

TRANSOCEAN LTD.

CORPORATE GOVERNANCE GUIDELINES

Transocean Ltd. ("Company") believes that the cornerstone of good corporate governance is the quality of leadership of the Board of Directors ("Board") and the management of the Company. In furtherance of this belief, the Board has established the following Corporate Governance Guidelines.

I. BOARD COMPOSITION - HOW THE BOARD IS SELECTED AND COMPENSATED

A. Size of the Board

The Board believes that the Board should have the flexibility to vary in size and composition as business conditions dictate. In accordance with the Articles of Association, the Board is to consist of not less than two nor more than 14 directors. The Board currently believes that the Board should be no smaller than 8 members. The Board believes that there should be no more than two directors who are employees of the Company at any time and that at least a majority of the directors should meet the independence requirements of the New York Stock Exchange.

B. Term of the Board

Pursuant to the Company's Organizational Regulations, the Board is currently structured utilizing three classes of directors having three-year staggered terms.

C. Selection and Qualification of Directors

The Corporate Governance Committee, in conjunction with management, should annually assess the needs of the Company and the Board so as to recommend the candidates who will further the goals of the Company. In particular, the Committee should assess what special skills, expertise and backgrounds might be relevant to the Company's business and whether or not a candidate has the character traits and breadth of business knowledge which will make them an effective director. In addition, the Committee should consider how many other boards a candidate serves on in light of the increased responsibilities stemming from serving on this Board. No member of the Board should simultaneously serve

on the board of more than four other public companies while serving on the Board. The Corporate Governance Committee should recommend candidates to the Board no later than the February meeting of the Board.

D. Majority Election of Directors

In addition to the above qualifications, the Board shall nominate only those candidates for director who have submitted an irrevocable letter of resignation which would be effective upon and only in the event that (i) in an Uncontested Election (as defined below) such nominee fails to receive a sufficient number of votes (as defined below) for election or re-election at the next meeting of the shareholders of the Company at which the director's seat will be subject to election and (ii) the Board accepts this resignation following such failure. In order to receive a sufficient number of votes pursuant to this guideline, a director must receive in an Uncontested Election more votes cast for than against his or her election or re-election. The requirement for receiving a "sufficient number of votes" set forth above shall not apply to a Contested Election.

An Uncontested Election shall occur in an election of directors that does not constitute a Contested Election. A Contested Election shall occur in an election of directors when (i) the Secretary of the Company receives a notice that a shareholder has nominated a person for election to the Board in compliance with the advance notice requirements for shareholder nominees for director set forth in our Articles and (ii) such nomination has not been withdrawn by such shareholder on or prior to the day next preceding the date the Company first mails its notice of meeting for such meeting to the shareholders. The Board shall request a statement from any person nominated as a director by other than the Board as to whether that person will also submit an irrevocable letter of resignation upon the same terms as a person nominated by the Board.

If a nominee who has submitted a letter of resignation does not receive a sufficient number of votes in an Uncontested Election pursuant to these guidelines, the Corporate Governance Committee shall promptly consider the resignation letter of that nominee, and recommend to the Board whether to accept the tendered resignation or reject it. In considering whether to accept or reject the tendered resignation, the Corporate Governance Committee will consider all factors deemed relevant by the Committee, which may include,

without limitation, (i) the stated reasons why shareholders voted against such nominee, (ii) any length of service and qualifications of the nominee whose resignation has been tendered, (iii) any contributions by the nominee to the Company, (iv) whether the acceptance of the nominee's resignation would cause there to be no financial expert on the audit committee, (v) whether the acceptance of the nominee's resignation would cause the Board to have less than a majority of independent directors, (vi) whether the acceptance of the nominee's resignation would cause the Company to fail to satisfy stock exchange listing requirements; (vii) whether the acceptance of the nominee's resignation would result in a default or breach under any loan covenants or other agreement, (viii) whether the acceptance of the nominee's resignation would trigger a significant payment under an executive employment contract(s) or other contract(s) and (ix) whether the quorum present and voting in the Uncontested Election was significantly less than the quorum for prior elections. The Board will act on the Corporate Governance Committee's recommendation within 90 days following certification of the shareholder vote. In considering the Committee's recommendation, the Board will consider the factors considered by the Committee and such additional information and factors the Board believes to be relevant to its decision.

Thereafter, the Board will promptly disclose its decision regarding whether or not to accept the nominee's resignation letter in a Form 8-K furnished to the Securities and Exchange Commission or other broadly disseminated means of communication.

The Board will recommend that any nominee whose resignation is under consideration abstain from participation in the Corporate Governance Committee recommendation or Board action regarding whether to accept the nominee's resignation.

