Transocean

2014 Annual General Meeting and Proxy Statement

2013 Annual Report

CONTENTS

Letter to Shareholders

Notice of 2014 Annual General Meeting and Proxy Statement

2013 Annual Report to Shareholders

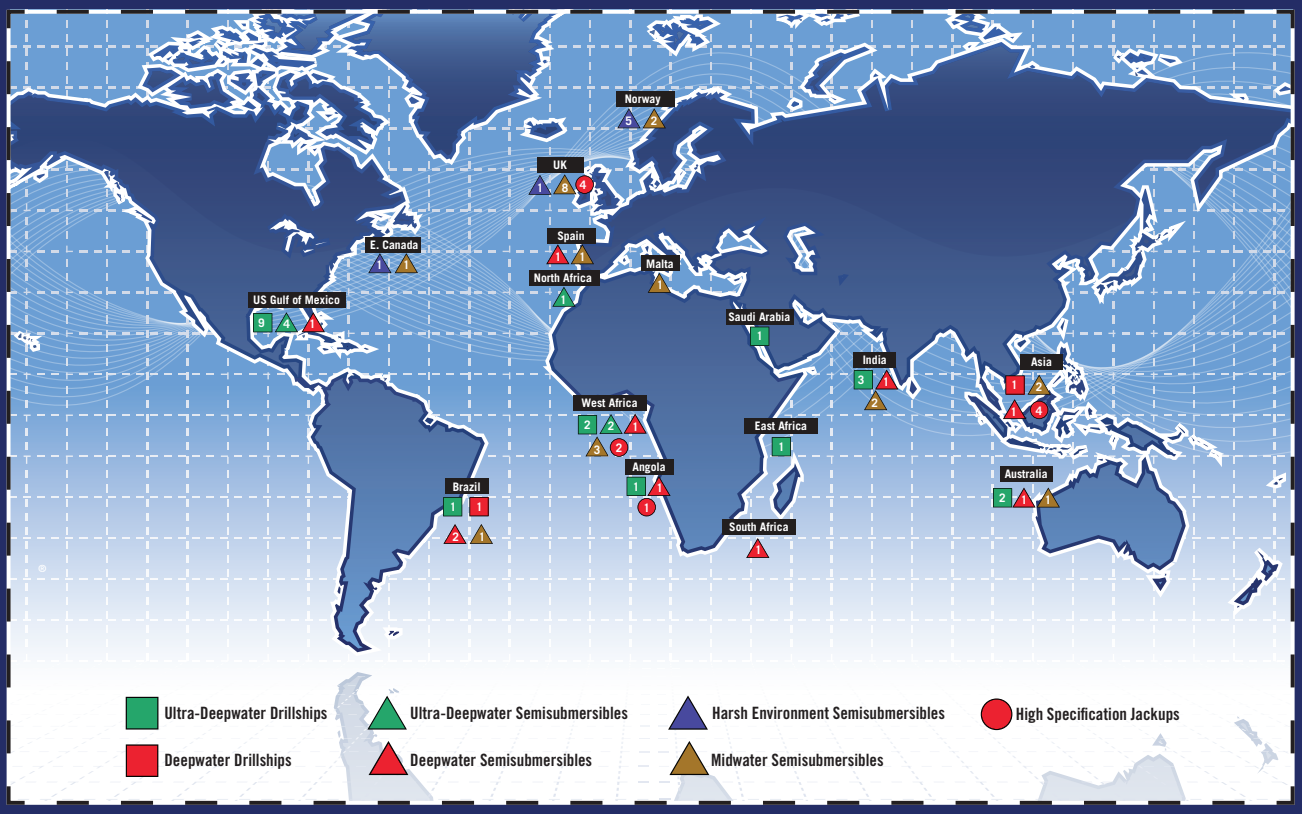
Transocean Ltd. Statutory Financial Statements

SIX Corporate Governance Report

ABOUT TRANSOCEAN LTD.

We are a leading international provider of offshore contract drilling services for oil and gas wells. As of March 17, 2014, we own or have partial ownership interests in, and operate a fleet of, 79 mobile offshore drilling units. In addition, we have nine newbuild ultra-deepwater drillships and five newbuild high-specification jackups under construction. We specialize in technically demanding sectors of the global offshore drilling business with a particular focus on deepwater and harsh environment drilling services. We believe we operate one of the most versatile mobile offshore fleets in the world. We have approximately 15,100 personnel worldwide.

Our shares are traded on the New York Stock Exchange (NYSE) under the symbol RIG and on the SIX Swiss Exchange under the symbol RIGN.



As of March 17, 2014

ABOUT THE COVER: The cover features two of our nine newbuild ultra-deepwater drillships currently under construction: the *Deepwater Asgard* is on the front cover and the *Deepwater Invictus* is on the back. Both ships have three-year drilling contracts and are expected to commence operations in the second quarter of 2014.

FORWARD-LOOKING STATEMENTS: Any statements included in this Proxy Statement and 2013 Annual Report that are not historical facts, including, without limitation, statements regarding future market trends and results of operations, are forward-looking statements within the meaning of applicable securities law.

Letter to Our Shareholders

In 2013, we continued delivering on our commitment to our shareholders to focus on key areas critical to the Company's success. Through the dedicated efforts of our employees and management team, and with the guidance and full support of our Board of Directors, we are executing on a well-articulated plan to further improve our competitiveness over the long term. Important areas of progress in 2013 include:

- **Revenue and Backlog—**Full year 2013 net income attributable to controlling interest was $1.4 billion on total revenues of $9.5 billion, increases versus 2012. During the year we added approximately $7.9 billion in backlog, including a five-year contract with Chevron for the newbuild ultra-deepwater drillship, *Deepwater Conqueror*, to be delivered in the second quarter of 2016. Our industry-leading backlog of over $27 billion provides the Company with a solid foundation to weather what we expect to be temporarily challenging market conditions resulting primarily from deferred customer demand.

- **Operations—**We continued to take comprehensive actions to improve revenue efficiency, achieving results in-line with and exceeding our 2013 target of 93 percent in the second and third quarters of the year, respectively. Unfortunately, our performance in the first and fourth quarters was disappointing due primarily to widespread vendor quality problems affecting critical fasteners used by the industry and continued challenges with subsea equipment on certain ultra-deepwater rigs. This inconsistent performance resulted in a year-on-year revenue efficiency decline to 91.7 percent from 93.0 percent in 2012.

  Our experiences during 2013 highlighted specific rigs and geographic regions where additional emphasis on operational improvement is required and we are taking aggressive steps to address the issues identified. These include continuously improving the training and competency of our employees, regularly enhancing the procedures we expect our people to implement and follow, and further strengthening our relationships with key vendors. Our field performance in early 2014 suggests that our efforts are yielding results and we are confident that we will achieve our 94 percent revenue efficiency target for the year. Ultimately, we aim to consistently generate revenue efficiency of 95 percent or better.

  In 2013 we continued to implement procedures to improve the planning, analysis and execution of major capital projects, resulting in more optimized timing, budget and rig out-of-service periods. All else being equal, we expect that gains in revenue efficiency and a reduction in planned out-of-service time should contribute up to approximately $275 million in margin improvement by year-end 2015.

- **Dividend—**In 2013 shareholders approved a dividend of $2.24 per share, representing one of the industry's largest yields and highest implied pay-out ratios. Our Board will recommend that shareholders approve a $3.00 per share dividend at the 2014 Annual General Meeting (AGM), an approximately 34 percent increase. In the context of our balanced capital allocation strategy, we remain committed to returning excess cash to our shareholders.

- **Fleet Renewal—**We have a clear objective to reduce our exposure to lower-specification, less-differentiated offshore drilling assets and add high-specification rigs—both floaters and jackups—to our fleet. We made progress on this objective in 2013 by placing three newbuild high-specification jackups into service with Chevron in Thailand: *Transocean Andaman, Transocean Ao Thai* and *Transocean Siam Driller.* Further, we currently have 14 additional newbuild projects underway, including nine high-specification, ultra-deepwater drillships and five premium jackups scheduled to join the fleet beginning in early 2014 through early 2018. We continue to pursue a variety of options for divesting non-core rigs to improve the age and capability profile of our fleet and contribute to high-return reinvestment. In 2013 we sold eight non-strategic assets and received net cash proceeds of about $280 million.

- **Safety—**The safety of employees is a core value of the Company and our 2013 performance in this area was encouraging. The Lost Time Incident Rate, down 48 percent from 2012, was the lowest in the history of the Company. The Total Recordable Incident Rate equals our best-ever performance and represents a reduction of 17 percent year-on-year. However, given deterioration in our safety statistics in early 2014, it is clear that we must maintain relentless focus in this critical area. We remain deeply committed to our Company's vision of "an incident-free workplace all the time, everywhere" and we will continue to make investments to ensure the well-being of our people on and off the job.
- **Competitiveness and Financial Flexibility—**We committed to narrowing the margin differential between Transocean and our comparable peers by the end of 2015 through the implementation of onshore and offshore efficiency improvement initiatives. These initiatives are already yielding a more focused organization that delivers the highest level of support to the Company's rig operations without compromising safety, operational integrity or customer service. We also continue to implement important steps to further improve the Company's balance sheet, including the planned launch of an MLP-like vehicle later this year and completion of the $1 billion accelerated debt repayment program. In a cyclical industry, financial flexibility can provide a significant competitive advantage.
- **Litigation—**We resolved the two civil actions associated with the Frade field incident in Brazil and assumed no financial obligation, fault or liability in this settlement. Transocean started 2013 on a positive note by reaching a partial settlement with the United States Department of Justice to resolve certain claims against the Company related to the Macondo well incident. An important step forward, the agreement removed some of the uncertainty associated with this complex, ongoing case. We will continue to work to resolve remaining key uncertainties.
- **Technological Leadership—**We announced a three-year partnership with Shell to develop a next-generation BOP control system. The system will be designed with the goal of eliminating BOP control system downtime, keeping Transocean in the vanguard of technological innovation in the industry.
- **Governance—**At the 2014 AGM, our Board of Directors will recommend that shareholders approve a reduction in the number of directors to 11 from 14 and elect an additional director nominated by Icahn Associates, among other changes. We believe a smaller Board of Directors will foster an even more dynamic decision-making process.

By almost any measure, 2013 was an exceptionally productive year for Transocean, and progress continues into 2014. While significant strides have been made, there remains much more work to do for the Company to reach its full potential. Our challenge is that much greater given the cyclical pause in which the offshore drilling industry now finds itself.

With its substantial backlog, a drilling fleet that is among the world's most capable and a workforce that is the envy of the industry, Transocean is well equipped to emerge from this temporary downturn as an even stronger competitor. The Company has experienced numerous economic and activity cycles in the past and we see little in today's environment that causes us to question the favorable, long-term fundamentals of the business.

We remain committed to urgently executing value-enhancing strategies and we will continue to pursue a disciplined and balanced approach to capital allocation. Recent market challenges serve only to validate our strategy.

We sincerely thank all of our employees for their hard work, dedication and unwavering commitment to the Company's success and remain extremely grateful for the continued support of all of our stakeholders.

Sincerely,

Ian C. Strachan
Chairman

Steven L. Newman
President and Chief Executive Officer

NOTICE TO SHAREHOLDERS

April 11, 2014

Dear Shareholder:

The 2014 annual general meeting of the shareholders of Transocean Ltd. (the "Annual General Meeting") will be held on Friday, May 16, 2014 at 5:00 p.m., Swiss time, at the Lorzensaal Cham, Dorfplatz 3, CH-6330 Cham, Switzerland. The invitation to the Annual General Meeting, the proxy statement and a proxy card are enclosed and describe the matters to be acted upon at the meeting.

At the Annual General Meeting, we will ask you to vote on the following items:

Agenda Item	Description	Board of Directors Recommendation
1	Approval of the 2013 Annual Report, Including the Consolidated Financial Statements of Transocean Ltd. for Fiscal Year 2013 and the Statutory Financial Statements of Transocean Ltd. for Fiscal Year 2013	FOR
2	Discharge to the Members of the Board of Directors and Executive Management from Liability for Activities during Fiscal Year 2013	FOR
3	Appropriation of Available Earnings for Fiscal Year 2013	FOR
4	Distribution of a Dividend in the Amount of US$3.00 per Outstanding Share of the Company out of the General Legal Reserves from Capital Contribution (by way of a release and allocation of general legal reserves from capital contribution to dividend reserves from capital contribution)	FOR
5	Adoption of Authorized Share Capital	FOR
6	Reduction of the Maximum Number of the Members of the Board of Directors to 11 from 14	FOR
7	Amendments to Articles of Association to Implement the Minder Ordinance	FOR
8	Amendment of Article 18 para. 2 of the Articles of Association Regarding the Applicable Vote Standard for Elections of Directors, the Chairman and the Members of the Compensation Committee	FOR
9	Amendment of Article 14 para. 1 of the Articles of Association Regarding Shareholder Agenda Item Requests Pursuant to Swiss Law	FOR
10	Reelection of Ten Directors and Election of One New Director, Each for a Term Extending Until Completion of the Next Annual General Meeting	FOR
11	Election of the Chairman of the Board of Directors for a Term Extending Until Completion of the Next Annual General Meeting	FOR
12	Election of the Members of the Compensation Committee, Each for a Term Extending Until Completion of the Next Annual General Meeting	FOR
13	Election of the Independent Proxy for a Term Extending Until Completion of the Next Annual General Meeting	FOR
14	Appointment of Ernst & Young LLP as the Company's Independent Registered Public Accounting Firm for Fiscal Year 2014 and Reelection of Ernst & Young Ltd, Zurich, as the Company's Auditor for a Further One-Year Term	FOR
15	Advisory Vote to Approve Named Executive Officer Compensation	FOR
16	Reapproval of the Material Terms of the Performance Goals Under the Long-Term Incentive Plan of Transocean Ltd.	FOR

It is important that your shares be represented and voted at the meeting, whether you plan to attend or not. Please read the enclosed invitation and proxy statement and date, sign and promptly return the proxy card in the enclosed self-addressed envelope.

A note to Swiss and other European investors: Transocean Ltd. is incorporated in Switzerland, has issued registered shares and trades on both the New York Stock Exchange and the SIX Swiss Exchange; however, unlike some Swiss incorporated or SIX Swiss Exchange-listed companies, ***share blocking and re-registration are not requirements for any Transocean shares to be voted at the meeting, and all shares may be traded after the record date***.

Sincerely,

Ian C. Strachan
Chairman of the Board of Directors

Steven L. Newman
President and Chief Executive Officer

This invitation, proxy statement and the accompanying proxy card are first being mailed to our shareholders on or about April 11, 2014.

TABLE OF CONTENTS

Invitation to Annual General Meeting of Transocean Ltd. . . . . P-i

Information about the Meeting and Voting P-1

Agenda Item 1. Approval of the 2013 Annual Report, Including the Consolidated Financial Statements of Transocean Ltd. for Fiscal Year 2013 and the Statutory Financial Statements of Transocean Ltd. for Fiscal Year 2013. . . . . P-6

Agenda Item 2. Discharge to the Members of the Board of Directors and the Executive Management from Liability for Activities during Fiscal Year 2013. . . . . P-7

Agenda Item 3. Appropriation of Available Earnings for Fiscal Year 2013 . . . . . P-8

Agenda Item 4. Distribution of a Dividend in the Amount of US$3.00 per Outstanding Share of the Company out of the General Legal Reserves from Capital Contribution (by way of a release and allocation of general legal reserves from capital contribution to dividend reserves from capital contribution.) P-9

Agenda Item 5. Adoption of Authorized Share Capital P-11

Agenda Item 6. Reduction of the Maximum Number of the Members of the Board of Directors to 11 from 14 . . . . . P-12

Agenda Item 7. Amendments to the Articles of Association to Implement the Minder Ordinance P-13

Agenda Item 8. Amendment of Article 18 para. 2 of the Articles of Association Regarding the Applicable Vote Standard for Elections of Directors, the Chairman and the Members of the Compensation Committee P-21

Agenda Item 9. Amendment of Article 14 para. 1 of the Articles of Association Regarding Shareholder Agenda Item Requests Pursuant to Swiss Law P-22

Agenda Item 10. Reelection of Ten Directors and Election of One New Director, Each for a Term Extending Until Completion of the Next Annual General Meeting P-23

Agenda Item 11. Election of the Chairman of the Board of Directors for a Term Extending Until Completion of the Next Annual General Meeting. P-30

Agenda Item 12. Election of the Members of the Compensation Committee, Each for a Term Extending Until Completion of the Next Annual General Meeting P-31

Agenda Item 13. Election of the Independent Proxy for a Term Extending Until Completion of the Next Annual General Meeting P-32

Agenda Item 14. Appointment of Ernst & Young LLP as the Company's Independent Registered Public Accounting Firm for Fiscal Year 2014 and Reelection of Ernst & Young Ltd, Zurich, as the Company's Auditor for a Further One-Year Term P-33

Agenda Item 15. Advisory Vote to Approve Named Executive Officer Compensation P-35

Agenda Item 16. Reapproval of the Material Terms of the Performance Goals Under the Long-Term Incentive Plan of Transocean Ltd. P-37

Corporate Governance P-44

Board Meetings and Committees P-49

2013 Director Compensation P-54

Audit Committee Report P-56

Security Ownership of Certain Beneficial Owners P-57

Security Ownership of Directors and Executive Officers P-59

Compensation Discussion and Analysis P-60

Compensation Committee Report P-80
Executive Compensation P-81
Equity Compensation Plan Information P-93
Other Matters P-94
Annexes P-97

Proxy Statement Summary

Annual General Meeting Details

Time:	5:00 p.m. Swiss Time
Date:	Friday, May 16, 2014
Place:	Lorzensaal Cham, Dorfplatz 3, CH-6330 Cham, Switzerland
Record Date:	Tuesday, April 29, 2014
Voting:	You may designate proxies to vote your shares by mailing the enclosed proxy card. Please review the instructions in the proxy statement and on your proxy card regarding voting. Shareholders registered in our share register on the record date have the right to attend the Annual General Meeting and vote their shares. If you intend to attend and vote at the meeting in person, you are required to present either an original attendance card or a legal proxy issued by your bank, broker or other nominee in your name, each with proof of identification.
Materials:	Our proxy statement and 2013 Annual Report are available at: http://www.deepwater.com/investor-relations/financial-reports

Nominees to Our Board of Directors

We are asking you to vote **FOR** all the director nominees listed below. During 2013, each of the current directors attended at least 85% of the Board of Directors and committee meetings on which he or she sits. This year, we are nominating one new director to the Board of Directors. Detailed information regarding these individuals is provided under Agenda Item 10:

	Independent*
Directors for Re-Election	
Ian C. Strachan	✓
Glyn A. Barker	✓
Vanessa C.L. Chang	✓
Frederico F. Curado	✓
Chad Deaton	✓
Martin B. McNamara	✓
Samuel Merksamer	✓
Edward R. Muller	✓
Steven L. Newman	—
Tan Ek Kia	✓
New Director for Election	
Vincent J. Intrieri	✓

* As determined by the Board of Directors

Minder Ordinance

As a result of recent changes in Swiss law, in particular the amendment to the Swiss Federal Constitution related to board and executive compensation and the ordinance (the "Minder Ordinance") implementing such amendment, we are proposing Agenda Item 7 to align our Articles of Association with the new Minder Ordinance requirements.

Under the Minder Ordinance, the authority to elect the Chairman of our Board of Directors and the members of the Compensation Committee is now vested in shareholders. Previously, this authority was exercised by the Board of Directors. We have proposed amendments to our Articles of Association to reflect these and other corporate governance changes introduced by the Minder Ordinance and our Board of Directors has recommended that you vote "**FOR**" proposals 7A - 7G related to the Minder Ordinance.

Our Board of Directors recommends that you elect Ian C. Strachan as Chairman of the Board of Directors (Agenda Item 11) and Frederico F. Curado, Martin B. McNamara, Vincent J. Intrieri and Tan Ek Kia to the Compensation Committee (Agenda Item 12) until the 2015 Annual General Meeting. Note that under the Minder Ordinance and our proposed Articles of Association, if any of these individuals were to resign or there were vacancies in the office of the Chairman or the Compensation Committee for other reasons, our Board of Directors would have the authority to replace him or her with another Board of Directors member until the next Annual General Meeting.

Pursuant to the Minder Ordinance, the Company is no longer permitted to appoint a corporate representative to act as the proxy for purposes of voting at the Annual General Meeting. Swiss companies now may only appoint an independent proxy for these purposes. For the 2014 Annual General Meeting, we have appointed Schweiger Advokatur / Notariat to serve as our independent proxy. Agenda Item 13 asks that you also elect this firm to act as the independent proxy for the 2015 Annual General Meeting and any extraordinary general meeting before the 2015 Annual General Meeting.

Features of Executive Compensation Program

Our executive compensation program reflects a commitment to retain and attract highly qualified executives. The elements of our plan are designed to motivate our executives to achieve our overall business objectives and create sustainable shareholder value in a cost-effective manner and reward executives for achieving superior financial, safety and operational performance, each of which are important to the long-term success of the Company. We believe our executive compensation program

includes key features that align the interests of our executives with those of our shareholders and does not include features that could misalign those interests.

What We Do	What We Don't Do	Key Changes for 2014
✓ Conduct an annual review of our compensation strategy, including a review of our compensation-related risk profile	x Allow our executives to hedge, pledge, sell short or hold derivative instruments tied to our shares (other than options issued by us)	✓ Compensation Peer Group adjustment to remove companies with revenues greater than 250% or less than 30% of our revenues
✓ Enforce a claw-back policy that allows for the forfeiture, recovery or adjustment of incentive compensation paid to executives due to a material misstatement of financial results	x Have pre-arranged individual severance agreements or special change-in-control compensation agreements with any executive officers; however, subject to the limitations phased in under the Minder Ordinance pursuant to which severance cannot be paid to members of our Executive Management Team, our executives are eligible for severance and change-in-control provisions pursuant to our company policies	✓ Improvement in the mix of long-term incentive awards to be 50% Performance-Contingent Deferred Units, measured equally by total shareholder return and return on capital employed; elimination of stock option grants (prior grants of stock options will continue under existing terms)
✓ Mandate meaningful stock ownership thresholds for our executives	x Maintain single-trigger change-in-control provisions or change-in-control gross-ups	✓ Revisions to the stock ownership guidelines to require our Chief Executive Officer to hold six times base pay in Transocean shares
✓ Maintain compensation plans designed to align our executive compensation program with long-term shareholder interests	x Guarantee future salary increases, non-performance based bonuses or unrestricted equity compensation	✓ Elimination of tax equalization for our expatriate executive officers effective January 1, 2014
✓ Our Compensation Committee retains an independent consultant that does not perform any services for management	x Pay dividend equivalents on performance-contingent deferred units that have not been earned based on actual company performance	✓ Adopted employment agreements for members of our Executive Management Team to memorialize prior arrangements in anticipation of the Minder Ordinance and to reflect the elimination of tax equalization

INVITATION TO ANNUAL GENERAL MEETING OF TRANSOCEAN LTD.
Friday, May 16, 2014
5:00 p.m., Swiss time,
at the Lorzensaal Cham, Dorfplatz 3,
CH-6330 Cham, Switzerland

Agenda Items

(1) Approval of the 2013 Annual Report, including the Consolidated Financial Statements of Transocean Ltd. for Fiscal Year 2013 and the Statutory Financial Statements of Transocean Ltd. for Fiscal Year 2013.

Proposal of the Board of Directors

The Board of Directors proposes that the 2013 Annual Report, including the consolidated financial statements for the calendar year ending December 31 ("fiscal year"), 2013 and the statutory financial statements for fiscal year 2013, be approved.

Recommendation

The Board of Directors recommends you vote "**FOR**" this proposal number 1.

(2) Discharge to the Members of the Board of Directors and Executive Management from Liability for Activities During Fiscal Year 2013.

Proposal of the Board of Directors

The Board of Directors proposes that shareholders grant discharge to the members of the Board of Directors and Messrs. Steven Newman, Esa Ikaheimonen, Allen Katz, John Stobart, David Tonnel and Ihab Toma, who served as members of executive management in 2013, from liability for activities during fiscal year 2013.

Recommendation

The Board of Directors recommends you vote "**FOR**" this proposal number 2.

(3) Appropriation of the Available Earnings for Fiscal Year 2013.

Proposal of the Board of Directors

The Board of Directors proposes that all available earnings of the Company be carried forward.

	in CHF thousands
Balance brought forward from previous years	90,284
Net loss of the year	(29,675)
Total retained earnings	60,609
Appropriation of available earnings	
Balance to be carried forward on this account	60,609

Recommendation

The Board of Directors recommends you vote "**FOR**" this proposal number 3.

(4) Distribution of a Dividend in the Amount of US$ 3.00 per Outstanding Share of the Company out of General Legal Reserves From Capital Contribution (by way of a release and allocation of general legal reserves from capital contribution to dividend reserve from capital contribution).

Proposal of the Board of Directors

The Board of Directors proposes that (A) CHF 2,046,920,128 of general legal reserves from capital contribution be released and allocated to "dividend reserve from capital contribution" (the "**Dividend Reserve**"), (B) a dividend in the amount of US$ 3.00 per outstanding share of the

Company be distributed out of, and limited at a maximum to the amount of, such Dividend Reserve and paid in installments at such times and at such record dates as shall be determined by the Board of Directors in its discretion, and (C) any amount of the Dividend Reserve remaining after payment of the final installment be automatically reallocated to "general legal reserves from capital contribution." Dividend payments shall be made with respect to the outstanding share capital of the Company on the record date for the applicable installment, which amount will exclude any shares held by the Company or any of its direct or indirect subsidiaries.

Proposed Release and Allocation of General Legal Reserves From Capital Contribution to Dividend Reserve From Capital Contribution

	in CHF thousands
General legal reserves from capital contribution, as of December 31, 2013	9,552,457
Less release to Dividend Reserve	2,046,920
Remaining general legal reserves from capital contribution	7,505,537

Recommendation

The Board of Directors recommends you vote "**FOR**" this proposal number 4.

(5) Adoption of Authorized Share Capital.

Proposal of the Board of Directors

The Board of Directors proposes that its authority to issue shares out of the Company's authorized share capital be adopted for a two-year period, expiring on May 16, 2016. Pursuant to the proposal, the Board of Directors' authority to issue new shares in one or several steps will be limited to a maximum of 22,429,838 shares, or approximately 6% of the share capital of the Company currently recorded in the Commercial Register. The Board of Directors does not currently have plans to issue shares under this authorization. The proposed amendments to the Articles of Association are included in Annex A.

Recommendation

The Board of Directors recommends you vote "**FOR**" this proposal number 5.

(6) Amendment of the Articles of Association to Reduce the Maximum Number of the Members of the Board of Directors to 11 from 14.

Proposal of the Board of Directors

The Board of Directors proposes that the maximum number of the members of the Board of Directors under the Articles of Association be reduced to 11 from 14 members. The proposed amendments to the Articles of Association are attached as Annex B.

Recommendation

The Board of Directors recommends you vote "**FOR**" this proposal number 6.

(7) Amendments to the Articles of Association to Implement the Minder Ordinance.

As a result of recent changes in Swiss law, in particular the amendment to the Swiss Federal Constitution related to board and executive compensation and the Ordinance Against Excessive Compensation at Public Companies, dated November 20, 2013 and effective January 1, 2014 (the "Minder Ordinance"), implementing such amendment, the authority for certain compensation and governance matters is now vested in the shareholders. The amendments proposed by this proposal numbers 7A - 7G are primarily intended to implement the requirements of the Minder Ordinance.

7A. Amendments Regarding Election of the Board of Directors, the Chairman of the Board of Directors, the Compensation Committee Members and the Independent Proxy and Other Matters.

Proposal of the Board of Directors

The Board of Directors proposes that our Articles of Association be amended to reflect the requirements of the Minder Ordinance that:

- each member of the Board of Directors;
- the Chairman of the Board of Directors;
- each member of the Compensation Committee; and
- the independent proxy

be elected at the Annual General Meeting, each for a term extending until completion of the next Annual General Meeting.

Further, the Board of Directors proposes that our Articles of Association be amended to reflect the powers and duties of each of these elected offices in accordance with the Minder Ordinance.

Also, the Board of Directors proposes that our Articles of Association be further amended to reflect the requirement pursuant to the Minder Ordinance that an annual report on the compensation of the Board of Directors and the Executive Management Team be prepared.

The proposed amendments to the Articles of Association are attached as Annex C.

Recommendation

The Board of Directors recommends you vote "**FOR**" this proposal number 7A.

7B. Binding Shareholder Ratification of the Compensation of the Board of Directors and the Executive Management Team.

Proposal of the Board of Directors

The Board of Directors proposes that our Articles of Association be amended to reflect the requirements of the Minder Ordinance for shareholder ratification of the compensation of the Board of Directors and the Executive Management Team.

The proposed amendments to the Articles of Association are attached as Annex D.

Recommendation

The Board of Directors recommends you vote "**FOR**" this proposal number 7B.

7C. Supplementary Amount of Compensation for Members of the Executive Management Team Assuming an Executive Management Team Position During a Compensation Period for Which Shareholder Ratification Has Already Been Granted.

Proposal of the Board of Directors

The Board of Directors proposes that our Articles of Association be amended to reflect the authority of the Board of Directors to grant compensation to members of the Executive Management Team who assume an Executive Management Team position during a compensation period for which shareholder ratification has already been granted.

The proposed amendments to the Articles of Association are attached as Annex E.

Recommendation

The Board of Directors recommends you vote "**FOR**" this proposal number 7C.

7D. General Principles and Terms Applicable to Compensation of the Members of the Board of Directors and the Executive Management Team.

Proposal of the Board of Directors

The Board of Directors proposes that our Articles of Association be amended to reflect the general principles and terms applicable to compensation of the Board of Directors and the Executive Management Team and to enumerate the compensation elements and the principles regarding performance targets and objectives that may be used to compensate, attract, retain and motivate non-executive directors and members of the Executive Management Team.

The proposed amendments to the Articles of Association are attached as Annex F.

Recommendation

The Board of Directors recommends you vote "**FOR**" this proposal number 7D.

7E. Maximum Term and Termination Notice Periods for Members of the Board of Directors and the Executive Management Team and Non-Competition Agreements with Members of the Executive Management Team.

Proposal of the Board of Directors

The Board of Directors proposes that our Articles of Association be amended to reflect the maximum term and maximum termination notice periods of our agreements with members of the Board of Directors and the Executive Management Team relating to their compensation, and the principles applicable to non-competition agreements effective after termination of employment into which the Board of Directors may enter with members of the Executive Management Team, and the consideration paid thereunder.

The proposed amendments to the Articles of Association are attached as Annex G.

Recommendation

The Board of Directors recommends you vote "**FOR**" this proposal number 7E.

7F. Permissible Mandates of Members of the Board of Directors and the Executive Management Team.

Proposal of the Board of Directors

The Board of Directors proposes that our Articles of Association be amended to reflect the maximum number of permissible mandates, as defined by the Minder Ordinance, which members of the Board of Directors and the Executive Management Team may hold outside the Transocean group.

The proposed amendments to the Articles of Association are attached as Annex H.

Recommendation

The Board of Directors recommends you vote "**FOR**" this proposal number 7F.

7G. Loans and Post-Retirement Benefits beyond Occupational Pensions.

Proposal of the Board of Directors

The Board of Directors proposes that our Articles of Association be amended to reflect our policy restricting the granting of loans to the Board of Directors and the Executive Management Team and the amount of potential post-retirement benefits beyond occupational pensions granted to members of the Executive Management Team.

The proposed amendments to the Articles of Association are attached as Annex I.

Recommendation

The Board of Directors recommends you vote "**FOR**" this proposal number 7G.

(8) Amendment of Article 18 para. 2 of the Articles of Association Regarding the Applicable Vote Standard for Elections of Directors, the Chairman and the Members of the Compensation Committee.

Proposal of the Board of Directors

The Board of Directors proposes that the Articles of Association be amended such that the members of the Board of Directors, the Chairman of the Board of Directors, and the members of the Compensation Committee in "uncontested elections" are elected upon a relative majority of the votes cast at the general meeting, instead of upon a plurality of the votes cast at the general meeting. "Contested elections" continue to be subject to a plurality vote standard, meaning that the candidate who receives the greatest number of "FOR" votes is elected. A "relative majority" means a majority of the votes cast "FOR" or "AGAINST" on the matter being voted upon or the nominee to be elected, disregarding abstentions, "broker non votes", blank or invalid votes.

If approved, the relative majority vote standard would become effective at the first general meeting of shareholders after the 2014 Annual General Meeting.

The proposed amendments to the Articles of Association are attached as Annex J.

Recommendation

The Board of Directors recommends you vote "**FOR**" this proposal number 8.

(9) Amendment of Article 14 para. 1 of the Articles of Association Regarding Shareholder Agenda Item Requests Pursuant to Swiss Law.

Proposal of the Board of Directors

The Board of Directors proposes that the English translation of Article 14 para. 1 of our Articles of Association be amended to align the English text translation with the authoritative German text. Specifically, the proposed amendment clarifies that its proviso refers to the anniversary date of the previous year's Annual General Meeting, rather than to the Company's proxy statement in connection with the previous year's Annual General Meeting.

The proposed amendments to the Articles of Association are attached as Annex K.

Recommendation

The Board of Directors recommends you vote "**FOR**" this proposal number 9.

(10) Reelection of Ten Directors and Election of One New Director, Each for a Term Extending Until Completion of the Next Annual General Meeting.

Proposal of the Board of Directors

The Board of Directors proposes that the following ten candidates be reelected and the following one candidate be elected to the Board of Directors, each for a term extending until completion of the next Annual General Meeting. Previously, some of the directors up for reelection held three-year terms. However, as a result of the Minder Ordinance, all directors hold one-year terms of office and must be reelected at this Annual General Meeting.

10A Reelection of Ian C. Strachan as a director.

10B Reelection of Glyn A. Barker as a director.

10C Reelection of Vanessa C.L. Chang as a director.

10D Reelection of Frederico F. Curado as a director.

10E Reelection of Chad Deaton as a director.

10F Reelection of Martin B. McNamara as a director.

10G Reelection of Samuel Merksamer as a director.

10H Reelection of Edward R. Muller as a director.

10I Reelection of Steven L. Newman as a director.

10J Reelection of Tan Ek Kia as a director.

10K Election of Vincent J. Intrieri as a director.

Recommendation

The Board of Directors recommends you vote "**FOR**" the (re)election of these candidates as directors.

(11) Election of the Chairman of the Board of Directors for a Term Extending Until Completion of the Next Annual General Meeting.

Proposal of the Board of Directors

The Board of Directors proposes that Ian C. Strachan be elected as the Chairman of the Board of Directors for a term extending until completion of the next Annual General Meeting.

Recommendation

The Board of Directors recommends you vote "**FOR**" the election of Ian C. Strachan as Chairman of the Board of Directors.

(12) Election of the Members of the Compensation Committee, Each for a Term Extending Until Completion of the Next Annual General Meeting.

Proposal of the Board of Directors

The Board of Directors proposes that the following candidates for election to the Board of Directors also be elected as members of the Compensation Committee:

12A Election of Frederico F. Curado as a member of the Compensation Committee.

12B Election of Martin B. McNamara as a member of the Compensation Committee.

12C Election of Tan Ek Kia as a member of the Compensation Committee.

12D Election of Vincent J. Intrieri as a member of the Compensation Committee.

Recommendation

The Board of Directors recommends you vote "**FOR**" the election of Frederico F. Curado, Martin B. McNamara, Tan Ek Kia and Vincent J. Intrieri as members of the Compensation Committee.

(13) Election of the Independent Proxy for a Term Extending Until Completion of the Next Annual General Meeting.

Proposal of the Board of Directors

The Board of Directors proposes that Schweiger Advokatur / Notariat be elected to serve as independent proxy at (and until completion of) the 2015 Annual General Meeting and at any extraordinary general meeting of the Company prior to the 2015 Annual General Meeting.

Recommendation

The Board of Directors recommends you vote "**FOR**" this proposal number 13.

(14) Appointment of Ernst & Young LLP as the Company's Independent Registered Public Accounting Firm for Fiscal Year 2014 and Reelection of Ernst & Young Ltd, Zurich, as the Company's Auditor for a Further One-Year Term.

Proposal of the Board of Directors

The Board of Directors proposes that Ernst & Young LLP be appointed as the Company's independent registered public accounting firm for the fiscal year 2014 and that Ernst & Young Ltd, Zurich, be reelected as the Company's auditor pursuant to the Swiss Code of Obligations for a further one-year term, commencing on the date of the 2014 Annual General Meeting and terminating on the date of the 2015 Annual General Meeting.

Recommendation

The Board of Directors recommends you vote "**FOR**" this proposal number 14.

(15) Advisory Vote to Approve Named Executive Officer Compensation.

Proposal of the Board of Directors

Pursuant to Section 14A of the Exchange Act, Company shareholders are entitled to cast an advisory vote on the Company's executive compensation program for the Company's Named Executive Officers. Detailed information regarding the Company's compensation program for Named Executive Officers is set forth in the Compensation Discussion and Analysis, the accompanying compensation tables and the related narrative disclosure in this proxy statement. The Board of Directors believes the Company's compensation program is designed to reward performance that creates long-term value for the Company's shareholders and has proposed the following resolution to provide shareholders with the opportunity to endorse or not endorse the Company's Named Executive Officer compensation program by voting on the below resolution:

RESOLVED, that the Compensation of the Company's Named Executive Officers, as disclosed pursuant to Item 402 of Regulation S-K, including the Compensation Discussion and Analysis, the compensation tables and narrative disclosure in the proxy statement for the Company's 2014 Annual General Meeting is hereby APPROVED.

Recommendation

The Board of Directors recommends you vote "**FOR**" this proposal number 15.

(16) Reapproval of the Material Terms of the Performance Goals Under the Long-Term Incentive Plan of Transocean Ltd.

Proposal of the Board of Directors

The Board of Directors proposes that shareholders approve the material terms of the performance goals under the Long-Term Incentive Plan of Transocean Ltd. (in the form as amended and restated as of February 12, 2009) related to performance-based awards under the plan that are intended to qualify as deductible performance-based compensation for purposes of Section 162(m) of the U.S. Internal Revenue Code.

Recommendation

The Board of Directors recommends you vote "**FOR**" this proposal number 16.

Organizational Matters

A copy of the proxy materials, including a proxy and admission card, has been sent to each shareholder registered in Transocean Ltd.'s share register as of March 28, 2014. Any additional shareholders who are registered in Transocean Ltd.'s share register on April 29, 2014, will receive a copy of the proxy materials after April 29, 2014. Shareholders not registered in Transocean Ltd.'s share register as

of April 29, 2014 will not be entitled to attend, vote or grant proxies to vote at, the 2014 Annual General Meeting.

While no shareholder will be entered in Transocean Ltd.'s share register as a shareholder with voting rights between the close of business on April 29, 2014 and the opening of business on the day following the Annual General Meeting, ***share blocking and re-registration are not requirements for any Transocean Ltd. shares to be voted at the meeting, and all shares may be traded after the record date***. Computershare, which maintains Transocean Ltd.'s share register, will continue to register transfers of Transocean Ltd. shares in the share register in its capacity as transfer agent during this period.

Shareholders registered in Transocean Ltd.'s share register as of April 29, 2014 have the right to attend the Annual General Meeting and vote their shares (in person or by proxy), or may grant a proxy to vote on each of the proposals in this invitation and any modification to any agenda item or proposal identified in this invitation or other matter on which voting is permissible under Swiss law and which is properly presented at the Annual General Meeting for consideration. Shareholders may deliver proxies to the independent proxy, Schweiger Advokatur / Notariat, by marking the proxy card appropriately, executing it in the space provided, dating it and returning it to:

Vote Processing

Transocean 2014 AGM Vote Processing
c/o Broadridge
51 Mercedes Way
Edgewood, NY 11717
USA

or

Schweiger Advokatur / Notariat
Dammstrasse 19
CH-6300 Zug
Switzerland

We urge you to return your proxy card as soon as possible to ensure that your proxy card is timely submitted. All proxy cards must be received no later than 8:00 a.m. Eastern Daylight Time (EDT), 2:00 p.m. Swiss time, on May 16, 2014.

Shares of holders who have timely submitted a properly executed proxy card and specifically indicated their votes will be voted as indicated. Holders of shares who have timely submitted a properly executed proxy card but have not specifically indicated their votes instruct the independent proxy to vote in accordance with the recommendations of the Board of Directors with regard to the items listed in the notice of meeting.

If any modifications to agenda items or proposals identified in this invitation or other matters on which voting is permissible under Swiss law are properly presented at the Annual General Meeting for consideration, you instruct the independent proxy, in the absence of other specific instructions, to vote in accordance with the recommendations of the Board of Directors.

As of the date of this proxy statement, the Board of Directors is not aware of any such modifications or other matters to come before the Annual General Meeting.

Shareholders who hold their shares in the name of a bank, broker or other nominee should follow the instructions provided by their bank, broker or nominee when voting their shares. Shareholders who hold their shares in the name of a bank, broker or other nominee and wish to vote in person at the meeting must obtain a valid "legal proxy" from the organization that holds their shares.

Shareholders may grant proxies to any third party. Such third parties need not be shareholders.

Directions to the 2014 Annual General Meeting can be obtained by contacting our Corporate Secretary at our registered office, Turmstrasse 30, CH-6300 Zug, Switzerland, telephone number +41 (41) 749 0500, or Investor Relations at our offices in the United States, at 4 Greenway Plaza, Houston, TX, USA 77046, telephone number +1 (713) 232-7500. If you intend to attend and vote at the 2014 Annual General Meeting in person, you are required to present either an original attendance card, together with proof of identification, or a "legal proxy" issued by your bank, broker or other nominee in your name, together with proof of identification. If you plan to attend the 2014 Annual General Meeting in person, we urge you to arrive at the Annual General Meeting location no later than 4:00 p.m. Swiss time on Friday, May 16, 2014. In order to determine attendance correctly, any shareholder leaving the 2014 Annual General Meeting early or temporarily, will be requested to present such shareholder's admission card upon exit.

Annual Report, Consolidated Financial Statements, Statutory Financial Statements

A copy of the 2013 Annual Report (including the consolidated financial statements for fiscal year 2013, the statutory financial statements of Transocean Ltd. for fiscal year 2013 and the audit reports on such consolidated and statutory financial statements) is available for physical inspection at Transocean Ltd.'s registered office, Turmstrasse 30, CH-6300 Zug, Switzerland. Copies of these materials may be obtained without charge by contacting our Corporate Secretary at our registered office, Turmstrasse 30, CH-6300 Zug, Switzerland, telephone number +41 (41) 749 0500, or Investor Relations at our offices in the United States, at 4 Greenway Plaza, Houston, TX, USA 77046, telephone number +1 (713) 232 7500.

On behalf of the Board of Directors,

Ian C. Strachan
Chairman of the Board of Directors

Steinhausen, Switzerland
April 11, 2014

YOUR VOTE IS IMPORTANT

You may designate proxies to vote your shares by mailing the enclosed proxy card. Please review the instructions in the proxy statement and on your proxy card regarding voting.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL GENERAL MEETING TO BE HELD ON MAY 16, 2014.

Our proxy statement and 2013 Annual Report are available at
http://www.deepwater.com/investor-relations/financial-reports/

PROXY STATEMENT

FOR ANNUAL GENERAL MEETING OF TRANSOCEAN LTD.
MAY 16, 2014

INFORMATION ABOUT THE MEETING AND VOTING

This proxy statement is furnished in connection with the solicitation of proxies by Transocean Ltd., on behalf of our Board of Directors, to be voted at our Annual General Meeting to be held on May 16, 2014 at 5:00 p.m., Swiss time, at the Lorzensaal Cham, Dorfplatz 3, CH-6330 Cham, Switzerland.

Quorum

Our Articles of Association provide that the presence of shareholders, in person or by proxy, holding at least a majority of the shares entitled to vote at the meeting constitutes a quorum for purposes of convening this Annual General Meeting and voting on all of the matters described above, except for the matters in Agenda Items 6 and 8, for which our Articles of Association require the presence of shareholders of record, in person or by proxy, holding at least two-thirds of the share capital recorded in the Commercial Register to constitute a quorum for purposes of action upon that matter. Abstentions and "broker non-votes", so long as the broker has discretion to vote the shares on at least one matter before the Annual General Meeting, will be counted as present for purposes of determining whether there is a quorum at the meeting.

Record Date

Only shareholders of record on April 29, 2014 are entitled to notice of, to attend, and to vote or to grant proxies to vote at, the Annual General Meeting. No shareholder will be entered in Transocean Ltd.'s share register with voting rights between the close of business on April 29, 2014 and the opening of business on the day following the Annual General Meeting.

While no shareholder will be entered in Transocean Ltd.'s share register as a shareholder with voting rights between the close of business on April 29, 2014 and the opening of business on the day following the Annual General Meeting, ***share blocking and re-registration are not requirements for any Transocean Ltd. shares to be voted at the meeting, and all shares may be traded after the record date***. Computershare, which maintains Transocean Ltd.'s share register, will continue to register transfers of Transocean Ltd. shares in the share register in its capacity as transfer agent during this period.

Votes Required

The following table sets forth the applicable vote standard required to pass each enumerated agenda item:

Agenda Item	Description	Relative Majority(1)	Qualified Two-Thirds Majority	Plurality of Votes(4)
1	Approval of 2013 Annual Report including Consolidated Financial Statements and Statutory Financial Statements of Transocean Ltd.	✓		
2	Discharge of Board of Directors and Executive Management from Liability for Activities During Fiscal Year 2013	✓		
3	Appropriation of Available Earnings	✓		
4	Approval of Distribution of US$3.00 Per Outstanding Share	✓		
5	Adoption of Authorized Share Capital		✓(2)	
6	Reduction of Maximum Number of Members of Board of Directors to 11		✓(3)	
7A-G	Amendments to the Articles of Association Related to Minder Ordinance	✓		
8	Implementation of Majority Vote Standard for Uncontested Elections		✓(3)	
9	Amendment to Articles of Association Related to Shareholder Agenda Items		✓(3)	
10	Election of Directors			✓(4)
11	Election of Chairman of the Board of Directors			✓(4)
12	Election of Members of the Compensation Committee			✓(4)
13	Election of Independent Proxy	✓		
14	Appointment of Ernst & Young as Independent Auditor	✓		
15	Advisory Vote to Approve Named Executive Officer Compensation	✓(5)		
16	Approval of Material and Terms of Performance Goals Under the Long-Term Incentive Plan	✓(6)		

(1) Affirmative vote of a relative majority of the votes cast in person or by proxy at the Annual General Meeting, not counting abstentions, broker non-votes or blank or invalid ballots, which will have no effect on the proposal.

(2) Affirmative vote of two-thirds of the votes represented at the Annual General Meeting. An abstention, broker non-vote or blank or invalid ballot will have the effect of a vote "AGAINST" this proposal.

(3) Affirmative vote of two-thirds of the shares entitled to vote at the Annual General Meeting. An abstention, broker non-vote or blank or invalid vote will have the effect of a vote "AGAINST" this proposal.

(4) Affirmative vote of a plurality of the votes cast in person or by proxy at the Annual General Meeting. The plurality requirement means that the nominee with the most votes for a board position, the chair or a position on the Compensation Committee is elected. Only votes "for" are counted in determining whether a plurality has been cast in favor of a nominee. Abstentions and broker non-votes are not counted for such purposes. As described later in this proxy statement, our Corporate Governance Guidelines set forth our procedures if a nominee is elected but does not receive more votes cast "for" than "against" the nominee's election.

(5) The proposal is an advisory vote; as such, the vote is not binding on the Company.

(6) Re-approval of material terms of performance goals under the Company's Long-Term Incentive Plan requires, in accordance with the rules of the New York Stock Exchange, the affirmative vote of a majority of the votes cast on the proposal. Broker non-votes will not affect the voting on the proposal. An abstention has the effect of a vote "AGAINST" this proposal.

Outstanding Shares

As of March 28, 2014, there were 361,973,130 shares outstanding, which excludes 11,857,519 issued shares that are held by Transocean Ltd. or our subsidiary, Transocean Inc. Only registered holders of our shares on April 29, 2014, the record date established for the Annual General Meeting, are entitled to notice of, to attend and to vote at, the meeting. Holders of shares on the record date are entitled to one vote for each share held.

Proxies

A proxy card is being sent to each record holder of shares as of March 28, 2014. In addition, a proxy card will be sent to each additional record holder of shares as of the record date, April 29, 2014. If you are registered as a shareholder in Transocean Ltd.'s share register as of April 29, 2014, you may grant a proxy to vote on each of the proposals and any modification to any of the proposals or other matter on which voting is permissible under Swiss law and which is properly presented at the meeting for consideration. Shareholders may deliver proxies to the independent representative, Schweiger Advokatur / Notariat, by executing and dating it in the space provided and returning it either to:

Transocean 2014 AGM Vote Processing
c/o Broadridge
51 Mercedes Way
Edgewood, NY 11717
USA

or

Schweiger Advokatur / Notariat
Dammstrasse 19
CH-6300 Zug
Switzerland

We urge you to return your proxy card as soon as possible to ensure that your proxy card is timely submitted. Any proxy card must be received by either Broadridge or Schweiger Advokatur / Notariat no later than 8:00 a.m. Eastern Daylight Time (EDT), 2:00 p.m. Swiss time, on May 16, 2014.

Please sign, date and mail your proxy card in the envelope provided. If you hold your shares in the name of a bank, broker or other nominee, you should follow the instructions provided by your bank, broker or nominee when voting your shares.

Many of our shareholders hold their shares in more than one account and may receive separate proxy cards or voting instruction forms for each of those accounts. To ensure that all of your shares are represented at the Annual General Meeting, you must vote every proxy card you receive.

Under New York Stock Exchange rules, brokers who hold shares in street name for customers, such that the shares are registered on the books of the Company as being held by the brokers, have the authority to vote on "routine" proposals when they have not received instructions from beneficial owners, but are precluded from exercising their voting discretion with respect to proposals for "non-routine" matters. Proxies submitted by brokers without instructions from customers for these non-routine or contested matters are referred to as "broker non votes." The following matters are non-routine matters under New York Stock Exchange Rules:

- Agenda Item 6 for the reduction of the size of the Company's Board of Directors,

- Agenda Item 7 (other than Item 7A) for the amendments to the Articles of Association related to the Minder Ordinance,
- Agenda Item 8 for the implementation of a majority vote standard for uncontested elections,
- Agenda Item 9 for the amendment of the Articles of Association related to shareholder agenda items,
- Agenda Item 10 for the election of directors,
- Agenda Item 11 for the election of the Chairman of the Board of Directors,
- Agenda Item 12 for the election of the members of the Compensation Committee,
- Agenda Item 15 for the advisory vote to approve Named Executive Officer compensation, and
- Agenda Item 16 regarding the reapproval of material terms of performance goals under the Company's Long-Term Incentive Plan

If you hold your shares in "street name", your broker will not be able to vote your shares in the election of the respective nominees and may not be able to vote your shares on other matters at the Annual General Meeting unless the broker receives appropriate instructions from you. We recommend that you contact your broker to exercise your right to vote your shares.

Shares of holders who have timely submitted a properly executed proxy card and specifically indicated their votes will be voted as indicated. Holders of shares who have timely submitted a properly executed proxy card but have not specifically indicated their votes instruct the independent proxy to vote in accordance with the recommendations of the Board of Directors with regard to the items listed in the notice of meeting.

If any modifications to agenda items or proposals identified in this invitation or other matters on which voting is permissible under Swiss law are properly presented at the Annual General Meeting for consideration, you instruct the independent proxy, in the absence of other specific instructions, to vote in accordance with the recommendations of the Board of Directors.

As of the date of this Proxy Statement, the Board of Directors is not aware of any such modifications or other matters to come before the Annual General Meeting.

You may revoke your proxy card at any time prior to its exercise by:

- giving written notice of the revocation to:

  Transocean AGM 2014 Vote Processing
  c/o Broadridge
  51 Mercedes Way
  Edgewood, NY 11717
  USA

  or

  Schweiger Advokatur / Notariat
  Dammstrasse 19
  CH-6300 Zug
  Switzerland
  Fax: +41 41 728 73 63;

  or

- appearing at the meeting, notifying the independent proxy, with respect to proxies granted to the independent representative, and voting in person;

  or

- properly completing and executing a later-dated proxy and timely delivering it either directly to the independent proxy or to Vote Processing, c/o Broadridge at the addresses indicated above.

Your presence without voting at the meeting will not automatically revoke your proxy, and any revocation during the meeting will not affect votes in relation to agenda items that have already been voted on. If you hold your shares in the name of a bank, broker or other nominee, you should follow the instructions provided by your bank, broker or nominee in revoking your previously granted proxy.

Shareholders may grant proxies to any third party who need not be a shareholder.

If you intend to attend and vote at the meeting in person, you are required to present either an original attendance card, together with proof of identification, or a legal proxy issued by your bank, broker or other nominee in your name, together with proof of identification. If you plan to attend the 2014 Annual General Meeting in person, we urge you to arrive at the Annual General Meeting location no later than 4:00 p.m. Swiss time on Friday, May 16, 2014. In order to determine attendance correctly, any shareholder leaving the Annual General Meeting early or temporarily will be requested to present such shareholder's admission card upon exit.

References to "Transocean", the "Company", "we", "us" or "our" include Transocean Ltd. together with its subsidiaries and predecessors, unless the context requires otherwise.

AGENDA ITEM 1.

Approval of the 2013 Annual Report, Including the Consolidated Financial Statements of Transocean Ltd. for Fiscal Year 2013 and the Statutory Financial Statements of Transocean Ltd. for Fiscal Year 2013.

Proposal of the Board of Directors

The Board of Directors proposes that the 2013 Annual Report, including the consolidated financial statements of Transocean Ltd. for fiscal year 2013 and the statutory financial statements of Transocean Ltd. for fiscal year 2013, be approved.

Explanation

The consolidated financial statements of Transocean Ltd. for fiscal year 2013 and the Swiss statutory financial statements of Transocean Ltd. for fiscal year 2013 are contained in the 2013 Annual Report, which was made available to all registered shareholders with this invitation and proxy statement. In addition, these materials will be available for physical inspection at the Company's registered office, Turmstrasse 30, CH-6300 Zug, Switzerland. The 2013 Annual Report also contains information on the Company's business activities and the Company's business and financial situation, information relating to corporate governance as required by the SIX Swiss Exchange Directive on Information Relating to Corporate Governance, and the reports of Ernst & Young Ltd, Zurich, the Company's auditors pursuant to the Swiss Code of Obligations, on the Company's consolidated financial statements for fiscal year 2013 and statutory financial statements for fiscal year 2013. In its reports, Ernst & Young Ltd, the Company's auditors pursuant to the Swiss Code of Obligations, recommended without qualification that the Company's consolidated financial statements and statutory financial statements for the year ended December 31, 2013 be approved. Ernst & Young Ltd expresses its opinion that the "consolidated financial statements for the years ended December 31, 2013 and 2012 present fairly in all material respects the consolidated financial position of Transocean Ltd. and subsidiaries at December 31, 2013 and 2012, and the consolidated results of operations and cash flows for each of the three years in the period ended December 31, 2013 in accordance with accounting principles generally accepted in the United States and comply with Swiss law." Ernst & Young Ltd further expresses its opinion and confirms that the statutory financial statements for the year ended December 31, 2013 and the proposed appropriation of available earnings comply with Swiss law and the Articles of Association of the Company.

Under Swiss law, the prior year's Annual Report, the consolidated financial statements and Swiss statutory financial statements must be submitted to shareholders for approval at each Annual General Meeting.

If the shareholders do not approve this proposal, the Board of Directors may call an extraordinary general meeting of shareholders for reconsideration of this proposal by shareholders.

Recommendation

The Board of Directors recommends a vote "**FOR**" this Agenda Item.

AGENDA ITEM 2.

Discharge to the Members of the Board of Directors and the Executive Management from Liability for Activities during Fiscal Year 2013.

Proposal of the Board of Directors

The Board of Directors proposes that shareholders grant discharge to the members of the Board of Directors and Messrs. Steven Newman, Esa Ikaheimonen, Allen Katz, John Stobart, David Tonnel and Ihab Toma, who served as members of executive management in 2013, from liability for activities during fiscal year 2013.

Explanation

As is customary for Swiss corporations and in accordance with Article 698, subsection 2, item 5 of the Swiss Code of Obligations, shareholders are requested to discharge the members of the Board of Directors and executive management from liability for their activities during the past fiscal year.

Discharge pursuant to the proposed resolution is only effective with respect to facts that have been disclosed to shareholders (including through any publicly available information, whether or not included in our filings with the SEC) and only binds shareholders who either voted in favor of the proposal or who subsequently acquired shares with knowledge that shareholders have approved this proposal. In addition, shareholders who vote against this proposal, abstain from voting on this proposal, do not vote on this proposal, or acquire their shares without knowledge of the approval of this proposal, may bring, as a plaintiff, any claims in a shareholder derivative suit within six months after the approval of the proposal. After the expiration of the six-month period, such shareholders will generally no longer have the right to bring, as a plaintiff, claims in shareholder derivative suits against the directors.

Recommendation

The Board of Directors recommends a vote "**FOR**" this Agenda Item.

AGENDA ITEM 3.

Appropriation of the Available Earnings for Fiscal Year 2013.

Proposal of the Board of Directors

The Board of Directors proposes that all available earnings of the Company be carried forward.

	in CHF thousands
Appropriation of Available Earnings	
Balance brought forward from previous years	90,284
Net loss for the year	(29,675)
Total retained earnings	60,609
Appropriation of Available Earnings	
Balance to be carried forward on this account	60,609

Explanation

Under Swiss law, the appropriation of available earnings as set forth in the Swiss statutory financial statements must be submitted to shareholders for approval at each Annual General Meeting. The available earnings at the disposal of the Company's shareholders at the 2014 Annual General Meeting are the earnings of Transocean Ltd., on a stand alone basis.

The Board of Directors proposes that CHF 60,609,000 (the entire available earnings balance) be carried forward in available earnings.

The Board of Directors does not propose that a dividend be distributed out of the available earnings. Instead, the Board of Directors is submitting Agenda Item 4 regarding the distribution of a dividend out of additional paid-in capital. Unlike a dividend distributed out of available earnings, a dividend paid out of additional paid-in capital is not subject to any Swiss federal withholding tax.

Recommendation

The Board of Directors recommends a vote "**FOR**" this Agenda Item.

AGENDA ITEM 4.

Distribution of a Dividend in the Amount of US$ 3.00 per Outstanding Share of the Company out of General Legal Reserves From Capital Contribution (by way of a release and allocation of general legal reserves from capital contribution to dividend reserve from capital contribution).

Proposal of the Board of Directors

The Board of Directors proposes that (A) CHF 2,046,920,128 of general legal reserves from capital contribution be released and allocated to "dividend reserve from capital contribution" (the "**Dividend Reserve**"), (B) a dividend in the amount of US$ 3.00 per outstanding share of the Company be distributed out of, and limited at a maximum to the amount of, such Dividend Reserve and paid in installments at such times and at such record dates as shall be determined by the Board of Directors in its discretion, and (C) any amount of the Dividend Reserve remaining after payment of the final installment be automatically reallocated to "general legal reserves from capital contribution." Dividend payments shall be made with respect to the outstanding share capital of the Company on the record date for the applicable installment, which amount will exclude any shares held by the Company or any of its direct or indirect subsidiaries.

Explanation

The Board of Directors is seeking shareholder approval of a distribution of qualifying additional paid-in capital in the form of a dividend in the amount of US$ 3.00 per outstanding share of the Company. Unlike a dividend out of available earnings, a distribution of qualifying additional paid-in capital in the form of a dividend is not subject to Swiss federal withholding tax.

Subject to the Dividend Reserve not being exceeded, as further explained below, the dividend would be distributed to shareholders in installments at such times and with such record dates as shall be determined by the Board of Directors in its discretion. The Board of Directors currently expects that the dividend will be distributed in four equal installments. The four payment dates are expected to be set in June 2014, September 2014, December 2014, and March 2015.

Dividend payments will be made with respect to the outstanding share capital of the Company on the record date for the applicable installment, which amount will exclude any shares held by the Company or any of its direct or indirect subsidiaries.

The aggregate U.S. dollar dividend amount approved at the Annual General Meeting and paid out to shareholders must at no time exceed the Swiss franc-denominated additional paid-in capital available to shareholders for the aggregate 2014 dividend (including all installments). The Board of Directors is proposing that CHF 2,046,920,128 of the existing additional paid-in capital (which under Swiss law is referred to as "general legal reserves from capital contribution") be made available for purposes of the aggregate 2014 dividend (including all installments) by way of a release and allocation to the account "Dividend Reserve." Based on the number of shares outstanding as of February 12, 2014 and an exchange rate of CHF 0.90 per US$ effective as of the same date, the amount of the proposed aggregate dividend (including all installments) under this Agenda Item 4 would be CHF 974,723,871. Accordingly, the Dividend Reserve exceeds the aggregate US$ dividend amount by approximately 110%. The Board of Directors is proposing this excess amount in order to increase the likelihood that the issuance of new shares after the date hereof (which shares, to the extent then outstanding, would generally share in the dividend installments) and a decrease in value of the Swiss franc relative to the U.S. dollar will not reduce the per share amount of the dividend installments paid. If, notwithstanding the allocation of this excess amount to the Dividend Reserve, the Dividend Reserve would be exceeded upon the occurrence of the payment date for a dividend installment (including as a result of the issuance of additional shares after the date hereof or changes in the exchange rate), the Company would be required under the terms of the proposed shareholder resolution to adjust the relevant installment downward so that the respective payment does not exceed the Dividend Reserve. No further installment payments could then be made. Also, a downward adjustment of the per share dividend amount would have to be made if at the date of the 2014 Annual General Meeting the aggregate US$ dividend amount exceeded the Dividend Reserve.

The distribution proposal has been confirmed to comply with Swiss law and the Company's Articles of Association by the Company's statutory auditor, Ernst & Young Ltd, representatives of which will be present at the meeting.

Shareholders may, upon the terms and conditions provided by the Board of Directors, elect to receive installments in Swiss francs.

If you are a holder of shares registered in our share register, you exercise your election by giving notice in writing to the following address:

Shareholder correspondence should be mailed to:

Computershare
P.O. Box 30170
College Station, TX 77842-3170

Overnight correspondence should be sent to:

Computershare
211 Quality Circle, Suite 210
College Station, TX 77845

If you hold your shares in the name of a bank, broker or nominee, please contact your bank, broker or nominee in order to make the election arrangements.

Shares issued after the date of the 2014 Annual General Meeting will generally participate in the dividend payments, except with respect to shares issued between the record date and the payment date with respect to the relevant installment.

The Board of Directors or, upon its due authorization, the Company's Executive Management Team has the task of executing the dividend resolution, including, but not limited to, by setting the record date, the ex-dividend date, the election period for receiving the dividend in Swiss francs and the payment dates.

Recommendation

The Board of Directors recommends a vote "**FOR**" this Agenda Item.

AGENDA ITEM 5.

Adoption of Authorized Share Capital.

Proposal of the Board of Directors

The Board of Directors proposes that its authority to issue shares out of the Company's authorized share capital be adopted for a two-year period, expiring on May 16, 2016. Pursuant to the proposal, the Board of Directors' authority to issue new shares in one or several steps will be limited to a maximum of 22,429,838 shares, or approximately 6% of the share capital of the Company currently recorded in the Commercial Register. *The Board of Directors does not currently have plans to issue shares under this authorization.*

The proposed amendments to the Articles of Association are included in Annex A.

Explanation

Under the Swiss Code of Obligations, the authority of the Board of Directors to issue shares out of the Company's authorized share capital is limited to a maximum two-year period. The Company's Articles of Association do not currently include an authorized share capital. Although the Board of Directors does not currently have plans to issue shares under this authorization, it believes the proposed authorized share capital will help ensure that the Company will have the flexibility to make acquisitions and access equity capital markets when opportunities arise, rather than being subject to the delays associated with the need to call a shareholders' meeting and obtain further shareholder approval, except as may be required by applicable laws or regulations, including the rules of the NYSE. Without the Board of Directors' authority to issue new shares, the Company would be required to first call a general meeting of the Company's shareholders and obtain the favorable vote of shareholders to increase the Company's share capital and amend our Articles of Association. Such a meeting would require us, among other things, to prepare and distribute a proxy statement in accordance with the rules of the SEC. This could result in a substantial delay in the ability of the Company to issue shares. The Board of Directors believes that providing the Board of Directors the flexibility to issue additional shares out of the authorized share capital quickly could be a strategic benefit for the Company.

If the proposed authorized share capital is approved, and the Board of Directors resolves to use the authorized share capital in one or several steps, the Board of Directors will determine the time of the issuance, the issuance price, the manner in which the new shares have to be paid, the date from which the shares carry the right to dividends and, subject to the provisions of our Articles of Association, the conditions for the exercise of the preemptive rights with respect to the issuance and the allotment of preemptive rights that are not exercised.

To the extent that additional shares are issued out of the authorized share capital in the future, the issuance may decrease the existing shareholders' percentage equity ownership and, depending on the price at which such shares are issued, could be dilutive to the existing shareholders.

The Board of Directors may allow preemptive rights that are not exercised to expire, or it may place such rights or shares, the preemptive rights of which have not been exercised, at market conditions or use them otherwise in the Company's interest. Further, under our proposed Articles of Association, in connection with the issuance of new shares from authorized capital, the Board of Directors is authorized to limit or withdraw the preemptive rights of the existing shareholders in various circumstances.

In the ordinary course of our business, we may determine from time to time that the issuance of shares is in the best interest of the Company for various purposes, including financings, acquisitions and the issuance of shares under the Company's Long-Term Incentive Plan.

Recommendation

The Board of Directors recommends a vote "**FOR**" this Agenda Item.

AGENDA ITEM 6.

Reduction of the Maximum Number of the Members of the Board of Directors to 11 from 14.

Proposal of the Board of Directors

The Board of Directors proposes that the maximum number of the members of the Board of Directors under the Articles of Association be reduced to 11 from 14 members.

The proposed amendments to the Articles of Association are attached as Annex B.

Explanation

Robust corporate governance is a priority of the Board of Directors. It periodically reviews the number of directors and the corporate governance provisions relating thereto to determine whether any changes are appropriate. The constructive engagement we have had with our shareholders on the subject of board composition over the past year has led the Board of Directors to its determination that a maximum size of 11 board members would serve shareholders best. The Board of Directors believes that a maximum Board of Directors size of 11 directors will still provide for sufficient diversity and expertise among our directors and, at the same time, allow the Board of Directors to establish committees of an appropriate size and composition. Assuming all of the nominees in this proxy are elected at our 2014 Annual General Meeting, our Board of Directors will have 11 members.

The Board of Directors is therefore proposing to amend Article 22 of the Company's Articles of Association accordingly and reduce the maximum number of directors to 11. If approved, the amendment of Article 22 becomes effective immediately upon adoption of the shareholder resolution at the 2014 Annual General Meeting. The Board of Directors has already proposed a reduction of the maximum size of the Board of Directors and a respective amendment to the Company's Articles of Association at the 2011 Annual General Meeting; however, at the time, the qualified presence quorum requirement was not satisfied.

Recommendation

The Board of Directors recommends a vote "**FOR**" this Agenda Item.

AGENDA ITEM 7.

Amendments to the Articles of Association to Implement the Minder Ordinance.

As a result of the Minder Ordinance, authority for certain matters is vested in the shareholders. The amendments proposed by Agenda Items 7A through 7G are primarily intended to reflect the governance and board and executive compensation changes required by the Minder Ordinance. Each of Agenda Items 7A through 7G are separate items that require independent approvals. The effectiveness of any approval of any item is not conditioned upon approval of any other item.

7A. Amendments Regarding Elections and Related Matters.

Proposal of the Board of Directors

The Board of Directors proposes that our Articles of Association be amended to the effect that each member of the Board of Directors, the Chairman of the Board of Directors, each member of the Compensation Committee and the independent proxy be elected at each Annual General Meeting, each for a term extending until the completion of the next Annual General Meeting.

Further, the Board of Directors proposes that our Articles of Association be amended to ensure that the powers and duties of each of these elected offices are in accordance with the Minder Ordinance.

Also, the Board of Directors proposes that our Articles of Association be further amended to require the Company to prepare an annual report on compensation of the Board of Directors and the Executive Management Team.

The proposed amendments to the Articles of Association are attached as Annex C.

Explanation

The Minder Ordinance requires that the shareholders, at each annual general meeting, individually elect (1) the directors of the company, (2) the chairman of the board of directors, (3) the members of the compensation committee and (4) the independent proxy, each for a term of office expiring after completion of the annual general meeting following the annual general meeting at which such persons have been elected. These provisions of the Minder Ordinance are mandatory.

If the office of the chairman of the board of directors or the independent proxy is vacant, or if there are vacancies on the compensation committee, the Minder Ordinance authorizes the board of directors to appoint another chairman, another independent proxy or substitute members of the compensation committee, unless a company's articles of association provide otherwise.

The proposed amendments relating to Article 16 paragraph 2, Article 19(b), Article 23 paragraph 1, Article 24 paragraph 1, and Article 28a paragraph 2 reflect these mandatory provisions of the Minder Ordinance. With regard to the appointment of substitutes in the event of vacancies, the proposed amendments reflect the statutory default approach.

The Minder Ordinance also requires that the board of directors prepare an annual compensation report that is in addition to compensation disclosures required in the Compensation Discussion & Analysis section of the Company's Annual General Meeting Proxy pursuant to U.S. securities regulations. Beginning in 2015, this compensation report will replace the disclosure regarding the compensation of the board of directors and executive management historically contained in the notes to the statutory standalone financial statements of Transocean Ltd. In substance, the required disclosure will remain largely identical. The report will be audited by the Company's Swiss auditor. The Board of Directors proposes that Article 11 be amended to reflect the compensation report requirement.

The Minder Ordinance further requires a company's articles of association to contain provisions regarding the principles of the powers and duties of the compensation committee. The Minder Ordinance does not require any specific mandatory powers and duties of the compensation committee.

The proposed new Article 28b provides that the Compensation Committee shall assist the Board of Directors in (1) developing an appropriate compensation and benefit program for the members of the Board of Directors and the Executive Management Team, and (2) preparing the proposals of the Board of Directors to the Annual General Meeting regarding the compensation of the Board of Directors and the Executive Management Team.

The proposed new Article 28b further provides that the Board of Directors shall establish the powers and duties of the Compensation Committee in regulations or in a charter. In particular, it allows the Board of Directors to delegate to the Compensation Committee the power to determine performance objectives, target values and the individual compensation of the members of the Board of Directors and the Executive Management Team.

Finally, paragraphs 1 and 3 of the proposed new Article 28a specify the number of members of, the independence, experience and other requirements of, and the organization of the Compensation Committee.

Generally, the proposed governance and compensation structure reflects the current role of the Compensation Committee, as reflected in its charter. However, going forward the Compensation Committee will also be responsible for Board of Directors compensation matters. Previously, this responsibility was allocated to the Corporate Governance Committee.

The Minder Ordinance further requires that the board of directors ensure that shareholders registered in a company's share register may grant proxies and provide instructions to the independent proxy by electronic means. The proposed amendment to Article 16 paragraph 1 reflects this requirement. The proposed amendment also expressly provides that the Board of Directors may include procedural rules in the notice to shareholders of a general meeting of shareholders or on a proxy card. The proposed amendment reflects current practice and does not introduce any substantive changes to the voting rights and the representation rights of shareholders.

The Board of Directors has proposed additional administrative, updating and clarifying changes such as changes to existing defined terms, and the inclusion of new defined terms, as are necessary for a consistent implementation of the Minder Ordinance, and certain other amendments to Swiss corporate law and the requirements thereunder.

Recommendation

The Board of Directors recommends a vote "**FOR**" Agenda Item 7A.

7B-7G. Amendments Regarding the Compensation of the Board of Directors and the Executive Management Team and Certain Other Matters.

Proposal of the Board of Directors

The Board of Directors proposes that the Company's Articles of Association be amended to reflect the following requirements of the Minder Ordinance:

7B. binding shareholder ratification of the compensation of the Board of Directors and the Executive Management Team;

7C. supplementary amount of compensation for members of the Executive Management Team assuming an Executive Management Team position during a compensation period for which shareholder ratification has already been granted;

7D. principles applicable to compensation of the Board of Directors and the Executive Management Team;

7E. maximum term and maximum termination notice periods of agreements with members of the Board of Directors and the Executive Management Team relating to their compensation, and non-competition agreements effective after termination of employment into which the Company

may enter with members of the Executive Management Team, and the consideration paid thereunder;

7F. number of permissible mandates of members of the Board of Directors and the Executive Management Team outside the Transocean group; and

7G. bar on loans and the maximum amount of post-retirement benefits beyond occupational pensions that may be granted to members of the Executive Management Team.

The above proposed amendments to the Articles of Association are attached as Annexes D-I.

Explanation

The amendments to the Articles of Association that the Board of Directors proposes to comply with the Minder Ordinance requirements are explained below.

7B. Binding Shareholder Ratification of the Compensation of the Board of Directors and the Executive Management Team (Article 29a)

The Minder Ordinance requires that shareholders ratify, on an annual basis and in separate binding votes, the maximum aggregate amount of compensation of each of the board of directors and executive management. The particulars of the ratification structure must be specified in a company's articles of association. The Minder Ordinance thus gives Swiss companies flexibility with respect to the details of the ratification structure.

The Board of Directors proposes that the shareholders' ratification apply to the following periods:

- Board of Directors: Shareholders' ratification relates to the upcoming term of office (in other words, for the period between the Annual General Meeting at which ratification is sought and the next Annual General Meeting).
- Executive Management Team: Shareholders' ratification relates to the fiscal year commencing after the Annual General Meeting at which ratification is sought.

This prospective binding vote structure provides certainty which the Board of Directors believes is essential for its decision-making.

The maximum aggregate compensation amount includes all potential compensation elements during the relevant compensation period (such as annual retainers, attendance fees, and equity grants for Board of Directors compensation and base pay, annual bonus, long-term incentives, health, welfare and other benefits, perquisites and other personal benefits, contributions to or provisions for post-employment compensation for Executive Management Team compensation). The term "compensation," as used in the proposed amendments to the Articles of Association, is broadly defined and includes any form of remuneration, but does not include any reimbursement or advancement of expenses incurred by the recipient on behalf of the Company or any indemnification or advancement of expenses paid to a member of the Board of Directors or the Executive Management Team. The actual aggregate amount of the compensation paid to the individual members of the Board of Directors and the Executive Management Team is expected to be lower than the maximum aggregate compensation amount for which the Board of Directors is seeking ratification. Among other things, this is because the maximum aggregate compensation amount is calculated based on the assumption that all performance and other measures pursuant to the applicable bonus and share-based compensation plans are met.

Subject to the maximum aggregate compensation amounts ratified by the shareholders and other limitations set forth in the Articles of Association and in the Company's bonus and share-based compensation plans, the Board of Directors or the Compensation Committee will determine the actual individual compensation of each member of the Board of Directors and the Executive Management Team. For such purposes, the value of non-cash and deferred compensation is generally determined in

accordance with generally recognized valuation methods as per the grant date of the respective compensation element.

Pursuant to the proposed Article 29a para. 2, the Board of Directors has further the authority to seek ratification of any portion of the compensation of the Board of Directors and the Executive Management Team (including additional or contingent amounts) in relation to time periods other than the period between annual general meetings (Board of Directors compensation) or the next fiscal year (Executive Management Team compensation).

If shareholders do not ratify the maximum aggregate compensation amount proposed by the Board of Directors, the proposed amendments to the Articles of Association require the Board of Directors or the Compensation Committee to reconsider the rejected proposal, taking into account, among other things, the reasons the shareholders did not ratify the proposal, and to seek shareholder ratification for a revised compensation proposal at the same Annual General Meeting, at an extraordinary general meeting or at the next Annual General Meeting.

The Board of Directors will continue to submit the compensation of the Company's Named Executive Officers, as disclosed in the Compensation Discussion and Analysis, the accompanying compensation tables and the related narrative disclosure in the respective proxy statement, to an advisory shareholder vote as required under U.S. securities laws. Unlike the binding shareholder ratification pursuant to the Minder Ordinance, the advisory vote will continue to be held on a retrospective basis in relation to the prior fiscal year. Shareholders will thus have the opportunity to vote, on an advisory basis, on how the Board of Directors and/or the Compensation Committee actually used their authority within the ratified maximum aggregate amount in relation to the Named Executive Officers who are also members of the Executive Management Team.

The first binding shareholder ratification of Board of Directors and Executive Management Team compensation based on the proposed amended Articles of Association will be held at the Annual General Meeting in 2015.

Recommendation

The Board of Directors recommends a vote "**FOR**" this Agenda Item 7B.

7C. Supplementary Amount for Persons Assuming Executive Management Team Positions During a Compensation Period for which Shareholder Ratification has Already been Granted (Article 29c)

The maximum aggregate compensation amount for the Executive Management Team will be submitted for shareholder ratification at each Annual General Meeting. However, the composition or size of the Executive Management Team may change between Annual General Meetings. Because of such changes, the maximum aggregate amount of compensation of the Executive Management Team already ratified by shareholders may not be sufficient to cover also the additional compensation of persons assuming Executive Management Team positions during such period. The Minder Ordinance therefore allows companies to adopt a provision in their articles of association to authorize the board of directors, within the limits of a specified "supplementary amount," to grant compensation to such persons.

The Board of Directors proposes that the purpose and the maximum limit of this supplementary amount be specified in the Articles of Association as follows:

The Board of Directors may grant: (i) for ongoing compensation, an amount not to exceed the total annual compensation amount of the respective predecessor or for a similar preexisting position plus 40% of such compensation; and, (ii) on a one-time basis as compensation for any prejudice incurred in connection with such a person's change of employment, an amount not to exceed the total annual compensation amount of the respective predecessor or for a similar preexisting position plus 40% of such compensation. The Board of Directors may not grant, during each relevant compensation period, "supplementary amounts" to more than five persons who assume an Executive Management Team position.

The Board of Directors believes the proposal will provide the necessary flexibility, in particular in the event a member of the Executive Management Team must be recruited externally. Within the proposed limits, the Board of Directors will in each case determine what is appropriate in individual circumstances. However, the proposal does not reflect a change in the Company's compensation philosophy or compensation practice. The Board of Directors remains committed to excellent governance practices in all aspects of its business, including compensation.

Total annual compensation refers to the total annual compensation of the respective predecessor or a similar preexisting position as disclosed in the most recent proxy statement of the Company in relation to the preceding fiscal year; for such purposes, short-term and long-term incentive compensation is to be included on the basis of the actual values or, if higher, the target values of the respective compensation elements, in each case as disclosed in the most recent proxy statement of the Company in relation to the preceding fiscal year. The Company or its affiliates may in no event grant or pay a "supplementary amount" to more than five persons assuming an Executive Management Team position.

