



# Transocean Ltd.

**Mitsubishi UFJ Securities Oil & Gas Conference  
New York  
July 24, 2014**

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

# Company Overview

Industry Leader

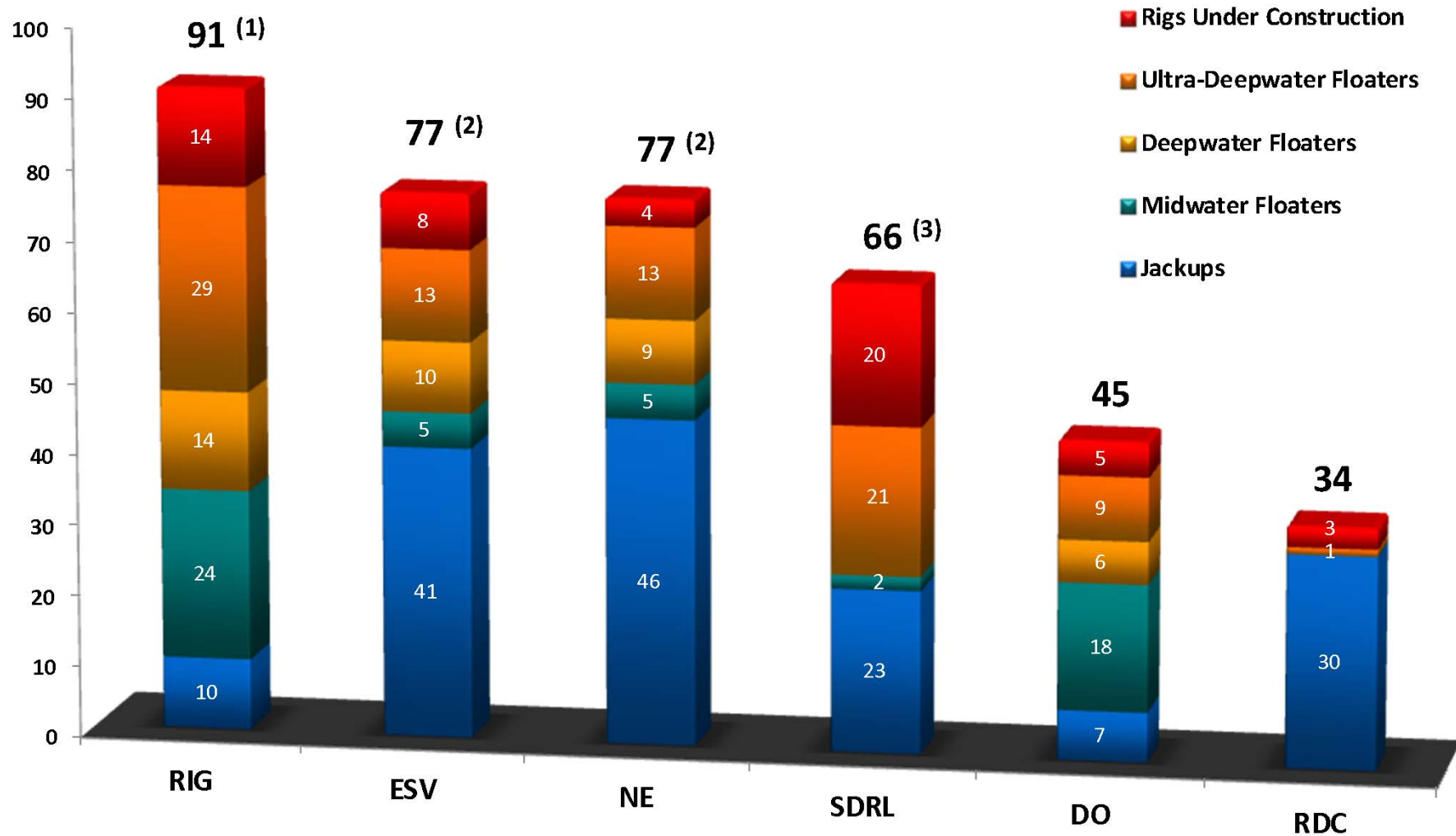


- Premier position in ultra-deepwater market segment
- Largest fleet of high spec and midwater floaters
- Operates in most major markets worldwide
- Technical leader
- Significant relationships across the customer spectrum
- Size and technical capabilities create reinvestment opportunities



