disputes in various jurisdictions.

#### Share Buyback

In May 2006, the company's board of directors authorized an increase in the overall amount of ordinary shares which may be repurchased under the company's share repurchase program from \$2.0 billion to \$4.0 billion. During the three months ended December 31, 2006, the company purchased and retired \$250 million of its ordinary shares, which amounted to approximately 3.5 million ordinary shares at an average purchase price of \$71.79 per share. As of January 31, 2007, the company had repurchased and retired a total of \$3.0 billion of its ordinary shares under the program, which amounted to approximately 42 million ordinary shares at an average purchase price of \$71.87 per share, and the company retained the authority to repurchase the remaining \$1.0 billion of its ordinary shares under the program.

#### Conference Call Information

Transocean will conduct a teleconference call at 10:00 a.m. Eastern on February 14, 2007. To participate, dial 913-981-5522 and refer to confirmation code 2410660 approximately five to 10 minutes prior to the scheduled start time of the call.

In addition, the conference call will be simultaneously broadcast over the Internet in a listen-only mode and can be accessed by logging onto the company's website at [www.deepwater.com](http://www.deepwater.com) and selecting "Investor Relations/Presentations." A file containing four charts to be discussed during the conference call, titled "4Q06 Charts," has been posted to the company's website and can also be found by selecting "Investor Relations/Presentations." The conference call may also be accessed via the Internet at [www.CompanyBoardroom.com](http://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 on February 14, 2007 and can be accessed by dialing 719-457-0820 and referring to the passcode 2410660. Also, a replay will be available

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through the Internet and can be accessed by visiting either of the above-referenced Worldwide Web addresses.

Forward-Looking Disclaimer

Statements regarding our backlog, market conditions, rig demand, our share repurchase plan, prospects for our business, as well as any other statements that are not historical facts in this release, are forward-looking statements that involve certain risks, uncertainties and assumptions. These include but are not limited to operating hazards and delays, risks associated with international operations, future financial results, actions by customers and other third parties, factors affecting the supply and demand of drilling rigs, including newbuilds, reactivations and the reallocation of current rigs, factors affecting the duration of contracts including well-in-progress provisions, the actual amount of downtime, factors resulting in reduced applicable dayrates, hurricanes and other weather conditions, the future price of oil and gas and other factors detailed in the company's most recent Form 10-K and other filings with the Securities and Exchange Commission. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those indicated.

Transocean Inc. is the world's largest offshore drilling contractor with a fleet of 82 mobile offshore drilling units. The company's mobile offshore drilling fleet, consisting of a large number of high-specification deepwater and harsh environment drilling units, is considered one of the most modern and versatile in the world due to its emphasis on technically demanding segments of the offshore drilling business. The company's fleet consists of 33 High-Specification Floaters (semisubmersibles and drillships), 20 Other Floaters, 25 Jackups and other assets utilized in the support of offshore drilling activities worldwide. With a current equity market capitalization in excess of \$22 billion, Transocean Inc.'s ordinary shares are traded on the New York Stock Exchange under the symbol "RIG."

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- 1 For a reconciliation of operating income before general and administrative expense to field operating income, see the accompanying schedule titled Non-GAAP Financial Measures and Reconciliations – Operating Income Before General and Administrative Expense to Field Operating Income.
  - 2 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. See accompanying schedule titled Effective Tax Rate Analysis.
  - 3 Effective Tax Rate is income tax expense divided by income before income taxes. See accompanying schedule titled Effective Tax Rate Analysis.

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**TRANSOCEAN INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**

(In millions, except per share data)  
(Unaudited)