The Board of Directors believes this threshold will provide the Company with sufficient flexibility to attract executive talent for the Executive Management Team positions, while at the same time avoiding being perceived as a baseline or target for Executive Management Team positions. In making its determination, the Board of Directors considered peer compensation levels, historical transaction amounts, relative bargaining power in setting compensation levels and data from recent recruiting efforts.

Recommendation

The Board of Directors recommends a vote "**FOR**" this Agenda Item 7C.

7D. Principles Applicable to the Compensation of the Members of the Board of Directors and the Executive Management Team (Article 29b)

The Minder Ordinance requires that a company's articles of association contain provisions regarding the principles of performance and equity-based compensation of the members of the board of directors and executive management.

The Board of Directors has reviewed the Company's current compensation system and in general believes that it is in the best interest of the Company and its shareholders to retain this system, as it provides an overall compensation structure that is sufficiently competitive to attract, motivate and retain talent. The Board of Directors therefore proposes to include a provision in the Articles of Association that reflects the principles of the Company's existing performance-tied compensation framework and enumerates generally the compensation elements, and the principles regarding performance targets and objectives that may be used for non-executive directors and members of the Executive Management Team.

Under Agenda Item 7B, non-executive directors' compensation will generally include a mix of cash, shares, restricted shares, restricted share units, deferred units or similar instruments. Under this proposal, the Company does not have the authority to grant stock options to non-executive directors. Executive directors will not receive any additional compensation as directors.

For members of the Executive Management Team, the relevant compensation elements will, except as otherwise determined by the Board of Directors or the Compensation Committee, generally consist of (1) a base salary, (2) short-term incentive compensation, (3) long-term incentive compensation, and (4) additional benefits, such as health, welfare and other benefits, perquisites and other personal benefits, contributions to or provisions for post-retirement benefit plans.

Short-term incentive compensation of the Executive Management Team will be tied to the achievement of performance measures, which may include, but are not limited to, safety performance objectives, financial performance objectives, strategic corporate objectives, individual performance objectives, peer performance objectives and other objectives as established by the Board of Directors or, where delegated to it, the Compensation Committee.

Long-term incentive compensation of the Executive Management Team will be primarily designed to motivate superior performance and achievement of long-term goals, promote the growth of shareholder value and retain key talent through opportunities to participate in the long-term growth and profitability of the Company. In determining the relevant target value of compensation pursuant to long-term incentive plans, the Board of Directors or the Compensation Committee may take into account the position and level of responsibility of the respective member of the Executive Management Team, individual performance targets, and Company targets, including, without limitation, total shareholder return relative to the market, other companies or other benchmarks. The definitive value of long-term incentive compensation may exceed the relevant target value.

For purposes of short-term and long-term incentive compensation, the Board of Directors or the Compensation Committee determines, as applicable, the grant, vesting, exercise and forfeiture conditions. The Board of Directors or the Compensation Committee may also provide for the continuation, acceleration or removal of vesting and exercise conditions, for the payment or grant of compensation based upon assumed target achievement, or for forfeiture, in each case with regard to pre-determined events such as a change-in-control or termination of employment.

The Company shares to be issued or delivered to beneficiaries of equity-based awards may be procured from authorized share capital, conditional share capital or treasury shares. Compensation provided for under the Articles of Association may be granted or paid by the Company or any of its affiliates.

Recommendation

The Board of Directors recommends a vote "**FOR**" this Agenda Item 7D.

7E. Maximum Term and Termination Notice Period of Members of the Board of Directors and the Executive Management Team and Non-Competition Agreements with Members of the Executive Management Team (Article 29d)

The Minder Ordinance requires that the articles of association establish the maximum duration of agreements with directors and members of the executive management related to compensation that have a fixed term and the maximum termination notice period applicable to such agreements that have an indefinite term. Under the Minder Ordinance, the maximum duration and the maximum termination notice period are each twelve months.

The Board of Directors proposes that agreements with members of the Board of Directors may be either for a fixed or an indefinite term, but that fixed agreements have a maximum term of not more than the applicable director's remaining term of office. Agreements for an indefinite term may have a maximum termination notice period of not more than the applicable director's term of office.

The Board of Directors further proposes that agreements with members of the Executive Management Team may be either for a fixed or an indefinite term, but that fixed agreements have a maximum term of not more than twelve months. Agreements for an indefinite term may have a maximum termination notice period of not more than twelve months.

The proposed amendment to the Articles of Association expressly provides that members of the Executive Management Team may be released from their obligation to work during the termination notice period. Further, the amendment provides that the Company may enter into termination or similar agreements with the Executive Management Team.

The proposed Articles of Association also allow the Company, if appropriate under the circumstances, to enter into post-employment non-competition agreements. The duration of any such non-competition agreement may not exceed one year, and the consideration paid for the non-competition agreement shall in no event exceed the sum of the base salary and the target cash bonus of the respective member of the Executive Management Team for the last full fiscal year in which he or she was employed.

Recommendation

The Board of Directors recommends a vote "**FOR**" this Agenda Item 7E.

7F. Permissible Mandates of Members of the Board of Directors and the Executive Management Team (Article 29e)

The Minder Ordinance requires that a company's articles of association determine the maximum number of additional "mandates" in "supreme governing bodies" of entities outside the company's group that a member of the board of directors or executive management may hold. The term "mandates" in "supreme governing bodies" generally refers to a position on a company's board of directors or an equivalent position.

In relation to mandates in public companies, the Board of Directors proposes the following limits:

- No member of the Board of Directors may, in addition to his or her mandate at the Company, hold more than four mandates in entities whose shares are listed on a stock exchange. This limit reflects the Company's existing Corporate Governance Guidelines.
- No member of the Executive Management Team may hold, in addition to his or her mandate at the Company, if any, more than one mandate in an entity whose shares are listed on a stock exchange.

In accordance with the requirements of the Minder Ordinance, the proposed amendments to the Articles of Association further generally limit the number of mandates that a director and a member of the Executive Management Team may hold in public and non-public entities to ten mandates and four mandates, respectively.

The Board of Directors believes the proposed approach strikes the right balance between effectively limiting the number of mandates and allowing the Company to find and retain directors and members of the Executive Management Team who have broad experience and significant engagements in business, scientific, cultural and social organizations and institutions.

Certain mandates are not subject to the limitations specified above. These mandates include:

- Mandates in companies controlled by or under common control with the Company;
- Mandates held at the instruction of the Company or any person controlled by or under common control with the Company. These types of mandates are proposed to be subject to a limit of 10 mandates; and
- Mandates in associations, charitable organizations, non-for-profit organizations, foundations, trusts or similar legal entities. These types of mandates are also proposed to be subject to a limit of 10 mandates.

Finally, pursuant to the proposed Articles of Association, up to 10 mandates in different entities outside the Company's group that are under joint control or common beneficial ownership are deemed one mandate.

Recommendation

The Board of Directors recommends a vote "**FOR**" this Agenda Item 7F.

7G. Loans and Post-Retirement Benefits (Article 29f)

The Minder Ordinance requires that a company's articles of association determine the maximum amount of loans and post-retirement benefits beyond occupational pensions that may be granted or paid to members of the Board of Directors and the Executive Management Team.

The proposed amendment to the Articles of Association provides that no loans will be granted to members of the Board of Directors and the Executive Management Team. This is consistent with the Company's prior policy and the requirements of the Sarbanes-Oxley Act of 2002.

The Board of Directors further proposes that the Articles of Association authorize the Company to pay or grant post-retirement benefits to a member of the Executive Management Team, provided that any such benefit may not exceed 50% of his or her base salary in the fiscal year immediately preceding the retirement. These post-retirement benefits beyond occupational pensions do not include post-retirement benefits funded through contributions of the Company or for which the Company or its affiliates have made provisions. These benefits will be included in the calculation of the maximum aggregate compensation amount of the Board of Directors and the Executive Management Team that is subject to shareholder ratification on an annual basis.

Pursuant to the proposed amendments to the Articles of Association, the Company does not have authority to grant post-retirement benefits to members of the Board of Directors.

Recommendation

The Board of Directors recommends a vote "**FOR**" this Agenda Item 7G.

AGENDA ITEM 8.

Amendment of Article 18 para. 2 of the Articles of Association Regarding the Applicable Vote Standard for Elections of Directors, the Chairman and the Members of the Compensation Committee.

Proposal of the Board of Directors

The Board of Directors proposes that the Articles of Association be amended to provide that the members of the Board of Directors, the Chairman of the Board of Directors, and the members of the Compensation Committee in uncontested elections are elected upon a relative majority of the votes cast at the general meeting, instead of upon a plurality of the votes cast at the general meeting. "Contested elections" continue to be subject to a plurality vote standard, meaning that the candidate who receives the greatest number of "for" votes is elected. Under the proposed amendment to the Articles of Association, a "contested election" occurs where the number of the candidates exceeds the number of the positions that are on the agenda of the invitation to the general meeting of shareholders.

If approved, the relative majority vote standard would become effective at the first general meeting of shareholders after the 2014 Annual General Meeting.

The proposed amendments to the Articles of Association are attached as Annex J.

Explanation

Shareholders currently elect director nominees pursuant to a plurality vote standard. Under a plurality vote standard, director nominees receiving the largest number of "for" votes are elected as directors.

The Company's predecessor adopted as a Company policy a form of majority voting for uncontested director elections. This policy is currently implemented in our Corporate Governance Guidelines. Under this policy, the Board of Directors may nominate only those candidates for director who have submitted an irrevocable letter of resignation which would be effective in the event that the candidate fails to receive more votes cast "for" than "against" the nominee's election in an uncontested election. The Board of Directors would then decide, through a process managed by the Corporate Governance Committee, whether to accept the resignation.

To further strengthen this majority voting approach, the Board of Directors proposes and recommends that shareholders approve an amendment to the Articles of Association that specifies that director, Chairman and Compensation Committee member nominees be elected, in uncontested elections, by a relative majority of votes cast. For "contested elections" a plurality vote standard would continue to apply. Pursuant to the proposed amendment to Article 18 para. 2 of the Articles of Association, a "contested election" is an election where the number of the candidates exceeds the number of the positions that are on the agenda of the invitation to the general meeting of shareholders. A "relative majority" means a majority of the votes cast "FOR" or "AGAINST" on the matter being voted upon or the nominee to be elected, disregarding abstentions, "broker non votes", blank or invalid votes pursuant to Article 18 paragraph 1 of our Articles of Association.

Recommendation

The Board of Directors recommends a vote "**FOR**" this Agenda Item.

AGENDA ITEM 9.

Amendment of Article 14 para. 1 of the Articles of Association Regarding Shareholder Agenda Item Requests Pursuant to Swiss Law.

Proposal of the Board of Directors

The Board of Directors proposes that the English translation of Article 14 para. 1 of our Articles of Association be amended to clarify the determination of the advance notification deadline for a request for inclusion of an item on the agenda, when the date of the general meeting of shareholders is more than 30 calendar days before or after the anniversary date of the previous year's general meeting of shareholders. Such a request must be made at least by the 10th calendar day following the date on which the Company has made public disclosure of the date of the general meeting of shareholders. This change conforms the English translation to the existing German text, which under the Articles of Association prevails in the event of a deviation from the English text.

The proposed amendments to the Articles of Association are attached as Annex K.

Recommendation

The Board of Directors recommends a vote "**FOR**" this Agenda Item.

AGENDA ITEM 10.

Reelection of Ten Directors and Election of One New Director, Each for a Term Extending Until Completion of the Next Annual General Meeting.

Nominations of the Board of Directors

Our Articles of Association have previously divided our Board of Directors into three classes. Each member of a class served for a three-year term. The terms of each class were staggered. Pursuant to the Minder Ordinance, which became effective as of January 1, 2014, members of the Board of Directors must be elected annually, regardless of any contrary position in our Articles of Association. The annual election requirement applies to all members of the Board of Directors, including members whose three-year term has not yet expired.

The Board of Directors has nominated Ian C. Strachan, Glyn A. Barker, Vanessa C.L. Chang, Frederico F. Curado, Chad Deaton, Martin B. McNamara, Samuel Merksamer, Edward R. Muller, Steven L. Newman and Tan Ek Kia for reelection and Vincent J. Intrieri for election to the Board of Directors, each for a term extending until completion of the next Annual General Meeting.

Jagjeet S. Bindra, Thomas W. Cason, Steve Lucas and Robert M. Sprague are not standing for reelection at the Annual General Meeting, and their service as directors will cease at the meeting.

The Board of Directors does not have a specific policy regarding diversity in the selection of director nominees. However, the Board of Directors does consider diversity in the director nominee selection process. The Board of Directors takes an expansive view of the diversity of the Board of Directors with the goal of having the directors eventually reflect the global diversity of our workforce, our customers and the cultures in which we operate. We are a multinational company with six different nationalities represented in our officer group and over 89 in our global workforce. We have a presence in 46 countries worldwide.

Voting Requirement to Elect Nominees

The election of each nominee requires the affirmative vote of a plurality of the votes cast in person or by proxy at the Annual General Meeting. The plurality requirement means that the nominee with the most votes for a board seat is elected. Shareholders are entitled to one vote per share for each of the directors to be elected.

Although we are proposing to amend the plurality voting standard in Agenda Item 8, the current plurality voting standard will remain in effect for director voting at this Annual General Meeting.

We have adopted a majority vote policy in the election of directors as part of our Corporate Governance Guidelines. This policy provides that the Board of Directors may 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 (1) such nominee fails to receive a sufficient number of votes from shareholders in an uncontested election and (2) the Board of Directors accepts the resignation. If a nominee who has submitted such a letter of resignation does not receive more votes cast for than against the nominee's election, the Corporate Governance Committee must promptly review the letter of resignation and recommend to the Board of Directors whether to accept the tendered resignation or reject it. The Board of Directors must then act on the Corporate Governance Committee's recommendation within 90 days following the certification of the shareholder vote. The Board of Directors must promptly disclose its decision regarding whether or not to accept the nominee's resignation letter in a Form 8-K furnished to the SEC or other broadly disseminated means of communication. Full details of this policy are set out in our Corporate Governance Guidelines which are available on our website at www.deepwater.com under "Investor Relations Corporate Governance."

The Board of Directors has received from each nominee for election at the Annual General Meeting listed below, an executed irrevocable letter of resignation consistent with these guidelines described above, except from Messrs. Merksamer and Intrieri. Each such letter of resignation is effective only in the event

that (1) such director fails to receive a sufficient number of votes from shareholders in an uncontested election of such director and (2) the Board of Directors accepts such resignation.

Pursuant to the agreement between the Company and Carl Icahn and certain investment funds managed by Mr. Icahn (the "Icahn Group"), which we announced on November 10, 2013, nominees designated by the Icahn Group are not subject to the majority vote policy of our Corporate Governance Guidelines at this Annual General Meeting.

The information regarding the nominees presented below is as of March 28, 2014.

Nominees for Director

Reelection of

IAN C. STRACHAN, age 70, U.K. and U.S. citizen, has served as a director of the Company since 1999 and as Chairman of the Board of Directors since 2013. Mr. Strachan served as a director of Caithness Petroleum Ltd. from 2008 to 2013, Xstrata plc from 2003 to 2013, Rolls Royce Group plc from 2003 to 2013, Johnson Matthey plc from 2002 to 2009 and as Chairman of the Board of Instinet Group Incorporated from 2003 to 2005. Mr. Strachan served as Chief Executive Officer of BTR plc from 1996 until 1999. From 1987 to 1995, Mr. Strachan was with Rio Tinto plc, serving as Chief Financial Officer from 1987 to 1991 and as Deputy Chief Executive Officer from 1991 to 1995. He was employed by Exxon Corporation from 1970 to 1986. Mr. Strachan received his Master of Arts in History in 1965 from Christ's College, Cambridge University, and his Master of Public Affairs in 1967 from the Woodrow Wilson School, Princeton University and was a teaching fellow and Ph.D. candidate at Harvard University from 1969 to 1970.

The Board of Directors has concluded that Mr. Strachan should remain on the Board of Directors and has recommended that he serve an additional term. Mr. Strachan holds a Masters of Public Affairs degree and has significant senior management experience in the energy and other business sectors, including CEO and Chairman positions in international companies. He also brings customer expertise to the Board of Directors, along with international financial experience. This experience, combined with his educational and financial background, are helpful to the Board of Directors' decision making process.

GLYN A. BARKER, age 60, U.K. citizen, has served as a director of the Company since 2012. Mr. Barker served as Vice Chairman-U.K. of PricewaterhouseCoopers LLP (PwC) from 2008 to 2011. He was also responsible for PwC's strategy and business development for the geographic areas of Europe, the Middle East, Africa and India. Mr. Barker joined PwC in 1975 and became an audit partner in 1987. He then established PwC's private equity-focused Transactions Services business and led it globally. He joined the Management Board of PwC in the UK as Head of the Assurance Practice in 2002. In 2006, he became UK Managing Partner and served in that role until 2008. Mr. Barker is a non-executive director of Auctus Industries plc (since 2014), Berkeley Group Holdings plc (LON: BKG) (since 2012) and Aviva plc (LON: AV) (since 2012) and Chairman of IMCO Holdings Ltd (since 2012). He is also Deputy Chairman of the English National Opera Company (since 2009). Mr. Barker received his Bachelor of Science degree in Economics & Accounting in 1975 from the University of Bristol and is a Chartered Accountant.

The Board of Directors has concluded that Mr. Barker should remain on the Board of Directors and has recommended that he serve an additional term. Mr. Barker's experience in international business and financial and strategic expertise enhance the Board of Directors' understanding of key issues in its global business operations.

VANESSA C.L. CHANG, age 61, Canadian and U.S. citizen, has served as a director of the Company since May 2012. Ms. Chang has been a Director and shareholder of EL & EL Investments, a privately held real estate investment business, since 1998. Ms. Chang previously served as the President and Chief Executive Officer of Resolveitnow.com from 2000 until 2002 and was the Senior Vice President of Secured Capital Corp. in 1998. From 1986 until 1997, Ms. Chang was the West Coast partner in charge of Corporate Finance for KPMG Peat Marwick LLP. Ms. Chang is a director for individual investment funds within the American Funds family (since 2000), of Edison International (NYSE: EIX) and its wholly

owned subsidiary, Southern California Edison Company (since 2007). She is also a director of Forest Lawn Memorial Parks Association, a non-profit organization (since 2013). Ms. Chang previously served as a director of Blue Shield of California from 2005 to 2013 and Inveresk Research Group Inc. from 2002 until 2004. Ms. Chang received her Bachelor of Arts degree in 1973 from the University of British Columbia and is an inactive Certified Public Accountant. She is a member of the American Institute of Certified Public Accountants and the California State Board of Accountancy, and a member of Women Corporate Directors.

The Board of Directors has concluded that Ms. Chang should remain on the Board of Directors and has recommended that she serve an additional term. The Board of Directors believes that Ms. Chang's experience and background in diverse industries, along with her financial and accounting background, will enhance the Board of Directors' ability to assess and guide the Company's financial strategy.

FREDERICO F. CURADO, age 52, Brazilian citizen, has served as a director of the Company since 2013. Mr. Curado has served as President and Chief Executive Officer of Embraer S.A. (NYSE: ERJ) since 2007. Mr. Curado joined Embraer in 1984 and has served in a variety of management positions during his career, including Executive Vice President, Airline Market from 1998 to 2007 and Executive Vice President, Planning and Organizational Development from 1995 to 1998. Mr. Curado is the President of the Brazilian Chapter of the Brazil-United States Business Council (since 2011) and a member of Brazil's National Council for Industrial Development (since 2011). He is also a member of the Executive Board of the ICC—International Chamber of Commerce (since 2013). Mr. Curado received his Bachelor of Science degree in Mechanical-Aeronautical Engineering from the Instituto Tecnológico de Aeronáutica in Brazil and an executive Masters in Business Administration from the University of São Paulo, Brazil.

The Board of Directors has concluded that Mr. Curado should remain on the Board of Directors and has recommended that he serve an additional term. The Board of Directors believes Mr. Curado's significant senior management experience operating an international corporation, including experience with Brazilian business and governmental sectors, will benefit the Board of Directors' ability to guide the Company with respect to its global operations.

CHAD DEATON, age 61, U.S. citizen, has served as a director of the Company since 2012. Mr. Deaton served as Executive Chairman of Baker Hughes Incorporated (NYSE: BHI) from 2012 to 2013, prior to which he served as Chairman and Chief Executive Officer since 2004. Mr. Deaton began his career with Schlumberger in 1976 and served in a variety of international capacities, including as Executive Vice President, Oilfield Services from 1998 to 1999 and as a Senior Advisor from 1999 until 2001. From 2002 until 2004, Mr. Deaton was the President, Chief Executive Officer and Director of Hanover Compressor Company. Mr. Deaton is a director of Ariel Corporation (since 2005), Air Products and Chemicals, Inc. (NYSE: APD) (since 2010), CARBO Ceramics Inc. (NYSE: CRR) (since 2013), and Marathon Oil Corporation (NYSE: MRO) (since 2014). He previously served as a Director of CARBO Ceramics Inc. from 2004 to 2009. Mr. Deaton is a member of the Society of Petroleum Engineers (since 1980) and has served on its Industrial Advisory Council since 2010. He is also a director of the University of Wyoming Foundation and of the Houston Achievement Place, a non-profit organization. He served as co-chair of the Wyoming Governor's Task Force for the build out of the University of Wyoming's new Engineering and Applied Sciences Center and was a member of the National Petroleum Counsel (from 2007 to 2013). Mr. Deaton received his Bachelor of Science degree in Geology in 1976 from the University of Wyoming.

The Board of Directors has concluded that Mr. Deaton should remain on the Board of Directors and has recommended that he serve an additional term. Mr. Deaton has significant experience in the oilfield services industry. This experience and the perspective it brings benefit the Board of Directors' understanding of the Company's industry and its customers.

MARTIN B. MCNAMARA, age 66, U.S. citizen, has served as a director of the Company since 1994. Mr. McNamara is a retired Partner of the law firm of Gibson, Dunn & Crutcher LLP and has served as a member of the firm's executive, finance, planning and compensation committees, as well as a Partner-in-Charge of the firm's Texas practice. During the past ten years and prior to his retirement in 2010, Mr. McNamara was in the private practice of law. Mr. McNamara has also served as Ex Officio

Trustee and Ex Officio Member of the Executive Committee of St. Mark's School of Texas since 2002. Mr. McNamara received his Bachelor of Arts degree in 1969 from Providence College and his law degree in 1972 from Yale Law School. Mr. McNamara has served as the chair of the Corporate Counsel Section of the State Bar of Texas and is a lifetime fellow of the Texas Bar Foundation.

The Board of Directors has concluded that Mr. McNamara should remain on the Board of Directors and has recommended that he serve an additional term. Mr. McNamara is an attorney by education with extensive management experience with energy companies and experience as a lawyer representing energy clients. Mr. McNamara was on the board of Transocean from 1994 until the merger with GlobalSantaFe Corporation in November 2007. His institutional knowledge of the Company combined with his professional experience aids the Board of Directors in reviewing strategic decisions for the Company.

SAMUEL MERKSAMER, age 33, U.S. citizen, has served as a director of the Company since 2013. Mr. Merksamer is a Managing Director of Icahn Capital LP, a subsidiary of Icahn Enterprises L.P., where he has been employed since 2008. From 2003 until 2008, Mr. Merksamer was an analyst at Airlie Opportunity Capital Management. Mr. Merksamer is a director of CVR Energy, Inc. (NYSE: CVI) (since 2012), Navistar International Corp (NYSE: NAV) (since 2012), Ferrous Resources Limited (since 2012), CVR Refining GP, LLC, the general partner of CVR Refining, LP (since 2013), Hologic Inc. (NASDAQ: HOLX) (since 2013), and Talisman Energy Inc. (TSX: TLM) (NYSE: TLM) (since 2013). He previously served as a director of American Railcar Industries, Inc. from 2011 to 2013, Dynegy Inc. from 2011 to 2012, Viskase Companies, Inc. from 2010 to 2013, Federal Mogul Corporation from 2010 to 2014, and PSC Metals Inc. from 2009 to 2012. CVR Refining, CVR Energy, American Railcar Industries, Federal Mogul, Viskase Companies and PSC Metals are each indirectly controlled by Carl C. Icahn. Mr. Icahn also has a non-controlling interest in Dynegy, Hologic and Talisman Energy through the ownership of securities. Mr. Merksamer received an A.B. in Economics from Cornell University in 2002.

The Board of Directors has concluded that Mr. Merksamer should remain on the Board of Directors and has recommended that he serve an additional term. The Board of Directors believes that Mr. Merksamer's expertise in finance, including master limited partnerships, aids the Board of Directors in reviewing financial strategies for the Company.

EDWARD R. MULLER, age 62, U.S. citizen, has served as a director of the Company since 2007. He served as a director of GlobalSantaFe Corporation from 2001 to 2007 and of Global Marine, Inc. from 1997 to 2001. Mr. Muller is a director of AeroVironment, Inc. (NASDAQ: AVAV) (since 2013). Mr. Muller has served as Vice Chairman of NRG Energy, Inc. (NYSE: NRG) since the merger of NRG Energy, Inc. with GenOn Energy, Inc. in 2012. Prior to the merger, he served as GenOn Energy, Inc.'s Chairman and Chief Executive Officer (since 2010) and President (since 2011). He previously served as Chairman, President and Chief Executive Officer of Mirant Corporation from 2005 to 2010 when Mirant Corporation merged with RRI Energy, Inc. to form GenOn Energy, Inc. Mr. Muller was a private investor from 2000 until 2005. He served as President and Chief Executive Officer of Edison Mission Energy, a wholly owned subsidiary of Edison International, from 1993 until 2000. During his tenure, Edison Mission Energy was engaged in developing, owning and operating independent power production facilities worldwide. Within the past ten years, Mr. Muller was also a director of The Keith Companies, Inc., RigNet, Inc. and Ormat Technologies, Inc. Mr. Muller received his Bachelor of Arts degree in 1973 from Dartmouth College and his law degree in 1976 from Yale Law School. Since 2004, Mr. Muller has been a trustee of the Riverview School and, from 2008 to 2012, its chairman.

The Board of Directors has concluded that Mr. Muller should remain on the Board of Directors and has recommended that he serve an additional term. Mr. Muller is an attorney by education with extensive executive experience in a capital-intensive energy business. Mr. Muller served as a chief executive officer and thus adds this helpful executive perspective to the Board of Directors deliberations in advising the Company's Chief Executive Officer. His background and education assist the Board of Directors in assessing key strategies for the Company.

STEVEN L. NEWMAN, age 49, U.S. citizen, is President and Chief Executive Officer, and a member of the Board of Directors of the Company since 2010. Before being named as Chief Executive Officer in 2010,

Mr. Newman served as President and Chief Operating Officer from 2008 to 2009 and subsequently as President. Mr. Newman's prior senior management roles included Executive Vice President, Performance (2007 to 2008), Executive Vice President and Chief Operating Officer (2006 to 2007), Senior Vice President of Human Resources and Information Process Solutions (2006 to 2006), Senior Vice President of Human Resources, Information Process Solutions and Treasury (2005 to 2006), and Vice President of Performance and Technology (2003 to 2005). He also has served as Regional Manager for the Asia and Australia Region and in international field and operations management positions, including Project Engineer, Rig Manager, Division Manager, Region Marketing Manager and Region Operations Manager. Mr. Newman joined the Company in 1994 in the Corporate Planning Department. Mr. Newman received his Bachelor of Science degree in Petroleum Engineering in 1989 from the Colorado School of Mines and his MBA in 1992 from the Harvard University Graduate School of Business. Mr. Newman is also a member of the Society of Petroleum Engineers and the National Association of Corporate Directors.

The Board of Directors has concluded that Mr. Newman should remain on the Board of Directors and has recommended that he serve an additional term. The Board of Directors believes that it is important for the Company's Chief Executive Officer to serve on the Board of Directors. The Chief Executive Officer provides a link between the Board of Directors and senior management, and the Board of Directors believes that this perspective is important in making decisions for the Company. In addition, Mr. Newman brings an industry and competitive context perspective to the Board of Directors, which assists the Board of Directors in making strategic decisions.

TAN EK KIA, age 65, Malaysian citizen, has served as a director of the Company since 2011. Mr. Tan is the retired Vice President, Ventures and Developments, Asia Pacific and Middle East Region of Shell Chemicals, a position in which he served from 2003 to 2006. Mr. Tan joined the Shell group of companies in 1973 as an engineer and served in a variety of positions in Asia, the U.S. and Europe during his career, including as Chairman, Shell Companies, Northeast Asia from 2000 to 2003, Managing Director of Shell Nanhai from 1997 to 2000 and Managing Director of Shell Malaysia Exploration and Production from 1994 to 1997. Mr. Tan is a director of Dialog Systems Asia Pte Ltd (since 2008), Keppel Offshore & Marine Ltd (since 2009), SMRT Corporation Ltd (SGX: MRT) (since 2009), Keppel Corporation Ltd (SGX: KPELY) (since 2010), PT Chandra Asri Petrochemical Tbk (IDX: TPIA) (since 2011), KrisEnergy Ltd (SGX: SK3) (since 2013), and Singapore LNG Corporation Pte Ltd (since 2013). He is also the Chairman of City Gas Pte Ltd (since 2009), and Star Energy Group Holdings Pte Ltd and certain of its subsidiaries (since 2012). Mr. Tan served as the Interim Chief Executive Officer of SMRT Corporation Ltd from January to October 2012. Mr. Tan also served as a director of City Spring Infrastructure Trust from 2010 to 2014, and of PowerSeraya Ltd and Orchard Energy Pte Ltd from 2007 to 2009. Mr. Tan received his Bachelor of Science degree in Mechanical Engineering in 1973 from the University of Nottingham, and is a Chartered Engineer with the UK Engineering Council and a Fellow of the Institution of Engineers Malaysia.

The Board of Directors has concluded that Mr. Tan should remain on the Board of Directors and has recommended that he serve an additional term. Mr. Tan has significant senior management, large project and engineering experience in the international energy sector, particularly in Asia. This international energy experience and the perspective it brings benefit the Board of Directors' ability to assess opportunities in the international energy sector.

Election of

VINCENT J. INTRIERI age 57, U.S. citizen, has been employed by Icahn related entities since October 1998 in various investment related capacities. Since January 2008, Mr. Intrieri has served as Senior Managing Director of Icahn Capital LP, the entity through which Carl C. Icahn manages private investment funds. In addition, since November 2004, Mr. Intrieri has been a Senior Managing Director of Icahn Onshore LP, the general partner of Icahn Partners LP, and Icahn Offshore LP, the general partner of Icahn Partners Master Fund LP, Icahn Partners Master Fund II LP and Icahn Partners Master Fund III LP, entities through which Mr. Icahn invests in securities. Mr. Intrieri has been a director of: Forest Laboratories, Inc. since June 2013; CVR Refining GP, LLC, the general partner of CVR Refining, LP,

since January 2013; Navistar International Corporation since October 2012; Chesapeake Energy Corporation since June 2012; and CVR Energy, Inc. since May 2012. Mr. Intrieri was previously: a director of Federal Mogul Corporation, from December 2007 to June 2013; a director of Icahn Enterprises G.P. Inc., the general partner of Icahn Enterprises L.P. from July 2006 to September 2012, and was Senior Vice President of Icahn Enterprises G.P. Inc. from October 2011 to September 2012; a director of Dynegy Inc. from March 2011 to September 2012; chairman of the board and a director of PSC Metals Inc. from December 2007 to April 2012; a director of Motorola Solutions, Inc. from January 2011 to March 2012; a director of XO Holdings from February 2006 to August 2011; a director of National Energy Group, Inc. from December 2006 to June 2011; a director of American Railcar Industries, Inc. from August 2005 until March 2011, and was a Senior Vice President, the Treasurer and the Secretary of American Railcar Industries from March 2005 to December 2005; a director of WestPoint Home LLC, from November 2005 to March 2011; chairman of the board and a director of Viskase Companies, Inc. from 2003 to March 2011; a director of WCI Communities, Inc. from August 2008 to September 2009; a director of Lear Corporation from November 2006 to November 2008; and President and Chief Executive Officer of Philip Services Corporation from April 2005 to September 2008. Mr. Intrieri graduated in 1984, with Distinction, from The Pennsylvania State University (Erie Campus) with a B.S. in Accounting. Mr. Intrieri was a certified public accountant.

The Board of Directors believes Mr. Intrieri's significant financial, executive management and board of directors experience as well as familiarity with master limited partnerships and other corporate structuring transactions will benefit the Board of Directors' decision-making process. Accordingly, the Board of Directors has concluded that Mr. Intrieri should be elected to the Board of Directors.

Nomination and Standstill Agreement and Appointment of Samuel Merksamer and Vincent J. Intrieri to the Board of Directors

On November 10, 2013, we entered into a Nomination and Standstill Agreement (the "Agreement") with High River Limited Partnership, Hopper Investments LLC, Barberry Corp., Icahn Partners LP, Icahn Partners Master Fund LP, Icahn Partners Master Fund II LP, Icahn Partners Master Fund III LP, Icahn Enterprises G.P. Inc., Icahn Enterprises Holdings L.P., IPH GP LLC, Icahn Capital LP, Icahn Onshore LP, Icahn Offshore LP, Beckton Corp., Samuel Merksamer and Vincent J. Intrieri (collectively, the "Icahn Group"), pursuant to which, subject to certain conditions, the Icahn Group agreed to certain standstill and voting provisions and the Company agreed to:

- nominate Mr. Merksamer and Mr. Intrieri (and, subject to certain conditions, a third Icahn Group nominee) (the "Icahn Designees") to the Company's Board of Directors (the "Board") at the 2014 Annual General Meeting;
- place the Icahn Designees, if they are elected, on certain committees of the Board;
- propose a cash dividend of US$ 3.00 per share at the 2014 Annual General Meeting; and
- propose to reduce the number of directors on its Board of Directors from 14 to 11 at the 2014 Annual General Meeting.

Under the terms of the Agreement, the Icahn Group has agreed not to, among other things, solicit proxies regarding any matter to come before the 2014 Annual General Meeting, including for the election of directors. In addition, among other standstill provisions, the Icahn Group has agreed that during the Covered Period the Icahn Group will not propose any tender or exchange offer (other than for all the shares of the Company) and will not propose certain extraordinary transactions without prior notice to the Company. The Icahn Group has also agreed to vote its shares in favor of certain of the Board of Director's proposals in Agenda Items 1, 2, 3, 4, 5, 6, 11, 12, 13, 14, 15 and certain portions of Agenda Item 7 at the 2014 Annual General Meeting, as well as in favor of the Company's nominees for election to the Board of Directors.

The Agreement defines the "Covered Period" as the period beginning on the date the Agreement was executed and ending upon the earliest to occur of:

- the other party to the agreement materially breaching an obligation thereunder;
- no Icahn Designee is elected to the Board of Directors at the 2014 Annual General Meeting;
- at any time on or after January 15, 2015, all the Icahn Designees have resigned and the Icahn Group has not designated replacements, as provided in the Agreement;
- 90 days after the Icahn Group ceases to own 3% of the outstanding shares of Company stock as of the date of the Agreement;
- the date on which (A) the Company has announced an extraordinary general meeting of the shareholders for any purpose (except as contemplated in the Agreement or if the Icahn Designees voted in favor of such extraordinary general meeting), (B) the Icahn Designees tender their resignation from the Board of Directors and (C) the Icahn Group provides written notice that it does not intend to exercise its right to designate replacement directors; or
- by mutual agreement of the parties.

Further, the Company has agreed to include the Icahn Designees in its slate of nominees for election to the Board of Directors at the 2014 Annual General Meeting and use the same solicitation efforts on behalf of the Icahn Designees as it does for the rest of the Company's slate, including recommending that the Company's shareholders vote in favor of the Icahn Designees. The obligation to include one or both of the Icahn Designees on the Company's slate is predicated on the Icahn Group maintaining certain minimum share ownership levels in the Company. Further, if after the election of the Icahn Designees the Icahn Group ceases to own certain specified minimum amounts of Company stock, some or all of the Icahn Designees must resign from the Board of Directors. Prior to the 2014 Annual General Meeting, Mr. Intrieri has the right to attend meetings of the Board of Directors as a non-voting observer, provided that the Agreement has not been terminated prior to his attendance at any such meeting.

The foregoing is not a complete description of the terms of the Agreement. For a further description of the Agreement, including a copy of the Agreement, please see our Current Report on Form 8-K that we filed with the SEC on November 12, 2013.

Recommendation

The Board of Directors recommends you vote "**FOR**" the (re) election of these candidates as directors.

AGENDA ITEM 11.

Election of the Chairman of the Board of Directors for a Term Extending Until Completion of the Next Annual General Meeting.

Nomination of the Board of Directors

Pursuant to the Minder Ordinance, the authority to elect the Chairman of our Board of Directors is vested with shareholders effective as of January 1, 2014. The term of office of the Chairman of our Board of Directors is the same as the directors' term and extends until completion of the next Annual General Meeting. The Chairman elected at the 2014 Annual General Meeting will have the same powers and duties as currently provided for in our Articles of Association and organizational regulations.

Upon the recommendation of the Corporate Governance Committee, the Board of Directors has nominated Ian C. Strachan for election by shareholders as the Chairman of the Board of Directors. Mr. Strachan has served as the Chairman of the Board of Directors since May 2013. Biographical information regarding Mr. Strachan may be found above under "Agenda Item 10—Reelection of Ten Directors and Election of One New Director, Each for a Term Extending Until Completion of the Next Annual General Meeting."

Recommendation

The Board of Directors recommends a vote "**FOR**" the nominee for the Chairman of the Board of Directors.

AGENDA ITEM 12.

Election of the Members of the Compensation Committee, Each for a Term Extending Until Completion of the Next Annual General Meeting.

Nominations of the Board of Directors

Pursuant to the Minder Ordinance, the authority to elect the members of the Compensation Committee of the Board of Directors is vested with shareholders effective as of January 1, 2014. The term of office of the members of the Compensation Committee is equal to the directors' term and extends until completion of the next Annual General Meeting.

Upon the recommendation of the Corporate Governance Committee, the Board of Directors has nominated for election at the 2014 Annual General Meeting Frederico F. Curado, Martin B. McNamara, Vincent J. Intrieri and Tan Ek Kia. Biographical information regarding the nominees may be found above under Agenda Item 10.

Recommendation

The Board of Directors recommends a vote "**FOR**" the election of the nominees of the Compensation Committee of the Board of Directors.

AGENDA ITEM 13.

Election of the Independent Proxy for a Term Extending Until Completion of the Next Annual General Meeting.

Nomination of the Board of Directors

Pursuant to the Minder Ordinance, the authority to elect the independent proxy is vested with shareholders effective as of January 1, 2014. The independent proxy elected at the 2014 Annual General Meeting will serve as independent proxy at the 2015 Annual General Meeting and at any extraordinary general meeting of shareholders prior to the 2015 Annual General Meeting.

The Board of Directors has nominated for election as independent proxy Schweiger Advokatur / Notariat, Dammstrasse 19, CH-6300 Zug, Switzerland, which is also serving as independent proxy at the 2014 Annual General Meeting.

Recommendation

The Board of Directors recommends a vote "**FOR**" this Agenda Item.

AGENDA ITEM 14.

Appointment of Ernst & Young LLP as the Company's Independent Registered Public Accounting Firm for Fiscal Year 2014 and Reelection of Ernst & Young Ltd, Zurich, as the Company's Auditor for a Further One-Year Term.

Proposal of the Board of Directors

The Board of Directors proposes that Ernst & Young LLP be appointed as Transocean Ltd.'s independent registered public accounting firm for the fiscal year 2014 and that Ernst & Young Ltd, Zurich, be reelected as Transocean Ltd.'s auditor pursuant to the Swiss Code of Obligations for a further one-year term, commencing on the day of election at the 2014 Annual General Meeting and terminating on the day of the 2015 Annual General Meeting.

Representatives of Ernst & Young LLP and Ernst & Young Ltd will be present at the Annual General Meeting, will have the opportunity to make a statement and will be available to respond to questions you may ask. Information regarding the fees paid by the Company to Ernst & Young appears below.

Recommendation

The Board of Directors recommends a vote "**FOR**" this Agenda Item.

FEES PAID TO ERNST & YOUNG

Audit Fees for Ernst & Young LLP and its affiliates for each of the fiscal years 2013 and 2012 and Audit-Related Fees, Tax Fees and Total of All Other Fees for services rendered in 2013 and 2012 are as follows, as described below:

	Audit Fees(1)	Audit-Related Fees(2)	Tax Fees(3)	Total of All Other Fees(4)
Fiscal year 2013	$7,415,170	$181,661	$ —	$2,755
Fiscal year 2012	$7,969,844	$378,432	$115,339	$3,004

(1) The audit fees include those associated with our annual audit, reviews of our quarterly reports on Form 10-Q, statutory audits of our subsidiaries, services associated with documents filed with the SEC and audit consultations.

(2) The audit-related fees include services in connection with accounting consultations, employee benefit plan audits and attest services related to financial reporting.

(3) Tax fees for 2012 were for tax preparation, tax compliance and tax advice, including tax services related to our expatriate program.

(4) All other fees were for other publications and subscription services.

Audit Committee Pre-Approval of Audit and Non-Audit Services

The Audit Committee pre-approves all auditing services, review or attest engagements and permitted non-audit services to be performed by our independent registered public accounting firm. The Audit Committee has considered whether the provision of services rendered in 2013 other than the audit of our financial statements and reviews of quarterly financial statements was compatible with maintaining the independence of Ernst & Young LLP and determined that the provision of such services was compatible with maintaining such independence.

The Audit Committee has adopted policies and procedures for pre-approving all audit and non-audit services performed by the independent registered public accounting firm. The policy requires advance approval by the Audit Committee of all audit and non-audit work; provided, that the Chairman of the Audit Committee may grant pre-approvals of audit or non-audit work so long as such pre-approvals are

presented to the full Audit Committee at its next scheduled meeting. Unless the specific service has been previously pre-approved with respect to the 12-month period following the advance approval, the Audit Committee must approve a service before the independent registered public accounting firm is engaged to perform the service. The Audit Committee has given advance approval for specified audit, audit-related and tax services for 2014. Requests for services that have received this pre-approval are subject to specified fee or budget restrictions as well as internal management controls.

AGENDA ITEM 15.

Advisory Vote to Approve Named Executive Officer Compensation.

Proposal of the Board of Directors

As required by Section 14A of the Securities Exchange Act, the shareholders are provided the opportunity to vote on an advisory basis to approve the compensation of the Company's Named Executive Officers. The Board of Directors proposes that the same be approved.

At the Company's 2011 Annual General Meeting, the Company's shareholders voted on a proposal regarding the frequency of holding advisory votes to approve Named Executive Officer compensation. The shareholders approved an annual advisory vote to approve compensation for the Company's Named Executive Officers. In light of this result, the Board of Directors determined that the Company will hold an advisory vote to approve Named Executive Officer compensation every year until the next shareholder vote on such frequency, which will occur no later than the Company's 2017 Annual General Meeting.

The proposed shareholder resolution is as follows:

RESOLVED, that the compensation of the Company's Named Executive Officers, as disclosed pursuant to Item 402 of Regulation S-K, including the Compensation Discussion and Analysis, the compensation tables, and narrative disclosure in the proxy statement for the Company's 2014 Annual General Meeting is hereby APPROVED.

Explanation

The Company is presenting this proposal to give you as a shareholder the opportunity to endorse or not endorse the Company's compensation program for Named Executive Officers by voting for or against the above resolution.

Our compensation program for our Named Executive Officers is designed to reward performance that creates long-term value for the Company's shareholders through the following features, which are discussed in more detail in our Compensation Discussion and Analysis:

- annual cash bonuses based on performance as measured against pre-determined performance goals;
- a compensation mix weighted toward long-term incentives to allow our Named Executive Officers to participate in the long-term growth and profitability of the Company;
- long-term incentives include fully contingent deferred units that vest based on total shareholder return compared to the companies in our performance peer group;
- median pay positioning for target performance, above median pay for above target performance, and below median pay for below target performance;
- a stock ownership policy that requires our executive officers to build and maintain a minimum equity stake in the Company to help align our executive officers' interests with the long-term interests of our shareholders;
- hedging and pledging policies that prohibit any of our executive officers from hedging or pledging our shares or holding derivative instruments tied to our shares, other than derivative instruments issued by us; and
- an Incentive Compensation Recoupment Policy that allows the Company to recover or adjust incentive compensation to the extent the Compensation Committee determines that payments or awards have exceeded the amount that would otherwise have been received due to a restatement of our financial statements or if the Compensation Committee determines that an executive has engaged in, or has knowledge of and fails to prevent or disclose, fraud or intentional misconduct pertaining to any financial reporting requirements.

While our Board of Directors intends to consider carefully the results of the shareholder vote on the proposal, the final vote is advisory in nature and will not be binding on the Company. If there are a significant number of negative votes, we will seek to understand the concerns that influenced the vote and address them in making future decisions about our executive compensation programs.

Recommendation

The Board of Directors recommends that you vote "**FOR**" approval of the compensation of our Named Executive Officers, as disclosed in the Compensation Discussion and Analysis, the compensation tables, and the narrative disclosure in the proxy statement for the Company's 2014 Annual General Meeting.

AGENDA ITEM 16.

Reapproval of the Material Terms of the Performance Goals Under the Long-Term Incentive Plan of Transocean Ltd.

Proposal of the Board of Directors

The Long-Term Incentive Plan was amended and restated in 2009 and was adopted by the Board of Directors on February 12, 2009 and approved by shareholders on May 15, 2009. The plan has been amended from time to time. Throughout this proposal and description of the Long-Term Incentive Plan, we may refer generally to the Long-Term Incentive Plan as the "plan".

Under Section 162(m) of the Internal Revenue Code, publicly held companies may not deduct for federal income tax purposes any compensation in excess of $1 million that is paid to "covered employees." The Internal Revenue Service has defined "covered employees" in IRS Notice 2007-49 to include a public company's chief executive officer and three most highly compensated officers, and excludes a company's chief financial officer. Accordingly, we may not deduct compensation of our covered employees unless the compensation qualifies as performance-based compensation. We have made awards to our employees and officers that qualify as performance-based compensation deductible under section 162(m) of the Internal Revenue Code. As required under section 162(m) of the Internal Revenue Code and related regulations, you are being asked to reapprove the material terms of the performance goals under the Long-Term Incentive Plan so that awards made to our employees and officers will continue to qualify as performance-based compensation deductible under section 162(m) of the Internal Revenue Code. We are not proposing any amendment to the terms of the Long-Term Incentive Plan.

For purposes of section 162(m) of the Internal Revenue Code, the material terms of the performance goals include (i) the employees eligible to receive compensation under the Long-Term Incentive Plan, (ii) a description of the business criteria on which the performance goal is based, and (iii) the maximum amount of compensation that can be paid to a participant under the performance goal. These aspects of the Long-Term Incentive Plan are discussed below.

Explanation of Principal Provisions of the Long-Term Incentive Plan

The following summary of the Long-Term Incentive Plan is qualified by reference to the full text of the proposed Long-Term Incentive Plan, which is filed as an exhibit to the Company's annual report on Form 10-K for the year ended December 31, 2013.

Our officers are eligible to participate in the plan, as are employees of our company and our subsidiaries, and employees of partnerships or joint ventures in which we and our subsidiaries have a significant ownership interest, as determined by the Compensation Committee of our Board of Directors. Our outside directors are also eligible to participate in the plan. As of January 31, 2014, approximately 1,079 officers, employees and outside directors were eligible to participate in the plan, of which 1,058 (including all of our outside directors) have received awards under the plan.

With respect to awards to employees, the plan is administered by the Compensation Committee of our Board of Directors. We believe that all of the members of this committee are currently "non-employee directors" within the meaning of Rule 16b-3 under the Securities Exchange Act of 1934 and "outside directors" within the meaning of Section 162(m) of the Code. The Compensation Committee will administer the plan and will have the authority to interpret and amend the plan, adopt administrative regulations for the operation of the plan and determine and amend the terms of awards to employees under the plan. The Compensation Committee may delegate functions with respect to awards under the plan, but no such delegation may extend to awards granted to executive officers. The Compensation Committee has authorized Mr. Newman, our Chief Executive Officer, to award under the plan restricted shares, restricted units or deferred units to employees of the Company, excluding senior vice presidents and above and Section 16 insiders of the Company, not to exceed 100,000 restricted shares, restricted units or deferred units in the aggregate per calendar year.

Our Board of Directors administers the plan with respect to awards to eligible outside directors. Our Board of Directors exercises similar authority and discretion with respect to awards to eligible outside directors as the Compensation Committee exercises with respect to awards to employees.

Under the plan, options to purchase shares, share appreciation rights in tandem with options, freestanding share appreciation rights, restricted shares, deferred units, cash awards and performance awards may be granted to employees at the discretion of the Compensation Committee. With the exception of cash awards, these same awards may be granted to outside directors at the discretion of our Board of Directors.

The number of Available Shares under the plan is 35,900,000. The shares issued under the plan may be shares issued from authorized capital or conditional capital or shares held in treasury (including shares held by any one of our subsidiaries). Pursuant to the fungible share counting ratios, each share issued in settlement of an award of options or share appreciation rights at any time shall reduce the Available Shares by one full share, and each share issued in settlement of an award of restricted shares or deferred units (including those designated as performance awards) granted under the Amended and Restated Plan on or after the date of shareholder approval of the Amended and Restated Plan will reduce the Available Shares by 1.68 shares. Each share issued in settlement of an award of restricted shares or deferred units granted under the Existing Plan prior to such date will continue to reduce the Available Shares by one full share. To date, approximately 28.0 million shares have been issued which leaves 7.9 million shares available for issuance.

Lapsed, forfeited or canceled awards, including options canceled upon the exercise of tandem share appreciation rights, will not count against the Available Shares and can be regranted under the plan. Shares that are delivered under the plan as an award or in settlement of an award issued or made (1) upon the assumption, substitution, conversion or replacement of outstanding awards under a plan or arrangement of an entity acquired in a merger or other acquisition or (2) as a post-transaction grant under such plan or arrangement of an acquired entity will not count against the Available Shares (to the extent that the exemption for transactions in connection with mergers or acquisitions from the shareholder approval requirements of the New York Stock Exchange for equity compensation plans applies). The Available Shares are reduced by (a) the total number of options or share appreciation rights exercised, regardless of whether any of the shares are not actually issued as the result of a net settlement, (b) any shares used to pay any exercise price or tax withholding obligation with respect to any award and (c) any shares repurchased on the open market with the proceeds of an option exercise price.

No participant may be granted options, share appreciation rights, restricted shares or deferred units, or any combination of the foregoing, with respect to more than 600,000 shares in any fiscal year. No employee may receive a payment for cash awards made under the plan during any calendar year in an amount that exceeds $5 million.

The Compensation Committee (or the Board of Directors, with respect to outside directors) determines, in connection with each option awarded to a participant, the exercise price, whether that price is payable in cash, shares or by cashless exercise, the terms and conditions of exercise, restrictions on transfer of the option, and other provisions not inconsistent with the plan. With respect to options awarded to employees, the Compensation Committee also determines whether the option will qualify as an incentive stock option under the Code, or a non-qualified option. The Compensation Committee (or the Board of Directors, with respect to outside directors) is also authorized to grant share appreciation rights to plan participants, either as freestanding awards or in tandem with an option. Every share appreciation right entitles the participant, upon exercise of the share appreciation right, to receive in cash or shares a value equal to the excess of the fair market value of a specified number of shares at the time of exercise, over the exercise price as set forth in the award agreement. The plan requires that the exercise price of options and share appreciation rights be at least equal to the fair market value of our shares on the date of grant. The term of options and share appreciation rights under the plan may not exceed 10 years, except that the Compensation Committee (or the Board of Directors, with respect to outside directors) may extend the term for up to one year following the death of the participant.

The Compensation Committee (or the Board of Directors, with respect to outside directors) is authorized to grant participants awards of restricted shares or deferred units. The Compensation Committee (or the Board of Directors, with respect to outside directors) will determine the nature, extent and duration of any restrictions on restricted shares, the schedule and conditions for vesting of such shares and whether any dividends paid will be subject to forfeiture until vesting of the restricted shares. The vesting of restricted shares may be conditioned on the completion of a specified period of employment or service, the attainment of specified performance goals, or such other criteria as determined by the Compensation Committee (or the Board of Directors, with respect to outside directors) in its discretion. A deferred unit is a unit that is equal to one share, which is used to measure the benefits payable to a participant under a deferred unit award. The Compensation Committee (or the Board of Directors, with respect to outside directors) will determine the number of units awarded, the price (if any) to be paid by the participant, the date or dates upon which the units will vest and whether the participant will have the right to receive an amount equal to dividends paid on shares with respect to such deferred units. As with restricted shares, the vesting of deferred units may be conditioned on the completion of a specified period of employment or service, the attainment of specified performance goals, or such other criteria as determined by the Compensation Committee (or the Board of Directors, with respect to outside directors) in its discretion. Notwithstanding the foregoing, any restricted share or deferred unit award that is designated as a performance award may not vest earlier than the first anniversary of the initial date of the award, except that the Compensation Committee (or the Board of Directors, with respect to outside directors) may provide for earlier vesting upon a change of control or a termination of employment or service due to death, disability or retirement. In addition, any restricted share or deferred unit award that is not designated as a performance award may not vest earlier than one-third on each of the first three anniversaries of the date of grant of such award, except that the Compensation Committee (or the Board of Directors, with respect to outside directors) may provide for earlier vesting upon a change of control or a termination of employment or service due to death, disability or retirement and such restriction does not apply to an award that is granted in lieu of salary or bonus. The Compensation Committee (or the Board of Directors, with respect to outside directors) determines the other terms, conditions, restrictions and contingencies applicable to awards of restricted shares or deferred units.

The Compensation Committee may also provide for cash awards to employees based on the achievement of one or more objective performance goals pre-established by the Compensation Committee. Outside directors are not entitled to receive cash awards.

Any award granted under the plan may be designated as "qualified performance-based compensation" under Section 162(m) of the Code. If so designated, such performance award will be contingent upon our performance during the performance period, as measured by targets established by the Compensation Committee, based on any one or more of:

- increased revenue;
- net income measures (including, but not limited to, income after capital costs and income before or after taxes);
- share price measures (including, but not limited to, growth measures and total shareholder return);
- price per share;
- market share;
- earnings per share (actual or targeted growth);
- earnings before interest, taxes, depreciation and amortization ("EBITDA");
- economic value added (or an equivalent metric);
- market value added;
- debt to equity ratio;

- cash flow measures (including, but not limited to, cash flow return on capital or tangible capital, net cash flow, net cash flow before financing activities, cash flow value added and cash flow return on market capitalization);
- return measures (including, but not limited to, return on equity, return on average assets, return on capital, risk-adjusted return on capital, return on investors' capital and return on average equity);
- operating measures (including operating income, funds from operations, cash from operations, after-tax operating income, sales volumes, production volumes and production efficiency);
- expense measures (including, but not limited to, overhead costs, general and administrative expense, cost control and project management);
- margins;
- shareholder value;
- total shareholder return;
- proceeds from dispositions;
- total market value; and
- corporate values measures (including ethics compliance, environmental, human resources development and safety).

Such performance measures may apply to the employee, to one or more business units or divisions of our Company or the applicable sector, or to our Company as a whole. Goals may also be based on performance relative to a peer group of companies. If the Compensation Committee intends for the performance award to be granted and administered in a manner that preserves the deductibility of the compensation resulting from such award in accordance with Section 162(m) of the Code, the performance goals must be established (1) no later than 90 days after the commencement of the period of service to which the performance goals relate and (2) prior to the completion of 25% of such period of service. The Compensation Committee may modify or waive the performance goals or conditions to the granting or vesting of a performance award unless the performance award is intended to qualify as performance-based compensation under Section 162(m) of the Code.

The Long-Term Incentive Plan does not specify the effect of a change of control on awards; instead, upon the occurrence of a change of control, awards will be treated as provided in the applicable award agreement as determined by the Compensation Committee.

U.S. Federal Income Tax Consequences

The following is a summary of the general rules of present U.S. federal income tax law relating to the tax treatment of incentive stock options, non-qualified stock options, share appreciation rights, restricted share awards, deferred unit awards and cash awards issued under the plan. The discussion is general in nature and does not take into account a number of considerations that may apply based on the circumstances of a particular participant under the plan, including the possibility that a participant may not be subject to U.S. federal income taxation. When any of the terms "we", "our", "us" or "our Company" are used in this section, the term is understood to mean the principal U.S. operating subsidiary of Transocean.

Non-Qualified Stock Options; Share Appreciation Rights; Incentive Stock Options. Participants will not realize taxable income upon the grant of a non-qualified stock option or a share appreciation right. Upon the exercise of a non-qualified stock option or a share appreciation right, the participant will recognize ordinary income (subject to withholding) in an amount equal to the excess of (1) the fair market value on the date of exercise of the shares received over (2) the exercise price (if any) he or she paid for the shares. The participant will generally have a tax basis in any shares received pursuant to the exercise of a share appreciation right, or pursuant to the cash exercise of a non-qualified stock option, that equals the fair

market value of such shares on the date of exercise. Subject to the discussion under "Certain Tax Code Limitations on Deductibility" below, we will be entitled to a deduction for U.S. federal income tax purposes that corresponds as to timing and amount with the compensation income recognized by the participant under the foregoing rules. The disposition of the shares acquired upon exercise of a non-qualified stock option will ordinarily result in capital gain or loss.

Employees will not have taxable income upon the grant of an incentive stock option. Upon the exercise of an incentive stock option, the employee will not have taxable income, although the excess of the fair market value of the shares received upon exercise of the incentive stock option ("ISO Shares") over the exercise price is an item of tax preference that may require payment of an alternative minimum tax. The payment of any alternative minimum tax attributable to the exercise of an incentive stock option would be allowed as a credit against the employee's regular tax liability in a later year to the extent the employee's regular tax liability is in excess of the alternative minimum tax for that year.

Upon the disposition of ISO Shares that have been held for the requisite holding period (generally, at least two years from the date of grant and one year from the date of exercise of the incentive stock option), the employee will generally recognize capital gain (or loss) equal to the difference between the amount received in the disposition and the exercise price paid by the employee for the ISO Shares. However, if an employee disposes of ISO Shares that have not been held for the requisite holding period (a "disqualifying disposition"), the employee will recognize ordinary income in the year of the disqualifying disposition to the extent that the fair market value of the ISO Shares at the time of exercise of the incentive stock option (or, if less, the amount realized in the case of an arm's-length disqualifying disposition to an unrelated party) exceeds the exercise price paid by the employee for such ISO Shares. The employee would also recognize capital gain (or, depending on the holding period, additional ordinary income) to the extent the amount realized in the disqualifying disposition exceeds the fair market value of the ISO Shares on the exercise date. If the exercise price paid for the ISO Shares exceeds the amount realized in the disqualifying disposition (in the case of an arm's-length disposition to an unrelated party), such excess would ordinarily constitute a capital loss.

We will generally not be entitled to any federal income tax deduction upon the grant or exercise of an incentive stock option, unless the employee makes a disqualifying disposition of the ISO Shares. If an employee makes such a disqualifying disposition, we will then, subject to the discussion below under "Certain Tax Code Limitations on Deductibility," be entitled to a tax deduction that corresponds as to timing and amount with the compensation income recognized by the employee under the rules described in the preceding paragraph.

Under current rulings, if a participant transfers previously held shares (other than ISO Shares that have not been held for the requisite holding period) in satisfaction of part or all of the exercise price of a non-qualified stock option or an incentive stock option, the participant will recognize income with respect to the shares received in the manner described above, but no additional gain will be recognized as a result of the transfer of such previously held shares in satisfaction of the non-qualified stock option or incentive stock option exercise price. Moreover, that number of shares received upon exercise that equals the number of previously held shares surrendered in satisfaction of the non-qualified stock option or incentive stock option exercise price will have a tax basis that equals, and a holding period that includes, the tax basis and holding period of the previously held shares surrendered in satisfaction of the non-qualified stock option or incentive stock option exercise price. Any additional shares received upon exercise will have a tax basis that equals the amount of cash (if any) paid by the participant, plus, in the case of a non-qualified stock option, the amount of ordinary income recognized by the participant with respect to the shares received.

Cash Awards; Deferred Units; Restricted Shares. A participant will recognize ordinary compensation income upon receipt of cash pursuant to a cash award or, if earlier, at the time such cash is otherwise made available for the participant to draw upon it. A participant will not have taxable income upon the grant of a deferred unit award but rather will generally recognize ordinary compensation income at the time the

participant receives shares in satisfaction of such deferred unit award in an amount equal to the fair market value of the shares received.

Generally, a participant will not recognize taxable income upon the grant of restricted shares and we will not be entitled to any federal income deduction upon the grant of such award. The value of the restricted shares will generally be taxable to the participant as compensation income in the year or years in which the restrictions on the shares lapse. Such value will equal the fair market value of the shares on the date or dates the restrictions terminate. A participant, however, may elect pursuant to Section 83(b) of the Code to treat the fair market value of the shares subject to the restricted share award on the date of such grant as compensation income in the year of the grant of the restricted share award. The participant must make such an election pursuant to Section 83(b) of the Code within 30 days after the date of grant. If such an election is made and the participant later forfeits the restricted shares to us, the participant will not be allowed to deduct, at a later date, the amount such participant had earlier included as compensation income.

A participant will be subject to withholding for federal, and generally for state and local, income taxes at the time the participant recognizes income under the rules described above with respect to the cash or the shares received pursuant to awards. Dividends that are received by a participant prior to the time that the restricted shares are taxed to the participant under the rules described in the preceding paragraph are taxed as additional compensation, not as dividend income. The tax basis of a participant in the shares received will equal the amount recognized by the participant as compensation income under the rules described in the preceding paragraph, and the participant's holding period in such shares will commence on the date income is so recognized.

Subject to the discussion under "Certain Tax Code Limitations on Deductibility" below, we will be entitled to a deduction for U.S. federal income tax purposes that corresponds as to timing and amount with the compensation income recognized by the participant under the foregoing rules.

Certain Tax Code Limitations on Deductibility. In order for us to deduct the amounts described above, such amounts must constitute reasonable compensation for services rendered or to be rendered and must be ordinary and necessary business expenses. Our ability to obtain a deduction for future payments under the plan could also be limited by Section 280G of the Code, which provides that certain excess parachute payments made in connection with a change of control of an employer are not deductible. Our ability to obtain a deduction for amounts paid under the plan could also be affected by Section 162(m) of the Code, which limits the deductibility, for U.S. federal income tax purposes, of compensation paid to certain employees to $1 million during any taxable year. However, certain exceptions apply to this limitation in the case of performance-based compensation. The reapproval of the performance goals under the Long-Term Incentive Plan by our shareholders will satisfy certain of the requirements for the performance-based exception, and we intend to comply with the requirements of the Code and Treasury Regulation Section 1.162-27 with respect to the grant and payment of certain performance-based awards (including certain options and share appreciation rights) under the plan so as to be eligible for the performance-based exception. However, it may not be possible in all cases to satisfy all of the requirements for the exception, and we may, in our sole discretion, determine that in one or more cases it is in our best interests not to satisfy the requirements for the performance-based exception.

Section 409A. Section 409A of the Code generally provides that any deferred compensation arrangement which does not meet specific requirements regarding (1) timing of payouts, (2) advance election of deferrals or (3) restrictions on acceleration of payouts, will result in immediate taxation of any amounts deferred to the extent not subject to a substantial risk of forfeiture. Certain types of awards, including options and restricted share grants, may be exempt from Section 409A. Failure to comply with Section 409A may result in the early taxation (plus interest) to the holder of deferred compensation and the imposition of a 20% penalty on the holder on such deferred amounts included in the holder's income. In general, to avoid a Section 409A violation, amounts deferred may only be paid out on separation from service, disability, death, a change of control, an unforeseen emergency (other than death, each as defined under Section 409A) or at a specified time. Furthermore, the election to defer generally must be made in

the calendar year prior to performance of services, and any provision for accelerated payout other than for the reasons specified above may cause the amounts deferred to be subject to early taxation and to the imposition of the excise tax. The Long-Term Incentive Plan as well as any adjustment of share limits and awards under the Long-Term Incentive Plan are intended to satisfy the requirements of Section 409A. Based on current guidance, awards of the type we have historically granted would satisfy the requirements of Section 409A, and we intend to structure future awards in a manner that is designed to comply with Section 409A.

Recommendation

The Board of Directors recommends you vote "**FOR**" this Agenda Item.

Corporate Governance

We are committed to upholding high standards of corporate governance and business conduct and believe that we have maintained good corporate governance practices for many years.

In February 2011, our Board of Directors adopted a Code of Integrity to update and replace our previous Code of Business Conduct and Ethics. We regularly review and update our Code of Integrity and conduct on-line mandatory training for employees, officers and directors on our Code of Integrity and other relevant compliance topics. We also require all managerial and supervisory employees to certify compliance with our Code of Integrity each year.

The Corporate Governance Committee of the Board of Directors continues to evaluate the Company's and the Board of Directors' governance practices and formally reviews all committee charters along with recommendations from the various committees of the Board of Directors and the Board of Directors' governance principles at least annually. The Corporate Governance Committee further receives updates at each meeting regarding new developments in the corporate governance arena. Our committee charters also require, among other things, that the committees and the Board of Directors annually evaluate their own performance.

Director Stock Holding Requirement. In 2005, we adopted equity ownership guidelines for directors that require each current non-management director to acquire and retain a number of our shares and/or deferred units at least equal in value to an amount five times the director's annual cash retainer. Each new director is required to acquire and retain such number of shares and/or deferred units over his or her initial five years as a director. Mr. Newman is instead subject to separate officer share ownership guidelines providing for a more stringent requirement of six times his base pay. See "Compensation Discussion and Analysis" for more information about these guidelines.

Restrictions on Pledging, Hedging and Margin Accounts. Pursuant to our Insider Trading Policy, employees, officers and directors are restricted from pledging, hedging or holding shares in a margin account. In connection with such ownership requirement, the Board of Directors currently grants deferred units to each of our non-management directors.

Our current governance documents may be found on our website at *www.deepwater.com* under "Investor Relations—Governance." Among the information you can find there is the following:

- Articles of Association;
- Organizational Regulations;
- Corporate Governance Guidelines;
- Audit Committee Charter;
- Corporate Governance Committee Charter;
- Compensation Committee Charter;
- Finance Committee Charter;
- Health Safety and Environment Committee Charter;
- Our Mission Statement;
- Our FIRST Core Values; and
- Code of Integrity.

Information contained on our website is not part of this proxy statement. We will continue to monitor our governance practices in order to maintain our high standards.

Board Leadership. The Board of Directors has chosen not to combine the positions of Chief Executive Officer and Chairman of the Board. The Board believes that separating these positions allows

our Chief Executive Officer to focus on our day-to-day business, while our Chairman of the Board presides over the Board as it provides advice to, and independent oversight of, management and the Company's operations. The Board recognizes the time, effort, and energy that the Chief Executive Officer is required to devote to his position and the additional commitment the position of Chairman of the Board of Directors requires. The Board of Directors believes that having separate positions and having an independent outside director serve as Chairman of the Board of Directors is the appropriate leadership structure for us at this time and demonstrates our commitment to good corporate governance.

Risk Management. Executive management is responsible for the day-to-day management of the risks we face, while the Board of Directors, as a whole and through its various committees, has responsibility for the oversight of risk management. Through their oversight role and their review of management's active role, the directors satisfy themselves that the risk management processes designed and implemented by management (as more particularly described below) are adapted to and integrated with the Company's corporate strategy, are functioning as designed and that steps are taken to foster a culture in which each employee understands his or her impact on the assessment and management of risk, his or her responsibility for acting within appropriate limits, and his or her ultimate accountability.

The Company has undertaken an extensive review and improvement of its Enterprise Risk Management ("ERM") process and has implemented an ERM framework which includes an executive risk management committee and a risk committee working group. The executive risk management committee is composed of members of senior management, including our Chief Executive Officer and other members of management in key functions and selected divisions of the Company. The duties of the executive risk management committee include the following: reviewing and approving appropriate changes to the Company's policies and procedures regarding risk management; identifying and assessing operational, commercial, strategic, financial, macroeconomic and geopolitical risks facing the Company; identifying risks and taking corrective actions, if appropriate; monitoring key indicators to assess the effectiveness and adequacy of the Company's risk management activities; and communicating with the Board of Directors at least once a year with respect to risk management. The Company's risk management activities are also presented to the Audit Committee and Board of Directors at least annually. The risk committee working group meets regularly and identifies risks facing the Company, makes an assessment of each risk, identifies preventive and mitigating controls and then makes recommendations for improvement opportunities to the Board of Directors or the Chief Executive Officer, as appropriate.

Compensation and Risk. We regularly assess risks related to our compensation programs, including our executive compensation programs, and do not believe that the risks arising from our compensation policies and practices are reasonably likely to have a material adverse effect on the Company. The Compensation Committee reviews information and solicits input from an independent compensation consultant regarding compensation factors which could mitigate or encourage excessive risk-taking. In its review in 2013, the Compensation Committee considered the attributes of our programs, including the metrics used to determine incentive awards, the weighting of each metric, the timing and processes for setting performance targets and validating results, the performance measurement periods and time horizons, the total mix of pay and the maximum compensation and incentive award payout opportunities.

Independence of Board Members. Our Corporate Governance Guidelines require that at least a majority of the members of the Board of Directors meet the independence standards set by the NYSE. In order to meet the NYSE's independence standards, a member of the Board of Directors must not have a relationship with the Company that falls within certain objective categories established by the NYSE. In addition, the Board of Directors must then affirmatively determine, with respect to each director and nominee, that he or she did not otherwise have a material relationship with the Company.

The Board of Directors has determined that all of its current members and its nominees, with the exception of Steven L. Newman (our Chief Executive Officer), are independent and meet the independence standards set by the NYSE and our guidelines. Accordingly, our Compensation, Audit and Corporate Governance Committees are composed solely of directors who meet the NYSE independence standards.

In making its independence determinations, the Board of Directors considered the fact that, while such relationships do not preclude independence under the NYSE rules or the Company's guidelines, Messrs. Barker, Deaton, Lucas, Merksamer, Muller, Strachan and Tan are, or within the past three years have been, directors or officers of companies with which we conduct business in the ordinary course.

Since 2012, Mr. Barker has served as a non-executive director of Aviva plc, a company that provides insurance related services to the Company. In 2013, Mr. Deaton resigned from his position as Executive Chairman of Baker Hughes Incorporated, from which the Company purchases drilling equipment and services. Since 2010, Mr. Deaton has served as a non-executive director of Air Products and Chemicals, Inc., from which the Company rented and purchased rig related products and equipment. Further, since 2014, Mr. Deaton has served as a non-executive director of Marathon Oil Corporation, from which we receive revenues for performing services. Since 2012, Mr. Lucas has served as a non-executive director of Tullow Oil plc, which is a customer for our drilling rigs. In addition to his affiliation with the Icahn group described further under "Agenda Item 10—Election of Directors," since 2013, Mr. Merksamer has served as a non-executive director of Talisman Energy, from which we receive revenues for performing services. Since 2010, Mr. Tan has served as a non-executive director of Keppel Corporation, which provides the Company with services related to rig construction and shipyard work. Since 2008, Mr. Tan has served as a non-executive director of Dialog Systems Asia Pte Ltd, a provider of specialist technical services to the Company. Until 2013, Mr. Strachan was a non-executive director of Rolls Royce Group plc, from which we purchase rig equipment. In early 2014, Mr. Muller's son accepted an associate attorney position that he is expected to begin later in the year at Munger, Tolles & Olson LLP, a law firm that provides legal services to the Company. Mr. Muller will no longer serve on the Corporate Governance Committee following the 2014 Annual General Meeting, which will be held prior to his son's commencement of employment at Munger, Tolles & Olson LLP.

The Board of Directors believes that all transactions with these companies were on arm's-length terms that were reasonable and competitive. Accordingly, the Board of Directors concluded that these relationships have no effect on the independence of these directors. Because of our extensive operations, transactions and director relationships, transactions of this nature are expected to take place in the ordinary course of business in the future.

Executive Sessions. Our independent directors met in executive session without management at each of the regularly scheduled Board of Directors meetings held in 2013. During 2014, they are again scheduled to meet in executive session at each regularly scheduled Board of Directors meeting. The independent directors have designated the Chairman of the Board of Directors to act as the presiding director for executive sessions.

Director Nomination Process. The Board of Directors has designated the Corporate Governance Committee as the committee authorized to consider and recommend nominees for the Board of Directors. Our Board of Directors believes that all members of the Corporate Governance Committee meet the NYSE independence requirements.

Our Corporate Governance Guidelines provide that the Corporate Governance Committee should periodically assess the needs of our Company and the Board of Directors so as to recommend candidates who will further our goals. In making that assessment, the Corporate Governance Committee has determined that a recommended nominee must have the following minimum qualifications:

- high professional and personal ethics and values;
- a record of professional accomplishment in his/her chosen field;
- relevant expertise and experience; and
- a reputation, both personal and professional, consistent with our core values.

In addition to these minimum qualifications, the Corporate Governance Committee considers other qualities in nominees that may be desirable. In particular, the Board of Directors is committed to having a

majority of independent directors and, accordingly, the Corporate Governance Committee evaluates the independence status of any potential director. The Corporate Governance Committee evaluates whether or not a candidate contributes to the Board of Directors' overall diversity and whether or not the candidate can contribute positively to the existing chemistry and culture among the Board members. Also, the Corporate Governance Committee considers whether or not the candidate may have professional or personal experiences and expertise relevant to our business, such as expertise in the industry and in critical health, safety and environmental matters, and position as the leading international provider of offshore drilling services. In 2013, the Board of Directors nominated for election one new director in addition to four incumbent directors for re-election. As a result of the 2013 Annual General Meeting, two new directors, Messrs. Curado and Merksamer, were elected to the Board of Directors and three directors were re-elected. As described under "Nomination and Standstill Agreement and Appointment of Samuel Merksamer and Vincent J. Intrieri to the Board of Directors" above, two of our nominees are being nominated at the 2014 Annual General Meeting in accordance with the agreement with the Icahn Group.

As described above, in accordance with the majority vote provisions of our Corporate Governance Guidelines, our Board of Directors may 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 (1) such nominee fails to receive more votes cast "FOR" than "AGAINST" his or her election in an uncontested election and (2) the Board of Directors accepts the resignation. The Board of Directors will also request a statement from any person nominated as a director by other than the Board of Directors as to whether that person will also submit an irrevocable letter of resignation upon the same terms as a person nominated by the Board of Directors. An uncontested election occurs in an election of directors that does not constitute a contested election. A contested election for purposes of the Corporate Governance Guidelines occurs when (i) the Secretary of the Company receives a notice that a shareholder has nominated a person for election to the Board of Directors 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. If Agenda Item 8 is approved at the Annual General Meeting, this provision of our Corporate Governance Guidelines will cease to apply and the majority voting standard in the Company's Articles of Association will govern majority voting in uncontested elections at future general meetings of shareholders.

The Corporate Governance Committee has several methods of identifying Board of Directors candidates. First, the Corporate Governance Committee considers and evaluates annually whether each director remains appropriate to be nominated for election to the Board of Directors. Second, the Corporate Governance Committee requests from time to time that its members and the other Board members identify possible candidates for any vacancies or potential vacancies. Third, the Corporate Governance Committee has the authority to retain one or more executive search firms to aid in its search. Each executive search firm assists the Corporate Governance Committee in identifying potential Board of Directors candidates, interviewing those candidates and conducting investigations relative to their background and qualifications. Also, as described above, two nominations are being made pursuant to our agreement with the Icahn Group.

The Corporate Governance Committee considers nominees for director recommended by shareholders. Please submit your recommendations in writing, along with:

- the name of and contact information for the candidate;
- a statement detailing the candidate's qualifications and business and educational experience;
- information regarding the qualifications and qualities described under "Director Nomination Process" above;
- a signed statement of the proposed candidate consenting to be named as a candidate and, if nominated and elected, to serve as a director;

- a signed irrevocable letter of resignation from the proposed candidate which, in accordance with our Corporate Governance Guidelines, would be effective upon and only in the event that (1) in an uncontested election, such candidate fails to receive more votes cast "FOR" than "AGAINST" his or her election and (2) the Board of Directors accepts the resignation; provided, however, that if Agenda Item 8 is approved at the Annual General Meeting, this requirement will no longer be applicable;
- a statement that the writer is a shareholder and is proposing a candidate for consideration by the Corporate Governance Committee;
- a statement detailing any relationship between the candidate and any customer, supplier or competitor of ours;
- financial and accounting experience of the candidate, to enable the Corporate Governance Committee to determine whether the candidate would be suitable for Audit Committee membership; and
- detailed information about any relationship or understanding between the proposing shareholder and the candidate.

Shareholders may submit nominations to our Corporate Secretary, Transocean Ltd., Turmstrasse 30, CH-6300 Zug, Switzerland. Unsolicited recommendations must contain all of the information that would be required in a proxy statement soliciting proxies for the election of the candidate as a director. The extent to which the Corporate Governance Committee dedicates time and resources to the consideration and evaluation of any potential nominee brought to its attention depends on the information available to the Corporate Governance Committee about the qualifications and suitability of the individual, viewed in light of the needs of the Board of Directors, and is at the Corporate Governance Committee's discretion. The Corporate Governance Committee evaluates the desirability for incumbent directors to continue on the Board of Directors following the expiration of their respective terms, taking into account their contributions as Board members and the benefit that results from the increasing insight and experience developed over a period of time. Although the Corporate Governance Committee will consider candidates for director recommended by shareholders, it may determine not to recommend that the Board of Directors, and the Board of Directors may determine not to, nominate those candidates for election to our Board of Directors.

In addition to recommending director nominees to the Corporate Governance Committee, any shareholder may, in compliance with applicable requirements, nominate directors for election at Annual General Meetings of the shareholders. For more information on this topic, see "Other Matters—Proposals of Shareholders."

Executive and Director Compensation Process. Our Compensation Committee has established an annual process for reviewing and establishing executive compensation levels. An outside consultant, Pay Governance, retained by the Compensation Committee has provided the Compensation Committee with relevant market data and alternatives to consider in determining appropriate compensation levels for each of our executive officers. Pay Governance has served as the Compensation Committee's outside consultant since February 2011. Our Chief Executive Officer also assists the Compensation Committee in the executive compensation setting process. For a more thorough discussion of the roles, responsibilities and process we use for setting executive compensation, see "Compensation Discussion and Analysis."

Director compensation is set by the Board of Directors upon a recommendation from the Compensation Committee of the Board of Directors. Beginning in 2015, director compensation is also subject to shareholder approval as described under Agenda Item 7. At its first meeting of each calendar year, the Compensation Committee reviews the compensation paid to our directors to be certain that it is competitive in attracting and retaining qualified directors. The Compensation Committee has used the Compensation Committee's outside consultant to gather data regarding director compensation at (1) certain similar size companies in the general industry as well as (2) the same peer group of companies generally utilized in the consideration of executive compensation, as set forth in the "Compensation

Discussion and Analysis." Based upon its review of the data and its own judgment, the Compensation Committee develops a recommendation for consideration by the Board of Directors. Our Chief Executive Officer receives no additional compensation for serving as a director on our Board of Directors.

