

**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): November 5, 2008 (November 5, 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 November 5, 2008, concerning third 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 present field operating income for the three months ended September 30, 2008, June 30, 2008 and September 30, 2007 and for the nine months ended September 30, 2008, and September 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 November 5, 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 Third 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: November 5, 2008

By /s/ Eric B. Brown
Eric B. Brown
Senior Vice President and
General Counsel

Index to Exhibits

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|---------------------------|------------------------------------------------------------------------|
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| 99.2 | Slide Presentation |



Transocean Inc.
 Post Office Box 2765
 Houston TX 77252 2765

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

News Release

Media Contact: Guy A. Cantwell
 713-232-7647

FOR RELEASE: November 5, 2008

TRANSOCEAN INC. REPORTS THIRD QUARTER 2008 FINANCIAL RESULTS

HOUSTON – Transocean Inc. (NYSE: RIG) today reported net income for the three months ended September 30, 2008 of \$1.106 billion, or \$3.44 per diluted share, compared to net income of \$973 million, or \$4.63 per diluted share for the three months ended September 30, 2007. Revenues for the third quarter of 2008 were \$3.192 billion compared to \$1.538 billion for the third quarter of 2007.

For the nine months ended September 30, 2008, net income totaled \$3.402 billion, or \$10.59 per diluted share, on revenues of \$9.404 billion. For the same period in 2007, net income totaled \$2.075 billion, or \$9.87 per diluted share, on revenues of \$4.300 billion. Net income for the nine months ended September 30, 2008 included after-tax charges of \$16 million, or \$0.05 per diluted share, resulting primarily from a \$14 million loss on short-term investments, \$10 million of discrete tax items, \$3 million of merger-related costs and a \$3 million loss from the early retirement of debt. These charges were offset by income of \$14 million from the TODCO tax sharing agreement. For the same period last year, net income included after-tax gains of \$369 million, or \$1.75 per diluted share, from the TODCO tax sharing agreement, rig sales and discrete tax items.

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 third quarter and first nine months of 2008 include a full three and nine months, respectively, from GlobalSantaFe’s operations. Diluted earnings per share for the third quarter and first nine months 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 September 30, 2008 were \$3.192 billion compared to revenues of \$3.102 billion during the three months ended June 30, 2008. The \$90 million quarter-to-quarter increase in total revenues included \$112 million of higher contract drilling revenues reflecting a decrease in out-of-service time for planned shipyards, an increase in average dayrates and a \$25 million increase in other revenues primarily from increases in integrated services and non-drilling activities. A \$47 million decline in contract drilling intangible revenues partially offset these increases. The average dayrate for the fleet increased two percent from \$238,600 in the second quarter to \$242,200 in the third quarter, primarily as a result of rigs commencing new contracts at higher dayrates in the third quarter.

Operating and maintenance expenses for the three months ended September 30, 2008 were \$1.426 billion compared to \$1.364 billion for the prior three-month period. The \$62 million increase in operating and maintenance expenses primarily reflects estimated expenses of \$44 million related to dropped riser and an increase in maintenance and non-drilling and integrated services costs compared to the second quarter of 2008, partially offset by reduced shipyard costs.

Interest Expense and Liquidity

Interest expense, net of amounts capitalized, for the third quarter of 2008 decreased to \$100 million compared to \$111 million for the second quarter of 2008. The decrease resulted primarily from a quarter-to-quarter reduction in total debt of approximately \$496 million. As of September 30, 2008, total debt was \$14.783 billion compared to \$15.279 billion as of June 30, 2008.

Cash flow from operating activities totaled \$1.270 billion for the third quarter of 2008 compared to \$1.011 billion for the second quarter of 2008. Higher quarter-to-quarter cash flow during the third quarter primarily reflects increases in net income, decreases in deferred expenses and deferred taxes, partially offset by an increase in working capital.

Effective Tax Rate

The Annual Effective Tax Rate⁽¹⁾ for each of the third quarter and first nine months of 2008 was 15.1 percent and 13.3 percent, respectively. The Effective Tax Rate⁽²⁾ for first nine months of 2008 was 13.6 percent, which reflects the impact of various discrete tax items totaling \$7 million, primarily related to changes in estimates. The Effective Tax Rate⁽²⁾ for the third quarter of 2008 was 13.7 percent.