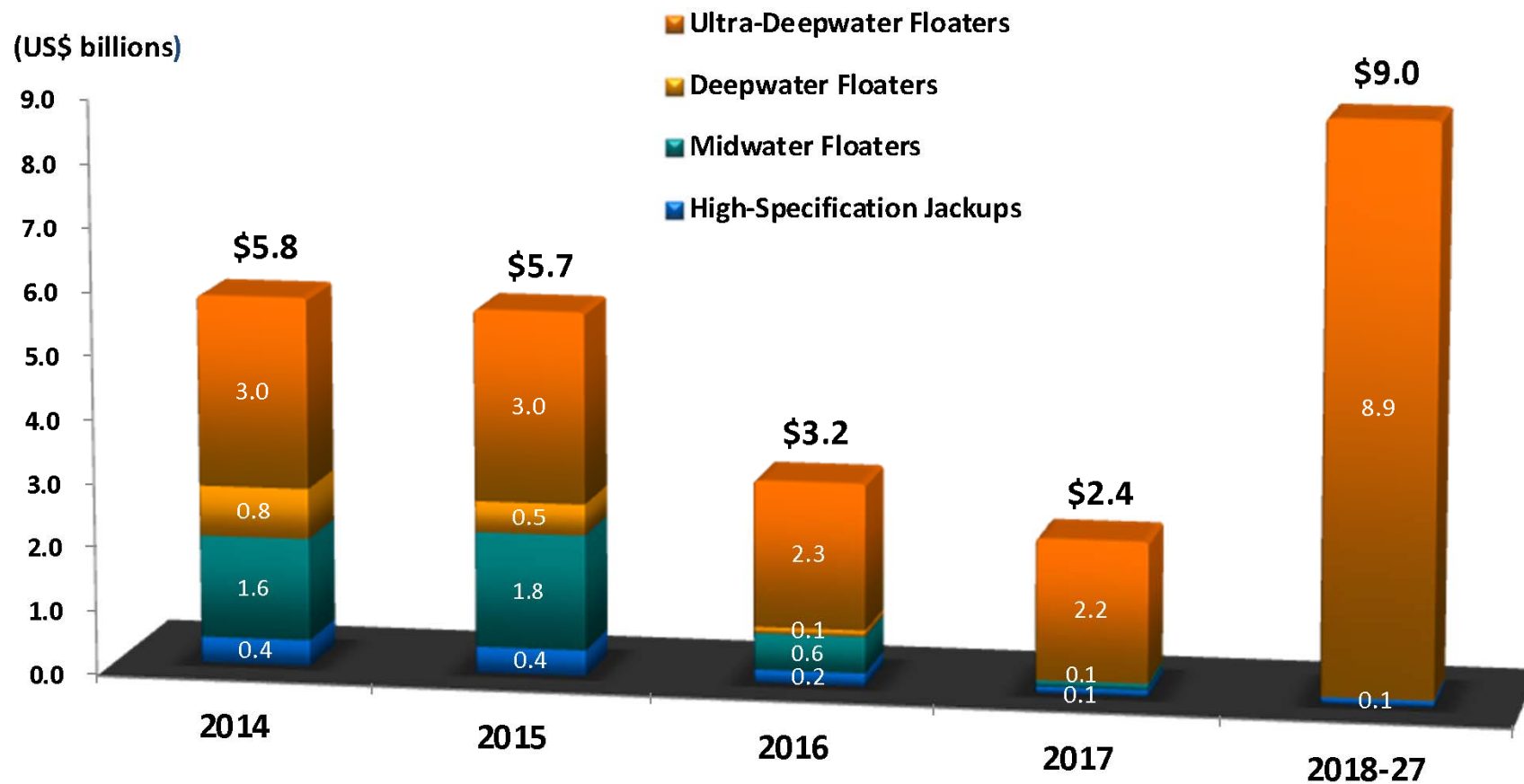
# Company Overview

## Largest Worldwide Rig Fleet



# Company Overview

## Strong Backlog



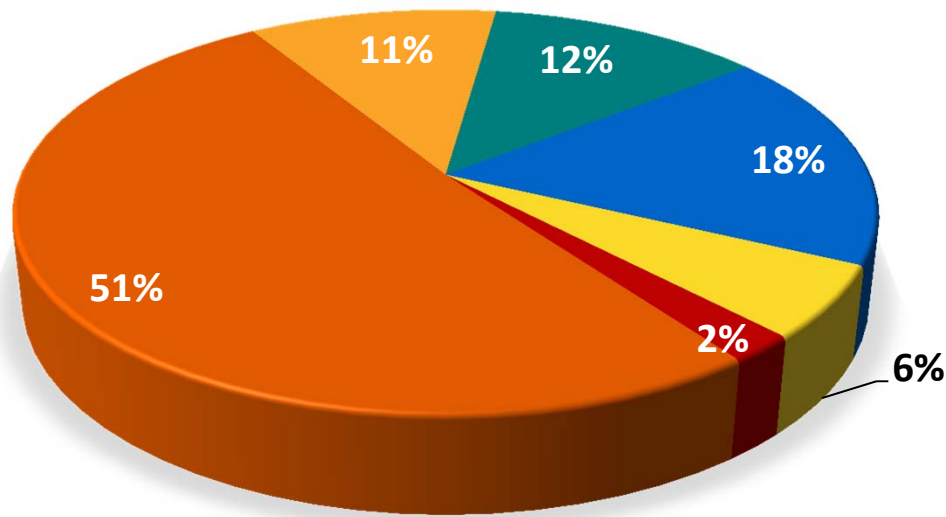
**Total Backlog From Continuing Operations - \$26.1 billion<sup>(4)</sup>**