Process for Communication by Shareholders and Interested Parties with the Board of Directors. The Board of Directors has established a process whereby interested parties may communicate with the Board of Directors and/or with any individual director. Interested parties, including shareholders, may send communications in writing, addressed to the Board of Directors or an individual director, c/o the Corporate Secretary, Transocean Ltd., Turmstrasse 30, CH-6300 Zug, Switzerland. The Corporate Secretary will forward these communications as appropriate to the addressee depending on the facts and circumstances outlined in the communication. The Board of Directors has directed the Corporate Secretary not to forward certain items such as spam, junk mailings, product inquiries, resumes and other forms of job inquiries, surveys and business solicitations. Additionally, the Board of Directors has advised the Corporate Secretary not to forward material that is illegal or threatening, but to make the Board of Directors aware of such material which it may request be forwarded, retained or destroyed at the Board of Directors' discretion.

Policies and Procedures for Approval of Transactions with Related Persons. The Board of Directors has a written policy with respect to related person transactions pursuant to which such transactions are reviewed, approved or ratified. The policy applies to any transaction in which (1) the Company is a participant, (2) any related person has a direct or indirect material interest and (3) the amount involved exceeds $120,000, but excludes any transaction that does not require disclosure under Item 404(a) of Regulation S-K. The Audit Committee, with assistance from the Company's General Counsel, is responsible for reviewing, approving and/or ratifying any related person transaction.

To identify related person transactions, each year we distribute and require our directors and officers to complete questionnaires identifying transactions with us in which the officer or director or their immediate family members have an interest. Our Code of Integrity further requires that any executive officer inform the Company when the executive officer's private interest interferes or appears to interfere in any way with our interests. In addition, the Board of Directors' Corporate Governance Guidelines require that a director immediately inform the Board of Directors or Chairman of the Board of Directors in the event that a director believes that the director has an actual or potential conflict with our interests. Furthermore, under our Organizational Regulations, a director must disclose and abstain from voting with respect to certain conflicts of interest.

Under our related persons transaction policy, the Audit Committee considers all relevant facts and circumstances available, including the related persons involved, their relationship to the Company, their interest and role in the transaction, the proposed terms of the transaction (including expected aggregate value and value to be derived by the related person), the benefits to the Company, the availability to the Company of alternative means or transactions to obtain like benefits and the terms that would prevail in a similar transaction with an unaffiliated third party. For related person transactions that do not receive prior approval from the Audit Committee, the transactions are submitted to the Audit Committee to consider all relevant facts and circumstances and, based on its conclusions, evaluate all options, including, but not limited to, ratification, amendment or termination of the transaction. During 2013, there were no related person transactions where such policies and procedures were not followed.

Director Attendance at Annual General Meeting. We expect all of our directors who are up for re-election at the 2014 Annual General Meeting to attend our Annual General Meeting. At the 2013 Annual General Meeting, all directors then serving on our Board of Directors were in attendance.

Board Meetings and Committees

During 2013, the Board of Directors of Transocean Ltd. held eight meetings. The Board of Directors and the committees of the Board of Directors met at least once a quarter and the quarterly meetings

generally occurred over a period of two to three days. Each of our directors attended at least 85% of the meetings during the year, including meetings of committees on which the director served.

The Board of Directors has standing Compensation, Finance, Corporate Governance, Audit and Health Safety and Environment Committees. As noted, the charters for these committees may be found on our website at *www.deepwater.com* under "Investor Relations—Corporate Governance." In addition, the Board of Directors may from time to time form special committees to consider particular matters that arise.

Compensation Committee. The purpose of the Compensation Committee is to assist the Board of Directors in (1) developing an appropriate compensation program for members of the Board of Directors, executives and other senior officers and (2) complying with the Board of Directors' legal and regulatory requirements as to Board member, executive and senior officer compensation in order to facilitate the Company's ability to attract, retain and motivate qualified individuals in a system that aligns compensation with the Company's business performance. The authority and responsibilities of the Compensation Committee include, among others, the following:

- annually review and approve the compensation paid to members of the Board of Directors, executive officers and other officers at or above the Senior Vice President level;
- select appropriate peer groups and market reference points against which the Company's Board of Directors and executive compensation is compared;
- annually establish focus areas for our CEO, annually review the CEO's performance in light of the focus areas and set the CEO's compensation based on this evaluation, together with competitive data;
- administer our Long-Term Incentive Plan, Performance Award and Cash Bonus Plan, Deferred Compensation Plan, and any other compensation plans or arrangements providing for benefits primarily to members of the Board of Directors and executive officers in accordance with goals and objectives established by the Board of Directors, the terms of the plans, and any applicable rules and regulations;
- consider and make recommendations to the Board of Directors, with guidance from an outside compensation consultant, concerning the existing Board of Directors and executive compensation programs and changes to such programs;
- consider, with guidance from an outside compensation consultant, and approve the terms of any contractual agreements and other similar arrangements (to the extent permitted by applicable law) that may be entered into with members of the Board of Directors and officers; provided, however, that the Compensation Committee shall not recommend and the Board of Directors shall not authorize "single-trigger" change of control agreements for any of our officers or directors;
- assess the risks, with the assistance of external resources as the Compensation Committee deems appropriate, of the Company's compensation arrangements applicable to members of the Board of Directors and the Company's executive officers and other employees; and
- retain and approve the fees of legal, accounting or other advisors, including any compensation consultant, employed by the Committee to assist it in the evaluation of executive and director compensation.

See "Compensation Discussion and Analysis" for a discussion of additional responsibilities of the Compensation Committee.

In addition to the responsibilities set forth above, the Compensation Committee also assesses the risks arising from the Company's compensation policies and practices. In 2011, the Compensation Committee engaged a compensation consultant, Pay Governance, to assist in this risk assessment and through 2013 continued to work with Pay Governance as its independent compensation consultant.

In order not to impair the independence of the Compensation Committee's compensation consultant or to create the appearance of such an impairment, in February 2009 the Compensation Committee adopted a policy that any compensation consultant to the Compensation Committee may not provide other services to the Company in excess of $100,000. Neither Pay Governance nor any of its affiliates provided the Company with any other services in 2013. In February 2014, the Compensation Committee assessed whether the work of Pay Governance for the Compensation Committee during 2013 raised any conflict of interest, including a review of a number of independence factors, which included the factors set forth under Rule 10C-1 of the Securities Exchange Act, and the Compensation Committee concluded that no conflict of interest was raised that would prevent Pay Governance from independently representing the Compensation Committee.

The Compensation Committee may delegate specific responsibilities to one or more individual committee members to the extent permitted by law, NYSE listing standards and the Compensation Committee's governing documents. The Compensation Committee may delegate all or a portion of its powers and responsibilities with respect to the compensation plans and programs described above and in our "Compensation Discussion and Analysis" to one or more of our management committees; provided that the Compensation Committee retains all power and responsibility with respect to awards granted to our Board members and executive officers. The Chief Executive Officer has been delegated authority to award restricted shares, restricted units and deferred units under the Company's Long-Term Incentive Plan to employees of the Company, excluding executive officers and other officers at or above the Senior Vice President level, not to exceed an aggregate of 100,000 restricted shares, restricted units or deferred units per calendar year. The Compensation Committee has delegated to a subcommittee composed of its chairman and at least one additional committee member the authority to approve interim compensation actions resulting from promotions, competitive realignment, or the hiring of new executive officers (excluding the Chief Executive Officer), including but not limited to establishing annual base salary, annual bonus targets, long-term bonus targets and the grant of equity awards, subject to any required vote of the shareholders beginning in 2015. The Compensation Committee has also delegated authority to the Chief Executive Officer to approve "convenience of the company" treatment of Long-Term Incentive Plan awards to participants other than executive officers and directors. The Compensation Committee is notified of compensation actions made by the Chief Executive Officer or the subcommittee at the meeting following the end of each calendar quarter in which such actions are taken.

The current members of the Compensation Committee are Mr. Tan, Chairman, and Messrs. Curado, McNamara and Sprague. Mr. Curado began service on the Compensation Committee in May 2013. The Compensation Committee met seven times during 2013.

Finance Committee. The Finance Committee approves our long-term financial policies, insurance programs and investment policies. It also makes recommendations to the Board of Directors concerning the Company's dividend policy, securities repurchase actions, the issuance and terms of debt and equity securities and the establishment of bank lines of credit. In addition, the Finance Committee approves the creation, termination and amendment of certain of our employee benefit programs and periodically reviews the status of these programs and the performance of the managers of the funded programs. The current members of the Finance Committee are Mr. Muller, Chairman, Ms. Chang and Messrs. Barker, Cason, Lucas and Merksamer. Mr. Merksamer began service on the Finance Committee in May 2013. The Finance Committee met five times during 2013.

Corporate Governance Committee. The Corporate Governance Committee makes recommendations to the Board of Directors with respect to the nomination of candidates for election to the Board of Directors, how the Board of Directors functions and how the Board of Directors should interact with shareholders and management. It reviews the qualifications of potential candidates for the Board of Directors, coordinates the self evaluation of the Board of Directors and committees and proposes to the Board candidates to stand for election at the next general meeting of shareholders. The current members of the Corporate Governance Committee are Mr. McNamara, Chairman, and Messrs. Bindra, Deaton and

Muller. Mr. Muller's service on the Corporate Governance Committee will end at the 2014 Annual General Meeting. The Corporate Governance Committee met five times during 2013.

Health Safety and Environment Committee. The Health Safety and Environment Committee assists the Board of Directors in fulfilling its responsibilities to oversee the Company's management of risk in the areas of health, safety and the environment. The Health Safety and Environment Committee reviews and discusses with management the status of key environmental, health and safety issues. Additionally, the Health Safety and Environment Committee regularly evaluates Company policies, practices and performance related to health, safety and environmental issues and guides strategy decisions to promote company goals and compliance with applicable rules and regulations. Beginning in 2013, the Health Safety and Environment Committee assumed additional responsibility to oversee the Company's implementation of certain requirements of the Consent Decree by and among the U.S. Department of Justice and certain of the Company's affiliates. The Health Safety and Environment Committee has required the Company to provide and will review regular reports regarding compliance with all aspects of the Consent Decree. The current members of the Health Safety and Environment Committee are Mr. Sprague, Chairman, and Messrs. Bindra, Curado, Merksamer and Tan. Messrs. Curado and Merksamer began service on the Health Safety and Environment Committee in May 2013. The Health Safety and Environment Committee met four times during 2013.

Audit Committee. The Audit Committee is responsible for recommending the selection, retention and termination of our independent registered public accountants and our auditor pursuant to the Swiss Code of Obligations to the Board of Directors and to our shareholders for their approval at a general meeting of shareholders. The Audit Committee is directly responsible for the compensation and oversight of our independent registered public accountants and our auditor pursuant to the Swiss Code of Obligations. The Audit Committee further advises as necessary in the selection of the lead audit partner. The Audit Committee also monitors the integrity of our financial statements and the independence and performance of our auditors and their lead audit partner and reviews our financial reporting processes. The Audit Committee reviews and reports to the Board of Directors the scope and results of audits by our independent registered public accounting firm, our auditor pursuant to the Swiss Code of Obligations and our internal auditing staff and reviews the audit and other professional services rendered by the accounting firm. It also reviews with the accounting firm the adequacy of our system of internal controls. It reviews transactions between us and our directors and officers for disclosure in the proxy statement, our policies regarding those transactions and compliance with our business ethics and conflict of interest policies.

The Board of Directors requires that all members of the Audit Committee meet the financial literacy standard required under the NYSE rules and that at least one member qualifies as having accounting or related financial management expertise under the NYSE rules. In addition, the SEC has adopted rules requiring that we disclose whether or not our Audit Committee has an "audit committee financial expert" as a member. An "audit committee financial expert" is defined as a person who, based on his or her experience, possesses all of the following attributes:

- an understanding of generally accepted accounting principles and financial statements;
- an ability to assess the general application of such principles in connection with the accounting for estimates, accruals, and reserves;
- experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and level of complexity of issues that can reasonably be expected to be raised by our financial statements, or experience actively supervising one or more persons engaged in such activities;
- an understanding of internal controls and procedures for financial reporting; and
- an understanding of audit committee functions.

The person must have acquired such attributes through one or more of the following:

- education and experience as a principal financial officer, principal accounting officer, controller, public accountant or auditor or experience in one or more positions that involve the performance of similar functions;
- experience actively supervising a principal financial officer, principal accounting officer, controller, public accountant, auditor or person performing similar functions;
- experience overseeing or assessing the performance of companies or public accountants with respect to the preparation, auditing or evaluation of financial statements; or
- other relevant experience.

The current members of the Audit Committee are Mr. Lucas, Chairman, Ms. Chang and Messrs. Barker, Cason and Deaton. The Audit Committee met eight times during 2013. The Board of Directors has reviewed the criteria set by the SEC and determined that each of the current members of the Audit Committee is "financially literate" and Mr. Cason qualifies as an "audit committee financial expert." In addition, the Board of Directors has determined that Mr. Cason qualifies under NYSE rules as having accounting or related financial management expertise. Mr. Cason is an accountant by education, was an audit manager in an accounting firm and served as the Chief Financial Officer of Baker Hughes Incorporated, a public company.

Finally, NYSE rules restrict directors that have relationships with the Company that may interfere with the exercise of their independence from management and the Company from serving on the Audit Committee. We believe that the members of the Audit Committee have no such relationships and are therefore independent for purposes of NYSE rules.

Director Compensation Strategy

Directors who are employees of the Company do not receive compensation for Board of Directors service. At present, all of the directors except for Mr. Newman, the Company's Chief Executive Officer, are non-employees and receive compensation for Board of Directors service.

We use a combination of cash and equity compensation to attract and retain qualified candidates to serve on our Board of Directors. The Board of Directors 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 shareholders' interests.

Currently, non-employee director compensation includes the following fixed components:

Annual Retainer	$ 90,000(1)
Additional Annual Retainer for Committee Chairmen	
Audit Committee	$ 35,000
Compensation Committee	$ 20,000
Corporate Governance Committee, Finance Committee and Health Safety and Environment Committee	$ 10,000
Board Meeting Attendance Fee	$ 2,500(2)
Committee Meeting Attendance Fee	$ 2,500(3)
Grant of Deferred Units	$260,000(4)

(1) The Chairman of the Board of Directors receives an annual retainer of $265,000.

(2) The board meeting attendance fee is only paid for those meetings that were attended in excess of the four regularly scheduled board meetings.

(3) The committee meeting attendance fee is only paid for those meetings that were attended in excess of the first four committee meetings.

(4) Deferred units are granted to each non-employee director annually immediately following the Board of Directors meeting held in connection with our Annual General Meeting. On the date of grant, the deferred units have an aggregate value equal to $260,000 based upon the average of the high and low sales prices of our shares for each of the 10 trading days immediately prior to the date of grant. The deferred units vest on the date first to occur of (i) the first anniversary of the date of grant or (ii) the Annual General Meeting next following the date of grant, subject to continued service through the vesting date. Vesting of the deferred units is not subject to any performance measures.

In addition, we pay or reimburse our directors' travel and incidental expenses incurred for attending Board of Directors, committee and shareholder meetings and for other Company business-related purposes.

2013 Director Compensation

In 2013, each non-employee member of the Board of Directors received the compensation described above.

At our Board of Directors meeting held immediately after the 2013 Annual General Meeting of our shareholders, the Board of Directors granted 4,760 deferred units to each non-employee director in aggregate value equal to $260,000 based upon the average of the high and low sales prices of our shares for the 10 trading days immediately prior to the date of our Board of Directors meeting (calculated at $54.62 per share). The deferred units vest on the date first to occur of (i) the first anniversary of the date of grant; or (ii) the Annual General Meeting next following the date of grant, subject to continued service on the Board of Directors through the vesting date. Each non-employee director is required to acquire and retain a number of our shares and/or deferred units at least equal in value to an amount five times the annual director retainer. Each non-employee director's vested deferred units generally are not settled until the termination of the non-employee director's service with the Company.

The following summarizes the compensation of our non-employee directors for 2013.

Name	Fees Earned or Paid in Cash ($)	Stock Awards(1)(2) ($)	All Other Compensation(3)	Total ($)
Ian C. Strachan	215,398	257,183	47,665	520,246
Glyn A. Barker	110,000	257,183	14,428	381,611
Jagjeet S. Bindra	100,000	257,183	23,974	381,157
Thomas W. Cason	110,000	257,183	39,042	406,225
Vanessa C. L. Chang	110,000	257,183	17,643	384,826
Frederico F. Curado	61,126	257,183	7,997	326,306
Chad C. Deaton	107,500	257,183	17,643	382,326
Steve Lucas	142,500	257,183	23,974	423,657
Martin B. McNamara	117,500	257,183	47,665	422,348
Samuel Merksamer	58,626	257,183	7,997	323,806
Edward R. Muller	120,000	257,183	39,042	416,225
Robert M. Sprague	115,000	257,183	47,665	419,848
Tan Ek Kia	117,473	257,183	23,974	398,630
Michael Talbert	137,500	—	—	137,500

(1) This represents the aggregate grant date fair value under accounting standards for recognition of share-based compensation expense for deferred units granted to our directors in 2013, computed in accordance with FASB ASC Topic 718. For a discussion of the valuation assumptions with respect to these awards, please see Note 18 to our consolidated

financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2013.

(2) The aggregate number of vested and unvested deferred units, stock appreciation rights and outstanding option awards at December 31, 2013 for each non-employee director was as follows: Mr. Barker, 8,588 unvested deferred units; Mr. Bindra, 4,426 vested and 9,844 unvested deferred units; Mr. Cason, options to purchase 7,640 shares, 7,640 SARs and 13,395 vested and 9,844 unvested deferred units; Ms. Chang, 1,914 vested deferred units and 8,588 unvested deferred units; Mr. Curado, 4,760 unvested deferred units; Mr. Deaton, 1,914 vested deferred units and 8,588 unvested deferred units; Mr. Lucas, 4,426 vested and 9,844 unvested deferred units; Mr. McNamara, 18,528 vested and 9,844 unvested deferred units; Mr. Merksamer 4,760 unvested deferred units; Mr. Muller, options to purchase 5,730 shares, 7,640 SARs and 13,395 vested and 9,844 unvested deferred units; Mr. Sprague, 18,528 vested and 9,844 unvested deferred units; Mr. Strachan, 18,528 vested and 9,844 unvested deferred units; and Mr. Tan, 4,426 vested and 9,844 unvested deferred units.

(3) Represents dividend equivalents paid during 2013 on all vested and unvested deferred units.

AUDIT COMMITTEE REPORT

The Audit Committee has reviewed and discussed the audited financial statements of the Company for the year ended December 31, 2013, with management, our internal auditors and Ernst & Young LLP. In addition, the Audit Committee has discussed with Ernst & Young LLP, the independent registered public accounting firm for the Company, the matters required to be discussed by the Statement on Auditing Standards No. 61, as amended (AICPA, Professional Standards, Vol. 1. AU section 380), as adopted by the Public Company Accounting Oversight Board in Rule 3200T. The Sarbanes-Oxley Act of 2002 requires certifications by the Company's chief executive officer and chief financial officer in certain of the Company's filings with the Securities and Exchange Commission (SEC). The Audit Committee discussed the review of the Company's reporting and internal controls undertaken in connection with these certifications with the Company's management and independent registered public accounting firm. The Audit Committee also reviewed and discussed with the Company's management and independent registered public accounting firm management's report and Ernst & Young LLP's report on internal control over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act of 2002. The Audit Committee has further periodically reviewed such other matters as it deemed appropriate, including other provisions of the Sarbanes-Oxley Act of 2002 and rules adopted or proposed to be adopted by the SEC and the NYSE.

The Audit Committee also has received the written disclosures and the letter from Ernst & Young LLP regarding the auditor's independence pursuant to the applicable requirements of the Public Company Accounting Oversight Board Ethics and Independence Rule 3526, and it has reviewed, evaluated and discussed the written disclosures with that firm and its independence from the Company. The Audit Committee also has discussed with management of the Company and the independent registered public accounting firm such other matters and received such assurances from them as it deemed appropriate.

Based on the foregoing review and discussions and relying thereon, the Audit Committee recommended to the Company's Board of Directors the inclusion of the Company's audited financial statements for the year ended December 31, 2013 in the Company's Annual Report on Form 10-K for such year filed with the SEC.

Members of the Audit Committee:

Steve Lucas, Chairman
Glyn Barker
Thomas W. Cason
Vanessa C.L. Chang
Chad C. Deaton

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS

Listed below are the only persons who, to the knowledge of the Company, may be deemed to be beneficial owners, as of March 28, 2014, of more than 5% of the Company's shares.

Name and Address of Beneficial Owner	Shares Beneficially Owned	Percent of Class(1)
Franklin Resources, Inc. One Franklin Parkway San Mateo, California 94403	22,868,213(2)	6.32%
PRIMECAP Management Company 225 South Lake Ave., #400 Pasadena, CA 91101	22,515,775(3)	6.22%
Icahn Capital LP White Plains Plaza 445 Hamilton Avenue, Suite 1210 White Plains, New York 10601	21,477,900(4)	5.93%
BlackRock, Inc 40 East 52nd Street New York, NY 10022	21,356,231(5)	5.90%
The Capital Group Companies, Inc 333 South Hope Street Los Angeles, CA 90071	18,347,476(6)	5.07%

(1) The percentage indicated is based on the 361,973,130 outstanding shares at March 28, 2014.

(2) The number of shares held by Franklin Resources, Inc. is based on a statement of significant shareholdings filed with the SIX Swiss Exchange on February 5, 2014. According to the filing, Franklin Resources, Inc., the parent company of Franklin Mutual Advisers, LLC, Franklin Advisers, Inc. and Franklin Investment Advisory Services, LLC, has voting rights over 22,868,213 shares.

(3) The number of shares is based on the Schedule 13G filed with the SEC on February 10, 2014 by PRIMECAP Management Company. According to the Schedule 13G, PRIMECAP Management Company has sole voting power over 7,774,431 shares, shared voting power over zero shares, sole dispositive power over 22,515,775 and shared dispositive power over zero shares.

(4) The number of shares is based on the Schedule 13D/A filed with the SEC on November 10, 2013 by Icahn Capital L.P. with respect to itself, Carl C. Icahn and certain other affiliated entities of Carl C. Icahn. According to the filing, (i) High River Limited Partnership, a Delaware limited partnership, has sole voting power and sole dispositive power with regard to 4,295,579 shares; (ii) Hopper Investments LLC, a Delaware limited liability company, has shared voting power and shared dispositive power with regard to 4,295,579 shares; (iii) Barberry Corp., a Delaware corporation, has shared voting power and shared dispositive power with regard to 4,295,579 shares; (iv) Icahn Partners Master Fund LP, a Delaware limited partnership, has sole voting power and sole dispositive power with regard to 6,836,919 shares; (v) Icahn Partners Master Fund II LP, a Delaware limited partnership, has sole voting power and sole dispositive power with regard to 2,682,968 shares; (vi) Icahn Partners Master Fund III LP, a Delaware limited partnership, has sole voting power and sole dispositive power with regard to 1,181,104 shares; (vii) Icahn Offshore LP, a Delaware

limited partnership, has shared voting power and shared dispositive power with regard to 10,700,991; (viii) Icahn Partners LP, a Delaware limited partnership, has sole voting power and sole dispositive power with regard to 6,481,330 shares; (ix) Icahn Onshore LP, a Delaware limited partnership, has shared voting power and shared dispositive power with regard to 6,481,330 shares; (x) Icahn Capital LP, a Delaware limited partnership, has shared voting power and shared dispositive power with regard to 17,182,321 shares; (xi) IPH GP LLC, a Delaware limited liability company, has shared voting power and shared dispositive power with regard to 17,182,321 shares; (xii) Icahn Enterprises Holdings L.P., a Delaware limited partnership, has shared voting power and shared dispositive power with regard to 17,182,321 shares; (xiii) Icahn Enterprises G.P. Inc., a Delaware corporation, has shared voting power and shared dispositive power with regard to 17,182,321 shares; (xiv) Beckton Corp., a Delaware corporation, has shared voting power and shared dispositive power with regard to 17,182,321 shares; and (xv) Carl C. Icahn has shared voting power and shared dispositive power with regard to 21,477,900 shares. Carl C. Icahn, by virtue of his relationship to the other reporting persons, is deemed to beneficially own the shares which the other reporting persons directly beneficially own. According to the Schedule 13D/A, each of the reporting persons may have shared voting and/or dispositive power over all or some of such shares.

(5) The number of shares is based on the Schedule 13G/A filed with the SEC on February 3, 2014 by BlackRock, Inc. According to the Schedule 13G/A, BlackRock, Inc. had sole voting power over 18,597,715 shares, shared voting power over zero shares, sole dispositive power over 21,356,231 shares and shared dispositive power over zero shares.

(6) The number of shares held by The Capital Group Companies, Inc. is based on a statement of significant shareholdings filed with the SIX Swiss Exchange on November 4, 2013. According to the filing, The Capital Group Companies, Inc., along with funds managed by Capital Research and Management Company and clients' portfolios managed by Capital Guardian Trust Company, Capital International Limited, Capital International Inc., Capital International Sàrl and Capital International K.K., have voting rights over 18,347,476 shares.

SECURITY OWNERSHIP OF DIRECTORS AND EXECUTIVE OFFICERS

The table below shows how many shares each of our directors and nominees, each of the Named Executive Officers included in the summary compensation section below and all directors and executive officers as a group beneficially owned as of March 28, 2014.

Name	Shares Owned(1)(2)	Shares Subject to Right to Acquire Beneficial Ownership(3)	Total Shares Beneficially Owned(2)(3)	Percent of Class(4)
Steven L. Newman	99,227	368,852	468,079	*
Esa Ikaheimonen	6,536	14,295	20,831	*
Allen M. Katz	—	—	—	
John B. Stobart	8,451	12,865	21,316	*
David Tonnel	19,150	58,010	77,160	*
Glyn A. Barker	1,914	—	1,914	*
Jagjeet S. Bindra	—	4,426	4,426	*
Thomas W. Cason(5)	10,039	21,035	31,074	*
Vanessa C.L. Chang	200	1,914	2,114	*
Frederico F. Curado	—	—	—	
Chad C. Deaton(6)	1,000	1,914	2,914	*
Steve Lucas	—	4,426	4,426	*
Martin B. McNamara	24,651	30,326	54,977	*
Samuel J. Merksamer	—	—	—	
Edward R. Muller(7)	6,553	19,125	25,678	*
Robert M. Sprague	1,049	18,528	19,577	*
Ian C. Strachan	9,379	18,528	27,907	*
Tan Ek Kia	—	4,426	4,426	*
All of directors and executive officers as a group (19 persons)	188,149	578,670	766,819	*

* Less than 1%.

(1) The business address of each director and executive officer is c/o Transocean Management Ltd., 10 Chemin de Blandonnet, CH-1214, Vernier, Switzerland. None of the shares beneficially owned by our directors or executive officers are pledged as security.

(2) Includes shares held by Mr. Tonnel through the Transocean Employee Savings Plan (987).

(3) Includes shares that may be acquired within 60 days from March 20, 2014 through the exercise of options held by Messrs. Newman (368,852), Ikaheimonen (14,295), Stobart (12,865), Tonnel (58,010), Cason (7,640), Muller (5,730), and all directors and executive officers as a group (467,392). Also includes (a) rights to acquire shares under our deferred compensation plan held by Mr. McNamara (11,798) and all directors and executive officers as a group (11,798); (b) vested deferred units held by Messrs. Bindra (4,426), Cason (13,395), Deaton (1,914) Lucas (4,426), McNamara (18,528), Muller (13,395), Sprague (18,528), Strachan (18,528), Tan (4,426), Ms. Chang (1,914), and all directors and executive officers as a group (99,480). Does not include out-of-the-money SARs held by Messrs. Cason (7,640) and Muller (7,640), and all directors and executive officers as a group (15,280). The base prices of the SARs of $90.27 per share and $107.63 per share were above the closing price for our shares on the NYSE on February 28, 2014 of $42.40 per share.

(4) As of March 21, 2014, each listed individual and our directors and executive officers as a group beneficially owned less than 1.0% of the outstanding shares.

(5) Includes 2,950 shares held in a joint account with his wife.

(6) Includes 1,000 shares held in a joint account with his wife.

(7) Includes 6,389 shares held in a family trust with Mr. Muller and his wife serving as trustees.

Compensation Discussion and Analysis

This Compensation Discussion and Analysis provides an overview and analysis of Transocean's executive compensation program and policies, material compensation decisions and the key factors we considered in making those decisions. It includes specific information about the compensation earned or paid to the following persons who represent our named Executive Officers (as defined below) for 2013:

- Steven L. Newman, President and Chief Executive Officer
- Esa Ikaheimonen, Executive Vice President and Chief Financial Officer
- John B. Stobart, Executive Vice President and Chief Operating Officer
- Allen M. Katz, Interim Senior Vice President and General Counsel
- David Tonnel, Senior Vice President, Finance and Controller
- Ihab M. Toma, former Executive Vice President and Chief of Staff

For purposes of this Compensation Discussion and Analysis, the term "Executive Officer" is as defined by Rule 3b-7 of the Securities Exchange Act of 1934, and the term "Executive Management Team" refers to designations made under Swiss law and the Company's organizational documents with respect to Messrs. Newman, Stobart and Ikaheimonen.

Executive Summary

2013 Business Overview

Transocean is a leading international provider of offshore contract drilling services for oil and gas wells. The company specializes in technically demanding sectors of the global offshore drilling business with a particular focus on deepwater and harsh environment drilling services and believes that it operates one of the most capable offshore drilling fleets in the world. As of March 18, 2014, Transocean owned or had partial ownership interests in, and operated a fleet of, 79 mobile offshore drilling units consisting of 46 high-specification floaters (ultra-deepwater, deepwater and harsh-environment drilling rigs), 22 midwater floaters and 11 high-specification jackups. In addition, the company had nine ultra-deepwater drillships and five high-specification jackups under construction.

In 2013, we made further progress on key areas that are critical to the company's success, including the addition of contracts that contributed approximately $7.9 billion in backlog. Our industry-leading total backlog of over $27 billion provides the company with a solid foundation to weather what we expect to be challenging near-term market conditions resulting primarily from deferred customer demand.

Full year 2013 net income attributable to controlling interest of $1.4 billion on total revenues of $9.5 billion increased versus 2012 due primarily to improved dayrates, contract commencement of our newbuild high-specification jackups and lower rig out-of-service time. However, these gains were offset by an increased number of idle rigs and lower revenue efficiency.

Excluding contingencies related to the Macondo well incident our operating expenses for 2013 increased relative to 2012, due primarily to higher costs associated with certain shipyard projects and increased activity levels, including the three newbuild high-specification jackups that commenced operations during 2013.

Our overall field operating performance in 2013 was below our expectations. We continue to take comprehensive actions to improve revenue efficiency and, while we have observed improvement, our results were inconsistent, resulting in a decline in revenue efficiency to 91.7 percent in 2013 from 93.0 percent in 2012. Our challenges during 2013 highlighted specific rigs and geographic regions where additional focus on operational improvement is required, and we are taking aggressive steps to make these improvements.

We continued to execute on our asset strategy. In 2013 three newbuild high-specification jackups—*Transocean Andaman*, *Transocean Ao Thai* and *Transocean Siam Driller*—were placed into service with Chevron in Thailand. The rigs achieved revenue efficiency of greater than 100 percent for 2013 with zero recordable safety incidents.

During the year, we also announced additional investments in our fleet. We were awarded a five-year contract by Chevron worth approximately $1.1 billion for the newbuild ultra-deepwater drillship, *Deepwater Conqueror*, scheduled for delivery in the second quarter of 2016. We also committed to shipyard contracts valued at approximately $1.2 billion to construct five Super B 400 Bigfoot Class jackup rigs with options for five additional jackups. We anticipate strong demand for these rigs as the renewal of the industry's jackup fleet continues. Further, during 2013 we made additional progress divesting non-core assets, selling eight non-strategic rigs for net cash proceeds of approximately $280 million.

In the context of our balanced capital allocation strategy, we demonstrated our commitment to return excess cash to our shareholders. In 2013, the company proposed, and shareholders approved, a dividend of $2.24 per share, representing one of the industry's largest yields and highest implied pay-out ratios. Our Board of Directors will recommend that our shareholders approve a $ 3.00 per share dividend at the 2014 Annual General Meeting, an approximately 34 percent increase.

We made material progress in reducing key uncertainties that the company faces. Transocean started 2013 on a positive note by reaching a partial settlement with the United States Department of Justice to resolve certain claims against the company related to the Macondo well incident, an important step forward in this complex, ongoing case. We also resolved the two civil actions associated with the Frade field incident in Brazil and assumed no financial obligation, fault or liability in this settlement.

We are working to narrow the margin differential between Transocean and its comparable peers by the end of 2015 through the implementation of onshore and offshore efficiency improvement initiatives. These initiatives are already yielding a more focused organization that delivers the highest level of support to our rig operations without compromising safety, operational integrity, or customer service. We also continue to take steps to further improve the company's balance sheet, including working towards the planned launch of an MLP-like vehicle later this year and completion of our $1 billion accelerated debt repayment program.

Demonstrating our commitment to continuing to advance our technological capabilities, in 2013 we announced a three-year partnership with Shell to develop a next-generation blowout preventer ("BOP") control system. The system will be designed with the goal of eliminating BOP control system downtime.

Finally, the company's safety performance in 2013 was very favorable. The Lost Time Incident Rate, down 48 percent from 2012, was the lowest in the history of the company. The Total Recordable Incident Rate equals our best-ever performance and represents a reduction of 17 percent year-on-year. We remain deeply committed to our company's vision of "an incident-free workplace all the time, everywhere" and will continue to focus on improvement, making the necessary investments to help ensure the well-being of our people on and off the job.

Shareholder Outreach and Compensation Program Changes

At the 2013 Annual General Meeting, approximately 81% of the votes cast in person or by proxy were voted, on an advisory basis, to approve the compensation of our named Executive Officers for 2012.

Following the 2013 Annual General Meeting, the Compensation Committee carefully considered the advisory vote result, solicited input from holders of approximately 20% of our shares, evaluated the positions of shareholder advisory groups and assessed changes in global governance and Swiss legislation in an effort to maintain executive compensation programs and practices that are appropriate for the Company and effective in rewarding executives, commensurate with our business results.

As a result of these considerations, including our shareholder outreach, the following key changes were approved by the Compensation Committee, effective with respect to our 2014 executive compensation program:

- we revised the industry peer group by which we benchmark compensation to eliminate companies with revenues greater than 250% or less than 30% of Transocean's;
- we altered the mix of long-term incentive awards so that performance contingent deferred units now constitute half of the overall long-term incentive awards (compared to one third in 2013) and changed the performance conditions, so that performance will be measured based equally on relative total shareholder return and return on capital employed;
- we implemented revised stock ownership guidelines to increase the amount of our shares that our Chief Executive Officer must own before selling any shares awarded to him under our Long-Term Incentive Plan (the "LTIP") to six times his base pay, compared to five times base pay in prior years;
- we eliminated tax equalization benefits for the Company's Swiss-based expatriate Executive Management Team and Named Executive Officers;
- we approved a one-time, cash payment to the Swiss-based Executive Management Team in order to settle tax liabilities incurred and estimated through 2013, honoring the Company's previous commitments; and
- adopted employment agreements for the Executive Management Team to reflect the elimination of the tax equalization benefits to Swiss-based expatriate Executive Officers.

Minder Ordinance

We are likely to continue to make additional changes to the structure of our executive compensation program in the future as a result of the Minder Ordinance. However, we expect to maintain our commitment to our compensation philosophy and principles while complying with any new Swiss statutory requirements. Of note, existing members of our Executive Management Team are grandfathered under current severance policy provisions through 2015. For more information regarding the Minder Ordinance, see Proxy Statement Summary—Minder Ordinance.

2013 Company Performance and Pay Alignment

The Compensation Committee considered the results of three key performance areas, specified at the beginning of 2013, when determining the outcomes of the variable, performance-based compensation under the Performance Award and Cash Bonus Plan for our Named Executive Officers for 2013.

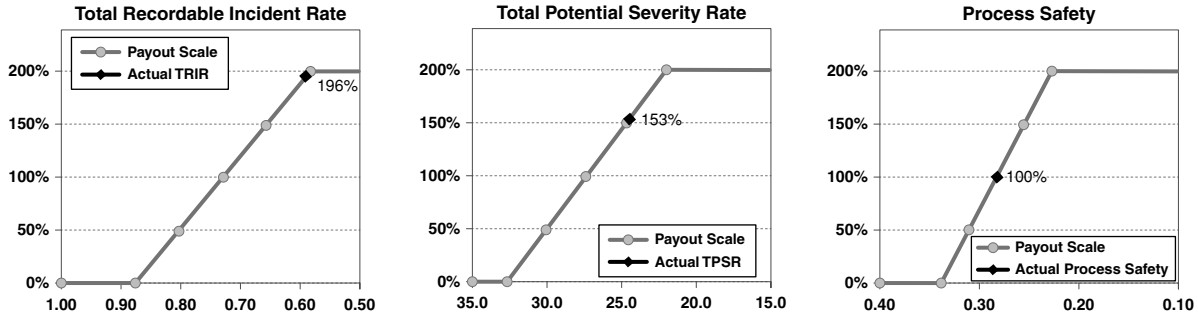
- **Safety Performance:** 30% of total target bonus amount; potential payouts ranging from 0% to 200%
- **Financial Performance:** 50% of total target bonus amount; potential payouts ranging from 0% to 200%
- **Strategic Objectives:** 20% of total target bonus amount; potential payouts ranging from 0% to 200%

Safety Performance

Our business involves numerous operating hazards, and we are strongly committed to protecting our employees, our property and the environment. Our ultimate goal is expressed in our safety vision of "an incident-free workplace-all the time, everywhere." The safety performance targets for 2013 were approved by the Compensation Committee and are set at levels each year that are designed to motivate our executives to achieve continuous improvement in safety performance and to meet strict internal standards. Safety performance targets are recommended to the Compensation Committee by the Board's Health Safety and Environment Committee.

The Compensation Committee measures our safety performance through a combination of Total Recordable Incident Rate ("TRIR"), Total Potential Severity Rate ("TPSR") and Process Safety and each component makes up one-third of the overall safety performance metric.

The following charts show how different safety outcomes and our actual performance related to the formulaic payout amounts for TRIR, TPSR and Process Safety.



Together, the safety metric outcomes resulted in a formulaic payout percentage for this measure of 44.9% of the total target bonus opportunity for each of the Named Executive Officers in 2013.

Total Recordable Incident Rate

TRIR is a safety performance metric recognized by the U.S. Occupational Safety & Health Administration and is used by companies across an array of different industries. We calculate TRIR based upon the guidelines set forth by the International Association of Drilling Contractors (the "IADC"), an industry group for the drilling industry. The IADC methodology calculates TRIR by taking the aggregate number of occurrences of work related injuries or illnesses that result in any of the following: (1) death, (2) a physician or licensed health care professional recommending days away from work due to the injury or illness, (3) an employee not being able to perform all of his or her routine job functions (but not resulting in days away from work), or (4) any other medical care or treatment beyond minor first aid. The TRIR is the number of such occurrences for every 200,000 employee hours worked.

The Compensation Committee approved a TRIR target for 2013 of 0.73, which would represent further progress toward our safety vision. Values above and below this target were calculated in accordance with the chart below, with outcomes falling in between two boundaries interpolated on a straight-line basis:

TRIR Outcome to Target	Bonus Payout
20% Improvement Exceeding Target	200%
10% Improvement Exceeding Target	150%
Target	100%
10% Shortfall	75%
20% Shortfall	50%

Any TRIR outcome representing a shortfall of more than 20% as compared to the target would result in a 0% bonus payout for the TRIR metric and any outcome representing an improvement of 20% or greater as compared to the target would result in a payout of 200% for the TRIR metric. Our TRIR outcome for 2013 was 0.59, representing an improvement of just under 20% as compared to the target. For 2013 there were 108 total recordable incidents; none was a fatality. This resulted in a bonus payout for the TRIR metric of 196% of target for this component.

Total Potential Severity Rate

TPSR is an internally developed safety measure that we utilize to capture the potential severity of incidents over a period of time. TPSR is calculated by taking the sum of all potential severity values

assigned to the incidents, multiplying that number by 200,000, then dividing that number by total employee hours worked. After the occurrence of an incident, the manager or managers responsible for the drilling unit or onshore facility where the incident took place complete an incident report that assigns a preliminary severity value to the incident. The Company also has an independent oversight and review process to evaluate and confirm the potential severity assigned to each incident. The severity value is derived by inputting data into our comprehensive severity calculator. For instance, for dropped objects, the height from which the item was dropped and the weight of the object are inputs into the severity calculator.

In calculating TPSR for the 36,584,371 total fleetwide hours worked in 2013, there was an aggregate severity value of 4,436 assigned to incidents occurring in 2013, resulting in a fleetwide TPSR of 24.3. On a rig-by-rig basis, TPSR outcomes in 2013 ranged from a low of zero to a high of 107.4.

The Compensation Committee approved a TPSR target for 2013 of 27.2, which would represent further progress toward our safety vision. Values above and below this target were calculated in accordance with the chart below, with outcomes falling in between two boundaries interpolated on a straight-line basis:

TRIR Outcome to Target	Bonus Payout
20% Improvement Exceeding Target	200%
10% Improvement Exceeding Target	150%
Target	100%
10% Shortfall	75%
20% Shortfall	50%

Any TPSR outcome representing a shortfall of more than 20% as compared to the target would result in a 0% bonus payout for the TPSR metric and any outcome representing an improvement of 20% or greater as compared to the target would result in a payout of 200% for the TPSR metric. Our TPSR outcome for 2013 of 24.3 represented an improvement of more than 10% as compared to the target. This resulted in a bonus payout for the TPSR metric of 153% of target for this component.

Process Safety

We believe prevention and mitigation management are a critical components to successfully improving our safety performance. Accordingly, in 2013, we added Process Safety as an internally developed safety measure to assess the management of major hazards in order to prevent or mitigate a major accident or significant event.

We use industry standard definitions of significant events, which include:

- Fire, explosion, release of a hazardous substance with serious injury or fatality
- Major structural damage
- Serious injuries/fatalities
- Uncontrolled release of hazardous fluids

To implement this safety measure, we began measuring the number of process safety events that are likely predictors or leading indicators of a potential significant event. The 2013 target for process safety events was established equal to the baseline of events that occurred on our installations in 2012. In 2013, the number of process safety events did not exceed the number of events during the prior year, therefore meeting target performance. In addition to the targets established based on prior year performance and industry practices, we are evaluating alternative objective measurements to further assess process safety and develop a methodology that we believe will drive continuous process safety improvement and measure our performance against accurate indicators for potential major hazards.

Financial Performance

Fifty percent of the target award opportunity for each Named Executive Officer under the 2013 Cash Bonus Plan was based upon our achievement of Cash Flow Value Added ("CFVA") relative to the CFVA delivered in 2012.

The CFVA performance measure is designed to measure the generation of cash returns in excess of the Company's cost of capital. CFVA is equal to Earnings Before Interest, Depreciation and Amortization ("EBIDA") less a charge for Average Capital that is based on the weighted average cost of capital multiplied by Average Capital.

- EBIDA is calculated as net income (loss) before extraordinary items, plus depreciation expense, plus (minus) net interest (income) expense, plus (minus) loss (gain), net of tax, on all unusual items, plus expenditures related to approved long-term investments.
- Average Capital is equal to total equity, plus total long-term debt (book value), minus cash and cash equivalents, minus goodwill, plus capitalized lease obligations under GAAP (short and long term), plus accumulated depreciation on fixed assets, plus incremental capital expenditures during the year, minus capital expenditures related to newbuilds and other approved long-term investments.
- For the purpose of calculating CFVA in 2013, the weighted average cost of capital was set at 9 percent at the start of the year.

For 2013, we modified the method for setting the CFVA target to improve the relationship between expected payouts and returns for shareholders. Performance was calculated on a sliding scale that measures our CFVA improvement in 2013 relative to our CFVA performance in 2012, adjusted to ensure consistency in the year-over-year calculation. This modified approach more strongly focuses management on improving the CFVA generated from our existing assets, disposing of assets with poor CFVA generation prospects and making investments that build our company and enable us to deliver long-term improvements in performance. Under this model, if management delivers performance to earn the weighted average cost of capital on the increase in Average Capital, then our CFVA will be the same as in the prior year, which will provide a target bonus for this performance measure. If our CFVA improves by an amount equal to or greater than 4 percent of the Average Capital at the end of the prior year, then a bonus equal to 200% of the target bonus will be earned for this performance measure. Similarly, if our CFVA declines by an amount equal to or greater than 4 percent of the Average Capital at the end of the prior year, then a bonus equal to 0% of the target bonus will be earned for this performance measure. The bonus multiple will be determined on a straight line basis between these end points.

We achieved a CFVA of $394 million in 2013, which resulted in a payout of 88% of the target bonus amount for this performance component, in accordance with this methodology, and a formulaic payout percentage for this measure of 43.8% of the total target bonus opportunity for each of the Named Executive Officers.

Strategic Objectives

Recognizing the importance of making progress toward achieving our vision of delivering outstanding value to our customers and our shareholders, the Performance Award and Cash Bonus Plan for 2013 also included specific goals related to execution excellence. In 2013, the Compensation Committee approved the following strategic corporate objectives:

- Operational Excellence as measured by 93% revenue efficiency.
- Project Excellence as measured by the delivery of planned shipyard projects within budgeted Net Cash Impact (NCI) of $1,399.6 million.

These strategic corporate objectives represent 20% of the total target bonus amount, with potential payouts ranging from 0% to 40% of the total target bonus amount based on actual performance.

Without applying a specific formula, the Compensation Committee assessed the Company's overall performance against these Strategic Objectives to be 41% of target, which resulted in a payout of 4.1% of the target bonus amount for this performance measure for each of the Named Executive Officers in 2013.

Actual Bonus Plan Compensation for 2013

Based on the performance measures described above and using the pre-determined weighting assigned to each measure by the Compensation Committee, the formulaic bonus outcome for each of our Named Executive Officers was 92.8% of targeted bonus opportunity under the Performance Award and Cash Bonus Plan for 2013. The components of this total bonus payout under the Performance Award and Cash Bonus Plan for 2013 are as follows:

Performance Measure	Threshold Payout	Target Payout	Maximum Payout	Actual Payout
Safety Performance	0%	30%	60%	44.9%
Financial Performance	0%	50%	100%	43.8%
Strategic Objectives	0%	20%	40%	4.1%
Total				**92.8%**

Long-Term Incentive Compensation for 2013

In 2013, the Compensation Committee evaluated the Company's total shareholder return (TSR) relative to the Performance Peer Group for the three-year performance period from January 1, 2011 through December 31, 2013 and determined that the Company's performance fell below threshold.

Threshold performance is total shareholder return equal to or above the 25th percentile of the Performance Peer Group, at which 25% of the target award is earned. Performance below the 25th percentile results in no award being earned.

The result of this determination by the Compensation Committee was that no performance-contingent deferred units ("CDU's") were earned, and the CDUs granted to executives for the 2011-2013 performance period were canceled for no value. For additional information, see "Executive Compensation Components—Long Term Incentives" below.

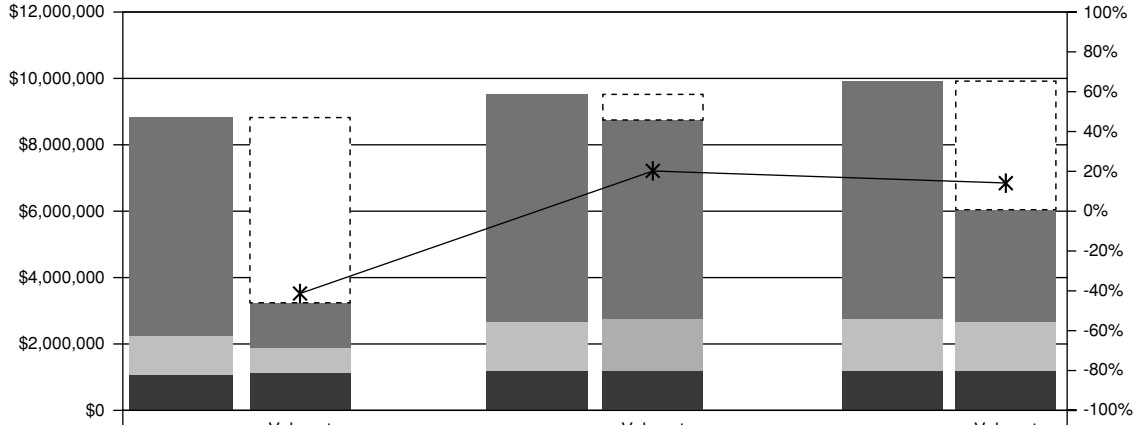
CEO Target vs. Realized Pay

Consistent with our philosophy of aligning the interests of our Executive Officers with those of our shareholders by basing the majority of compensation on achieving desired performance outcomes, the actual total compensation values received by our Executive Officers in recent years have fallen below targeted and competitive market levels (and significantly below these levels with respect to 2011 and 2013). This is primarily a result of the lack of appreciation in the Company's share price and below-target total shareholder return relative to our peers.

In contrast to the information reported in the Summary Compensation Table, which reflects the grant date fair value for stock awards, we believe that realizable pay provides a better picture of the amounts actually earned.

The graph below illustrates the effect of our performance-based compensation programs on the total compensation of our Chief Executive Officer.

CEO Target Compensation vs. Realized Compensation as of December 31, 2013 as compared to annual Total Shareholder Return



	2011 Target	Value at Dec. 31, 2011 (2)	2012 Target	Value at Dec. 31, 2012 (2)	2013 Target	Value at Dec. 31, 2013 (2)
Unrealized Value		$5,634,640		$735,791		$3,896,537
LTIP	$6,600,000	$1,362,460	$6,900,000	$6,061,702	$7,200,000	$3,411,463
Bonus	$1,100,000	$702,900	$1,437,500	$1,540,007	$1,500,000	$1,392,000
Base	$1,100,000	$1,100,000	$1,150,000	$1,150,000	$1,200,000	$1,200,000
TSR		-42.0%		18.2%		14.4%

Total Shareholder Return is calculated assuming that all dividends are reinvested on the date of payment.

The compensation delivered or deliverable for each year was calculated as of December 31, 2013 based on (a) amounts paid under the Performance Award and Cash Bonus Plan, (b) amounts for performance-contingent deferred units that would be receivable if the performance period had ended on December 31, 2013, (c) the intrinsic value of stock options granted in the applicable year based on our closing price of $49.42 on December 31, 2013 and (d) for deferred unit grants, the value of the shares as of December 31, 2013. For additional information, see "Executive Compensation Components—Long Term Incentives" below.

The final actual LTIP values for 2012 and 2013 have not been determined, since the performance periods for the contingent deferred unit awards in those years will end at December 31, 2014 and 2015, respectively. If our performance relative to peers improves between now and the end of the performance period, the realized LTIP values shown for 2012 and 2013 in the chart above would increase, possibly significantly. In addition, any change in our share price compared to our share price on December 31, 2013 would impact the stock option and deferred unit values under the LTIP.

Executive Compensation Program Principal Objectives

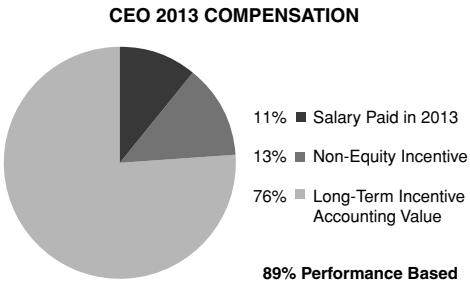
The objective of our compensation program is to align pay with performance. The program is designed to attract, motivate and retain superior executive talent in the geographic locations necessary to support our global operations. The program is also designed to provide our executives with a competitive compensation package that rewards performance against specific identified financial, strategic and operational goals that the Compensation Committee believes are critical to the Company's long-term success and the achievement of sustainable long-term total return to our shareholders.

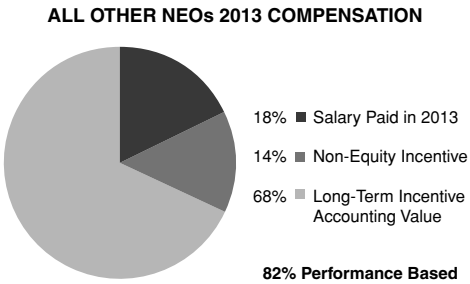
In designing our executive compensation program, we are guided by the following principal objectives:

- positioning each element of total direct compensation at approximately the median of our peer companies;

- aligning annual incentive compensation with financial and strategic objectives; and
- rewarding absolute and relative performance in TSR through long-term equity incentive awards.

The Compensation Committee believes the principal elements of the compensation program of base salary, cash-based annual incentive compensation and equity-based long-term incentive compensation achieve our objective of pay to performance alignment by delivering the vast majority of executive pay as performance-based, 'at-risk' incentive compensation that is designed to balance short-term annual results and the long-term multi-year success of the Company and build long-term shareholder value without excessive risk-taking.





Executive Compensation Setting

We believe that our executive compensation program must be continuously monitored to ensure that we provide the opportunity for each of our Named Executive Officers to receive competitive compensation without providing an incentive for excessive risk-taking. The Compensation Committee annually reviews the total compensation and each component of compensation that may be paid or awarded to each of our Named Executive Officers and compares the total compensation and each component of compensation:

- externally against the amounts paid to Executive Officers holding comparable positions at companies with which we compete for executive talent; and
- internally for purposes of ensuring internal equity.

We regularly assess our compensation programs to ensure they are appropriate within our industry sector and among companies in other industries that are of comparable size, international scope and organizational complexity. We also seek to provide a direct link to enhancing shareholder value and achieving our vision and business strategy.

The Compensation Committee employs two peer groups for setting executive compensation. The 'Peer Group' is used to assess the competitiveness of the compensation of our Named Executive Officers and the 'Performance Peer Group' is used to evaluate the relative performance of our Company.

Peer Group

We compete for executive talent across many different sectors around the world. Our primary competitive market generally includes other companies in the energy industry (oil and gas companies, offshore drilling companies and other energy services companies). In making compensation decisions for the Named Executive Officers, each element of their total direct compensation is compared against published compensation data.

In 2014, the Compensation Committee eliminated from the Peer Group companies with revenues greater than 250% or less than 30% of Transocean's in order to evaluate our compensation practices against companies with which we are more closely aligned based on size, market capitalization, geographic reach and industry segment.

The Peer Group for 2013 is comprised of the following companies:

- Anadarko Petroleum Corporation
- Apache Corporation
- Baker Hughes Incorporated
- BG Group plc
- Cameron International Corporation
- Canadian Natural Resources Limited
- Chesapeake Energy Corporation
- Devon Energy Corporation
- Diamond Offshore Drilling, Inc.
- Encana Corporation
- Ensco plc
- EOG Resources, Inc.
- FMC Technologies, Inc.
- Halliburton Company
- Marathon Oil Corporation
- Nabors Industries Ltd.
- National Oilwell Varco, Inc.
- Noble Corporation plc
- Noble Energy, Inc.
- Petrofac Limited
- Seadrill Limited
- Talisman Energy Inc.
- Weatherford International Ltd.

In addition, we consider the compensation practices of non-energy general industry peers of comparable size and international scope in setting executive compensation levels and use general industry data as a secondary market reference. These non-energy general industry peers are expected to vary from year-to-year based on changes in the marketplace and the availability of published survey data for companies that meet the defined size, international scope and organizational structure criteria.

Competitive market data for the Peer Group are compiled both from published compensation surveys and from information disclosed publicly by each company for the prior year. Data for comparable non-energy general industry peers are obtained from published surveys. Our target market position is determined based on the data believed to be most relevant for a given position. For example, the Peer Group data is weighted more heavily for operations roles, and general industry data is weighted more heavily for executives overseeing administrative functions. However, in accordance with our pay-for-performance philosophy, the Peer Group data is the primary reference for assessing short-term and long-term incentive compensation levels.

Each element of compensation and the total direct compensation for each of the Named Executive Officers is compared to the estimated market median for his or her position.

Performance Peer Group

The Compensation Committee established the Performance Peer Group in order to evaluate the Company's total shareholder return relative to that of companies considered to be direct business competitors and competitors for investment capital. The Performance Peer Group consists of:

- Baker Hughes Incorporated
- Diamond Offshore Drilling, Inc.
- Ensco plc
- Halliburton Company
- Nabors Industries Ltd.
- National Oilwell Varco Inc.
- Noble Corporation plc
- Rowan Companies Inc.
- Schlumberger Limited
- Seadrill Limited
- Weatherford International Ltd.

Executive Compensation Components

Our executive compensation program is designed to meet the objectives of our compensation philosophy, including by tying a significant portion of each executive's compensation to Company and individual performance.

The following table summarizes the purpose and key characteristics of each component of our executive compensation program.

Compensation Element	Purpose	Key Characteristics
Base Salary	To provide a base level of income, targeting the market median for executive talent. Individual circumstances may result in base salaries above or below market median.	Fixed compensation. Reviewed annually and adjusted as appropriate.
Annual Performance Bonus	Motivate executives to achieve our short-term business objectives and reward contributions toward the achievement of pre-established performance goals.	Variable compensation. Based on corporate performance compared to pre-established performance goals. Award potential ranges from 0% to 200% of target. The target annual performance bonus, as a percentage of base salary, was adjusted downward for all executives in 2013.
Long-Term Incentive—Contingent Deferred Units	Align the interests of our executives with those of our shareholders by creating a direct correlation between realized pay and increased shareholder return relative to performance peers over the long-term.	Variable compensation. The number of earned units is based on relative total shareholder return during three-year performance periods. No units were earned for the three-year performance period ending in 2013.
Long-Term Incentive—Stock Options	Motivate executives to contribute to long-term increases in shareholder value. To retain executives by mitigating swings in incentive values.	Variable compensation. Long-term award with ratable vesting over three years that provides a straight-line, direct correlation between realized pay and increases in shareholder value.
Long-Term Incentive—Deferred Units	Motivate executives to contribute to long-term increases in shareholder value. To retain executives by mitigating swings in incentive values.	Variable compensation. Long-term award with ratable vesting over three years that provides a direct correlation between realized pay and increases in shareholder value.
Expatriate Benefits	To assist expatriate executives with part of the additional burden of an overseas posting.	Fixed compensation. Provided to expatriate executives as housing, dependent education, cost of living and automobile allowances. Tax equalization benefits for these allowances have been eliminated.
Other Compensation	Provides benefits that promote employee health and welfare, assist executives in carrying out their duties and increase productivity.	Indirect compensation elements consisting of health and welfare plans and minimal perquisites.

Compensation Element	Purpose	Key Characteristics
Post-Employment	To provide a measure of financial security in the event an executive's employment is terminated without cause.	Fixed compensation. Severance benefits, to the extent permissible under Swiss law, are provided pursuant to the Executive Severance Policy and are not payable in the event of a termination for cause or a voluntary resignation without good reason.

In assessing the reasonableness of the total direct compensation of the Named Executive Officers, particularly the compensation of our Chief Executive Officer, the Compensation Committee considered that the amount and mix of compensation provided a direct link to creating sustainable long-term shareholder value, achieving our vision and business strategy, and advancing the core principles of our compensation philosophy and objectives without excessive risk.

Base Salary

Our Named Executive Officers receive base salaries constituting a basic level of compensation for services rendered during the year. The base salaries of our Named Executive Officers are determined by the Compensation Committee upon each officer's initial hire and reviewed in connection with a promotion or other change in job responsibility. Each base salary is also reviewed by the Compensation Committee annually thereafter, both individually and, for internal pay equity purposes, relative to other Executive Officers. Base salary adjustments are made to reflect our desired position in the competitive market.

The Compensation Committee reviewed the base salaries of the Named Executive Officers and gave consideration to recommendations from our Chief Executive Officer regarding the Named Executive Officers other than himself, competitive compensation information based on Peer Group and other survey data, the job responsibilities, performance, and expected future contributions of each Named Executive Officer, and our compensation philosophy and objectives. Considering input from its compensation consultant, the Compensation Committee approved the following base salaries (or US$ base salary reference) for the individuals listed below, effective March 1, 2013:

Executive	2013 Base Salary	Increase over 2012
Mr. Newman	$1,200,000	4%
Mr. Ikaheimonen(1)	$ 730,000	4%
Mr. Stobart	$ 635,000	3%
Mr. Tonnel	$ 425,000	6%
Mr. Toma(1)	$ 635,000	3%

(1) Base salary was converted from CHF using the CHF : US$ average 2013 exchange rate of .927

The Compensation Committee did not review the base salary of Mr. Katz, as his $600,000 base salary was previously approved under the terms of his employment agreement as Interim Senior Vice President and General Counsel. See "Employment Agreement with Allen Katz" below.

Annual Performance Bonus

Our Performance Award and Cash Bonus Plan (the "Bonus Plan") is a goal-driven plan that provides participants, including the Named Executive Officers, with the opportunity to earn annual cash bonuses based on performance as measured against predetermined performance objectives. Individual target award levels, expressed as percentages of the participants' base salaries, are established by the Compensation

Committee at the beginning of the year. The target award opportunities under the Bonus Plan, when combined with base salaries, are intended to position the participants, on average, to earn total cash compensation approximating competitive market median levels. Performance above and below the target provides the opportunity for participants to earn total annual cash compensation above the competitive market median when warranted by above-target performance, up to a designated maximum, or the possibility of earning total annual cash compensation below the median for below-target performance.

Under the Bonus Plan for 2013, each Named Executive Officer had a potential payout range of 0% to 200% of his individual target award opportunity. In February 2013, the Compensation Committee established a 2013 target bonus opportunity for each of the following named Executive Officers, which is expressed as a percentage of base salary, as follows:

Mr. Newman	125%
Mr. Ikaheimonen	80%
Mr. Stobart	100%
Mr. Tonnel	60%
Mr. Toma	80%

The Compensation Committee did not review the bonus opportunity of Mr. Katz, as his 80% of base salary target bonus opportunity is not subject to the performance objectives of the Bonus Plan and was approved under the terms of his employment agreement as Interim Senior Vice President and General Counsel. See "Employment Agreement with Allen Katz" below.

Long-Term Incentives

We establish competitive long-term incentive opportunities for our Named Executive Officers that motivate achievement of long-term operational goals and increased total shareholder return, align the interests of participants with those of shareholders and vary in the ultimate actual value of the awards based on the Company's actual total shareholder return and stock price appreciation.

To provide an appropriate balance of incentives tied to performance, three types of long-term equity instruments are utilized. The forms of equity awards and their weightings made to our Named Executive Officers are discussed below, and the targeted values of all long-term incentive awards (including stock options and time-vested and performance-vested deferred units) granted to the Named Executive Officers in 2013 were as follows:

Mr. Newman	$7,200,000
Mr. Ikaheimonen	$2,500,000
Mr. Stobart	$2,250,000
Mr. Tonnel	$1,200,000
Mr. Toma	$2,000,000

Under the terms of his employment agreement, Mr. Katz did not receive equity awards in 2013. See "Employment Agreement with Allen Katz" below.

Contingent Deferred Units

CDUs were granted to Named Executive Officers as part of the Company's 2013 annual long-term incentive grants. Each CDU represents one share and is based on a three-year performance cycle from January 1, 2013 through December 31, 2015. The number of CDUs ultimately earned by a Named Executive Officer is based on the total shareholder return of the Company relative to the Performance Peer Group, as determined by the Compensation Committee.

Threshold performance is total shareholder return equal to or above the 25th percentile of the Performance Peer Group, at which 25% of the target award is earned. Performance below the 25th percentile results in no award being earned. Target performance is equal to or above the median of

the Performance Peer Group, at which 100% of the target award is earned. At maximum performance, which is considered to be at or above the 75th percentile of the Performance Peer Group, 175% of the target award is earned. Upon vesting, each CDU, together with a cash payment equal to any dividends or equivalents accrued during the performance cycle for earned and vested shares, will be distributed to the Named Executive Officer.

The target value of the 2013 CDU grants to each of the Named Executive Officers was approximately one-third (33%) of each officer's total 2013 long-term incentive award target value.

Stock Options

Nonqualified stock options were granted to the Named Executive Officers as part of the 2013 annual long-term incentive grants. The options were granted with an exercise price equal to the fair market value of the Company's shares on the grant date and vest over a three-year schedule (ratably one-third each year) with a ten-year term.

The target value of the 2013 stock option grants to each of the Named Executive Officers was approximately one-third (34%) of each officer's total 2013 long-term incentive award target value. The Board did not grant stock option awards in 2014.

Deferred Units

Time-vested deferred units ("DUs") were granted to all Named Executive Officers as part of the 2013 annual long-term incentive grants. Each DU represents one share and vests over a three-year schedule (ratably one-third each year), contingent on continued service.

The target value of the 2013 DU grants to each of the Named Executive Officers was approximately one-third (33%) of each officer's total 2013 long-term incentive award target value.

Employment Agreement with Allen Katz

We entered into an employment agreement with Mr. Katz in connection with his service as our Interim Senior Vice President and General Counsel. The agreement provides for, among other things, a base salary of $50,000 per month, a target bonus of 80% of Mr. Katz' base salary during the term of his service under the agreement (in lieu of participation in the Bonus Plan), contingent upon the satisfaction of his duties under the agreement, and the grant of 32,328 deferred units. Under the agreement, 50% of these deferred units were to be earned if Mr. Katz remained employed by us until June 30, 2013 or was terminated by us or by mutual agreement prior to such date, and the remaining 50% of the deferred units were to be earned on a pro-rated basis, determined by dividing the number of days of employment following June 30, 2013 by 184. Any of these deferred units actually earned shall vest and be payable in three equal installments on the three anniversaries following the date of grant. Mr. Katz is not eligible to participate in our Executive Severance Policy.

Employment Agreements with Members of Executive Management

In connection with the implementation of the Minder Ordinance, we entered into certain employment agreements with members of the Executive Management Team in December 2013 to memorialize prior arrangements in effect with them.

Mr. Newman entered into an employment agreement with us pursuant to which he will receive a monthly salary of $100,000 and his annual cash bonus target under the Bonus Plan will be 125% of his base salary. Mr. Newman also will be eligible for awards under the LTIP and his annual long-term incentive award target will be 600% of his base salary. The Compensation Committee, in its sole discretion, may also grant Mr. Newman a supplemental LTIP award in consideration of his performance of services as a resident of Switzerland. In addition, Mr. Newman will receive normal expatriate allowance benefits related to his assignment to our offices in Geneva.

Mr. Stobart entered into an employment agreement with us pursuant to which he will receive a monthly salary of $52,917 and his annual cash bonus target under the Bonus Plan will be 100% of his base salary. Mr. Stobart also will be eligible for awards under the LTIP and his annual long-term incentive award target will be 350% of his base salary. The Compensation Committee, in its sole discretion, may also grant Mr. Stobart a supplemental LTIP award in consideration of his performance of services as a resident of Switzerland. In addition, Mr. Stobart will receive normal expatriate allowance benefits related to his assignment to our offices in Geneva.

Mr. Ikaheimonen entered into an employment agreement with us pursuant to which he will receive a monthly salary of CHF 57,062 and his annual cash bonus target under the Bonus Plan will be 80% of his base salary. Mr. Ikaheimonen also will be eligible for awards under the LTIP and his annual long-term incentive award target will be 350% of his base salary. The Compensation Committee, in its sole discretion, may also grant Mr. Ikaheimonen a supplemental LTIP award in consideration of his performance of services as a resident of Switzerland. In addition, Mr. Ikaheimonen will receive normal expatriate allowance benefits related to his assignment to our offices in Geneva.

We have agreed in each of these employment agreements to propose alternative terms during the fourth quarter of 2015 to achieve compliance with the Minder Ordinance by January 1, 2016, and the members of the Executive Management Team have agreed to cooperate to reach acceptable terms in compliance with such legislation.

Expatriate Benefits

For our Named Executive Officers who accept an international assignment, we also provide some expatriate benefits, including relocation expenses, housing, car and cost of living allowances, and educational expenses for dependent children. The types and values of these mobility benefits for each Named Executive Officer are included in the Summary Compensation Table under "All Other Compensation" and described in the notes to that table.

Historically, the Company has been responsible for income and social tax liabilities due on these allowances, as well as for any Swiss wealth tax that may be assessed on an executive. Until December 31, 2013, the Company also provided tax equalization benefits to the Executive Officers based in Switzerland who are U.S. nationals, pursuant to the Company's tax equalization policy.

Beginning in 2014, following our decision to suspend these tax equalization and tax protection benefits, our expatriate executives will receive a supplemental equity award to partially offset the loss of these benefits. We believe these supplemental equity awards will be consistent with our pay-for-performance philosophy and will also have a retention benefit, without increasing the total cost of compensation.

Indirect Compensation

In addition to base salary and annual and long-term incentive compensation, we offer other indirect compensatory arrangements to our executives. These indirect elements of executive compensation are not performance-based and are offered as part of the overall compensation package to ensure that the package is competitive with other companies with which we compete for talent. Below is a summary of the principal indirect elements of compensation for our Named Executive Officers.

Health, Welfare and Retirement

Our Named Executive Officers are eligible for Company-wide benefits on substantially the same basis as other full-time employees, including savings, pension, medical, and life insurance benefits. Our Named Executive Officers also receive a supplemental life insurance benefit equal to four times covered annual earnings. This benefit is capped at a maximum of $1 million for Named Executive Officers on the U.S. payroll, with no cap applicable to the Named Executive Officers not on the U.S. payroll. In addition, we make a supplemental pension plan available to employees (including the Named Executive Officers) to

make up for benefits that otherwise would be unavailable due to Internal Revenue Service ("IRS") limits on qualified plans.

Perquisites

We offer limited perquisites as a recruiting and retention tool. Each of our Named Executive Officers may receive up to $5,000 in financial planning. Our Named Executive Officers are also eligible to receive reimbursement for club membership dues and an annual physical exam paid by the Company. The amount of these perquisites was taxable to the Named Executive Officers in 2013.

The Compensation Committee annually reviews the nature and amount of the perquisites and other personal benefits provided to each of our Named Executive Officers to ensure that such perquisites are reasonable and competitive with market practice.

Post-Employment Compensation

We believe that the competitive marketplace for executive talent and our desire to retain our Executive Officers require us to provide our Executive Officers with a severance package. Each of our Executive Officers only receives severance benefits in the event we choose to terminate the Executive Officer at our convenience. Currently, all Named Executive Officers, except Mr. Katz, are covered under our executive severance benefit policy, which provides for specified payments and benefits in the event of a termination at our convenience. Mr. Katz's employment and separation terms are governed by his employment agreement as Interim Senior Vice President and General Counsel. See "Employment Agreement with Allen Katz" above.

The benefits provided in the event of an involuntary termination under the terms of our executive severance benefit policy include a cash severance benefit limited to 52 weeks of base salary; a pro rata share of the termination year's targeted award level under the Bonus Plan for such Named Executive Officer, as determined by the Compensation Committee, treatment of long-term incentive awards under the convenience-of-company termination provision as provided for in the terms and conditions of each award (as more fully described under "Executive Compensation-Potential Payments Upon Termination or Change of Control"); and outplacement services not to exceed 5% of the base salary of the Named Executive Officer.

We also believe that the interests of our shareholders are served by including a double-trigger change-of-control provision in the Bonus Plan and the Long-Term Incentive Plan for Named Executive Officers who would be integral to the success of, and are most likely to be impacted by, a change of control. By requiring two triggering events to occur, we believe that those Executive Officers who remain with us through a change of control will be appropriately focused while those who depart as a result of a change of control will be appropriately compensated. The types of payments that will be made to our executives, along with estimated values as of December 31, 2013, are described under "Executive Compensation—Potential Payments Upon Termination or Change of Control."

The Compensation Committee periodically reviews severance packages offered to the Executive Officers to ensure the benefits are aligned with the prevailing market practices. In order for a Named Executive Officer to receive the benefits described above, the Named Executive Officer must first sign a release of all claims against us and enter into a confidentiality agreement covering our trade secrets and proprietary information.

The Minder Ordinance will require changes to some of the post-employment compensation features described above in relation to our Executive Management Team. With respect to existing members of our Executive Management Team, full compliance with the requirements of the Minder Ordinance must be achieved by January 1, 2016. For any new members of the Executive Management Team, the limitations of the Minder Ordinance with respect to severance would apply immediately.

Executive Compensation Governance

The Compensation Committee is responsible for the executive compensation program design and decision-making process. The Compensation Committee solicits input from the independent members of the Board of Directors, the Chief Executive Officer and other members of management, and its independent compensation consultant to assist it with its responsibilities. The following summarizes the roles of each of the key participants in the executive compensation decision-making process.

Compensation Committee

The Compensation Committee, composed solely of Board members who (a) are not employees of the Company, (b) meet the independence requirements of the New York Stock Exchange, and (c) meet the qualifications of outside directors under Section 162(m) of the U.S. Internal Revenue Code, is responsible for overseeing our executive compensation and long-term incentive programs. Specifically, the Compensation Committee is responsible for:

- reviewing and approving the target and actual compensation paid to and the benefit levels received by our Executive Officers and other officers at or above the Senior Vice President level;
- annually establishing focus areas for our Chief Executive Officer, annually evaluating all aspects of our Chief Executive Officer's performance in light of these focus areas (with the participation of all non-executive members of our Board of Directors), and setting our Chief Executive Officer's compensation based on this evaluation and after reviewing data concerning compensation practices in the competitive market;
- establishing and approving our executive compensation plans and arrangements to provide benefits to our Executive Officers and other officers at or above the Senior Vice President level in accordance with the goals and objectives of the Company as established by the Board of Directors;
- administering the Company's Long-Term Incentive Plan, including determining plan eligibility and approving individual awards for all plan participants;
- administering the Company's Performance Award and Cash Bonus plan and approving individual awards for all executive officers;
- considering and approving executive employment and, to the extent permissible under Swiss law, severance agreements or other contractual agreements that may be entered into with our Executive Officers (which shall not include "single-trigger" change-in-control agreements);
- reviewing and discussing this Compensation Discussion and Analysis with our management and, based upon such review and discussion, recommending to our Board of Directors that the Compensation Discussion and Analysis be included in the proxy statement for our Annual General Meeting; and
- assessing the risks associated with the Company's compensation arrangements.

The Compensation Committee currently consists of four directors: Tan Ek Kia, Chairman, Frederico F. Curado, Martin B. McNamara and Robert M. Sprague.

The Independent Compensation Consultant

To assist it in discharging its responsibilities, the Compensation Committee engaged an independent executive compensation consulting firm, Pay Governance LLC, which advised the Compensation Committee on executive compensation matters for 2013.

In order not to impair the independence of the Compensation Committee's compensation consultant or to create the appearance of such an impairment, the Compensation Committee adopted a policy that any compensation consultant to the Compensation Committee may not provide other services to the Company in excess of $100,000. Neither Pay Governance nor any of its affiliates provided the Company

with any other services in 2013. In August 2013, the Compensation Committee assessed whether the work of Pay Governance for the Compensation Committee during 2013 raised any conflict of interest, including by conducting a review of a number of independence factors, which included the factors set forth under Rule 10C-1 of the Securities Exchange Act, and the Compensation Committee concluded that no conflict of interest was raised that would prevent Pay Governance from independently representing the Compensation Committee.

In advising the Compensation Committee, the compensation consultant reports to and acts at the direction of the Compensation Committee. The Compensation Committee directs the compensation consultant in the performance of its duties under its engagement to provide certain guidance on an ongoing basis, including:

- expertise on compensation strategy and program design;
- information relating to the selection of the Company's peer group;
- relevant market data and alternatives to consider when making compensation decisions;
- assistance in establishing and updating annual and long-term incentive guidelines;
- periodic reviews of the total executive compensation program; and
- support and advice as the Compensation Committee conducts its analysis of and makes its decisions regarding executive compensation.

The Compensation Committee does not necessarily adopt all recommendations given by the compensation consultant but uses the consultant's work as a reference in exercising its own judgment with respect to its own executive compensation actions and decisions.

The compensation consultant participates in every meeting of the Compensation Committee and meets privately with the Compensation Committee at the Compensation Committee's request. Our management provides information to the consultant but does not direct or oversee its activities with respect to our executive compensation program.

Other Advisors

From time to time, management engages other advisors to assist it in providing advice to the Compensation Committee regarding executive compensation matters. Such advisors have included, among others, an outside corporate law firm to provide advice regarding various legal issues, financial analysts to examine relevant performance metrics and an outside actuarial firm to evaluate benefits programs. The Compensation Committee evaluates these advisors for independence on an annual basis.

Management

Our Chief Executive Officer annually reviews the competitive pay position and the performance of each member of senior management other than himself. Our Chief Executive Officer's conclusions and recommendations, including his conclusions and recommendations with respect to base salary adjustments and award amounts for the current year and target annual award amounts for the next year under our Performance Award and Cash Bonus Plan, are presented to the Compensation Committee. The Compensation Committee makes all compensation decisions and approves all share-based awards for the Named Executive Officers and other officers at or above the Senior Vice President level. The Compensation Committee may exercise its discretion in modifying any compensation adjustment or awards to any Executive Officer, including reducing or increasing the payment amount for one or more components of such awards.

Officers and other employees in our human resources department assist our Chief Executive Officer with his recommendations and develop and present other recommendations regarding compensation to the Compensation Committee as needed. Our officers and other employees participate in Compensation Committee discussions in an informational and advisory capacity and have no authority in the Compensation Committee's decision-making process

Additional Executive Compensation Information

Use of Tally Sheets

The Compensation Committee reviews compensation tally sheets, prepared by management, that present comprehensive data on the total compensation and benefits package for each of our Named Executive Officers. Tally sheets include all current compensation obligations, as well as additional analyses with respect to hypothetical terminations to consider the Company's obligations under such circumstances. The Compensation Committee does not use the tally sheets to determine the various elements of compensation or the actual amounts of compensation to be approved, but rather to evaluate the Company's obligations under the various programs.

Stock Ownership Guidelines for Executive Officers

We believe it is important for our Named Executive Officers to build and maintain an appropriate minimum equity stake in the Company. The Company's stock ownership guidelines for Named Executive Officers are intended to further align executives' interests with the interests of our shareholders. Under these guidelines, subject to a provision to allow the sale of up to 50% of any vesting stock prior to coming into compliance with ownership requirements, each of our Named Executive Officers must own an amount of shares equivalent to the following prior to selling any shares granted under the LTIP to such Named Executive Officer:

CEO	6x base pay
President and Executive Vice President	3x base pay
Senior Vice President	2x base pay
Vice President	1x base pay

In 2013, the stock ownership guidelines were revised to increase the amount of shares our CEO must hold to six times his base salary, as opposed to five times base salary in previous years. Compliance with this policy is reviewed by the Compensation Committee and executives must certify their compliance on an annual basis. The Compensation Committee may exercise its discretion in response to any non-compliance with this policy.