|   | Three Months Ended<br>December 31, |               | Years Ended<br>December 31, |               |
|---|------------------------------------|---------------|-----------------------------|---------------|
|   | 2006                               | 2005          | 2006                        | 2005          |
| <b>Operating Revenues</b>                       |                                    |               |                             |               |
| Contract drilling revenues                      | \$ 1,147                           | \$ 739        | \$ 3,745                    | \$ 2,757      |
| Other revenues                                  | 39                                 | 32            | 137                         | 135           |
|   | <u>1,186</u>                       | <u>771</u>    | <u>3,882</u>                | <u>2,892</u>  |
| <b>Costs and Expenses</b>                       |                                    |               |                             |               |
| Operating and maintenance                       | 570                                | 457           | 2,155                       | 1,720         |
| Depreciation                                    | 98                                 | 102           | 401                         | 406           |
| General and administrative                      | 23                                 | 19            | 90                          | 75            |
|   | <u>691</u>                         | <u>578</u>    | <u>2,646</u>                | <u>2,201</u>  |
| <b>Gain (loss) from disposal of assets, net</b> | 183                                | (5)           | 405                         | 29            |
| <b>Operating Income</b>                         | <u>678</u>                         | <u>188</u>    | <u>1,641</u>                | <u>720</u>    |
| <b>Other Income (Expense), net</b>              |                                    |               |                             |               |
| Interest income                                 | 7                                  | 6             | 21                          | 19            |
| Interest expense, net of amounts capitalized    | (43)                               | (24)          | (115)                       | (111)         |
| Gain from TODCO Stock Sales                     | —                                  | —             | —                           | 165           |
| Loss on retirement of debt                      | —                                  | —             | —                           | (7)           |
| Other, net                                      | 51                                 | 3             | 60                          | 17            |
|   | <u>15</u>                          | <u>(15)</u>   | <u>(34)</u>                 | <u>83</u>     |
| <b>Income Before Income Taxes</b>               | 693                                | 173           | 1,607                       | 803           |
| Income Tax Expense                              | 72                                 | 21            | 222                         | 87            |
| <b>Net Income</b>                               | <u>\$ 621</u>                      | <u>\$ 152</u> | <u>\$ 1,385</u>             | <u>\$ 716</u> |
| <b>Earnings Per Share</b>                       |                                    |               |                             |               |
| Basic   | \$ 2.13                            | \$ 0.46       | \$ 4.42                     | \$ 2.19       |
| Diluted   | \$ 2.05                            | \$ 0.45       | \$ 4.28                     | \$ 2.13       |
| <b>Weighted Average Shares Outstanding</b>      |                                    |               |                             |               |
| Basic   | 292                                | 330           | 313                         | 327           |
| Diluted   | <u>304</u>                         | <u>336</u>    | <u>325</u>                  | <u>339</u>    |

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

|   | December 31,     |                  |
|---|------------------|------------------|
|   | 2006             | 2005             |
| <b>ASSETS</b>   |                  |                  |
| Cash and Cash Equivalents   | \$ 467           | \$ 445           |
| Accounts Receivable, net  |                  |                  |
| Trade   | 929              | 583              |
| Other   | 17               | 17               |
| Materials and Supplies, net   | 160              | 156              |
| Deferred Income Taxes, net  | 16               | 23               |
| Other Current Assets  | 67               | 55               |
| Total Current Assets  | <u>1,656</u>     | <u>1,279</u>     |
| Property and Equipment  | 10,539           | 9,791            |
| Less Accumulated Depreciation   | 3,213            | 3,043            |
| Property and Equipment, net   | <u>7,326</u>     | <u>6,748</u>     |
| Goodwill  | 2,195            | 2,209            |
| Other Assets  | 299              | 221              |
| Total Assets  | <u>\$ 11,476</u> | <u>\$ 10,457</u> |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>   |                  |                  |
| Accounts Payable  | \$ 477           | \$ 254           |
| Accrued Income Taxes  | 98               | 27               |
| Debt Due Within One Year  | 95               | 400              |
| Other Current Liabilities   | 369              | 242              |
| Total Current Liabilities   | <u>1,039</u>     | <u>923</u>       |
| Long-Term Debt  | 3,200            | 1,197            |
| Deferred Income Taxes, net  | 54               | 65               |
| Other Long-Term Liabilities   | 343              | 286              |
| Total Long-Term Liabilities   | <u>3,597</u>     | <u>1,548</u>     |
| Commitments and Contingencies   |                  |                  |
| Minority Interest   | 4                | 4                |
| Preference Shares, \$0.10 par value; 50,000,000 shares authorized, none issued and outstanding  | —                | —                |
| Ordinary Shares, \$0.01 par value; 800,000,000 shares authorized, 292,454,457 and 324,750,166 shares issued and outstanding at December 31, 2006 and 2005, respectively | 3                | 3                |
| Additional Paid-in Capital  | 8,044            | 10,565           |
| Accumulated Other Comprehensive Loss  | (30)             | (20)             |
| Accumulated Deficit   | (1,181)          | (2,566)          |
| Total Shareholders' Equity  | <u>6,836</u>     | <u>7,982</u>     |
| Total Liabilities and Shareholders' Equity  | <u>\$ 11,476</u> | <u>\$ 10,457</u> |