Conference Call Information

Transocean will conduct a teleconference call at 10:00 a.m. Eastern Time on November 5, 2008. To participate, dial 913-981-5568 and refer to confirmation code 7057401 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 "3Q08 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 November 5, 2008 and can be accessed by dialing 719-457-0820 and referring to the passcode 7057401. 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 136 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, 54 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)

| | <u>Three months ended</u> | | <u>Nine months ended</u> | |
|--------------------------------------------------|---------------------------|----------------|--------------------------|-----------------|
| | <u>September 30,</u> | <u>2007</u> | <u>September 30,</u> | <u>2007</u> |
| | <u>2008</u> | | <u>2008</u> | |
| Operating revenues | | | | |
| Contract drilling revenues | \$ 2,699 | \$ 1,455 | \$ 7,926 | \$ 4,088 |
| Contract drilling intangible revenues | 143 | — | 557 | — |
| Other revenues | 350 | 83 | 921 | 212 |
| | <u>3,192</u> | <u>1,538</u> | <u>9,404</u> | <u>4,300</u> |
| Costs and expenses | | | | |
| Operating and maintenance | 1,426 | 663 | 3,947 | 1,858 |
| Depreciation, depletion and amortization | 336 | 103 | 1,040 | 304 |
| General and administrative | 46 | 27 | 140 | 82 |
| | <u>1,808</u> | <u>793</u> | <u>5,127</u> | <u>2,244</u> |
| Gain (loss) from disposal of assets, net | (1) | 8 | (4) | 30 |
| Operating income | <u>1,383</u> | <u>753</u> | <u>4,273</u> | <u>2,086</u> |
| Other income (expense), net | | | | |
| Interest income | 7 | 7 | 30 | 17 |
| Interest expense, net of amounts capitalized | (100) | (23) | (348) | (93) |
| Other, net | (12) | 287 | (23) | 295 |
| | <u>(105)</u> | <u>271</u> | <u>(341)</u> | <u>219</u> |
| Income before income taxes and minority interest | 1,278 | 1,024 | 3,932 | 2,305 |
| Income tax expense | 175 | 52 | 533 | 230 |
| Minority interest | (3) | (1) | (3) | — |
| Net income | <u>\$ 1,106</u> | <u>\$ 973</u> | <u>\$ 3,402</u> | <u>\$ 2,075</u> |
| Earnings per share | | | | |
| Basic | \$ 3.47 | \$ 4.80 | \$ 10.69 | \$ 10.25 |
| Diluted | <u>\$ 3.44</u> | <u>\$ 4.63</u> | <u>\$ 10.59</u> | <u>\$ 9.87</u> |
| Weighted average shares outstanding | | | | |
| Basic | 319 | 203 | 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)

| | September 30, 2008 (Unaudited) | December 31, 2007 |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|----------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 829 | \$ 1,241 |
| Short-term investments | 392 | — |
| Accounts receivable, net of allowance for doubtful accounts of \$65 and \$50 at September 30, 2008 and December 31, 2007, respectively | 2,783 | 2,370 |
| Materials and supplies, net of allowance for obsolescence of \$28 and \$22 at September 30, 2008 and December 31, 2007, respectively | 429 | 333 |
| Deferred income taxes, net | 55 | 119 |
| Assets held for sale | 564 | — |
| Other current assets | 236 | 233 |
| Total current assets | <u>5,288</u> | <u>4,296</u> |
| Property and equipment | 25,152 | 24,545 |
| Less accumulated depreciation | 4,597 | 3,615 |
| Property and equipment, net | <u>20,555</u> | <u>20,930</u> |
| Goodwill | 8,346 | 8,219 |
| Other assets | 976 | 919 |
| Total assets | <u>\$ 35,165</u> | <u>\$ 34,364</u> |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Accounts payable | \$ 934 | \$ 805 |
| Accrued income taxes | 234 | 99 |
| Debt due within one year | 932 | 6,172 |
| Other current liabilities | 853 | 826 |
| Total current liabilities | <u>2,953</u> | <u>7,902</u> |
| Long-term debt | 13,851 | 11,085 |
| Deferred income taxes, net | 755 | 681 |
| Other long-term liabilities | 1,528 | 2,125 |
| Total long-term liabilities | <u>16,134</u> | <u>13,891</u> |
| Commitments and contingencies | | |
| Minority interest | 3 | 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, 319,068,820 and 317,222,909 shares issued and outstanding at September 30, 2008 and December 31, 2007, respectively | 3 | 3 |
| Additional paid-in capital | 10,911 | 10,799 |
| Accumulated other comprehensive loss | (46) | (42) |
| Retained earnings | 5,207 | 1,806 |
| Total shareholders' equity | <u>16,075</u> | <u>12,566</u> |
| Total liabilities and shareholders' equity | <u>\$ 35,165</u> | <u>\$ 34,364</u> |