No Hedging of Company Stock

In order to discourage our Executive Officers and directors from hedging their long positions in the Company's shares, we have a policy that prohibits any of our Executive Officers and directors from holding derivative instruments tied to our shares, other than derivative instruments that may be issued by us.

Additionally, our Executive Officers and directors are prohibited from hedging, engaging in short sales and holding our shares in margin accounts and must certify compliance with the hedging and pledging provisions of our Insider Trading Policy on an annual basis.

Executive Compensation Recoupment Policy

Under the Incentive Compensation Recoupment Policy, the Company is authorized to recover or adjust incentive compensation to the extent the Compensation Committee determines that payments or awards have exceeded the amount that would otherwise have been received due to a restatement of our financial statements or if the Compensation Committee determines that an executive has engaged in, or has knowledge of, and fails to prevent or disclose, fraud or intentional misconduct pertaining to any financial reporting requirement.

Tax Impact on Compensation

To the extent attributable to our United States subsidiaries and otherwise deductible, Section 162(m) of the Internal Revenue Code ("Section 162(m)") limits the tax deduction that United States subsidiaries

can take with respect to the compensation of designated Executive Officers, unless the compensation is "performance-based."

Under the LTIP, the Compensation Committee has the discretion to award performance-based cash compensation that qualifies under Section 162(m) based on the achievement of objective performance goals. All Executive Officers are eligible to receive this type of award. The Compensation Committee has determined, and may in the future determine, to award compensation that does not qualify under Section 162(m) as performance-based compensation.

COMPENSATION COMMITTEE REPORT

The Compensation Committee of the Board of Directors has reviewed and discussed the above Compensation Discussion and Analysis with management. Based on such review and discussions, the Compensation Committee recommended to the Company's Board of Directors that the above Compensation Discussion and Analysis be included in this proxy statement.

Members of the Compensation Committee:

Tan Ek Kia, Chairman
Frederico F. Curado
Martin B. McNamara
Robert M. Sprague

EXECUTIVE COMPENSATION

Summary Compensation Table

The following table summarizes annual and long-term compensation awarded, earned or paid for services in all capacities to the Named Executive Officers for the fiscal year ended December 31, 2013 and for those officers who were also Named Executive Officers for 2012 or 2011, for fiscal years ended December 31, 2012 or 2011.

Name and Principal Position	Year	Salary(1) $	Bonus $	Stock Awards(2) $	Option Awards(2) $	Non-Equity Incentive Plan Compensation(3) $	Change in Pension Value and Nonqualified Deferred Compensation Earnings(4) $	All Other Compensation(5) $	Total $
Steven L. Newman	2013	1,191,667	—	6,136,767	2,145,403	1,382,625	555,396	2,525,706	13,937,564
President and Chief	2012	1,141,667	—	5,934,659	2,584,048	1,540,007	1,749,000	1,102,514	14,051,895
Executive Officer	2011	1,075,000	—	4,612,340	1,224,446	686,794	1,239,144	1,091,201	9,928,925
Esa Ikaheimonen	2013	731,487	—	2,130,800	744,930	544,921	—	984,635	5,136,773
Executive Vice President and Chief Financial Officer	2012	89,694	248,724	726,383	—	77,759	—	185,338	1,327,898
John B. Stobart	2013	631,667	—	1,917,706	670,430	586,280	97,050	983,866	4,886,999
Executive Vice President and Chief Operating Officer	2012	153,750	300,000	976,351	—	166,803	18,650	21,204	1,636,758
Allen M. Katz	2013	600,000	480,000	—	—	—	90,172	70,224	1,240,396
Senior Vice President and Interim General Counsel									
David Tonnel	2013	420,833	—	1,022,795	357,561	234,290	85,842	249,841	2,371,162
Senior Vice President and Controller	2012	387,875	—	1,032,105	449,400	242,341	92,548	368,865	2,573,134
Ihab M. Toma	*2013*	*631,259*	*519,032*	*1,704,613*	*595,947*	—	—	*728,246*	*4,179,097*
Former Executive Vice	2012	577,446	—	1,720,211	748,988	491,940	—	403,527	3,942,112
President and Chief of Staff	2011	584,673	—	1,048,302	278,290	280,490	—	645,473	2,837,228

(1) Base salary is denominated in U.S. dollars (US$). Messrs. Ikaheimonen's and Toma's salaries were paid in Swiss francs (CHF) but, for purposes of this table, converted to US$ using the average annual CHF to US$ exchange rates of 1.0753 and 1.06668 for 2013 and 2012, respectively, and exchange rates ranging from 0.781 to 0.3967 for 2011.

(2) Represents the aggregate grant date fair value during such year under accounting standards for recognition of share-based compensation expense for the specified year. For a discussion of the valuation assumptions with respect to these awards, please see Note 18 to our consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2013.

(3) Non-Equity Incentive Plan Compensation includes annual cash bonuses paid to the Named Executive Officers based on service during the year included in the table and awarded in the following year pursuant to the Performance Award and Cash Bonus Plan. The Performance Award and Cash Bonus Plan, including the performance targets used for 2013, is described under "Compensation Discussion and Analysis—Performance Award and Cash Bonus Plan."

(4) There are no nonqualified deferred compensation earnings included in this column because no Named Executive Officer received above-market or preferential earnings on such compensation during 2013, 2012 or 2011.

(5) All other compensation for 2013 consists of the following:

Name	Company Contributions to Savings Plans(1) $	Life Insurance Premiums $	Dividend Equivalents on Time-vested DUs $	Club Membership Dues $	Expatriate Assignment Allowances(2) $	Expatriate Relocation Pay and Geographic Differential $	Expatriate Net Tax Paid(3) $
Steven L. Newman	15,300	3,030	154,526	360	309,203	97,160	1,946,487
Esa Ikaheimonen	153,860	54,284	51,109	—	393,667	98,450	233,265
John B. Stobart	7,650	6,222	55,705	—	354,610	149,679	410,000
Allen M. Katz	6,150	15,798	48,276	—	—	—	—
David Tonnel	15,300	2,460	28,876	2,228	187,839	13,138	0
Ihab M. Toma	111,381	25,334	46,432	4,954	190,730	94,689	254,726

(1) Messrs. Newman, Stobart, Katz and Tonnel participate in the U.S. 401(k) Savings Plan. Messrs. Ikaheimonen and Toma participate in the Transocean Management Ltd. Pension Plan. Amounts shown represent Company contributions to those plans.

(2) Amounts represent automobile allowances, housing allowances for Mr. Newman ($179,925), Mr. Ikaheimonen ($180,645), Mr. Stobart ($157,362), Mr. Tonnel ($56,255), and Mr. Toma (165,591); home country leave allowances for Mr. Newman ($39,500), Mr. Stobart ($41,816), and Mr. Tonnel ($42,892); and dependent education costs for Mr. Newman ($76,926), Mr. Ikaheimonen ($184,532), Mr. Stobart ($144,737), and Mr. Tonnel ($42,892).

(3) Amounts include taxes paid by the Company to a taxing authority in 2013 with respect to taxes on income earned in previous years. Amounts also include an estimate of remaining taxes due through tax year 2013 as a result of the discontinuation of tax equalization for Swiss-based executive management, effective December 31, 2013, for Mr. Newman ($1,773,261), Mr. Ikaheimonen ($96,937), and Mr. Stobart ($172,161).

Grants of Plan-Based Awards for 2013

The following table provides information concerning the annual performance bonus and long-term incentive awards made to each of the Named Executive Officers in the fiscal year ended December 31, 2013. Mr. Katz did not receive any such awards during 2013.

		Estimated Future Payouts Under Non-Equity Incentive Plan Awards(1)			Estimated Future Payouts Under Equity Incentive Plan Awards(2)						
Name	Grant Date	Threshold ($)	Target ($)	Maximum ($)	Threshold (#)	Target (#)	Maximum (#)	Number of Shares of Stock or Units(3) (#)	Number of Securities Underlying Options(4) (#)	Exercise or Base Price of Option Award ($/Sh)	Grant Date Fair Value of Stock and Option Awards(5) ($)
Steven L. Newman		—	1,500,000	3,000,000							
	2/14/2013				11,505	46,020	80,535				3,407,781
	2/14/2013								123,512	59.30	2,145,403
	2/14/2013							46,020			2,728,986
Esa Ikaheimonen		—	584,000	1,168,000							
	2/14/2013				3,995	15,979	27,963				1,183,245
	2/14/2013								42,886	59.30	744,930
	2/14/2013							15,979			947,555
John B. Stobart .		—	635,000	1,270,000							
	2/14/2013				3,595	14,381	25,167				1,064,913
	2/14/2013								38,597	59.30	670,430
	2/14/2013							14,381			852,793
David Tonnel . .		—	255,000	510,000							
	2/14/2013				1,918	7,670	13,423				567,963
	2/14/2013								20,585	59.30	357,561
	2/14/2013							7,670			454,831
Ihab M. Toma . .		—	508,000	1,016,000							
	2/14/2013				3,196	12,783	22,370				946,581
	2/14/2013								34,309	59.30	595,947
	2/14/2013							12,783			758,032

(1) This column shows the amount of cash payable to the Named Executive Officers under our Performance Award and Cash Bonus Plan. Actual amounts earned by the Named Executive Officers under the plan appear in the Non-Equity Incentive Plan Compensation Column of the Summary Compensation Table. For more information regarding our Performance Award and Cash Bonus Plan, including the performance targets used for 2013, see "Compensation Discussion and Analysis—Performance Award and Cash Bonus Plan."

(2) The February 14, 2013 contingent deferred unit award is subject to a three-year performance period ending on December 31, 2015. The actual number of deferred units received will be determined in the first 60 days of 2016 and is contingent on our performance in total shareholder return relative to the Performance Peer Group. Any earned shares will vest on December 31, 2015. For more information regarding the LTIP, including the performance targets used for 2013 and the contingent nature of the awards granted under the LTIP, please read, "Compensation Discussion and Analysis—Long-Term Incentive Plan."

(3) This column shows the number of time-vested deferred units granted to the Named Executive Officers under the LTIP. The units vest in one-third increments over a three-year period commencing on the anniversary of the date of grant.

(4) This column shows the number of time-vested stock options granted to the Named Executive Officers under the LTIP. The options vest in one-third increments over a three-year period commencing on the anniversary of the date of grant.

(5) This column represents the grant date fair value of these awards calculated in accordance with accounting standards for recognition of share-based payment awards.

Outstanding Equity Awards at Year-End 2013

The following table sets forth certain information with respect to outstanding equity awards at December 31, 2013 for the Named Executive Officers.

Name	Number of Securities Underlying Unexercised Options Exercisable (#)	Number of Securities Underlying Unexercised Options Not Exercisable (#)	Option Exercise Price ($/Share)	Grant/ Award Date	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested(1) (#)	Market Value of Shares or Units of Stock That Have Not Vested(2) ($)	Equity Incentive Plan Awards: Number of Unearned Shares, Units, Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units, Other Rights That Have Not Vested(2) ($)
Steven L. Newman	17,248	—	$ 83.70	07/13/2006	07/12/2016				
	17,248	—	$ 73.21	10/12/2006	07/12/2016				
	27,728	—	$144.32	07/09/2008	07/08/2018				
	56,000	—	$ 60.19	02/12/2009	02/11/2019				
	63,675	—	$ 80.26	03/01/2010	02/29/2020				
	38,414	19,207	$ 78.76	02/10/2011	02/09/2021				
	44,081	88,163	$ 50.79	02/17/2012	02/16/2022				
	—	123,512	$ 59.30	02/14/2013	02/13/2023				
				02/10/2011		9,765	482,586		
				02/17/2012		36,195	1,788,757		
				02/14/2013		46,020	2,274,308		
				02/17/2012				54,292(3)	2,683,111
				02/14/2013				46,020(4)	2,274,308
Esa Ikaheimonen	—	42,886	$ 59.30	02/14/2013	02/13/2023				
				11/15/2012		10,778	532,649		
				02/14/2013		15,979	789,682		
				02/14/2013				15,979(4)	789,682
John B. Stobart	—	38,597	$ 59.30	02/14/2013	02/13/2023				
				10/01/2012		14,083	695,982		
				02/14/2013		14,381	710,709		
				02/14/2013				14,381(4)	710,709
Allen M. Katz				11/17/2012		21,552	1,065,100		
David Tonnel	3,401	—	$144.32	07/09/2008	07/08/2018				
	9,164	—	$ 60.19	02/12/2009	02/11/2019				
	2,729	—	$ 74.93	09/01/2009	08/31/2019				
	11,792	—	$ 83.32	02/18/2010	02/17/2020				
	5,820	2,911	$ 78.76	02/10/2011	02/09/2021				
	7,666	15,333	$ 50.79	02/17/2012	02/16/2022				
	—	20,585	$ 59.30	02/14/2013	02/13/2023				
				02/10/2011		1,480	73,142		
				02/17/2012		6,295	311,099		
				02/14/2013		7,670	379,051		
				02/17/2012				9,442(3)	466,624
				02/14/2013				7,670(4)	379,051
Ihab M. Toma	7,277	—	$ 72.51	08/17/2009	12/30/2014				
	14,150	—	$ 83.32	02/18/2010	12/30/2014				
	8,730	—	$ 78.76	02/10/2011	12/30/2014				
	12,777	—	$ 50.79	02/17/2012	12/30/2014				
				02/17/2012				10,256(3)	506,852
				02/14/2013				3,896(4)	192,540

(1) Represents time-vested deferred unit awards. Awards vest in one-third increments over a three-year period on the anniversary of the date of grant.

(2) For purposes of calculating the amounts in these columns, the closing price of our shares on the NYSE on December 31, 2013 of $49.42 was used.

(3) Represents the February 17, 2012 contingent deferred unit award, which is subject to a three-year performance period ending on December 31, 2014. The actual number of deferred units received will be determined in the first 60 days of 2015 and is contingent on our performance in total shareholder return relative to the Performance Peer Group. Any shares earned will vest on December 31, 2014. For more information regarding the LTIP, please read "Compensation Discussion and Analysis—Long-Term Incentive Plan."

(4) Represents the February 14, 2013 contingent deferred unit award, which is subject to a three-year performance period ending on December 31, 2015. The actual number of deferred units received will be determined in the first 60 days of 2016 and is contingent on our performance in total shareholder return relative to the Performance Peer Group. Any shares earned will vest on December 31, 2015. For more information regarding the LTIP, please read "Compensation Discussion and Analysis—Long-Term Incentive Plan."

Option Exercises and Shares Vested for 2013

The following table sets forth certain information with respect to the exercise of options and the vesting of deferred units, as applicable, during 2013 for the Named Executive Officers.

	Option Awards		Stock Awards(1)	
Name	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise ($)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting ($)
Steven L. Newman	—	—	27,174	1,494,309
Esa Ikaheimonen	—	—	3,311	293,377
John B. Stobart	—	—	5,412	316,704
Allen M. Katz	—	—	7,427	586,645
David Tonnel	—	—	3,293	389,808
Ihab M. Toma(2)	—	—	34,223	1,829,430

(1) Calculated by multiplying the closing price of our shares on the NYSE on the date of vesting multiplied by the number of shares that vested on such date.

(2) Includes 23,495 shares with an aggregate value of $1,161,123 that vested on December 31, 2013, in connection with Mr. Toma's separation from the Company.

Pension Benefits for 2013

We maintain the following pension plans for executive officers and other employees that provide for post-retirement income based on age and years of service:

- Transocean U.S. Retirement Plan,
- Transocean Pension Equalization Plan,
- Transocean International Retirement Plan, and
- Transocean Management Ltd. Pension Plan.

The following table and narrative disclosure set forth certain information with respect to pension benefits payable to the Named Executive Officers pursuant to these plans:

Name	Plan Name	Number of Years Credited Service (#)	Present Value of Accumulated Benefit ($)	Payments During 2013 ($)
Steven L. Newman	Transocean U.S. Retirement Plan	20	563,429	—
	Transocean Pension Equalization Plan	20	4,779,008	—
Esa Ikaheimonen	Transocean Management Ltd. Pension Plan	1	158,421	—
John B. Stobart	Transocean U.S. Retirement Plan	1	46,942	—
	Transocean Pension Equalization Plan	1	68,758	—
Allen M. Katz	Transocean U.S. Retirement Plan	1	38,823	—
	Transocean Pension Equalization Plan	1	51,349	—
David Tonnel	Transocean U.S. Retirement Plan	8	166,560	—
	Transocean Pension Equalization Plan	8	213,253	—
	Transocean International Retirement Plan	8	100,344	—
Ihab M. Toma	Transocean Management Ltd. Pension Plan	9	579,816	—

Transocean U.S. Retirement Plan

The Transocean U.S. Retirement Plan is a tax-qualified pension plan funded through cash contributions made by the Company based on actuarial valuations and regulatory requirements. Messrs. Newman, Stobart, Katz and Tonnel were the Named Executive Officers in 2013 who have historically participated in this plan. The purpose of the plan is to provide post-retirement income benefits to employees in recognition of their long-term service to the Company. Employees working for the Company in the U.S. are fully vested after completing five years of eligible employment. Benefits available to the Named Executive Officers are no greater than those offered to non-executive participants. Employees earn the right to receive a benefit upon retirement at the normal retirement age of 65 or upon early retirement (age 55 or older). The plan was amended effective January 1, 2009 to eliminate the 30-year lifetime cap on credited service.

Credited service under the plan includes all periods of employment after June 30, 1993, except for such periods when an employee does not meet eligibility requirements under the plan.

The following elements of executive compensation are included in computing the retirement benefit: base salary, non-equity incentive plan compensation and special performance cash bonuses. Retirement benefits are calculated as (1) the product of (A) each year of an employee's credited service, times (B) 2.00%, times (C) the final average earnings, minus (2) the product (also referred to as the "Offset") of (A) each year of an employee's credited service, times (B) 0.65%, times (C) the final average social security earnings. However, the Offset cannot be greater than one-half of the gross benefit, calculated using the lesser of the final average earnings and final average social security earnings.

If the employee elects to retire between the ages of 55 and 64, the amount of benefits is reduced; actuarial reduction factors are applied to his or her "gross benefit" and his or her final average social security earnings offset to allow for the fact that his or her benefit will start earlier than "normal" and will, therefore, be paid for a longer period of time.

None of the Named Executive Officers met the eligibility requirements for "early retirement" under the plan. The gross benefit is reduced 2% per year for the first five years and 6% per year for the next five years that the early retirement date precedes the normal retirement date. The offset benefit is reduced 6.67% per year for the first five years and 3.33% per year for the next five years that the early retirement date precedes the normal retirement date.

Certain assumptions and calculation methods were used to determine the values of the pension benefits disclosed in the Pension Benefits Table above. In particular, monthly accrued pension benefits, payable at age 65, were determined as of December 31, 2013. The present value of these benefits was calculated based on assumptions used in the Company's financial statements for 2012. The key assumptions used were:

Discount rate:	5.07%
Mortality Table:	2014-PPA
Form of Payment:	Joint & 50% Survivor Annuity
Compensation:	Base Salary + Non-Equity Incentive Plan Compensation
Retirement Age:	62

Transocean Pension Equalization Plan

Officers, including each of the Named Executive Officers, are eligible to receive a benefit from the Company's nonqualified, unfunded, noncontributory Pension Equalization Plan ("PEP") if the level of their compensation would otherwise cause them to exceed the Internal Revenue Code compensation limitations imposed on the Transocean U.S. Retirement Plan. The purpose of this plan is to recognize an executive's service to the Company and provide supplemental post-retirement income to those individuals. Benefits are payable upon a participant's termination of employment, or six months after termination in the case of certain officers.

The following forms of compensation are used to calculate the supplemental benefit: base salary, non-equity incentive plan compensation and special performance cash bonuses. Benefits are not earned until the individual has five years of credited service with the Company. The formula used to calculate the plan benefit is the same as that which is used to calculate benefits under the Transocean U.S. Retirement Plan; however, earnings are not limited to the pay cap under Internal Revenue Code Section 401(a)(17) ($255,000 in 2013). The accrued benefit of certain individuals as of December 31, 2008 attributable to the legacy Transocean Supplemental Retirement Plan will be calculated using the interest rate in the Supplemental Retirement Plan, which was the annual interest rate equal to the yield on a new 7-12 year AA-rated general obligation tax-exempt bond as determined by Merrill Lynch & Co. Incorporated (or its affiliates) and published in The Wall Street Journal.

Certain assumptions and calculation methods were used to determine the values of the pension benefits disclosed in the Pension Benefits Table above. In particular, monthly accrued pension benefits, payable at age 65, were determined as of December 31, 2013. The present value of these benefits was calculated based on assumptions used in the Company's financial statements for 2013. The key assumptions are:

Interest Rate:	4.31%
Mortality Table:	2014-417(e)
Form of Payment:	Lump Sum
Lump Sum Rate:	2.81%
Compensation:	Base Salary + Non-Equity Incentive Plan Compensation
Retirement Age:	62

Transocean International Retirement Plan

The Company maintains the Transocean International Retirement Plan, a nonqualified, defined contribution plan, for its non-U.S. citizen employees who accept international assignments and have completed at least one full calendar month of service. Eligibility in the plan is based on residency outside of the U.S. Mr. Tonnel was the only Named Executive Officer in 2013 who held accrued benefits in this plan, however, he did not actively participate in this plan in 2013. The plan is funded through cash contributions by the Company as a percentage of compensation along with voluntary contributions by employees, which are limited to 15% of the employee's base pay. Current Company contribution levels are as follows:

Service	Company Match
< 5 years	4.5%
5 - 9 years	5%
10 - 14 years	5.5%
15 - 19 years	6%
20+ years	6.5%

Contributions are based on a participant's compensation (regular pay, non-equity cash incentive pay and special performance cash awards). The normal retirement age under the plan is age 60; however, participants who are age 50 or older, and who are vested with two or more years of service, may upon termination or retirement, elect to receive a lump sum or an annuity based on the full cash value of the participant's retirement account. If a participant retires with less than two years of service, the participant will only be entitled to receive benefits under the plan based on the accumulated value of his voluntary employee contributions.

Transocean Management Ltd. Pension Plan

The Company maintains the Transocean Management Ltd. Pension Plan, a nonqualified, defined contribution plan, for its non-U.S. dollar paid employees in Switzerland. Messrs. Ikaheimonen and Toma were the Named Executive Officers in 2013 who participated in this plan. The plan is funded through cash

contributions by the Company as a percentage of compensation along with contributions by employees. Mandatory contributions by the employees are 6% of pensionable salary. Additional voluntary contributions are permitted but these contributions do not generate any additional match by the Company. Current Company contribution levels are as follows:

Age	Company Match
24	10%
34	12%
44	14%
54	16%

Contributions are based on a participant's annual salary. Regular retirement age under the plan is age 65 for men and 64 for women, as is customary in Switzerland.

Nonqualified Deferred Compensation for 2013

The following table and narrative disclosure set forth certain information with respect to nonqualified deferred compensation payable to the Named Executive Officers. All nonqualified deferred compensation plan benefits are payable in cash from the Company's general assets.

Name	Executive Contributions in Last FY ($)	Registrant Contributions in Last FY(1) ($)	Aggregate Earnings in Last FY(2) ($)	Aggregate Withdrawals/ Distributions ($)	Aggregate Balance at Last FYE(3) ($)
Steven L. Newman	—	—	1,279	—	40,145
Esa Ikaheimonen	—	—	—	—	—
John B. Stobart	—	—	—	—	—
Allen M. Katz	—	—	—	—	—
David Tonnel	—	—	7	—	220
Ihab M. Toma	—	—	—	—	—

(1) The Transocean U.S. Supplemental Savings Plan was frozen as of December 31, 2008. Accordingly, no new participants have been added since 2008. The balances under the plan will continue to accrue interest and remain in the plan until the participant leaves the Company.

(2) Represents earnings in 2013 on balances in the Transocean U.S. Supplemental Savings Plan.

(3) Represents balances as of December 31, 2013 in the Transocean U.S. Supplemental Savings Plan.

Transocean U.S. Supplemental Savings Plan

The Named Executive Officers and certain other highly compensated employees as of December 31, 2008 were eligible to participate in the nonqualified, unfunded Transocean U.S. Supplemental Savings Plan if the level of their base salaries would otherwise cause them to exceed the contribution limits imposed by the Internal Revenue Code on the Transocean U.S. Savings Plan. Base pay is used to calculate the benefit. The Company maintains on its books an account for each participant to whom it credits (1) the amount of any Company matching contributions which are not paid to the Transocean U.S. Savings Plan due to limitations of the Internal Revenue Code, plus (2) earned interest. This interest is credited at the end of each calendar quarter and is calculated as a sum that is equal to the average balance for the quarter multiplied by one-fourth of the annual prime rate for corporate borrowers quoted by The Federal Reserve Statistical Release at the beginning of the quarter. The participant's supplemental savings benefit equals the balance recorded in his account. A participant receives a single lump sum payment of the balance at the time of such participant's termination, or six months after termination in the case of certain officers. A participant may not receive a distribution or make any withdrawals prior to such participant's termination. On December 31, 2008, the Transocean U.S. Supplemental Savings Plan was frozen. No further benefits have accrued under the plan since December 31, 2008.

Potential Payments Upon Termination or Change of Control

The following tables and narrative disclosure set forth, as of December 31, 2013, certain information with respect to compensation that would be payable to the Named Executive Officers, still serving as officers of the Company as of December 31, 2013, upon a variety of termination or change of control scenarios. Prior to December 31, 2013, Mr. Toma entered into a separation agreement with the Company governing the terms of his departure. As a result, the actual benefits relating to his departure from the Company follows the "Involuntary Not-for-Cause Termination" table for the other Named Executive Officers.

As of December 31, 2013, the Named Executive Officers still serving as officers of the Company were eligible for the executive severance benefit policy. Members of the Executive Management Team are further subject to the full limitations of the Minder Ordinance regarding severance upon expiry of the grand-fathering provisions of the Minder Ordinance in December 2015.

Voluntary Not-for-Cause Termination

Compensation Element	Mr. Newman $	Mr. Ikaheimonen $	Mr. Stobart $	Mr. Katz $	Mr. Tonnel $
Pension Equalization Plan(1)	4,779,008	—	68,758	51,349	213,253
Supplemental Savings Plan(2)	40,145	—	—	—	220
Total Potential Payments	**4,819,153**	**—**	**68,759**	**51,349**	**213,473**

(1) The amount of PEP benefits included in the table for each of Messrs. Newman and Tonnel represents the present value of those benefits which would not have been payable as of December 31, 2013 but would be payable once he reaches 55 years of age.

(2) The supplemental savings plan benefit is equal to the balance, which includes interest, recorded in each Named Executive Officer's account as of December 31, 2013. Each of Messrs. Newman and Tonnel is eligible to receive a lump sum payment of the balance after a six-month waiting period after their termination. No distributions or withdrawals are permitted prior to termination.

Involuntary Not-for-Cause Termination

Compensation Element	Mr. Newman $	Mr. Ikaheimonen $	Mr. Stobart $	Mr. Katz(7) $	Mr. Tonnel $
Cash Severance Payment(1)	1,200,000	730,000	635,000	—	425,000
Non-Equity Incentive Compensation(1)	1,500,000	584,000	635,000	480,000	255,000
Equity Incentive Compensation					
Vested Stock Options	—	—	—	—	—
Unvested Stock Options(2)	—	—	—	—	—
Time-based Deferred Units(3)	4,545,652	1,322,331	1,406,691	1,065,100	763,292
Performance-based Deferred Units(4)	2,159,292	257,325	108,299	—	367,287
Pension Equalization Plan(5)	4,779,008	—	68,758	51,349	213,253
Supplemental Savings Plan(6)	40,145	—	—	—	220
Outplacement Services(1)	60,000	36,500	31,750	—	21,250
Total Potential Payments	**14,284,097**	**2,930,156**	**2,885,498**	**1,596,449**	**2,045,302**

(1) Any involuntary not-for-cause termination as of December 31, 2013 would have been calculated under the executive severance benefit and the Performance Award and Cash Bonus Plan.

(2) The terms and conditions of the non-qualified option awards provide that upon an involuntary, not-for-cause termination, any unvested options are canceled as of the date of termination.

(3) The time-based deferred units ("DUs") are awards that vest in equal installments over three years, on the first, second and third anniversaries of the date of grant. Upon an involuntary, not-for-cause termination, all of the DUs would vest.

(4) The performance-based deferred units ("CDUs") are based upon the achievement of a performance standard over a three-year period. The determination period for a portion of the CDUs ends on December 31, 2014 and the determination period for the remaining CDUs ends on December 31, 2015. The actual number of deferred units received will be determined in the first 60 days of 2015 of 2016, as applicable, and is contingent on our performance in total shareholder return relative to the Performance Peer Group. Upon an involuntary, not-for-cause termination, the Named Executive Officers would receive a pro-rata portion of the CDUs. The pro-rata portion of the CDUs is determined by multiplying the number of CDUs which would have otherwise been earned had the Named Executive Officer's employment not been terminated by a fraction, the numerator of which is the number of calendar days he was employed during the performance cycle after the grant date and the denominator of which is the total number of calendar days in the performance cycle after the grant date.

(5) The amount of PEP benefits included in the table for each of Messrs. Newman and Tonnel represents the present value of those benefits which would not have been payable as of December 31, 2013 but would be payable once he reaches 55 years of age.

(6) The supplemental savings plan benefit is equal to the balance, which includes interest, recorded in each Named Executive Officer's account as of December 31, 2013. Each of Messrs. Newman and Tonnel is eligible to receive a lump sum payment of the balance after a six-month waiting period after his termination. No distributions or withdrawals are permitted prior to termination.

(7) Under the terms of his employment agreement, Mr. Katz is not eligible for the executive severance benefit. See "Compensation Discussion and Analysis—Employment Agreement with Allen Katz" above.

Separation Agreement with Ihab Toma

We entered into a separation agreement with Mr. Toma in connection with his termination as Executive Vice President and Chief of Staff, effective December 31, 2013. The agreement provides for, among other things, a lump sum cash severance payment equal to $758,970 and a cash payment in lieu of payment under the Bonus Plan, equal to $514,604. Under the terms of the agreement, unvested DUs (23,495) previously granted to Mr. Toma with a value of $1,161,123 vested upon his termination, and Mr. Toma received a pro-rata portion of the CDUs (14,152). The determination of the CDUs actually earned will be made within the first 60 days following the end of the performance cycle. The vested stock options previously granted to Mr. Toma will remain exercisable until December 30, 2014, and all unvested stock options were canceled effective December 31, 2013.

Death

Compensation Element	Mr. Newman $	Mr. Ikaheimonen $	Mr. Stobart $	Mr. Katz $	Mr. Tonnel $
Non-Equity Incentive Compensation(1)	1,500,000	584,000	635,000	480,000	255,000
Equity Incentive Compensation					
Vested Stock Options	—	—	—	—	—
Unvested Stock Options(2)	—	—	—	—	—
Time-based Deferred Units(2)	4,545,652	1,322,331	1,406,691	1,065,100	763,292
Performance-based Deferred Units(3)	2,159,292	257,325	108,299	—	367,287
Pension Equalization Plan	2,830,960	—	50,069	38,746	126,327
Supplemental Savings Plan(4)	40,145	—	—	—	220
Life Insurance Benefit(5)	1,000,000	2,920,000	1,000,000	1,000,000	1,000,000
Total Potential Payments	**12,076,049**	**5,083,656**	**3,200,059**	**2,583,846**	**2,512,126**

(1) Each Named Executive Officer's beneficiary would receive the pro rata share of the deceased's targeted non-equity incentive plan compensation for 2013. If the Named Executive Officer died on December 31, 2013, then this pro rata share would be equal to 100% of such Named Executive Officer's targeted non-equity compensation for 2013.

(2) The unvested portions of the stock options and DUs vest immediately upon death.

(3) The beneficiary of each Named Executive Officer is entitled to a pro-rata portion of CDUs upon such Named Executive Officer's death.

(4) Each Named Executive Officer would be eligible to receive the same supplemental savings plan payments as contemplated under the "I. Involuntary Not-for-Cause Termination" scenario described above.

(5) We provide each of our Named Executive Officers with a life insurance benefit equal to four times covered annual earnings; for USD-paid executives only, the life insurance benefit is capped at a maximum of $1,000,000.

Disability

Compensation Element	Mr. Newman $	Mr. Ikaheimonen $	Mr. Stobart $	Mr. Katz $	Mr. Tonnel $
Non-Equity Incentive Compensation(1)	1,500,000	584,000	635,000	480,000	255,000
Equity Incentive Compensation					
Vested Stock Options	—	—	—	—	—
Unvested Stock Options(2)	—	—	—	—	—
Time-based Deferred Units(2)	4,545,652	1,322,331	1,406,691	1,065,100	763,292
Performance-based Deferred Units(3)	2,159,292	257,325	108,299	—	367,287
Pension Equalization Plan	4,779,008	—	68,758	51,349	213,253
Supplemental Savings Plan	40,145	—	—	—	220
Disability Benefit(4)	—	—	—	—	—
Total Potential Payments	**13,024,097**	**2,163,656**	**2,218,748**	**1,596,449**	**1,599,052**

(1) Each of the potential non-equity incentive plan compensation and supplemental savings plan payments under this "Disability" scenario would be the same as contemplated under the "Death" scenario described above.

(2) The unvested portions of the stock options and DUs vest immediately upon disability.

(3) Each Named Executive Officer is entitled to a pro-rata portion of the CDUs upon disability.

(4) None of our Named Executive Officers is eligible for any disability benefits beyond those benefits that are available generally to all of our salaried employees.

Retirement

Compensation Element	Mr. Newman $	Mr. Ikaheimonen $	Mr. Stobart $	Mr. Katz $	Mr. Tonnel $
Non-Equity Incentive Compensation	1,500,000	584,000	635,000	480,000	255,000
Equity Incentive Compensation					
Vested Stock Options	—	—	—	—	—
Unvested Stock Options	—	—	—	—	—
Time-based Deferred Units	4,545,652	1,322,331	1,406,691	1,065,100	763,292
Performance-based Deferred Units(1)	2,159,292	257,325	108,299	—	367,287
Pension Equalization Plan(2)	4,779,008	—	68,758	51,349	213,253
Supplemental Savings Plan(3)	40,145	—	—	—	220
Total Potential Payments	**13,024,097**	**2,163,656**	**2,218,748**	**1,596,449**	**1,599,052**

(1) The treatment of CDU awards upon retirement would be treated the same as described under "Involuntary Not-for-Cause Termination" above.

(2) Each of Messrs. Newman and Tonnel had not reached at least 55 years of age as of December 31, 2013 and were therefore not eligible for early retirement or normal retirement (age 65) under the PEP. The amount of PEP benefits included in the table for each of Messrs. Newman and Tonnel represent the present value of those benefits which would not have been payable as of December 31, 2013 but would be payable once he reaches 55 years of age.

(3) Each Named Executive Officer would be eligible to receive the same supplemental savings plan payments as contemplated under the "Involuntary Not-for-Cause Termination" scenario described above.

Change of Control

Compensation Element	Mr. Newman $	Mr. Ikaheimonen $	Mr. Stobart $	Mr. Katz(5) $	Mr. Tonnel $
Cash Severance Payment(1)	1,200,000	730,000	635,000	—	425,000
Non-Equity Incentive Compensation(1)	1,500,000	584,000	635,000	480,000	255,000
Equity Incentive Compensation					
Vested Stock Options	—	—	—	—	—
Unvested Stock Options(2)	—	—	—	—	—
Time-based Deferred Units(2)	4,545,652	1,322,331	1,406,691	1,065,100	763,292
Performance-based Deferred Units(3)	6,405,129	789,682	710,709		1,065,001
Pension Equalization Plan	4,779,008	—	68,758	51,349	213,253
Supplemental Savings Plan(4)	40,145	—	—	—	220
Outplacement Services(1)	60,000	36,500	31,750	—	21,250
Total Potential Payments	**18,529,934**	**3,462,513**	**3,487,908**	**1,596,449**	**2,743,016**

(1) Any termination in connection with a change of control as of December 31, 2013 would have been calculated under the executive severance benefit policy and the Performance Award and Cash Bonus Plan.

(2) The unvested portions of the stock options and DUs vest immediately upon a change of control termination.

(3) Each Named Executive Officer is entitled to the number of CDUs equal to the target award upon a change of control termination.

(4) Each Named Executive Officer would be eligible to receive the same supplemental savings plan payments as contemplated under the "Involuntary Not-for-Cause Termination" scenario described above.

(5) Under the terms of his employment agreement, Mr. Katz is not eligible for the executive severance benefit. See "Employment Agreement with Allen Katz" above.

EQUITY COMPENSATION PLAN INFORMATION

The following table provides information concerning securities authorized for issuance under our equity compensation plans as of December 31, 2013.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders(1)	1,921,377	$72.01	7,871,975
Equity compensation plans not approved by security holders(2)(3)	—	—	—
Total	1,921,377	$72.01	7,871,975

(1) Restricted shares and deferred units are included in the awards we may grant under the LTIP, and 3,038,491 shares are available for future issuance pursuant to grants of restricted shares and deferred units.

(2) Does not include 104,664 shares to be issued upon the exercise of options with a weighted average exercise price of $47.97 that were granted under (a) equity compensation plans of GlobalSantaFe Corporation assumed by us in connection with our merger with GlobalSantaFe, (b) the Sedco Forex Option plan assumed by us in connection with our merger with Sedco Forex Holding Limited, and (c) equity compensation plans of R&B Falcon Corporation assumed by us in connection with our merger with R&B Falcon (collectively, the "Assumed Plans"). No new awards will be granted under the Assumed Plans.

(3) Does not include any shares that may be distributed under our deferred compensation plan, which has not been approved by our shareholders. Under this plan, our directors could defer any fees or retainers by investing those amounts in Transocean Inc. ordinary share equivalents or in other investments selected by the administrative committee. Amounts that are invested in the share equivalents at the time of distribution are distributed in ordinary shares. After December 31, 2005, no further deferrals may be made under the plan. As of the time immediately prior to our merger with GlobalSantaFe, our directors had purchased 30,490 Transocean Inc. ordinary share equivalents under this plan. Each of the share equivalents was reclassified into 0.6996 share equivalents and $33.03 cash. Fractional share equivalents were paid in cash. The total cash consideration was used to purchase additional share equivalents using the closing price for Transocean Inc. ordinary shares on November 27, 2007. As a result of the redomestication transaction pursuant to which Transocean Inc. merged by way of schemes of arrangement under Cayman Islands law with Transocean Cayman Ltd., with Transocean Inc. as the surviving company, each Transocean Inc. ordinary share equivalent was exchanged for a Transocean Ltd. share equivalent. For the years ended December 31, 2013 and December 31, 2012, our directors held 22,394 and 24,513 share equivalents under the plan, respectively.

OTHER MATTERS

Compensation Committee Interlocks and Insider Participation

The members of the Compensation Committee of the Board of Directors during 2013 were Tan Ek Kia, Chairman, Frederico F. Curado, Martin B. McNamara and Robert M. Sprague There are no matters relating to interlocks or insider participation that we are required to report.

Section 16(a) Beneficial Ownership Reporting Compliance

Federal securities laws require the Company's executive officers and directors, and persons who own more than ten percent of the Company's shares, to file initial reports of ownership and reports of changes in ownership of the Company's equity securities with the Securities and Exchange Commission. Based solely on a review of such reports furnished to the Company and written representations that no report on Form 5 was required for 2013, and except Form 4 filings for Ihab Toma, David Tonnel and Steven Newman filed on February 13, 2013 that were filed one day past the required deadline due to administrative and technical delay in receiving the correct information for the transactions for which the forms relate, the Company believes that no director, officer or beneficial owner of more than ten percent of the Company's shares failed to file a report on a timely basis in 2013.

Householding

The SEC permits a single set of annual reports and proxy statements to be sent to any household at which two or more shareholders reside if they appear to be members of the same family. Each shareholder continues to receive a separate proxy card. This procedure, referred to as householding, reduces the volume of duplicate information shareholders receive and reduces mailing and printing expenses. A number of brokerage firms have instituted householding.

As a result, if you hold your shares through a broker and you reside at an address at which two or more shareholders reside, you will likely be receiving only one annual report and proxy statement unless any shareholder at that address has given the broker contrary instructions. However, if any such beneficial shareholder residing at such an address wishes to receive a separate annual report or proxy statement in the future, or if any such beneficial shareholder that elected to continue to receive separate annual reports or proxy statements wishes to receive a single annual report or proxy statement in the future, that shareholder should contact their broker or send a request to Investor Relations at our offices in the United States, at 4 Greenway Plaza, Houston, Texas 77046, telephone number +1 (713) 232-7500. We will deliver, promptly upon written or oral request to Investor Relations, a separate copy of the 2013 Annual Report and this proxy statement to a beneficial shareholder at a shared address to which a single copy of the documents was delivered.

Proposals of Shareholders

Shareholder Proposals in the Proxy Statement. Rule 14a-8 under the Securities Exchange Act of 1934 addresses when a company must include a shareholder's proposal in its proxy statement and identify the proposal in its form of proxy when the company holds an annual or special meeting of shareholders. Under Rule 14a-8, in order for your proposals to be considered for inclusion in the proxy statement and proxy card relating to our 2015 Annual General Meeting, your proposals must be received at our principal executive offices c/o Transocean Management Ltd., 10 Chemin de Blandonnet, CH-1214 Vernier, Switzerland by no later than December 12, 2014 at 5:00 p.m., Swiss time. However, if the date of the 2015 Annual General Meeting changes by more than 30 days from the anniversary of the 2014 Annual General Meeting, the deadline is a reasonable time before we begin to print and mail our proxy materials. We will notify you of this deadline in a Quarterly Report on Form 10-Q, in a Current Report on Form 8-K or in another communication to you. Shareholder proposals must also be otherwise eligible for inclusion.

Shareholder Proposals and Nominations for Directors to Be Presented at Meetings. If you desire to bring a matter before an Annual General Meeting and the proposal is submitted outside the process of

Rule 14a-8, you must follow the procedures set forth in our Articles of Association. Our Articles of Association provide generally that, if you desire to propose any business at an Annual General Meeting (including the nomination of any director), you must give us written notice at least 30 calendar days prior to the anniversary date of the proxy statement in connection with Transocean's last Annual General Meeting; provided, however, that if the date of the Annual General Meeting is 30 calendar days before or after the anniversary date of the last Annual General Meeting, such request must instead be made by the tenth day following the date on which we have made public disclosure of the date of the Annual General Meeting. The deadline under our Articles of Association for submitting proposals will be March 12, 2015 at 5:00 p.m., Swiss time for the 2015 annual meeting unless it is more than 30 calendar days before or after May 16, 2015.

In order for the notice to be considered timely under Rule 14a-4(c) of the Securities Exchange Act of 1934, proposals must be received no later than March 12, 2015 at 5:00 p.m., Swiss time. The request must specify the relevant agenda items and motions, together with evidence of the required shareholdings recorded in the share register, as well as any other information as would be required to be included in a proxy statement pursuant to the rules of the SEC.

If you desire to nominate directors to be presented at an Annual General Meeting, you must give us written notice within the time period described in the preceding paragraph. If you desire to nominate directors to be presented at an extraordinary general meeting at which the Board of Directors has determined that directors will be elected, you must give us written notice by the close of business on the tenth day following our public disclosure of the meeting date. Notice for the nomination of directors at any general meeting must set forth:

- your name and address and the name and address of the person or persons to be nominated;
- a representation that you are a holder of record of our shares entitled to vote at the meeting or, if the record date for the meeting is subsequent to the date required for that shareholder notice, a representation that you are a holder of record at the time of the notice and intend to be a holder of record on the date of the meeting and, in either case, setting forth the class and number of shares so held, including shares held beneficially;
- a representation that you intend to appear in person or by proxy as a holder of record at the meeting to nominate the person or persons specified in the notice;
- a description of all arrangements or understandings between you and each nominee you propose and any other person or persons under which the nomination or nominations are to be made by you;
- any other information regarding each nominee you propose that would be required to be included in a proxy statement filed pursuant to the proxy rules of the SEC; and
- the consent of each nominee to serve as a director if so elected.

The Board of Directors may refuse to transact any business or to acknowledge the nomination of any person if you fail to comply with the foregoing procedures. You may obtain a copy of our Articles of Association and Organizational Regulations, in which these procedures are set forth, upon written request to our Corporate Secretary, Transocean Ltd., Turmstrasse 30, CH-6300 Zug, Switzerland.

Cost of Solicitation

The accompanying proxy is being solicited on behalf of the Board of Directors. The expenses of preparing, printing and mailing the proxy and the materials used in the solicitation will be borne by us. We have retained Innisfree M&A Incorporated (New York) for a fee of $25,000, plus expenses, to aid in the solicitation of proxies. Proxies may be solicited by personal interview, mail, telephone, facsimile, Internet or other means of electronic distribution by our directors, officers and employees, who will not receive additional compensation for those services. Arrangements also may be made with brokerage houses and other custodians, nominees and fiduciaries for the forwarding of solicitation materials to the beneficial

owners of shares held by those persons, and we will reimburse them for reasonable expenses incurred by them in connection with the forwarding of solicitation materials.

Forward-Looking Statements

The statements included in this proxy statement, including in the section entitled "Compensation Discussion and Analysis-Executive Summary-2013 Business Overview," regarding future financial performance and results of operations and other statements 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 about the following subjects: a near-term oversupply of floating drilling rigs and delayed demand for rig capacity; demand for newbuild jackup rigs; next-generation BOPs; the planned MLP and accelerated debt repayment program; and operational improvements. Such statements are subject to numerous risks, uncertainties and assumption, including, but not limited to: operating hazards and delays actions by customers and other third parties, conditions in the capital markets and those described under "Item 1A. Risk Factors" in the 2013 Annual Report and in our filings with the SEC. Should one or more of these risks or uncertainties materialize (or the other consequences of such a development worsen), or should underlying assumptions prove incorrect, actual results may vary materially from those indicated or expressed or implied by such forward-looking statements. All subsequent written and oral forward-looking statements attributable to us 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, except as required by law.

Annex A—Adoption of Authorized Share Capital

Artikel 5

Genehmigtes Aktienkapital

1 ~~*(leer gelassen)*~~Der Verwaltungsrat ist ermächtigt, das Aktienkapital jederzeit bis zum 16. Mai 2016 im Maximalbetrag von CHF 336'447'570 durch Ausgabe von höchstens 22'429'838 vollständig zu liberierenden Aktien mit einem Nennwert von je CHF 15 zu erhöhen. Eine Erhöhung (i) auf dem Weg einer Festübernahme durch eine Bank, ein Bankenkonsortium oder Dritte und eines anschliessenden Angebots an die bisherigen Aktionäre sowie (ii) in Teilbeträgen ist zulässig.

2 Der Verwaltungsrat legt den Zeitpunkt der Ausgabe, den Ausgabebetrag, die Art, wie die neuen Aktien zu liberieren sind, den Beginn der Dividendenberechtigung, die Bedingungen für die Ausübung der Bezugsrechte sowie die Zuteilung der Bezugsrechte, welche nicht ausgeübt wurden, fest. Nicht-ausgeübte Bezugsrechte kann der Verwaltungsrat verfallen lassen, oder er kann diese bzw. Aktien, für welche Bezugsrechte eingeräumt, aber nicht ausgeübt werden, zu Marktkonditionen platzieren oder anderweitig im Interesse der Gesellschaft verwenden.

3 Der Verwaltungsrat ist ermächtigt, die Bezugsrechte der Aktionäre zu entziehen oder zu beschränken und einzelnen Aktionären oder Dritten zuzuweisen:

(a) wenn der Ausgabebetrag der neuen Aktien unter Berücksichtigung des Marktpreises festgesetzt wird; oder

Article 5

Authorized Share Capital

1 ~~*(left blank)*~~The Board of Directors is authorized to increase the share capital, at any time until May 16, 2016, by a maximum amount of CHF 336,447,570 by issuing a maximum of 22,429,838 fully paid up Shares with a par value of CHF 15 each. An increase of the share capital (i) by means of an offering underwritten by a financial institution, a syndicate of financial institutions or another third party or third parties, followed by an offer to the then-existing shareholders of the Company, and (ii) in partial amounts shall be permissible.

2 The Board of Directors shall determine the time of the issuance, the issue price, the manner in which the new Shares have to be paid up, the date from which the Shares carry the right to dividends, the conditions for the exercise of the preemptive rights and the allotment of preemptive rights that have not been exercised. The Board of Directors may allow the preemptive rights that have not been exercised to expire, or it may place such rights or Shares, the preemptive rights of which have not been exercised, at market conditions or use them otherwise in the interest of the Company.

3 The Board of Directors is authorized to withdraw or limit the preemptive rights of the shareholders and to allot them to individual shareholders or third parties:

(a) if the issue price of the new Shares is determined by reference to the market price; or

Artikel 5

(b) für die Übernahme von Unternehmen, Unternehmensteilen oder Beteiligungen oder für die Finanzierung oder Refinanzierung solcher Transaktionen oder die Finanzierung von neuen Investitionsvorhaben der Gesellschaft; oder

(c) zum Zwecke der Erweiterung des Aktionärskreises in bestimmten Finanz- oder Investoren-Märkten, zur Beteiligung von strategischen Partnern, oder im Zusammenhang mit der Kotierung von neuen Aktien an inländischen oder ausländischen Börsen; oder

(d) für die Einräumung einer Mehrzuteilungsoption (*Greenshoe*) von bis zu 20% der zu platzierenden oder zu verkaufenden Aktien an die betreffenden Erstkäufer oder Festübernehmer im Rahmen einer Aktienplatzierung oder eines Aktienverkaufs; oder

(e) für die Beteiligung von Mitgliedern des Verwaltungsrates, Mitglieder der Geschäftsleitung, Mitarbeitern, Beauftragten, Beratern oder anderen Personen, die für die Gesellschaft oder eine ihrer Tochtergesellschaften Leistungen erbringen.

4 Die neuen Aktien unterliegen den Eintragungsbeschränkungen in das Aktienbuch von Artikel 7 und 9 dieser Statuten.

Article 5

(b) for the acquisition of an enterprise, part(s) of an enterprise or participations, or for the financing or refinancing of any of such transactions, or for the financing of new investment plans of the Company; or

(c) for purposes of broadening the shareholder constituency of the Company in certain financial or investor markets, for purposes of the participation of strategic partners, or in connection with the listing of new Shares on domestic or foreign stock exchanges; or

(d) for purposes of granting an over-allotment option (*Greenshoe*) of up to 20% of the total number of Shares in a placement or sale of Shares to the respective initial purchaser(s) or underwriter(s); or

(e) for the participation of members of the Board of Directors, members of the Executive Management Team, employees, contractors, consultants or other persons performing services for the benefit of the Company or any of its subsidiaries.

4 The new Shares shall be subject to the limitations for registration in the share register pursuant to Articles 7 and 9 of these Articles of Association.

Annex B—Amendment of the Articles of Association to Reduce the Maximum Number of the Members of the Board of Directors to 11 from 14

	B. Verwaltungsrat		*B. Board of Directors*
	Artikel 22		**Article 22**
Anzahl der Verwaltungsräte	Der Verwaltungsrat besteht aus mindestens zwei (2) und höchstens ~~14~~ elf (11) Mitgliedern.	Number of Directors	The Board of Directors shall consist of no less than two (2) and no more than ~~14~~ eleven (11) members.

	Abschnitt 3:		**Section 3:**
	Gesellschaftsorgane		*Corporate Bodies*
	A. Generalversammlung		*A. General Meeting of Shareholders*
	Artikel 11		**Article 11**
Ordentliche Generalversammlung	Die ordentliche Generalversammlung findet alljährlich innerhalb von sechs Monaten nach Schluss des Geschäftsjahres statt. Spätestens zwanzig Kalendertage vor der Versammlung sind der Geschäftsbericht ~~und der Revisionsbericht~~, der Vergütungsbericht und die Revisionsberichte den Aktionären am Gesellschaftssitz zur Einsicht aufzulegen. Jeder Aktionär kann verlangen, dass ihm unverzüglich eine Ausfertigung des Geschäftsberichts ~~und des Revisionsberichts~~, des Vergütungsberichts und der Revisionsberichte ohne Kostenfolge zugesandt wird. Die im Aktienbuch eingetragenen Aktionäre werden über die Verfügbarkeit des Geschäftsberichts ~~und des Revisionsberichts~~, des Vergütungsberichts und der Revisionsberichte durch schriftliche Mitteilung unterrichtet.	Annual General Meeting	The Annual General Meeting shall be held each year within six months after the close of the fiscal year of the Company. The Annual Report, the Compensation Report and the Auditor's Reports shall be made available for inspection by the shareholders at the registered office of the Company no later than twenty calendar days prior to the Annual General Meeting. Each shareholder is entitled to request prompt delivery of a copy of the Annual Report, the Compensation Report and the Auditor's Reports free of charge. Shareholders of record will be notified of the availability of the Annual Report, the Compensation Report and the Auditor's Reports in writing.

		Artikel 16			**Article 16**
Recht auf Teilnahme, Vertretung der Aktionäre	1	Jeder im Aktienbuch eingetragene Aktionär ist berechtigt, an der Generalversammlung und deren Beschlüssen teilzunehmen. Ein Aktionär kann sich an der Generalversammlung durch einen unabhängigen Stimmrechtsvertreter vertreten lassen, wobei ~~der Vertreter nicht~~ die Vollmacht und die Weisungen an den unabhängigen Stimmrechtsvertreter auch in einer vom Verwaltungsrat von Zeit zu Zeit näher bestimmten elektronischen Form erteilt werden können, oder durch jeden anderen Bevollmächtigten, der jedoch kein Aktionär sein muss. Der Verwaltungsrat regelt die Einzelheiten über die Vertretung und Teilnahme an der Generalversammlung in Verfahrensvorschriften, einschliesslich mittels Verfahrensvorschriften in der Einladung zur Generalversammlung oder in den Stimmrechtskarten, die den Aktionären zugestellt werden.	Right to Participation and Representation	1	Each shareholder recorded in the share register is entitled to participate at the General Meeting of Shareholders and in any vote taken. The shareholders may be represented by ~~proxies who need not be shareholders~~the independent proxy, including, without limitation, by granting proxy and providing instructions to such independent proxy by electronic means, as determined by the Board of Directors from time to time, or by any other proxy who need not be a shareholder. The Board of Directors shall issue the particulars of the right to representation and participation at the General Meeting of Shareholders in procedural rules, including in procedural rules included in the notice of the General Meeting of Shareholders or the proxy cards made available to shareholders.
	2	Die Aktionäre wählen den unabhängigen Stimmrechtsvertreter an einer Generalversammlung für eine Amtszeit bis zum Abschluss der nächsten ordentlichen Generalversammlung. Wiederwahl ist möglich. Ist das Amt des unabhängigen Stimmrechtsvertreters aus irgendeinem Grund vakant, ernennt der Verwaltungsrat den unabhängigen Stimmrechtsvertreter für die nächste Generalversammlung.		2	Shareholders shall elect the independent proxy at a General Meeting of Shareholders for a term of office extending until completion of the next Annual General Meeting. Re-election is possible. If the office of the independent proxy is vacant, for any reason, the Board of Directors shall appoint the independent proxy for the next General Meeting of Shareholders.

	Artikel 19		**Article 19**
Befugnisse der Generalversammlung	Der Generalversammlung sind folgende Geschäfte vorbehalten:	Powers of the General Meeting of Shareholders	The following powers shall be vested exclusively in the General Meeting of Shareholders:
	(a) Die Festsetzung und Änderung dieser Statuten;		(a) The adoption and amendment of these Articles of Association;
	(b) die Wahl der Mitglieder des Verwaltungsrates ~~und~~, des Verwaltungsratspräsidenten, der Mitglieder des Vergütungsausschusses, der Revisionsstelle und des unabhängigen Stimmrechtsvertreters;		(b) the election of the members of the Board of Directors ~~and~~, the Chair of the Board of Directors, the members of the Compensation Committee, the Auditor and the independent proxy;
	(c) die Genehmigung des ~~Jahresberichtes~~ Lageberichts und der Konzernrechnung;		(c) the approval of the ~~Annual~~ Management Report and the Consolidated Financial Statements;
	(d) die Genehmigung der Jahresrechnung sowie die Beschlussfassung über die Verwendung des Bilanzgewinnes, insbesondere die Festsetzung der Dividende;		(d) the approval of the Annual Statutory Financial Statements of the Company and the resolution on the allocation of profit shown on the Annual Statutory Balance Sheet, in particular the determination of any dividend;
	(e) die Genehmigung der Vergütung des Verwaltungsrates und der Geschäftsleitung gemäss Art. 29a dieser Statuten;		(e) the ratification of the compensation of the Board of Directors and the Executive Management Team pursuant to Article 29a of these Articles of Association;
	(f) ~~(e)~~die Entlastung der Mitglieder des Verwaltungsrates und der Geschäftsleitung;		(f) ~~(e)~~the discharge from liability of the members of the Board of Directors and the Executive Management Team;
	(g) ~~(f)~~die Genehmigung eines Zusammenschlusses mit einem Nahestehenden Aktionär (gemäss der Definition dieser Begriffe in Artikel 35 dieser Statuten); und		(g) ~~(f)~~the approval of a Business Combination with an Interested Shareholder (as each such term is defined in Article 35 of these Articles of Association); and

Artikel 19

(h) ~~(g)~~die Beschlussfassung über die Gegenstände, die der Generalversammlung durch das Gesetz oder die Statuten vorbehalten sind oder ihr, vorbehältlich Artikel 716a OR, durch den Verwaltungsrat vorgelegt werden.

Article 19

(h) ~~(g)~~the adoption of resolutions on matters that are reserved to the General Meeting of Shareholders by law, these Articles of Association or, subject to article 716a CO, that are submitted to the General Meeting of Shareholders by the Board of Directors.

B. Verwaltungsrat

B. Board of Directors

Artikel 23

Amtsdauer

1 ~~Die Verwaltungsräte werden vom Verwaltungsrat in drei Klassen aufgeteilt, welche als Klasse I, Klasse II und Klasse III bezeichnet werden. An jeder ordentlichen Generalversammlung soll jede Klasse Verwaltungsräte, deren Amtsdauer abläuft, für eine Amtsdauer von drei Jahren bzw. bis zur Wahl eines Nachfolgers in sein Amt gewählt werden. Der Verwaltungsrat legt die Reihenfolge der Wiederwahl fest, wobei die erste Amtszeit einer Klasse von Verwaltungsräten auch weniger als drei Jahre betragen kann. Für die Zwecke dieser Bestimmung ist unter einem Jahr der Zeitabschnitt zwischen zwei ordentlichen Generalversammlungen zu verstehen.~~Die Aktionäre wählen die Mitglieder des Verwaltungsrates und den Verwaltungsratspräsidenten einzeln an einer Generalversammlung für eine Amtsdauer bis zum Abschluss der nächsten ordentlichen Generalversammlung. Wiederwahl ist möglich. Ist das Amt des Verwaltungsratspräsidenten aus irgendeinem Grund vakant, ernennt der Verwaltungsrat den Verwaltungsratspräsidenten für eine Amtsdauer bis zum Abschluss der nächsten ordentlichen Generalversammlung.

Article 23

Term of Office

1 ~~The Board of Directors shall divide its members into three classes, designated Class I, Class II and Class III. At each Annual General Meeting, each class of the members of the Board of Directors whose term shall then expire shall be elected to hold office for a three-year term or until the election of their respective successor in office. The Board of Directors shall establish the order of rotation, whereby the first term of office of members of a particular Class may be less than three years. For purposes of this provision, one year shall mean the period between two Annual General Meetings of Shareholders.~~The Shareholders shall elect the members of the Board of Directors and the Chair of the Board of Directors individually at a General Meeting of Shareholders for a term of office extending until completion of the next Annual General Meeting. Re-election is possible. If the office of the Chair of the Board of Directors is vacant, for any reason, the Board of Directors shall appoint the Chair from among its members for a term of office extending until completion of the next Annual General Meeting.

Artikel 23

2 *Keine Änderungen*

[3 Art. 18 Abs. 2 dieser Statuten ist auf die Wahl des Verwaltungsratspräsidenten entsprechend anwendbar.]*

Article 23

2 *No changes*

[3 Article 18 para. 2 of these Articles of Association shall apply *mutatis mutandis* to the election of the Chair of the Board of Directors.]*

Artikel 24

Organisation des Verwaltungsrates, Entschädigung

1 ~~Der Verwaltungsrat wählt aus seiner Mitte einen Vorsitzenden~~Vorbehältlich der Wahl des Verwaltungsratspräsidenten und der Mitglieder des Vergütungsausschusses durch die Aktionäre an einer Generalversammlung bestimmt der Verwaltungsrat seine Organisation selbst. Er kann einen oder mehrere Vize~~p~~-Präsidenten wählen. Er bestellt weiter einen Sekretär, welcher nicht Mitglied des Verwaltungsrates sein muss. Der Verwaltungsrat regelt unter Vorbehalt der Bestimmungen des Gesetzes und dieser Statuten die Einzelheiten seiner Organisation in einem Organisationsreglement.

2 ~~Die Mitglieder des Verwaltungsrates haben Anspruch auf Ersatz ihrer im Interesse der Gesellschaft aufgewendeten Auslagen sowie auf eine ihrer Tätigkeit und Verantwortung entsprechende Entschädigung, die der Verwaltungsrat auf Antrag eines Ausschusses des Verwaltungsrates festlegt.~~[*absichtlich leer gelassen*]

3 *Keine Änderungen*

4 *Keine Änderungen*

Article 24

Organization of the Board, Remuneration

1 ~~The~~ Except for the election of the Chair of the Board of Directors and the members of the Compensation Committee by the shareholders at a General Meeting of Shareholders, the Board of Directors shall ~~elect from among its members a Chairman~~determine its own organization. It may elect one or more Vice-Chair~~men~~s. It shall further appoint a Secretary, who need not be a member of the Board of Directors. Subject to applicable law and these Articles of Association, the Board of Directors shall establish the particulars of its organization in organizational regulations.

2 ~~The members of the Board of Directors shall be entitled to reimbursement of all expenses incurred in the interest of the Company, as well as remuneration for their services that is appropriate in view of their functions and responsibilities. The amount of the remuneration shall be determined by the Board of Directors upon recommendation by a committee of the Board of Directors.~~[*intentionally omitted*]

3 *No changes*

4 *No changes*

		Artikel 26			**Article 26**
Übertragung von Befugnissen		Der Verwaltungsrat kann unter Vorbehalt von Artikel 25 Abs. 1 dieser Statuten sowie der Vorschriften des OR die Geschäftsführleitung nach Massgabe eines Organisationsreglements ganz oder teilweise an eines oder mehrere seiner Mitglieder, an einen oder mehrere Ausschüsse des Verwaltungsrates oder an Dritte übertragen. Die Verwaltungsratsmitglieder, Ausschüsse oder die Dritten, die vom Verwaltungsrat mit Geschäftsleitungsaufgaben betraut sind, werden in diesen Statuten als "**Geschäftsleitung**" bezeichnet.	Delegation of Powers		Subject to Article 25 para. 1 of these Articles of Association and the applicable provisions of the CO, the Board of Directors may delegate the executive management of the Company in whole or in part to individual directors, one or more committees of the Board of Directors or to persons other than Directors pursuant to organizational regulations. The directors, committees or persons to whom the Board of Directors delegates executive management shall be referred to in these Articles of Association as the "**Executive Management Team**."
		B^bis^. Vergütungsausschuss			*B^bis^. Compensation Committee*
		Artikel 28a			**Article 28a**
Amtsdauer, Organisation des Vergütungsausschusses	1	Der Vergütungsausschuss (der **Vergütungsausschuss**) ist der Ausschuss des Verwaltungsrates, der für Vergütungsfragen zuständig ist. Er besteht aus mindestens drei (3) Mitgliedern des Verwaltungsrates. Die Mitglieder des Vergütungsausschusses müssen die anwendbaren Anforderungen an Unabhängigkeit, Erfahrung oder andere regulatorische oder börsenspezifische Anforderungen erfüllen.	Term of office, Organization of the Compensation Committee	1	The compensation committee (the **Compensation Committee**) shall be the committee of the Board of Directors responsible for compensation matters. It shall consist of no fewer than three (3) members of the Board of Directors. The members of the Compensation Committee shall meet any applicable independence, experience or other regulatory or stock exchange requirements.

Artikel 28a

2 Die Aktionäre wählen die Mitglieder des Vergütungsausschusses einzeln an einer Generalversammlung für eine Amtsdauer bis zum Abschluss der nächsten ordentlichen Generalversammlung. Wiederwahl ist möglich. Ist der Vergütungsausschuss nicht vollständig besetzt, ernennt der Verwaltungsrat aus seiner Mitte Ersatzmitglieder für eine Amtsdauer bis zum Abschluss der nächsten ordentlichen Generalversammlung.

3 Der Verwaltungsrat ernennt den Vorsitzenden des Vergütungsausschusses. Unter Vorbehalt der Bestimmungen des Gesetzes und dieser Statuten regelt der Verwaltungsrat die Einzelheiten der Organisation des Vergütungsausschusses in einem Reglement oder einer Satzung.

[4 Art. 18 Abs. 2 dieser Statuten ist entsprechend auf die Wahl der Mitglieder des Vergütungsausschusses anwendbar.]*

Article 28a

2 The shareholders shall elect the members of the Compensation Committee individually at a General Meeting of Shareholders for a term of office extending until completion of the next Annual General Meeting. Re-election is possible. If there are vacancies on the Compensation Committee, the Board of Directors shall appoint from among its members substitutes for a term of office extending until completion of the next Annual General Meeting.

3 The Board of Directors shall elect the Chair of the Compensation Committee. Subject to applicable law and these Articles of Association, the Board of Directors shall establish the particulars of the organization of the Compensation Committee in regulations or in a charter.

[4 Article 18 para. 2 of these Articles of Association shall apply *mutatis mutandis* to the election of the members of the Compensation Committee.]*

		Artikel 28b			**Article 28b**
Befugnisse und Pflichten	1	Der Vergütungsausschuss hat unter anderem die Aufgabe, den Verwaltungsrat (1) bei der Erarbeitung eines angemessenen Vergütungs- und Leistungsprogrammes für die Mitglieder des Verwaltungsrates und der Geschäftsleitung und (2) bei der Vorbereitung der Anträge des Verwaltungsrates an die Generalversammlung betreffend die Vergütung des Verwaltungsrates und der Geschäftsleitung zu unterstützen. Der Vergütungsausschuss übernimmt weiter andere mit der Vergütung in Zusammenhang stehende Aufgaben, wie sie von Zeit zu Zeit vom Verwaltungsrat an ihn delegiert werden.	Powers and Duties	1	The Compensation Committee shall, among other things, assist the Board of Directors in (1) developing an appropriate compensation and benefit program for the members of the Board of Directors and the Executive Management Team and (2) preparing the proposals of the Board of Directors to the General Meeting of Shareholders regarding the compensation of the Board of Directors and the Executive Management Team. The Compensation Committee shall further perform such other compensation-related duties as delegated to it by the Board of Directors from time to time.
	2	Der Verwaltungsrat regelt die Einzelheiten der Befugnisse und Pflichten des Vergütungsausschusses in einem Reglement oder einer Satzung. Insbesondere legt der Verwaltungsrat fest, inwieweit der Vergütungsausschuss Leistungsziele, Zielwerte und die individuelle Vergütung der Mitglieder des Verwaltungsrates und der Geschäftsleitung selbst bestimmt, und inwieweit der Vergütungsausschuss dem Verwaltungsrat Vorschläge hierzu zur definitiven Beschlussfassung unterbreitet.		2	The Board of Directors shall establish the particulars of the powers and duties of the Compensation Committee in regulations or in a charter. In particular, the Board of Directors shall establish to what extent the Compensation Committee shall determine performance objectives, target values and the individual compensation of the members of the Board of Directors and the Executive Management Team itself, and to what extent the Compensation Committee shall submit proposals in relation thereto to the Board of Directors for its final determination.
	3	Der Verwaltungsrat kann weitere Befugnisse und Pflichten an den Vergütungsausschuss delegieren.		3	The Board of Directors may delegate further authorities and duties to the Compensation Committee.

		Section 8: *Definitionen* **Artikel 35**			**Abschnitt 8:** *Definitions* **Article 35**
Geschäftsleitung	2b	Der Begriff **Geschäftsleitung** hat die in Artikel 26 dieser Statuten aufgeführte Bedeutung. In Bezug auf Artikel 20 Abs. 3 und den dazugehörigen Definitionen in Abschnitt 8 sowie in Bezug auf Artikel 24 Abs. 3 und Abs. 4 ist der Begriff "Mitglieder der Geschäftsleitung" weiterhin als Bezugnahme auf alle Mitglieder der Geschäftsleitung zusammen mit allen anderen Officers der Gesellschaft zu verstehen.	Executive Management Team	2b	The term **Executive Management Team** has the meaning assigned to it in Article 26 of these Articles of Association. In relation to Article 20 para. 3 and the definitions pertaining thereto as set forth in this Section 8 and Article 24 para. 3 and para. 4, the term "officer" shall continue to be a reference to the members of the Executive Management Team together with all other officers of the Company.
Vergütungsausschuss	13b	Der Begriff **Vergütungsausschuss** hat die in Artikel 28a Abs. 1 dieser Statuten aufgeführte Bedeutung.	Compensation Committee	13b	The term **Compensation Committee** has the meaning assigned to it in Article 28a para. 1 of these Articles of Association.

* Note: The paragraphs in square brackets are subject to the approval of Agenda Item 8.

Annex D—Binding Shareholder Ratification of the Compensation of the Board of Directors and the Executive Management Team

Abschnitt 3a:

Vergütung des Verwaltungsrates und der Geschäftsleitung

Section 3a:

Compensation of the Board of Directors and the Executive Management Team

Artikel 29a

Article 29a

Genehmigung der Vergütung des Verwaltungsrates und der Geschäftsleitung durch die Aktionäre

1 Die Aktionäre genehmigen, unter Vorbehalt der nachstehenden Abs. 3 und Abs. 4, an jeder ordentlichen Generalversammlung die Anträge des Verwaltungsrates betreffend den Maximalgesamtbetrag (in US Dollars, Schweizer Franken oder einer anderen Währung):

(a) der Vergütung des Verwaltungsrates für die Periode zwischen der ordentlichen Generalversammlung, an der um Genehmigung ersucht wird, und der nächsten ordentlichen Generalversammlung; und

(b) der Vergütung der Geschäftsleitung für das Geschäftsjahr, das nach der ordentlichen Generalversammlung, an der um Genehmigung ersucht wird, beginnt.

2 Der Verwaltungsrat kann die Aktionäre an einer Generalversammlung um Genehmigung eines Gesamtbetrages oder eines Maximalgesamtbetrages der Vergütung des Verwaltungsrates bzw. der Geschäftsleitung, oder von Elementen davon, oder zusätzlicher oder bedingter Beträge für von Abs. 1 dieses Art. 29a abweichende Zeitperioden ersuchen, sei es auf retrospektiver Basis, prospektiver Basis oder einer Kombination davon.

Shareholder Ratification of Compensation of the Board of Directors and the Executive Management Team

1 The shareholders shall, subject to para. 3 and para. 4 below, at each Annual General Meeting ratify the proposals of the Board of Directors as regards the maximum aggregate amount (expressed in U.S. dollars, Swiss francs or any other currency) of, respectively:

(a) the compensation of the Board of Directors for the period between the Annual General Meeting at which ratification is sought and the next Annual General Meeting; and

(b) the compensation of the Executive Management Team for the fiscal year commencing after the Annual General Meeting at which ratification is sought.

2 The Board of Directors may seek ratification by the shareholders at a General Meeting of Shareholders on a retrospective or prospective basis, or a combination thereof, of the aggregate amount, or maximum aggregate amount, of compensation, respectively, of the Board of Directors and the Executive Management Team, or any element thereof, or any additional or contingent amount, in relation to different time periods than those referred to in para. 1 of this Article 29a.

Artikel 29a

3 Innerhalb des von den Aktionären an der jeweiligen Generalversammlung genehmigten Gesamtbetrages oder Maximalgesamtbetrages ist ausschliesslich der Verwaltungsrat, oder soweit delegiert, der Vergütungsausschuss befugt und verantwortlich, die tatsächliche individuelle Vergütung jedes Mitglieds des Verwaltungsrates beziehungsweise der Geschäftsleitung zu bestimmen. Zu diesem Zweck wird der Wert der Vergütung in der Regel gemäss allgemein anerkannten Bewertungsmethoden per Datum der Zuteilung des jeweiligen Vergütungselements bestimmt.

4 Genehmigen die Aktionäre an einer Generalversammlung einen Antrag des Verwaltungsrates gemäss Abs. 1 oder Abs. 2 hiervor nicht, so zieht der Verwaltungsrat oder, soweit delegiert, der Vergütungsausschuss den nicht-genehmigten Antrag unter Berücksichtigung, soweit feststellbar, der Gründe, aus denen die Aktionäre den Antrag nicht genehmigt haben, in Wiedererwägung und ersucht die Aktionäre um Genehmigung eines revidierten Antrags; die Genehmigung kann an der Generalversammlung, an welcher der Antrag gemäss Abs. 1 oder Abs. 2 hiervor nicht genehmigt wurde, an einer ausserordentlichen Generalversammlung oder an der nächsten ordentlichen Generalversammlung erfolgen.

5 Die Gesellschaft oder von ihr kontrollierte Gesellschaften können, unter Vorbehalt der nachträglichen Genehmigung durch die Aktionäre, Vergütung vor der Genehmigung durch die Aktionäre an einer Generalversammlung zuteilen oder bezahlen.

Article 29a

3 Within the aggregate amount, or maximum aggregate amount ratified by the shareholders at the relevant General Meeting of Shareholders, it shall be the exclusive authority and responsibility of the Board of Directors or, where delegated to it, the Compensation Committee, to determine the actual individual compensation of, respectively, each member of the Board of Directors and the Executive Management Team. For such purposes, the value of compensation shall as a rule be determined in accordance with generally recognized valuation methods as per the grant date of the respective compensation element.

4 If the shareholders at a General Meeting of Shareholders have not ratified a proposal of the Board of Directors pursuant to para. 1 or para. 2 above, the Board of Directors or, where delegated to it, the Compensation Committee shall reconsider the proposal that has not been ratified, taking into account, to the extent identifiable, the reasons for which the shareholders did not ratify the proposal, and seek shareholder ratification for a revised proposal at the General Meeting of Shareholders at which the proposal pursuant to para. 1 or para. 2 above has not been ratified, at an Extraordinary General Meeting or at the next Annual General Meeting.

5 The Company or companies under its control may grant or pay compensation subject to subsequent shareholder ratification prior to shareholder ratification at a General Meeting of Shareholders.

Artikel 29a

6 Der Begriff "Vergütung", so wie er in diesen Statuten verwendet wird (ausser soweit im Rahmen einer spezifischen Bestimmung dieser Statuten anders definiert), umfasst jegliche Form der Entschädigung, einschliesslich (ohne Beschränkung auf) anteilsbasierte Vergütung oder Leistungs-, Erfolgs- oder andere Vergütung, in bar, Aktien, gesperrten Aktien, gesperrten Aktieneinheiten, aufgeschobenen Einheiten, Optionen, Aktienwertsteigerungsrechten, Bonus-Aktien, Leistungsprämien oder anderen Finanzinstrumenten oder Derivaten, oder irgendeine Kombination davon, und andere Leistungen und Vorteile, welche den betreffenden Empfängern zugeteilt oder bezahlt wird bzw. welche diese erhalten (vorausgesetzt, dass Mitglieder des Verwaltungsrates nur eine anteilsbasierte Vergütung in der Form von Aktien, gesperrten Aktien, gesperrten Aktieneinheiten, aufgeschobenen Einheiten oder ähnlichen Instrumenten erhalten dürfen), in jedem Fall unabhängig davon, ob die Vergütung, die Leistungen oder die Vorteile in Aktien, in anderen Finanzmarktinstrumenten, in bar oder als Sach- oder Dienstleistung ausgerichtet oder beglichen werden. Der Begriff "Vergütung" umfasst nicht den Ersatz oder die Bevorschussung von Auslagen, die der betreffende Empfänger im Interesse der Gesellschaft oder von ihr kontrollierten Gesellschaften getätigt hat, oder eine Schadloshaltung oder Bevorschussung von Auslagen, die an ein Mitglied des Verwaltungsrates oder der Geschäftsleitung gemäss Art. 24 Abs. 3 und Abs. 4 dieser Statuten ausgerichtet wird.

Article 29a

6 The term "compensation," as used in these Articles of Association (except to the extent defined otherwise in a specific provision of these Articles of Association), shall include any form of remuneration, including, without limitation, equity awards, or incentive awards or other awards, in cash, shares, restricted shares, restricted share units, deferred units, options, share appreciation rights, bonus shares, performance awards, awards of other financial instruments or derivatives, or any combination of the foregoing, granted or paid to, and any other benefits and perquisites received by, the respective recipients (it being understood that members of the Board of Directors may only receive equity awards in the form of shares, restricted shares, restricted share units, deferred units or similar instruments), in each case irrespective of whether any of such awards, benefits or perquisites are provided or settled in shares, other securities, cash, in kind or in form of services. The term "compensation" shall not include the reimbursement or the advancement of expenses incurred by the respective recipient in the interest of the Company or companies under its control, or any indemnification or advancement of expenses provided to a member of the Board of Directors or the Executive Management Team pursuant to Article 24 para. 3 and para. 4 of these Articles of Association.

Abschnitt 8:

Definitionen

Artikel 35

Vergütung	13a	Der Begriff **Vergütung** hat die in Artikel 29a Abs. 6 dieser Statuten aufgeführte Bedeutung.

Abschnitt 9:

Übergangsbestimmungen

Artikel 37

Genehmigung der Vergütung gemäss Artikel 29a Abs. 1	Die Genehmigung der Vergütung des Verwaltungsrates und der Geschäftsleitung durch die Aktionäre gemäss Artikel 29a Abs. 1 dieser Statuten findet erstmals an der ordentlichen Generalversammlung 2015 statt.

Section 8:

Definitions

Article 35

Compensation	13a	The term **Compensation** has the meaning assigned to it in Article 29a para. 6 of these Articles of Association.

Section 9:

Transitional Provisions

Article 37

Ratification of the compensation pursuant to Article 29a para. 1	The ratification by shareholders of the compensation of the Board of Directors and the Executive Management Team pursuant to Article 29a para. 1 of these Articles of Association shall take place for the first time at the 2015 Annual General Meeting.