# Company Overview

## Diversified Revenue Sources

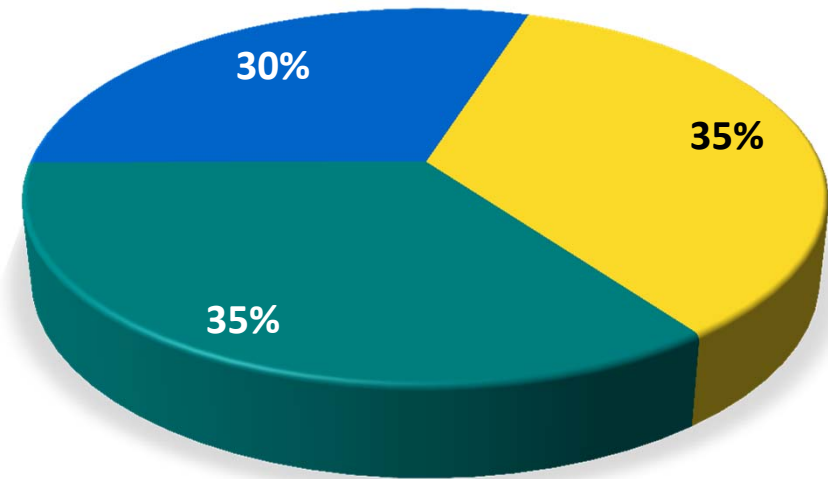


### By Asset Class



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

### By Customer



- Integrated
- NOC
- Independent

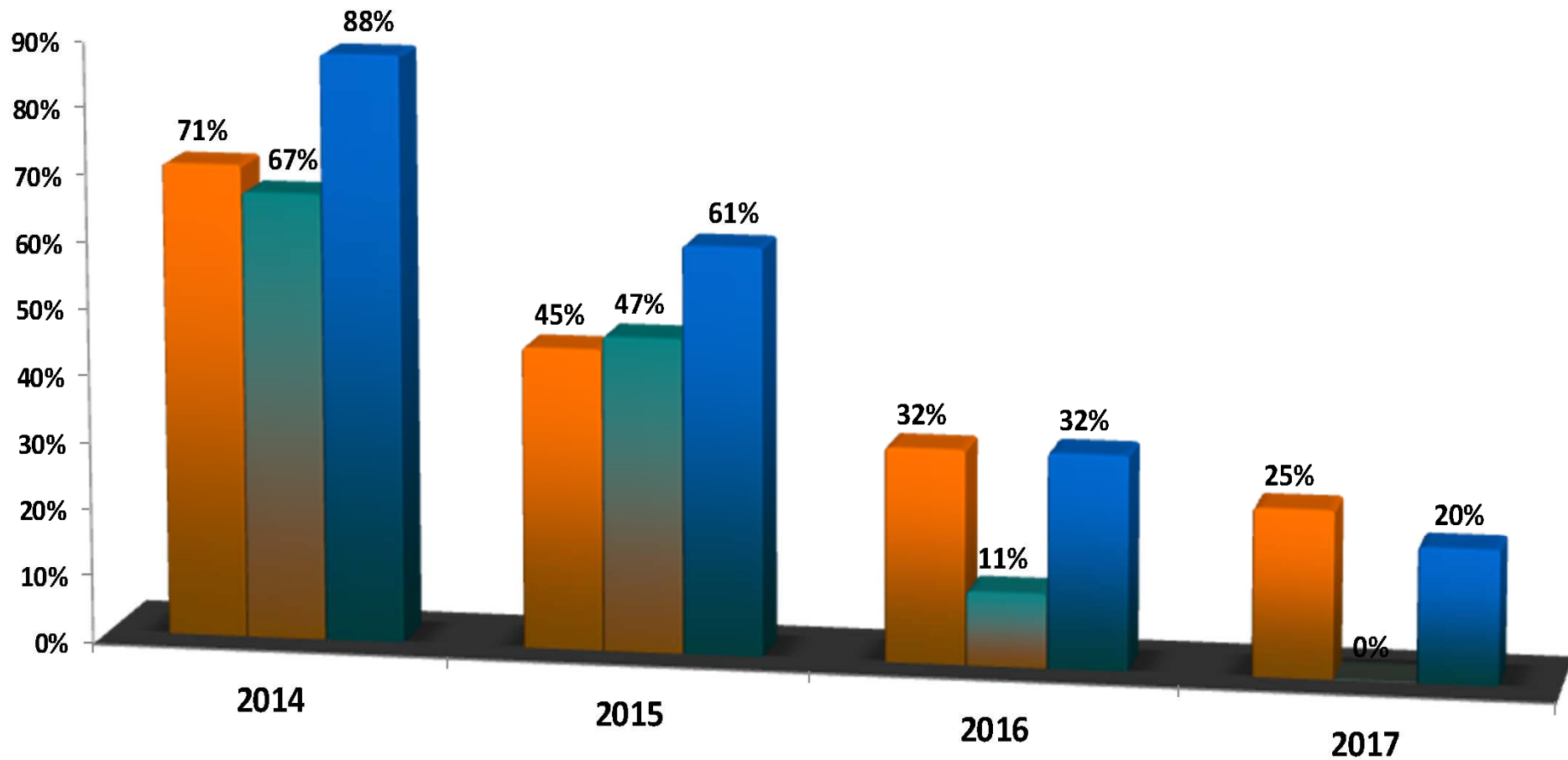
Revenues - 1Q 2014 - \$2.3 billion

# Company Overview

## Committed Fleet <sup>(5)</sup>



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





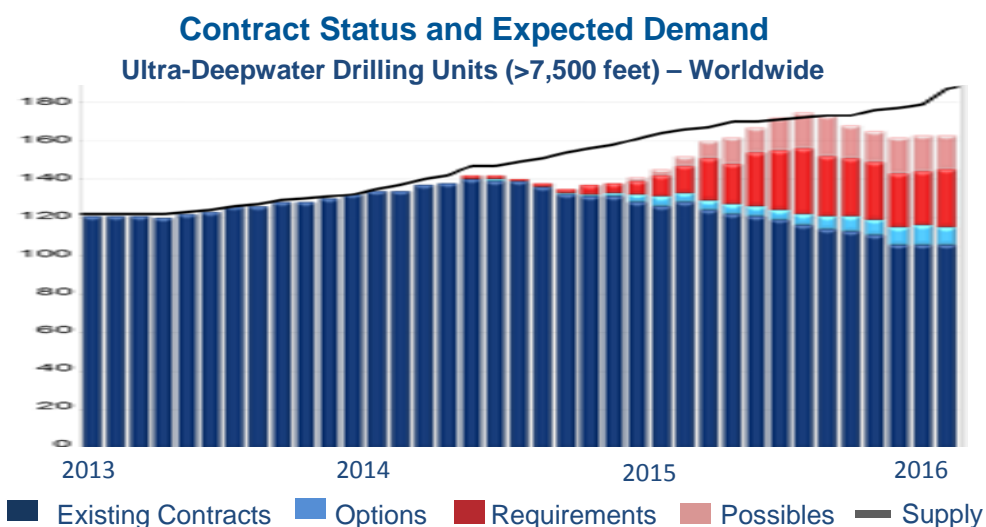
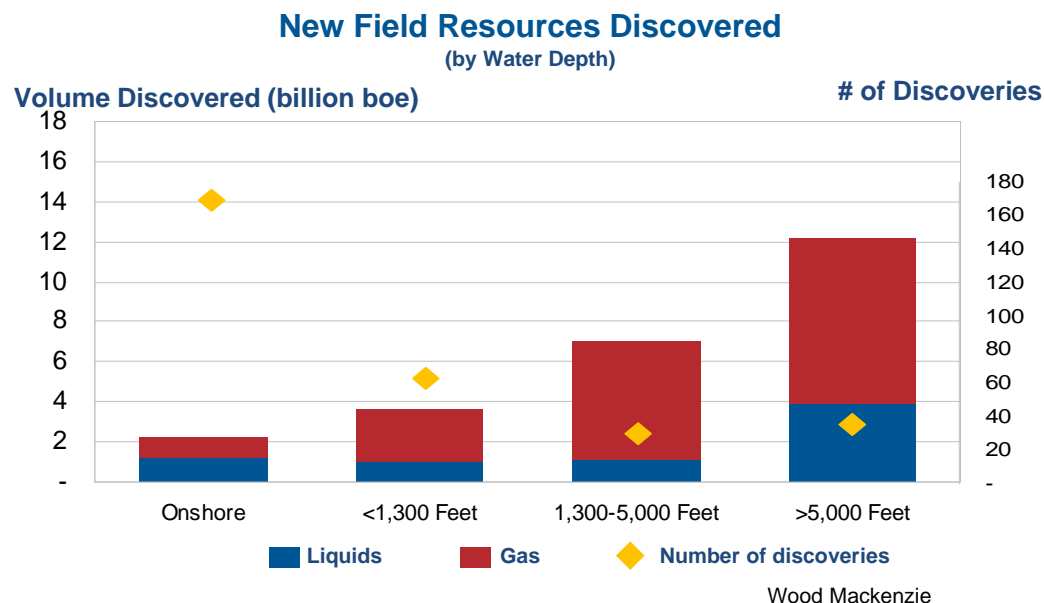
# Market Overview

## Ultra-Deepwater



- Exploration success indicates significant long-term ultra-deepwater demand
- Transocean's disciplined, high-return investment strategy is primarily focused on high-specification assets
- Ultra-deepwater market is oversupplied near term
  - Programs being delayed
  - Farmouts increasing
  - Fixtures for UDW rigs are now \$375K to low \$500K's/day depending upon specification

Note:  
Represents deepwater and ultra-deepwater as classified by Wood Mackenzie, 2012



# Market Overview

## Other Floaters, Jackups



### Deepwater



*Discoverer Seven Seas*

- Near-term increase in rig availability
- Market utilization 88% <sup>(6)</sup>
- Weak activity
- Limited data points, but recent fixtures between \$365K to \$400K/day for near-term availability

### Midwater



*GSF Rig 140*

- Strong presence in the UK and Norway sectors of the North Sea
- Market utilization 90% <sup>(6)</sup>
- Near-term increase in rig availability
- Rates \$380K to \$410K/day in the U.K.; outside U.K. rates in low to mid \$200K's/day