**TRANSOCEAN INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

(In millions)  
(Unaudited)

|  | Three Months Ended<br>December 31, |               | Years Ended<br>December 31, |                |
|--|------------------------------------|---------------|-----------------------------|----------------|
|  | 2006                               | 2005          | 2006                        | 2005           |
| <b>Cash Flows from Operating Activities</b>  |                                    |               |                             |                |
| Net income   | \$ 621                             | \$ 152        | \$ 1,385                    | \$ 716         |
| Adjustments to reconcile net income to net cash provided by operating activities   |                                    |               |                             |                |
| Depreciation   | 98                                 | 102           | 401                         | 406            |
| Stock-based compensation expense   | 7                                  | 4             | 20                          | 16             |
| Deferred income taxes  | (41)                               | 34            | (23)                        | 27             |
| Equity in (earnings) losses of unconsolidated affiliates   | 3                                  | (2)           | (5)                         | (10)           |
| Net (gain) loss from disposal of assets  | (183)                              | 5             | (405)                       | (29)           |
| Gain from TODCO Stock Sales  | —                                  | —             | —                           | (165)          |
| Loss on retirement of debt   | —                                  | —             | —                           | 7              |
| Amortization of debt-related discounts/premiums, fair value adjustments and issue costs, net                               | 1                                  | —             | —                           | (7)            |
| Deferred income, net   | 20                                 | 3             | 52                          | (7)            |
| Deferred expenses, net   | (14)                               | (10)          | (109)                       | 18             |
| Tax benefit from exercise of stock options to purchase and vesting of ordinary shares under stock-based compensation plans | —                                  | 2             | (10)                        | 22             |
| Other long-term liabilities  | 1                                  | 5             | 18                          | 23             |
| Other, net   | (5)                                | (3)           | —                           | (17)           |
| Changes in operating assets and liabilities  |                                    |               |                             |                |
| Accounts receivable  | (74)                               | (3)           | (347)                       | (150)          |
| Accounts payable and other current liabilities   | 1                                  | 1             | 168                         | 87             |
| Income taxes receivable/payable, net   | 65                                 | (38)          | 124                         | (51)           |
| Other current assets   | 4                                  | (4)           | (32)                        | (22)           |
| <b>Net Cash Provided by Operating Activities</b>   | <b>504</b>                         | <b>248</b>    | <b>1,237</b>                | <b>864</b>     |
| <b>Cash Flows from Investing Activities</b>  |                                    |               |                             |                |
| Capital expenditures   | (166)                              | (37)          | (876)                       | (182)          |
| Proceeds from disposal of assets, net  | 163                                | 14            | 461                         | 74             |
| Proceeds from TODCO Stock Sales, net   | —                                  | —             | —                           | 272            |
| Joint ventures and other investments, net  | —                                  | —             | —                           | 5              |
| <b>Net Cash Provided by (Used In) Investing Activities</b>   | <b>(3)</b>                         | <b>(23)</b>   | <b>(415)</b>                | <b>169</b>     |
| <b>Cash Flows from Financing Activities</b>  |                                    |               |                             |                |
| Net proceeds from issuance of debt and borrowings under the Term Credit Facility   | 100                                | —             | 2,000                       | —              |
| Repayments of debt   | (300)                              | —             | (300)                       | (880)          |
| Net proceeds from issuance of ordinary shares under stock-based compensation plans   | 2                                  | 23            | 69                          | 219            |
| Proceeds from issuance of ordinary shares upon exercise of warrants  | —                                  | —             | —                           | 11             |
| Repurchase of ordinary shares  | (250)                              | (400)         | (2,601)                     | (400)          |
| Decrease in cash dedicated to debt service   | —                                  | —             | —                           | 12             |
| Release of escrow funds — Nautilus lease financing   | —                                  | —             | 30                          | —              |
| Tax benefit from issuance of ordinary shares under stock-based compensation plans  | 7                                  | —             | 7                           | —              |
| Other, net   | —                                  | —             | (5)                         | (1)            |
| <b>Net Cash Used in Financing Activities</b>   | <b>(441)</b>                       | <b>(377)</b>  | <b>(800)</b>                | <b>(1,039)</b> |
| <b>Net Increase (Decrease) in Cash and Cash Equivalents</b>  | <b>60</b>                          | <b>(152)</b>  | <b>22</b>                   | <b>(6)</b>     |
| <b>Cash and Cash Equivalents at Beginning of Period</b>  | <b>407</b>                         | <b>597</b>    | <b>445</b>                  | <b>451</b>     |
| <b>Cash and Cash Equivalents at End of Period</b>  | <b>\$ 467</b>                      | <b>\$ 445</b> | <b>\$ 467</b>               | <b>\$ 445</b>  |