Annex E—Supplementary Amount of Compensation for Members of the Executive Management Team Appointed During a Compensation Period for Which Shareholder Ratification Has Already Been Granted

	Abschnitt 3a: Vergütung des Verwaltungsrates und der Geschäftsleitung		**Section 3a:** Compensation of the Board of Directors and the Executive Management Team
	Artikel 29c		**Article 29c**
Zusatzbetrag für Änderungen in der Geschäftsleitung	Reicht der von den Aktionären an einer Generalversammlung genehmigte Maximalgesamtbetrag der Vergütung der Geschäftsleitung für die Vergütung einer Person, die während einer Vergütungsperiode, für welche die Aktionäre bereits ihre Genehmigung erteilt haben, neu eine Geschäftsleitungsfunktion antritt, nicht aus, sind die Gesellschaft oder von ihr kontrollierte Gesellschaften ermächtigt, jeder solchen Person für die Dauer der bereits durch die Aktionäre an einer Generalversammlung genehmigten Vergütungsperiode(n) eine Vergütung (der **Zusatzbetrag**) zuzuteilen oder zu bezahlen, die keiner Genehmigung durch die Aktionäre unterliegt. Als Zusatzbetrag können die Gesellschaft oder von ihr kontrollierte Gesellschaften jeder solcher Person je relevante Vergütungsperiode für jeden der beiden nachfolgenden Zwecke je einen die Gesamtjahresvergütung des betreffenden Vorgängers bzw. für eine ähnliche vorbestehende Funktion um bis zu 40% übersteigenden Betrag zuteilen oder bezahlen: (1) als Vergütung für die relevante Vergütungsperiode; und zusätzlich (2) zum Ausgleich der Nachteile, die im Zusammenhang mit dem Stellenwechsel entstehen. Für die Zwecke dieser Bestimmung	Supplementary Amount for Changes to the Executive Management Team	If the maximum aggregate amount of compensation of the Executive Management Team ratified by shareholders at a General Meeting of Shareholders is not sufficient to also cover the compensation of a person who newly assumes an Executive Management Team function during a compensation period for which shareholder ratification has already been granted, the Company or companies under its control shall be authorized to grant or pay, in relation to the compensation period(s) already ratified by the shareholders at a General Meeting of Shareholders, to each such person compensation (the **Supplementary Amount**), which shall not be subject to ratification by the shareholders. The Company or companies under its control may grant or pay as Supplementary Amount to each such person for each relevant compensation period for each of the following two purposes a separate amount of up to 40% in excess of the Total Annual Compensation of the respective predecessor or for a similar preexisting position: (1) as compensation for the relevant compensation period; and, in addition, (2) as compensation for any prejudice incurred in connection with the change of employment. For purposes of this provision, Total Annual Compensation shall mean the total annual

		Artikel 29c			**Article 29c**
		gilt als Gesamtjahresvergütung die im jüngsten Proxy Statement der Gesellschaft für das vorangehende Geschäftsjahr ausgewiesene Gesamtjahresvergütung des betreffenden Vorgängers bzw. für eine ähnliche vorbestehende Funktion; für die kurzfristige und langfristige Leistungs- oder Erfolgsvergütung ist dabei auf die tatsächlichen Werte oder, sofern höher, die Zielwerte der betreffenden Vergütungselemente abzustellen, je wie sie im jüngsten Proxy Statement der Gesellschaft für das vorangehende Geschäftsjahr ausgewiesen sind. Die Gesellschaft oder von ihr kontrollierte Gesellschaften dürfen gestützt auf die Bestimmung dieses Art. 29c je relevante Vergütungs—periode keinesfalls an mehr als fünf (5) Personen einen Zusatzbetrag im Rahmen der Maximalwerte gemäss der Bestimmung dieses Artikels 29c zuteilen oder bezahlen.			compensation of the respective predecessor or for a similar preexisting position as disclosed in the most recent proxy statement of the Company in relation to the preceding fiscal year; for such purposes, short-term and long-term incentive compensation shall be included on the basis of the actual values or, if higher, the target values of the respective compensation elements, in each case as disclosed in the most recent proxy statement of the Company in relation to the preceding fiscal year. On the basis of this Art. 29c, the Company or companies under its control may in no event grant or pay, in each relevant compensation period, a Supplementary Amount to more than five (5) persons within the limitations of the maximum values pursuant to the provision of this Article 29c.
		Abschnitt 8:			**Section 8:**
		Definitionen			*Definitions*
		Artikel 35			**Article 35**
Gesamtjahres-vergütung	2a	Der Begriff **Gesamtjahresvergütung** hat für Zwecke der Bestimmung von Artikel 29c dieser Statuten die in Artikel 29c dieser Statuten aufgeführte Bedeutung.	Total Annual Compensation	2a	The term **Total Annual Compensation** has, for purposes of the provision of Article 29c of these Articles of Association, the meaning assigned to it in Article 29c of these Articles of Association.
Zusatzbetrag	15	Der Begriff **Zusatzbetrag** hat die in Artikel 29c dieser Statuten aufgeführte Bedeutung.	Supplementary Amount	15	The term **Supplementary Amount** has the meaning assigned to it in Article 29c of these Articles of Association.

Annex F—General Principles and Terms Applicable to Compensation of the Board of Directors and the Executive Management Team

Abschnitt 3a:

Vergütung des Verwaltungsrates und der Geschäftsleitung

Section 3a:

Compensation of the Board of Directors and the Executive Management Team

Artikel 29b

Vergütungs-Prinzipien für Verwaltungsrat und Geschäftsleitung	1	Die Vergütung des Verwaltungsrates kann (i) Barkomponenten, (ii) Aktien, gesperrte Aktien, gesperrte Aktieneinheiten, aufgeschobene Einheiten oder ähnliche Instrumente und/oder (iii) Leistungen oder Vorteile in der Form von Sach- oder Dienstleistungen umfassen, wie im Einzelnen vom Verwaltungsrat oder, soweit delegiert, vom Vergütungsausschuss von Zeit zu Zeit unter Vorbehalt der anwendbaren Planbestimmungen festgelegt. Die so festgelegte Vergütung soll unter anderem die Funktion und die Aufgaben der Verwaltungsräte im Verwaltungsrat und in Ausschüssen des Verwaltungsrates berücksichtigen. Exekutive Verwaltungsräte erhalten keine Vergütung zusätzlich zur Vergütung, welche ihnen im Rahmen ihrer Funktion als Officers der Gesellschaft ausgerichtet wird.	Compensation Principles for the Board of Directors and the Executive Management Team	1	The compensation of the Board of Directors may include (i) cash components, (ii) shares, restricted shares, restricted share units, deferred units or similar instruments, and/or (iii) benefits or perquisites in kind or in the form of services, as shall be determined by the Board of Directors or, where delegated to it, the Compensation Committee from time to time, subject to the terms of the applicable plans. The compensation so determined shall, among other things, take into account the position and the roles of the directors within the Board of Directors and on committees of the Board of Directors. Executive directors shall not receive any compensation in addition to the compensation paid to them in their roles as officers of the Company.

Artikel 29b

2 Sofern vom Verwaltungsrat oder, soweit delegiert, vom Vergütungsausschuss nicht anders festgelegt, besteht die Vergütung der Geschäftsleitung in der Regel aus (i) einem Basissalär, (ii) kurzfristiger Leistungs- oder Erfolgsvergütung gemäss den anwendbaren Plänen, (iii) langfristiger Leistungs- oder Erfolgsvergütung gemäss den anwendbaren Plänen und (iv) weiterer Vergütung, die der Verwaltungsrat oder, soweit delegiert, der Vergütungsausschuss als angemessen erachtet, einschliesslich (ohne Beschränkung auf) Beiträge an Vorsorgeleistungspläne und Spesenpauschalen.

3 Kurzfristige Leistungs- oder Erfolgsvergütung soll Mitgliedern der Geschäftsleitung die Möglichkeit geben, einen jährlichen Bar-Bonus, andere an kurzfristigen Leistungs- oder Erfolgszielen ausgerichtete Vergütung, oder eine Kombination davon zu verdienen, jeweils wie vom Verwaltungsrat oder, soweit delegiert, vom Vergütungsausschuss von Zeit zu Zeit festgelegt, und ist gestützt auf Performance festzulegen, gemessen an vordefinierten Zielen, einschliesslich (ohne Beschränkung auf) Sicherheitszielen, finanziellen Zielen, strategischen Unternehmenszielen, individuellen Leistungszielen, Leistungszielen bezogen auf vergleichbare Unternehmen, und anderen Zielen, wie vom Verwaltungsrat, oder soweit delegiert, vom Vergütungsausschuss von Zeit zu Zeit festgelegt.

Article 29b

2 Except as otherwise determined by the Board of Directors or, where delegated to it, the Compensation Committee, the compensation of the Executive Management Team shall generally consist of (i) a base salary, (ii) short-term incentive compensation pursuant to the applicable plans, (iii) long-term incentive compensation pursuant to the applicable plans and (iv) any other compensation as deemed appropriate by the Board of Directors or, where delegated to it, the Compensation Committee, including, without limitation, contributions to post-retirement benefit plans and allowances.

3 Short-term incentive compensation shall provide members of the Executive Management Team with the opportunity to earn an annual cash bonus, other short-term incentive awards, or a combination thereof, as shall be determined by the Board of Directors or, where delegated to it, the Compensation Committee from time to time, and shall be based on performance as measured against predetermined objectives, including, without limitation, safety performance objectives, financial performance objectives, strategic corporate objectives, individual performance objectives, peer performance objectives, and such other objectives, all as established by the Board of Directors or, where delegated to it, the Compensation Committee from time to time.

Artikel 29b

4 Langfristige Leistungs- oder Erfolgsvergütung ist mit dem Ziel auszugestalten, einen Anreiz für eine erhöhte Leistung und die Erreichung von langfristigen Zielen durch die Geschäftsleitung zu setzen, das Wachstum von Shareholder Value zu fördern und Schlüsseltalente anzubinden, unter anderem dadurch, dass Mitgliedern der Geschäftsleitung Möglichkeiten gegeben werden, am langfristigen Wachstum und der Profitabilität der Gesellschaft teilzuhaben. Zu diesem Zweck, einschliesslich (ohne Beschränkung) zwecks Bestimmung der relevanten Zielwerte der Vergütung gemäss den anwendbaren Plänen, kann der Verwaltungsrat oder, soweit delegiert, der Vergütungsausschuss unter anderem die Position und den Grad der Verantwortung des betreffenden Vergütungsempfängers, individuelle Leistungsziele, Ziele der Gesellschaft oder Teilen davon, einschliesslich (ohne Beschränkung) die Aktienrendite im Verhältnis zum Markt, anderen Unternehmen oder anderen Richtgrössen, berücksichtigen. Der endgültige Wert von langfristigen Leistungs- oder Erfolgsvergütung kann den jeweiligen Zielwert übersteigen. Der Verwaltungsrat oder, soweit delegiert, der Vergütungsausschuss bestimmt das relative Gewicht der Leistungskriterien und die jeweiligen Referenzwerte.

Article 29b

4 Long-term incentive compensation shall be designed so as to motivate superior performance and achievement of long-term goals by the Executive Management Team, to promote the growth of shareholder value and retain key talent, among other things, by providing members of the Executive Management Team with opportunities to participate in the long-term growth and profitability of the Company. For such purposes, including, without limitation, for purposes of determining the relevant target values of compensation pursuant to the applicable plans, the Board of Directors or, where delegated to it, the Compensation Committee may, among other things, take into account the position and level of responsibility of the respective compensation recipient, individual performance targets, targets of the Company or parts thereof, including, without limitation, total shareholder return relative to market, other companies or other benchmarks. The definitive value of long-term incentive compensation may exceed the relevant target value. The Board of Directors or, where delegated to it, the Compensation Committee shall determine the relative weight of the performance criteria and the respective target values.

Artikel 29b

5 Der Verwaltungsrat, oder soweit delegiert, der Vergütungsausschuss legt, soweit anwendbar, die Zuteilungs-, Vesting-, Ausübungs- und Verfallsbedingungen fest; der Verwaltungsrat, oder soweit delegiert, der Vergütungsausschuss kann vorsehen, dass bei Eintritt von im Voraus bestimmten Ereignissen wie etwa einem Kontrollwechsel oder der Beendigung eines Arbeits-, Mandats- oder anderen Vertrags Vesting- und Ausübungsbedingungen fortbestehen, verkürzt oder aufgehoben werden, Vergütungen unter Annahme der Zielerreichung ausgerichtet werden oder Vergütungen verfallen.

6 Die Gesellschaft oder von ihr kontrollierte Gesellschaften können die Aktien, die im Rahmen der aktienbezogenen Vergütung an die Begünstigten auszugeben oder zu liefern sind, jeweils soweit verfügbar, aus genehmigtem oder bedingtem Aktienkapital oder unter Verwendung von eigenen Aktien bereitstellen.

7 Vergütung gemäss diesen Statuten kann durch die Gesellschaft oder durch von ihr kontrollierte Gesellschaften zugeteilt oder bezahlt werden.

Article 29b

5 The Board of Directors or, where delegated to it, the Compensation Committee shall, as applicable, determine the grant, vesting, exercise and forfeiture conditions; the Board of Directors or, where delegated to it, the Compensation Committee may provide for the continuation, acceleration or removal of vesting and exercise conditions, for the payment or grant of compensation based upon assumed target achievement, or for forfeiture, in each case with regard to pre-determined events such as a change-in-control or termination of an employment, mandate or other agreement.

6 The Company or companies under its control may procure the Shares to be issued or delivered to beneficiaries of equity-based awards, to the extent available, from authorized share capital, conditional share capital, or through use of treasury shares.

7 Compensation pursuant to these Articles of Association may be granted or paid by the Company or companies under its control.

Annex G—Maximum Term, Termination Notice Periods and Non-Competition Agreements of Members of the Board of Directors and the Executive Management Team

Abschnitt 3b:

Verträge betreffend Vergütung mit Mitgliedern des Verwaltungsrates und der Geschäftsleitung

Section 3b:

Agreements Regarding Compensation With Members of the Board of Directors and the Executive Management Team

Artikel 29d

Verträge betreffend Vergütung mit Mitgliedern des Verwaltungsrates und der Geschäftsleitung

1 Die Gesellschaft oder von ihr kontrollierte Gesellschaften können mit Mitgliedern des Verwaltungsrates unbefristete oder befristete Mandatsverträge oder andere Verträge über deren Vergütung als Verwaltungsräte abschliessen. Die Dauer von befristeten Verträgen darf die Amtsdauer eines Verwaltungsrates nicht überschreiten. Eine Erneuerung eines befristeten Vertrags ist zulässig. Unbefristete Verträge haben eine Kündigungsfrist von maximal einer Amtsdauer.

2 Die Gesellschaft oder von ihr kontrollierte Gesellschaften können mit Mitgliedern der Geschäftsleitung unbefristete oder befristete Arbeitsverträge oder andere Verträge über ihre Vergütung als Mitglieder der Geschäftsleitung abschliessen. Die maximale Dauer eines befristeten Vertrags beträgt ein (1) Jahr. Eine Erneuerung eines befristeten Vertrags ist zulässig. Unbefristete Verträge haben eine Kündigungsfrist von maximal zwölf (12) Monaten.

3 Mitglieder der Geschäftsleitung können während der Kündigungsfrist von ihrer Arbeitspflicht befreit werden. Des Weiteren ist es zulässig, dass die Gesellschaft oder von ihr kontrollierte Gesellschaften Aufhebungs- oder ähnliche Vereinbarungen abschliessen.

Article 29d

Agreements Regarding Compensation With Members of the Board of Directors and the Executive Management Team

1 The Company or companies under its control may enter into mandate or other agreements with the members of the Board of Directors regarding their compensation as directors for a fixed term or for an indefinite term. The duration of fixed term agreements may not exceed a director's term of office. A renewal of a fixed term agreement is permissible. Agreements for an indefinite term may have a termination notice period not exceeding a term of office.

2 The Company or companies under its control may enter into employment or other agreements with the members of the Executive Management Team regarding their compensation as members of the Executive Management Team for a fixed term or for an indefinite term. The duration of fixed term agreements may not exceed one (1) year. A renewal of a fixed term agreement is permissible. Agreements for an indefinite term may have a termination notice period of a maximum of twelve (12) months.

3 Members of the Executive Management Team may be released from their obligation of work during the period of the termination notice period. Further, it shall be permissible for the Company or companies under its control to enter into termination or similar agreements.

Artikel 29d

4 Die Gesellschaft oder von ihr kontrollierte Gesellschaften können mit Mitgliedern der Geschäftsleitung Konkurrenzverbote für die Zeit nach Beendigung des Arbeitsvertrags vereinbaren. Die Dauer eines solchen Konkurrenzverbots für ein Mitglied der Geschäftsleitung darf ein (1) Jahr nicht überschreiten, und die Entschädigung für ein Konkurrenzverbot darf die Summe des Basissalärs und des Ziel-Bar-Bonus des betreffenden Mitglieds der Geschäftsleitung im letzten vollen Geschäftsjahr, während dem er oder sie von der Gesellschaft oder von einer von ihr kontrollierten Gesellschaft angestellt war, nicht übersteigen.

Article 29d

4 The Company or companies under its control may enter into non-competition agreements with members of the Executive Management Team for the period after the termination of the employment agreement. The duration of any such non-competition undertaking by an Executive Management Team member shall not exceed one (1) year, and the consideration paid for a non-competition undertaking shall not exceed the sum of the base salary and the target cash bonus of the respective Executive Management Team member in the last full fiscal year in which he or she was employed with the Company or one of its companies under its control.

Annex H—Permissible Mandates of Directors of the Board of Directors and the Executive Management Team

		Abschnitt 3c: Mandate ausserhalb des Konzerns[, Darlehen, Vorsorgeleistungen ausserhalb der beruflichen Vorsorge]*			**Section 3c:** Mandates Outside the Group[, Loans, Post-Retirement Benefits Beyond Occupational Pensions]*
		Artikel 29e			**Article 29e**
Mandate ausserhalb des Konzerns	1	Kein Mitglied des Verwaltungsrates kann zusätzlich zum Mandat bei der Gesellschaft mehr als zehn (10) Mandate in Personen wahrnehmen, wovon nicht mehr als vier (4) in Personen sein dürfen, deren Aktien an einer Börse kotiert sind.	Mandates Outside the Group	1	No member of the Board of Directors may hold more than ten (10) Mandates in Persons other than the Company, of which not more than four (4) may be in Persons whose shares are listed on a stock exchange.
	2	Kein Mitglied der Geschäftsleitung kann mehr als vier (4) Mandate in Personen wahrnehmen, wovon zusätzlich zu einem allfälligen Mandat bei der Gesellschaft nicht mehr als eines (1) in einer Person sein darf, deren Aktien an einer Börse kotiert sind.		2	No member of the Executive Management Team may hold more than four (4) Mandates in Persons of which, in addition to a Mandate at the Company, if any, not more than one (1) may be in Persons whose shares are listed on a stock exchange.
	3	Die folgenden Mandate fallen nicht unter die Beschränkungen gemäss Abs. 1 und Abs. 2 dieses Artikels 29e:		3	The following Mandates shall not be subject to the limitations set forth in para. 1 and para. 2 of this Article 29e:

Artikel 29e

(a) Mandate in Personen, welche die Gesellschaft kontrollieren, durch die Gesellschaft kontrolliert werden oder unter gemeinsamer Kontrolle mit der Gesellschaft stehen;

(b) Ohne Einschränkung von lit. a hiervor, Mandate, die auf Anordnung der Gesellschaft oder von Personen, welche die Gesellschaft kontrollieren, durch die Gesellschaft kontrolliert werden oder unter gemeinsamer Kontrolle mit der Gesellschaft stehen, wahrgenommen werden. Kein Mitglied des Verwaltungsrates oder der Geschäftsleitung kann mehr als zehn (10) solche Mandate wahrnehmen; und

(c) Mandate in Vereinen und Verbänden, gemeinnützigen Organisationen, Non-For-Profit Organisationen, Stiftungen (einschliesslich Personalfürsorgestiftungen), Trusts und ähnliche Personen. Kein Mitglied des Verwaltungsrates oder der Geschäftsleitung kann mehr als zehn (10) solche Mandate wahrnehmen.

Article 29e

(a) Mandates in any Person which Controls, is Controlled by or is under common Control with the Company;

(b) Without limitation to subpara. a above, Mandates held at the instruction of the Company or any Person which Controls, is Controlled by or is under common Control with the Company; *provided, however*, that no member of the Board of Directors or the Executive Management Team shall hold more than ten (10) such Mandates; and

(c) Mandates in associations, charitable organizations, non-for-profit organizations, foundations (including in relation to post-retirement benefits), trusts and similar Persons; *provided, however,* that no member of the Board of Directors or the Executive Management Team shall hold more than ten (10) such Mandates.

		Artikel 29e			**Article 29e**
	4	Der Begriff "Mandat", so wie er in diesen Statuten verwendet wird, umfasst jeglichen Einsitz in das oberste Leitungs- oder Verwaltungsorgan einer Person, die zur Eintragung in ein schweizerisches Handelsregister oder ein entsprechendes ausländisches Register verpflichtet ist. Bis zu zehn (10) Mandate in verschiedenen Personen, welche ausserhalb des Anwendungsbereichs von Art. 29e Abs. 3(a) unter einheitlicher Kontrolle oder gleicher wirtschaftlicher Berechtigung stehen, gelten als ein Mandat.		4	The term "Mandate," as used in these Articles of Association, shall refer to any position in the supreme governing body of a Person that is required to be registered in a Swiss Commercial Register or a foreign register of equivalent nature. Up to ten (10) Mandates in different Persons that are under joint Control or common beneficial ownership outside the scope of application of Art. 29e para. 3(a) shall be deemed to be one Mandate.
		Abschnitt 8:			**Section 8:**
		Definitionen			*Definitions*
		Artikel 35			**Article 35**
Mandat	4a	Der Begriff **Mandat** hat die in Artikel 29e Abs. 4 dieser Statuten aufgeführte Bedeutung.	Mandate	4a	The term **Mandate** has the meaning assigned to it in Article 29e para. 4 of these Articles of Association.
Person	9	**Person** bedeutet jede natürliche Person, jede Kapitalgesellschaft, rechts- oder nicht-rechtsfähige Personengesellschaft oder jeder andere Rechtsträger. Für die Zwecke von Artikel 29e dieser Statuten sind Individuen nicht erfasst.	Person	9	**Person** means any individual, corporation, partnership, unincorporated association or other entity. For purposes of Article 29e of these Articles of Association, it shall not include individuals.

* Note: The part of the section title in square brackets is subject to the approval of Agenda Item 7G.

Annex I—Loans and Post-Retirement Benefits beyond Occupational Pensions

		Abschnitt 3c: [Mandate ausserhalb des Konzerns,]* Darlehen, Vorsorgeleistungen ausserhalb der beruflichen Vorsorge			**Section 3c:** [Mandates Outside the Group,]* Loans, Post-Retirement Benefits Beyond Occupational Pensions
		Artikel 29f			**Article 29f**
Darlehen / Vorsorgeleistungen ausserhalb der beruflichen Vorsorge	1	Die Gesellschaft oder von ihr kontrollierte Gesellschaften entrichten keine Darlehen an Mitglieder des Verwaltungsrates oder der Geschäftsleitung.	Loans / Post-Retirement Benefits Beyond Occupational Pensions	1	The Company or companies under its control shall not grant any loans to members of the Board of Directors or the Executive Management Team.
	2	Die Gesellschaft oder von ihr kontrollierte Gesellschaften können an ein Mitglied der Geschäftsleitung Vorsorgeleistungen ausserhalb der beruflichen Vorsorge ausrichten, wobei solche Vorsorgeleistungen 50% des Basissalärs im Geschäftsjahr, das der Pensionierung unmittelbar vorausgeht, nicht übersteigen dürfen.		2	The Company or companies under its control may grant a member of the Executive Management Team post-retirement benefits beyond occupational pensions; *provided, however*, that any such post-retirement benefits may not exceed 50% of the base salary in the fiscal year immediately preceding the retirement.

* Note: The part of the section title in square brackets is subject to the approval of Agenda Item 7F.

Annex J—Amendment of Article 18 para. 2 of the Articles of Association Regarding the Applicable Vote Standard for Elections of Directors, the Chairman and the Members of the Compensation Committee

		Artikel 18			**Article 18**
Beschlüsse und Wahlen	1	*Keine Änderungen*	Resolutions and Elections	1	*No changes*
	2	~~Die Generalversammlung entscheidet über die~~ Gibt es bei einer Wahl von Mitgliedern des Verwaltungsrates ~~nach dem proportionalen Wahlverfahren~~, ~~wonach diejenige Person~~des Verwaltungsratspräsidenten oder von Mitgliedern des Vergütungsausschusses mehr Kandidaten als gemäss der Einladung zur Generalversammlung Sitze für die betreffende Position zu besetzen sind, werden die Kandidaten nach der Pluralität der abgegebenen Stimmen gewählt. Als Pluralität gilt dabei, dass diejenige Person als gewählt gilt, welche die grösste Zahl der abgegebenen Aktienstimmen für ~~einen Verwaltungsratssitz erhält, als für den betreffenden Verwaltungsratssitz gewählt gilt~~eine Position erhält. Aktienstimmen gegen einen Kandidaten, Stimmenthaltungen, sog. Broker Nonvotes, ungültige oder leere Stimmen haben für die Zwecke dieses Artikels 18 Abs. 2 ~~keine Auswirkungen auf die~~ bei der Wahl von Mitgliedern des Verwaltungsrates, des Verwaltungsratspräsidenten oder der Mitglieder des Vergütungsausschusses keine Auswirkungen.		2	~~The General Meeting of Shareholders shall decide elections of~~ At any election for members of the Board of Directors ~~upon~~ , the Chair of the Board of Directors and members of the Compensation Committee in which the number of the candidates exceeds the number of the respective positions that are on the agenda of the invitation to the General Meeting of Shareholders, the candidates shall be elected by a plurality of the votes cast ~~at the General Meeting of Shareholders~~. A plurality means that the individual who receives the ~~largest~~ greatest number of votes for a ~~board seat~~ position is elected to that ~~board seat~~position. Votes against any candidate, abstentions, broker nonvotes, blank or invalid ballots shall~~-~~, for purposes of this Article 18 para. 2, have no impact on the election of members of the Board of Directors ~~under this Article 18 para. 2~~, the Chair of the Board of Directors or the members of the Compensation Committee.
	3	*Keine Änderungen*		3	*No changes*
	4	*Keine Änderungen*		4	*No changes*
	5	*Keine Änderungen*		5	*No changes*

Abschnitt 9:

Übergangsbestimmungen

Artikel 38

In-Kraft-Treten von Artikel 18 Abs. 2

Artikel 18 Abs. 2 dieser Statuten tritt unmittelbar nach Abschluss der ordentlichen Generalversammlung 2014 in Kraft und findet damit erstmals Anwendung auf die Wahl von Mitgliedern des Verwaltungsrates, des Verwaltungsratspräsidenten und/oder von Mitgliedern des Vergütungsausschusses an der ersten Generalversammlung nach der ordentlichen Generalversammlung 2014.

Section 9:

Transitional Provisions

Article 38

Entry Into Effect of Article 18 para. 2

Article 18 para. 2 of these Articles of Association shall become effective immediately after the completion of the 2014 Annual General Meeting and shall thus apply for the first time to the election of members of the Board of Directors, the Chair of the Board of Directors and/or members of the Compensation Committee at the first General Meeting of Shareholders held after the 2014 Annual General Meeting.

Annex K—Amendment of Article 14 para. 1 of the Articles of Association Regarding Shareholder Proposals Pursuant to Swiss Law

		Artikel 14			**Article 14**
Traktandierung	1	Jeder Aktionär kann die Traktandierung eines Verhandlungsgegenstandes verlangen. Das Traktandierungsbegehren muss mindestens 30 Kalendertage vor dem Jahrestag des sog. Proxy Statements der Gesellschaft, das im Zusammenhang mit der Generalversammlung im jeweiligen Vorjahr veröffentlicht und gemäss den anwendbaren SEC Regeln bei der SEC eingereicht wurde, schriftlich unter Angabe des Verhandlungsgegenstandes und der Anträge sowie unter Nachweis der erforderlichen Anzahl im Aktienbuch eingetragenen Aktien eingereicht werden. Falls das Datum der anstehenden Generalversammlung mehr als 30 Kalendertage vor oder nach dem Jahrestag der vorangegangenen Generalversammlung angesetzt worden ist, ist das Traktandierungsbegehren stattdessen spätestens 10 Kalendertage nach dem Tag einzureichen, an dem die Gesellschaft das Datum der Generalversammlung öffentlich bekannt gemacht hat.	Agenda	1	Any shareholder may request that an item be included on the agenda of a General Meeting of Shareholders. An inclusion of an item on the agenda must be requested in writing at least 30 calendar days prior to the anniversary date of the Company's proxy statement in connection with the previous year's General Meeting of Shareholders, as filed with the SEC pursuant to the applicable rules of the SEC, and shall specify in writing the relevant agenda items and proposals, together with evidence of the required shareholdings recorded in the share register; *provided, however,* that if the date of the General Meeting of Shareholders is more than 30 calendar days before or after ~~such~~ the anniversary date of the previous year's General Meeting of Shareholders, such request must instead be made at least by the 10th calendar day following the date on which the Company has made public disclosure of the date of the General Meeting of Shareholders.
	2	*Keine Änderungen*		2	*No changes*
	3	*Keine Änderungen*		3	*No changes*

ANNUAL REPORT TO SHAREHOLDERS

TRANSOCEAN LTD.

CONSOLIDATED FINANCIAL STATEMENTS
For the years ended December 31, 2013, 2012 and 2011

TRANSOCEAN LTD. AND SUBSIDIARIES
INDEX TO ANNUAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2013

Item		Page
	PART I	
Item 1.	Business	AR-2
Item 1A.	Risk Factors	AR-11
Item 1B.	Unresolved Staff Comments	AR-26
Item 2.	Properties	AR-26
Item 3.	Legal Proceedings	AR-26
Item 4.	Mine Safety Disclosures	AR-26
	PART II	
Item 5.	Market for Registrant's Common Equity, Related Shareholder Matters and Issuer Purchases of Equity Securities	AR-29
Item 6.	Selected Financial Data	AR-32
Item 7.	Management's Discussion and Analysis of Financial Condition and Results of Operations	AR-33
Item 7A.	Quantitative and Qualitative Disclosures About Market Risk	AR-61
Item 8.	Financial Statements and Supplementary Data	AR-63
Item 9.	Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	AR-128
Item 9A.	Controls and Procedures	AR-128
Item 9B.	Other Information	AR-128
	PART III	
Item 10.	Directors, Executive Officers and Corporate Governance	AR-129
Item 11.	Executive Compensation	AR-129
Item 12.	Security Ownership of Certain Beneficial Owners and Management and Related Shareholder Matters	AR-129
Item 13.	Certain Relationships and Related Transactions, and Director Independence	AR-129
Item 14.	Principal Accounting Fees and Services	AR-129
	PART IV	
Item 15.	Exhibits and Financial Statement Schedules	AR-130

Forward-Looking Information

The statements included in this annual report regarding future financial performance and results of operations and other statements 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 in this annual report include, but are not limited to, statements about the following subjects:

- the impact of the Macondo well incident, claims, settlement and related matters,
- our results of operations and cash flow from operations, including revenues, revenue efficiency, costs and expenses,
- the offshore drilling market, including the impact of enhanced regulations in the jurisdictions in which we operate, supply and demand, utilization rates, dayrates, customer drilling programs, commodity prices, stacking of rigs, reactivation of rigs, effects of new rigs on the market and effects of declines in commodity prices and the downturn in the global economy or market outlook for our various geographical operating sectors and classes of rigs,
- customer drilling contracts, including contract backlog, force majeure provisions, contract commencements, contract extensions, contract terminations, contract option exercises, contract revenues, contract awards and rig mobilizations,
- liquidity and adequacy of cash flows for our obligations,
- debt levels, including impacts of a financial and economic downturn,
- uses of excess cash, including the payment of dividends and other distributions, share repurchases and debt retirement, including the amounts, timing and, as applicable shareholder proposals or approvals associated with uses of excess cash,
- newbuild, upgrade, shipyard and other capital projects, including completion, delivery and commencement of operation dates, expected downtime and lost revenue, the level of expected capital expenditures and the timing and cost of completion of capital projects,
- the cost and timing of acquisitions and the proceeds and timing of dispositions,
- the timing, terms and results of our planned initial public offering of a master limited partnership,
- the results and timing of our organizational efficiency initiative, including related costs and expenses,
- the optimization of rig-based spending,
- tax matters, including our effective tax rate, changes in tax laws, treaties and regulations, tax assessments and liabilities for tax issues, including those associated with our activities in Brazil, Norway, the United Kingdom ("U.K.") and the United States ("U.S."),
- legal and regulatory matters, including results and effects of legal proceedings and governmental audits and assessments, outcomes and effects of internal and governmental investigations, customs and environmental matters,
- insurance matters, including adequacy of insurance, renewal of insurance, insurance proceeds and cash investments of our wholly owned captive insurance company,
- effects of accounting changes and adoption of accounting policies, and
- investments in recruitment, retention and personnel development initiatives, pension plan and other postretirement benefit plan contributions, the timing of severance payments and benefit payments.

Forward-looking statements in this annual report are identifiable by use of the following words and other similar expressions:

- "anticipates"
- "believes"
- "budgets"
- "could"
- "estimates"
- "expects"
- "forecasts"
- "intends"
- "may"
- "might"
- "plans"
- "predicts"
- "projects"
- "scheduled"
- "should"

Such statements are subject to numerous risks, uncertainties and assumptions, including, but not limited to:

- those described under "Item 1A. Risk Factors",
- the adequacy of and access to sources of liquidity,
- our inability to obtain drilling contracts for our rigs that do not have contracts,
- our inability to renew drilling contracts at comparable dayrates,
- operational performance,
- the impact of regulatory changes,
- the cancellation of drilling contracts currently included in our reported contract backlog,
- shipyard, construction and other delays,
- the results of meetings of our shareholders,
- increased political and civil unrest,
- the effect and results of litigation, regulatory matters, settlements, audits, assessments and contingencies, and
- other factors discussed in this annual report and in our other filings with the U.S. Securities and Exchange Commission ("SEC"), which are available free of charge on the SEC website at www.sec.gov.

The foregoing risks and uncertainties are beyond our ability to control, and in many cases, we cannot predict the risks and uncertainties that could cause our actual results to differ materially from those indicated by the forward-looking statements. 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 us 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, except as required by law.

PART I

Item 1. Business

Overview

Transocean Ltd. (together with its subsidiaries and predecessors, unless the context requires otherwise, "Transocean," the "Company," "we," "us" or "our") is a leading international provider of offshore contract drilling services for oil and gas wells. As of February 18, 2014, we owned or had partial ownership interests in and operated 79 mobile offshore drilling units associated with our continuing operations. As of February 18, 2014, our fleet consisted of 46 High-Specification Floaters (Ultra-Deepwater, Deepwater and Harsh Environment semisubmersibles and drillships), 22 Midwater Floaters and 11 High-Specification Jackups. At February 18, 2014, we also had seven Ultra-Deepwater drillships and five High-Specification Jackups under construction or under contract to be constructed.

Our primary business is to contract our drilling rigs, related equipment and work crews predominantly on a dayrate basis to drill oil and gas wells. We specialize in technically demanding regions of the global offshore drilling business with a particular focus on deepwater and harsh environment drilling services. We believe our mobile offshore drilling fleet is one of the most versatile fleets in the world, consisting of floaters and high-specification jackups used in support of offshore drilling activities and offshore support services on a worldwide basis.

Transocean Ltd. is a Swiss corporation with its registered office in Steinhausen, Canton of Zug and with principal executive offices located at Chemin de Blandonnet 10, 1214 Vernier, Switzerland. Our telephone number at that address is +41 22 930-9000. Our shares are listed on the New York Stock Exchange ("NYSE") under the symbol "RIG" and on the SIX Swiss Exchange ("SIX") under the symbol "RIGN." For information about the revenues, operating income, assets and other information related to our business, our segments and the geographic areas in which we operate, see "Part II. Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Part II. Item 8. Financial Statements and Supplementary Data—Notes to Consolidated Financial Statements—Note 23—Operating Segments, Geographical Analysis and Major Customers."

Recent Developments

In February 2014, in connection with our efforts to discontinue non-strategic operations, we completed the sale of Applied Drilling Technology International Limited, a U.K. company that performs drilling management services in the North Sea. Following the completion of the sale transaction, we agreed to provide a $15 million working capital line of credit to the buyer for up to two years. We have also provided a limited guarantee in favor of one customer through expiration of the current drilling project, which is expected to be completed in the fourth quarter of 2014. The disposal of this component of our business results in the discontinuation of our drilling management services operating segment in the year ending December 31, 2014.

In November 2012, in connection with our efforts to dispose of non-strategic assets and reduce our exposure to low-specification drilling units, we completed the sale of 37 standard jackups and one swamp barge to Shelf Drilling Holdings, Ltd. ("Shelf Drilling"). For a transition period following the completion of the sale transactions, we agreed to continue to operate a substantial portion of the standard jackups on behalf of Shelf Drilling and to provide certain other transition services to Shelf Drilling. As of February 18, 2014, under operating agreements, we continue to operate seven standard jackups on behalf of Shelf Drilling until the expiration of the underlying drilling contracts, which is expected in mid-2014. In addition, under a transition services agreement, we continue to provide certain transition services, which we expect to end in mid-2014. See "Part II. Item 8. Financial Statements and Supplementary Data—Notes to Consolidated Financial Statements—Note 7—Discontinued Operations."

Drilling Fleet

Fleet overview—Most of our drilling equipment is suitable for both exploration and development drilling, and we normally engage in both types of drilling activity. Likewise, all of our drilling rigs are mobile and can be moved to new locations in response to customer demand. All of our mobile offshore drilling units are designed to operate in locations away from port for extended periods of time and have living quarters for the crews, a helicopter landing deck and storage space for pipe and drilling supplies. Our drilling fleet can be generally characterized as follows: (1) floaters, including drillships and semisubmersibles, and (2) jackups.

Drillships are generally self-propelled vessels, shaped like conventional ships, and are the most mobile of the major rig types. All of our high-specification drillships are equipped with a computer-controlled dynamic positioning thruster system, which allows them to maintain position without anchors through the use of their onboard propulsion and station-keeping systems. Drillships typically have greater load capacity than early generation semisubmersible rigs. This enables them to carry more supplies on board, which often makes them better suited for drilling in remote locations where resupply is more difficult. However, drillships are generally limited to operations in calmer water conditions than those in which semisubmersibles can operate. We have 10 Ultra-Deepwater drillships in operation that are, and seven Ultra-Deepwater drillships under construction that will be, equipped with our patented dual-activity technology. Dual-activity technology employs structures, equipment and techniques using two drilling stations within a single derrick to allow these drillships to perform simultaneous drilling tasks in a parallel rather than sequential manner, reducing critical path activity, to improve efficiency in both exploration and development drilling. In addition to dynamic positioning thruster systems, dual-activity technology, industry-leading hoisting capacity and a second blowout preventer system, five of our seven newbuild drillships under construction will be outfitted to accommodate a future upgrade to a 20,000 pounds per square inch ("psi") blowout preventer.

Semisubmersibles are floating vessels that can be submerged by means of a water ballast system such that the lower hulls are below the water surface during drilling operations. These rigs are capable of maintaining their position over a well through the use of an anchoring system or a computer-controlled dynamic positioning thruster system. Although most semisubmersible rigs are relocated with the assistance of tugs, some units are self-propelled and move between locations under their own power when afloat on pontoons. Typically, semisubmersibles are better suited than drillships for operations in rougher water conditions. We have two custom-designed, high-capacity semisubmersible drilling rigs, equipped for year-round operations in harsh environments, including those of the Norwegian continental shelf and sub-Arctic waters. We have three semisubmersibles, which are designed for mild environments and are equipped with the unique tri-act derrick. The tri-act derrick was designed to reduce overall well construction costs, as it allows offline tubular and riser handling operations to occur at two sides of the derrick while the center portion of the derrick is being used for normal drilling operations through the rotary table. Additionally, five of our 24 semisubmersibles are equipped with our patented dual-activity technology.

Jackup rigs are mobile self-elevating drilling platforms equipped with legs that can be lowered to the ocean floor until a foundation is established to support the drilling platform. Once a foundation is established, the drilling platform is then jacked further up the legs so that the platform is above the highest expected waves. These rigs are generally suited for water depths of 400 feet or less. We have five newbuild High-Specification Jackups under construction that are expected to be capable of constructing wells up to 35,000 feet deep and feature advanced offshore drilling technology, including offline tubular handling features and simultaneous operations support.

Fleet categories—We further categorize the drilling units of our fleet as follows: (1) "High-Specification Floaters," consisting of our "Ultra-Deepwater Floaters," "Deepwater Floaters" and "Harsh Environment Floaters," (2) "Midwater Floaters" and (3) "High-Specification Jackups".

High-Specification Floaters are specialized offshore drilling units that we categorize into three sub-classifications based on their capabilities. Ultra-Deepwater Floaters are equipped with high-pressure mud pumps and are capable of drilling in water depths of 7,500 feet or greater. Deepwater Floaters are generally those other semisubmersible rigs and drillships capable of drilling in water depths between 4,500 and 7,500 feet. Harsh Environment Floaters are capable of drilling in harsh environments in water depths between 1,500 and 10,000 feet and have greater displacement, which offers larger variable load capacity, more useable deck space and better motion characteristics. Midwater Floaters are generally comprised of those non-high-specification semisubmersibles that have a water depth capacity of less than 4,500 feet. High-Specification Jackups have high capacity derricks, drawworks, mud systems and storage and generally have a water depth capacity of between 350 and 400 feet.

As of February 18, 2014, we owned and operated a fleet of 79 rigs, excluding rigs under construction, as follows:

- 46 High-Specification Floaters, which are comprised of:
  - 27 Ultra-Deepwater Floaters;
  - 12 Deepwater Floaters; and
  - Seven Harsh Environment Floaters;
- 22 Midwater Floaters; and
- 11 High-Specification Jackups.

Fleet status—Depending on market conditions, we may idle or stack non-contracted rigs. An *idle* rig is between drilling contracts, readily available for operations, and operating costs are typically at or near normal levels. A *stacked* rig typically has reduced operating costs, is staffed by a reduced crew or has no crew and is (a) preparing for an extended period of inactivity, (b) expected to continue to be inactive for an extended period, or (c) completing a period of extended inactivity. Stacked rigs will continue to incur operating costs at or above normal operating levels for 30 to 60 days following initiation of stacking. Some idle rigs and all stacked rigs require additional costs to return to service. The actual cost to return to service, which in many instances could be significant and could fluctuate over time, depends upon various factors, including the availability and cost of shipyard facilities, cost of equipment and materials and the extent of repairs and maintenance that may ultimately be required. We consider these factors, together with market conditions, length of contract, dayrate and other contract terms, when deciding whether to return a stacked rig to service. We may, from time to time, consider marketing stacked rigs as accommodation units or for other alternative uses until drilling activity increases and we obtain drilling contracts for these units. We may not return some stacked rigs to work for drilling services or for these alternative uses at all.

Drilling units—The following tables, presented as of February 18, 2014, provide certain specifications for our rigs. Unless otherwise noted, the stated location of each rig indicates either the current drilling location, if the rig is operating, or the next operating location, if the rig is in shipyard with a follow-on contract. As of February 18, 2014, we owned all of the drilling rigs in our fleet noted in the tables below, except for the following: (1) those specifically described as being owned through our interests in joint venture companies and (2) *Petrobras 10000*, which is subject to a capital lease through August 2029.

Rigs Under Construction (12)

Name	Type	Expected completion	Water depth capacity (in feet)	Drilling depth capacity (in feet)	Contracted location
Ultra-Deepwater Floaters					
Deepwater Asgard	HSD	1Q 2014	12,000	40,000	Indonesia
Deepwater Invictus	HSD	3Q 2014	12,000	40,000	U.S. Gulf
Deepwater Thalassa	HSD	1Q 2016	12,000	40,000	To be determined
Deepwater Proteus	HSD	2Q 2016	12,000	40,000	To be determined
Deepwater Pontus	HSD	1Q 2017	12,000	40,000	To be determined
Deepwater Poseidon	HSD	2Q 2017	12,000	40,000	To be determined
Deepwater Conqueror	HSD	4Q 2016	12,000	40,000	U.S. Gulf
High-Specification Jackups					
High-Specification Jackup TBN1	Jackup	1Q 2016	400	35,000	To be determined
High-Specification Jackup TBN2	Jackup	3Q 2016	400	35,000	To be determined
High-Specification Jackup TBN3	Jackup	4Q 2016	400	35,000	To be determined
High-Specification Jackup TBN4	Jackup	1Q 2017	400	35,000	To be determined
High-Specification Jackup TBN5	Jackup	3Q 2017	400	35,000	To be determined

"HSD" means high-specification drillship.

High-Specification Floaters (46)

Name	Type	Year entered service/ upgraded (a)	Water depth capacity (in feet)	Drilling depth capacity (in feet)	Location
Ultra-Deepwater Floaters (27)					
Discoverer Clear Leader (b) (c) (d)	HSD	2009	12,000	40,000	U.S. Gulf
Discoverer Americas (b) (c) (d) (e)	HSD	2009	12,000	40,000	Tanzania
Discoverer Inspiration (b) (c) (d) (e)	HSD	2010	12,000	40,000	U.S. Gulf
Deepwater Champion (b) (c) (e)	HSD	2011	12,000	40,000	U.S. Gulf
Petrobras 10000 (b) (c)	HSD	2009	12,000	37,500	Brazil
Dhirubhai Deepwater KG1 (b)	HSD	2009	12,000	35,000	India
Dhirubhai Deepwater KG2 (b)	HSD	2010	12,000	35,000	India
Discoverer India (b) (c) (d)	HSD	2010	12,000	40,000	U.S. Gulf
Discoverer Deep Seas (b) (c) (d)	HSD	2001	10,000	35,000	U.S. Gulf
Discoverer Enterprise (b) (c) (d)	HSD	1999	10,000	35,000	U.S. Gulf
Discoverer Spirit (b) (c) (d)	HSD	2000	10,000	35,000	U.S. Gulf
GSF C.R. Luigs (b)	HSD	2000	10,000	35,000	U.S. Gulf
GSF Jack Ryan (b)	HSD	2000	10,000	35,000	Nigeria
Deepwater Discovery (b)	HSD	2000	10,000	30,000	Nigeria
Deepwater Frontier (b)	HSD	1999	10,000	30,000	Australia
Deepwater Millennium (b)	HSD	1999	10,000	30,000	Australia
Deepwater Pathfinder (b)	HSD	1998	10,000	30,000	U.S. Gulf
Deepwater Expedition (b)	HSD	1999	8,500	30,000	Saudi Arabia
Cajun Express (b) (f)	HSS	2001	8,500	35,000	Morocco
Deepwater Nautilus (g)	HSS	2000	8,000	30,000	U.S. Gulf
GSF Explorer (b)	HSD	1972/1998	7,800	30,000	India
Discoverer Luanda (b) (c) (d) (e) (h)	HSD	2010	7,500	40,000	Angola
GSF Development Driller I (b) (c)	HSS	2005	7,500	37,500	U.S. Gulf
GSF Development Driller II (b) (c)	HSS	2005	7,500	37,500	U.S. Gulf
Development Driller III (b) (c)	HSS	2009	7,500	37,500	U.S. Gulf
Sedco Energy (b) (f)	HSS	2001	7,500	35,000	Ghana
Sedco Express (b) (f)	HSS	2001	7,500	35,000	Nigeria
Deepwater Floaters (12)					
Deepwater Navigator (b)	HSD	1971/2000	7,200	25,000	Brazil
Discoverer Seven Seas (b)	HSD	1976/1997	7,000	25,000	Indonesia
Transocean Marianas (g)	HSS	1979/1998	7,000	30,000	Idle
Sedco 702 (b)	HSS	1973/2007	6,500	25,000	Nigeria
Sedco 706 (b)	HSS	1976/2008	6,500	25,000	Brazil
Sedco 707 (b)	HSS	1976/1997	6,500	25,000	Brazil
GSF Celtic Sea (g)	HSS	1982/1998	5,750	25,000	Angola
Jack Bates (g)	HSS	1986/1997	5,400	30,000	Australia
M.G. Hulme, Jr. (g)	HSS	1983/1996	5,000	25,000	India
Sedco 710 (b)	HSS	1983/2001	4,500	25,000	Stacked
Sovereign Explorer (g)	HSS	1984	4,500	25,000	Stacked
Transocean Rather (g)	HSS	1988	4,500	25,000	Stacked
Harsh Environment Floaters (7)					
Transocean Spitsbergen (b) (c)	HSS	2010	10,000	30,000	Norwegian N. Sea
Transocean Barents (b) (c)	HSS	2009	10,000	30,000	Norwegian N. Sea
Henry Goodrich (g)	HSS	1985/2007	5,000	30,000	Canada
Transocean Leader (g)	HSS	1987/1997	4,500	25,000	Norwegian N. Sea
Paul B, Loyd, Jr.(g)	HSS	1990	2,000	25,000	U.K. N. Sea
Transocean Arctic (g)	HSS	1986	1,650	25,000	Norwegian N. Sea
Polar Pioneer (g)	HSS	1985	1,500	25,000	Norwegian N. Sea

"HSD" means high-specification drillship.
"HSS" means high-specification semisubmersible.
(a) Dates shown are the original service date and the date of the most recent upgrade, if any.
(b) Dynamically positioned.
(c) Dual-activity.
(d) Enterprise-class or Enhanced Enterprise-class rig.
(e) Pledged as collateral for certain debt instruments or credit facilities.
(f) Express-class rig.
(g) Moored floaters.
(h) Owned through our 65 percent interest in Angola Deepwater Drilling Company Limited ("ADDCL") and pledged as collateral for the debt of the joint venture company.

Midwater Floaters (22)

Name	Type	Year entered service/ upgraded (a)	Water depth capacity (in feet)	Drilling depth capacity (in feet)	Location
Sedco 700	OS	1973/1997	3,600	25,000	Stacked
Transocean Amirante	OS	1978/1997	3,500	25,000	Idle
Transocean Legend	OS	1983	3,500	25,000	Australia
GSF Arctic I	OS	1983/1996	3,400	25,000	Stacked
Transocean Driller	OS	1991	3,000	25,000	Brazil
GSF Rig 135	OS	1983	2,800	25,000	Congo
GSF Rig 140	OS	1983	2,800	25,000	India
GSF Aleutian Key	OS	1976/2001	2,300	25,000	Stacked
GSF Arctic III	OS	1984	1,800	25,000	U.K. N. Sea
Sedco 711	OS	1982	1,800	25,000	U.K. N. Sea
Transocean John Shaw	OS	1982	1,800	25,000	U.K. N. Sea
Sedco 712	OS	1983	1,600	25,000	U.K. N. Sea
Sedco 714	OS	1983/1997	1,600	25,000	U.K. N. Sea
Actinia	OS	1982	1,500	25,000	India
GSF Grand Banks	OS	1984	1,500	25,000	Canada
Sedco 601	OS	1983	1,500	25,000	Stacked
Sedneth 701	OS	1972/1993	1,500	25,000	Nigeria
Transocean Prospect	OS	1983/1992	1,500	25,000	U.K. N. Sea
Transocean Searcher	OS	1983/1988	1,500	25,000	Norwegian N. Sea
Transocean Winner	OS	1983	1,500	25,000	Norwegian N. Sea
J. W. McLean	OS	1974/1996	1,250	25,000	Stacked
Sedco 704	OS	1974/1993	1,000	25,000	U.K. N. Sea

"OS" means other semisubmersible.

(a) Dates shown are the original service date and the date of the most recent upgrade, if any.

High-Specification Jackups (11)

Name	Year entered service/ upgraded (a)	Water depth capacity (in feet)	Drilling depth capacity (in feet)	Location
Transocean Ao Thai	2013	350	35,000	Thailand
Transocean Andaman	2013	350	35,000	Thailand
Transocean Siam Driller	2013	350	35,000	Thailand
Transocean Honor (b)	2012	400	30,000	Angola
GSF Constellation I	2003	400	30,000	Indonesia
GSF Constellation II	2004	400	30,000	Gabon
GSF Galaxy I	1991/2001	400	30,000	U.K. N. Sea
GSF Galaxy II	1998	400	30,000	U.K. N. Sea
GSF Galaxy III	1999	400	30,000	U.K. N. Sea
GSF Magellan	1992	350	30,000	Nigeria
GSF Monarch	1986	350	30,000	U.K. N. Sea

(a) Dates shown are the original service date and the date of the most recent upgrades, if any.

(b) Owned through our 70 percent interest in Transocean Drilling Services Offshore Inc. ("TDSOI").

Markets

Our operations are geographically dispersed in oil and gas exploration and development areas throughout the world. Although the cost of moving a rig and the availability of rig-moving vessels may cause the balance between supply and demand to vary between regions, significant variations do not tend to exist long-term because of rig mobility. Consequently, we operate in a single, global offshore drilling market. Because our drilling rigs are mobile assets and are able to be moved according to prevailing market conditions, we cannot predict the percentage of our revenues that will be derived from particular geographic or political areas in future periods.

As of February 18, 2014, the fleet associated with our continuing operations was located in the U.S. Gulf of Mexico (14 units), the U.K. North Sea (13 units), Far East (seven units), Norway (seven units), Brazil (six units), India (six units), African countries other than Nigeria and Angola (six units), Nigeria (six units), Angola (four units), Australia (four units), Mediterranean (three units), Canada (two units), and the Middle East (one unit).

In recent years, oil companies have placed increased emphasis on exploring for hydrocarbons in deeper waters. This deepwater focus is due, in part, to technological developments that have made such exploration more feasible and cost-effective. Therefore, water-depth capability is a key component in determining rig suitability for a particular drilling project. Another distinguishing feature in some drilling market sectors is a rig's ability to operate in harsh environments, including extreme marine and climatic conditions and temperatures.

We categorize the market sectors in which we operate as follows: (1) deepwater, (2) midwater and (3) jackup. The deepwater and midwater market sectors are serviced by our drillships and semisubmersibles. Although the term *deepwater*, as used in the drilling industry to denote a particular market sector, can vary and continues to evolve with technological improvements, we generally view the deepwater market sector as that which begins in water depths of approximately 4,500 feet and extends to the maximum water depths in which rigs are capable of drilling, which is currently approximately 12,000 feet. We view the midwater market sector as that which covers water depths of about 300 feet to approximately 4,500 feet.

The jackup market sector begins at the outer limit of the transition zone, which is characterized by marshes, rivers, lakes and shallow bay and coastal water areas, and extends to water depths of about 400 feet. This sector has been developed to a significantly greater degree than the deepwater market sector because the shallower water depths have made it much more affordable and accessible than the deeper water market sectors.

Financial Information about Geographic Areas

The following table presents the geographic areas in which our operating revenues were earned (in millions):

	Years ended December 31,		
	2013	2012	2011
Operating revenues			
U.S.	$ 2,382	$ 2,472	$ 1,971
Norway	1,208	1,174	897
U.K.	1,181	1,028	1,099
Brazil	855	1,114	1,019
Other countries (a)	3,858	3,408	3,041
Total operating revenues	$ 9,484	$ 9,196	$ 8,027

(a) Other countries represents countries in which we operate that individually had operating revenues representing less than 10 percent of total operating revenues earned for any of the periods presented.

The following table presents the geographic areas in which our long-lived assets were located (in millions):

	December 31,	
	2013	2012
Long-lived assets		
U.S.	$ 6,996	$ 7,395
Norway	2,091	2,072
Brazil	1,388	2,285
Other countries (a)	11,232	9,128
Total long-lived assets	$ 21,707	$ 20,880

(a) Other countries represents countries in which we operate that individually had long-lived assets representing less than 10 percent of total long-lived assets for any of the periods presented.

Contract Drilling Services

Our contracts to provide offshore drilling services are individually negotiated and vary in their terms and provisions. We obtain most of our drilling contracts through competitive bidding against other contractors and direct negotiations with operators. Drilling contracts generally provide for payment on a dayrate basis, with higher rates for periods while the drilling unit is operating and lower rates or zero rates for periods of mobilization or when drilling operations are interrupted or restricted by equipment breakdowns, adverse environmental conditions or other conditions beyond our control.

A dayrate drilling contract generally extends over a period of time covering either the drilling of a single well or group of wells or covering a stated term. At December 31, 2013, the contract backlog associated with our continuing operations was approximately $28.2 billion, representing a decrease of 4.1 percent and an increase of 34.9 percent compared to the contract backlog associated with our continuing operations at December 31, 2012 and 2011, which was $29.4 billion and $20.9 billion, respectively. See "Part II. Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations—Outlook—Drilling market" and "Part II. Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations—Performance and Other Key Indicators."

Certain of our drilling contracts with customers may be cancelable at the option of the customer upon payment of an early termination payment. Such payments, however, may not fully compensate us for the loss of the contract. Contracts also customarily provide for either automatic termination or termination at the option of the customer typically without the payment of any termination fee, under various circumstances such as non-performance, in the event of extended downtime or impaired performance caused by equipment or operational issues, or sustained periods of downtime due to force majeure events. Many of these events are beyond our control. The contract term in some instances may be extended by the customer exercising options for the drilling of additional wells or for an additional term. Our contracts also typically include a provision that allows the customer to extend the contract to finish drilling a well-in-progress. During periods of depressed market conditions, our customers may seek to renegotiate firm drilling contracts to reduce their obligations or may seek to repudiate their contracts. Suspension of drilling contracts will result in the reduction in or loss of dayrate for the period of the suspension. If our customers cancel some of our contracts and we are unable to secure new contracts on a timely basis and on substantially similar terms, or if contracts are suspended for an extended period of time or if a number of our contracts are renegotiated, it could adversely affect our consolidated results of operations or cash flows. See "Item 1A. Risk Factors—Risks related to our business—Our drilling contracts may be terminated due to a number of events."

Consistent with standard industry practice, our customers generally assume, and indemnify us against, well control and subsurface risks under dayrate drilling contracts. Under all of our current drilling contracts, the operator indemnifies us for pollution damages in connection with reservoir fluids stemming from operations under the contract and we indemnify the operator for pollution from substances in our control that originate from the rig, such as diesel used onboard the rig or other fluids stored onboard the rig and above the water surface. Also, under all of our current drilling contracts, the operator indemnifies us against damage to the well or reservoir and loss of subsurface oil and gas and the cost of bringing the well under control. However, our drilling contracts are individually negotiated, and the degree of indemnification we receive from the operator against the liabilities discussed above can vary from contract to contract, based on market conditions and customer requirements existing when the contract was negotiated. In some instances, we have contractually agreed upon certain limits to our indemnification rights and can be responsible for damages up to a specified maximum dollar amount, which is, in any case, immaterial to us. The nature of our liability and the prevailing market conditions, among other factors, can influence such contractual terms. In most instances in which we are indemnified for damages to the well, we have the responsibility to redrill the well at a reduced dayrate. Notwithstanding a contractual indemnity from a customer, there can be no assurance that our customers will be financially able to indemnify us or will otherwise honor their contractual indemnity obligations. See "Item 1A. Risk Factors—Risks related to our business—Our business involves numerous operating hazards, and our insurance and indemnities from our customers may not be adequate to cover potential losses from our operations."

The interpretation and enforceability of a contractual indemnity depends upon the specific facts and circumstances involved, as governed by applicable laws, and may ultimately need to be decided by a court or other proceeding which will need to consider the specific contract language, the facts and applicable laws. In connection with the Macondo well incident, a court refused to enforce an indemnity in respect of punitive damages and certain penalties under the Clean Water Act ("CWA"). The law generally considers contractual indemnity for criminal fines and penalties to be against public policy, and the enforceability of an indemnity as to other matters may be limited. The inability or other failure of our customers to fulfill their indemnification obligations to us could have a material adverse effect on our consolidated statement of financial position, results of operations or cash flows. See "Part II. Item 8. Financial Statements and Supplementary Data—Notes to Consolidated Financial Statements—Note 15—Commitments and Contingencies—Macondo well incident contingencies—Contractual indemnity."

Significant Customers

We engage in offshore drilling services for most of the leading international oil companies or their affiliates, as well as for many government-controlled oil companies and independent oil companies. For the year ended December 31, 2013, our most significant customers were Chevron Corporation (together with its affiliates, "Chevron") and BP plc. (together with its affiliates, "BP"), representing approximately 12 percent and 10 percent, respectively, of our consolidated operating revenues from continuing operations. No other customers accounted for 10 percent or more of our consolidated operating revenues from continuing operations in the year ended December 31, 2013. Additionally, as of February 18, 2014, the customers with the most significant aggregate amount of contract backlog associated with our drilling contracts were Royal Dutch Shell plc and Chevron, representing approximately 35 percent and 19 percent, respectively, of our total contract backlog. See "Item 1A. Risk Factors—Risks related to our business—We rely heavily on a relatively small number of customers and the loss of a significant customer or a dispute that leads to the loss of a customer could have a material adverse impact on our financial results."

Employees

We require highly skilled personnel to operate our drilling units. Consequently, we conduct extensive personnel recruiting, training and safety programs. At December 31, 2013, we had approximately 15,100 employees associated with our continuing operations, including approximately 1,000 persons engaged through contract labor providers. Of our 15,100 employees, approximately 800 persons were working under operating agreements with Shelf Drilling and are expected to transition upon expiration of such operating agreements. Some of our employees working in Angola, the U.K., Nigeria, Norway, Australia and Brazil are represented by, and some of our contracted labor work under, collective bargaining agreements. Many of these represented individuals are working under agreements that are subject to annual salary negotiation. These negotiations could result in higher personnel expenses, other increased costs or increased operational restrictions, as the outcome of such negotiations apply to all offshore employees not just the union members. Additionally, failure to reach agreement on certain key issues may result in strikes, lockouts or other work stoppages that may materially impact our operations.

Legislation has been introduced in the U.S. Congress that could encourage additional unionization efforts in the U.S., as well as increase the chances that such efforts succeed. Additional unionization efforts, if successful, new collective bargaining agreements or work stoppages could materially increase our labor costs and operating restrictions.

Joint Venture, Agency and Sponsorship Relationships and Other Investments

In some areas of the world, local customs and practice or governmental requirements necessitate the formation of joint ventures with local participation. We may or may not control these joint ventures. We are an active participant in several joint venture drilling companies, principally in Angola, Indonesia, Malaysia and Nigeria. Local laws or customs in some areas of the world also effectively mandate establishment of a relationship with a local agent or sponsor. When appropriate in these areas, we enter into agency or sponsorship agreements. Some of the joint ventures in which we participate are as follows:

We hold a 65 percent interest in ADDCL, a consolidated Cayman Islands joint venture company formed to own *Discoverer Luanda*, which operates in Angola. Our local partner, Angco Cayman Limited, a Cayman Islands company, holds the remaining 35 percent interest in ADDCL. Beginning January 31, 2016, Angco Cayman Limited will have the right to exchange its interest in the joint venture for cash at an amount based on an appraisal of the fair value of the drillship, subject to certain adjustments.

We hold a 70 percent interest in TDSOI, a consolidated British Virgin Islands joint venture company formed to own *Transocean Honor*, which operates in Angola. Our local partner, Angco II, a Cayman Islands company, holds the remaining 30 percent interest in TDSOI. Under certain circumstances, Angco II will have the right to exchange its interest in the joint venture for cash at an amount based on an appraisal of the fair value of the jackup, subject to certain adjustments.

We hold an 87.5 percent interest in Indigo Drilling Limited ("Indigo"), a consolidated Nigerian joint venture company formed to engage in drilling operations offshore Nigeria. Our local partner, Mr. Chima Ibeneche, holds the remaining 12.5 percent interest in Indigo.

Additionally, we hold interests in certain joint venture companies in Angola, Indonesia, Malaysia and Nigeria that have been formed to perform certain management services and other onshore support services for our operations.

Technological Innovation

We are a leading international provider of offshore contract drilling services for oil and gas wells. We specialize in technically demanding sectors of the global offshore drilling business. Our fleet is considered one of the most versatile in the world with a particular focus on deepwater and harsh environment drilling capabilities. Since launching the offshore industry's first jackup drilling rig in 1954, we have achieved a long history of technological innovations, including the first dynamically positioned drillship, the first rig to drill year-round in the North Sea and the first semisubmersible rig for year-round sub-Arctic operations. In recent years, we have repeatedly achieved the world water depth record, holding the current world record at 10,411 feet. Fifteen rigs in our existing fleet are, and seven of our rigs that are currently under construction will be, equipped with our patented dual-activity technology, which allows our rigs to perform simultaneous drilling tasks in a parallel rather than sequential manner and reduces critical path activity while improving efficiency in both exploration and development drilling. Additionally, three rigs in our existing fleet are equipped with the unique tri-act derrick, which allows offline tubular and riser activities during normal drilling operations and is patented in certain market sectors in which we operate.

We continue to develop and deploy industry-leading technology. In addition to our patented dual-activity drilling technology, our most recent newbuild drillships will include industry-leading hookload capability, compensated cranes for performing subsea installations, hybrid power systems and reduced emissions and advanced generator protection. The newbuild drillships will also be outfitted with two blowout preventers and triple liquid mud systems and are designed to accept 20,000 psi blowout preventers in the future. The effective use of and continued improvements in technology to address our customers' requirements are critical to maintaining our competitive position within the contract drilling services industry. We expect to continue to develop technology internally, through partnerships, such as our collaboration with a customer to develop a fault-resistant and fault-tolerant blowout preventer system, or to acquire technology through strategic acquisitions.

Environmental Regulation

Our operations are subject to a variety of global environmental regulations. We monitor environmental regulation in each country of operation and, while we see an increase in general environmental regulation, we have made and will continue to make the required expenditures to comply with current and future environmental requirements. We make expenditures to further our commitment to environmental improvement and the setting of a global environmental standard as part of our wider corporate responsibility effort. We assess the environmental impacts of our business, specifically in the areas of greenhouse gas emissions, climate change, discharges and waste management. Our actions are designed to reduce risk in our current and future operations, to promote sound environmental management and to create a proactive environmental program. To date, we have not incurred material costs in order to comply with recent legislation, and we do not believe that our compliance with such requirements will have a material adverse effect on our competitive position, consolidated results of operations or cash flows.

For a discussion of the effects of environmental regulation, see "Item 1A. Risk Factors—Risks related to our business—Compliance with or breach of environmental laws can be costly, expose us to liability and could limit our operations."

Available Information

Our website address is *www.deepwater.com*. Information contained on or accessible from our website is not incorporated by reference into this annual report and should not be considered a part of this report or any other filing that we make with the U.S. Securities and Exchange Commission (the "SEC"). We make available on this website free of charge, our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports as soon as reasonably practicable after we electronically file those materials with, or furnish those materials to, the SEC. You may also find on our website information related to our corporate governance, board committees and company code of business conduct and ethics. The SEC also maintains a website, *www.sec.gov*, which contains reports, proxy statements and other information regarding SEC registrants, including us.

We intend to satisfy the requirement under Item 5.05 of Form 8-K to disclose any amendments to our Code of Integrity and any waiver from any provision of our Code of Integrity by posting such information in the Corporate Governance section of our website at *www.deepwater.com*.

Item 1A. Risk Factors

Risks related to our business

The Macondo well incident could result in increased expenses and decreased revenues, which could ultimately have a material adverse effect on us.

Numerous lawsuits have been filed against us and unaffiliated defendants related to the Macondo well incident. We are subject to claims alleging that we are jointly and severally liable, along with BP and others, for damages arising from the Macondo well incident. We have incurred and expect to continue to incur significant legal fees and costs in responding to these matters. In January 2013, we agreed with the U.S. Department of Justice ("DOJ") to pay $1.4 billion in fines, recoveries and penalties, excluding interest, over a five-year period through 2017, and we may be subject to additional governmental fines or penalties. These payments are not deductible for tax purposes. Although we have excess liability insurance coverage relating to certain other liabilities associated with the Macondo well incident, our personal injury and other third-party liability insurance coverage is subject to deductibles and overall aggregate policy limits and does not cover criminal fines and penalties. There can be no assurance that our insurance will ultimately be adequate to cover all of our remaining potential liabilities in connection with these matters. For a discussion of the potential impact of the failure of the Macondo well operator to honor its indemnification obligations to us, see "Item 1A. Risk Factors—Risks related to our business—We could experience a material adverse effect on our consolidated statement of financial position, results of operations or cash flows to the extent any of the Macondo well operator's indemnification obligations to us are not enforceable or the operator does not indemnify us" below. If we ultimately incur substantial additional liabilities in connection with these matters with respect to which we are neither insured nor indemnified, those liabilities could have a material adverse effect on us.

We are currently unable to estimate the full impact the Macondo well incident will have on us. We have recognized a liability for estimated loss contingencies that we believe are probable and for which a reasonable estimate can be made. At December 31, 2013, our liability for such loss contingencies was $464 million. This liability takes into account certain events related to the litigation and investigations arising out of the incident. There are loss contingencies related to the Macondo well incident that we believe are reasonably possible and for which we do not believe a reasonable estimate can be made. These loss contingencies could increase the liabilities we ultimately recognize. Our estimates involve a significant amount of judgment. As a result of new information or future developments, we may adjust our estimated loss contingencies arising out of the Macondo well incident, and the resulting liabilities could have a material adverse effect on our consolidated statement of financial position, results of operations or cash flows.

Our business may also be adversely impacted by any negative publicity relating to the incident and us, any negative perceptions about us by customers, the skilled personnel whom we require to support our operations or others, any further increases in premiums for insurance or difficulty in obtaining coverage and the diversion of management's attention from our operations to focus on matters relating to the incident. In addition, the Macondo well incident could negatively impact our ongoing business relationship with BP, which accounted for approximately 10 percent of our consolidated operating revenues from continuing operations in the year ended December 31, 2013. Ultimately, these factors could have a material adverse effect on our consolidated statement of financial position, results of operations or cash flows.

We could experience a material adverse effect on our consolidated statement of financial position, results of operations or cash flows to the extent any of the Macondo well operator's indemnification obligations to us are not enforceable or the operator does not indemnify us.

The combined response team to the Macondo well incident was unable to stem the flow of hydrocarbons from the well prior to the sinking of *Deepwater Horizon*. The resulting spill of hydrocarbons was the most extensive in U.S. history. The operator has stated in its public filings that it has recognized cumulative pre-tax losses of $42.7 billion in relation to the spill as of February 4, 2014. As described under "Part II. Item 8. Financial Statements and Supplementary Data—Notes to Consolidated Financial Statements—Note 15—Commitments and Contingencies—Macondo well incident contingencies—Contractual indemnity," under the *Deepwater Horizon* drilling contract, BP agreed to indemnify us with respect to certain matters, and we agreed to indemnify BP with respect to certain matters. We could experience a material adverse effect on our consolidated statement of financial position, results of operations or cash flows to the extent that BP does not honor its indemnification obligations, including by reason of financial or legal restrictions, or our insurance policies do not fully cover these amounts. In April 2011, BP filed a claim seeking a declaration that it is not liable to us in contribution, indemnification, or otherwise, and further, BP has brought claims against us seeking indemnification and contribution. On November 1, 2011, we filed a motion for partial summary judgment regarding the scope and enforceability of the indemnity obligations in the drilling contract. On January 26, 2012, the court ruled that the drilling contract requires BP to indemnify us for compensatory damages asserted by third parties against us related to pollution that did not originate on or above the surface of the water, even if the claim is the result of our strict liability, negligence or gross negligence. The court also held that BP does not owe us indemnity to the extent that we are held liable for punitive damages or civil penalties under the CWA. The court deferred ruling on BP's argument that we committed a core breach of the drilling contract or otherwise materially increased BP's risk or prejudiced its rights so as to impair BP's indemnity obligations. The law generally considers contractual indemnity for criminal fines and penalties to be against public policy. In May 2013, we filed a motion for partial summary judgment seeking to enforce BP's agreement to release claims made by BP itself. The U.S. District Court, Eastern District of Louisiana (the "MDL Court") has not yet ruled on this motion.

In addition, in connection with our settlement with the DOJ, we agreed that we will not use payments pursuant to a civil consent decree by and among the DOJ and certain of our affiliates (the "Consent Decree") as a basis for indemnity or reimbursement from non-insurer defendants named in the complaint by the U.S. or their affiliates.

Despite our settlement with the DOJ, we could have additional liabilities to the U.S. government and others. The ultimate outcome of investigations of the Macondo well incident, DOJ lawsuits and our settlement with the DOJ is uncertain.

On December 15, 2010, the DOJ filed a civil lawsuit against us and other unaffiliated defendants. The complaint alleged claims under the Oil Pollution Act of 1990 (the "OPA") and the CWA, including claims for per barrel civil penalties. The complaint asserted that all defendants are jointly and severally liable for all removal costs and damages resulting from the Macondo well incident. On December 6, 2011, the DOJ filed a motion for partial summary judgment seeking a ruling that we were jointly and severally liable under OPA, and liable for civil penalties under the CWA, for all discharges from the Macondo well on the theory that the discharges not only came from the well, but also came from the blowout preventer and riser, appurtenances of *Deepwater Horizon*. On February 22, 2012, the U.S. District Court, Eastern District of Louisiana, ruled that we are not liable as a responsible party for damages under OPA with respect to the below surface discharges from the Macondo well. The court also ruled that the below surface discharge was discharged from the well facility, and not from the *Deepwater Horizon* vessel, within the meaning of the CWA, and that we therefore are not liable for such discharges as an owner of the vessel under the CWA. This ruling is currently being appealed to the Fifth Circuit Court of Appeals. In addition, the court ruled that the issue of whether we could be held liable for such discharge under the CWA as an "operator" of the well facility could not be resolved on summary judgment. The court did not determine whether we could be liable for removal costs under OPA, or the extent of such removal costs.

The DOJ also conducted a criminal investigation into the Macondo well incident. On March 7, 2011, the DOJ announced the formation of a task force to investigate possible violations by us and certain unaffiliated parties of the CWA, the Migratory Bird Treaty Act, the Refuse Act, the Endangered Species Act, and the Seaman's Manslaughter Act, among other federal statutes, and possible criminal liabilities, including fines under those statutes and under the Alternative Fines Act. On January 3, 2013, we reached an agreement with the DOJ to resolve certain outstanding civil and potential criminal charges against us arising from the Macondo well incident through a cooperation guilty plea agreement by and among the DOJ and certain of our affiliates (the "Plea Agreement") and the Consent Decree. Our settlement with the DOJ did not release us from liabilities to the U.S. government as to all Macondo-related matters nor did it release all Transocean-related persons and entities. In particular, this agreement was without prejudice to the rights of the U.S. with respect to all other matters, including certain liabilities under the OPA for removal costs or for damages for injury to, loss of or loss of use of natural resources, including the reasonable cost of assessing the damage, certain claims for a declaratory judgment of liability under OPA already claimed by the U.S., and certain liabilities for response costs and damages including injury to park system resources, damages for injury to or loss of natural resources and for the cost of any natural resource damage assessments. We have incurred and will continue to incur costs and have been and will continue to be required to devote management and other corporate resources to comply with our agreements with the U.S. Under these agreements, we are subject to restrictions and obligations not imposed on other drilling contractors, which may adversely impact us. Our failure to comply with the terms of these agreements could also result in additional sanctions and penalties that could adversely affect us.

See "Part II. Item 8. Financial Statements and Supplementary Data—Notes to Consolidated Financial Statements—Note 15—Commitments and Contingencies—Macondo well incident contingencies—Litigation."

Pursuant to our Plea Agreement, we are subject to probation, through February 2018. Pursuant to the terms of our Consent Decree, we are subject to the restrictions of that decree for an extended period of time that will be at least through 2017. Any failure to comply with the Consent Decree or probation could result in additional penalties, sanctions and costs and could adversely affect us. See "Part II. Item 8. Financial Statements and Supplementary Data—Notes to Consolidated Financial Statements—Note 15—Commitments and Contingencies—Macondo well incident contingencies—Litigation."

In addition, a number of other governmental and regulatory bodies as well as we and other companies have conducted investigations into the Macondo well incident. Many of these investigations have resulted in reports that are critical of us and our actions leading up to and in connection with the incident.

See "Part II. Item 8. Financial Statements and Supplementary Data—Notes to Consolidated Financial Statements—Note 15—Commitments and Contingencies—Macondo well incident contingencies—Litigation."

We cannot predict the ultimate outcome of the remaining DOJ or other governmental claims or any of the investigations, including any impact on the litigation related to the Macondo well incident, the extent to which we could be subject to fines, sanctions or other penalties or the potential impact of implementing measures resulting from the settlement with the DOJ, our guilty plea or arising from the investigations or the costs to be incurred in completing the investigations.

Our agreement with the U.S. Environmental Protection Agency may prohibit us from entering into, extending or engaging in certain business relationships. In addition, if we do not comply with the terms of our agreement with the U.S. Environmental Protection Agency, we may be subject to suspension, debarment or statutory disqualification.

On February 25, 2013, we and the U.S. Environmental Protection Agency (the "EPA") entered into an administrative agreement (the "EPA Agreement") related to the Macondo well incident, which has a five-year term. In the EPA Agreement, we agreed to, among

other things, continue the implementation of certain programs and systems; comply with certain employment and contracting procedures; engage independent compliance auditors and a process safety consultant; and give reports and notices with respect to various matters. Subject to certain exceptions, the EPA Agreement prohibits us from entering into, extending or engaging in certain business relationships with individuals or entities that are debarred, suspended, proposed for debarment or similarly restricted, including affiliates of BP. In addition, if we fail to comply with the terms of the EPA Agreement, we may be subject to suspension, debarment or statutory disqualification.

See "Part II. Item 8. Financial Statements and Supplementary Data—Notes to Consolidated Financial Statements—Note 15—Commitments and Contingencies—Macondo well incident settlement obligations—EPA Agreement."

The continuing effects of the enhanced regulations enacted following the Macondo well incident could materially and adversely affect our worldwide operations.

New governmental safety and environmental requirements applicable to both deepwater and shallow water operations have been adopted for drilling in the U.S. Gulf of Mexico following the Macondo well incident. In order to obtain drilling permits, operators must submit applications that demonstrate compliance with the enhanced regulations, which require independent third-party inspections, certification of well design and well control equipment and emergency response plans in the event of a blowout, among other requirements. Operators have previously had, and may in the future have, difficulties obtaining drilling permits in the U.S. Gulf of Mexico. In addition, the oil and gas industry has adopted new equipment and operating standards, such as the American Petroleum Institute Standard 53 relating to the installation and testing of well control equipment. These new safety and environmental guidelines and standards and any further new guidelines or standards the U.S. government or industry may issue or any other steps the U.S. government or industry may take, could disrupt or delay operations, increase the cost of operations, increase out-of-service time or reduce the area of operations for drilling rigs in U.S. and non-U.S. offshore areas.

Other governments could take similar actions relating to implementing new safety and environmental regulations in the future. Additionally, some of our customers have elected to voluntarily comply with some or all of the new inspections, certification requirements and safety and environmental guidelines on rigs operating outside of the U.S. Gulf of Mexico. Additional governmental regulations and requirements concerning licensing, taxation, equipment specifications and training requirements or the voluntary adoption of such requirements or guidelines by our customers could increase the costs of our operations, increase certification and permitting requirements, increase review periods and impose increased liability on offshore operations. The requirements applicable to us under the Consent Decree and the EPA Agreement cover safety, environmental, reporting, operational and other matters and are in addition to the regulations applicable to all industry participants and may add additional costs and liabilities.