E. Board Retirement

Directors must retire at the Annual Meeting following their 72nd birthday.

F. Board Compensation

The Corporate Governance Committee should periodically review the compensation and compensation methods being utilized by similar companies

and recommend any changes to the Board. The Board believes that any compensation method should be weighted more toward compensation in the form of equity in order to more closely align director compensation with the shareholders' interests. In that connection, the Board believes that directors should have an equity interest in the Company. In particular, directors should acquire and hold an equity interest in the Company that has a value of at least five times the applicable director's annual cash retainer. After acquiring such an interest, a director should be free to dispose of his or her equity interest in the Company in excess of such level in a manner consistent with all applicable legal requirements and the terms and conditions of the equity interest. For purposes of calculating the value of a director's equity interest in the Company, the interest held by the director should be valued at the greater of (a) the closing price of our ordinary shares on the date of grant of the underlying security or (b) the average share price on the first trading day of December of the prior calendar year (the "Measurement Date"). Fluctuations in the share price during the calendar year after the Measurement Date should not have any impact on whether a director may dispose of an equity interest during that calendar year.

The Board believes that no additional compensation shall be paid to directors who are either employees or those with whom the Company has a consulting arrangement. In addition, the Board believes that any additional compensation to a director by the Company other than that set forth above (including by means of charitable contributions to organizations with which a director is affiliated, or by entering into consulting contracts with or providing other indirect forms of compensation to a director or an organization with which the director is affiliated) may affect the independence of a director and should be critically evaluated and specifically approved by the Board.

G. Change in Job Responsibility

Individual directors who retire or change their job responsibility (including for example leaving or joining another board) should promptly inform the Chairman of the Board and the Chairman of the Corporate Governance Committee of the change. If one of the chairmen believes that the issue requires further discussion, he will refer the matter to the Corporate Governance Committee. The Corporate Governance Committee will then consider whether or not the change creates an issue for the Board and, if so, will request that the affected director submit their

voluntary resignation from the Board for further consideration by the Board. While the Board believes that such directors should not necessarily leave the Board, the Board should have the opportunity to review the continued participation of such a director.

H. Conflicts of Interest

A director's personal interests may occasionally give rise to that director's material personal interest in a particular Company issue. It is the policy of this Board to avoid even the appearance of a conflict of interest. In the event that a director believes that they have a potential conflict, they should immediately advise the Board so that the Board can determine whether a conflict exists. In any event, such affected director should not participate in any vote or discussion of such issue.

II. HOW THE BOARD FUNCTIONS

A. Board Meetings

Currently, the Board has four regular meetings to handle recurring business and schedules special meetings as appropriate. The Chairman is to preside and, in conjunction with the Corporate Secretary and the CEO, set the agenda for all meetings of the Board.

B. Meetings of Outside Directors

The Board believes that the non-management directors as defined by the NYSE bring a special perspective to the Board and that they should have as an agenda item at each Board meeting to meet as a group . The director who presides at these meetings will be a director meeting the NYSE independence standards and will be chosen by the non-management directors. If the non-management directors include directors who are not independent pursuant to the NYSE standards, then the independent directors shall meet in executive session at least once per year.

C. Board Agenda Items

The Chairman, in conjunction with the Corporate Secretary and the CEO, should be the focal point and have the responsibility for setting the agenda of any Board meeting. Individual directors are encouraged to contact the Chairman or CEO with respect to any proposed agenda items which the director believes should be on the agenda. Approximately one week prior to any regular Board meeting, the Chairman should provide written materials with respect to the items to be covered at the meeting. Information concerning matters of strategic or unusual importance shall be submitted to the Board further in advance of the meeting whenever possible.

D. Director Responsibilities

All directors should be diligent to stay informed with respect to the Company's business and should make every reasonable effort to attend all meetings of the Board and any committee on which such director is a member. All directors should come prepared to contribute substantively at each meeting by reviewing all materials in advance of such meeting.

E. Board Chairman

The Corporate Governance Committee should recommend to the Board the election of a director for the position of Chairman of the Board no later than the February meeting of the Board.

F. Board Committees

The Board believes that it is more efficient and productive to conduct business utilizing a committee structure. The Board presently has four permanent committees - the Audit, Executive Compensation, Finance and Benefits and Corporate Governance Committees. The Corporate Governance Committee should annually review the Board's committees to determine whether or not the tasks and/or duties assigned to these committees are appropriate in the current business environment. The Board retains the flexibility to create additional committees as the need arises. At each regular meeting of the Board, each Committee Chairman will report to the Board on the business conducted by his or her Committee. Each Committee shall take minutes of their meetings as required by the Company's Organizational Regulations, a copy of which shall be distributed to each director.