Transocean Inc.  
Fleet Operating Statistics

|                                     | Operating Revenues (in millions) (1) |                       |                      |                             |         |
|-------------------------------------|--------------------------------------|-----------------------|----------------------|-----------------------------|---------|
|                                     | Three Months Ended                   |                       |                      | Years Ended<br>December 31, |         |
|                                     | December 31,<br>2006                 | September 30,<br>2006 | December 31,<br>2005 | 2006                        | 2005    |
| <b>Transocean Drilling Segment:</b> |                                      |                       |                      |                             |         |
| Contract Drilling Revenues          |                                      |                       |                      |                             |         |
| High-Specification Floaters:        |                                      |                       |                      |                             |         |
| Fifth-Generation Deepwater Floaters | \$ 304                               | \$ 258                | \$221                | \$1,015                     | \$ 848  |
| Other Deepwater Floaters            | 264                                  | 246                   | 150                  | 875                         | 583     |
| Other High-Specification Floaters   | 66                                   | 62                    | 60                   | 242                         | 227     |
| Total High-Specification Floaters   | 634                                  | 566                   | 431                  | 2,132                       | 1,658   |
| Other Floaters                      | 296                                  | 218                   | 153                  | 847                         | 492     |
| Jackups                             | 199                                  | 184                   | 133                  | 682                         | 521     |
| Other Rigs                          | 18                                   | 23                    | 22                   | 84                          | 86      |
| Subtotal                            | 1,147                                | 991                   | 739                  | 3,745                       | 2,757   |
| Other Revenues                      |                                      |                       |                      |                             |         |
| Client Reimbursable Revenues        | 32                                   | 30                    | 21                   | 108                         | 85      |
| Integrated Services and Other       | 7                                    | 4                     | 11                   | 29                          | 50      |
| Subtotal                            | 39                                   | 34                    | 32                   | 137                         | 135     |
| Total Company                       | \$1,186                              | \$1,025               | \$771                | \$3,882                     | \$2,892 |

|                                     | Average Dayrates(1)  |                       |                      |                             |           |
|-------------------------------------|----------------------|-----------------------|----------------------|-----------------------------|-----------|
|                                     | Three Months Ended   |                       |                      | Years Ended<br>December 31, |           |
|                                     | December 31,<br>2006 | September 30,<br>2006 | December 31,<br>2005 | 2006                        | 2005      |
| <b>Transocean Drilling Segment:</b> |                      |                       |                      |                             |           |
| High-Specification Floaters:        |                      |                       |                      |                             |           |
| Fifth-Generation Deepwater Floaters | \$275,300            | \$246,000             | \$215,800            | \$237,000                   | \$198,000 |
| Other Deepwater Floaters            | \$230,400            | \$222,300             | \$138,800            | \$199,600                   | \$134,700 |
| Other High-Specification Floaters   | \$187,400            | \$181,500             | \$161,700            | \$176,000                   | \$162,900 |
| Total High-Specification Floaters   | \$243,600            | \$226,700             | \$174,100            | \$212,300                   | \$165,700 |
| Other Floaters                      | \$178,400            | \$136,800             | \$ 98,500            | \$137,200                   | \$ 86,500 |
| Jackups                             | \$ 97,000            | \$ 83,400             | \$ 64,900            | \$ 81,000                   | \$ 59,800 |
| Other Rigs                          | \$ 48,200            | \$ 52,400             | \$ 48,500            | \$ 48,900                   | \$ 47,300 |
| Total Drilling Fleet                | \$171,700            | \$146,900             | \$113,300            | \$142,100                   | \$105,100 |