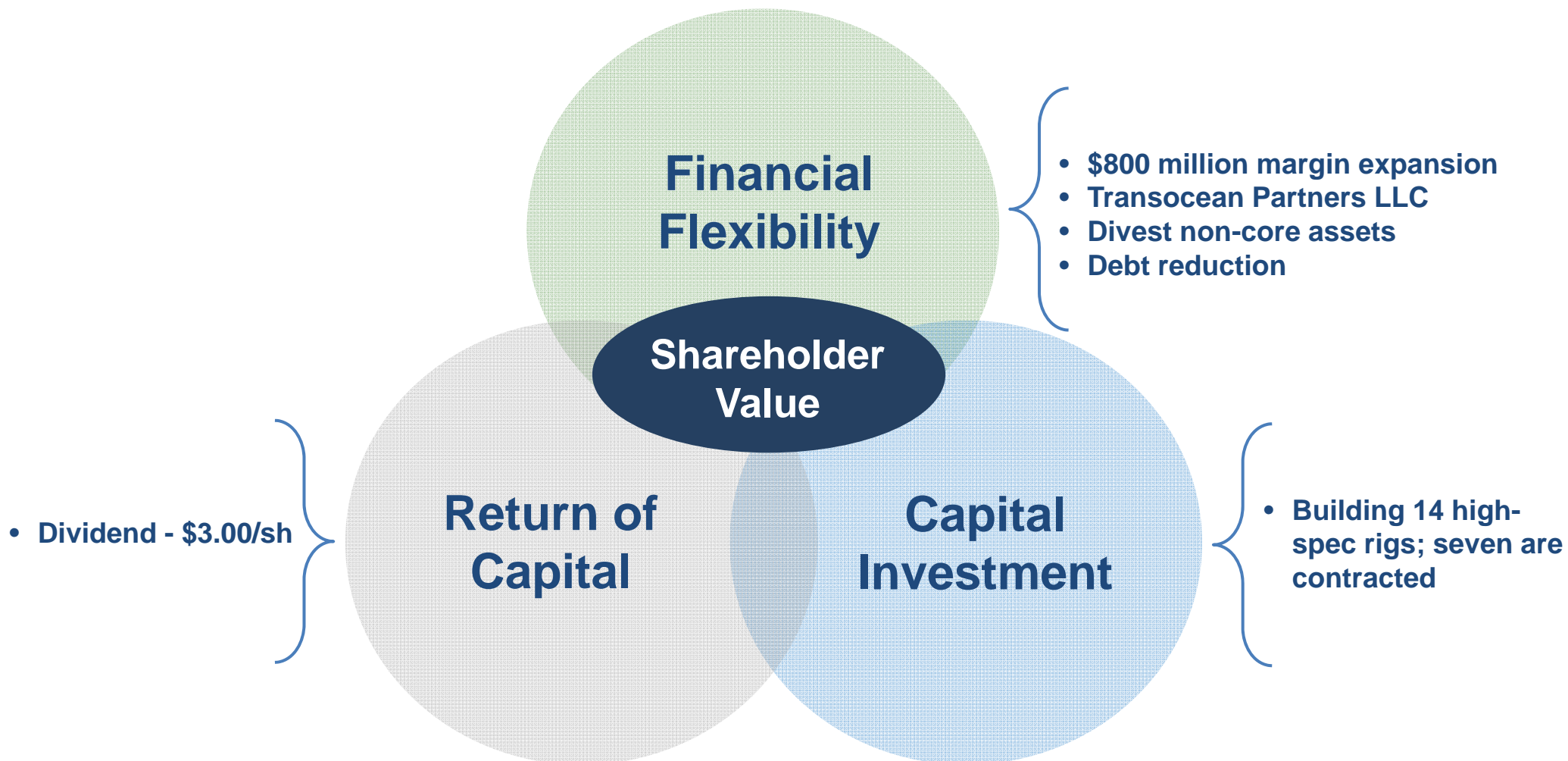
### High-Spec Jackups



*Transocean Honor*

- Demand and dayrates are stable in the medium term
- Market utilization 97% <sup>(6)</sup>
- Key demand areas are Mexico, India and Southeast Asia
- Rates \$180K to \$200K/day in U.K.; outside U.K. rates \$160K to \$180K/day