TRANSOCEAN INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In millions)
(Unaudited)

| | Three months ended | | Nine months ended | |
|------------------------------------------------------------------------------------------------------|-----------------------|---------------|-------------------|----------------|
| | September 30, 2008 | 2007 | 2008 | 2007 |
| Cash flows from operating activities | | | | |
| Net income | \$ 1,106 | \$ 973 | \$ 3,402 | \$ 2,075 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | | |
| Amortization of drilling contract intangibles | (143) | — | (557) | — |
| Depreciation, depletion and amortization | 336 | 103 | 1,040 | 304 |
| Share-based compensation expense | 16 | 11 | 49 | 30 |
| (Gain) loss from disposal of assets, net | 1 | (8) | 4 | (30) |
| Impairment of short-term investments | 16 | — | 16 | — |
| Deferred revenue, net | (3) | (20) | 22 | 18 |
| Deferred expenses, net | (3) | (4) | (132) | (17) |
| Deferred income taxes | 60 | 9 | 4 | 2 |
| Other, net | (6) | 2 | 3 | 6 |
| Changes in operating assets and liabilities | (110) | (169) | (88) | (230) |
| Net cash provided by operating activities | <u>1,270</u> | <u>897</u> | <u>3,763</u> | <u>2,158</u> |
| Cash flows from investing activities | | | | |
| Capital expenditures | (514) | (305) | (1,703) | (1,060) |
| Proceeds from disposal of assets, net | 5 | 21 | 352 | 62 |
| Proceeds from sale of investments | 14 | — | 14 | — |
| Short-term investments | (408) | — | (408) | — |
| Joint ventures and other investments, net | — | — | (3) | (3) |
| Net cash used in investing activities | <u>(903)</u> | <u>(284)</u> | <u>(1,748)</u> | <u>(1,001)</u> |
| Cash flows from financing activities | | | | |
| Borrowings (repayments) under commercial paper program, net | (213) | — | 932 | — |
| Borrowings (repayments) under revolving credit facilities, net | 415 | — | (1,085) | — |
| Proceeds from debt | 303 | — | 2,354 | — |
| Repayments of debt | (1,000) | (470) | (4,673) | (700) |
| Repurchase of ordinary shares | — | — | — | (400) |
| Proceeds from (payments made upon) exercise of warrants, net | — | 16 | (4) | 16 |
| Proceeds from (taxes paid for) issuance of ordinary shares under share-based compensation plans, net | (12) | 1 | 49 | 56 |
| Excess tax benefit from issuance of ordinary shares under share-based compensation plans | — | 23 | 11 | 33 |
| Other, net | (7) | (10) | (11) | (11) |
| Net cash used in financing activities | <u>(514)</u> | <u>(440)</u> | <u>(2,427)</u> | <u>(1,006)</u> |
| Net increase (decrease) in cash and cash equivalents | (147) | 173 | (412) | 151 |
| Cash and cash equivalents at beginning of period | 976 | 445 | 1,241 | 467 |
| Cash and cash equivalents at end of period | <u>\$ 829</u> | <u>\$ 618</u> | <u>\$ 829</u> | <u>\$ 618</u> |