|                                     | Utilization (1)      |                       |                      |                             |      |
|-------------------------------------|----------------------|-----------------------|----------------------|-----------------------------|------|
|                                     | Three Months Ended   |                       |                      | Years Ended<br>December 31, |      |
|                                     | December 31,<br>2006 | September 30,<br>2006 | December 31,<br>2005 | 2006                        | 2005 |
| <b>Transocean Drilling Segment:</b> |                      |                       |                      |                             |      |
| High-Specification Floaters:        |                      |                       |                      |                             |      |
| Fifth-Generation Deepwater Floaters | 92%                  | 88%                   | 86%                  | 90%                         | 90%  |
| Other Deepwater Floaters            | 78%                  | 75%                   | 79%                  | 76%                         | 79%  |
| Other High-Specification Floaters   | 97%                  | 93%                   | 100%                 | 94%                         | 95%  |
| Total High-Specification Floaters   | 86%                  | 82%                   | 84%                  | 84%                         | 86%  |
| Other Floaters                      | 90%                  | 86%                   | 71%                  | 81%                         | 65%  |
| Jackups                             | 89%                  | 96%                   | 89%                  | 92%                         | 94%  |
| Other Rigs                          | 99%                  | 76%                   | 49%                  | 70%                         | 50%  |
| Total Drilling Fleet                | 89%                  | 87%                   | 78%                  | 84%                         | 79%  |

(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   |                       |                      | Years Ended          |                      |
|--|----------------------|-----------------------|----------------------|----------------------|----------------------|
|  | December 31,<br>2006 | September 30,<br>2006 | December 31,<br>2005 | December 31,<br>2006 | December 31,<br>2005 |
| Transocean Drilling Segment                                |                      |                       |                      |                      |                      |
| Operating revenue  | \$ 1,186             | \$ 1,025              | \$ 771               | \$ 3,882             | \$ 2,892             |
| Operating and maintenance expense (1)                      | 570                  | 561                   | 457                  | 2,155                | 1,720                |
| Depreciation   | 98                   | 99                    | 102                  | 401                  | 406                  |
| (Gain) loss from disposal of assets, net                   | (183)                | (47)                  | 5                    | (405)                | (29)                 |
| Operating income before general and administrative expense | 701                  | 412                   | 207                  | 1,731                | 795                  |
| Add back (subtract): Depreciation                          | 98                   | 99                    | 102                  | 401                  | 406                  |
| (Gain) loss from disposal of assets, net (1)               | (183)                | (47)                  | 5                    | (405)                | (29)                 |
| Field operating income                                     | \$ 616               | \$ 464                | \$ 314               | \$ 1,727             | \$ 1,172             |

(1) Loss on retirement for Q4 05 of \$7 million was reclassified out of Operating and maintenance expense and into (Gain) loss from disposal of assets, net.

**Transocean Inc. and Subsidiaries**  
**Effective Tax Rate Analysis**  
(in US\$ millions)

|   | Three Months Ended |                   |                  | Years Ended          |               |
|---|--------------------|-------------------|------------------|----------------------|---------------|
|   | Dec. 31,<br>2006   | Sept. 30,<br>2006 | Dec. 31,<br>2005 | December 31,<br>2006 | 2005          |
| Income (Loss) before Income Taxes and Minority Interest | \$ 693             | \$ 373            | \$ 173           | \$ 1,607             | \$ 803        |
| Add back (subtract):                                    |                    |                   |                  |                      |               |
| Loss on retirement of debt                              | —                  | —                 | —                | —                    | 7             |
| Gain on sale of assets                                  | (191)              | (44)              | —                | (410)                | (33)          |
| Gain on TODCO stock sales                               | —                  | —                 | —                | —                    | (165)         |
| Income from TODCO tax sharing agreement                 | (51)               | —                 | (1)              | (51)                 | (11)          |
| <b>Adjusted Income before Income Taxes</b>              | <b>\$ 451</b>      | <b>\$ 329</b>     | <b>\$ 172</b>    | <b>\$ 1,146</b>      | <b>\$ 601</b> |
| Income Tax Expense                                      | \$ 72              | \$ 64             | \$ 21            | \$ 222               | \$ 87         |
| Add back (subtract):                                    |                    |                   |                  |                      |               |
| Gain on sale of assets                                  | 1                  | (3)               | —                | (24)                 | (5)           |
| Changes in estimates (1)                                | 17                 | (4)               | 5                | 14                   | 19            |
| <b>Adjusted Income Tax Expense (2)</b>                  | <b>\$ 90</b>       | <b>\$ 57</b>      | <b>\$ 26</b>     | <b>\$ 212</b>        | <b>\$ 101</b> |
| <b>Effective Tax Rate (3)</b>                           | <b>10.4%</b>       | <b>17.1%</b>      | <b>12.2%</b>     | <b>13.8%</b>         | <b>10.8%</b>  |
| <b>Annual Effective Tax Rate (4)</b>                    | <b>20.0%</b>       | <b>17.3%</b>      | <b>15.1%</b>     | <b>18.5%</b>         | <b>16.8%</b>  |