The continuing effects of the enhanced regulations may also decrease the demand for drilling services, negatively affect dayrates and increase out-of-service time, which could ultimately have a material adverse effect on our revenue and profitability. We are unable to predict the full impact that the continuing effects of the enhanced regulations will have on our operations.

Our business depends on the level of activity in the offshore oil and gas industry, which is significantly affected by volatile oil and gas prices and other factors.

Our business depends on the level of activity in oil and gas exploration, development and production in offshore areas worldwide. Demand for our services depends on oil and natural gas industry activity and expenditure levels that are directly affected by trends in oil and, to a lesser extent, natural gas prices.

Oil and gas prices are extremely volatile and are affected by numerous factors, including the following:

- worldwide demand for oil and gas, including economic activity in the U.S. and other large energy-consuming markets;
- the ability of the Organization of the Petroleum Exporting Countries ("OPEC") to set and maintain production levels, productive spare capacity and pricing;
- the level of production in non-OPEC countries;
- the policies of various governments regarding exploration and development of their oil and gas reserves;
- advances in exploration, development and production technology;
- the discovery rate of new oil and gas reserves;
- the rate of decline of existing oil and gas reserves;
- laws and regulations related to environmental matters, including those addressing alternative energy sources and the risks of global climate change;
- the development and exploitation of alternative fuels;
- the development of new technology to exploit oil and gas reserves, such as shale oil;
- accidents, adverse weather conditions; natural disasters and other similar incidents relating to the oil and gas industry; and
- the worldwide military and political environment, including uncertainty or instability resulting from an escalation or outbreak of armed hostilities, civil unrest or other crises in the Middle East or other geographic areas or acts of terrorism.

Demand for our services is particularly sensitive to the level of exploration, development and production activity of, and the corresponding capital spending by, oil and natural gas companies, including national oil companies. Any prolonged reduction in oil and natural gas prices could depress the immediate levels of exploration, development and production activity. Perceptions of longer-term lower oil and natural gas prices by oil and gas companies could similarly reduce or defer major expenditures given the long-term nature of many large-scale development projects. Lower levels of activity result in a corresponding decline in the demand for our services, which

could have a material adverse effect on our revenue and profitability. Oil and gas prices and market expectations of potential changes in these prices significantly affect this level of activity. However, higher near-term commodity prices do not necessarily translate into increased drilling activity since customers' expectations of longer-term future commodity prices typically drive demand for our rigs. Also, increased competition for customers' drilling budgets could come from, among other areas, land-based energy markets in Africa, Russia, China, Western Asian countries, the Middle East, the U.S. and elsewhere. The availability of quality drilling prospects, exploration success, relative production costs, the stage of reservoir development and political and regulatory environments also affect customers' drilling campaigns. Worldwide military, political and economic events have contributed to oil and gas price volatility and are likely to do so in the future.

We must make substantial capital and operating expenditures to maintain our fleet, and we may be required to make significant capital expenditures to maintain our competitiveness and to comply with laws and the applicable regulations and standards of governmental authorities and organizations, or to execute our growth plan, each of which could negatively affect our financial condition, results of operations and cash flows.

We must make substantial capital and operating expenditures to maintain our fleet. These expenditures could increase as a result of changes in the following:

- the cost of labor and materials;
- customer requirements;
- fleet size;
- the cost of replacement parts for existing drilling rigs;
- the geographic location of the drilling rigs;
- length of drilling contracts;
- governmental regulations and maritime self-regulatory organization and technical standards relating to safety, security or the environment; and
- industry standards.

Changes in offshore drilling technology, customer requirements for new or upgraded equipment and competition within our industry may require us to make significant capital expenditures in order to maintain our competitiveness. In addition, changes in governmental regulations, safety or other equipment standards, as well as compliance with standards imposed by maritime self-regulatory organizations, may require us to make additional unforeseen capital expenditures. As a result, we may be required to take our rigs out of service for extended periods of time, with corresponding losses of revenues, in order to make such alterations or to add such equipment. In the future, market conditions may not justify these expenditures or enable us to operate our older rigs profitably during the remainder of their economic lives.

In addition, in order to execute our growth plan, we may require additional capital in the future. If we are unable to fund capital expenditures with our cash flow from operations or sales of non-strategic assets, we may be required to either incur additional borrowings or raise capital through the sale of debt or equity securities. Our ability to access the capital markets may be limited by our financial condition at the time, by changes in laws and regulations or interpretation thereof and by adverse market conditions resulting from, among other things, general economic conditions and contingencies and uncertainties that are beyond our control. If we raise funds by issuing equity securities, existing shareholders may experience dilution. Our failure to obtain the funds for necessary future capital expenditures could have a material adverse effect on our business and on our statements of financial condition, results of operations and cash flows.

The offshore drilling industry is highly competitive and cyclical, with intense price competition.

The offshore contract drilling industry is highly competitive with numerous industry participants, none of which has a dominant market share. Drilling contracts are traditionally awarded on a competitive bid basis. Intense price competition is often the primary factor in determining which qualified contractor is awarded a job, although rig availability and the quality and technical capability of services and equipment are also considered.

The offshore drilling industry has historically been cyclical and is impacted by oil and gas price levels and volatility. There have been periods of high demand, short rig supply and high dayrates, followed by periods of low demand, excess rig supply and low dayrates. Changes in commodity prices can have a dramatic effect on rig demand, and periods of excess rig supply may intensify competition in the industry and result in the idling of older and less technologically advanced equipment. We have idled and stacked rigs, and may in the future idle or stack additional rigs or enter into lower dayrate drilling contracts in response to market conditions. We cannot predict when or if any idled or stacked rigs will return to service.

During prior periods of high dayrates and rig utilization rates, we and other industry participants have increased the supply of rigs by ordering the construction of new units. This has historically resulted in an oversupply of rigs and has caused a subsequent decline in dayrates and rig utilization rates, sometimes for extended periods of time. Presently, there are numerous recently constructed high-specification floaters and other drilling units that are capable of competing with our rigs that have entered the global market, and there are more that are under contract for construction. The entry into service of these new units has increased and will continue to increase supply and could curtail a strengthening, or trigger a reduction, in dayrates as rigs are absorbed into the active fleet or lead to accelerated stacking of the existing fleet.

A significant number of the newbuild units, including our two Ultra-Deepwater drillships and our five High-Specification Jackups currently under construction, have not been contracted for work, which may intensify price competition. Any further increase in construction of new units would likely exacerbate the negative impact on dayrates and utilization rates. Lower dayrates and rig utilization rates could adversely affect our revenues and profitability.

We have a substantial amount of debt, and we may lose the ability to obtain future financing and suffer competitive disadvantages.

At December 31, 2013 and 2012, our overall debt level was approximately $10.7 billion and $12.5 billion, respectively. This substantial level of debt and other obligations could have significant adverse consequences on our business and future prospects, including the following:

- we may not be able to obtain financing in the future for working capital, capital expenditures, acquisitions, debt service requirements, distributions, share repurchases, or other purposes;
- we may not be able to use operating cash flow in other areas of our business because we must dedicate a substantial portion of these funds to service the debt;
- we could become more vulnerable to general adverse economic and industry conditions, including increases in interest rates, particularly given our substantial indebtedness, some of which bears interest at variable rates;
- we may not be able to meet financial ratios or satisfy certain other conditions included in our bank credit agreements, which could result in our inability to meet requirements for borrowings under our bank credit agreements or a default under these agreements and trigger cross default provisions in our other debt instruments; and
- we may be less able to take advantage of significant business opportunities and to react to changes in market or industry conditions than our less levered competitors.

Credit rating agencies may lower our corporate credit ratings below investment grade.

Credit rating agencies may downgrade our credit ratings to non-investment grade levels. Such ratings levels could have material adverse consequences on our business and future prospects, including the following:

- limit our ability to access debt markets, including for the purpose of refinancing our existing debt;
- cause us to refinance or issue debt with less favorable terms and conditions, which debt may require collateral and restrict, among other things, our ability to pay distributions or repurchase shares;
- increase certain fees under our credit facilities and interest rates under agreements governing certain of our senior notes;
- cause additional indebtedness of approximately $30 million to become due;
- negatively impact current and prospective customers' willingness to transact business with us;
- impose additional insurance, guarantee and collateral requirements;
- limit our access to bank and third-party guarantees, surety bonds and letters of credit; and
- suppliers and financial institutions may lower or eliminate the level of credit provided through payment terms or intraday funding when dealing with us thereby increasing the need for higher levels of cash on hand, which would decrease our ability to repay debt balances.

Since the Macondo well incident, Moody's Investors Service, Standard & Poor's and Fitch have each downgraded their ratings of our senior unsecured debt on more than one occasion. Any further downgrade by any of the rating agencies could have the effects described above. We cannot provide assurance that our credit ratings will not be downgraded to a non-investment grade rating in the near future. See "Item 1A. Risk Factors—Risks related to our business—The Macondo well incident could result in increased expenses and decreased revenues, which could ultimately have a material adverse effect on us."

We rely heavily on a relatively small number of customers and the loss of a significant customer or a dispute that leads to the loss of a customer could have a material adverse impact on our financial results.

We engage in offshore drilling services for most of the leading international oil companies or their affiliates, as well as for many government-controlled oil companies and independent oil companies. For the year ended December 31, 2013, our most significant customers were Chevron and BP, accounting for approximately 12 percent and 10 percent, respectively, of our consolidated operating revenues from continuing operations. As of February 18, 2014, the customers with the most significant aggregate amount of contract backlog associated with our drilling contracts were Royal Dutch Shell plc and Chevron, representing approximately 35 percent and 19 percent, respectively, of our total contract backlog.

Our relationship with BP, whose affiliate was the operator of the Macondo well, has been and could continue to be negatively impacted by the Macondo well incident. In addition, subject to certain exceptions, the EPA Agreement prohibits us from entering into, extending or engaging in certain business relationships with individuals or entities that are debarred, suspended, proposed for debarment or similarly restricted in the U.S., including affiliates of BP. The loss of any of these customers or another significant customer, or a decline in payments under any of our drilling contracts, could, at least in the short term, have a material adverse effect on our results of operations and cash flows.

In addition, our drilling contracts subject us to counterparty risks. The ability of each of our counterparties to perform its obligations under a contract with us will depend on a number of factors that are beyond our control and may include, among other things, general economic conditions, the condition of the offshore drilling industry, prevailing prices for oil and natural gas, the overall financial condition of the counterparty, the dayrates received and the level of expenses necessary to maintain drilling activities. In addition, in depressed market conditions, our customers may no longer need a drilling rig that is currently under contract or may be able to obtain a

comparable drilling rig at a lower dayrate. Should a counterparty fail to honor its obligations under an agreement with us, we could sustain losses, which could have a material adverse effect on our business, financial condition and results of operations.

Significant part or equipment shortages, supplier capacity constraints, supplier production disruptions, supplier quality and sourcing issues or price increases could increase our operating costs, decrease our revenues and adversely impact our operations.

Our reliance on third-party suppliers, manufacturers and service providers to secure equipment, parts, components and sub-systems used in our operations exposes us to volatility in the quality, prices and availability of such items. Certain parts and equipment that we use in our operations may be available only from a small number of suppliers, manufacturers or service providers, or in some cases must be sourced through a single supplier, manufacturer or service provider. Recent industry developments have reduced the number of available suppliers. A disruption in the deliveries from such third-party suppliers, manufacturers or service providers, capacity constraints, production disruptions, price increases, quality control issues, recalls or other decreased availability of parts and equipment could adversely affect our ability to meet our commitments to customers, adversely impact our operations and revenues or increase our operating costs.

Our operating and maintenance costs will not necessarily fluctuate in proportion to changes in our operating revenues.

Our operating and maintenance costs will not necessarily fluctuate in proportion to changes in our operating revenues. Costs for operating a rig are generally fixed or only semi-variable regardless of the dayrate being earned. In addition, should our rigs incur unplanned downtime while on contract or idle time between drilling contracts, we typically will not reduce the staff on those rigs because we will use the crew to prepare the rig for its next contract. During times of reduced activity, reductions in costs may not be immediate as portions of the crew may be required to prepare rigs for stacking, after which time the crew members are assigned to active rigs or dismissed. As our rigs are mobilized from one geographic location to another, the labor and other operating and maintenance costs can vary significantly. In general, labor costs increase primarily due to higher salary levels and inflation. Equipment maintenance expenses fluctuate depending upon the type of activity the unit is performing and the age and condition of the equipment, and these expenses could increase for short or extended periods as a result of regulatory or customer requirements that raise maintenance standards above historical levels. Contract preparation expenses vary based on the scope and length of contract preparation required and the duration of the firm contractual period over which such expenditures are amortized.

Our shipyard projects and operations are subject to delays and cost overruns.

As of February 18, 2014, we had seven Ultra-Deepwater Floater and five High-Specification Jackup newbuild rig projects. We also have a variety of other more limited shipyard projects at any given time. These shipyard projects are subject to the risks of delay or cost overruns inherent in any such construction project resulting from numerous factors, including the following:

- availability of suppliers to recertify equipment for enhanced regulations;
- shipyard availability, failures and difficulties;
- shortages of equipment, materials or skilled labor;
- unscheduled delays in the delivery of ordered materials and equipment;
- design and engineering problems, including those relating to the commissioning of newly designed equipment;
- latent damages or deterioration to hull, equipment and machinery in excess of engineering estimates and assumptions;
- unanticipated actual or purported change orders;
- disputes with shipyards and suppliers;
- failure or delay of third-party vendors or service providers;
- strikes, labor disputes and work stoppages;
- customer acceptance delays;
- adverse weather conditions, including damage caused by such conditions;
- terrorist acts, war, piracy and civil unrest;
- unanticipated cost increases; and
- difficulty in obtaining necessary permits or approvals.

These factors may contribute to cost variations and delays in the delivery of our newbuild units and other rigs undergoing shipyard projects. Delays in the delivery of these units would result in delay in contract commencement, resulting in a loss of revenue to us, and may also cause customers to terminate or shorten the term of the drilling contract for the rig pursuant to applicable late delivery clauses. In the event of termination of any of these drilling contracts, we may not be able to secure a replacement contract on as favorable terms, if at all.

Our operations also rely on a significant supply of capital and consumable spare parts and equipment to maintain and repair our fleet. We also rely on the supply of ancillary services, including supply boats and helicopters. Shortages in materials, manufacturing defects, delays in the delivery of necessary spare parts, equipment or other materials, or the unavailability of ancillary services could negatively impact our future operations and result in increases in rig downtime and delays in the repair and maintenance of our fleet.

We may not be able to renew or obtain new and favorable drilling contracts for rigs whose contracts are expiring or are terminated or obtain drilling contracts for our uncontracted newbuilds, which could adversely affect our consolidated statements of operations.

Our ability to renew expiring drilling contracts or obtain new drilling contracts will depend on the prevailing market conditions at the time. If we are unable to obtain new drilling contracts in direct continuation with existing contracts or for our uncontracted newbuild units, or if new drilling contracts are entered into at dayrates substantially below the existing dayrates or on terms otherwise less favorable compared to existing contract terms, our revenues and profitability could be adversely affected.

The offshore drilling markets in which we compete experience fluctuations in the demand for drilling services. A number of existing drilling contracts for our drilling rigs that are currently operating are scheduled to expire in 2014 and 2015. Also, of the units we currently have under construction as part of our newbuild program, five of the High-Specification Jackups are being constructed without customer drilling contracts. We will attempt to secure drilling contracts for these units prior to their completion. We may be unable to obtain drilling contracts for our rigs that are currently operating upon the expiration or termination of such contracts or obtain drilling contracts for our newbuilds, and there may be a gap in the operation of the rigs between current contracts and subsequent contracts. In particular, if oil and natural gas prices are low, or it is expected that such prices will decrease in the future, at a time when we are seeking drilling contracts for our rigs, we may be unable to obtain drilling contracts at attractive dayrates or at all.

Compliance with or breach of environmental laws can be costly, expose us to liability and could limit our operations.

Our business in the offshore drilling industry is affected by laws and regulations relating to the energy industry and the environment, including international conventions and treaties, and regional, national, state, and local laws and regulations. The offshore drilling industry depends on demand for services from the oil and gas exploration and production industry, and, accordingly, we are directly affected by the adoption of laws and regulations that, for economic, environmental or other policy reasons, curtail exploration and development drilling for oil and gas. Compliance with such laws, regulations and standards, where applicable, may require us to make significant capital expenditures, such as the installation of costly equipment or operational changes, and may affect the resale values or useful lives of our rigs. We may also incur additional costs in order to comply with other existing and future regulatory obligations, including, but not limited to, costs relating to air emissions, including greenhouse gases ("GHGs"), the management of ballast waters, maintenance and inspection, development and implementation of emergency procedures and insurance coverage or other financial assurance of our ability to address pollution incidents. Offshore drilling in certain areas has been curtailed and, in certain cases, prohibited because of concerns over protection of the environment. These costs could have a material adverse effect on our consolidated statement of financial position, results of operations or cash flows. A failure to comply with applicable laws and regulations may result in administrative and civil penalties, criminal sanctions or the suspension or termination of our operations.

To the extent new laws are enacted or other governmental actions are taken that prohibit or restrict offshore drilling or impose additional environmental protection requirements that result in increased costs to the oil and gas industry, in general, or the offshore drilling industry, in particular, our business or prospects could be materially adversely affected. The operation of our drilling rigs will require certain governmental approvals. These governmental approvals may involve public hearings and costly undertakings on our part. We may not obtain such approvals or such approvals may not be obtained in a timely manner. If we fail to timely secure the necessary approvals or permits, our customers may have the right to terminate or seek to renegotiate their drilling contracts to our detriment. The amendment or modification of existing laws and regulations or the adoption of new laws and regulations curtailing or further regulating exploratory or development drilling and production of oil and gas could have a material adverse effect on our business, operating results or financial condition. Compliance with any such new legislation or regulations could have an adverse effect on our statements of operations and cash flows.

As an operator of mobile offshore drilling units in some offshore areas, we may be liable for damages and costs incurred in connection with oil spills or waste disposals related to those operations, and we may also be subject to significant fines in connection with spills. For example, an oil spill could result in significant liability, including fines, penalties and criminal liability and remediation costs for natural resource damages, as well as third-party damages, to the extent that the contractual indemnification provisions in our drilling contracts are not enforceable or otherwise sufficient, or if our customers are unwilling or unable to contractually indemnify us from these risks. Additionally, we may not be able to obtain such indemnities in our future drilling contracts, and our customers may not have the financial capability to fulfill their contractual obligations to us. Also, these indemnities may be held to be unenforceable in certain jurisdictions, as a result of public policy or for other reasons. For example, one of the courts in the litigation related to the Macondo well incident has refused to enforce aspects of our indemnity with respect to certain environmental-related liabilities. Laws and regulations protecting the environment have become more stringent in recent years, and may in some cases impose strict liability, rendering a person liable for environmental damage without regard to negligence. These laws and regulations may expose us to liability for the conduct of or conditions caused by others or for acts that were in compliance with all applicable laws at the time they were performed. The application of these requirements or the adoption of new requirements or measures could have a material adverse effect on our consolidated statement of financial position, results of operations or cash flows. In addition, our Consent Decree, the EPA Agreement and probation arising out of our Plea Agreement add to these regulations, requirements and liabilities. Our guilty plea to negligently discharging oil into the U.S. Gulf of Mexico in connection with the Macondo well incident caused us to incur liabilities under the environmental laws relating to the Macondo well incident. We may be subject to additional liabilities and penalties. See "—The Macondo well incident could result in increased expenses and decreased revenues, which could ultimately have a material adverse effect on us."

Our drilling contracts may be terminated due to a number of events.

Certain of our drilling contracts with customers may be cancelable at the option of the customer upon payment of an early termination payment. Such payments may not, however, fully compensate us for the loss of the contract. Drilling contracts also customarily provide for either automatic termination or termination at the option of the customer typically without the payment of any termination fee, under various circumstances such as non-performance, as a result of significant downtime or impaired performance caused by equipment or operational issues, or sustained periods of downtime due to force majeure events. Many of these events are beyond our control. During periods of depressed market conditions, we are subject to an increased risk of our customers seeking to repudiate their contracts, including through claims of non-performance. Our customers' ability to perform their obligations under their drilling contracts, including their ability to fulfill their indemnity obligations to us, may also be negatively impacted by an economic downturn. Our customers, which include national oil companies, often have significant bargaining leverage over us. If our customers cancel some of our contracts, and we are unable to secure new contracts on a timely basis and on substantially similar terms, or if contracts are suspended for an extended period of time or if a number of our contracts are renegotiated, it could adversely affect our consolidated statement of financial position, results of operations or cash flows.

Our current backlog of contract drilling revenue may not be fully realized, which may have a material adverse impact on our consolidated statement of financial position, results of operations or cash flows.

At February 18, 2014, the contract backlog associated with our continuing operations was approximately $27.2 billion. This amount represents the firm term of the drilling contract multiplied by the contractual operating rate, which may be higher than the actual dayrate we receive or we may receive other dayrates included in the contract such as 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.

Several factors could cause rig downtime or a suspension of operations, including:

- breakdowns of equipment and other unforeseen engineering problems;
- work stoppages, including labor strikes;
- shortages of material and skilled labor;
- surveys by government and maritime authorities;
- periodic classification surveys;
- severe weather, strong ocean currents or harsh operating conditions; and
- force majeure events.

In certain drilling contracts, the dayrate may be reduced to zero or result in customer credit against future dayrate if, for example, repairs extend beyond a stated period of time. Our contract backlog includes signed drilling contracts and, in some cases, other definitive agreements awaiting contract execution. We may not be able to realize the full amount of our contract backlog due to events beyond our control. In addition, some of our customers have experienced liquidity issues in the past and these liquidity issues could be experienced again if commodity prices decline to lower levels for an extended period of time. Liquidity issues could lead our customers to go into bankruptcy or could encourage our customers to seek to repudiate, cancel or renegotiate these agreements for various reasons (see "—Our drilling contracts may be terminated due to a number of events"). Our inability to realize the full amount of our contract backlog may have a material adverse effect on our consolidated statement of financial position, results of operations or cash flows.

The global nature of our operations involves additional risks.

We operate in various regions throughout the world, which may expose us to political and other uncertainties, including risks of:

- terrorist acts, war, piracy and civil unrest;
- seizure, expropriation or nationalization of our equipment;
- expropriation or nationalization of our customers' property;
- repudiation or nationalization of contracts;
- imposition of trade or immigration barriers;
- import-export quotas;
- wage and price controls;
- changes in law and regulatory requirements, including changes in interpretation and enforcement;
- involvement in judicial proceedings in unfavorable jurisdictions;
- damage to our equipment or violence directed at our employees, including kidnappings;
- complications associated with supplying, repairing and replacing equipment in remote locations;
- the inability to move income or capital; and
- currency exchange fluctuations.

Our non-U.S. contract drilling operations are subject to various laws and regulations in certain countries in which we operate, including laws and regulations relating to the import and export, equipment and operation of drilling units, currency conversions and repatriation, oil and gas exploration and development, and taxation of offshore earnings and earnings of expatriate personnel. We are also subject to the U.S. Treasury Department's Office of Foreign Assets Control ("OFAC") and other U.S. laws and regulations governing our international operations. In addition, various state and municipal governments, universities and other investors have proposed or adopted divestment and other initiatives regarding investments including, with respect to state governments, by state retirement systems in companies that do business with countries that have been designated as state sponsors of terrorism by the U.S. State Department. For

example, our internal compliance program has identified and we have self-reported a potential OFAC compliance issue involving the shipment of goods by a freight forwarder through Iran, a country that has been designated as a state sponsor of terrorism by the U.S. State Department. Failure to comply with applicable laws and regulations, including those relating to sanctions and export restrictions, may subject us to criminal sanctions or civil remedies, including fines, denial of export privileges, injunctions or seizures of assets. Investors could view any potential violations of OFAC regulations negatively, which could adversely affect our reputation and the market for our shares.

Governments in some foreign countries have become increasingly active in regulating and controlling the ownership of concessions and companies holding concessions, the exploration for oil and gas and other aspects of the oil and gas industries in their countries, including local content requirements for participating in tenders for certain drilling contracts. Many governments favor or effectively require the awarding of drilling contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction or require use of a local agent. In addition, government action, including initiatives by OPEC, may continue to cause oil or gas price volatility. In some areas of the world, this governmental activity has adversely affected the amount of exploration and development work by major oil companies and may continue to do so.

A substantial portion of our drilling contracts are partially payable in local currency. Those amounts may exceed our local currency needs, leading to the accumulation of excess local currency, which, in certain instances, may be subject to either temporary blocking or other difficulties converting to U.S. dollars, our functional currency, or to other currencies in which we operate. Excess amounts of local currency may be exposed to the risk of currency exchange losses.

The shipment of goods, services and technology across international borders subjects us to extensive trade laws and regulations. Our import and export activities are governed by unique customs laws and regulations in each of the countries where we operate. Moreover, many countries, including the U.S., control the import and export of certain goods, services and technology and impose related import and export recordkeeping and reporting obligations. Governments also may impose economic sanctions against certain countries, persons and other entities that may restrict or prohibit transactions involving such countries, persons and entities, and we are also subject to the U.S. anti-boycott law.

The laws and regulations concerning import and export activity, recordkeeping and reporting, import and export control and economic sanctions are complex and constantly changing. These laws and regulations may be enacted, amended, enforced or interpreted in a manner materially impacting our operations. Ongoing economic challenges may increase some foreign governments' efforts to enact, enforce, amend or interpret laws and regulations as a method to increase revenue. Shipments can be delayed and denied import or export for a variety of reasons, some of which are outside our control and some of which may result from failure to comply with existing legal and regulatory regimes. Shipping delays or denials could cause unscheduled operational downtime.

An inability to obtain visas and work permits for our employees on a timely basis could hurt our operations and have an adverse effect on our business. Our ability to operate worldwide depends on our ability to obtain the necessary visas and work permits for our personnel to travel in and out of, and to work in, the jurisdictions in which we operate. Governmental actions in some of the jurisdictions in which we operate may make it difficult for us to move our personnel in and out of these jurisdictions by delaying or withholding the approval of these permits. If we are not able to obtain visas and work permits for the employees we need to operate our rigs on a timely basis, we might not be able to perform our obligations under our drilling contracts, which could allow our customers to cancel the contracts. If our customers cancel some of our drilling contracts, and we are unable to secure new drilling contracts on a timely basis and on substantially similar terms, it could adversely affect our consolidated statement of financial position, results of operations or cash flows.

Our business involves numerous operating hazards, and our insurance and indemnities from our customers may not be adequate to cover potential losses from our operations.

Our operations are subject to the usual hazards inherent in the drilling of oil and gas wells, such as, but not limited to, blowouts, reservoir damage, loss of production, loss of well control, punch-throughs, lost or stuck drill strings, equipment defects, craterings, fires, explosions and pollution. Contract drilling requires the use of heavy equipment and exposure to hazardous conditions, which may subject us to liability claims by employees, customers and other parties. These hazards can cause personal injury or loss of life, severe damage to or destruction of property and equipment, pollution or environmental damage, claims by third parties or customers and suspension of operations. Our offshore fleet is also subject to hazards inherent in marine operations, either while on site or during mobilization, such as capsizing, sinking, grounding, collision, piracy, damage from severe weather and marine life infestations.

The South China Sea, the Northwest Coast of Australia and the U.S. Gulf of Mexico area are subject to typhoons, hurricanes or other extreme weather conditions on a relatively frequent basis, and our drilling rigs in these regions may be exposed to damage or total loss by these storms, some of which may not be covered by insurance. The occurrence of these events could result in the suspension of drilling operations, damage to or destruction of the equipment involved and injury to or death of rig personnel. Some experts believe global climate change could increase the frequency and severity of these extreme weather conditions. Operations may also be suspended because of machinery breakdowns, abnormal drilling conditions, failure of subcontractors to perform or supply goods or services, or personnel shortages. We customarily provide contract indemnity to our customers for certain claims that could be asserted by us relating to damage to or loss of our equipment, including rigs, and claims that could be asserted by us or our employees relating to personal injury or loss of life.

Damage to the environment could also result from our operations, particularly through spillage of hydrocarbons, fuel, lubricants or other chemicals and substances used in drilling operations, or extensive uncontrolled fires. We may also be subject to property damage, environmental indemnity and other claims by oil and natural gas companies. Drilling involves certain risks, including risks associated with the loss of control of a well, such as blowout, cratering, the cost to regain control of or redrill the well and remediation of associated pollution. Our customers may be unable or willing to indemnify us against such risks. In addition, a court may decide that certain indemnities in our current or future drilling contracts are not enforceable. The law generally considers contractual indemnity for criminal fines and penalties to be against public policy, and the enforceability of an indemnity as to other matters may be limited.

Our insurance policies and drilling contracts contain rights to indemnity that may not adequately cover our losses, and we do not have insurance coverage or rights to indemnity for all risks. We have two main types of insurance coverage: (1) hull and machinery coverage for physical damage to our property and equipment and (2) excess liability coverage, which generally covers offshore risks, such as personal injury, third-party property claims, and third-party non-crew claims, including wreck removal and pollution. We generally have no hull and machinery insurance coverage for damages caused by named storms in the U.S. Gulf of Mexico. We maintain per occurrence deductibles on our rigs that generally range up to $10 million for various third-party liabilities and an additional aggregate annual deductible of $50 million, which is self-insured through our wholly-owned captive insurance company. We also retain the risk for any liability in excess of our $870 million excess liability coverage. However, pollution and environmental risks generally are not completely insurable.

If a significant accident or other event occurs that is not fully covered by our insurance or an enforceable or recoverable indemnity from a customer or from Shelf Drilling with respect to (i) the remaining seven standard jackups that we operate as of February 18, 2014, under operating agreements with Shelf Drilling or (ii) the three standard jackups that Shelf Drilling will operate, for which we have agreed to provide a limited guarantee in favor of Shelf Drilling's customer from the time the drilling contracts are novated through expiration of such drilling contracts, such occurrence could adversely affect our consolidated statement of financial position, results of operations or cash flows. The amount of our insurance may also be less than the related impact on enterprise value after a loss. Our insurance coverage will not in all situations provide sufficient funds to protect us from all liabilities that could result from our drilling operations. Our coverage includes annual aggregate policy limits. As a result, we generally retain the risk for any losses in excess of these limits. We generally do not carry insurance for loss of revenue unless contractually required, and certain other claims may also not be reimbursed by insurance carriers. Any such lack of reimbursement may cause us to incur substantial costs. In addition, we could decide to retain more risk in the future, resulting in higher risk of losses, which could be material. Moreover, we may not be able to maintain adequate insurance in the future at rates that we consider reasonable or be able to obtain insurance against certain risks.

Recent developments in Swiss corporate governance may affect our ability to attract and retain top executives.

On January 1, 2014, subject to certain transitional provisions, the Swiss Federal Council Ordinance Against Excessive Compensation at Public Companies (the "Ordinance") became effective. The Ordinance, among other things, (a) requires a binding shareholder "say on pay" vote with respect to the compensation of members of our executive management and board of directors (b) generally prohibits the making of severance, advance, transaction premiums and similar payments to members of our executive management and board of directors, and (c) requires the declassification of our board of directors and the amendment of our articles of association to specify various compensation-related matters. The Ordinance further provides for criminal penalties against directors and members of executive management in case of noncompliance with certain of its requirements. The Ordinance may negatively affect our ability to attract and retain executive management and members of our board of directors.

Our ongoing organizational efficiency initiative may affect our ability to manage our business and our operational results and could result in the loss of key personnel.

We are currently undertaking an organizational efficiency initiative to improve our cost structure and streamline certain shore-based business functions and processes. The organizational efficiency initiative includes a reduction in our workforce as well as the elimination of certain processes, programs and tasks we do not consider to be central to supporting our core business. As we make adjustments to our workforce, we may incur additional expenses that delay or limit any benefit of a more efficient workforce structure. Additionally, the implementation of the organizational efficiency initiative may strain or limit our management and our administrative, technical, operational and financial personnel and may not result in the anticipated improvement in our overall cost structure or the streamlining of our shore-based business functions and processes. If we fail to manage the organizational efficiency initiative changes effectively, it could adversely affect our ability to manage our business and operational results and could result in the loss of key personnel.

Failure to recruit and retain key personnel could hurt our operations.

We depend on the continuing efforts of key members of our management, as well as other highly skilled personnel, to operate and provide technical services and support for our business worldwide. Historically, competition for the personnel required for drilling operations has intensified as the number of rigs activated, added to worldwide fleets or under construction increased, leading to shortages of qualified personnel in the industry and creating upward pressure on wages and higher turnover. We may experience a reduction in the experience level of our personnel as a result of any increased turnover, which could lead to higher downtime and more operating incidents, which in turn could decrease revenues and increase costs. If increased competition for qualified personnel were to intensify in the future we may experience increases in costs or limits on operations.

Our labor costs and the operating restrictions under which we operate could increase as a result of collective bargaining negotiations and changes in labor laws and regulations.

Some of our employees working in Angola, the U.K., Nigeria, Norway, Australia and Brazil, are represented by, and some of our contracted labor work under, collective bargaining agreements. Many of these represented individuals are working under agreements that are subject to annual salary negotiation. These negotiations could result in higher personnel expenses, other increased costs or increased operational restrictions as the outcome of such negotiations apply to all offshore employees not just the union members. Legislation has been introduced in the U.S. Congress that could encourage additional unionization efforts in the U.S., as well as increase the chances that such efforts succeed. Additional unionization efforts, if successful, new collective bargaining agreements or work stoppages could materially increase our labor costs and operating restrictions.

Worldwide financial, economic and political conditions could have a material adverse effect on our consolidated statement of financial position, results of operations or cash flows.

Worldwide financial and economic conditions could cause our ability to access the capital markets to be severely restricted at a time when we would like, or need, to access such markets, which could have an impact on our flexibility to react to changing economic and business conditions. Worldwide economic conditions have in the past impacted, and could in the future impact, the lenders participating in our credit facilities and our customers, causing them to fail to meet their obligations to us. In addition, a portion of the credit under our credit facilities is provided by European banking institutions. If economic conditions in Europe preclude or limit financing from these banking institutions, we may not be able to obtain financing from other institutions on terms that are acceptable to us, or at all, even if conditions outside Europe remain favorable for lending. A slowdown in economic activity could reduce worldwide demand for energy and result in an extended period of lower oil and natural gas prices. A decline in oil and natural gas prices could reduce demand for our drilling services and have a material adverse effect on our consolidated statement of financial position, results of operations or cash flows.

The world economy and, in particular, the European economy are currently facing a number of challenges. As a result of the credit crisis in Europe, concerns persist regarding the debt burden of certain Eurozone countries and their ability to meet future financial obligations and the overall stability of the euro. An extended period of adverse development in the outlook for European countries could reduce the overall demand for oil and natural gas and for our services. These potential developments, or market perceptions concerning these and related issues, could affect our consolidated statement of financial position, results of operations or cash flows. In addition, turmoil and hostilities in the Middle East, North Africa and other geographic areas and countries are adding to overall risk. An extended period of adverse development in the outlook for the world economy could reduce the overall demand for oil and natural gas and for our services. Such changes could adversely affect our consolidated statement of financial position, results of operations or cash flows.

Failure to comply with anti-bribery statutes, such as the U.S. Foreign Corrupt Practices Act and the U.K. Bribery Act 2010, could result in fines, criminal penalties, drilling contract terminations and an adverse effect on our business.

The U.S. Foreign Corrupt Practices Act (the "FCPA"), the U.K. Bribery Act 2010 (the "Bribery Act") and similar anti-bribery laws in other jurisdictions, generally prohibit companies and their intermediaries from making improper payments for the purpose of obtaining or retaining business. We operate in many parts of the world that have experienced corruption to some degree and, in certain circumstances, strict compliance with anti-bribery laws may conflict with local customs and practices. If we are found to be liable for violations under the FCPA or the Bribery Act, either due to our own acts or our omissions or due to the acts or omissions of others, including our partners in our various joint ventures, we could suffer from civil and criminal penalties or other sanctions, which could have a material adverse effect on our business, financial condition and results of operations.

Civil penalties under the anti-bribery provisions of the FCPA could range up to $10,000 per violation, with a criminal fine up to the greater of $2 million per violation or twice the gross pecuniary gain to us or twice the gross pecuniary loss to others, if larger. Civil penalties under the accounting provisions of the FCPA can range up to $500,000 per violation and a company that knowingly commits a violation can be fined up to $25 million per violation. In addition, both the SEC and the DOJ could assert that conduct extending over a period of time may constitute multiple violations for purposes of assessing the penalty amounts. Often, dispositions for these types of matters result in modifications to business practices and compliance programs and possibly the appointment of a monitor to review future business and practices with the goal of ensuring compliance with the FCPA.

We could also face fines, sanctions and other penalties from authorities in the relevant foreign jurisdictions, including prohibition of our participating in or curtailment of business operations in those jurisdictions and the seizure of rigs or other assets. Our customers in those jurisdictions could seek to impose penalties or take other actions adverse to our interests. We could also face other third-party claims by agents, shareholders, debt holders, or other interest holders or constituents of our company. In addition, disclosure of the subject matter of the investigation could adversely affect our reputation and our ability to obtain new business or retain existing business from our current customers and potential customers, to attract and retain employees and to access the capital markets.

Regulation of "greenhouse gases" and climate change could have a negative impact on our business.

Some scientific studies have suggested that emissions of certain gases, commonly referred to as GHGs and including carbon dioxide and methane, may be contributing to warming of the Earth's atmosphere and other climatic changes. In response to such studies, the issue of climate change and the effect of GHG emissions, in particular emissions from fossil fuels, are attracting increasing attention worldwide.

Legislation to regulate emissions of GHGs has been introduced in the U.S. Congress, and there has been a wide-ranging policy debate, both in the U.S. and internationally, regarding the impact of these gases and possible means for their regulation. Some of the proposals would require industries to meet stringent new standards that would require substantial reductions in carbon emissions. Those reductions could be costly and difficult to implement. In addition, efforts have been made and continue to be made in the international community toward the adoption of international treaties or protocols that would address global climate change issues, such as the United Nations Climate Change Conference in Doha in 2012. Also, the EPA has undertaken efforts to collect information regarding GHG emissions and their effects. Following a finding by the EPA that certain GHGs represent an endangerment to human health, the EPA finalized motor vehicle GHG standards, the effect of which could reduce demand for motor fuels refined from crude oil, and a final rule to address permitting of GHG emissions from stationary sources under the Clean Air Act's Prevention of Significant Deterioration and Title V programs commencing when the motor vehicle standards took effect on January 2, 2011. Facilities containing petroleum and natural gas systems that emit 25,000 metric tons or more of CO2 equivalent per year are now required to report annual GHG emissions to the EPA.

Because our business depends on the level of activity in the offshore oil and gas industry, existing or future laws, regulations, treaties or international agreements related to GHGs and climate change, including incentives to conserve energy or use alternative energy sources, could have a negative impact on our business if such laws, regulations, treaties or international agreements reduce the worldwide demand for oil and gas or limit drilling opportunities. In addition, such laws, regulations, treaties or international agreements could result in increased compliance costs or additional operating restrictions, which may have a negative impact on our business.

We are subject to litigation that, if not resolved in our favor and not sufficiently insured against, could have a material adverse effect on us.

In addition to the litigation surrounding the Macondo well incident, we are subject to a variety of other litigation. Certain of our subsidiaries are named as defendants in numerous lawsuits alleging personal injury as a result of exposure to asbestos or toxic fumes or resulting from other occupational diseases, such as silicosis, and various other medical issues that can remain undiscovered for a considerable amount of time. Some of these subsidiaries that have been put on notice of potential liabilities have no assets. Further, our patent for dual-activity technology has been successfully challenged in certain jurisdictions, and we have been accused of infringing other patents. Other subsidiaries are subject to litigation relating to environmental damage. We cannot predict the outcome of the cases involving those subsidiaries or the potential costs to resolve them. Insurance may not be applicable or sufficient in all cases, insurers may not remain solvent, and policies may not be located, and liabilities associated with the Macondo well incident may exhaust some or all of the insurance available to cover certain claims. Suits against non-asset-owning subsidiaries have and may in the future give rise to alter ego or successor-in-interest claims against us and our asset-owning subsidiaries to the extent a subsidiary is unable to pay a claim or insurance is not available or sufficient to cover the claims. We are also subject to a number of significant tax disputes, including trials on criminal and civil charges that commenced in Norway in late 2012. To the extent that one or more pending or future litigation matters is not resolved in our favor and is not covered by insurance, a material adverse effect on our financial results and condition could result.

Public health threats could have a material adverse effect on our operations and our financial results.

Public health threats, such as the H1N1 flu virus, Severe Acute Respiratory Syndrome, and other highly communicable diseases, outbreaks of which have already occurred in various parts of the world in which we operate, could adversely impact our operations, the operations of our customers and the global economy, including the worldwide demand for oil and natural gas and the level of demand for our services. Any quarantine of personnel or inability to access our offices or rigs could adversely affect our operations. Travel restrictions or operational problems in any part of the world in which we operate, or any reduction in the demand for drilling services caused by public health threats in the future, may materially impact operations and adversely affect our financial results.

Our information technology systems are subject to cybersecurity risks and threats.

We depend on digital technologies to conduct our offshore and onshore operations, to collect payments from customers and to pay vendors and employees. Threats to our information technology systems associated with cybersecurity risks and cyber incidents or attacks continue to grow. In addition, breaches to our systems could go unnoticed for some period of time. Risks associated with these threats include disruptions of certain systems on our rigs; other impairments of our ability to conduct our operations; loss of intellectual property, proprietary information or customer data; disruption of our customers' operations; loss or damage to our customer data delivery systems; and increased costs to prevent, respond to or mitigate cybersecurity events. If such a cyber-incident were to occur, it could have a material adverse effect on our business, financial condition, cash flows and results of operations.

Acts of terrorism, piracy and social unrest could affect the markets for drilling services.

Acts of terrorism and social unrest, brought about by world political events or otherwise, have caused instability in the world's financial and insurance markets in the past and may occur in the future. Such acts could be directed against companies such as ours. In addition, acts of terrorism, piracy and social unrest could lead to increased volatility in prices for crude oil and natural gas and could affect the markets for drilling services. Insurance premiums could increase and coverages may be unavailable in the future.

Our drilling contracts do not generally provide indemnification against loss of capital assets or loss of revenues resulting from acts of terrorism, piracy or social unrest. We have limited insurance for our assets providing coverage for physical damage losses resulting from risks, such as terrorist acts, piracy, civil unrest, expropriation and acts of war, and we do not carry insurance for loss of revenues resulting from such risks. Government regulations may effectively preclude us from actively engaging in business activities in

certain countries. These regulations could be amended to cover countries where we currently operate or where we may wish to operate in the future.

Other risks

A change in tax laws, treaties or regulations, or their interpretation, of any country in which we have operations, are incorporated or are resident could result in a higher tax rate on our worldwide earnings, which could result in a significant negative impact on our earnings and cash flows from operations.

We operate worldwide through our various subsidiaries. Consequently, we are subject to changes in applicable tax laws, treaties or regulations in the jurisdictions in which we operate, which could include laws or policies directed toward companies organized in jurisdictions with low tax rates. A material change in the tax laws or policies, or their interpretation, of any country in which we have significant operations, or in which we are incorporated or resident, could result in a higher effective tax rate on our worldwide earnings and such change could be significant to our financial results.

In the U.S., tax legislative proposals intending to eliminate some perceived tax advantages of companies that have legal domiciles outside the U.S., but have certain U.S. connections, have repeatedly been introduced in the U.S. Congress. Recent examples include, but are not limited to, legislative proposals that would broaden the circumstances in which a non-U.S. company would be considered a U.S. resident, including the use of "management and control" provisions to determine corporate residency, and proposals that could override certain tax treaties and limit treaty benefits on certain payments by U.S. subsidiaries to non-U.S. affiliates. Additionally, members of the U.S. Congress have repeatedly introduced proposals which would disallow any deduction for otherwise tax deductible payments relating to any incident resulting in the discharge of oil into navigable waters, such as the Macondo well incident. In November 2013, the Senate Finance Committee introduced an international tax reform discussion draft, which proposed a number of international tax changes, including a proposal which could limit the deduction for intercompany payments in certain circumstances. Any material change in tax laws or policies, or their interpretation, resulting from such legislative proposals or inquiries could result in a higher effective tax rate on our worldwide earnings and such change could have a material adverse effect on our consolidated statement of financial position, results of operations or cash flows.

In Switzerland, tax legislative proposals intending to abolish certain cantonal tax privileges to the extent such provisions treat Swiss and non-Swiss income differently as well as implement other significant changes to existing tax laws and practices have been raised. These proposals are in response to certain guidance and demands from both the European Union and the Organisation for Economic Co-operation and Development. These issues, plus other tax legislative matters, are expected to be considered by Switzerland during the next 12 months. Switzerland's implementation of any material change in tax laws or policies or its adoption of new interpretations of existing tax laws and rulings could result in a higher effective tax rate on our worldwide earnings and such change could have a material adverse effect on our consolidated statement of financial position, results of operations or cash flows.

In December 2013, the U.K. Treasury released draft proposals that would cap the amount a U.K.-based contractor would be able to claim as a deductible expense for charter payments made to related companies. A ring fence was also proposed to ensure that the profits from activities in relation to the chartering of rigs from affiliates are not reduced by tax relief from any unconnected activities. The U.K.'s implementation of any material change in tax laws or policies or its adoption of new interpretations of existing tax laws and rulings could result in a higher effective tax rate on our worldwide earnings and such change could have a material adverse effect on our consolidated statement of financial position, results of operations or cash flows.

A loss of a major tax dispute or a successful tax challenge to our operating structure, intercompany pricing policies or the taxable presence of our key subsidiaries in certain countries could result in a higher tax rate on our worldwide earnings, which could result in a significant negative impact on our earnings and cash flows from operations.

We are a Swiss corporation that operates through our various subsidiaries in a number of countries throughout the world. Consequently, we are subject to tax laws, treaties and regulations in and between the countries in which we operate. Our income taxes are based upon the applicable tax laws and tax rates in effect in the countries in which we operate and earn income as well as upon our operating structures in these countries.

Our income tax returns are subject to review and examination. We do not recognize the benefit of income tax positions we believe are more likely than not to be disallowed upon challenge by a tax authority. If any tax authority successfully challenges our operational structure, intercompany pricing policies or the taxable presence of our key subsidiaries in certain countries; or if the terms of certain income tax treaties are interpreted in a manner that is adverse to our structure; or if we lose a material tax dispute in any country, particularly in the U.S., Norway or Brazil, our effective tax rate on our worldwide earnings could increase substantially and our earnings and cash flows from operations could be materially adversely affected. For example, we cannot be certain that the U.S. Internal Revenue Service ("IRS") will not successfully contend that we or any of our key subsidiaries were or are engaged in a trade or business in the U.S. or, when applicable, that we or any of our key subsidiaries maintained or maintain a permanent establishment in the U.S., since, among other things, such determination involves considerable uncertainty. If we or any of our key subsidiaries were considered to have been engaged in a trade or business in the U.S., when applicable, through a permanent establishment, we could be subject to U.S. corporate income and additional branch profits taxes on the portion of our earnings effectively connected to such U.S. business during the period in which this was considered to have occurred, in which case our effective tax rate on worldwide earnings for that period could increase substantially, and our earnings and cash flows from operations for that period could be adversely affected.

The Norwegian authorities have issued criminal indictments against two of our subsidiaries alleging misleading or incomplete disclosures in Norwegian tax returns for the years of 1999 through 2002, as well as civil actions based upon inaccuracies in Norwegian statutory financial statements for the periods of 1996 through 2001. These trials have been completed, and we are awaiting decisions from the courts. We cannot be certain of the outcome of either the civil or criminal trials. An unfavorable outcome on the Norwegian civil or criminal tax matters could result in a material adverse effect on our consolidated statement of financial position, results of operations or cash flows.

U.S. tax authorities could treat us as a "passive foreign investment company", which could have adverse U.S. federal income tax consequences to U.S. holders.

A foreign corporation will be treated as a passive foreign investment company ("PFIC") for U.S. federal income tax purposes if either (1) at least 75 percent of its gross income for any taxable year consists of certain types of passive income or (2) at least 50 percent of the average value of the corporation's assets produce or are held for the production of those types of passive income. For purposes of these tests, passive income includes dividends, interest and gains from the sale or exchange of investment property and certain rents and royalties, but does not include income derived from the performance of services.

We believe that we have not been and will not be a PFIC with respect to any taxable year. Our income from offshore contract drilling services should be treated as services income for purposes of determining whether we are a PFIC. Accordingly, we believe that our income from our offshore contract drilling services should not constitute "passive income," and the assets that we own and operate in connection with the production of that income should not constitute passive assets.

There is significant legal authority supporting this position, including statutory provisions, legislative history, case law and IRS pronouncements concerning the characterization, for other tax purposes, of income derived from services where a substantial component of such income is attributable to the value of the property or equipment used in connection with providing such services. It should be noted, however, that a recent case and an IRS pronouncement which relies on the recent case characterize income from time chartering of vessels as rental income rather than services income for other tax purposes. However, the IRS subsequently has formally announced that it does not agree with the decision in that case. Moreover, we believe that the terms of the time charters in the recent case differ in material respects from the terms of our drilling contracts with customers. No assurance can be given that the IRS or a court will accept our position, and there is a risk that the IRS or a court could determine that we are a PFIC.

If we were to be treated as a PFIC for any taxable year, our U.S. shareholders would face adverse U.S. tax consequences. Under the PFIC rules, unless a shareholder makes certain elections available under the Internal Revenue Code of 1986, as amended, and such elections could themselves have adverse consequences for such shareholder, such shareholder would be liable to pay U.S. federal income tax at the highest applicable income tax rates on ordinary income upon the receipt of excess distributions, as defined for U.S. tax purposes, and upon any gain from the disposition of our shares, plus interest on such amounts, as if such excess distribution or gain had been recognized ratably over the shareholder's holding period of our shares. In addition, under applicable statutory provisions, the preferential 15 percent tax rate on "qualified dividend income," which applies to dividends paid to non-corporate shareholders prior to 2011, does not apply to dividends paid by a foreign corporation if the foreign corporation is a PFIC for the taxable year in which the dividend is paid or the preceding taxable year.

We have significant carrying amounts of long-lived assets and goodwill that are subject to impairment testing.

At December 31, 2013, the carrying amount of our property and equipment was $21.7 billion, representing 67 percent of our total assets, and the carrying amount of our goodwill was $3.0 billion, representing nine percent of our total assets. In accordance with our critical accounting policies, we review our property and equipment for impairment when events or changes in circumstances indicate that carrying amounts of our assets held and used may not be recoverable, and we conduct impairment testing for our goodwill annually and when events and circumstances indicate that the fair value of a reporting unit may have fallen below its carrying amount.

In the year ended December 31, 2012, in connection with the sale of 38 drilling units to Shelf Drilling, we recognized losses of $744 million and $112 million on the impairment of long-lived assets and goodwill, respectively, attributable to the transactions. As a result of our goodwill impairment test, performed as of October 1, 2011, we recognized an aggregate loss of $5.3 billion associated with the impairment of goodwill attributed to our contract drilling services reporting unit due to a decline in projected cash flows and market valuations for this reporting unit. Future expectations of lower dayrates or rig utilization rates or a significant change to the composition of one or more of our asset groups or to our contract drilling services reporting unit could result in the recognition of additional losses on impairment of our long-lived asset groups, particularly with respect to our High-Specification Jackups and Midwater Floaters, or our goodwill if future cash flow expectations, based upon information available to management at the time of measurement, indicate that the carrying amount of our asset groups or goodwill may be impaired.

We have significant exposure to losses resulting from our contractual relationships with Shelf Drilling and its affiliates.

In connection with our sale transactions with Shelf Drilling, we agreed to indemnify Shelf Drilling from certain liabilities, and Shelf Drilling agreed to indemnify us from certain liabilities and make certain payments to us. However, the indemnity from Shelf Drilling may not be sufficient to protect us against the full amount of liabilities to third parties, and Shelf Drilling may not be willing or able to satisfy its indemnification or payment obligations in the future.

Pursuant to the agreements we entered into with Shelf Drilling, including purchase agreements, operating agreements with respect to rigs that we continue to operate on behalf of Shelf Drilling and a transition services agreement, we agreed to indemnify Shelf Drilling from certain liabilities, and Shelf Drilling agreed to indemnify us from certain liabilities, including, without limitation, liabilities related to operational risks with respect to Shelf Drilling's rigs, liabilities related to credit support we are providing to Shelf Drilling and certain liabilities related to employees, and to make certain payments to us. However, third parties could seek to hold us responsible for the liabilities with respect to which Shelf Drilling has agreed to indemnify us, including, but not limited to, any obligations arising from the three standard jackups that Shelf Drilling operates, for which we have agreed to provide a limited guarantee in favor of Shelf Drilling's customer from the time the drilling contracts are novated through expiration of such drilling contracts. In addition, the indemnity may not be sufficient to protect us against the full amount of such liabilities, and Shelf Drilling may not be willing or able to satisfy its indemnification or payment obligations to us. Moreover, even if we ultimately succeed in recovering from Shelf Drilling any amounts for which we are held liable, we may be temporarily required to bear these losses ourselves. Each of these risks could adversely affect our business or our consolidated statement of financial position, results of operations or cash flows.

We may be limited in our use of net operating losses.

Our ability to benefit from our deferred tax assets depends on us having sufficient future earnings to utilize our net operating loss carryforwards before they expire. We have established a valuation allowance against the future tax benefit for a number of our non-U.S. net operating loss carryforwards, and we could be required to record an additional valuation allowance against our non-U.S. or U.S. deferred tax assets if market conditions change materially and, as a result, our future earnings are, or are projected to be, significantly less than we currently estimate. Our net operating loss carryforwards are subject to review and potential disallowance upon audit by the tax authorities of the jurisdictions where the net operating losses are incurred.

Our status as a Swiss corporation may limit our flexibility with respect to certain aspects of capital management and may cause us to be unable to make distributions or repurchase shares without subjecting our shareholders to Swiss withholding tax.

Under Swiss law, our shareholders may approve an authorized share capital that allows the board of directors to issue new shares without additional shareholder approval. Authorized share capital is limited to a maximum of 50 percent of a company's registered share capital and is subject to re-approval by shareholders every two years. At our 2013 annual general meeting, our shareholders did not renew our authorized share capital, which expired on May 13, 2013. Unless our shareholders approve the new authorized share capital proposed by our board of directors at our 2014 annual general meeting, which would be limited to approximately six percent of our registered share capital, we will generally need to obtain shareholder approval in the event we need to raise common equity capital. Additionally, subject to specified exceptions, Swiss law grants preemptive rights to existing shareholders to subscribe for new issuances of shares. Further, Swiss law does not provide as much flexibility in the various terms that can attach to different classes of shares as the laws of some other jurisdictions. Swiss law also reserves for shareholder approval certain corporate actions over which a board of directors would have authority in some other jurisdictions. For example, dividends must be approved by shareholders. These Swiss law requirements relating to our capital management may limit our flexibility, and situations may arise where greater flexibility would have provided substantial benefits to our shareholders.

Distributions to shareholders in the form of a par value reduction and dividend distributions out of qualifying additional paid-in capital are not currently subject to the 35 percent Swiss federal withholding tax. However, the Swiss withholding tax rules could also be changed in the future, and any such change may adversely affect us or our shareholders. In addition, over the long term, the amount of par value available for us to use for par value reductions or the amount of qualifying additional paid-in capital available for us to pay out as distributions is limited. If we are unable to make a distribution through a reduction in par value, or out of qualifying additional paid-in capital as shown on Transocean Ltd.'s standalone Swiss statutory financial statements, we may not be able to make distributions without subjecting our shareholders to Swiss withholding taxes.

Under present Swiss tax law, repurchases of shares for the purposes of capital reduction are treated as a partial liquidation subject to a 35 percent Swiss withholding tax on the repurchase price less the par value, and since January 1, 2011, to the extent attributable to qualifying additional paid-in capital, if any. At our 2009 annual general meeting, our shareholders approved the repurchase of up to CHF 3.5 billion of our shares for cancellation under the share repurchase program. On February 12, 2010, our board of directors authorized our management to implement the share repurchase program. On May 24, 2013, we received approval from the Swiss authorities for the continuation of the share repurchase program for a further three-year repurchase period through May 23, 2016. We may repurchase shares under the share repurchase program via a second trading line on the SIX from institutional investors who are generally able to receive a full refund of the Swiss withholding tax. Alternatively, in relation to the U.S. market, we may repurchase shares under the share repurchase program using an alternative procedure pursuant to which we can repurchase shares under the share repurchase program via a "virtual second trading line" from market players (in particular, banks and institutional investors) who are generally entitled to receive a full refund of the Swiss withholding tax. There may not be sufficient liquidity in our shares on the SIX to repurchase the amount of shares that we would like to repurchase using the second trading line on the SIX. In addition, our ability to use the "virtual second trading line" is limited to the share repurchase program currently approved by our shareholders, and any use of the "virtual second trading line" with respect to future share repurchase programs will require the approval of the competent Swiss tax and other authorities. We may not be able to repurchase as many shares as we would like to repurchase for purposes of capital reduction on either the "virtual second trading line" or, in the future, a SIX second trading line without subjecting the selling shareholders to Swiss withholding taxes.

We are subject to anti-takeover provisions.

Our articles of association and Swiss law contain provisions that could prevent or delay an acquisition of the company by means of a tender offer, a proxy contest or otherwise. These provisions may also adversely affect prevailing market prices for our shares. These provisions, among other things:

- provide for a conditional share capital that authorizes the issuance of additional shares up to a maximum amount of 50 percent of the share capital registered in the commercial register without obtaining additional shareholder approval through: (1) the exercise of conversion, exchange, option, warrant or similar rights for the subscription of shares granted in connection with bonds, options, warrants or other securities newly or already issued in national or international capital markets or new or already existing contractual obligations by or of any of our subsidiaries; or (2) in connection with the issuance of shares, options or other share-based awards;
- provide that any shareholder who wishes to propose any business or to nominate a person or persons for election as director at any annual meeting may only do so if advance notice is given to the company;
- provide that directors can be removed from office only by the affirmative vote of the holders of at least 66 2/3 percent of the shares entitled to vote;
- provide that a merger or demerger transaction requires the affirmative vote of the holders of at least 66 2/3 percent of the shares represented at the meeting and provide for the possibility of a so-called "cashout" or "squeezeout" merger if the acquirer controls 90 percent of the outstanding shares entitled to vote at the meeting;
- provide that any action required or permitted to be taken by the holders of shares must be taken at a duly called annual or extraordinary general meeting of shareholders;
- limit the ability of our shareholders to amend or repeal some provisions of our articles of association; and
- limit transactions between us and an "interested shareholder," which is generally defined as a shareholder that, together with its affiliates and associates, beneficially, directly or indirectly, owns 15 percent or more of our shares entitled to vote at a general meeting.

In addition, our board of directors has proposed for approval by the shareholders at the 2014 annual general meeting the adoption of authorized share capital. Subject to obtaining shareholder approval, the proposed authorized share capital would give our board of directors the authority to issue at any time during a two-year period extending until May 16, 2016, up to approximately six percent of the share capital currently registered in the commercial register, and to limit or withdraw the preemptive rights of existing shareholders in various circumstances.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

The description of our property included under "Item 1. Business" is incorporated by reference herein.

We maintain offices, land bases and other facilities worldwide, including the following:

- principal executive offices in Vernier, Switzerland; and
- corporate offices in Zug, Switzerland; Houston, Texas; Cayman Islands and Luxembourg.

Our remaining offices and bases are located in various countries in North America, South America, Europe, Africa, the Middle East, India, the Far East and Australia. We lease most of these facilities.

Item 3. Legal Proceedings

We have certain actions, claims and other matters pending as discussed and reported in "Part II. Item 8. Financial Statements and Supplementary Data—Notes to Consolidated Financial Statements—Note 15—Commitments and Contingencies" and "Part II. Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations—Contingencies—Macondo well incident" in this annual report for the year ended December 31, 2013. We are also involved in various tax matters as described in "Part II. Financial Statements and Supplementary Data—Notes to Consolidated Financial Statements—Note 6—Income Taxes" and in "Part II. Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations—Contingencies—Tax matters" in this annual report for the year ended December 31, 2013. All such actions, claims, tax and other matters are incorporated herein by reference.

As of December 31, 2013, we were also involved in a number of other lawsuits and other matters which have arisen in the ordinary course of our business and for which we do not expect the liability, if any, resulting from these lawsuits to have a material adverse effect on our current consolidated statement of financial position, results of operations or cash flows. We cannot predict with certainty the outcome or effect of any of the matters referred to above or of any such other pending or threatened litigation or legal proceedings. There can be no assurance that our beliefs or expectations as to the outcome or effect of any lawsuit or other matters will prove correct and the eventual outcome of these matters could materially differ from management's current estimates.

Item 4. Mine Safety Disclosures

Not applicable.

Executive Officers of the Registrant

We have included the following information, presented as of February 18, 2014, on our executive officers for purposes of U.S. securities laws in Part I of this report in reliance on General Instruction G(3) to Form 10-K. The board of directors elects the officers of the Company, generally on an annual basis. There is no family relationship between any of our executive officers.

Officer	Office	Age as of February 18, 2014
Steven L. Newman (a)	President and Chief Executive Officer	49
Esa Ikäheimonen (a)	Executive Vice President, Chief Financial Officer	50
Allen M. Katz	Interim Senior Vice President and General Counsel	65
Lars Sjöbring	Senior Vice President and General Counsel	46
John B. Stobart (a)	Executive Vice President, Chief Operating Officer	59
David Tonnel	Senior Vice President, Finance and Controller	44

(a) Member of our executive management team for purposes of Swiss law.

Steven L. Newman is President and Chief Executive Officer and a member of the board of directors of the Company. Before being named as Chief Executive Officer in March 2010, Mr. Newman served as President and Chief Operating Officer from May 2008 to November 2009 and subsequently as President. Mr. Newman's prior senior management roles included Executive Vice President, Performance from November 2007 to May 2008, Executive Vice President and Chief Operating Officer from October 2006 to November 2007, Senior Vice President of Human Resources and Information Process Solutions from May 2006 to October 2006, Senior Vice President of Human Resources, Information Process Solutions and Treasury from March 2005 to May 2006, and Vice President of Performance and Technology from August 2003 to March 2005. He also has served as Regional Manager for the Asia and Australia Region and in international field and operations management positions, including Project Engineer, Rig Manager, Division Manager, Region Marketing Manager and Region Operations Manager. Mr. Newman joined the Company in 1994 in the Corporate Planning Department. Mr. Newman received his Bachelor of Science degree in Petroleum Engineering from the Colorado School of Mines in 1989 and received his Master of Business Administration from the Harvard University Graduate School of Business in 1992. Mr. Newman is also a member of the Society of Petroleum Engineers and the National Association of Corporate Directors.

Esa Ikäheimonen is Executive Vice President, Chief Financial Officer of the Company. Before being named Executive Vice President, Chief Financial Officer in November 2012, Mr. Ikäheimonen served as a consultant to the Company from September 2012 to November 2012. He has served as a non-executive director and the chairman of the audit committee of Ahlstrom Corporation since April 2011. Mr. Ikäheimonen served as Senior Vice President and Chief Financial Officer of Seadrill Ltd. from August 2010 to September 2012, and he served as Executive Vice President and Chief Financial Officer of Poyry plc from March 2009 to July 2010. At Royal Dutch Shell, Mr. Ikäheimonen served as Vice President Finance, Shell Africa E&P from June 2007 to March 2009, as Vice President Finance, Shell Upstream Middle East from January 2007 to June 2007, and as Finance and Commercial Director, Shell Qatar from May 2004 to January 2007. Prior to May 2004, Mr. Ikäheimonen served in various financial roles for Royal Dutch Shell, including Strategy and Portfolio Manager, Shell Europe Oil Products, Finance Director, Shell Scandinavia, and Finance Director, Shell Finland. Mr. Ikäheimonen received his Master of Laws degree from the University of Turku in Finland in 1989.

Allen M. Katz is Interim Senior Vice President and General Counsel of the Company and is expected to serve in his current position through February 28, 2014. Before joining the Company in November 2012, he served as an advisor to the Company from June 2010 to November 2012, in his capacity as an attorney at Munger, Tolles & Olson, LLP. Mr. Katz was in retirement from May 1996 to June 2010. He practiced as a partner with Munger, Tolles & Olson, LLP from 1974 to 1996, and served as Managing Partner of the firm from 1991 to 1995. Mr. Katz received his Bachelor of Arts in History from Brandeis University in Massachusetts in 1969 and received his Juris Doctorate from Stanford Law School in 1972. Mr. Katz is a member of the California, 5th and 9th Circuit bars and is admitted to practice before the U.S. Supreme Court.

Effective March 1, 2014, Lars Sjöbring has been named Senior Vice President and General Counsel of the Company. Before being named to this position, Mr. Sjöbring served as the Vice President Legal Affairs, General Counsel and Secretary of Autoliv, Inc. from September 2007 to February 2014. Mr. Sjöbring served as Senior Legal Counsel and, subsequently, as Director, Legal, Mergers and Acquisitions for Nokia Corporation from September 2003 to September 2007. He also served as Foreign Legal Counsel for Skadden, Arps, Slate, Meagher & Flom LLP from September 2000 to June 2003. Mr. Sjöbring received his Master of Laws degrees from Lund University in Sweden in 1994 and from University of Amsterdam in Netherlands in 1995, and he received a Master of Corporate Law degree from Fordham University School of Law in New York in 2003.

John B. Stobart is Executive Vice President, Chief Operating Officer of the Company. Before joining the Company in October 2012, Mr. Stobart served as Vice President, Global Drilling for BHP Billiton Petroleum from July 2011 to October 2012. At BHP Billiton, he also served as Worldwide Drilling Manager for BHP Billiton in Australia, the U.K. and the U.S. from January 1995 to June 2011 and as Senior Drilling Engineer, Senior Drilling Supervisor, Drilling Superintendent and Drilling Manager in the United Arab Emirates, Oman, India, Burma, Malaysia, Vietnam and Australia from June 1988 to December 1994. Mr. Stobart served as Engineering Manager at Husky/Bow Valley from November 1984 to May 1988, and he worked in engineering roles at Dome Petroleum/Canadian Marine Drilling from May 1980 to October 1984. He began his career working on land rigs in Canada and the High Arctic in June 1971. Mr. Stobart received his Bachelor of Science in Mechanical Engineering from the University of Calgary in 1980 and completed the London Business School Accelerated Development Program in 2000.

David Tonnel is Senior Vice President, Finance and Controller of the Company. Before being named to his current position in March 2012, Mr. Tonnel served as Senior Vice President of the Europe and Africa Unit from June 2009 to March 2012. Mr. Tonnel served as Vice President of Global Supply Chain from November 2008 to June 2009, as Vice President of Integration and Process Improvement from November 2007 to November 2008, and as Vice President and Controller from February 2005 to November 2007. Prior to February 2005, he served in various financial roles, including Assistant Controller; Finance Manager, Asia Australia Region; and Controller, Nigeria. Mr. Tonnel joined the Company in 1996 after working for Ernst & Young in France as Senior Auditor. Mr. Tonnel received his Master of Science in Management from Ecole des Hautes Etudes Commerciales in Paris, France in 1991.

PART II

Item 5. Market for Registrant's Common Equity, Related Shareholder Matters and Issuer Purchases of Equity Securities

Markets for Shares of Our Common Equity

Our shares are listed on the New York Stock Exchange ("NYSE") under the symbol "RIG" and on the SIX Swiss Exchange ("SIX") under the symbol "RIGN." The following table presents the high and low sales prices of our shares as reported on the NYSE and the SIX for the periods indicated.

	NYSE Stock Price				SIX Stock Price			
	2013		2012		2013		2012	
	High	Low	High	Low	High	Low	High	Low
First quarter	$ 59.50	$ 45.23	$ 59.03	$ 38.80	CHF 54.70	CHF 42.12	CHF 54.30	CHF 36.70
Second quarter	55.79	46.02	56.36	39.32	54.25	43.09	50.80	37.92
Third quarter	50.45	44.32	50.38	43.04	48.00	40.09	49.06	41.55
Fourth quarter	55.74	44.19	49.50	43.65	51.25	40.12	46.62	40.18

On February 18, 2014, the last reported sales price of our shares on the NYSE and the SIX was $43.00 per share and CHF 37.71 per share, respectively. On such date, there were 7,346 holders of record of our shares and 361,024,286 shares outstanding.

Shareholder Matters

Shareholder distributions

In November 2013, under the terms of an agreement with Carl Icahn and certain investment funds managed by Mr. Icahn (the "Icahn Group"), our board of directors agreed to recommend that shareholders at the May 2014 annual general meeting approve a distribution of qualifying additional paid-in capital in the form of a United States ("U.S.") dollar denominated dividend of $3.00 per outstanding share, payable in four installments. The recommendation will be subject to shareholder approval at our 2014 annual general meeting and subject to certain limitations. Further, our board of directors agreed to propose at the 2014 annual general meeting (1) Samuel Merksamer for reelection, and Vincent Intrieri and, subject to certain conditions, a third Icahn Group nominee for election, as directors, and (2) a reduction in the maximum number of directors on the board of directors provided for in our articles of association from 14 to 11.

In May 2013, at our annual general meeting, our shareholders approved the distribution of qualifying additional paid-in capital in the form of a U.S. dollar denominated dividend of $2.24 per outstanding share, payable in four installments of $0.56 per outstanding share, subject to certain limitations. On June 19, September 18 and December 18, 2013, we paid the first three installments, in the aggregate amount of $606 million, to shareholders of record as of May 31, August 23 and November 15, 2013, respectively. At February 18, 2014, the carrying amount of the unpaid distribution payable was $202 million.

In May 2011, at our annual general meeting, our shareholders approved the distribution of additional paid-in capital in the form of a U.S. dollar denominated dividend of $3.16 per outstanding share, payable in four installments of $0.79 per outstanding share, subject to certain limitations. On June 15, September 21 and December 21, 2011 we paid the first three installments, in the aggregate amount of $759 million, to shareholders of record as of May 20, August 26 and November 25, 2011, respectively. On March 21, 2012, we paid the final installment in the aggregate amount of $276 million to shareholders of record as of February 24, 2012.

Any future declaration and payment of any cash distributions will (1) depend on our results of operations, financial condition, cash requirements and other relevant factors, (2) be subject to shareholder approval, (3) be subject to restrictions contained in our credit facilities and other debt covenants, (4) be affected by our plans regarding share repurchases or noncash shareholder distributions and (5) be subject to restrictions imposed by Swiss law, including the requirement that sufficient distributable profits from the previous year or freely distributable reserves must exist.

Swiss tax consequences to our shareholders

Overview—The tax consequences discussed below are not a complete analysis or listing of all the possible tax consequences that may be relevant to our shareholders. Shareholders should consult their own tax advisors in respect of the tax consequences related to receipt, ownership, purchase or sale or other disposition of our shares and the procedures for claiming a refund of withholding tax.

Swiss income tax on dividends and similar distributions—A non-Swiss holder will not be subject to Swiss income taxes on dividend income and similar distributions in respect of our shares, unless the shares are attributable to a permanent establishment or a fixed place of business maintained in Switzerland by such non-Swiss holder. However, dividends and similar distributions are subject to Swiss withholding tax, subject to certain exceptions. See "—Swiss withholding tax on dividends and similar distributions to shareholders."

Swiss wealth tax—A non-Swiss holder will not be subject to Swiss wealth taxes unless the holder's shares are attributable to a permanent establishment or a fixed place of business maintained in Switzerland by such non-Swiss holder.

Swiss capital gains tax upon disposal of shares—A non-Swiss holder will not be subject to Swiss income taxes for capital gains unless the holder's shares are attributable to a permanent establishment or a fixed place of business maintained in Switzerland by such non-Swiss holder. In such case, the non-Swiss holder is required to recognize capital gains or losses on the sale of such shares, which will be subject to cantonal, communal and federal income tax.

Swiss withholding tax on dividends and similar distributions to shareholders—A Swiss withholding tax of 35 percent is due on dividends and similar distributions to our shareholders from us, regardless of the place of residency of the shareholder, subject to the exceptions discussed under "—*Exemption*" below. We will be required to withhold at such rate and remit on a net basis any payments made to a holder of our shares and pay such withheld amounts to the Swiss federal tax authorities.

Exemption—Distributions to shareholders in relation to a reduction of par value are exempt from Swiss withholding tax. Since January 1, 2011, distributions to shareholders out of qualifying additional paid-in capital for Swiss statutory purposes are also exempt from the Swiss withholding tax. On December 31, 2013, the aggregate amount of par value of our outstanding shares was CHF 5.6 billion, equivalent to $6.3 billion, and the aggregate amount of qualifying additional paid-in capital of our outstanding shares was CHF 9.6 billion, equivalent to $10.8 billion, at an exchange rate of $1.00 to CHF 0.89 on December 31, 2013. Consequently, we expect that a substantial amount of any potential future distributions may be exempt from Swiss withholding tax.

Refund available to Swiss holders—A Swiss tax resident, corporate or individual, can recover the withholding tax in full if such resident is the beneficial owner of our shares at the time the dividend or other distribution becomes due and provided that such resident reports the gross distribution received on such resident's income tax return, or in the case of an entity, includes the taxable income in such resident's income statement.

Refund available to non-Swiss holders—If the shareholder that receives a distribution from us is not a Swiss tax resident, does not hold our shares in connection with a permanent establishment or a fixed place of business maintained in Switzerland, and resides in a country that has concluded a treaty for the avoidance of double taxation with Switzerland for which the conditions for the application and protection of and by the treaty are met, then the shareholder may be entitled to a full or partial refund of the withholding tax described above. The procedures for claiming treaty refunds, and the time frame required for obtaining a refund, may differ from country to country.

Switzerland has entered into bilateral treaties for the avoidance of double taxation with respect to income taxes with numerous countries, including the U.S., whereby under certain circumstances all or part of the withholding tax may be refunded.

Refund available to U.S. residents—The Swiss-U.S. tax treaty provides that U.S. residents eligible for benefits under the treaty can seek a refund of the Swiss withholding tax on dividends for the portion exceeding 15 percent, leading to a refund of 20 percent, or a 100 percent refund in the case of qualified pension funds.

As a general rule, the refund will be granted under the treaty if the U.S. resident can show evidence of:

- beneficial ownership,
- U.S. residency, and
- meeting the U.S.-Swiss tax treaty's limitation on benefits requirements.

The claim for refund must be filed with the Swiss federal tax authorities (Eigerstrasse 65, 3003 Bern, Switzerland), not later than December 31 of the third year following the year in which the dividend payments became due. The relevant Swiss tax form is Form 82C for companies, 82E for other entities and 82I for individuals. These forms can be obtained from any Swiss Consulate General in the U.S. or from the Swiss federal tax authorities at the above address or can be downloaded from the webpage of the Swiss federal tax administration. Each form needs to be filled out in triplicate, with each copy duly completed and signed before a notary public in the U.S. Evidence that the withholding tax was withheld at the source must also be included.

Stamp duties in relation to the transfer of shares—The purchase or sale of our shares may be subject to Swiss federal stamp taxes on the transfer of securities irrespective of the place of residency of the purchaser or seller if the transaction takes place through or with a Swiss bank or other Swiss securities dealer, as those terms are defined in the Swiss Federal Stamp Tax Act and no exemption applies in the specific case. If a purchase or sale is not entered into through or with a Swiss bank or other Swiss securities dealer, then no stamp tax will be due. The applicable stamp tax rate is 0.075 percent for each of the two parties to a transaction and is calculated based on the purchase price or sale proceeds. If the transaction does not involve cash consideration, the transfer stamp duty is computed on the basis of the market value of the consideration.

Repurchases of shares

Repurchases of shares for the purposes of capital reduction are treated as a partial liquidation subject to the 35 percent Swiss withholding tax. However, for shares repurchased for capital reduction, the portion of the repurchase price attributable to the par value of the shares repurchased will not be subject to the Swiss withholding tax. Since January 1, 2011, the portion of the repurchase price that is according to Swiss tax law and practice attributable to the qualifying additional paid-in capital for Swiss statutory reporting purposes of the shares repurchased will also not be subject to the Swiss withholding tax. We would be required to withhold at such rate the tax from the difference between the repurchase price and the related amount of par value and, since January 2011, the related amount of qualifying additional paid-in capital, if any. We would be required to remit on a net basis the purchase price with the Swiss withholding tax deducted to a holder of our shares and pay the withholding tax to the Swiss federal tax authorities.

In most instances, Swiss companies listed on the SIX carry out share repurchase programs through a second trading line on the SIX. Swiss institutional investors typically purchase shares from shareholders on the open market and then sell the shares on the second trading line back to the company. The Swiss institutional investors are generally able to receive a full refund of the withholding tax. Due to, among other things, the time delay between the sale to the company and the institutional investors' receipt of the refund, the price companies pay to repurchase their shares has historically been slightly higher (but less than one percent) than the price of such companies' shares in ordinary trading on the SIX first trading line. Because our shares are listed on the SIX, we may repurchase our shares from institutional investors who are generally able to receive a full refund of the Swiss withholding tax via a second trading line on the SIX. There may not be sufficient liquidity in our shares on the SIX to repurchase the amount of shares that we would like to repurchase using the second trading line on the SIX. In relation to the U.S. market, we may therefore repurchase such shares using an alternative procedure pursuant to which we repurchase our shares via a "virtual second trading line" from market players, such as banks and institutional investors, who are generally entitled to receive a full refund of the Swiss withholding tax. Currently, our ability to use the "virtual second trading line" will be limited to the share repurchase program currently approved by our shareholders, and any use of the "virtual second trading line" with respect to future share repurchase programs will require approval of the competent Swiss tax and other authorities. We may not be able to repurchase as many shares as we would like to repurchase for purposes of capital reduction on either the "virtual second trading line" or a SIX second trading line without subjecting the selling shareholders to Swiss withholding taxes. The repurchase of shares for purposes other than for cancellation, such as to retain as treasury shares for use in connection with stock incentive plans, convertible debt or other instruments within certain periods, will generally not be subject to Swiss withholding tax.

Issuer Purchases of Equity Securities

Period	Total Number of Shares Purchased (1)	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (2)	Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plans or Programs (2) (in millions)
October 2013	8,709	$ 47.07	—	$ 3,682
November 2013	20,756	53.65	—	3,682
December 2013	16,306	49.51	—	3,682
Total	45,771	$ 50.92	—	$ 3,682

(1) Total number of shares purchased in the fourth quarter of 2013 consists of 45,771 shares withheld by us through a broker arrangement and limited to statutory tax in satisfaction of withholding taxes due upon the vesting of restricted shares granted to our employees under our Long-Term Incentive Plan.