# Value Creation



# Financial Flexibility

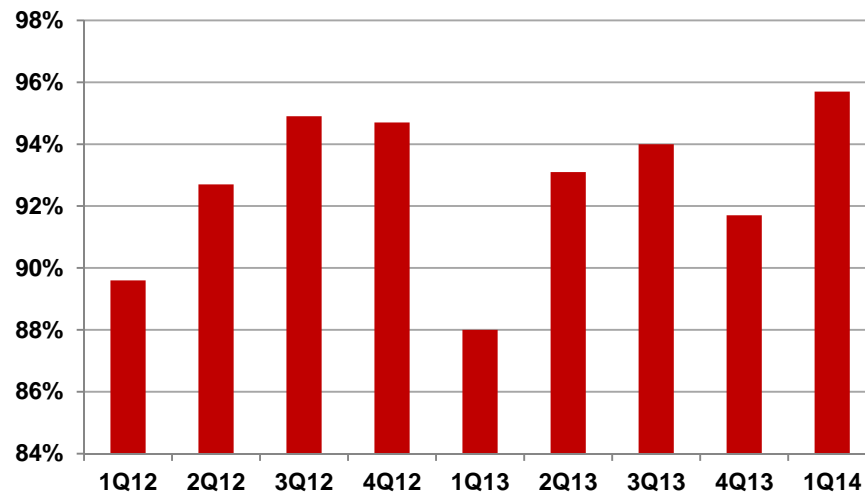
## Objectives



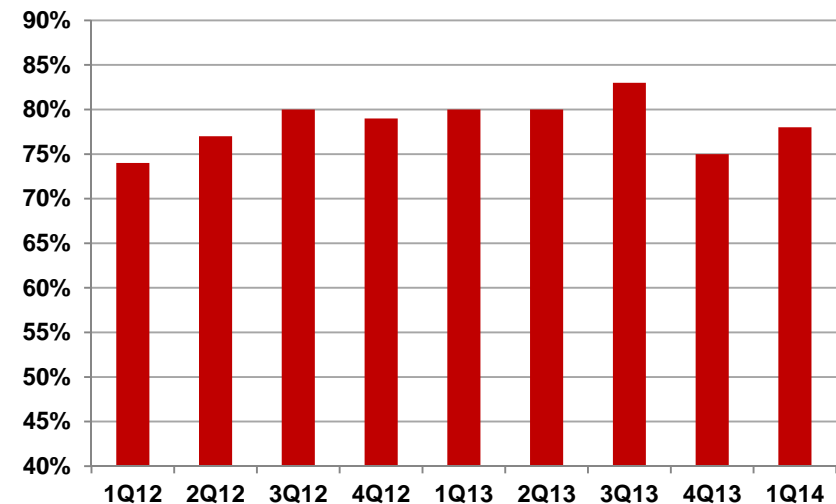
- **Manage financial exposure**
- **Sustain investment grade rating while renewing the fleet**
  - **Progress towards gross debt targets**
  - **Transocean Partners LLC remains on track**
- **Continue to divest non-core assets**
  - **Since 2011 have divested 63 non-core rigs; proceeds exceed \$2 billion**
  - **Creating Caledonia Offshore Drilling**
- **Improve operating performance, margins**
  - **Increase revenue efficiency**
  - **Reduce costs and out-of-service time**

- **Revenue efficiency and utilization**

Revenue Efficiency



Utilization



- **Targeting ~\$800 million in margin improvement by year-end 2015**

- \$300 million shore-based cost reduction versus 2012 base
- \$500 million margin expansion from operational efficiencies



# Financial Flexibility

Transocean Partners LLC



- **Filed S-1 registration statements**
- **Launch anticipated in 3Q14**
- **Structure permits acceleration of strategic initiatives**
  - **Transocean holds majority stake**
  - **Improves financial flexibility**
  - **Supports balance sheet objectives**
  - **Represents attractive value proposition**
  - **Proceeds allocated consistent with “balanced approach”**
- **Strong investor demand**

# Capital Investment

## Newbuild Program



### Completed Program: 16 High-Spec Rigs



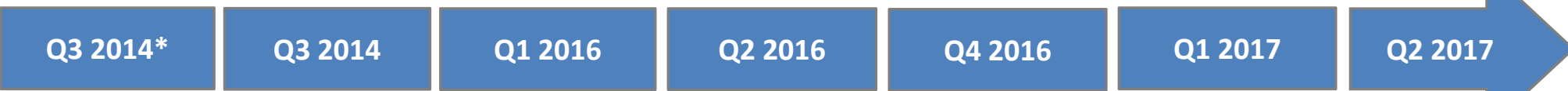
- *Americas*
- *Clear Leader*
- *KG1*
- *Petrobras 10000*
- *DD III*
- *Barents*
- *Spitsbergen*