Transocean Inc.
Fleet Operating Statistics

| | Operating Revenues (\$ Millions) ⁽¹⁾ | | | | |
|-----------------------------------|-------------------------------------------------|------------------|-----------------------|-------------------|-----------------|
| | Three months ended | | | Nine months ended | |
| | September 30, 2008 | June 30, 2008 | September 30, 2007 | 2008 | 2007 |
| Contract Drilling Revenues | | | | | |
| High-Specification Floaters: | | | | | |
| Ultra Deepwater Floaters | \$ 617 | \$ 558 | \$ 381 | \$ 1,783 | \$ 1,057 |
| Deepwater Floaters | 323 | 377 | 280 | 1,025 | 778 |
| Harsh Environment Floaters | 163 | 168 | 122 | 481 | 358 |
| Total High-Specification Floaters | 1,103 | 1,103 | 783 | 3,289 | 2,193 |
| Midwater Floaters | 690 | 650 | 409 | 2,015 | 1,177 |
| High-Specification Jackups | 144 | 147 | 12 | 448 | 36 |
| Standard Jackups | 749 | 674 | 236 | 2,134 | 637 |
| Other Rigs | 13 | 13 | 15 | 40 | 45 |
| Subtotal | 2,699 | 2,587 | 1,455 | 7,926 | 4,088 |
| Contract Intangible Revenue | 143 | 190 | 0 | 557 | 0 |
| Other Revenues | | | | | |
| Client Reimbursable Revenues | 55 | 51 | 32 | 152 | 91 |
| Integrated Services and Other | 12 | 48 | 51 | 8 | 121 |
| Drilling Management Services | 257 | 208 | 0 | 693 | 0 |
| Oil and Gas Properties | 26 | 18 | 0 | 68 | 0 |
| Subtotal | 350 | 325 | 83 | 921 | 212 |
| Total Company | \$ 3,192 | \$ 3,102 | \$ 1,538 | \$ 9,404 | \$ 4,300 |

| | Average Dayrates ⁽¹⁾ | | | | |
|-------------------------------------|---------------------------------|-------------------|-----------------------|-------------------|-------------------|
| | Three months ended | | | Nine months ended | |
| | September 30, 2008 | June 30, 2008 | September 30, 2007 | 2008 | 2007 |
| High-Specification Floaters: | | | | | |
| Ultra Deepwater Floaters | \$ 401,300 | \$ 390,400 | \$ 323,200 | \$ 390,700 | \$ 304,600 |
| Deepwater Floaters | \$ 322,700 | \$ 317,400 | \$ 251,600 | \$ 307,600 | \$ 227,400 |
| Harsh Environment Floaters | \$ 363,500 | \$ 379,400 | \$ 312,300 | \$ 362,400 | \$ 281,100 |
| Total High-Specification Floaters | \$ 369,300 | \$ 360,500 | \$ 291,900 | \$ 356,600 | \$ 268,600 |
| Midwater Floaters | \$ 292,900 | \$ 299,300 | \$ 254,000 | \$ 294,800 | \$ 240,100 |
| High-Specification Jackups | \$ 178,500 | \$ 178,000 | \$ 131,600 | \$ 176,700 | \$ 131,800 |
| Standard Jackups | \$ 158,700 | \$ 149,400 | \$ 120,000 | \$ 151,400 | \$ 113,800 |
| Other Rigs | \$ 48,900 | \$ 48,400 | \$ 54,800 | \$ 49,000 | \$ 54,100 |
| Total Drilling Fleet | \$ 242,200 | \$ 238,600 | \$ 219,700 | \$ 236,500 | \$ 206,800 |