(2) In May 2009, at the annual general meeting of Transocean Ltd., our shareholders approved and authorized our board of directors, at its discretion, to repurchase an amount of our shares for cancellation with an aggregate purchase price of up to CHF 3.5 billion, which is equivalent to approximately $3.9 billion at an exchange rate as of December 31, 2013 of USD 1.00 to CHF 0.89. On February 12, 2010, our board of directors authorized our management to implement the share repurchase program. On May 24, 2013, we received approval from the Swiss authorities for the continuation of the share repurchase program for a further three-year repurchase period through May 23, 2016. We may decide, based upon our ongoing capital requirements, our program of distributions to our shareholders, the price of our shares, matters relating to the Macondo well incident, regulatory and tax considerations, cash flow generation, the amount and duration of our contract backlog, general market conditions, debt rating considerations and other factors, that we should retain cash, reduce debt, make capital investments or acquisitions or otherwise use cash for general corporate purposes, and consequently, repurchase fewer or no additional shares under this program. Decisions regarding the amount, if any, and timing of any share repurchases would be made from time to time based upon these factors. Through December 31, 2013, we have repurchased a total of 2,863,267 of our shares under this share repurchase program at a total cost of $240 million, equivalent to an average cost of $83.74 per share. See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Sources and Uses of Liquidity—Overview."

Item 6. Selected Financial Data

The selected financial data as of December 31, 2013 and 2012 and for each of the three years in the period ended December 31, 2013 have been derived from the audited consolidated financial statements included in "Item 8. Financial Statements and Supplementary Data." The selected financial data as of December 31, 2011, 2010 and 2009, and for each of the two years in the period ended December 31, 2010 have been derived from our accounting records. The following data should be read in conjunction with "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" and the audited consolidated financial statements and the notes thereto included under "Item 8. Financial Statements and Supplementary Data."

	Years ended December 31,				
	2013	2012	2011 (a)	2010	2009
	(In millions, except per share data)				
Statement of operations data					
Operating revenues	$ 9,484	$ 9,196	$ 8,027	$ 7,949	$ 8,910
Operating income (loss)	2,224	1,581	(4,762)	2,730	3,525
Income (loss) from continuing operations	1,406	816	(5,762)	1,863	2,426
Net income (loss)	1,407	(211)	(5,677)	969	3,170
Net income (loss) attributable to controlling interest	1,407	(219)	(5,754)	926	3,181
Per share earnings (loss) from continuing operations					
Basic	$ 3.87	$ 2.27	$ (18.14)	$ 5.66	$ 7.56
Diluted	$ 3.87	$ 2.27	$ (18.14)	$ 5.66	$ 7.54
Balance sheet data (at end of period)					
Total assets	$ 32,546	$ 34,255	$ 35,032	$ 36,814	$ 36,436
Debt due within one year	323	1,367	2,187	2,160	1,868
Long-term debt	10,379	11,092	11,349	9,061	9,849
Total equity	16,685	15,730	15,627	21,340	20,559
Other financial data					
Cash provided by operating activities	$ 1,918	$ 2,708	$ 1,825	$ 3,906	$ 5,598
Cash used in investing activities	(1,658)	(389)	(1,896)	(721)	(2,694)
Cash provided by (used in) financing activities	(2,151)	(1,202)	734	(961)	(2,737)
Capital expenditures	2,238	1,303	974	1,349	2,948
Distributions of qualifying additional paid-in capital	606	276	759	—	—
Per share distributions of qualifying additional paid-in capital	$ 1.68	$ 0.79	$ 2.37	$ —	$ —

(a) In October 2011, we completed our acquisition of Aker Drilling ASA ("Aker Drilling") and applied the acquisition method of accounting for the business combination. The balance sheet data as of December 31, 2011 represents the consolidated statement of financial position of the combined company. The statement of operations and other financial data for the year ended December 31, 2011 include approximately three months of operating results and cash flows for the combined company.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following information should be read in conjunction with the information contained in "Part I. Item 1. Business," "Part I. Item 1A. Risk Factors" and the audited consolidated financial statements and the notes thereto included under "Item 8. Financial Statements and Supplementary Data" elsewhere in this annual report.

Business

Transocean Ltd. (together with its subsidiaries and predecessors, unless the context requires otherwise, "Transocean," the "Company," "we," "us" or "our") is a leading international provider of offshore contract drilling services for oil and gas wells. As of February 18, 2014, we owned or had partial ownership interests in and operated 79 mobile offshore drilling units associated with our continuing operations. As of February 18, 2014, our fleet consisted of 46 High-Specification Floaters (Ultra-Deepwater, Deepwater and Harsh Environment semisubmersibles and drillships), 22 Midwater Floaters, and 11 High-Specification Jackups. At February 18, 2014, we also had seven Ultra-Deepwater drillships and five High-Specification Jackups under construction or under contract to be constructed.

Our primary business is contract drilling services, which operates in a single, global segment and involves contracting our mobile offshore drilling fleet, related equipment and work crews primarily on a dayrate basis to drill oil and gas wells. We specialize in technically demanding regions of the offshore drilling business with a particular focus on deepwater and harsh environment drilling services. We believe our drilling fleet is one of the most versatile fleets in the world, consisting of floaters and high-specification jackups used in support of offshore drilling activities and offshore support services on a worldwide basis.

Our contract drilling services operations are geographically dispersed in oil and gas exploration and development areas throughout the world. Although rigs can be moved from one region to another, the cost of moving rigs and the availability of rig-moving vessels may cause the supply and demand balance to fluctuate somewhat between regions. Still, significant variations between regions do not tend to persist long term because of rig mobility. Our fleet operates in a single, global market for the provision of contract drilling services. The location of our rigs and the allocation of resources to build or upgrade rigs are determined by the activities and needs of our customers.

In November 2012, in connection with our efforts to dispose of non-strategic assets and reduce our exposure to low-specification drilling units, we completed the sale of 38 drilling units to Shelf Drilling Holdings, Ltd. ("Shelf Drilling"). For a transition period following the completion of the sale transactions, we agreed to continue to operate a substantial portion of these drilling units on behalf of Shelf Drilling and to provide certain other transition services to Shelf Drilling. As of February 18, 2014, under operating agreements, we continue to operate seven standard jackups on behalf of Shelf Drilling until expiration of the underlying drilling contracts, which is expected in mid-2014. In addition, under a transition services agreement, we continue to provide certain transition services, which we expect to end in mid-2014. See "Part II. Item 8. Financial Statements and Supplementary Data—Notes to Consolidated Financial Statements—Note 7—Discontinued Operations."

Significant Events

Distributions of qualifying additional paid-in capital—In November 2013, our board of directors agreed to recommend that shareholders at the May 2014 annual general meeting approve a distribution of qualifying additional paid-in capital in the form of a U.S. dollar denominated dividend of $3.00 per outstanding share, for an aggregate amount of $1.1 billion, payable in four installments, subject to certain limitations. The recommendation will be subject to shareholder approval at our 2014 annual general meeting and certain limitations under Swiss law.

In May 2013, at our annual general meeting, our shareholders approved the distribution of qualifying additional paid-in capital in the form of a U.S. dollar denominated dividend of $2.24 per outstanding share, payable in four installments, subject to certain limitations. In May 2013, we recognized a liability of $808 million for the distribution payable, recorded in other current liabilities, with a corresponding entry to additional paid-in capital. In June, September and December 2013, we paid the first three installments in the aggregate amount of $606 million to shareholders as of the respective record dates. See "—Liquidity and Capital Resources—Sources and uses of liquidity."

Organizational efficiency initiative—During the year ended December 31, 2013, we committed to a plan to improve the organizational efficiency of our shore-based support activities worldwide. We believe this organizational efficiency initiative will result in our achieving significant annualized savings associated with the streamlining of certain shore-based business functions and processes and the elimination of certain processes, programs and tasks that we do not consider central to supporting our core business. See "—Outlook—Organizational efficiency initiative."

Macondo well incident—On January 3, 2013, we reached an agreement with the U.S. Department of Justice (the "DOJ") to resolve certain outstanding civil and potential criminal charges against us arising from the Macondo well incident. As part of this resolution, we agreed to pay $1.4 billion in fines, recoveries and penalties, plus interest, in scheduled payments over a five-year period through 2017. See "—Contingencies—Macondo well incident."

Frade field incident—On September 17, 2013, one of our subsidiaries entered into an agreement with Chevron, the Brazilian Federal Prosecutor's Office and certain Brazilian governmental agencies regarding the settlement of the federal civil claims related to the Brazil Frade field incident (the "Frade Settlement Agreement"). The Frade Settlement Agreement releases us from the federal civil claims

without a finding of fault or liability. We have no financial obligations under the Frade Settlement Agreement. The Frade Settlement Agreement became binding upon all parties when it was approved by the federal court on September 27, 2013, and as a result, the federal civil claims were dismissed.

Debt repayment—Through our wholly-owned subsidiary, Transocean Pacific Drilling Inc. ("TPDI"), we had three credit facilities, established under a bank credit agreement dated October 28, 2008 (the "TPDI Credit Facilities"). In June 2013, we repaid borrowings of $735 million outstanding under the TPDI Credit Facilities and terminated the bank credit agreement under which they were established.

On March 6, 2013, we redeemed the FRN Aker Drilling ASA Senior Unsecured Callable Bond Issue 2011/2016 (the "FRN Callable Bonds") and the 11% Aker Drilling ASA Senior Unsecured Callable Bond Issue 2011/2016 (the "11% Callable Bonds," and together with the FRN Callable Bonds, the "Callable Bonds"), with the aggregate outstanding principal amounts of NOK 940 million and NOK 560 million, equivalent to $164 million and $98 million, respectively, using an exchange rate of NOK 5.73 to $1.00. In connection with the redemption, we made an aggregate cash payment of NOK 1,567 million, equivalent to $273 million.

On February 7, 2013, we redeemed the remaining $62 million aggregate principal amount of the Series C Convertible Senior Notes for an aggregate cash payment of $62 million.

During the year ended December 31, 2013, we repaid the outstanding $250 million and $500 million aggregate principal amount of the 5% Notes due February 2013 and the 5.25% Senior Notes due March 2013, respectively, as of the stated maturity dates.

Angola Deepwater Drilling Company Limited ("ADDCL"), a consolidated joint venture company, had two credit facilities, established under a bank credit agreement (the "ADDCL Credit Facilities"). On February 12, 2014, we repaid borrowings of $163 million outstanding under the ADDCL Credit Facilities and terminated the bank credit agreement under which the credit facilities were established.

See "—Liquidity and Capital Resources—Sources and uses of liquidity."

Fleet expansion—During the year ended December 31, 2013, we completed construction of the High-Specification Jackups *Transocean Andaman, Transocean Siam Driller* and *Transocean Ao Thai*, which have commenced operations under their contracts.

In October 2013, we were awarded a five-year drilling contract for a newbuild dynamically positioned Ultra-Deepwater drillship, and we entered into a shipyard contract for the construction of the drillship.

In November 2013, we entered into agreements for the construction of five High-Specification Jackups. Additionally, each of the five shipyard contracts includes an option to order an additional jackup of the same design and specifications on similar terms. The first option must be exercised by November 2014, and the remaining four options must be exercised within consecutive four-month intervals thereafter.

On February 26, 2014, we entered into agreements for the construction of two newbuild dynamically positioned Ultra-Deepwater drillships. We also entered into an options agreement to order up to three additional newbuild drillships with the same design and specifications. The first option must be exercised within one year, the second within 18 months and the final within 24 months.

See "—Liquidity and Capital Resources—Drilling fleet."

Dispositions—During the year ended December 31, 2013, in connection with our efforts to dispose of non-strategic assets, we completed the sale of the Deepwater Floater *Transocean Richardson* along with related equipment. In connection with the sale of these assets, we received net cash proceeds of $142 million, and recognized an aggregate net gain of $33 million, $22 million, net of tax. In February 2014, we completed the sale of the High-Specification Jackup *GSF Monitor* along with related equipment. See "—Liquidity and Capital Resources—Drilling fleet."

Shelf Drilling preference shares—In June 2013, we completed the sale of the Shelf Drilling preference shares. In connection with the sale, we received cash proceeds of $185 million, and recognized a loss of $10 million. See "—Liquidity and Capital Resources—Sources and uses of cash."

Discontinued operations—In February 2014, in connection with our efforts to discontinue non-strategic operations, we completed the sale of Applied Drilling Technology International Limited, a U.K. company that performs drilling management services in the North Sea. Following the completion of the sale transaction, we agreed to provide a $15 million working capital line of credit to the buyer for up to two years. We have also provided a limited guarantee in favor of one customer through expiration of the current drilling project, which is expected to be completed in the fourth quarter of 2014. The disposal of this component of our business results in the discontinuation of our drilling management services operating segment in the year ending December 31, 2014.

During the year ended December 31, 2013, we completed the sales of the standard jackups *D.R. Stewart*, *GSF Adriatic VIII*, *GSF Rig 127, GSF Rig 134, Interocean III*, *Trident IV-A* and *Trident VI,* along with related equipment. In connection with the sales of these assets of our discontinued operations, we received aggregate net cash proceeds of $140 million and recognized an aggregate net gain of $44 million.

See "—Operating Results—Discontinued operations."

Outlook

Drilling market—We expect the commodity pricing underlying the exploration and production programs of our customers to continue to support some contracting opportunities for all asset classes within our drilling fleet in the year ending December 31, 2014. However, based on customer and market indications, we expect the pace of executing drilling contracts for the global floater fleet to slow in the near term, resulting in excess capacity and idle time for some rigs. As of February 18, 2014, the contract backlog for our continuing operations was $27.2 billion compared to $29.8 billion as of October 16, 2013.

Following the Macondo well incident, the U.S. government implemented enhanced regulations related to offshore drilling in the U.S. Gulf of Mexico, which require operators to submit applications for new drilling permits that demonstrate compliance with such enhanced regulations. The enhanced regulations require independent third-party inspection, certification of well design and well control equipment and emergency response plans in the event of a blowout, among other requirements. The voluntary application by some of our customers of such third-party inspections and certifications of well control equipment operating outside the U.S. Gulf of Mexico has caused and may continue to cause us to experience additional out of service time and incur additional maintenance costs. We have entered into an agreement with the DOJ that also requires us to undertake certain inspections and certifications beyond current legal standards. Although the enhanced regulations and additional maintenance requirements have affected our revenues, costs and out of service time, we are unable to predict, with certainty, the magnitude with which these matters will continue to impact our operations.

Fleet status—As of February 18, 2014, uncommitted fleet rates for the years ending December 31, 2014, 2015, 2016, 2017 and 2018 were as follows:

	2014	2015	2016	2017	2018
Uncommitted fleet rate (a)					
High-Specification Floaters	24%	52%	67%	76%	83%
Midwater Floaters	33%	56%	89%	100%	100%
High-Specification Jackups	10%	38%	68%	80%	87%

(a) The uncommitted fleet rate is defined as the number of uncommitted days divided by the total number of rig calendar days in the measurement 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.

As of February 18, 2014, we had 11 existing contracts associated with our continuing operations that had fixed-price or capped options to extend the contract terms that are exercisable, at the customer's discretion, any time through their expiration dates. Customers are more likely to exercise fixed-price options when dayrates are higher on new contracts relative to existing contracts, and customers are less likely to exercise fixed-price options when dayrates are lower on new contracts relative to existing contracts. Given current market conditions, we are uncertain whether these options will be exercised by our customers in 2014. Additionally, well-in-progress or similar provisions of our existing contracts may delay the start of higher or lower dayrates in subsequent contracts, and some of the delays could be significant.

High-Specification Floaters—During the fourth quarter of 2013, seven contracts for Ultra-Deepwater Floaters were entered into worldwide, including three new contracts and one extension to an existing contract for our fleet. Our Ultra-Deepwater Floater fleet has 13 units with availability in 2014. With the expected slowdown of customer demand for the Ultra-Deepwater Fleet in the near term, we expect to see a moderation in utilization and pressure on rates in 2014. The Deepwater Floater fleet rig utilization rate for the industry decreased during the fourth quarter of 2013 with four contracts entered into worldwide. Our Deepwater Floater fleet has six active units with availability in 2014. The pace of tendering and length of contract terms have decreased, and we are experiencing increased competition for each tendering opportunity. As of February 18, 2014, we had 23 of our 46 High-Specification Floaters contracted through the end of 2014. Although we believe continued exploration successes in the major deepwater offshore provinces and the emerging markets will generate additional demand and support our long-term positive outlook for our High-Specification Floater fleet, we expect reduced dayrates and increased competition for our non-harsh environment floaters in the short term.

Midwater Floaters—Customer demand for our Midwater Floater fleet, which includes 22 semisubmersible rigs, has remained stable in the U.K. and Norway. We extended one contract for our Midwater Floater fleet in the fourth quarter of 2013, and we have five units available in our active fleet in 2014. The tendering pace has slowed and expected demand has diminished outside of the U.K. and Norway, notably in Brazil and the Mediterranean, which has had a negative effect on global rig utilization rates and dayrates for this asset class in 2014.

High-Specification Jackups—We believe that market conditions will continue to sustain the high rig utilization rates and increased tendering and contracting activity through 2014. During the fourth quarter, contracting activity increased by 28 percent over the previous quarter with average term extended to 1.3 years per contract. As of February 18, 2014, two of our existing 11 High-Specification Jackups have availability in 2014.

Operating results—We expect our total revenues for the year ending December 31, 2014 to be higher than our total revenues for the year ended December 31, 2013, primarily due to partial years of operating dayrate for our two newbuild Ultra-Deepwater Floaters that are expected to be placed into service during 2014, full years of operating dayrate for our three newbuild High-Specification Jackups placed into service during 2013, fewer expected out of service days for planned shipyards, and increased earned operating dayrates for our contracted fleet, partially offset by a decrease in activity for some of our Ultra-Deepwater Floaters, Deepwater Floaters and Midwater Floaters. We are unable to predict, with certainty, the impact on our business from any changes to offshore activity levels, the results of our efforts to improve our revenue efficiency rates or the full impact that the enhanced regulations and other matters, described under "—Drilling market", will have on our operations for the year ending December 31, 2014 and beyond.

We expect our total operating and maintenance expenses for the year ending December 31, 2014 to be slightly lower relative to our total operating and maintenance expenses for the year ended December 31, 2013, primarily due to a decrease in activity levels for our Midwater Floater fleet and certain Deepwater and Ultra-Deepwater Floaters, optimization of rig-based spending and reductions in shore-based costs, partially offset by increased costs associated with partial years of operation for our newbuild Ultra-Deepwater Floaters, full years of operations for our newbuild High-Specification Jackups, and normal inflationary trends for personnel, maintenance and other operating costs. Our projected operating and maintenance expenses for the year ending December 31, 2014 are subject to change and could be affected by actual activity levels, changes in shipyard timing, rig reactivations, the effective execution of our margin improvement efforts, the enhanced regulations and other matters described under "—Drilling market", the Macondo well incident and related contingencies, exchange rates and cost inflation above expectations, as well as other factors.

Although we are unable to estimate the full direct and indirect effect that the Macondo well incident will have on our business, the incident has had and could continue to have a material adverse effect on our consolidated statement of financial position, results of operations or cash flows. See "—Contingencies—Macondo well incident."

In accordance with our critical accounting policies, we review our property and equipment for impairment when events occur or circumstances change that may indicate that the carrying amounts of our assets held and used may not be recoverable, and we conduct impairment testing for our goodwill annually and when events occur or circumstances change, such as a significant change in or disposal of a component of our organization, that may indicate a reduction in the fair value of a reporting unit below its carrying amount. If we are unable to secure new or extended contracts for our active units or the reactivation of any of our stacked units, or if we experience unfavorable changes to actual or anticipated dayrates or other impairment indicators, we may be required to recognize losses in future periods as a result of impairments of the carrying amount of one or more of our asset groups. We may also be required to recognize losses on the impairment of one or more of our asset groups as a result of any significant changes in composition of our asset groups. We may be required to recognize losses on impairment of goodwill if we determine that the fair value of our contract drilling services reporting unit has declined below its carrying amount. At December 31, 2013, the carrying amount of our property and equipment, net of accumulated depreciation, was $21.7 billion, representing 67 percent of our total assets. See "—Critical Accounting Policies and Estimates" and "Item 1A. Risk Factors—Other risks—We have significant carrying amounts of long-lived assets and goodwill that are subject to impairment testing."

Master limited partnership formation—We have concluded that a master limited partnership ("MLP")-type yield vehicle could complement our capital structure by providing an additional source of capital, enhancing our financial flexibility. We expect to complete the formation of a MLP-type yield vehicle in mid-2014 and to sell a noncontrolling interest in an initial public offering thereafter. The anticipated offering is subject to market conditions, the approval of our board of directors and the effectiveness of a registration statement to be filed with the U.S. Securities and Exchange Commission ("SEC").

Organizational efficiency initiative—During the year ended December 31, 2013, we began implementing a plan to improve the organizational efficiency of our shore-based support activities worldwide. We believe this organizational efficiency initiative will result in our achieving significant annualized savings associated with the streamlining of certain shore-based business functions and processes and the elimination of certain processes, programs and tasks that we do not consider central to supporting our core business. We have identified and begun eliminating certain shore-based positions within the scope of the initiative. See "Item 1A. Risk Factors—Risks related to our business—Our ongoing organizational efficiency initiative may affect our ability to manage our business and our operational results and could result in the loss of key personnel."

In connection with this initiative, we established certain one-time termination benefit plans for shore-based employees in the U.S., the U.K. and France and for shore-based expatriate resident employees worldwide that were or are expected to be involuntarily terminated during the period from May 2013 through December 31, 2014. In the year ended December 31, 2013, we recognized costs of $32 million associated with severance-related costs under these one-time termination benefit plans.

Additionally, in the year ended December 31, 2013, we recognized costs of $28 million associated with previously established compensatory plans that offer end of service arrangements, the accelerated recognition for share-based compensation costs under our long-term incentive plan, and the termination of executory agreements related to closing certain shore-based facilities. In connection with our organizational efficiency initiative, in the year ending December 31, 2014, we expect to incur incremental costs of approximately $5 million associated with one-time termination benefit plans, other severance-related compensation, accelerated share-based compensation under our long-term incentive plan and the termination of executory agreements related to closing certain shore-based facilities.

Performance and Other Key Indicators

Contract backlog—The contract backlog for our contract drilling services segment was as follows:

	February 18, 2014	October 16, 2013	February 14, 2013
Contract backlog (a)		(In millions)	
High-Specification Floaters			
Ultra-Deepwater Floaters	$ 19,690	$ 20,804	$ 19,144
Deepwater Floaters	1,209	1,362	2,127
Harsh Environment Floaters	1,887	2,279	1,942
Total High-Specification Floaters	22,786	24,445	23,213
Midwater Floaters	3,224	3,889	4,145
High-Specification Jackups	1,234	1,427	1,486
Total	$ 27,244	$ 29,761	$ 28,844

(a) Contract backlog is defined as the maximum contractual operating dayrate multiplied 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 contract backlog represents the maximum contract drilling revenues that can be earned considering the contractual operating dayrate in effect during the firm contract period and represents the basis for the maximum revenues in our revenue efficiency measurement. To determine maximum revenues for purposes of calculating revenue efficiency, however, we include the revenues earned for mobilization, demobilization and contract preparation, which are excluded from the amounts presented for contract backlog.

Our contract backlog includes only firm commitments for our contract drilling services segment, which are represented by signed drilling contracts or, in some cases, by other definitive agreements awaiting contract execution. Our contract backlog includes amounts associated with our newbuild units that are currently under construction. The contractual operating dayrate may be higher than the actual dayrate we ultimately receive or an alternative contractual dayrate, such as a waiting-on-weather rate, repair rate, standby rate or force majeure rate, may apply under certain circumstances. The contractual operating dayrate may also be higher than the actual dayrate we ultimately 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.

At February 18, 2014, the contract backlog and average contractual dayrates for our contract drilling services segment were as follows:

	Total	For the years ending December 31, 2014	2015	2016	2017	Thereafter
Contract backlog (a)		(In millions, except average dayrates)				
High-Specification Floaters						
Ultra-Deepwater Floaters	$ 19,690	$ 3,660	$ 2,720	$ 2,301	$ 2,159	$ 8,850
Deepwater Floaters	1,209	672	394	143	—	—
Harsh Environment Floaters	1,887	934	621	220	112	—
Total High-Specification Floaters	22,786	5,266	3,735	2,664	2,271	8,850
Midwater Floaters	3,224	1,551	1,350	323	—	—
High-Specification Jackups	1,234	490	376	206	112	50
Total contract backlog	$ 27,244	$ 7,307	$ 5,461	$ 3,193	$ 2,383	$ 8,900
Average-contractual dayrates (b)						
High-Specification Floaters						
Ultra-Deepwater Floaters	$ 543,000	$ 553,000	$ 551,000	$ 537,000	$ 532,000	$ 530,000
Deepwater Floaters	$ 377,000	$ 386,000	$ 381,000	$ 334,000	$ —	$ —
Harsh Environment Floaters	$ 513,000	$ 480,000	$ 529,000	$ 599,000	$ 589,000	$ —
Total High-Specification Floaters	$ 521,000	$ 511,000	$ 523,000	$ 525,000	$ 535,000	$ 530,000
Midwater Floaters	$ 370,000	$ 359,000	$ 378,000	$ 393,000	$ —	$ —
High-Specification Jackups	$ 160,000	$ 165,000	$ 161,000	$ 165,000	$ 143,000	$ 136,000
Total fleet average	$ 433,000	$ 415,000	$ 419,000	$ 447,000,	$ 474,000	$ 489,000

(a) Contract backlog is defined as the maximum contractual operating dayrate multiplied 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.

(b) Average contractual dayrate relative to our contract backlog is defined as the maximum contractual operating dayrate to be earned per operating day in the measurement period. An operating day is defined as a day for which a rig is contracted to earn a dayrate during the firm contract period after commencement of operations.

The actual amounts of revenues earned and the actual periods during which revenues are earned will differ from the amounts and periods shown in the tables above due to various factors, including shipyard and maintenance projects, unplanned downtime and other factors that result in lower applicable dayrates than the full contractual operating dayrate. Additional factors that could affect the amount and timing of actual revenue to be recognized include customer liquidity issues and contract terminations, which are available to our customers under certain circumstances.

Average daily revenue—The average daily revenue for our contract drilling services segment was as follows:

	Years ended December 31, 2013	2012	2011
Average daily revenue (a)			
High-Specification Floaters			
Ultra-Deepwater Floaters	$ 500,200	$ 500,300	$ 461,000
Deepwater Floaters	$ 353,300	$ 338,200	$ 340,000
Harsh Environment Floaters	$ 451,700	$ 444,500	$ 428,400
Total High-Specification Floaters	$ 459,800	$ 455,000	$ 430,400
Midwater Floaters	$ 311,100	$ 262,200	$ 286,400
High-Specification Jackups	$ 164,400	$ 141,300	$ 108,500
Total fleet average daily revenue	$ 382,300	$ 370,300	$ 367,600

(a) Average daily revenue is defined as contract drilling revenues earned per operating day. An operating day is defined as a calendar day during which a rig is contracted to earn a dayrate during the firm contract period after commencement of operations.

Our average daily revenue fluctuates relative to market conditions and our revenue efficiency. Our total fleet average daily revenue is also affected by the mix of rig classes being operated, as Midwater Floaters and High-Specification Jackups are typically contracted at lower dayrates compared to High-Specification Floaters. We include newbuilds in the calculation when the rigs commence operations upon acceptance by the customer. We remove rigs from the calculation upon disposal, classification as held for sale or classification as discontinued operations.

Revenue efficiency—The revenue efficiency rates for our contract drilling services segment were as follows:

	Years ended December 31,		
	2013	2012	2011
Revenue efficiency (a)			
High-Specification Floaters			
Ultra-Deepwater Floaters	89%	93%	88%
Deepwater Floaters	91%	91%	91%
Harsh Environment Floaters	97%	97%	97%
Total High-Specification Floaters	91%	93%	90%
Midwater Floaters	94%	91%	93%
High-Specification Jackups	98%	95%	95%
Total fleet average revenue efficiency	92%	93%	91%

(a) Revenue efficiency is defined as actual contract drilling revenues for the measurement period divided by the maximum revenue calculated for the measurement period, expressed as a percentage. Maximum revenue is defined as the greatest amount of contract drilling revenues the drilling unit could earn for the measurement period, excluding amounts related to incentive provisions.

Our revenue efficiency rate varies due to revenues earned under alternative contractual dayrates, such as a waiting-on-weather rate, repair rate, standby rate, force majeure rate or zero rate, that may apply under certain circumstances. We include newbuilds in the calculation when the rigs commence operations upon acceptance by the customer. We exclude rigs that are not operating under contract, such as those that are stacked.

Rig utilization—The rig utilization rates for our contract drilling services segment were as follows:

	Years ended December 31,		
	2013	2012	2011
Rig utilization (a)			
High-Specification Floaters			
Ultra-Deepwater Floaters	92%	94%	88%
Deepwater Floaters	68%	61%	49%
Harsh Environment Floaters	100%	87%	94%
Total High-Specification Floaters	86%	83%	76%
Midwater Floaters	61%	66%	59%
High-Specification Jackups	91%	84%	57%
Total fleet average utilization	79%	78%	69%

(a) Rig utilization is defined as the total number of operating days divided by the total number of rig calendar days in the measurement period, expressed as a percentage.

Our rig utilization rate declines as a result of idle and stacked rigs and during shipyard and mobilization periods to the extent these rigs are not earning revenues. We include newbuilds in the calculation when the rigs commence operations upon acceptance by the customer. We remove rigs from the calculation upon disposal, classification as held for sale or classification as discontinued operations.

Operating Results

Year ended December 31, 2013 compared to the year ended December 31, 2012

The following is an analysis of our operating results from continuing operations. See "—Performance and Other Key Indicators" for definitions of operating days, average daily revenue, revenue efficiency and rig utilization.

	Years ended December 31,			
	2013	2012	Change	% Change
	(In millions, except day amounts and percentages)			
Operating days	23,687	23,577	110	—%
Average daily revenue	$ 382,300	$ 370,300	$ 12,000	3%
Revenue efficiency	92%	93%		
Rig utilization	79%	78%		
Contract drilling revenues	$ 9,070	$ 8,773	$ 297	3%
Other revenues	414	423	(9)	(2)%
	9,484	9,196	288	3%
Operating and maintenance expense	(5,791)	(6,106)	315	(5)%
Depreciation expense	(1,109)	(1,123)	14	(1)%
General and administrative expense	(286)	(282)	(4)	1%
Loss on impairment	(81)	(140)	59	(42)%
Gain on disposal of assets, net	7	36	(29)	(81)%
Operating income	2,224	1,581	643	41%
Other income (expense), net				
Interest income	52	56	(4)	(7)%
Interest expense, net of amounts capitalized	(584)	(723)	139	(19)%
Other, net	(28)	(48)	20	(42)%
Income from continuing operations before income tax expense	1,664	866	798	92%
Income tax expense	(258)	(50)	(208)	n/m
Income from continuing operations	$ 1,406	$ 816	$ 590	72%

"n/m" means not meaningful.

Operating revenues—Contract drilling revenues increased for the year ended December 31, 2013 compared to the year ended December 31, 2012 primarily due to the following: (a) approximately $375 million of increased contract drilling revenues due to improved dayrates, (b) approximately $90 million of increased contract drilling revenues associated with our newbuild High-Specification Jackups that commenced operations during the year ended December 31, 2013 and 2012, and (c) approximately $80 million of increased contract drilling revenues due to greater rig utilization caused by less time dedicated to shipyard projects and rig certifications. This increase was partially offset by (a) approximately $120 million of decreased contract drilling revenues caused by lower revenue efficiency and (b) approximately $105 million of decreased contract drilling revenues due to an increased number of rigs idle in the year ended December 31, 2013 compared to the year ended December 31, 2012.

Other revenues decreased for the year ended December 31, 2013 compared to the year ended December 31, 2012, primarily due to reduced activity of our drilling management services due to decreased demand for these services.

Costs and expenses—Excluding the losses of $120 million and $756 million, recognized in the years ended December 31, 2013 and 2012, respectively, associated with contingencies related to the Macondo well incident, operating and maintenance costs and expenses increased for the year ended December 31, 2013 compared to the year ended December 31, 2012 primarily due to the following: (a) approximately $335 million of increased costs and expenses due to greater rig utilization and higher shipyard costs, including $50 million related to the reactivation of the Midwater Floater *Sedco 712*, and (b) approximately $40 million of increased costs and expenses associated with our newbuild High-Specification Jackups that commenced operations during the years ended December 31, 2013 and 2012. These increases were partially offset by approximately $50 million of decreased costs and expenses due to an increased number of rigs idle in 2013.

In the year ended December 31, 2013, we recognized an aggregate loss of $81 million associated with the impairment of assets, including $64 million associated with the impairment of the Deepwater Floater *Sedco 709*, the Midwater Floaters *C. Kirk Rhein, Jr.* and *Sedco 703* and the High-Specification Jackup *GSF Monitor*, which were classified as assets held for sale at the time of impairment, and $17 million associated with the impairment of certain corporate assets. In the year ended December 31, 2012, we recognized a loss of $118 million associated with completing our measurement of the impairment of goodwill associated with our contract drilling services

reporting unit and a loss of $22 million associated with the impairment of the customer relationship intangible assets attributed to our drilling management services reporting unit.

In the year ended December 31, 2013, we completed the sale of the Deepwater Floater *Transocean Richardson* along with related equipment and recognized a net gain of $33 million associated with the sale, partially offset by an aggregate net loss of $26 million associated with the disposal of assets unrelated to dispositions of rigs. In the year ended December 31, 2012, we completed the sale of the Deepwater Floaters *Discoverer 534* and *Jim Cunningham* along with related equipment and recognized an aggregate net gain of $36 million associated with the sale.

Other income and expense—Interest expense, net of amounts capitalized, decreased in the year ended December 31, 2013 compared to the year ended December 31, 2012, primarily due to approximately $150 million of decreased interest expense associated with debt repaid or redeemed in the year ended December 31, 2013, and $24 million of increased interest capitalization associated with our newbuild construction program, partially offset by $40 million of increased interest expense associated with debt issued or bank credit agreements entered into in the year ended December 31, 2012.

In the year ended December 31, 2013, we recognized $28 million in other expense, net, primarily related to the following: (a) a loss of $11 million associated with currency exchange, (b) a loss of $10 million associated with the sale of the Shelf Drilling preference shares and (c) a loss of $9 million associated with the termination of the interest rate swaps related to the TPDI Credit Facilities. In the year ended December 31, 2012, we recognized $48 million in other expense, net, primarily related to the following: (a) a loss of $27 million associated with currency exchange and (b) a loss of $24 million associated with the redeemed noncontrolling interest in TPDI.

Income tax expense—We operate internationally and provide for income taxes based on the tax laws and rates in the countries in which we operate and earn income. For the years ended December 31, 2013 and 2012, our annual effective tax rates were 20.0 percent and 17.8 percent, respectively, based on income from continuing operations before income taxes, after excluding certain items, such as expenses for litigation matters, losses on impairment, gains on certain asset disposals and acquisition, costs for one-time termination benefits, and gains and losses on debt retirements. The tax effect, if any, of the excluded items as well as settlements of prior year tax liabilities and changes in prior year tax estimates are all treated as discrete period tax expenses or benefits. For the years ended December 31, 2013 and 2012, the effect of the various discrete period tax items was a net tax benefit of $82 million and a net tax benefit of $256 million, respectively. For the years ended December 31, 2013 and 2012, these discrete tax items, together with the excluded income and expense items noted above, resulted in effective tax rates of 15.5 percent and 5.8 percent, respectively, on income from continuing operations before income tax expense.

The relationship between our provision for or benefit from income taxes and our income before income taxes can vary significantly from period to period considering, among other factors, (a) the overall level of income before income taxes, (b) changes in the blend of income that is taxed based on gross revenues versus income before taxes, (c) rig movements between taxing jurisdictions and (d) our rig operating structures. Generally, our annual marginal tax rate is lower than our annual effective tax rate. Consequently, our income tax expense does not change proportionally with our income before income taxes. Significant decreases in our income before income taxes typically lead to higher effective tax rates, while significant increases in income before income taxes can lead to lower effective tax rates, subject to the other factors impacting income tax expense noted above. In the year ended December 31, 2013 compared to the year ended December 31, 2012, the annual effective tax rate increased to 20.0 percent from 17.8 percent primarily due to changes in the blend of income that is taxed based on gross revenues versus income before taxes, the currency exchange effect of the weakened Norwegian krone relative to the U.S. dollar off-set by the effect of higher income before income taxes. With respect to the annual effective tax rate calculation for the year ended December 31, 2013, a significant portion of our income tax expense was generated in countries in which income taxes are imposed on gross revenues, with the most significant of these countries being Angola, India, Nigeria, Gabon and Mozambique. Conversely, the most significant countries in which we incurred income taxes during this period that were based on income before income tax include Norway, the U.K., Switzerland, Australia and the U.S.

Our rig operating structures further complicate our tax calculations, especially in instances where we have more than one operating structure for the particular taxing jurisdiction and, thus, more than one method of calculating taxes depending on the operating structure utilized by the rig under the contract. For example, two rigs operating in the same country could generate significantly different provisions for income taxes if they are owned by two different subsidiaries that are subject to differing tax laws and regulations in the respective country of incorporation.

Year ended December 31, 2012 compared to the year ended December 31, 2011

The following is an analysis of our operating results from continuing operations. See "—Performance and Other Key Indicators" for definitions of operating days, average daily revenue, revenue efficiency and rig utilization.

	Years ended December 31,			
	2012	2011	Change	% Change
	(In millions, except day amounts and percentages)			
Operating days	23,577	20,017	3,560	18%
Average daily revenue	$ 370,300	$ 367,600	$ 2,700	1%
Revenue efficiency	93%	91%		
Rig utilization	78%	69%		
Contract drilling revenues	$ 8,773	$ 7,407	$ 1,366	18%
Other revenues	423	620	(197)	(32)%
	9,196	8,027	1,169	15%
Operating and maintenance expense	(6,106)	(6,179)	73	(1)%
Depreciation expense	(1,123)	(1,109)	(14)	1%
General and administrative expense	(282)	(288)	6	(2)%
Loss on impairment	(140)	(5,201)	5,061	(97)%
Gain (loss) on disposal of assets, net	36	(12)	48	n/m
Operating income (loss)	1,581	(4,762)	6,343	n/m
Other income (expense), net				
Interest income	56	44	12	27%
Interest expense, net of amounts capitalized	(723)	(621)	(102)	16%
Other, net	(48)	(99)	51	(52)%
Income (loss) from continuing operations before income tax expense	866	(5,438)	6,304	n/m
Income tax expense	(50)	(324)	274	(85)%
Income (loss) from continuing operations	$ 816	$ (5,762)	$ 6,578	n/m

"n/a" means not applicable.

"n/m" means not meaningful.

Operating revenues—Contract drilling revenues increased for the year ended December 31, 2012 compared to the year ended December 31, 2011 primarily due to the following: (a) approximately $940 million of increased contract drilling revenues due to greater rig utilization caused by less time dedicated to shipyard projects and recertifications, a portion of which was associated with the post-Macondo regulatory and operating environment, (b) approximately $330 million of increased contract drilling revenues associated with the operations of the two Harsh Environment Ultra-Deepwater semisubmersibles acquired in connection with our acquisition of Aker Drilling and our newbuild units that commenced operations in the years ended December 31, 2012 and 2011 and (c) approximately $140 million of increased contract drilling revenues due to improved dayrates.

Other revenues decreased for the year ended December 31, 2012 compared to the year ended December 31, 2011, primarily due to (a) approximately $178 million of decreased revenues associated with the continuing operations of our drilling management services due to reduced demand for these services in the U.K. and (b) approximately $50 million of decreased revenues related to our integrated services.

Costs and expenses—Excluding the losses of $756 million and $1.0 billion associated with contingencies related to the Macondo well incident recognized in the years ended December 31, 2012 and 2011, respectively, operating and maintenance costs and expenses increased for the year ended December 31, 2012, compared to the year ended December 31, 2011, primarily due to the following (a) $180 million of increased costs and expenses due to greater rig utilization and higher shipyard costs and (b) $160 million of increased costs and expenses associated with the operations of the two Harsh Environment Ultra-Deepwater semisubmersibles acquired in connection with our acquisition of Aker Drilling and our newbuilds that commenced operations during the years ended December 31, 2012 and 2011. Partially offsetting the increase was $35 million of decreased costs associated with our integrated services.

Depreciation expense increased primarily due to $31 million of additional depreciation expense related to two rigs acquired in connection with our acquisition of Aker Drilling in October 2011 and $16 million associated with three newbuilds, two Ultra-Deepwater Floaters and one High-Specification Jackup, which commenced operations in 2011 and 2012. Partially offsetting the increase was $33 million related to useful life extensions of three Midwater Floaters.

In the year ended December 31, 2012, we recognized a loss of $118 million associated with completing our measurement of the impairment of goodwill associated with our contract drilling services reporting unit. We had previously recognized an estimated loss of $5.2 billion, in the year ended December 31, 2011, due to a decline in projected cash flows and market valuations for this reporting unit. Additionally, in the year ended December 31, 2012, we recognized a loss of $22 million associated with the impairment of the customer relationship intangible assets attributed to our drilling management services reporting unit.

In the year ended December 31, 2012, we recognized a net gain of $36 million associated with the disposal of assets, primarily related to the completion of sales of the Deepwater Floaters *Discoverer 534* and *Jim Cunningham*. In the year ended December 31, 2011, we recognized a net loss of $12 million associated with the disposal of assets unrelated to dispositions of rigs.

Other income and expense—Interest expense, net of amounts capitalized, increased in the year ended December 31, 2012 compared to the year ended December 31, 2011, primarily due to $204 million of increased interest expense associated with debt issued in the years ended December 31, 2012 and 2011 and debt assumed in our acquisition of Aker Drilling in the year ended December 31, 2011. Partially offsetting these increases was $86 million associated with debt repaid or repurchased in the years ended December 31, 2012 and 2011 and $15 million of increased interest capitalized for our newbuild projects.

In the year ended December 31, 2012, we recognized an aggregate loss of $27 million associated with currency exchange and a loss of $24 million related to the redeemed noncontrolling interest in TPDI. In the year ended December 31, 2011, we recognized an aggregate loss of $99 million associated with currency exchange, including a loss of $78 million associated with a forward exchange contract, which was not designated and did not qualify as a hedging instrument for accounting purposes.

Income tax expense—We operate internationally and provide for income taxes based on the tax laws and rates in the countries in which we operate and earn income. The annual effective tax rates were 17.8 percent and 35.4 percent at December 31, 2012 and 2011, respectively, based on income from continuing operations before income taxes, after excluding certain items, such as losses on impairment, costs for litigation matters, losses on our forward exchange contract, gains on certain asset disposals, costs related to acquisitions and gain on debt retirements. The tax effect, if any, of the excluded items as well as settlements of prior year tax liabilities and changes in prior year tax estimates are all treated as discrete period tax expenses or benefits. For the years ended December 31, 2012 and 2011, the impact of the various discrete period tax items was a net tax benefit of $256 million and a net tax expense of $12 million, respectively. For the years ended December 31, 2012 and 2011, these discrete tax items, coupled with the excluded income and expense items noted above, resulted in effective tax rates of 5.8 percent and (6.0) percent on income from continuing operations before income tax expense for the years ended December 31, 2012 and 2011, respectively.

The relationship between our provision for or benefit from income taxes and our income before income taxes can vary significantly from period to period considering, among other factors, (a) the overall level of income before income taxes, (b) changes in the blend of income that is taxed based on gross revenues versus income before taxes, (c) rig movements between taxing jurisdictions and (d) our rig operating structures. Generally, our annual marginal tax rate is lower than our annual effective tax rate. Consequently, our income tax expense does not change proportionally with our income before income taxes. Significant decreases in our income before income taxes typically lead to higher effective tax rates, while significant increases in income before income taxes can lead to lower effective tax rates, subject to the other factors impacting income tax expense noted above. In the year ended December 31, 2012 compared to the year ended December 31, 2011, the annual effective tax rate decreased to 17.8 percent from 35.4 percent primarily due to the significant increase in income before income taxes and the currency exchange effect of the strengthened Norwegian krone relative to the U.S dollar. With respect to the annual effective tax rate calculation for the year ended December 31, 2012, a significant portion of our income tax expense was generated in countries in which income taxes are imposed on gross revenues, with the most significant of these countries being Angola, India, Nigeria, Indonesia and Ghana. Conversely, the most significant countries in which we operated during this period that impose income taxes based on income before income tax include Norway, Malaysia, Switzerland, Brazil and the U.S.

Our rig operating structures further complicate our tax calculations, especially in instances where we have more than one operating structure for the particular taxing jurisdiction and, thus, more than one method of calculating taxes depending on the operating structure utilized by the rig under the contract. For example, two rigs operating in the same country could generate significantly different provisions for income taxes if they are owned by two different subsidiaries that are subject to differing tax laws and regulations in the respective country of incorporation.

Discontinued operations

Overview—In the three years ended December 31, 2013, we discontinued the operations of (a) the standard jackup and swamp barge contract drilling services, (b) the Caspian Sea contract drilling services, (c) the U.S. Gulf of Mexico drilling management services and (d) the oil and gas properties operating segment.

A summary of the results of our discontinued operations, before income taxes, was as follows:

	Years ended December 31,		
	2013	2012	2011
		(In millions)	
Loss on impairment of assets in discontinued operations	$ (14)	$ (986)	$ (38)
Gain on disposal of assets in discontinued operations, net	54	82	183
Other income (loss) from operations of discontinued operations	1	(118)	(24)

In the year ended December 31, 2013, other income from operations of discontinued operations was negligible, primarily as the result of the operations of standard jackups under operating agreements with Shelf Drilling. In the years ended December 31, 2012 and 2011, other loss from operations of discontinued operations was primarily attributable to the operations of the standard jackup and swamp barge contract drilling services. Losses on impairment and net gains on disposal of assets in discontinued operations are discussed below.

Standard jackup and swamp barge contract drilling services—In September 2012, in connection with our efforts to dispose of non-strategic assets and to reduce our exposure to low-specification drilling units, we committed to a plan to sell the 46 standard jackups and one swamp barge in our fleet, reflecting our decision to discontinue operations associated with the standard jackup and swamp barge asset groups, components of our contract drilling operating services segment. On November 30, 2012, we completed the sale of 38 drilling units in these asset groups, along with related equipment, to Shelf Drilling in a series of related transactions.

For a transition period following the completion of the sale transactions, we agreed to continue to operate a substantial portion of the standard jackups under operating agreements with Shelf Drilling and to provide certain other transition services to Shelf Drilling. Under the operating agreements, we agreed to remit the collections from our customers under the associated drilling contracts to Shelf Drilling, and Shelf Drilling agreed to reimburse us for our direct costs and expenses incurred while operating the standard jackups on behalf of Shelf Drilling with certain exceptions. The costs to us for providing such operating and transition services, including allocated indirect costs, have exceeded the amounts we receive from Shelf Drilling for providing such services. We have also agreed to provide a limited guarantee with respect to three standard jackups and in favor of Shelf Drilling's customer from the time the drilling contracts are novated through expiration of such drilling contracts, and we may be required to perform if Shelf Drilling becomes unable to do so. As of February 18, 2014, we operated seven standard jackups under operating agreements with Shelf Drilling.

In the year ended December 31, 2013, we recognized an aggregate loss of $14 million associated with the impairment of the standard jackups *GSF Rig 127* and *GSF Rig 134*, which were classified as assets held for sale at the time of impairment.

In the year ended December 31, 2012, we recognized losses of $744 million and $112 million associated with the impairment of the long-lived assets and the goodwill, respectively, related to the standard jackup and swamp barge disposal group, which was classified as held for sale at the time of the impairments. In the year ended December 31, 2012, we also recognized a loss of $20 million, included in loss on impairment of assets in discontinued operations, associated with postemployment benefits for employees and contract labor directly related to this disposal group. Additionally, in the year ended December 31, 2012, we recognized an aggregate loss of $29 million associated with the impairment of the standard jackups *GSF Adriatic II* and *GSF Rig 136*, which were classified as assets held for sale at the time of impairment.

In the year ended December 31, 2011, we recognized an aggregate loss of $28 million, associated with the impairment of the standard jackups *George H. Galloway*, *GSF Britannia*, *GSF Labrador* and the swamp barge *Searex IV*, which were classified as assets held for sale at the time of impairment.

In the years ended December 31, 2013 and 2012, we recognized aggregate gains of $11 million and $8 million, respectively, associated with the sale of equipment and materials and supplies related to the sale transactions with Shelf Drilling. In the years ended December 31, 2013, 2012 and 2011, we recognized aggregate net gains of $44 million, $74 million and $32 million, respectively, associated with the sale of drilling units not related to the sale transactions with Shelf Drilling.

Caspian Sea contract drilling services—In February 2011, in connection with our efforts to dispose of non-strategic assets, we sold the subsidiary that owns the High-Specification Jackup *Trident 20*, located in the Caspian Sea. The disposal of this subsidiary, a component of our contract drilling services operating segment, reflects our decision to discontinue operations in the Caspian Sea. As a result of the sale, we recognized a net gain of $169 million associated with the disposal of the discontinued operations. Through June 2011, we continued to operate *Trident 20* under a bareboat charter to perform services for the customer and the buyer reimbursed us for the approximate cost of providing these services. Additionally, we provided certain transition services to the buyer through September 2011.

U.S. Gulf of Mexico drilling management services—In March 2012, we announced our intent to discontinue drilling management operations in the shallow waters of the U.S. Gulf of Mexico, a component of our drilling management services operating segment, upon completion of our then existing contracts. In December 2012, we completed the final drilling management project and discontinued offering our drilling management services in this region. In the year ended December 31, 2012, we recognized an aggregate loss of $70 million associated with the impairment of the customer relationships intangible asset and the trade name intangible asset attributed to our drilling management services reporting unit.

Oil and gas properties—During the year ended December 31, 2011, in connection with our efforts to dispose of non-strategic assets, we committed to a plan to sell the assets, reflecting our decision to discontinue the operations of our oil and gas properties reporting unit, a component of our former other operations segment, which included the exploration, development and production activities performed by Challenger Minerals Inc., Challenger Minerals (North Sea) Limited and Challenger Minerals (Ghana) Limited. In the year ended December 31, 2011, we completed the sale of Challenger Minerals (North Sea) Limited. In the year ended December 31, 2012, we completed the sales of the assets of Challenger Minerals Inc. and Challenger Minerals (Ghana) Limited.

In the years ended December 31, 2012 and 2011, we recognized losses of $11 million and $10 million, respectively, associated with the impairment of our oil and gas properties, which were classified as assets held for sale at the time of impairment. In the years ended December 31, 2012 and 2011, we recognized net gains of $9 million and an aggregate net loss of $4 million, respectively, associated with the disposal of these assets.

See Notes to Consolidated Financial Statements—Note 7—Discontinued Operations.

Liquidity and Capital Resources

Sources and uses of cash

At December 31, 2013, we had $3.2 billion in cash and cash equivalents. At any given time, we may require a significant portion of our cash and cash equivalents for working capital and other needs related to the operation of our business. At December 31, 2013, we estimate the amount of cash required for these purposes, which is not generally available to us for other uses, was approximately $1.5 billion.

In the year ended December 31, 2013, our primary sources of cash were our cash flows from operating activities, proceeds from asset disposals, proceeds from the sale of the Shelf Drilling preference shares and proceeds from restricted cash investments, net. Our primary uses of cash were capital expenditures, primarily associated with our newbuild projects, repayments of debt, payment of the first three installments of our distribution of qualifying additional paid-in capital to shareholders and payment of our Macondo well incident settlement obligations.

	Years ended December 31,		
	2013	2012	Change
		(In millions)	
Cash flows from operating activities			
Net income (loss)	$ 1,407	$ (211)	$ 1,618
Amortization of drilling contract intangibles	(15)	(42)	27
Depreciation	1,109	1,306	(197)
Loss on impairment	95	1,126	(1,031)
Gain on disposal of assets, net	(61)	(118)	57
Other non-cash items, net	199	135	64
Changes in Macondo well incident assets and liabilities, net	(455)	763	(1,218)
Changes in other operating assets and liabilities, net	(361)	(251)	(110)
	$ 1,918	$ 2,708	$ (790)

Net cash provided by operating activities decreased primarily due to an aggregate cash payment of $564 million for the initial installments required under our Macondo well incident settlement obligations. In the year ended December 31, 2013 and 2012, net income and the changes in Macondo well incident assets and liabilities include non-cash losses of $134 million and $757 million, respectively, associated with contingencies related to the Macondo well incident.

	Years ended December 31,		
	2013	2012	Change
		(In millions)	
Cash flows from investing activities			
Capital expenditures	$ (2,238)	$ (1,409)	$ (829)
Proceeds from disposal of assets, net	378	980	(602)
Proceeds from sale of preference shares	185	—	185
Other, net	17	40	(23)
	$ (1,658)	$ (389)	$ (1,269)

Net cash used in investing activities increased primarily due to an increase in capital expenditures associated with our major construction and other shipyard projects and a reduction in proceeds from disposal of assets. The proceeds from the sale of the Shelf Drilling preference shares partially offset these increased uses of cash.

	Years ended December 31,		
	2013	2012	Change
		(In millions)	
Cash flows from financing activities			
Change in short-term borrowings, net	$ —	$ (260)	$ 260
Proceeds from debt	—	1,493	(1,493)
Repayments of debt	(1,692)	(2,282)	590
Proceeds from restricted cash investments, net	179	144	35
Distribution of qualifying additional paid-in capital	(606)	(276)	(330)
Other, net	(32)	(21)	(11)
	$ (2,151)	$ (1,202)	$ (949)

Net cash used in financing activities increased primarily due to the absence of cash proceeds from the issuance of debt in the year ended December 31, 2013 partially offset by a reduction of cash used to repay or repurchase debt during the year ended December 31, 2013 compared to the year ended December 31, 2012.

Drilling fleet

Expansion—From time to time, we review possible acquisitions of businesses and drilling rigs and may make significant future capital commitments for such purposes. We may also consider investments related to major rig upgrades or new rig construction, including new rigs the construction of which we may begin without first obtaining customer contracts. Any such acquisition, upgrade or new rig construction could involve the payment by us of a substantial amount of cash or the issuance of a substantial number of additional shares or other securities. Our failure to secure drilling contracts for rigs under construction could have an adverse effect on our results of operations or cash flows.

Our historical and projected capital expenditures and other capital additions, including capitalized interest, for our recently completed and ongoing major construction projects were as follows:

	Total costs through December 31, 2013	Expected costs for the year ending December 31, 2014	Estimated costs thereafter	Total estimated costs at completion
	(In millions)			
Transocean Siam Driller (a) (b)	$ 236	$ —	$ —	$ 236
Transocean Andaman (a) (b)	242	—	—	242
Transocean Ao Thai (a) (b)	242	—	—	242
Deepwater Asgard (c)	495	320	—	815
Deepwater Invictus (c)	244	546	—	790
Deepwater Thalassa (d)	293	113	434	840
Deepwater Proteus (d)	274	81	435	790
Deepwater Pontus (d)	141	173	476	790
Deepwater Poseidon (d)	142	157	491	790
Deepwater Conqueror (e)	108	131	561	800
High-Specification Jackup TBN1 (f)	44	7	204	255
High-Specification Jackup TBN2 (f)	44	7	204	255
High-Specification Jackup TBN3 (f)	44	6	205	255
High-Specification Jackup TBN4 (f)	44	5	206	255
High-Specification Jackup TBN5 (f)	44	5	206	255
Ultra-Deepwater drillship TBN1 (g)	—	44	601	645
Ultra-Deepwater drillship TBN2 (g)	—	38	622	660
Total	$ 2,637	$ 1,633	$ 4,645	$ 8,915

(a) The accumulated construction costs of these rigs are no longer included in construction work in progress, as the construction projects had been completed as of December 31, 2013.

(b) The High-Specification Jackups *Transocean Siam Driller*, *Transocean Andaman* and *Transocean Ao Thai* commenced operations in March 2013, May 2013 and October 2013, respectively.

(c) *Deepwater Asgard* and *Deepwater Invictus*, two newbuild Ultra-Deepwater drillships under construction at the Daewoo Shipbuilding & Marine Engineering Co. Ltd. shipyard in Korea, are expected to commence operations in the second quarter of 2014. Total costs through December 31, 2013 include construction work in progress acquired in connection with our acquisition of Aker Drilling with an aggregate estimated fair value of $272 million.

(d) *Deepwater Thalassa*, *Deepwater Proteus*, *Deepwater Pontus* and *Deepwater Poseidon*, four newbuild Ultra-Deepwater drillships under construction at the Daewoo Shipbuilding & Marine Engineering Co. Ltd. shipyard in Korea, are expected to commence operations in the first quarter of 2016, the second quarter of 2016, the first quarter of 2017 and the second quarter of 2017, respectively.

(e) *Deepwater Conqueror*, a newbuild Ultra-Deepwater drillship under construction at the Daewoo Shipbuilding & Marine Engineering Co. Ltd. shipyard in Korea, is expected to commence operations in the fourth quarter of 2016.

(f) Our five unnamed Keppel FELS Super B 400 Bigfoot class design newbuild High-Specification Jackups under construction do not yet have drilling contracts and are expected to be delivered in the first quarter of 2016, the third quarter of 2016, the fourth quarter of 2016, the first quarter of 2017 and the third quarter of 2017, respectively.

(g) Our two unnamed dynamically positioned Ultra-Deepwater drillships under construction at the Juong Shipyard PTE Ltd. in Singapore do not yet have drilling contracts and are expected to be delivered in the second quarter of 2017 and the first quarter of 2018, respectively.

In the year ended December 31, 2013, our capital expenditures, including capitalized interest of $78 million, for our major construction projects were $1.4 billion, substantially all of which related to our contract drilling services segment. During the year ended December 31, 2013, we significantly expanded our expected future capital expenditures with our plan to construct five additional newbuild High-Specification Jackups and one additional newbuild Ultra-Deepwater drillship. Each of the shipyard contracts for the five newbuild High-Specification Jackups includes an option to order an additional jackup of the same design and specifications on similar terms. The first such option expires in November 2014, and the remaining four options expire in consecutive four-month intervals thereafter. On February 26, 2014, we entered into agreements for the construction of two newbuild dynamically positioned Ultra-Deepwater drillships. We also entered into an options agreement to order up to three additional newbuild drillships with the same design and specifications. The

first option must be exercised within one year, the second within 18 months and the final within 24 months. As with any major shipyard project that takes place over an extended period of time, the actual costs, the timing of expenditures and the project completion date may vary from estimates based on numerous factors, including actual contract terms, weather, exchange rates, shipyard labor conditions, availability of suppliers to recertify equipment and the market demand for components and resources required for drilling unit construction. See "Item 1A. Risk Factors—Risks related to our business—Our shipyard projects and operations are subject to delays and cost overruns."

For the year ending December 31, 2014, we expect our capital expenditures to be approximately $2.6 billion, including approximately $1.6 billion for our major construction projects. The ultimate amount of our capital expenditures is partly dependent upon financial market conditions, the actual level of operational and contracting activity, the costs associated with the regulatory environment, customer interest in newbuild construction and customer requested capital improvements and equipment for which the customer agrees to reimburse us.

We intend to fund the future cash requirements for our projected capital expenditures through available cash balances, cash generated from operations, asset sales and sales of interests in entities we control. We also have available credit under our revolving credit facilities (see "—Sources and uses of liquidity"), and we may utilize a portion of this available credit or other commercial bank or capital market financings. Economic conditions could impact the availability of these sources of funding. See "Item 1A. Risk Factors—Risks related to our business—Worldwide financial and economic conditions could have a material adverse effect on our consolidated statement of financial position, results of operations or cash flows."

Dispositions—From time to time, we may also review the possible disposition of non-strategic drilling units. During the year ended December 31, 2013, we completed the sale of the Deepwater Floater *Transocean Richardson* along with related equipment. In the year ended December 31, 2013, in connection with the disposal of these assets, we received net cash proceeds of $142 million and recognized a gain of $33 million, or $22 million, net of tax. Subsequent to December 31, 2013, we completed the sale of the High-Specification Jackup *GSF Monitor* along with related equipment.

During the year ended December 31, 2012, we completed the sales of the Deepwater Floaters *Discoverer 534* and *Jim Cunningham* along with related equipment. In connection with these sales, we received aggregate net cash proceeds of $178 million and recognized an aggregate net gain of $51 million.

In the three years ended December 31, 2013, we also completed the sales of 59 drilling units and other assets associated with our discontinued operations. See "—Results of Operations—Discontinued operations."

Sources and uses of liquidity

Overview—We expect to use existing cash balances, internally generated cash flows, borrowings under bank credit agreements and proceeds from the disposal of assets or proceeds from the sale of a noncontrolling interest in a MLP-type yield vehicle to fulfill anticipated obligations, such as scheduled debt maturities or other payments, repayment of debt due within one year, capital expenditures, shareholder-approved distributions, payments of our Macondo well incident settlement obligations, working capital and other needs in our operations. Subject in each case to then existing market conditions and to our then expected liquidity needs, among other factors, we may continue to use a portion of our internally generated cash flows and proceeds from asset sales or proceeds from the sale of a noncontrolling interest in a MLP-type yield vehicle to reduce debt prior to scheduled maturities through debt repurchases, either in the open market or in privately negotiated transactions, through debt redemptions or tender offers, or through repayments of bank borrowings.

At any given time, we may require a significant portion of our cash on hand for working capital and other needs related to the operation of our business. We currently estimate this amount to be approximately $1.5 billion. As a result, this portion of cash is not generally available to us for other uses. From time to time, we may also use borrowings under bank credit agreements to maintain liquidity for short-term cash needs.

On January 3, 2013, we reached an agreement with the DOJ to resolve certain outstanding civil and potential criminal charges against us arising from the Macondo well incident (see "—Plea Agreement obligations" and "—Consent Decree obligations"). However, we are unable to predict the ultimate outcome of the investigations of the Macondo well incident and the DOJ lawsuits and other litigation related to other claims that were not addressed in our resolution with the DOJ. We can give no assurance that the matters arising out of the Macondo well incident will not adversely affect our liquidity in the future. See "—Item 1A. Risk Factors—Risks related to our business—Despite our settlement with the DOJ, we could have additional liabilities to the U.S. government and others. The ultimate outcome of investigations of the Macondo well incident, DOJ lawsuits and our settlement with the DOJ is uncertain."

Our access to debt and equity markets may be limited due to a variety of events, including, among others, credit rating agency downgrades of our debt ratings, potential liability related to the Macondo well incident, industry conditions, general economic conditions, market conditions and market perceptions of us and our industry. Uncertainty related to our potential liabilities from the Macondo well incident has had, and could continue to have, an adverse effect on our business and our financial condition. Our ability to access such markets may be severely restricted at a time when we would like, or need, to access such markets, which could have an impact on our flexibility to react to changing economic and business conditions. An economic downturn could have an impact on the lenders participating in our credit facilities or on our customers, causing them to fail to meet their obligations to us. Uncertainty related to our potential liabilities

from the Macondo well incident has had an adverse effect on our share price and could impact our ability to access capital markets in the future.

Our internally generated cash flow is directly related to our business and the market sectors in which we operate. Should the drilling market deteriorate, or should we experience poor results in our operations, cash flow from operations may be reduced. We have, however, continued to generate positive cash flow from operating activities over recent years and expect that such cash flow will continue to be positive over the next year.

Distributions of qualifying additional paid-in capital—In November 2013, our board of directors agreed to recommend that shareholders at the May 2014 annual general meeting approve a distribution of qualifying additional paid-in capital in the form of a U.S. dollar denominated dividend of $3.00 per outstanding share, for an aggregate amount of $1.1 billion, payable in four installments. The recommendation will be subject to shareholder approval at our 2014 annual general meeting, and certain limitations under Swiss law.

In May 2013, at our annual general meeting, our shareholders approved the distribution of qualifying additional paid-in capital in the form of a U.S. dollar denominated dividend of $2.24 per outstanding share, payable in four installments, subject to certain limitations. We did not pay the distribution of qualifying additional paid-in capital with respect to our shares held in treasury or held by our subsidiary. In May 2013, we recognized a liability of $808 million for the distribution payable, recorded in other current liabilities, with a corresponding entry to additional paid-in capital. On June 19, September 18 and December 18, 2013, we paid the first three installments in the aggregate amount of $606 million to shareholders of record as of May 31, August 23 and November 15, 2013, respectively. On March 19, 2014, we expect to make the final installment of $202 million to shareholders of record as of February 21, 2014. At February 18, 2014, the carrying amount of the unpaid distribution payable was $202 million.

Primary Revolving Credit Facilities—We have a $2.0 billion five-year revolving credit facility, established under a bank credit agreement dated November 1, 2011, as amended, that is scheduled to expire on November 1, 2016 (the "Five-Year Revolving Credit Facility"). We also have a $900 million three-year secured revolving credit facility, established under a bank credit agreement dated October 25, 2012, that is scheduled to expire on October 25, 2015 (the "Three-Year Secured Revolving Credit Facility" and, together with the Five-Year Revolving Credit Facility, the "Primary Revolving Credit Facilities"). The Five-Year Revolving Credit Facility includes a $1.0 billion sublimit for the issuance of letters of credit, and borrowings under the Five-Year Revolving Credit Facility are guaranteed by Transocean Ltd. Borrowings under the Three-Year Secured Revolving Credit Facility are secured by the Ultra-Deepwater Floaters *Deepwater Champion, Discoverer Americas* and *Discoverer Inspiration* and are guaranteed by Transocean Ltd. and Transocean Inc.

Among other things, the Primary Revolving Credit Facilities include limitations on creating liens, incurring subsidiary debt, transactions with affiliates, sale/leaseback transactions, mergers and the sale of substantially all assets. The Primary Revolving Credit Facilities also include a covenant imposing a maximum debt to tangible capitalization ratio of 0.6 to 1.0. As of December 31, 2013, our debt to tangible capitalization ratio, as defined, was 0.4 to 1.0. In order to borrow under the Primary Revolving Credit Facilities or have letters of credit issued under the Five-Year Revolving Credit Facility, we must, at the time of the borrowing request, not be in default under the bank credit agreements and make certain representations and warranties, including with respect to compliance with laws and solvency, to the lenders, but we are not required to make any representation to the lenders as to the absence of a material adverse effect. In order to borrow under the Three-Year Secured Revolving Credit Facility, we must also, at the time of the borrowing request, satisfy a collateral maintenance test. Commitments and borrowings under the Three-Year Secured Revolving Credit Facility are subject to mandatory reductions and prepayments, respectively, if a mortgaged rig is sold, an event of loss with respect to a mortgaged rig occurs, a collateral maintenance test is not satisfied or certain other events occur. Repayment of borrowings under the Primary Revolving Credit Facilities is subject to acceleration upon the occurrence of an event of default. We are also subject to various covenants under the indentures pursuant to which our public debt was issued, including restrictions on creating liens, engaging in sale/leaseback transactions and engaging in certain merger, consolidation or reorganization transactions. A default under our public debt indentures, our bank credit agreements, our capital lease contract or any other debt owed to unaffiliated entities that exceeds $125 million could trigger a default under the Primary Revolving Credit Facilities and, if not waived by the lenders, could cause us to lose access to the Primary Revolving Credit Facilities and result in the foreclosure of the liens securing the Three-Year Secured Revolving Credit Facility.

Our commitment fee and lending margin under the Primary Revolving Credit Facilities are subject to change based on the credit rating of our non-credit enhanced senior unsecured long-term debt ("Debt Rating"). For the Five-Year Revolving Credit Facility, if our Debt Rating falls below investment grade, the commitment fee will increase from 0.275 percent to 0.325 percent and the lending margin will increase from 1.625 percent to 2.0 percent. For the Three-Year Secured Revolving Credit Facility, if our Debt Rating falls below investment grade, the commitment fee will increase from 0.375 percent to 0.50 percent and the lending margin will increase from 2.0 percent to 2.5 percent.

At February 18, 2014, we had no borrowings outstanding, we had $20 million in letters of credit issued, and we had $2.0 billion of available borrowing capacity under the Five-Year Revolving Credit Facility. At February 18, 2014, we had no borrowings outstanding, and we had $900 million of available borrowing capacity under the Three-Year Secured Revolving Credit Facility.

Debt issuance—In September 2012, we issued $750 million aggregate principal amount of 2.5% Senior Notes due October 2017 (the "2.5% Senior Notes") and $750 million aggregate principal amount of 3.8% Senior Notes due October 2022 (the "3.8% Senior Notes," and together with the 2.5% Senior Notes, the "2012 Senior Notes"). The interest rates for the notes are subject to adjustment from time to time upon a change to our Debt Rating. We are required to pay interest on the 2012 Senior Notes on April 15 and

October 15 of each year. We may redeem some or all of the 2012 Senior Notes at any time prior to maturity at a redemption price equal to 100 percent of the principal amount plus accrued and unpaid interest, if any, together with a make-whole premium unless, in the case of the 3.8% Senior Notes, such redemption occurs on or after July 15, 2022, in which case no such make-whole premium will apply. The indenture pursuant to which the 2012 Senior Notes were issued contains restrictions on creating liens, engaging in sale/leaseback transactions and engaging in merger, consolidation or reorganization transactions. At February 18, 2014, $750 million aggregate principal amount of the 2.5% Senior Notes due 2017 and $750 million aggregate principal amount of the 3.8% Senior Notes due 2022 were outstanding.

Eksportfinans Loans—We have outstanding borrowings under the Loan Agreement dated September 12, 2008 ("Eksportfinans Loan A") and outstanding borrowings under the Loan Agreement dated November 18, 2008 ("Eksportfinans Loan B," and together with Eksportfinans Loan A, the "Eksportfinans Loans"), which were established to finance the construction and delivery of the Harsh Environment Ultra-Deepwater semisubmersibles *Transocean Spitsbergen* and *Transocean Barents*. Eksportfinans Loan A and Eksportfinans Loan B bear interest at a fixed rate of 4.15 percent and require semi-annual installments of principal and interest through September 2017 and January 2018, respectively. At February 18, 2014, borrowings of $270 million and $270 million were outstanding under Eksportfinans Loan A and Eksportfinans Loan B, respectively.

The Eksportfinans Loans require restricted cash investments to remain on deposit at a certain financial institution through expiration (the "Eksportfinans Restricted Cash Investments"). The Eksportfinans Restricted Cash Investments bear interest at a fixed rate of 4.15 percent with semi-annual installments that correspond with those of the Eksportfinans Loans. At February 18, 2014, the aggregate balance of the Eksportfinans Restricted Cash Investments was $540 million.

Debt repayments—ADDCL had a senior secured credit facility, comprised of Tranche A for $215 million and Tranche C for $399 million, established under a bank credit agreement that was scheduled to expire in December 2017 (the "ADDCL Primary Loan Facility"). Unaffiliated financial institutions provided the commitment for and borrowings under Tranche A, and one of our subsidiaries provided the commitment for Tranche C. ADDCL also had a $90 million secondary credit facility, established under a bank credit agreement that was scheduled to expire in December 2015 (the "ADDCL Secondary Loan Facility" and together with the ADDCL Primary Loan Facility, the "ADDCL Credit Facilities"). One of our subsidiaries provided 65 percent of the total commitment under the ADDCL Secondary Loan Facility. ADDCL was required to maintain certain cash balances in restricted accounts for the payment of the scheduled installments on the ADDCL Credit Facilities. On February 12, 2014, we repaid the remaining borrowings of $163 million outstanding under the ADDCL Credit Facilities and terminated the bank credit agreement under which the credit facilities were established. In connection with the repayment of borrowings under the ADDCL Credit Facilities, the restricted cash investments were released.

We had a $1.265 billion secured credit facility, comprised of a $1.0 billion senior term loan, a $190 million junior term loan and a $75 million revolving credit facility, established under a bank credit agreement that was scheduled to expire in March 2015 (the "TPDI Credit Facilities"). One of our subsidiaries participated in the term loan with an aggregate commitment of $595 million. In June 2013, we repaid the $735 million of borrowings outstanding under the TPDI Credit Facilities, of which $367 million was paid to one of our subsidiaries and eliminated in consolidation. Upon repayment of all borrowings, we terminated the bank credit agreement under which the credit facilities were established.

During the year ended December 31, 2013, we also repaid the outstanding $250 million and $500 million aggregate principal amount of the 5% Notes due February 2013 and the 5.25% Senior Notes due March 2013, respectively, as of the stated maturity dates.

Debt redemptions—Holders of the Series C Convertible Senior Notes had the right to require us to repurchase all or any portion of such holders' notes on December 14, 2012. As a result, in December 2012, we were required to repurchase an aggregate principal amount of $1.7 billion of our Series C Convertible Senior Notes for an aggregate cash payment of $1.7 billion. On February 7, 2013, we redeemed the remaining aggregate principal amount of $62 million of our Series C Convertible Senior Notes for an aggregate cash payment of $62 million.

We were obligors of the Callable Bonds, issued on February 21, 2011, which were publicly traded on the Oslo Stock Exchange. The FRN Callable Bonds and the 11% Callable Bonds were denominated in Norwegian kroner in the aggregate principal amounts of NOK 940 million and NOK 560 million, respectively. On March 6, 2013, we redeemed the FRN Callable Bonds and the 11% Callable Bonds with aggregate outstanding principal amounts of NOK 940 million and NOK 560 million, equivalent to $164 million and $98 million, respectively, using an exchange rate of NOK 5.73 to $1.00. In connection with the redemption, we made an aggregate cash payment of NOK 1,567 million, equivalent to $273 million.

Capital lease contract—*Petrobras 10000* is held by one of our subsidiaries under a capital lease contract that requires scheduled monthly payments of $6 million through its stated maturity on August 4, 2029, at which time our subsidiary will have the right and obligation to acquire *Petrobras 10000* from the lessor for one dollar. Upon the occurrence of certain termination events, our subsidiary is also required to purchase *Petrobras 10000* and pay a termination amount determined by a formula based upon the total cost of the drillship. The capital lease contract includes limitations on creating liens on *Petrobras 10000* and requires our subsidiary to make certain representations in connection with each monthly payment, including with respect to the absence of pending or threatened litigation or other proceedings against our subsidiary or any of its affiliates, which, if determined adversely, could have a material adverse effect on our subsidiary's ability to perform its obligations under the capital lease contract. Additionally, Transocean Inc. has guaranteed the obligations under the capital lease contract, and Transocean Inc. is required to maintain an adjusted net worth, as defined, of at least $5.0 billion as of

the end of each fiscal quarter. In the event Transocean Inc. does not satisfy this covenant at the end of any fiscal quarter, it is required to deposit the deficit amount, determined as the difference between $5.0 billion and the adjusted net worth for such fiscal quarter, into an escrow account for the benefit of the lessor. At February 18, 2014, $635 million was outstanding under the capital lease contract.

Plea Agreement obligations—Pursuant to a cooperation guilty plea agreement by and among the DOJ and certain of our affiliates (the "Plea Agreement"), which was accepted by the court on February 14, 2013, we agreed to pay a criminal fine of $100 million and to consent to the entry of an order requiring us to pay a total of $150 million to the National Fish & Wildlife Foundation, and $150 million to the National Academy of Sciences. In the year ended December 31, 2013, we made an aggregate cash payment of $160 million in satisfaction of amounts due under the Plea Agreement, including $100 million for the payment of the criminal fine, $58 million for the payment to the National Fish and Wildlife Foundation and $2 million for the payment to the National Academy of Sciences. Subsequent to December 31, 2013, we made an aggregate cash payment of $60 million as required under the Plea Agreement. At February 18, 2014, the remaining balance of our Plea Agreement obligations was $180 million, payable as follows: (a) $39 million payable to the National Fish and Wildlife Foundation, which is due on or before February 13, 2015 and (b) $141 million payable to the National Academy of Sciences, $21 million of which is due on or before February 13, 2015, $60 million of which is due on or before February 12, 2016 and $60 million of which is due on or before February 14, 2017.

Consent Decree obligations—Pursuant to a civil consent decree by and among the DOJ and certain of our affiliates (the "Consent Decree"), which was approved by the court on February 19, 2013, we agreed to pay a civil penalty totaling $1.0 billion, plus interest at a rate of 2.15 percent. On March 15, 2013, we paid our initial installment of $404 million, including interest. At February 18, 2014, the remaining balance of our Consent Decree obligations was $600 million, payable as follows: (a) $400 million, plus interest, on or before February 19, 2014; and (b) $200 million, plus interest, on or before February 19, 2015.

Share repurchase program—In May 2009, at our annual general meeting, our shareholders approved and authorized our board of directors, at its discretion, to repurchase an amount of our shares for cancellation with an aggregate purchase price of up to CHF 3.5 billion, which is equivalent to approximately $3.9 billion at an exchange rate as of the close of trading on February 18, 2014 of $1.00 to CHF 0.89. On February 12, 2010, our board of directors authorized our management to implement the share repurchase program. We intend to fund any repurchases using available cash balances and cash from operating activities. On May 24, 2013, we received approval from the Swiss authorities for the continuation of the share repurchase program for a further three-year repurchase period through May 23, 2016. In the year ended December 31, 2013, we did not purchase shares under our share repurchase program.

We may decide, based upon our ongoing capital requirements, our program of distributions to our shareholders, the price of our shares, matters relating to the Macondo well incident, regulatory and tax considerations, cash flow generation, the amount and duration of our contract backlog, general market conditions, debt ratings considerations and other factors, that we should retain cash, reduce debt, make capital investments or acquisitions or otherwise use cash for general corporate purposes, and consequently, repurchase fewer or no additional shares under this program. Decisions regarding the amount, if any, and timing of any share repurchases will be made from time to time based upon these factors.

Any shares repurchased under this program are expected to be purchased from time to time either, with respect to the U.S. market, from market participants that have acquired those shares on the open market and that can fully recover Swiss withholding tax resulting from the share repurchase or, with respect to the Swiss market, on the second trading line for our shares on the SIX. Repurchases could also be made by tender offer, in privately negotiated transactions or by any other share repurchase method. Any repurchased shares would be held by us for cancellation by the shareholders at a future annual general meeting. The share repurchase program could be suspended or discontinued by our board of directors or company management, as applicable, at any time.

Under Swiss corporate law, the right of a company and its subsidiaries to repurchase and hold its own shares is limited. A company may repurchase its shares to the extent it has freely distributable reserves as shown on its Swiss statutory balance sheet in the amount of the purchase price and the aggregate par value of all shares held by the company as treasury shares does not exceed 10 percent of the company's share capital recorded in the Swiss Commercial Register, whereby for purposes of determining whether the 10 percent threshold has been reached, shares repurchased under a share repurchase program for cancellation purposes authorized by the company's shareholders are disregarded. As of February 18, 2014, Transocean Inc., our wholly owned subsidiary, held as treasury shares approximately three percent of our issued shares. At the annual general meeting in May 2009, the shareholders approved the release of CHF 3.5 billion of additional paid-in capital to other reserves, or freely available reserves as presented on our Swiss statutory balance sheet, to create the freely available reserve necessary for the CHF 3.5 billion share repurchase program for the purpose of the cancellation of shares (the "Currently Approved Program"). At the May 2011 annual general meeting, our shareholders approved the reallocation of CHF 3.2 billion, which is the remaining amount authorized under the share repurchase program, from free reserve to legal reserve, reserve from capital contributions. This amount will continue to be available for Swiss federal withholding tax-free share repurchases. We may only repurchase shares to the extent freely distributable reserves are available. Our board of directors could, to the extent freely distributable reserves are available, authorize the repurchase of additional shares for purposes other than cancellation, such as to retain treasury shares for use in satisfying our obligations in connection with incentive plans or other rights to acquire our shares. Based on the current amount of shares held as treasury shares, approximately seven percent of our issued shares could be repurchased for purposes of retention as additional treasury shares. Although our board of directors has not approved such a share repurchase program for the purpose of retaining repurchased shares as treasury shares, if it did so, any such shares repurchased would be in addition to any shares repurchased under the Currently Approved Program.