- *Inspiration*
- *KG2*
- *India*
- *Luanda*
- *Champion*
- *Honor*

- *Andaman*
- *Siam Driller*
- *Ao Thai*



### Current Program: Nine UDW drillships, seven are contract-backed; five high-specification jackups



\* Expected contract commencement dates

# Capital Investment

## High-Grading of Fleet

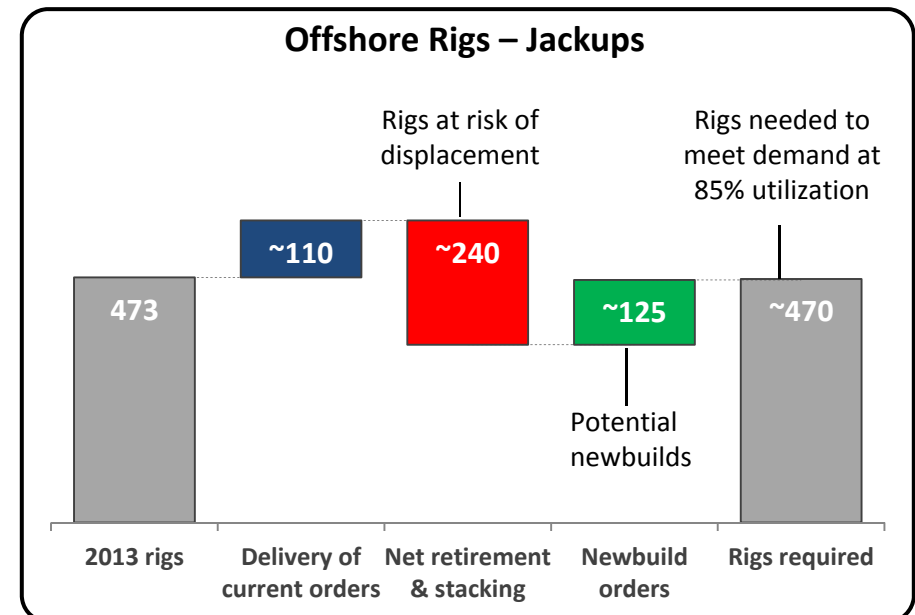
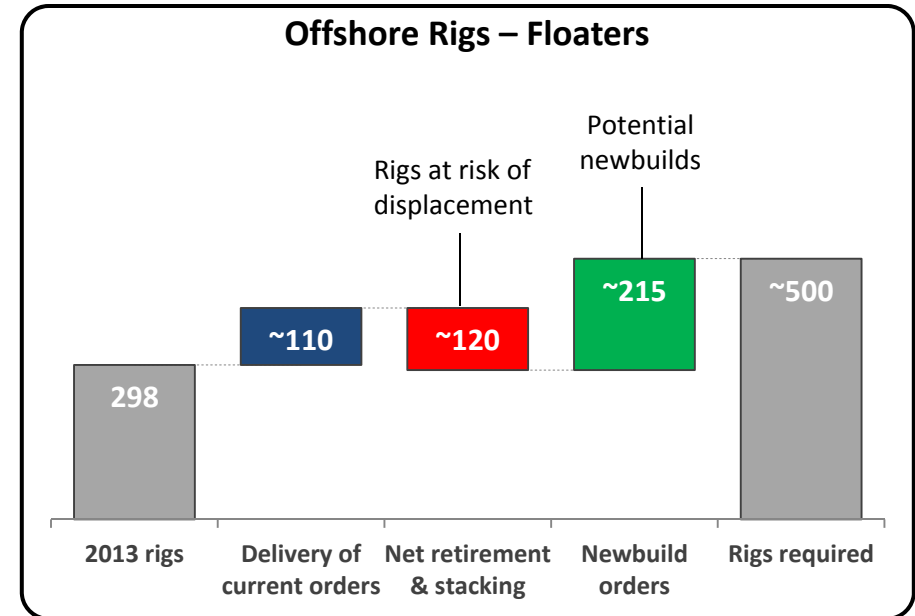


### • Floaters

- Long-term growth in deepwater
- Lower spec rigs at risk
- 160 floaters are 30+ years old
- Customers prefer high-spec rigs - perceived to be more reliable and have better performance

### • Jackups

- 216 jackups are 30+ years old
- Customers actively replacing lower-spec rigs
- Attrition/stacking



- **Strategic imperative to high-grade the fleet through consistent investment in high-specification floaters and jackups**
  - **Fleet renewal options include**
    - **Acquire existing, high-specification rigs**
    - **Build high-specification, contract-backed rigs**
    - **Build high-specification rigs on a speculative basis**
  - **Will remain highly disciplined**
    - **Returns exceed cost of capital**
    - **Contribution accretive to margins**

# Capital Investment

## Fleet Profile



Current Fleet					
		Existing	Under construction	Total	
Floaters	Ultra-deepwater	27	+9	36	
	Deepwater	12		12	
	Midwater	21		21	
	Harsh Environment	7		7	
Jack-ups	High-Spec Jackups	10	+5	15	
Total	<b>Total Floaters</b>	67	+9	76	84%
	<b>Total Jackups</b>	10	+5	15	16%
	<b>Total Fleet</b>			91	100%