| | Utilization ⁽¹⁾ | | | | |
|-------------------------------------|----------------------------|------------------|-----------------------|-------------------|------------|
| | Three months ended | | | Nine months ended | |
| | September 30, 2008 | June 30, 2008 | September 30, 2007 | 2008 | 2007 |
| High-Specification Floaters: | | | | | |
| Ultra Deepwater Floaters | 93% | 87% | 99% | 93% | 98% |
| Deepwater Floaters | 68% | 81% | 76% | 76% | 78% |
| Harsh Environment Floaters | 98% | 98% | 85% | 97% | 93% |
| Total High-Specification Floaters | 83% | 86% | 86% | 86% | 88% |
| Midwater Floaters | 88% | 82% | 92% | 86% | 95% |
| High-Specification Jackups | 87% | 91% | 100% | 93% | 100% |
| Standard Jackups | 93% | 89% | 89% | 92% | 85% |
| Other Rigs | 100% | 100% | 98% | 100% | 99% |
| Total Drilling Fleet | 89% | 87% | 89% | 89% | 89% |

⁽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
Supplemental Effective Tax Rate Analysis
(In millions)

| | Three months ended | | | Nine months ended | | Years ended Dec. 31, | |
|-----------------------------------------|---------------------------------------------------------|------------------|-------------------|-------------------|-------------------|-------------------------|---------------|
| | Sept. 30, 2008 | June 30, 2008 | Sept. 30, 2007 | Sept. 30, 2008 | Sept. 30, 2007 | 2007 | 2006 |
| | Income (Loss) before income taxes and minority interest | \$1,278 | \$1,246 | \$1,024 | \$3,932 | \$2,305 | \$3,384 |
| Add back (subtract): | | | | | | | |
| (Gain) loss on disposal of assets, net | — | — | (9) | — | (31) | (264) | (410) |
| Income from TODCO tax sharing agreement | (14) | — | (276) | (14) | (276) | (277) | (51) |
| Loss on The Reserve Funds | 16 | — | — | 16 | — | — | — |
| (Gain) loss on retirement of debt | — | 1 | — | 3 | — | 8 | — |
| GSF Merger related costs | 1 | 3 | — | 5 | — | 82 | — |
| Adjusted income before income taxes | <u>1,281</u> | <u>1,250</u> | <u>739</u> | <u>3,942</u> | <u>1,998</u> | <u>2,933</u> | <u>1,146</u> |
| Income tax expense | 175 | 140 | 52 | 533 | 230 | 253 | 222 |
| Add back (subtract): | | | | | | | |
| (Gain) loss on disposal of assets, net | — | — | — | — | (3) | (3) | (24) |
| Loss on The Reserve Funds | 2 | — | — | 2 | — | — | — |
| GSF Merger related costs | 1 | — | — | 1 | — | 15 | — |
| Changes in estimates (1) | 15 | 2 | 52 | (10) | 65 | 101 | 14 |
| Adjusted income tax expense (2) | \$ 193 | \$ 142 | \$ 104 | \$ 526 | \$ 292 | \$ 366 | \$ 212 |
| Effective Tax Rate (3) | 13.7% | 11.2% | 5.1% | 13.6% | 10.0% | 7.5% | 13.8% |
| Annual Effective Tax Rate (4) | 15.1% | 11.4% | 14.0% | 13.3% | 14.6% | 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 Sept. 30, 2008 include \$21 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.

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

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

| | Three months ended | | | Nine months ended | |
|------------------------------------------------------------|-----------------------|------------------|-----------------------|-----------------------|-----------------------|
| | September 30, 2008 | June 30, 2008 | September 30, 2007 | September 30, 2008 | September 30, 2007 |
| Operating revenue | \$ 3,192 | \$3,102 | \$ 1,538 | \$ 9,404 | \$ 4,300 |
| Operating and maintenance expense | 1,426 | 1,364 | 663 | 3,947 | 1,858 |
| Depreciation, depletion and amortization | 336 | 337 | 103 | 1,040 | 304 |
| (Gain) loss from disposal of assets, net | 1 | 6 | (8) | 4 | (30) |
| Operating income before general and administrative expense | 1,429 | 1,395 | 780 | 4,413 | 2,168 |
| Add back (subtract): | | | | | |
| Depreciation, depletion and amortization | 336 | 337 | 103 | 1,040 | 304 |
| (Gain) loss from disposal of assets, net | 1 | 6 | (8) | 4 | (30) |
| Field operating income | \$ 1,766 | \$1,738 | \$ 875 | \$ 5,457 | \$ 2,442 |