- (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 December 31, 2006, September 30, 2006 and December 31, 2005 include \$7 million, \$(1) million and \$(3) million, respectively, of additional tax expense (benefit) reflecting the catch-up effect of an increase (decrease) in the Annual Effective Tax Rate.
- (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.





Transocean Inc. Reports  
Fourth Quarter and Full-Year 2006 Results

**Conference Call Participants:**



**Robert L. Long**  
Chief Executive Officer



**Jean P. Cahuzac**  
President



**Steven L. Newman**  
EVP, COO



**Gregory L. Cauthen**  
SVP, CFO



**David J. Mullen**  
SVP, Marketing & Planning



**John H. Briscoe**  
Director, Investor Relations

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# Forward-Looking Statement

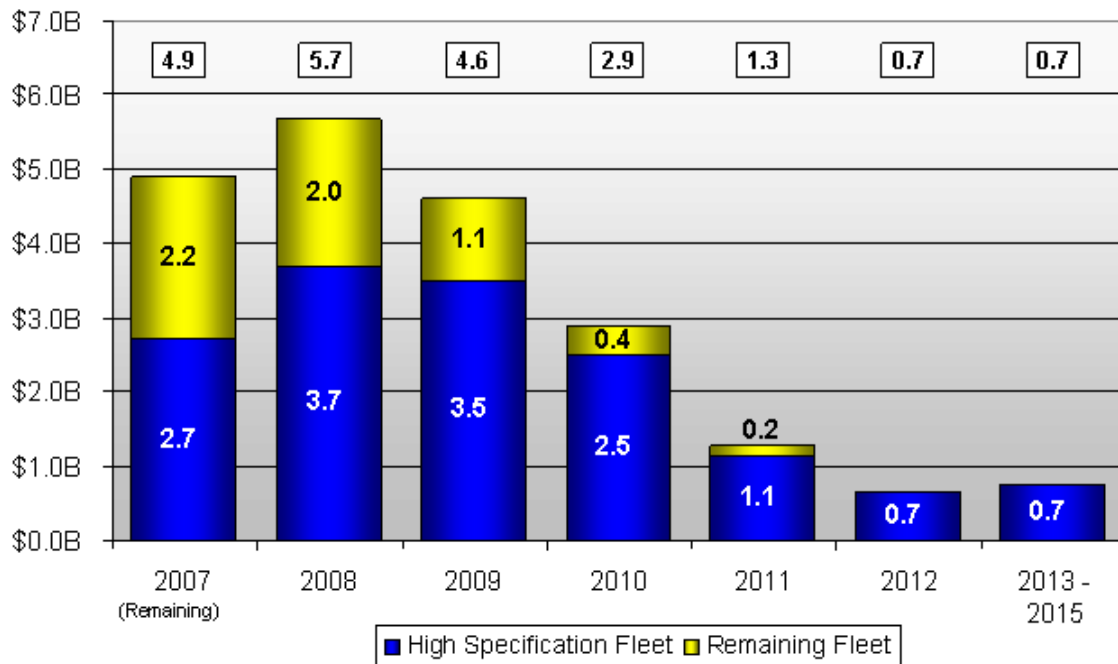
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The statements described in this presentation that are not historical facts are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements which could be made include, but are not limited to, statements involving prospects for the company, expected revenues, capital expenditures, costs and results of operations, market outlook, revenue backlog for the company and other drillers, contract opportunities and commitments, operational performance, rig demand, rig capacity, dayrates, rig reactivations, rig upgrades including upgrade projects for the Sedco 700-series semisubmersible rigs, newbuild and acquisition opportunities, uses of excess cash including stock buybacks, debt reduction, fleet marketing efforts, rig mobilizations and planned shipyard programs. 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 most recent Form 10-K for the year ended December 31, 2005 and in the company's other filings with the SEC, which are available free of charge on the SEC's website at [www.sec.gov](http://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. All subsequent written and oral forward-looking statements attributable to the company or to persons acting on our behalf are expressly qualified in their entirety by reference to these risks and uncertainties. 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. All non-GAAP financial measure reconciliations to the most comparative GAAP measure are displayed in quantitative schedules on the company's web site at [www.deepwater.com/Non-GAAP.cfm](http://www.deepwater.com/Non-GAAP.cfm).