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



# Capital Investment

## Execution



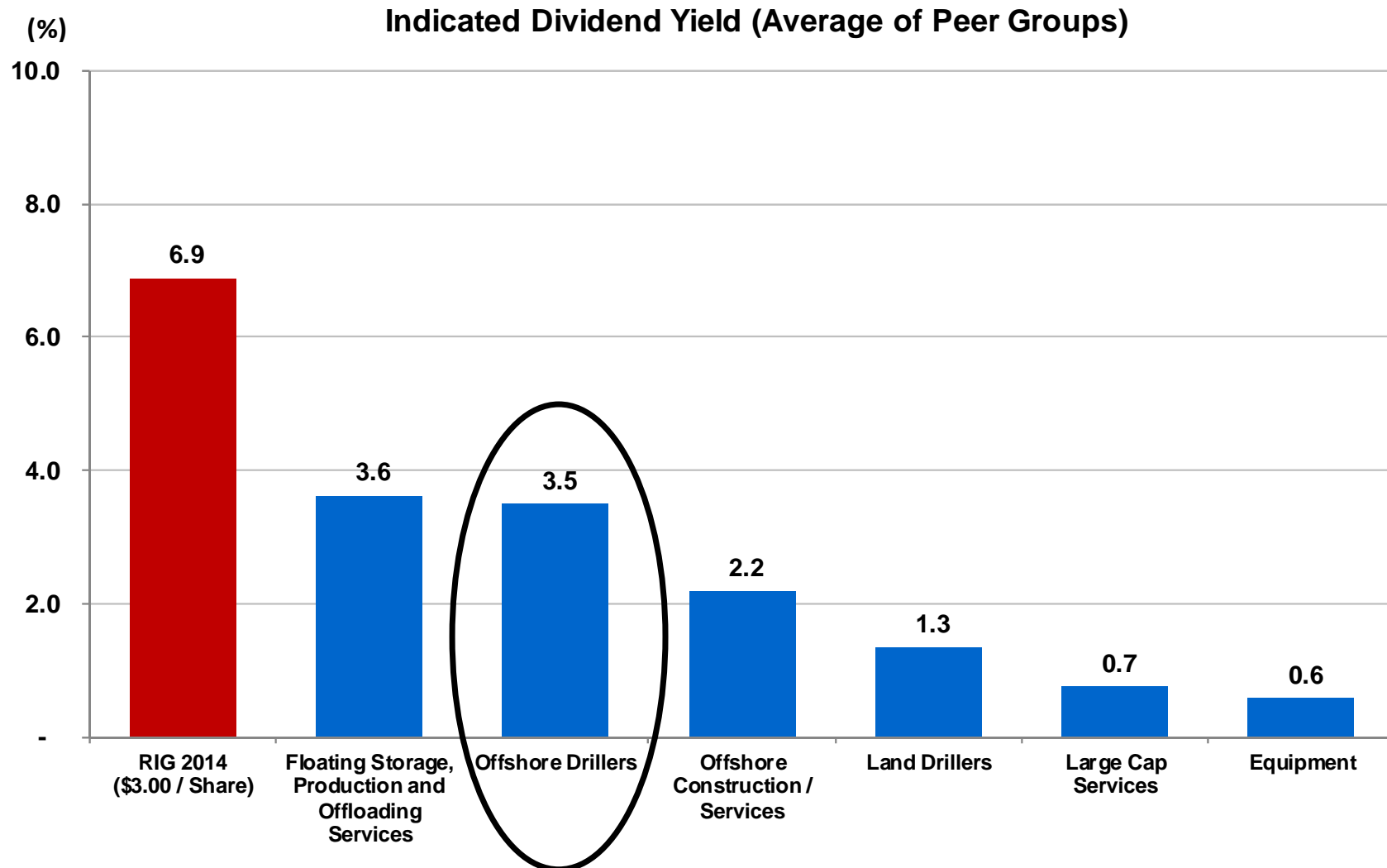
- **Average annual capital investment required to renew fleet estimated @ ~\$1.5-\$2.0 billion**
  - Will be opportunistic
  - Investment will likely vary year to year
- **Funding sources include**
  - Operating cash flow
  - Transocean Partners LLC
  - Asset sales
    - Divest non-core assets by 2018

# Return of Capital

## Dividends



- **Dividend yield is very competitive**



Source: Bloomberg 7/15/14

## Norway Tax Cases

- **Criminal trial – Favorable court ruling July 2014; all defendants acquitted of all charges; prosecution authorities filed appeal**
- **Dividend civil case – Norwegian District Court ruled partially in favor of State in June 2014; waived all interest and penalties; imposed income tax. Will appeal**
- **Arcade civil case – Norwegian District Court overturned tax assessment; State filed appeal – scheduled for Appeals Court October 2014**
- **Believe our tax returns are materially correct as filed; will continue to contest contrary assertions**

## Macondo

- **Civil and criminal settlement agreements reached with DOJ comprising \$1.4B paid over five years**
  - **Phase 1 of trial concluded 4/17/13**
  - **Phase 2 of trial concluded 10/17/13**

# Key Investment Highlights



- **We are delivering on our commitment to create value**
  - **Improving financial flexibility**
  - **Executing plan to high-grade the fleet**
  - **Returning excess cash to shareholders**
  - **To the extent possible, reducing uncertainties the company faces**
- **Transocean is well positioned to capitalize on global opportunities**



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- (1) As of July 16, 2014. 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 77, plus 14 newbuilds. Rigs Under Construction are inclusive of rigs to be accepted by the customer subsequent to July 16, 2014. “Idle” and “Stacked” rig classifications are as described in the Fleet Status Report.
- (2) Excludes submersible rigs.
- (3) Excludes tender rigs.
- (4) Calculated by multiplying the contracted operating dayrate by the firm contract period for 2014 and future periods as of the Fleet Status Report issued April 17, 2014, 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 April 17, 2014.
- (6) Data from IHS-Petrodata as of July 16, 2014. High-Specification Jackups are defined as competitive, independent cantilever rigs with water depths of 350’ and greater.
- (7) This presentation is unaudited.