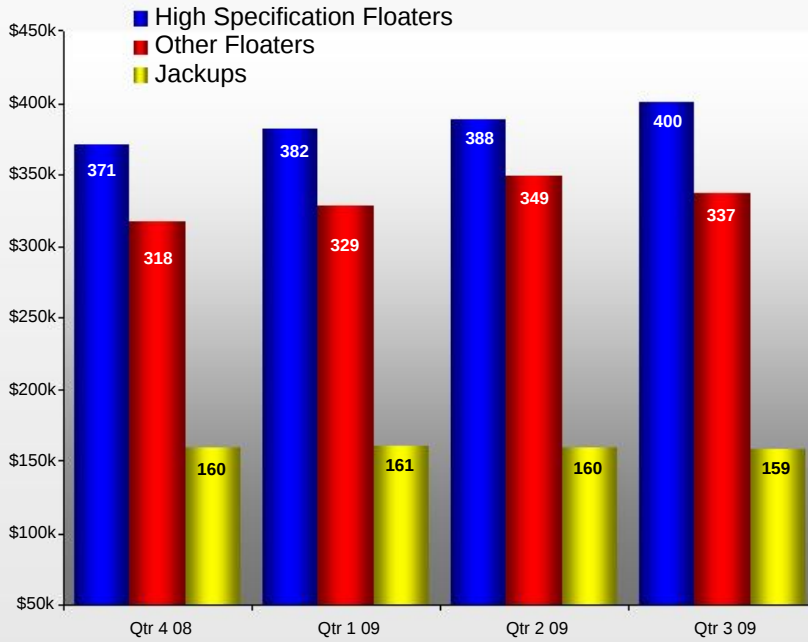
Your Next Generation Driller

Transocean Inc. Reports
Third Quarter 2008 Results



Chart #1: Average Contracted Dayrate by Rig Type

Qtr 4 2008 through Qtr 3 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 November 3, 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.

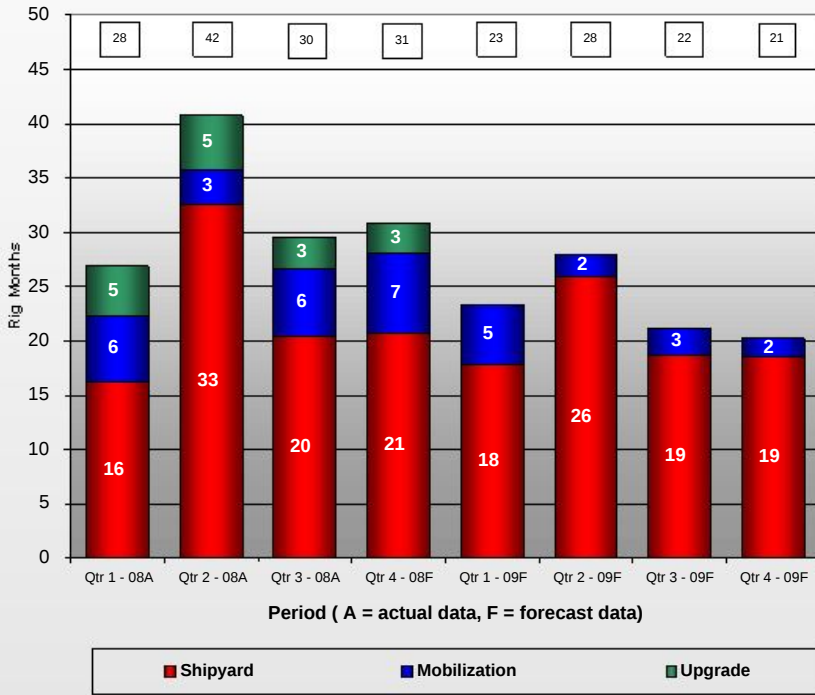
Other High-Specification Floaters were built in the mid to late 1980s, are capable of drilling in harsh environments and have greater displacement than previously constructed rigs resulting in larger variable load capacity, more useable deck space and better motion characteristics.