# Chart # 1: Contract Backlog by Years

(Unaudited)

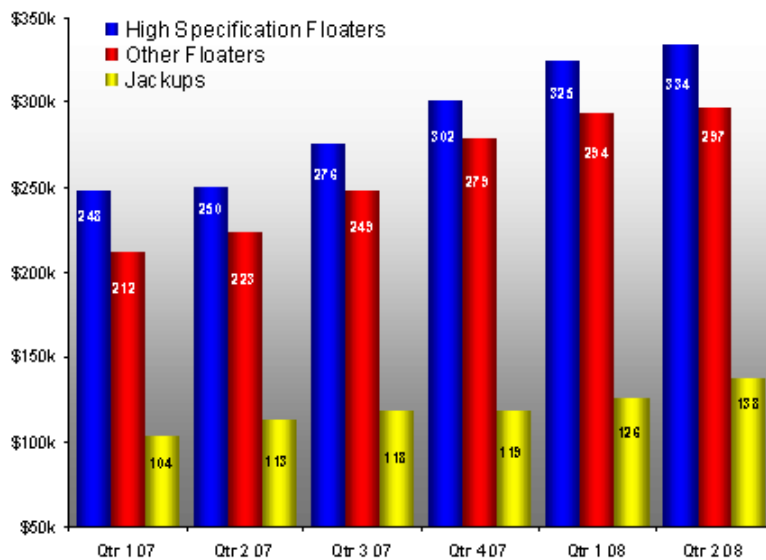
Total Contract Backlog (1) = \$20.8 Billion



(1) Calculated by multiplying the contracted operating dayrate by the firm contract period from January 31, 2007 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.

# Chart #2: Average Contracted Dayrate by Rig Type

Qtr 1 2007 through Qtr 2 2008  
(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 January 31st, 2007. Includes firm contracts and priced options only.

**High Specification Floaters** The High Specification Floaters category is a consolidation of the 5th Generation Rigs, Other High-Specification Rigs and Other Deepwater Rigs as described below.

5th Generation Rigs were built in the construction cycle that occurred from approximately 1996 to 2001 and have high-pressure mud pumps and a water depth capability of 7,500 feet or greater.

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

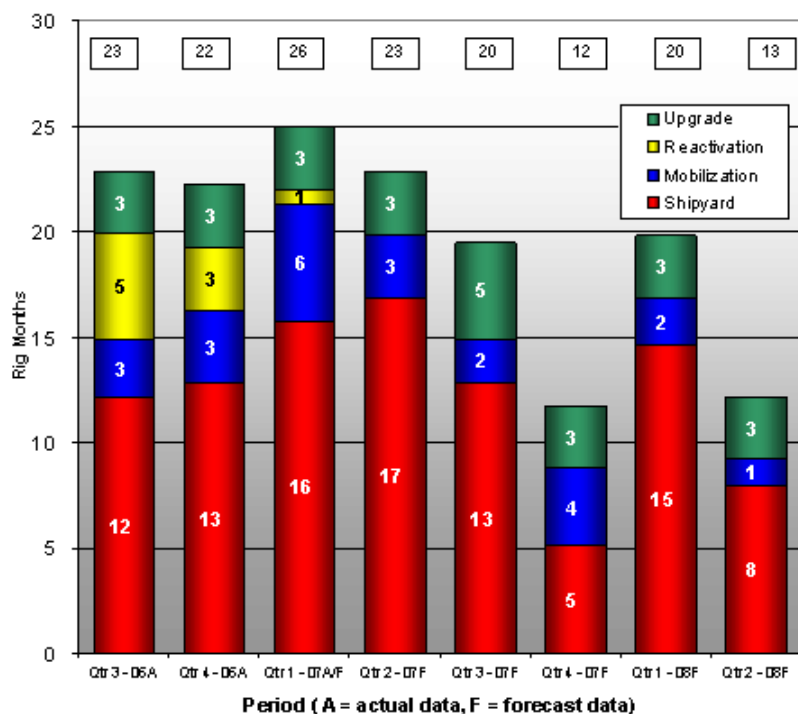
**Other Floaters** The Other Floaters category is generally comprised of those non-High-Specification Floaters with a water depth capacity of less than 4,500 feet.