G. Committee Members

The Chairman of the Board and the Company's Corporate Secretary and CEO, in conjunction with the Corporate Governance Committee, should annually propose Committee assignments and chairmanships to the Board. The Corporate Governance Committee shall review the assignments and chairmanships of the Committees at least once every three years and make any proposed changes to the Board. While the Board wants to maintain some continuity, members of the various committees should expect to be rotated to new responsibilities from time to time and the Corporate Governance Committee will look to rotate the chairmanships of the committees at the same three year interval. The Board does not believe that it is appropriate for there to be any directors who are employees of the Company as members of its present committees but believes that it is appropriate for applicable members of management to be present at these meetings.

H. Committee Agenda

The Chairman of the Board and the Committee Chairmen, in consultation with the Company's Corporate Secretary and CEO, should set the agenda for Committee meetings. Materials for the regular meetings should be distributed to applicable members at least one week in advance of the meetings. Board members are encouraged to suggest items for inclusion on the agenda.

I. Committee Meeting Frequency and Length

The Chairman of each Committee shall coordinate with the Chairman of the Board to ensure that the frequency and length of his or her Committee meeting is sufficient to attend to the responsibilities and business of the Committee.

J. Director Orientation and Continuing Education

The Board believes that any new directors on the Board should receive an orientation program acquainting them with their responsibilities, the Board's policies and the Company's business strategies. The Board further believes that continuing education is important and encourages directors to attend continuing education classes. The Company will reimburse expenses incurred by any director in connection with such director's attendance at any continuing education class that is pre-approved by the Chairman of the Board.

K. Annual Self-Evaluation

The Board believes that an annual evaluation of the Board and its functions and

its Committees shall be conducted. This evaluation shall include items such as the effectiveness of the Board and its Committees, their structure and composition, and a review of the responsibilities of the Committees and the frequency of Board and Committee meetings.

III. HOW THE BOARD INTERACTS WITH SHAREHOLDERS AND MANAGEMENT

A. Selection of Chairman of the Board and Chief Executive Officer

The functions of the Chairman of the Board are distinct from those of the CEO. While the Board believes that both functions can be effectively performed by one individual, the Board is currently satisfied with the vesting of the Chairman of the Board and CEO authorities in different individuals.

B. Evaluation of the Chief Executive Officer

All independent directors should participate in an annual review of the CEO's performance. The Chairman of the Executive Compensation Committee should preside over the evaluation and communicate the evaluation to the CEO. The evaluation shall be utilized by the Executive Compensation Committee when considering the compensation of the CEO.

C. Succession Planning

The Board believes that there should be a succession plan within the Company for all key positions and that there be a plan for helping middle level management advance to positions of higher responsibility. To that end, the CEO should at least annually report to the Board concerning management development and succession planning for all key positions within the Company.

D. Attendance at Board & Committee Meetings

The Board encourages the CEO to invite senior management to attend all Board meetings. In addition, the Board encourages the CEO to invite other managers and outside experts in the situation where such persons can aid the Board in its deliberations.

E. Communications with the Public

The Board believes that the CEO is responsible for all communications with the public. Accordingly, Board members are to refrain from making any public statements regarding the Company at any time unless specifically requested to do so by the CEO. All inquiries should be directed to the CEO. The CEO has the responsibility for keeping the Chairman informed of all public announcements

regarding the Company and shall consult with the Chairman as to all non-routine announcements in order to determine if the members of the Board should be notified prior to its release.

F. Access to Management and Independent Advisors

The Board believes that it is vital that directors have unlimited access to management. Accordingly, the CEO is directed to make management available to the Board with respect to any questions about Company issues. In addition, the Board recognizes that it has the opportunity to engage independent advisors as it deems necessary and appropriate.

IV. INTERPRETATION OF GUIDELINES

These guidelines provide a framework for governance of the Company and the Board. The Board recognizes, however, that situations may dictate exceptions from time to time to these guidelines in order to respond to business changes and the needs of the shareholders. In addition, these guidelines may need to be revised and updated from time to time. Accordingly, the foregoing guidelines are not intended to constitute rules or have the effect of binding the Board in the future.

V. REVIEW OF GUIDELINES

These Guidelines will be reviewed annually by the Corporate Governance Committee, and recommendations arising therefrom shall be reported to the Board.

These Guidelines were adopted by the Board of Directors of Transocean Ltd. on December 9, 2008
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