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 November 3, 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*.

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)

Definitions

Support & Non-Drilling Costs

Includes Integrated Services, Drilling Management Services, Oil and Gas Properties, and 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, mobilization and short-term out of contract periods but includes the operational downtime of in service rigs. 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, 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

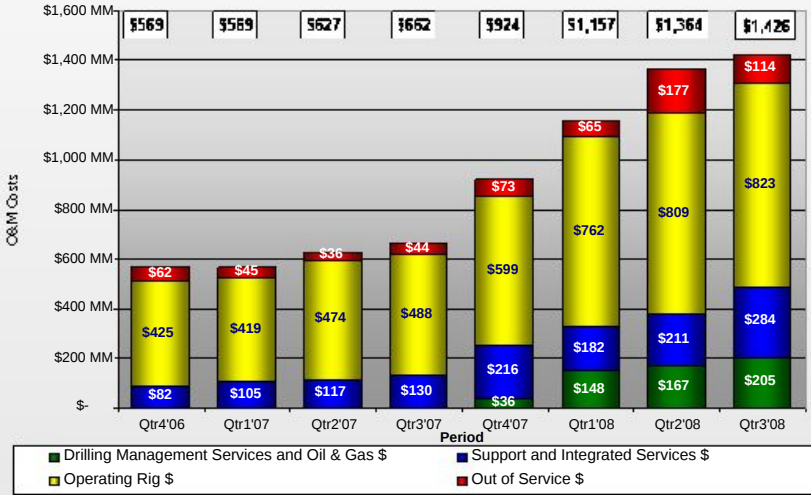
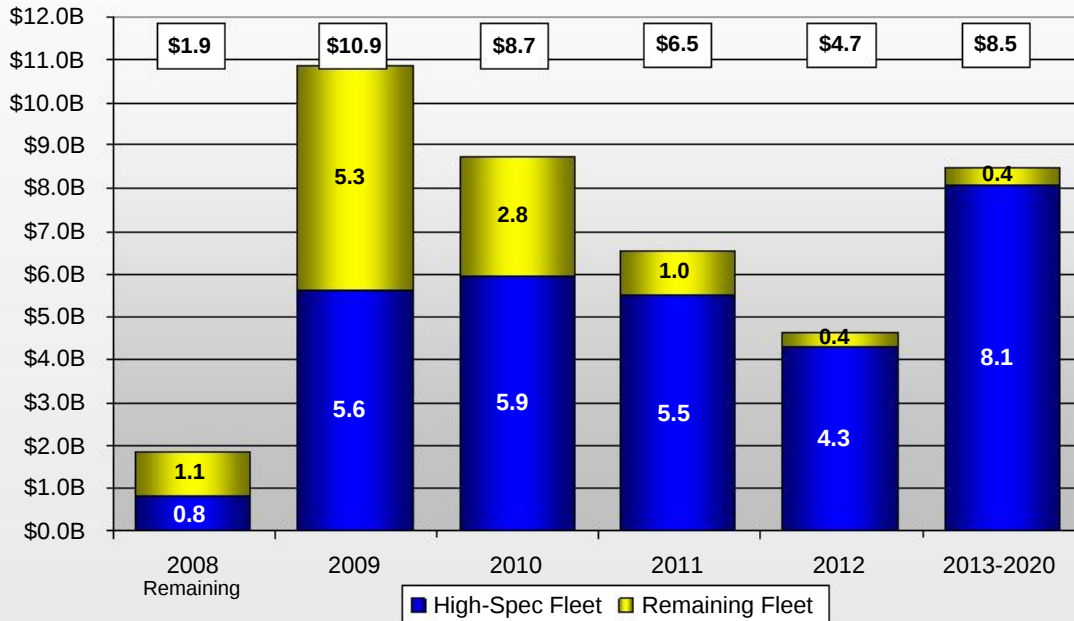


Chart #4: Contract Backlog by Years

(Unaudited)

Total Contract Backlog (1) = \$41.1 Billion



(1) Calculated by multiplying the contracted operating dayrate by the firm contract period from November 3, 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.