**Jackups** The Jackups category consists of our jackup fleet.

# Chart #3: Out-of-Service Rig Months

## 2006 and 2007

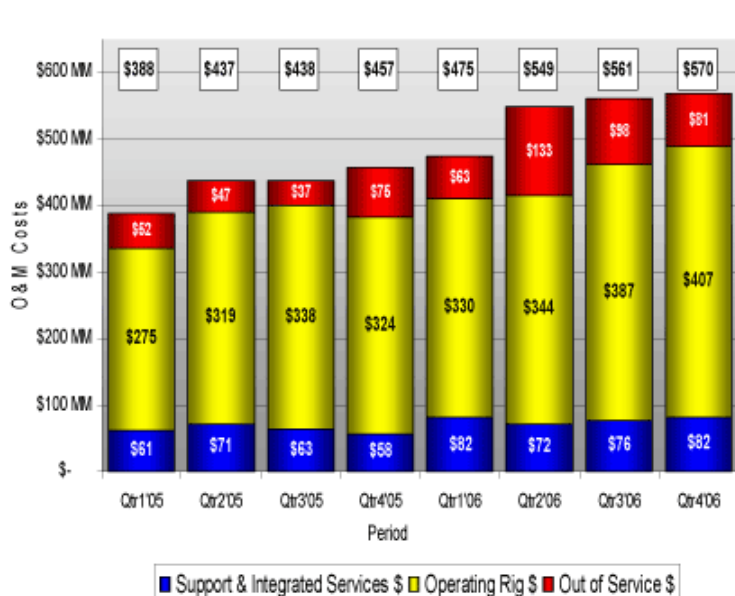
(Unaudited)



### 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 January 31st, 2007. 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.
- Reactivation** Rig time described as "reactivation" includes the Transocean Winner, Transocean Prospect and C.K. Rhein Jr., which were 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 #4: Operating & Maintenance (O&M) Costs Trends (Unaudited)



### Definitions

- Support & Integrated Services** Includes Integrated Services, all shorebase or common support costs (on-shore offices, yards, pool equipment).
- Operating Rigs** Denotes the total O&M costs of a rig while in service based upon the Rig Operating Days (excluding shorebase or common support costs), as defined below.
- Rig Operating Days** Denotes the total amount of days a rig is deemed to be in-service under contract operations. This excludes all out of service time relating to shipyards, downtime, mobilization and short-term out of contract periods. The average number of days may also fluctuate from quarter to quarter as a result of rigs being reactivated, sold or stacked in the quarters.
- Out of Service** Denotes the total O&M costs while a rig is out of service based upon Out of Service Days, as defined below. Out of service costs are the difference between total operating and maintenance costs and the In-Service Costs.
- Out of Service Days** Includes the total amount of days a rig is deemed to be out of service. This relates to times when a rig is out of service due to shipyards, unpaid downtime, mobilization and short-term idle periods.
- O&M Costs** Our operating and maintenance costs represent all direct and indirect costs associated with the operation and maintenance of our drilling rigs. Operating and maintenance costs also includes all costs related to local and regional offices as well as all costs related to operations support, engineering support, marketing and other similar costs. The principal elements of these costs are direct and indirect labor and benefits, repair and maintenance, contract preparation expenses, insurance, boat and helicopter rentals, professional and technical fees, freight costs, communications, customs duties, tool rentals and services, fuel and water, general taxes and licenses. Labor, repair and maintenance costs, insurance premiums, personal injury losses and drilling rig casualty losses represent the most significant components of our operating and maintenance costs.