Contractual obligations—At December 31, 2013, our contractual obligations stated at face value, were as follows:

	For the years ending December 31,				
	Total	2014	2015 - 2016	2017 - 2018	Thereafter
			(in millions)		
Contractual obligations					
Debt	$ 9,898	$ 140	$ 2,379	$ 2,171	$ 5,208
Debt of consolidated variable interest entities	163	163	—	—	—
Interest on debt (a)	5,517	560	1,054	795	3,108
Capital lease obligation (b)	1,118	66	143	144	765
Plea Agreement obligations	240	60	120	60	—
Consent Decree obligations (c)	615	411	204	—	—
Distribution of qualifying additional paid-in capital	202	202	—	—	—
Operating lease obligations	178	25	45	21	87
Purchase obligations	4,554	1,691	2,510	353	—
Total (d)	$ 22,485	$ 3,318	$ 6,455	$ 3,544	$ 9,168

(a) Interest on our consolidated debt.

(b) Includes scheduled installments of principal and imputed interest on our capital lease obligation.

(c) Includes interest on our Consent Decree obligations.

(d) As of December 31, 2013, our defined benefit pension and other postretirement plans represented an aggregate liability of $417 million, representing the aggregate projected benefit obligation, net of the aggregate fair value of plan assets. The carrying amount of this liability is affected by net periodic benefit costs, funding contributions, participant demographics, plan amendments, significant current and future assumptions, and returns on plan assets. Due to the uncertainties resulting from these factors and since the carrying amount is not representative of future liquidity requirements, we have excluded this amount from the contractual obligations presented in the table above. See "—Pension Plans and Other Postretirement Benefit Plans" and Notes to Consolidated Financial Statements—Note 14—Postemployment Benefit Plans.

As of December 31, 2013, our unrecognized tax benefits related to uncertain tax positions, net of prepayments, represented a liability of $502 million. Due to the high degree of uncertainty regarding the timing of future cash outflows associated with the liabilities recognized in this balance, we are unable to make reasonably reliable estimates of the period of cash settlement with the respective taxing authorities, and we have excluded this amount from the contractual obligations presented in the table above. See Notes to Consolidated Financial Statements—Note 6—Income Taxes.

Other commercial commitments—We have other commercial commitments that we are contractually obligated to fulfill with cash under certain circumstances. These commercial commitments include standby letters of credit and surety bonds that guarantee our performance as it relates to our drilling contracts, insurance, customs, tax and other obligations in various jurisdictions. Standby letters of credit are issued under a number of committed and uncommitted bank credit facilities. The obligations that are the subject of these standby letters of credit and surety bonds are primarily geographically concentrated in Nigeria, India, Indonesia, Egypt and the U.S. Obligations under these standby letters of credit and surety bonds are not normally called, as we typically comply with the underlying performance requirement.

At December 31, 2013, these obligations stated in U.S. dollar equivalents and their time to expiration were as follows:

	For the years ending December 31,				
	Total	2014	2015 - 2016	2017 - 2018	Thereafter
			(in millions)		
Other commercial commitments					
Standby letters of credit (a)	$ 575	$ 474	$ 87	$ 14	$ —
Surety bonds	6	6	—	—	—
Total	$ 581	$ 480	$ 87	$ 14	$ —

(a) Included in the $575 million outstanding standby letters of credit at December 31, 2013 were $104 million of standby letters of credit that we have agreed to maintain in support of the operations for Shelf Drilling for up to three years following the closing of the sale transactions (See Notes to Consolidated Financial Statements—Note 7—Discontinued Operations). Shelf Drilling is required to reimburse us in the event that standby letters of credit relating to this performance are called.

We have established a wholly owned captive insurance company to insure various risks of our operating subsidiaries. Access to the cash investments of the captive insurance company may be limited due to local regulatory restrictions. At December 31, 2013, the cash investments held by the captive insurance company totaled $139 million, and the amount of such cash investments is expected to range from $120 million to $220 million by December 31, 2014. The amount of actual cash investments held by the captive insurance company varies, depending on the amount of premiums paid to the captive insurance company, the timing and amount of claims paid by the captive insurance company, and the amount of dividends paid by the captive insurance company.

Derivative instruments

Our board of directors has approved policies and procedures for derivative instruments that require the approval of our Chief Financial Officer prior to entering into any derivative instruments. From time to time, we may enter into a variety of derivative instruments in connection with the management of our exposure to fluctuations in interest rates or currency exchange rates. We do not enter into derivative transactions for speculative purposes; however, we may enter into certain transactions that do not meet the criteria for hedge accounting. See Notes to Consolidated Financial Statements—Note 13—Derivatives and Hedging.

Pension Plans and Other Postretirement Benefit Plans

Overview—We maintain a qualified defined benefit pension plan in the U.S. (the "U.S. Plan") covering substantially all U.S. employees. We also maintain a funded supplemental benefit plan (the "Supplemental Plan") that offers benefits to certain employees that are ineligible for benefits under the U.S. Plan and two unfunded supplemental benefit plans (the "Other Supplemental Plans") that provide certain eligible employees with benefits in excess of those allowed under the U.S. Plan. Additionally, we maintain two funded and two unfunded defined benefit plans (collectively, the "Frozen Plans") that we assumed in connection with our mergers with GlobalSantaFe and R&B Falcon Corporation, all of which were frozen prior to the respective mergers and for which benefits no longer accrue but the pension obligations have not been fully distributed. We refer to the U.S. Plan, the Supplemental Plan, the Other Supplemental Plans and the Frozen Plans, collectively, as the "U.S. Plans."

We maintain a defined benefit plan in the U.K. (the "U.K. Plan") covering certain current and former employees in the U.K. We also provide several funded defined benefit plans, three of which we assumed in connection with our acquisition of Aker Drilling, which are primarily group pension schemes with life insurance companies, and two unfunded plans, covering our eligible Norway employees and former employees (the "Norway Plans"). We also maintain unfunded defined benefit plans (the "Other Plans") that provide retirement and severance benefits for certain of our Indonesian, Nigerian and Egyptian employees. We refer to the U.K. Plan, the Norway Plans and the Other Plans, collectively, as the "Non-U.S. Plans."

We refer to the U.S. Plans and the Non-U.S. Plans, collectively, as the "Transocean Plans". Additionally, we have several unfunded contributory and noncontributory other postretirement employee benefit plans (the "OPEB Plans") covering substantially all of our U.S. employees.

The following table presents the amounts and weighted-average assumptions associated with the U.S. Plans, the Non-U.S. Plans and the OPEB Plans.

	Year ended December 31, 2013				Year ended December 31, 2012			
	U.S. Plans	Non-U.S. Plans	OPEB Plans	Total	U.S. Plans	Non-U.S. Plans	OPEB Plans	Total
Net periodic benefit costs (a)	$ 95	$ 34	$ 3	$ 132	$ 89	$ 57	$ 3	$ 149
Other comprehensive income (loss)	271	(34)	7	244	(32)	31	(4)	(5)
Employer contributions	64	50	1	115	108	49	2	159
At end of period:								
Accumulated benefit obligation	$ 1,210	$ 490	$ 53	$ 1,753	$ 1,255	$ 434	$ 58	$ 1,747
Projected benefit obligation	1,380	573	53	2,006	1,452	499	58	2,009
Fair value of plan assets	1,116	481	—	1,597	948	422	—	1,370
Funded status	(264)	(92)	(53)	(409)	(504)	(77)	(58)	(639)
Weighted-Average Assumptions								
-Net periodic benefit costs								
Discount rate (b)	4.19 %	5.13%	3.39%	4.43%	4.67%	5.43%	4.27%	4.85%
Long-term rate of return (c)	7.48 %	5.79%	n/a	6.97%	7.47%	6.07%	n/a	7.02%
Compensation trend rate (b)	4.22 %	4.21%	n/a	4.22%	4.22%	4.61%	n/a	4.32%
Health care cost trend rate-initial	n/a	n/a	8.07%	8.07%	n/a	n/a	8.08%	8.08%
Health care cost trend rate-ultimate (d)	n/a	n/a	5.00%	5.00%	n/a	n/a	5.00%	5.00%
-Benefit obligations								
Discount rate (b)	5.01 %	4.92%	4.54%	4.97%	4.19%	5.37%	3.63%	4.48%
Compensation trend rate (b)	4.24 %	4.57%	n/a	4.35%	4.21%	4.38%	n/a	4.25%

"n/a" means not applicable.

(a) Net periodic benefit costs were reduced by expected returns on plan assets of $95 million and $84 million in the years ended December 31, 2013 and 2012, respectively.

(b) Weighted-average based on relative average projected benefit obligation for the year.

(c) Weighted-average based on relative average fair value of plan assets for the year.

(d) Ultimate health care trend rate is expected to be reached in 2020.

Net periodic benefit cost—In the year ended December 31, 2013, net periodic benefit costs decreased by $17 million primarily due to an increase in interest rates as well as favorable asset performance. For the year ending December 31, 2014, we expect net periodic benefit costs to decrease by $30 million compared to the net periodic benefit costs recognized in the year ended December 31, 2013 primarily due to the termination of benefits as a result of discontinued operations affecting our non-US Plans, partially offset by an increase in net periodic benefit costs for the U.S. Plans. Net periodic benefit costs for the U.S. Plans increased by $6 million primarily due to a decline in discount rates during 2013.

Plan assets—We review our investment policies at least annually and our plan assets and asset allocations at least quarterly to evaluate performance relative to specified objectives. In determining our asset allocation strategies for the U.S. Plans, we review results of regression models to assess the most appropriate target allocation for each plan, given the plan's status, demographics, and duration. For the U.K. Plan, the plan trustees establish the asset allocation strategies consistent with the regulations of the U.K. pension regulators and in consultation with financial advisors and company representatives. Investment managers for the U.S. Plans and the U.K. Plan are given established ranges within which the investments may deviate from the target allocations. For the Norway Plans, we establish minimum returns under the terms of investment contracts with insurance companies.

In the year ended December 31, 2013, plan assets of the funded Transocean Plans were favorably impacted by improvements in world equity markets, given the allocation of approximately 62.96 percent of plan assets to equity securities. To a lesser extent, plan assets allocated to debt securities and other investments also experienced better than expected gains. In the year ended December 31, 2013, the fair value of the investments in the funded Transocean Plans increased by $227 million, or 17 percent, due to investment returns of $194 million, funding contributions of $43 million, net of benefits paid, and currency revaluations of $10 million in connection with the funded Non-U.S. Plans.

Funding contributions—We review the funded status of our plans at least annually and contribute an amount at least equal to the minimum amount required. For the funded U.S. Plans, we contribute an amount at least equal to that required by the Employee Retirement Income Security Act of 1974 ("ERISA") and the Pension Protection Act of 2006 ("PPA"). We use actuarial computations to establish the minimum contribution required under ERISA and PPA and the maximum deductible contribution allowed for income tax purposes. For the funded U.K. Plan, we contribute an amount, as mutually agreed with the plan trustees, based on actuarial recommendations. For the funded Norway Plans, we contribute an amount determined by the plan trustee based on Norwegian pension laws. For the unfunded Transocean Plans and OPEB Plans, we generally fund benefit payments for plan participants as incurred. We fund our contributions to the Transocean Plans and the OPEB Plans using cash flows from operations.

In the year ended December 31, 2013, we contributed $115 million and participants contributed $4 million to the Transocean Plans and the OPEB Plans. In the year ended December 31, 2012, we contributed $159 million and participants contributed $3 million to the Transocean Plans and the OPEB Plans.

For the year ending December 31, 2014, we expect to contribute $69 million to the Transocean Plans and $3 million to the OPEB Plans. These estimated contributions for the Transocean Plans are comprised of $41 million to meet minimum funding requirements for the funded U.S. Plans, $11 million to meet the funding requirements for the funded Non-U.S. Plans, and approximately $17 million to fund expected benefit payments for the unfunded U.S. Plans and unfunded Non-U.S. Plans.

Benefit payments—Our projected benefit payments for the Transocean Plans and the OPEB Plans are as follows (in millions):

Years ending December 31,	U.S. Plans	Non-U.S. Plans	OPEB Plans	Total
2014	$ 48	$ 22	$ 3	$ 73
2015	52	11	4	67
2016	57	11	4	72
2017	63	11	4	78
2018	67	13	4	84
2019-2023	420	86	21	527

Contingencies

Macondo well incident

Overview—On April 22, 2010, the Ultra-Deepwater Floater *Deepwater Horizon* sank after a blowout of the Macondo well caused a fire and explosion on the rig. Eleven persons were declared dead and others were injured as a result of the incident. At the time of the explosion, *Deepwater Horizon* was located approximately 41 miles off the coast of Louisiana in Mississippi Canyon Block 252 and was contracted to an affiliate of BP plc. (together with its affiliates, "BP"). The rig was declared a total loss. Although we are unable to estimate the full direct and indirect effect that the Macondo well incident will have on our business, the incident has had and could continue to have a material adverse effect on our consolidated statement of financial position, results of operations and cash flows.

We have recognized a liability for estimated loss contingencies associated with litigation and investigations resulting from the incident that we believe are probable and for which a reasonable estimate can be made. At December 31, 2013 and 2012, the liability for estimated loss contingencies that we believe are probable and for which a reasonable estimate can be made was $464 million and $1.9 billion, respectively, recorded in other current liabilities. The litigation and investigations also give rise to certain loss contingencies that we believe are either reasonably possible or probable but for which we do not believe a reasonable estimate can be made. Although we have not recognized a liability for such loss contingencies, these contingencies could result in liabilities that we ultimately recognize.

We have also recognized an asset associated with the portion of our estimated losses, primarily related to the personal injury and fatality claims of our crew and vendors, that we believe is probable of recovery from insurance. At December 31, 2013 and 2012, the insurance recoverable asset was $10 million and $153 million, respectively, recorded in other assets. Although we have available policy limits that could result in additional amounts recoverable from insurance, recovery of such additional amounts is not probable and we are not currently able to estimate such amounts. Our estimates involve a significant amount of judgment. As a result of new information or future developments, we may increase our estimated loss contingencies arising out of the Macondo well incident or reduce our estimated recoveries from insurance, and the resulting losses could have a material adverse effect on our consolidated statement of financial position, results of operations or cash flows.

We can provide no assurance as to the outcome of the trial, the timing of any upcoming phase of trial or ruling, that we will not enter into additional settlements as to some or all of the matters related to the Macondo well incident, including those to be determined at a trial, or the timing or terms of any such settlement. We can provide no assurance as to the estimated costs, insurance recoveries, or other actions that will result from the Macondo well incident.

Multidistrict litigation proceeding—Many of the Macondo well related claims are pending in the U.S. District Court, Eastern District of Louisiana (the "MDL Court"). In March 2012, BP and the Plaintiff's Steering Committee (the "PSC") announced that they had agreed to a partial settlement related primarily to private party environmental and economic loss claims as well as response effort related claims (the "BP/PSC Settlement"). On December 21, 2012, the MDL Court granted final approval of the economic and property damage class settlement between BP and the PSC. Various parties who objected to the BP/PSC Settlement filed appeals in the Fifth Circuit Court of Appeals challenging the MDL Court's final approval of the BP/PSC Settlement. BP filed appeals in the Fifth Circuit Court of Appeals challenging the manner in which the BP/PSC Settlement has been interpreted by the MDL Court with respect to business economic loss claims ("BEL Claims"). In these appeals, BP argues that, if the MDL Court's interpretation of the settlement with respect to BEL Claims is not overturned, the entire BP/PSC Settlement is invalid and should not have been approved. On October 2, 2013, a panel of the Fifth Circuit Court of Appeals issued an opinion questioning the manner in which the settlement has been interpreted with respect to BEL Claims. On December 2, 2013, that panel ordered a temporary halt to certain of the BEL Claims, pending further proceedings in the MDL Court. On January 10, 2014, another panel of the Fifth Circuit Court of Appeals affirmed the MDL Court's final approval of the BP/PSC Settlement. Thereafter, BP and certain plaintiffs who objected to the settlement filed petitions seeking *en banc* review by the entire Fifth Circuit of the legal validity of the BP/PSC Settlement. The PSC moved to dismiss BP's petition for rehearing for lack of jurisdiction. On February 6, 2014, responses were filed to the petitions for rehearing *en banc* and for the motion to dismiss.

In December 2012, in response to the BP/PSC Settlement, we filed three motions seeking partial summary judgment on various claims, including punitive damages claims. If successful, these motions would eliminate or reduce our exposure to punitive damages. The MDL Court has not yet ruled on these motions.

The first phase of the trial began on February 25, 2013 and testimony concluded on April 17, 2013. This phase addressed fault issues, including negligence, gross negligence, or other bases of liability of the various defendants with respect to the cause of the blowout and the initiation of the oil spill, as well as limitation of liability issues. In June and July 2013, the parties filed post-trial briefs and proposed findings of fact and conclusions of law.

The second phase of the trial began on September 30, 2013, and taking of testimony concluded on October 17, 2013. This phase addressed conduct related to stopping the release of hydrocarbons after April 22, 2010 and quantification of the amount of oil discharged. On December 20, 2013, the parties filed post-trial briefs and proposed findings, and on January 24, 2014, the parties filed reply briefs. The MDL Court has not yet ruled on the issues tried in the first or second phases of the trial.

DOJ settlement—On January 3, 2013, we reached an agreement with the DOJ to resolve certain outstanding civil and potential criminal charges against us arising from the Macondo well incident. As part of this resolution, we agreed to a guilty plea ("Plea Agreement") and a civil consent decree ("Consent Decree") by which, among other things, we agreed to pay $1.4 billion in fines, recoveries and civil penalties, excluding interest, in scheduled payments through February 2017. On June 14, 2013, as required under the Consent Decree, we submitted a performance plan, containing among other required items, interim milestones for actions in specified areas and a proposed schedule for reports required under the Consent Decree. On January 2, 2014, the DOJ approved the performance plan.

Shareholder derivative claims—In June 2010, our shareholders filed two shareholder derivative suits in the state district court in Texas naming us as a nominal defendant and certain of our current and former officers and directors as defendants. These cases allege breach of fiduciary duty, unjust enrichment, abuse of control, gross mismanagement and waste of corporate assets in connection with the Macondo well incident. The plaintiffs are generally seeking to recover, on behalf of us, damages to Transocean Ltd. and disgorgement of all profits, benefits, and other compensation from the individual defendants. On August 29, 2013, the state district court of Texas dismissed the action in its entirety as to all defendants. Plaintiffs filed an appeal in the First Court of Appeals in Texas on September 6, 2013 and filed a brief in support of their appeal on November 27, 2013. On February 10, 2014, we filed our response to the appeal.

See Notes to Consolidated Financial Statements Note 15—Commitments and Contingencies and "Part I. Item 1A. Risk Factors—Risks Related to Our Business."

Insurance matters

Overview—Our hull and machinery and excess liability insurance program is comprised of commercial market and captive insurance policies that we renew annually on May 1. We periodically evaluate our insurance limits and self-insured retentions. As of December 31, 2013, the insured value of our drilling rig fleet was approximately $27.2 billion, excluding our rigs under construction.

We generally do not carry commercial market insurance coverage for loss of revenues, unless it is contractually required, or for losses resulting from physical damage to our fleet caused by named windstorms in the U.S. Gulf of Mexico, including liability for wreck removal costs.

See Notes to Consolidated Financial Statements Note 15—Commitments and Contingencies—Retained risk and "Part I. Item 1A. Risk Factors—Risks Related to Our Business—Our business involves numerous operating hazards."

Tax matters

We are a Swiss corporation, and we operate through our various subsidiaries in a number of countries throughout the world. Our provision for income taxes is based on the tax laws and rates applicable in the jurisdictions in which we operate and earn income. The relationship between our provision for or benefit from income taxes and our income or loss before income taxes can vary significantly from period to period considering, among other factors, (a) the overall level of income before income taxes, (b) changes in the blend of income that is taxed based on gross revenues rather than income before taxes, (c) rig movements between taxing jurisdictions and (d) our rig operating structures. Generally, our annual marginal tax rate is lower than our annual effective tax rate.

We conduct operations through our various subsidiaries in a number of countries throughout the world. Each country has its own tax regimes with varying nominal rates, deductions and tax attributes. From time to time, we may identify changes to previously evaluated tax positions that could result in adjustments to our recorded assets and liabilities. Although we are unable to predict the outcome of these changes, we do not expect the effect, if any, resulting from these adjustments to have a material adverse effect on our consolidated statement of financial position, results of operations or cash flows.

We file federal and local tax returns in several jurisdictions throughout the world. Tax authorities in certain jurisdictions are examining our tax returns and in some cases have issued assessments. We are defending our tax positions in those jurisdictions. We are also defending against tax-related claims in courts, including our ongoing criminal trial in Norway.

In January 2014, we received a draft assessment from the U.S. tax authorities related to our 2010 and 2011 U.S. federal income tax returns. The significant issue raised in the assessment relates to transfer pricing for certain charters of drilling rigs between our subsidiaries. This item, if successfully challenged, would result in net adjustments of approximately $290 million of additional taxes, excluding interest and penalties. An unfavorable outcome on these adjustments could result in a material adverse effect on our consolidated statement of financial position, results of operations or cash flows. Furthermore, if the authorities were to continue to pursue these positions with respect to subsequent years and were successful in such assertions, our effective tax rate on worldwide earnings with respect to years following 2011 could increase substantially, and could have a material adverse effect on our consolidated results of operations and cash flows. We believe our U.S. federal income tax returns are materially correct as filed, and we intend to continue to vigorously defend against all such claims.

While we cannot predict or provide assurance as to the final outcome of these proceedings, we do not expect the ultimate liability to have a material adverse effect on our consolidated statement of financial position or results of operations, although it may have a material adverse effect on our consolidated cash flows.

See Notes to Consolidated Financial Statements—Note 6—Income Taxes.

Regulatory matters

For a description of regulatory and environmental matters relating to the Macondo well incident, please see "—Macondo well incident."

Other matters

In addition, from time to time, we receive inquiries from governmental regulatory agencies regarding our operations around the world, including inquiries with respect to various tax, environmental, regulatory and compliance matters. To the extent appropriate under the circumstances, we investigate such matters, respond to such inquiries and cooperate with the regulatory agencies.

Off-Balance Sheet Arrangements

We had no off-balance sheet arrangements as of December 31, 2013.

Related Party Transactions

Quantum Pacific Management Limited—On October 18, 2007, one of our subsidiaries acquired a 50 percent interest in TPDI, an entity formed to operate two Ultra-Deepwater Floaters, *Dhirubhai Deepwater KG1* and *Dhirubhai Deepwater KG2*. Until May 31, 2012, Quantum held the remaining 50 percent interest in TPDI. Quantum had the unilateral right to exchange its interest in TPDI for our shares or cash, at its election, measured at an amount based on an appraisal of the fair value of the drillships that are owned by TPDI, subject to certain adjustments. During the year ended December 31, 2012, Quantum exercised its rights under the put option agreement electing to exchange its interest in TPDI for our shares. We issued 8.7 million shares to Quantum, and as a result, TPDI became our wholly owned subsidiary. In the year ended December 31, 2012, under the terms of the put option agreement, we made a cash payment of $72 million to Quantum to settle TPDI's working capital.

Critical Accounting Policies and Estimates

We have prepared our consolidated financial statements in accordance with accounting principles generally accepted in the U.S., which require us to make estimates that affect the reported amounts of assets, liabilities, revenues, expenses and related disclosures of contingent assets and liabilities. On an ongoing basis, we evaluate our estimates, including those related to our discontinued operations, allowance for doubtful accounts, materials and supplies obsolescence, investments, property and equipment, goodwill, income taxes, defined benefit pension plans and other postretirement employee benefits, contingent liabilities and share-based compensation. These estimates require significant judgments and assumptions. We base our estimates on historical experience and on various other assumptions that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

We consider the following to be our critical accounting policies and estimates, and we have discussed the development, selection and disclosure of these critical accounting policies and estimates with the audit committee of our board of directors. For a discussion of our significant accounting policies, refer to our Notes to Consolidated Financial Statements—Note 2—Significant Accounting Policies.

Income taxes—We are a Swiss corporation, operating through our various subsidiaries in a number of countries throughout the world. We have provided for income taxes based upon the tax laws and rates in the countries in which we operate and earn income. The relationship between the provision for or benefit from income taxes and our income or loss before income taxes can vary significantly from period to period because the countries in which we operate have taxation regimes that vary with respect to the nominal tax rate and the availability of deductions, credits and other benefits. Generally, our annual marginal tax rate is lower than our annual effective tax rate. Consequently, our income tax expense does not change proportionally with our income before income taxes. Variations also arise when income earned and taxed in a particular country or countries fluctuates from year to year.

Our annual tax provision is based on expected taxable income, statutory rates and tax planning opportunities available to us in the various jurisdictions in which we operate. The determination of our annual tax provision and evaluation of our tax positions involves interpretation of tax laws in the various jurisdictions and requires significant judgment and the use of estimates and assumptions regarding significant future events, such as the amount, timing and character of income, deductions and tax credits. Our tax liability in any given year could be affected by changes in tax laws, regulations, agreements, and treaties, currency exchange restrictions or our level of operations or profitability in each jurisdiction. Additionally, we operate in many jurisdictions where the tax laws relating to the offshore drilling industry are not well developed. Although our annual tax provision is based on the best information available at the time, a number of years may elapse before the ultimate tax liabilities in the various jurisdictions are determined.

We maintain liabilities for estimated tax exposures in our jurisdictions of operation, and the provisions and benefits resulting from changes to those liabilities are included in our annual tax provision along with related interest. Tax exposure items include potential challenges to permanent establishment positions, intercompany pricing, disposition transactions, and withholding tax rates and their applicability. These exposures are resolved primarily through the settlement of audits within these tax jurisdictions or by judicial means, but can also be affected by changes in applicable tax law or other factors, which could cause us to revise past estimates. At December 31, 2013, the liability for estimated tax exposures in our jurisdictions of operation was approximately $502 million.

We are currently undergoing examinations in a number of taxing jurisdictions for various fiscal years. We review our liabilities on an ongoing basis and, to the extent audits or other events cause us to adjust the liabilities accrued in prior periods, we recognize those adjustments in the period of the event. We do not believe it is possible to reasonably estimate the future impact of changes to the assumptions and estimates related to our annual tax provision because changes to our tax liabilities are dependent on numerous factors that cannot be reasonably projected. These factors include, among others, the amount and nature of additional taxes potentially asserted by local tax authorities; the willingness of local tax authorities to negotiate a fair settlement through an administrative process; the impartiality of the local courts; and the potential for changes in the taxes paid to one country that either produce, or fail to produce, offsetting tax changes in other countries.

We consider the earnings of certain of our subsidiaries to be indefinitely reinvested. As such, we have not provided for taxes on these unremitted earnings. At December 31, 2013, the amount of indefinitely reinvested earnings was approximately $2.5 billion. Should we make a distribution from the unremitted earnings of these subsidiaries, we would be subject to taxes payable to various jurisdictions. We estimate taxes in the range of $180 million to $250 million would be payable upon distribution of all previously unremitted earnings at December 31, 2013.

We have recognized deferred taxes related to the earnings of certain subsidiaries that are not permanently reinvested or that will not be permanently reinvested in the future. If facts and circumstances cause us to change our expectations regarding future tax consequences, the resulting adjustments to our deferred tax balances could have a material effect on our consolidated statement of financial position, results of operations or cash flows.

Estimates, judgments and assumptions are required in determining whether deferred tax assets will be fully or partially realized. When it is estimated to be more likely than not that all or some portion of certain deferred tax assets, such as foreign tax credit carryovers or net operating loss carryforwards, will not be realized, we establish a valuation allowance for the amount of the deferred tax assets that is considered to be unrealizable. We continually evaluate strategies that could allow for the future utilization of our deferred tax assets. We

did not make any significant changes to our valuation allowance against deferred tax assets during the years ended December 31, 2011, 2012 and 2013.

See Notes to Consolidated Financial Statements—Note 6—Income Taxes.

Contingencies—We perform assessments of our contingencies on an ongoing basis to evaluate the appropriateness of our liabilities and disclosures for such contingencies. We establish liabilities for estimated loss contingencies when we believe a loss is probable and the amount of the probable loss can be reasonably estimated. We recognize corresponding assets for those loss contingencies that we believe are probable of being recovered through insurance. Once established, we adjust the carrying amount of a contingent liability upon the occurrence of a recognizable event when facts and circumstances change, altering our previous assumptions with respect to the likelihood or amount of loss. We recognize liabilities for legal costs as they are incurred, and we recognize a corresponding asset for those legal costs only if we expect such legal costs to be recovered through insurance.

We have recognized a liability for estimated loss contingencies associated with litigation and investigations resulting from the Macondo well incident that we believe are probable and for which a reasonable estimate can be made. The litigation and investigations also give rise to certain loss contingencies that we believe are either reasonably possible or probable but for which we do not believe a reasonable estimate can be made. Although we have not recognized a liability for such loss contingencies, these contingencies could increase the liabilities we ultimately recognize. As of December 31, 2013 and 2012, the liability for estimated loss contingencies that we believe are probable and for which a reasonable estimate can be made was $464 million and $1.9 billion, respectively, recorded in other current liabilities.

We have also recognized an asset associated with the portion of our estimated losses, primarily related to the personal injury and fatality claims of our crew and vendors, that we believe is probable of recovery from insurance. Although we have available policy limits that could result in additional amounts, such as legal costs, being recoverable from insurance, recovery of such additional amounts is not probable and we are not currently able to estimate such amounts. At December 31, 2013 and 2012, the insurance recoverable asset was $10 million and $153 million, respectively, recorded in other assets.

Our estimates involve a significant amount of judgment. Actual results may differ from our estimates. As a result of new information or future developments, we may adjust our estimated loss contingencies arising out of the Macondo well incident, and the resulting liabilities could have a material adverse effect on our consolidated statement of financial position, results of operations or cash flows.

See Notes to Consolidated Financial Statements—Note 15—Commitments and Contingencies.

Goodwill—We conduct impairment testing for our goodwill annually as of October 1 and more frequently, on an interim basis, when an event occurs or circumstances change that may indicate a reduction in the fair value of a reporting unit below its carrying amount. We test goodwill at the reporting unit level, which is defined as an operating segment or a component of an operating segment that constitutes a business for which financial information is available and is regularly reviewed by management. We have determined that our reporting units for this purpose are as follows: (1) contract drilling services and (2) drilling management services.

Before testing goodwill, we consider whether or not to first assess qualitative factors to determine whether the existence of events or circumstances lead to a determination that it is more likely than not that the fair value of a reporting unit is less than its carrying amount and whether the two-step impairment test is required. If, as the result of our qualitative assessment, we determine that the two-step impairment test is required, or, alternatively, if we elect to forgo the qualitative assessment, we test goodwill for impairment by comparing the carrying amount of the reporting unit, including goodwill, to the fair value of the reporting unit.

To estimate the fair value of each reporting unit, we apply a variety of valuation methods, incorporating both income and market approaches. For our contract drilling services reporting unit, we estimate fair value using discounted cash flows, publicly traded company multiples and acquisition multiples. To develop the projected cash flows associated with our contract drilling services reporting unit, which are based on estimated future dayrates and rig utilization, we consider key factors that include assumptions regarding future commodity prices, credit market conditions and the effect these factors may have on our contract drilling operations and the capital expenditure budgets of our customers. We discount projected cash flows using a long-term weighted-average cost of capital, which is based on our estimate of the investment returns that market participants would require for each of our reporting units. To develop the publicly traded company multiples, we gather available market data for companies with operations similar to our reporting units and publicly available information for recent acquisitions in the marketplace.

Because our business is cyclical in nature, the results of our impairment testing are expected to vary significantly depending on the timing of the assessment relative to the business cycle. Altering either the timing of or the assumptions used in a reporting unit's fair value calculations could result in an estimate that is significantly below its carrying amount, which may indicate its goodwill is impaired.

As a result of our annual impairment test, performed as of October 1, 2011, we determined that the goodwill associated with our contract drilling services reporting unit was impaired due to a decline in projected cash flows and market valuations for this reporting unit. In the year ended December 31, 2011, we recognized a loss of $5.2 billion, representing our best estimate of the impairment of goodwill. In the year ended December 31, 2012, we completed our analysis and recognized an incremental loss of $118 million, as an adjustment to our original estimate of the impairment of goodwill.

In September 2012, we committed to a plan to discontinue operations associated with the standard jackup and swamp barge asset groups, components of our contract drilling services operating segment. As a result of our decision to discontinue operations associated with these components of our contract drilling services operating segment, we allocated $112 million of goodwill to the disposal group based on the fair value of the disposal group relative to the fair value of the contract drilling services operating segment. We then determined that the disposal group was impaired since its aggregate carrying amount exceeded its aggregate fair value, and, as a result, we recognized a loss of $112 million on the impairment of the allocated goodwill.

In each of these cases, we estimated the implied fair value of the goodwill by applying a variety of valuation methods, incorporating the cost, income and market approaches. Our estimate of fair value required us to use significant unobservable inputs, representative of a Level 3 fair value measurement, including assumptions related to the future performance of our contract drilling services reporting unit, such as future commodity prices, projected demand for our services, rig utilization and dayrates.

In the years ended December 31, 2013 and 2012, as a result of our annual impairment testing, we concluded that the goodwill associated with our contract drilling services reporting unit was not impaired. At December 31, 2013, the carrying amount of goodwill was $3.0 billion, representing nine percent of our total assets. See Notes to Consolidated Financial Statements—Note 5—Impairments, Note 7—Discontinued Operations and Note 11—Goodwill and Other Intangible Assets.

Property and equipment—The carrying amount of property and equipment is subject to various estimates, assumptions, and judgments related to capitalized costs, useful lives and salvage values and impairments.

Capitalized costs—We capitalize costs incurred to enhance, improve and extend the useful lives of our property and equipment and expense costs incurred to repair and maintain the existing condition of our rigs. Capitalized costs increase the carrying amounts and depreciation expense of the related assets, which also impact our results of operations.

Useful lives and salvage values—We depreciate our assets using the straight-line method over their estimated useful lives after allowing for salvage values. We estimate useful lives and salvage values by applying judgments and assumptions that reflect both historical experience and expectations regarding future operations, utilization and asset performance. Useful lives of rigs are difficult to estimate due to a variety of factors, including (a) technological advances that impact the methods or cost of oil and gas exploration and development, (b) changes in market or economic conditions, and (c) changes in laws or regulations affecting the drilling industry. Applying different judgments and assumptions in establishing the useful lives would likely result in materially different net carrying amounts and depreciation expense for our assets. We reevaluate the remaining useful lives of our rigs when certain events occur that directly impact the useful lives of the rigs, including changes in operating condition, functional capability and market and economic factors. When evaluating the remaining useful lives of rigs, we also consider major capital upgrades required to perform certain contracts and the long-term impact of those upgrades on future marketability. At December 31, 2013, a hypothetical one-year increase in the useful lives of all of our rigs would cause a decrease in our annual depreciation expense of approximately $102 million and a hypothetical one-year decrease would cause an increase in our annual depreciation expense of approximately $192 million.

Impairment of long-lived assets—We review our property and equipment for impairment when events or changes in circumstances indicate that the carrying amounts of our assets held and used may not be recoverable or when carrying amounts of assets held for sale exceed fair value less cost to sell. Potential impairment indicators include rapid declines in commodity prices and related market conditions, declines in dayrates or utilization, cancellations of contracts or credit concerns of multiple customers. During periods of oversupply, we may idle or stack rigs for extended periods of time, which could be an indication that an asset group may be impaired since supply and demand are the key drivers of rig utilization and our ability to contract our rigs at economical rates. Our rigs are mobile units, equipped to operate in geographic regions throughout the world and, consequently, we may move rigs from an oversupplied market sector to a more lucrative and undersupplied market sector when it is economical to do so. Many of our contracts generally allow our customers to relocate our rigs from one geographic region to another, subject to certain conditions, and our customers utilize this capability to meet their worldwide drilling requirements. Accordingly, our rigs are considered to be interchangeable within classes or asset groups, and we evaluate impairment by asset group. We consider our asset groups to be Ultra-Deepwater Floaters, Deepwater Floaters, Harsh Environment Floaters, Midwater Floaters, and High-Specification Jackups.

We assess recoverability of assets held and used by projecting undiscounted cash flows for the asset group being evaluated. When the carrying amount of the asset group is determined to be unrecoverable, we recognize an impairment loss, measured as the amount by which the carrying amount of the asset group exceeds its estimated fair value. The evaluation requires us to make judgments about long-term projections for future revenues and costs, dayrates, rig utilization and idle time. These projections involve uncertainties that rely on assumptions about demand for our services, future market conditions and technological developments. Significant and unanticipated changes to these assumptions could materially alter an outcome that could otherwise result in an impairment loss. Given the nature of these evaluations and their application to specific asset groups and specific time periods, it is not possible to reasonably quantify the impact of changes in these assumptions.

At December 31, 2013, the carrying amount of our property and equipment was $21.7 billion, representing 67 percent of our total assets.

Pension and other postretirement benefits—We use a January 1 measurement date for net periodic benefit costs and a December 31 measurement date for projected benefit obligations and plan assets. We measure our pension liabilities and related net periodic benefit costs using actuarial assumptions based on a market-related value of assets that reduces year-to-year volatility. In applying this approach, we recognize investment gains or losses subject to amortization over a five-year period beginning with the year in which they occur. Investment gains or losses for this purpose are measured as the difference between the expected and actual returns calculated using the market-related value of assets. If gains or losses exceed 10 percent of the greater of plan assets or plan liabilities, we amortize such gains or losses over the average expected future service period of the employee participants. Actual results may differ from these measurements under different conditions or assumptions. Future changes in plan asset returns, assumed discount rates and various other factors related to the pension plans will impact our future pension obligations and net periodic benefit costs.

Additionally, the pension obligations and related net periodic benefit costs for our defined benefit pension and other postretirement benefit plans, including retiree life insurance and medical benefits, are actuarially determined and are affected by assumptions, including long-term rate of return, discount rates, compensation increases, employee turnover rates and health care cost trend rates. The two most critical assumptions are the long-term rate of return and the discount rate. We periodically evaluate our assumptions and, when appropriate, adjust the recorded liabilities and expense. Changes in these and other assumptions used in the actuarial computations could impact our projected benefit obligations, pension liabilities, net periodic benefit costs and other comprehensive income. See "—Pension Plans and Other Postretirement Benefit Plans."

Long-term rate of return—We develop our assumptions regarding the estimated rate of return on plan assets based on historical experience and projected long-term investment returns, considering each plan's target asset allocation and long-term asset class expected returns. We regularly review our actual asset allocation and periodically rebalance plan assets as appropriate. At December 31, 2013, a hypothetical percentage point decrease of the expected long-term rate of return assumption would result in an increase to net periodic benefit costs and approximately $15 million.

Discount rate—As a basis for determining the discount rate, we utilize a yield curve approach based on Aa-rated corporate bonds and the expected timing of future benefit payments. At December 31, 2013, a hypothetical one-half percentage point decrease of the discount rate would result in an increase to net periodic benefit costs of approximately $23 million.

New Accounting Pronouncements

For a discussion of the new accounting pronouncements that have had or are expected to have an effect on our consolidated financial statements, see Notes to Consolidated Financial Statements—Note 3—New Accounting Pronouncements.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

We are exposed to interest rate risk and currency exchange rate risk, primarily associated with our restricted cash investments, and our consolidated long-term and short-term debt. For our restricted cash investments and debt instruments, the following table presents the principal cash flows and related weighted-average interest rates by contractual maturity date. The information is stated in U.S. dollar equivalents. The instruments are denominated in either U.S. dollars or Norwegian kroner, as indicated. The following table presents information for the years ending December 31 (in millions, except interest rate percentages):

	Scheduled Maturity Date (a)							
	2014	2015	2016	2017	2018	Thereafter	Total	Fair Value
Restricted cash investments								
Fixed rate (NOK)	$ 140	$ 140	$ 140	$ 140	$ 34	$ —	$ 594	$ 619
Average interest rate	4.15 %	4.15 %	4.15 %	4.15 %	4.15 %	— %		
Debt								
Fixed rate (USD)	$ 20	$ 1,124	$ 1,025	$ 777	$ 1,276	$ 5,719	$ 9,941	$ 11,002
Average interest rate	7.76 %	5.01 %	5.12 %	2.69 %	6.31 %	6.49 %		
Fixed rate (NOK)	$ 140	$ 140	$ 140	$ 140	$ 34	$ —	$ 594	$ 619
Average interest rate	4.15 %	4.15 %	4.15 %	4.15 %	4.15 %	— %		
Debt of consolidated variable interest entities								
Variable rate (USD)	$ 163	$ —	$ —	$ —	$ —	$ —	$ 163	$ 163
Average interest rate	1.31 %	— %	— %	— %	— %	— %		

(a) Expected maturity amounts are based on the face value of debt.

We have engaged in certain hedging activities designed to reduce our exposure to interest rate risk and currency exchange rate risk. See Notes to Consolidated Financial Statements—Note 13—Derivatives and Hedging.

Interest rate risk

At December 31, 2013 and 2012, the aggregate principal amount of our consolidated variable-rate debt was approximately $163 million and $1.1 billion, which represented two percent and nine percent of the aggregate principal amount of our total consolidated debt, respectively, including the effect of our hedging activities. At December 31, 2013, our consolidated variable-rate debt consisted of borrowings under the ADDCL Credit Facilities. At December 31, 2012, our consolidated variable-rate debt, excluding the effect of our hedging activities, consisted of the FRN Callable Bonds and borrowings under the ADDCL Credit Facilities and the TPDI Credit Facilities. Based upon variable-rate debt amounts outstanding as of December 31, 2013 and 2012, a hypothetical one percentage point change in annual interest rates would result in a corresponding change in annual interest expense of approximately $2 million and $11 million, respectively.

At December 31, 2013 and 2012, the fair value of our consolidated debt was $11.8 billion and $14.1 billion, respectively. During the year ended December 31, 2013, the fair value of our consolidated debt decreased by $2.3 billion due to the repayment or redemption of $1.4 billion aggregate principal amount of debt and a decrease of approximately $500 million in the market valuation of our outstanding consolidated debt.

A large portion of our cash investments is subject to variable interest rates and would earn commensurately higher rates of return if interest rates increase. Based upon the amounts of our cash investments as of December 31, 2013 and 2012, a hypothetical one percentage point change in interest rates would result in a corresponding change in annual interest income of approximately $32 million and $51 million, respectively.

Currency exchange rate risk

We are exposed to currency exchange rate risk associated with our international operations and with some of our long-term and short-term debt. We may engage in hedging activities to mitigate our exposure to currency exchange risk in certain instances through the use of currency exchange derivative instruments, including forward exchange contracts, or spot purchases. A forward exchange contract obligates us to exchange predetermined amounts of specified currencies at a stated exchange rate on a stated date or to make a U.S. dollar payment equal to the value of such exchange.

For our international operations, our primary currency exchange rate risk management strategy involves structuring customer contracts to provide for payment in both U.S. dollars, which is our functional currency, and local currency. The payment portion denominated in local currency is based on our anticipated local currency needs over the contract term. Due to various factors, including customer acceptance, local banking laws, other statutory requirements, local currency convertibility and the impact of inflation on local costs, actual local currency needs may vary from those anticipated in the customer contracts, resulting in partial exposure to currency exchange rate risk. The effect of fluctuations in currency exchange rates caused by our international operations generally has not had a material impact on our overall operating results. In situations where local currency receipts do not equal local currency requirements, we may use currency exchange derivative instruments, including forward exchange contracts, or spot purchases, to mitigate our currency exchange risk.

At December 31, 2013, we had NOK 3.6 billion aggregate principal amount of debt obligations, all of which were secured by a corresponding amount of restricted cash investments that were also denominated in Norwegian kroner. These corresponding restricted cash investments form an economic hedge of our exposure to currency exchange rate risk associated with these debt obligations.

Item 8. Financial Statements and Supplementary Data

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Management of Transocean Ltd. (the "Company" or "our") is responsible for establishing and maintaining adequate internal control over financial reporting for the Company as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934. The Company's internal control system was designed to provide reasonable assurance to the Company's management and Board of Directors regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with United States ("U.S.") generally accepted accounting principles.

Internal control over financial reporting includes the controls themselves, monitoring (including internal auditing practices), and actions taken to correct deficiencies as identified.

There are inherent limitations to the effectiveness of internal control over financial reporting, however well designed, including the possibility of human error and the possible circumvention or overriding of controls. The design of an internal control system is also based in part upon assumptions and judgments made by management about the likelihood of future events, and there can be no assurance that an internal control will be effective under all potential future conditions. As a result, even an effective system of internal controls can provide no more than reasonable assurance with respect to the fair presentation of financial statements and the processes under which they were prepared.

Management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2013. In making this assessment, management used the criteria for internal control over financial reporting described in *Internal Control-Integrated Framework*, as published in 1992 by the Committee of Sponsoring Organizations of the Treadway Commission. Management's assessment included an evaluation of the design of the Company's internal control over financial reporting and testing of the operating effectiveness of its internal control over financial reporting.

Management reviewed the results of its assessment with the Audit Committee of the Company's Board of Directors. Based on this assessment, management has concluded that, as of December 31, 2013, the Company's internal control over financial reporting was effective.

The Company's independent auditors, Ernst & Young LLP, a registered public accounting firm, are appointed by the Audit Committee of the Company's Board of Directors, subject to ratification by our shareholders. Ernst & Young LLP has audited and reported on the consolidated financial statements of Transocean Ltd. and Subsidiaries, and the Company's internal control over financial reporting. The reports of the independent auditors are contained in this annual report.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The Board of Directors and Shareholders of Transocean Ltd. and Subsidiaries

We have audited Transocean Ltd. and Subsidiaries' internal control over financial reporting (the Company) as of December 31, 2013, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (1992 framework) (the COSO criteria). Transocean Ltd. and Subsidiaries' management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Transocean Ltd. and Subsidiaries maintained, in all material respects, effective internal control over financial reporting as of December 31, 2013, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Transocean Ltd. and Subsidiaries as of December 31, 2013 and 2012, and the related consolidated statements of operations, comprehensive income (loss), equity, and cash flows for each of the three years in the period ended December 31, 2013, and our report dated February 26, 2014 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Houston, Texas

February 26, 2014

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Shareholders of Transocean Ltd.

We have audited the accompanying consolidated balance sheets of Transocean Ltd. and Subsidiaries (the Company) as of December 31, 2013 and 2012, and the related consolidated statements of operations, comprehensive income (loss), equity, and cash flows for each of the three years in the period ended December 31, 2013. Our audits also included the financial statement schedule listed in the Index at Item 15(a). These financial statements and schedule are the responsibility of the Company's Board of Directors and management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Transocean Ltd. and Subsidiaries at December 31, 2013 and 2012, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 2013, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Transocean Ltd. and Subsidiaries' internal control over financial reporting as of December 31, 2013, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (1992 framework) and our report dated February 26, 2014 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Houston, Texas

February 26, 2014

Ernst & Young Ltd
Maagplatz 1
P.O. Box
CH-8010 Zurich

To the Annual General Meeting of
Transocean Ltd., Steinhausen
Zurich, February 26, 2014

Report of the statutory auditor on the consolidated financial statements

As statutory auditor, we have audited the consolidated financial statements of Transocean Ltd. and Subsidiaries, which comprise the consolidated balance sheets as of December 31, 2013 and 2012 and the related consolidated statements of operations, comprehensive income (loss), equity, and cash flows for each of the three years in the period ended December 31, 2013 and notes thereto (pages AR-67 to AR-127).

Board of Directors' responsibility

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law, Swiss Auditing Standards and standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly in all material respects, the consolidated financial position of Transocean Ltd. and Subsidiaries at December 31, 2013 and 2012, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 2013 in conformity with accounting principles generally accepted in the United States and comply with Swiss law.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence. In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

Ernst & Young Ltd

/s/ Robin Errico
Licensed audit expert
(Auditor in charge)

/s/ Jolanda Dolente
Licensed audit expert

TRANSOCEAN LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(In millions, except per share data)

	Years ended December 31,		
	2013	2012	2011
Operating revenues			
Contract drilling revenues	$ 9,070	$ 8,773	$ 7,407
Other revenues	414	423	620
	9,484	9,196	8,027
Costs and expenses			
Operating and maintenance	5,791	6,106	6,179
Depreciation	1,109	1,123	1,109
General and administrative	286	282	288
	7,186	7,511	7,576
Loss on impairment	(81)	(140)	(5,201)
Gain (loss) on disposal of assets, net	7	36	(12)
Operating income (loss)	2,224	1,581	(4,762)
Other income (expense), net			
Interest income	52	56	44
Interest expense, net of amounts capitalized	(584)	(723)	(621)
Other, net	(28)	(48)	(99)
	(560)	(715)	(676)
Income (loss) from continuing operations before income tax expense	1,664	866	(5,438)
Income tax expense	258	50	324
Income (loss) from continuing operations	1,406	816	(5,762)
Income (loss) from discontinued operations, net of tax	1	(1,027)	85
Net income (loss)	1,407	(211)	(5,677)
Net income attributable to noncontrolling interest	—	8	77
Net income (loss) attributable to controlling interest	$ 1,407	$ (219)	$ (5,754)
Earnings (loss) per share-basic			
Earnings (loss) from continuing operations	$ 3.87	$ 2.27	$ (18.14)
Earnings (loss) from discontinued operations	—	(2.89)	0.26
Earnings (loss) per share	$ 3.87	$ (0.62)	$ (17.88)
Earnings (loss) per share-diluted			
Earnings (loss) from continuing operations	$ 3.87	$ 2.27	$ (18.14)
Earnings (loss) from discontinued operations	—	(2.89)	0.26
Earnings (loss) per share	$ 3.87	$ (0.62)	$ (17.88)
Weighted-average shares outstanding			
Basic	360	356	322
Diluted	360	356	322

See accompanying notes.

TRANSOCEAN LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(In millions)

	Years ended December 31,		
	2013	2012	2011
Net income (loss)	$ 1,407	$ (211)	$ (5,677)
Other comprehensive income (loss) before reclassifications			
Components of net periodic benefit costs	198	(52)	(204)
Gain (loss) on derivative instruments	(5)	3	(13)
Loss on marketable securities	—	—	(13)
Reclassifications to net income			
Components of net periodic benefit costs	49	47	25
(Gain) loss on derivative instruments	18	(1)	11
Loss on marketable securities	—	2	13
Other comprehensive income (loss) before income taxes	260	(1)	(181)
Income taxes related to other comprehensive income (loss)	2	(7)	13
Other comprehensive income (loss), net of income taxes	262	(8)	(168)
Total comprehensive income (loss)	1,669	(219)	(5,845)
Total comprehensive income attributable to noncontrolling interest	3	8	73
Total comprehensive income (loss) attributable to controlling interest	$ 1,666	$ (227)	$ (5,918)

See accompanying notes.

TRANSOCEAN LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In millions, except share data)

	December 31, 2013	December 31, 2012
Assets		
Cash and cash equivalents	$ 3,243	$ 5,134
Accounts receivable, net		
Trade	2,112	1,940
Other	50	260
Materials and supplies, net	743	610
Assets held for sale	148	179
Deferred income taxes, net	151	142
Other current assets	325	382
Total current assets	6,772	8,647
Property and equipment	28,443	26,967
Less accumulated depreciation	(7,720)	(7,118)
Property and equipment of consolidated variable interest entities, net of accumulated depreciation	984	1,031
Property and equipment, net	21,707	20,880
Goodwill	2,987	2,987
Other assets	1,080	1,741
Total assets	$ 32,546	$ 34,255
Liabilities and equity		
Accounts payable	$ 1,106	$ 1,047
Accrued income taxes	53	116
Debt due within one year	160	1,339
Debt of consolidated variable interest entities due within one year	163	28
Other current liabilities	2,072	2,933
Total current liabilities	3,554	5,463
Long-term debt	10,379	10,929
Long-term debt of consolidated variable interest entities	—	163
Deferred income taxes, net	374	366
Other long-term liabilities	1,554	1,604
Total long-term liabilities	12,307	13,062
Commitments and contingencies		
Shares, CHF 15.00 par value, 373,830,649 authorized, 167,617,649 conditionally authorized, 373,830,649 issued and 360,764,100 outstanding at December 31, 2013 and 402,282,355 authorized 167,617,649 conditionally authorized, 373,830,649 issued and 359,505,251 outstanding at December 31, 2012	5,147	5,130
Additional paid-in capital	6,784	7,521
Treasury shares, at cost, 2,863,267 held at December 31, 2013 and 2012	(240)	(240)
Retained earnings	5,262	3,855
Accumulated other comprehensive loss	(262)	(521)
Total controlling interest shareholders' equity	16,691	15,745
Noncontrolling interest	(6)	(15)
Total equity	16,685	15,730
Total liabilities and equity	$ 32,546	$ 34,255

See accompanying notes.

TRANSOCEAN LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EQUITY
(In millions)

	Years ended December 31,			Years ended December 31,		
	2013	2012	2011	2013	2012	2011
Shares		**Shares**			**Amount**	
Balance, beginning of period	360	350	319	$ 5,130	$ 4,982	$ 4,482
Issuance of shares under share-based compensation plans	1	1	1	17	14	12
Issuance of shares in exchange for noncontrolling interest	—	9	—	—	134	—
Issuance of shares in public offering	—	—	30	—	—	488
Balance, end of period	361	360	350	$ 5,147	$ 5,130	$ 4,982
Additional paid-in capital						
Balance, beginning of period				$ 7,521	$ 7,211	$ 7,504
Share-based compensation				113	97	95
Issuance of shares under share-based compensation plans				(34)	(17)	(18)
Issuance of shares in exchange for noncontrolling interest				—	233	—
Issuance of shares in public offering, net of issue costs				—	—	671
Obligation for distribution of qualifying additional paid-in capital				(808)	—	(1,035)
Other, net				(8)	(3)	(6)
Balance, end of period				$ 6,784	$ 7,521	$ 7,211
Treasury shares, at cost						
Balance, beginning of period				$ (240)	$ (240)	$ (240)
Balance, end of period				$ (240)	$ (240)	$ (240)
Retained earnings						
Balance, beginning of period				$ 3,855	$ 4,180	$ 9,934
Net income (loss) attributable to controlling interest				1,407	(219)	(5,754)
Fair value adjustment of redeemable noncontrolling interest				—	(106)	—
Balance, end of period				$ 5,262	$ 3,855	$ 4,180
Accumulated other comprehensive loss						
Balance, beginning of period				$ (521)	$ (496)	$ (332)
Other comprehensive income (loss) attributable to controlling interest				259	(8)	(164)
Reclassification from redeemable noncontrolling interest				—	(17)	—
Balance, end of period				$ (262)	$ (521)	$ (496)
Total controlling interest shareholders' equity						
Balance, beginning of period				$ 15,745	$ 15,637	$ 21,348
Total comprehensive income (loss) attributable to controlling interest				1,666	(227)	(5,918)
Share-based compensation				113	97	95
Issuance of shares under share-based compensation plans				(17)	(3)	(6)
Issuance of shares in exchange for noncontrolling interest				—	367	—
Fair value adjustment of redeemable noncontrolling interest				—	(106)	—
Reclassification from redeemable noncontrolling interest				—	(17)	—
Issuance of shares in public offering, net of issue costs				—	—	1,159
Obligation for distribution of qualifying additional paid-in capital				(808)	—	(1,035)
Other, net				(8)	(3)	(6)
Balance, end of period				$ 16,691	$ 15,745	$ 15,637
Noncontrolling interest						
Balance, beginning of period				$ (15)	$ (10)	$ (8)
Total comprehensive income (loss) attributable to noncontrolling interest				3	(5)	(2)
Issuance of subsidiary equity to noncontrolling interest				6	—	—
Balance, end of period				$ (6)	$ (15)	$ (10)
Total equity						
Balance, beginning of period				$ 15,730	$ 15,627	$ 21,340
Total comprehensive income (loss)				1,669	(232)	(5,920)
Share-based compensation				113	97	95
Issuance of shares under share-based compensation plans				(17)	(3)	(6)
Issuance of shares in exchange for noncontrolling interest				—	367	—
Fair value adjustment of redeemable noncontrolling interest				—	(106)	—
Reclassification from redeemable noncontrolling interest				—	(17)	—
Issuance of shares in public offering, net of issue costs				—	—	1,159
Obligation for distribution of qualifying additional paid-in capital				(808)	—	(1,035)
Other, net				(2)	(3)	(6)
Balance, end of period				$ 16,685	$ 15,730	$ 15,627

See accompanying notes.

TRANSOCEAN LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions)

	Years ended December 31,		
	2013	2012	2011
Cash flows from operating activities			
Net income (loss)	$ 1,407	$ (211)	$ (5,677)
Adjustments to reconcile to net cash provided by operating activities:			
Amortization of drilling contract intangibles	(15)	(42)	(45)
Depreciation	1,109	1,123	1,109
Depreciation of assets in discontinued operations	—	183	342
Share-based compensation expense	113	97	95
Loss on impairment	81	140	5,201
Loss on impairment of assets in discontinued operations	14	986	38
(Gain) loss on disposal of assets, net	(7)	(36)	12
Gain on disposal of assets in discontinued operations, net	(54)	(82)	(183)
Amortization of debt issue costs, discounts and premiums, net	6	68	125
Deferred income tax benefit	(9)	(133)	(62)
Other, net	93	72	144
Changes in deferred revenue, net	(78)	(54)	(16)
Changes in deferred expenses, net	74	85	(61)
Changes in operating assets and liabilities	(816)	512	803
Net cash provided by operating activities	1,918	2,708	1,825
Cash flows from investing activities			
Capital expenditures	(2,238)	(1,303)	(974)
Capital expenditures for discontinued operations	—	(106)	(46)
Investment in business combination, net of cash acquired	—	—	(1,246)
Payment for settlement of forward exchange contract, net	—	—	(78)
Proceeds from disposal of assets, net	174	191	14
Proceeds from disposal of assets in discontinued operations, net	204	789	447
Proceeds from sale of preference shares	185	—	—
Other, net	17	40	(13)
Net cash used in investing activities	(1,658)	(389)	(1,896)
Cash flows from financing activities			
Changes in short-term borrowings, net	—	(260)	(88)
Proceeds from debt	—	1,493	2,939
Repayments of debt	(1,692)	(2,282)	(2,409)
Proceeds from restricted cash investments	298	311	479
Deposits to restricted cash investments	(119)	(167)	(523)
Proceeds from share issuance	—	—	1,211
Distribution of qualifying additional paid-in capital	(606)	(276)	(759)
Financing costs	—	(24)	(83)
Other, net	(32)	3	(33)
Net cash provided by (used in) financing activities	(2,151)	(1,202)	734
Net increase (decrease) in cash and cash equivalents	(1,891)	1,117	663
Cash and cash equivalents at beginning of period	5,134	4,017	3,354
Cash and cash equivalents at end of period	$ 3,243	$ 5,134	$ 4,017

See accompanying notes.

Note 1—Nature of Business

Transocean Ltd. (together with its subsidiaries and predecessors, unless the context requires otherwise, "Transocean," the "Company," "we," "us" or "our") is a leading international provider of offshore contract drilling services for oil and gas wells. We specialize in technically demanding sectors of the offshore drilling business with a particular focus on deepwater and harsh environment drilling services. Our mobile offshore drilling fleet is considered one of the most versatile fleets in the world. We contract our drilling rigs, related equipment and work crews predominantly on a dayrate basis to drill oil and gas wells. At December 31, 2013, we owned or had partial ownership interests in and operated 79 mobile offshore drilling units associated with our continuing operations. At December 31, 2013, our fleet consisted of 46 High-Specification Floaters (Ultra-Deepwater, Deepwater and Harsh Environment semisubmersibles and drillships), 22 Midwater Floaters, and 11 High-Specification Jackups. At December 31, 2013, we also had seven Ultra-Deepwater drillships and five High-Specification Jackups under construction or under contract to be constructed. See Note 10—Drilling Fleet.

We also provide oil and gas drilling management services, drilling engineering and drilling project management services primarily in the North Sea, through Applied Drilling Technology International Limited ("ADTI"), our wholly-owned United Kingdom ("U.K.") subsidiary. ADTI conducts drilling management services primarily either on a dayrate or on a completed-project, fixed-price or turnkey basis. See Note 27—Subsequent Events.

In November 2012, in connection with our plan to discontinue operations associated with the standard jackup and swamp barge asset groups, we completed the sale of 37 standard jackups and one swamp barge to Shelf Drilling Holdings, Ltd. ("Shelf Drilling"). For a transition period following the completion of the sale transactions, we agreed to continue to operate a substantial portion of the standard jackups on behalf of Shelf Drilling and to provide certain other transition services to Shelf Drilling. Under operating agreements, we agreed to continue to operate these standard jackups on behalf of Shelf Drilling for periods ranging from nine months to 27 months, until expiration or novation of the underlying drilling contracts by Shelf Drilling. Under a transition services agreement, we agreed to provide certain transition services for a period of up to 18 months following the completion of the sale transactions. As of December 31, 2013, we operated seven standard jackups under operating agreements with Shelf Drilling. See Note 7—Discontinued Operations.

In March 2012, we announced our intent to discontinue drilling management operations in the shallow waters of the U.S. Gulf of Mexico, upon completion of our then existing contracts. In December 2012, we completed the final project of our drilling management services operations in the U.S. Gulf of Mexico and discontinued offering our drilling management services in this region. See Note 7—Discontinued Operations.

In March 2011, we committed to a plan to sell the assets and discontinue the operations of our oil and gas properties operating segment, which comprised the exploration, development and production activities performed by Challenger Minerals Inc., Challenger Minerals (North Sea) Limited and Challenger Minerals (Ghana) Limited (collectively, "CMI"). In October 2011, we completed the sale of Challenger Minerals (North Sea) Limited, in April 2012, we completed the sale of the assets of Challenger Minerals Inc. and, in December 2012, we completed the sale of the assets of Challenger Minerals (Ghana) Limited. See Note 7—Discontinued Operations.

Note 2—Significant Accounting Policies

Accounting estimates—To prepare financial statements in accordance with accounting principles generally accepted in the U.S., we are required to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosures of contingent assets and liabilities. On an ongoing basis, we evaluate our estimates and assumptions, including those related to our discontinued operations, allowance for doubtful accounts, materials and supplies obsolescence, property and equipment, investments, notes receivable, goodwill, income taxes, contingencies, share-based compensation, defined benefit pension plans and other postretirement benefits. We base our estimates and assumptions on historical experience and on various other factors we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results could differ from such estimates.

Fair value measurements—We estimate fair value at a price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the principal market for the asset or liability. Our valuation techniques require inputs that we categorize using a three-level hierarchy, from highest to lowest level of observable inputs, as follows: (1) significant observable inputs, including unadjusted quoted prices for identical assets or liabilities in active markets ("Level 1"), (2) significant other observable inputs, including direct or indirect market data for similar assets or liabilities in active markets or identical assets or liabilities in less active markets ("Level 2") and (3) significant unobservable inputs, including those that require considerable judgment for which there is little or no market data ("Level 3"). When multiple input levels are required for a valuation, we categorize the entire fair value measurement according to the lowest level of input that is significant to the measurement even though we may have also utilized significant inputs that are more readily observable.

Consolidation—We consolidate entities in which we have a majority voting interest and entities that meet the criteria for variable interest entities for which we are deemed to be the primary beneficiary for accounting purposes. We eliminate intercompany transactions and accounts in consolidation. We apply the equity method of accounting for an investment in an entity if we have the ability to exercise significant influence over the entity that (a) does not meet the variable interest entity criteria or (b) meets the variable interest entity criteria, but for which we are not deemed to be the primary beneficiary. We apply the cost method of accounting for an investment in an entity if we do not have the ability to exercise significant influence over the unconsolidated entity. See Note 4—Variable Interest Entities.

Discontinued operations—We present as discontinued operations the operating results of a component of our business that either has been disposed of or is classified as held for sale when both of the following conditions are met: (a) the operations and cash flows of the component have been or will be eliminated from our ongoing operations as a result of the disposal transaction and (b) we will not have any significant continuing involvement in the operations of the disposed component. For discontinued operations that are disposed of other than by sale, we present the operating results as discontinued in the period in which the disposal group is either abandoned, distributed or exchanged, depending on the manner of disposal. We consider a component of our business to be one that comprises operations and cash flows that can be clearly distinguished, operationally and for financial reporting purposes, from the rest of our business. During the year ended December 31, 2012, we reclassified to discontinued operations the operating results, assets and liabilities associated with the operations of the standard jackup and swamp barge asset groups, components of our contract drilling services operating segment, and the operations of our U.S. Gulf of Mexico drilling management services, a component of our drilling management services operating segment. During the year ended December 31, 2011, we reclassified to discontinued operations the operating results, assets and liabilities associated with the operations of our Caspian Sea contract drilling operations, a component of our contract drilling services segment, and the operations of our oil and gas properties segment. See Note 7—Discontinued Operations and Note 27—Subsequent Events.

Operating revenues and expenses—We recognize operating revenues as they are realized and earned and can be reasonably measured, based on contractual dayrates or on a fixed-price basis, and when collectability is reasonably assured. In connection with drilling contracts, we may receive revenues for preparation and mobilization of equipment and personnel or for capital improvements to rigs. We defer the revenues earned and incremental costs incurred that are directly related to contract preparation and mobilization and recognize such revenues and costs over the primary contract term of the drilling project using the straight-line method. We amortize, in operating and maintenance costs and expenses, the fees related to contract preparation, mobilization and capital upgrades on a straight-line basis over the estimated firm period of drilling, which is consistent with the general pace of activity, level of services being provided and dayrates being earned over the life of the contract. For contractual daily rate contracts, we recognize the losses for loss contracts as such losses are incurred. We recognize the costs of relocating drilling units without contracts to more promising market sectors as such costs are incurred. Upon completion of drilling contracts, we recognize in earnings any demobilization fees received and expenses incurred. We defer capital upgrade revenues received and recognize such revenues over the primary contract term of the drilling project. We depreciate the actual costs incurred for the capital upgrade on a straight-line basis over the estimated useful life of the asset. We defer the periodic survey and drydock costs incurred in connection with obtaining regulatory certification to operate our rigs and well control systems on an ongoing basis, and we recognize such costs over the period until the next survey using the straight-line method.

Included in our contract drilling revenues, we recognize amortization associated with our drilling contract intangible assets and liabilities. In connection with our business combination with GlobalSantaFe Corporation in November 2007, we recognized drilling contract intangible assets and liabilities for acquired drilling contracts for future contract drilling services. The terms of the acquired contracts include fixed dayrates that were above or below the market dayrates that were available for similar contracts as of the date of the business combination. We recognized the fair value adjustments as contract intangible assets and liabilities, recorded in other assets and other long-term liabilities, respectively. We amortize the resulting contract drilling intangible revenues based on the cash flows projected over the respective contract period and include such revenues in contract drilling revenues on our consolidated statements of operations. See Note 11—Goodwill and Other Intangible Assets.

Other revenues—Our other revenues represent those derived from drilling management services and customer reimbursable revenues. For fixed-price contracts associated with our drilling management services, we recognize revenues and expenses upon well completion and customer acceptance, and we recognize loss provisions on contracts in progress when losses are probable. We recognize customer reimbursable revenues as we bill our customers for reimbursement of costs associated with certain equipment, materials and supplies, subcontracted services, employee bonuses and other expenditures, resulting in little or no net effect on operating income since such recognition is concurrent with the recognition of the respective reimbursable costs in operating and maintenance expense.

Share-based compensation—For time-based awards, we recognize compensation expense on a straight-line basis through the date the employee is no longer required to provide service to earn the award (the "service period"). For market-based awards that vest at the end of the service period, we recognize compensation expense on a straight-line basis through the end of the service period. For performance-based awards with graded vesting conditions, we recognize compensation expense on a straight-line basis over the service period for each separately vesting portion of the award as if the award was, in substance, multiple awards. We recognize share-based compensation expense net of a forfeiture rate that we estimate at the time of grant based on historical experience and future expectations, and we adjust the estimated forfeiture rate, if necessary, in subsequent periods based on actual forfeitures or changed expectations.

To measure the fair values of granted or modified time-based restricted shares and deferred units, we use the market price of our shares on the grant date or modification date. To measure the fair values of stock options and stock appreciation rights granted or modified, we use the Black-Scholes-Merton option-pricing model and apply assumptions for the expected life, risk-free interest rate, dividend yield and expected volatility. The expected life is based on historical information of past employee behavior regarding exercises and forfeitures of options. The risk-free interest rate is based upon the published U.S. Treasury yield curve in effect at the time of grant or modification for instruments with a similar life. The dividend yield is based on our history and expectation of dividend payouts. The expected volatility is based on a blended rate with an equal weighting of the (a) historical volatility based on historical data for an amount of time approximately equal to the expected life and (b) implied volatility derived from our at-the-money, long-dated call options. To measure the fair values of granted or modified market-based deferred units, we use a Monte Carlo simulation model and, in addition to the

assumptions applied for the Black-Scholes-Merton option-pricing model, we apply assumptions using a risk neutral approach and an average price at the performance start date. The risk neutral approach assumes that all peer group stocks grow at the risk-free rate. The average price at the performance start date is based on the average stock price for the preceding 30 trading days.

We recognize share-based compensation expense in the same financial statement line item as cash compensation paid to the respective employees. We recognize cash flows resulting from the tax deduction benefits for awards in excess of recognized compensation costs as financing cash flows. In the years ended December 31, 2013, 2012 and 2011, share-based compensation expense was $113 million, $97 million and $95 million, respectively. In the years ended December 31, 2013, 2012 and 2011, income tax benefit on share-based compensation expense was $17 million, $12 million and $16 million, respectively. See Note 18—Share-Based Compensation Plans.

Capitalized interest—We capitalize interest costs for qualifying construction and upgrade projects. In the years ended December 31, 2013, 2012 and 2011, we capitalized interest costs of $78 million, $54 million and $39 million, respectively, for our construction work in progress.

Foreign currency—We consider the U.S. dollar to be the functional currency for all of our operations since the majority of our revenues and expenditures are denominated in U.S. dollars, which limits our exposure to currency exchange rate fluctuations. We recognize foreign currency exchange gains and losses in other, net. In the years ended December 31, 2013, 2012 and 2011, we recognized net foreign currency exchange losses of $11 million, $27 million and $99 million, respectively. See Note 13—Derivatives and Hedging.

Income taxes—We provide for income taxes based upon the tax laws and rates in effect in the countries in which operations are conducted and income is earned. There is little or no expected relationship between the provision for or benefit from income taxes and income or loss before income taxes because the countries in which we operate have taxation regimes that vary not only with respect to nominal rate, but also in terms of the availability of deductions, credits and other benefits. Variations also arise because income earned and taxed in any particular country or countries may fluctuate from year to year.

We recognize deferred tax assets and liabilities for the anticipated future tax effects of temporary differences between the financial statement basis and the tax basis of our assets and liabilities using the applicable jurisdictional tax rates in effect at year end. We record a valuation allowance for deferred tax assets when it is more likely than not that some or all of the benefit from the deferred tax asset will not be realized. We also record a valuation allowance for deferred tax assets resulting from net operating losses incurred during the year in certain jurisdictions and for other deferred tax assets where, in our opinion, it is more likely than not that the financial statement benefit of these losses will not be realized. Additionally, we record a valuation allowance for foreign tax credit carryforwards to reflect the possible expiration of these benefits prior to their utilization.

We maintain liabilities for estimated tax exposures in our jurisdictions of operation, and we recognize the provisions and benefits resulting from changes to those liabilities in our income tax expense or benefit along with related interest and penalties. Tax exposure items include potential challenges to permanent establishment positions, intercompany pricing, disposition transactions, and withholding tax rates and their applicability. These tax exposures are resolved primarily through the settlement of audits within these tax jurisdictions or by judicial means, but can also be affected by changes in applicable tax law or other factors, which could cause us to revise past estimates. See Note 6—Income Taxes.

Cash and cash equivalents—Cash equivalents are highly liquid debt instruments with original maturities of three months or less that may include time deposits with commercial banks that have high credit ratings, U.S. Treasury and government securities, Eurodollar time deposits, certificates of deposit and commercial paper. We may also invest excess funds in no-load, open-end, management investment trusts ("management trusts"). The management trusts invest exclusively in high-quality money market instruments.

We maintain restricted cash investments that are pledged for debt service, as required under certain bank credit agreements. We classify such restricted cash investment balances in other current assets if the restriction is expected to expire within one year and in other assets if the restriction is expected to expire in greater than one year. At December 31, 2013, the aggregate carrying amount of our restricted cash investments was $624 million, of which $159 million and $465 million was classified in other current assets and other assets, respectively. At December 31, 2012, the aggregate carrying amount of our restricted cash investments was $861 million, of which $195 million and $666 million was classified in other current assets and other assets, respectively. See Note 12—Debt.

Accounts receivable—We derive a majority of our revenues from services to international oil companies and government-owned or government-controlled oil companies. We evaluate the credit quality of our customers on an ongoing basis, and we do not generally require collateral or other security to support customer receivables. We establish an allowance for doubtful accounts on a case-by-case basis, considering changes in the financial position of a customer, when we believe the required payment of specific amounts owed to us is unlikely to occur. At December 31, 2013 and 2012, the allowance for doubtful accounts was $14 million and $20 million, respectively.

Materials and supplies—We record materials and supplies at their average cost less an allowance for obsolescence. We estimate the allowance for obsolescence based on historical experience and expectations for future use of the materials and supplies. At December 31, 2013 and 2012, the allowance for obsolescence was $80 million and $66 million, respectively.

Assets held for sale—We classify an asset as held for sale when the facts and circumstances meet the criteria for such classification, including the following: (a) we have committed to a plan to sell the asset, (b) the asset is available for immediate sale, (c) we have initiated actions to complete the sale, including locating a buyer, (d) the sale is expected to be completed within one year, (e) the asset is being actively marketed at a price that is reasonable relative to its fair value, and (f) the plan to sell is unlikely to be subject to significant changes or termination. At December 31, 2013 and 2012, the aggregate carrying amount of our assets held for sale was $148 million and $179 million, respectively. See Note 7—Discontinued Operations and Note 10—Drilling Fleet.

Property and equipment—The carrying amounts of our property and equipment, consisting primarily of offshore drilling rigs and related equipment, are based on our estimates, assumptions and judgments relative to capitalized costs, useful lives and salvage values of our rigs. These estimates, assumptions and judgments reflect both historical experience and expectations regarding future industry conditions and operations. At December 31, 2013, the aggregate carrying amount of our property and equipment represented approximately 67 percent of our total assets.

We compute depreciation using the straight-line method after allowing for salvage values. We capitalize expenditures for newbuilds, renewals, replacements and improvements, including capitalized interest, if applicable, and we recognize the expense for maintenance and repair costs as incurred. For newbuild construction projects, we also capitalize the initial preparation, mobilization and commissioning costs incurred until the drilling unit is placed into service. Upon sale or other disposition of an asset, we recognize a net gain or loss on disposal of the asset, which is measured as the difference between the net carrying amount of the asset and the net proceeds received.

The estimated original useful lives of our drilling units range from 18 to 35 years, our buildings and improvements range from 10 to 30 years and our machinery and equipment range from four to 12 years. From time to time, we may review the estimated remaining useful lives of our drilling units when events occur or circumstances change, and we may extend the useful life when such events and circumstances indicate that a drilling unit can operate beyond its remaining useful life. During the year ended December 31, 2013, we adjusted the useful lives for five rigs, extending the estimated useful lives from between 29 and 40 years to between 35 and 44 years. During the year ended December 31, 2012, we adjusted the useful lives for three rigs, extending the estimated useful lives from between 29 and 30 years to between 35 and 38 years. During the year ended December 31, 2011, we adjusted the useful lives for two rigs, extending the estimated useful lives from between 20 and 30 years to between 23 and 38 years. We deemed the life extensions appropriate for each of these rigs based on the respective contracts under which the rigs were operating and the additional life-extending work, upgrades and inspections we performed on the rigs. In each of the years ended December 31, 2013, 2012 and 2011, the changes in estimated useful lives of these rigs resulted in a reduction in annual depreciation expense of $3 million ($0.01 per diluted share), $27 million ($0.08 per diluted share) and $2 million ($0.01 per diluted share), respectively, which had no tax effect for any period.

Long-lived assets and definite-lived intangible assets—We review the carrying amounts of long-lived assets and definite-lived intangible assets, principally property and equipment, for potential impairment when events occur or circumstances change that indicate that the carrying value of such assets may not be recoverable.

For assets classified as held and used, we determine recoverability by evaluating the undiscounted estimated future net cash flows, based on projected dayrates and utilization, of the asset group under review. We consider our asset groups to be Ultra-Deepwater Floaters, Deepwater Floaters, Harsh Environment Floaters, Midwater Floaters and High-Specification Jackups. When an impairment of one or more of our asset groups is indicated, we measure the impairment as the amount by which the asset group's carrying amount exceeds its estimated fair value. We measure the fair values of our contract drilling asset groups by applying a variety of valuation methods, incorporating a combination of cost, income and market approaches, using projected discounted cash flows and estimates of the exchange price that would be received for the assets in the principal or most advantageous market for the assets in an orderly transaction between market participants as of the measurement date. For our drilling management services customer relationships asset, which was fully impaired as of December 31, 2012, we estimated fair value using the excess earnings method, which applied the income approach. For an asset classified as held for sale, we consider the asset to be impaired to the extent its carrying amount exceeds its estimated fair value less cost to sell.

In the year ended December 31, 2012, we determined that the customer relationships intangible asset associated with our drilling management services reporting unit was impaired, and we recognized a loss of $22 million ($17 million, or $0.05 per diluted share, net of tax) associated with the impairment of the intangible asset.

Goodwill—We conduct impairment testing for our goodwill annually as of October 1 and more frequently, on an interim basis, when an event occurs or circumstances change that indicate that the fair value of a reporting unit or the indefinite-lived intangible asset may have declined below its carrying value.

We test goodwill at the reporting unit level, which is defined as an operating segment or one level below an operating segment that constitutes a business for which financial information is available and is regularly reviewed by management. We have identified two reporting units for this purpose: (1) contract drilling services and (2) drilling management services. Before testing goodwill, we consider whether or not to first assess qualitative factors to determine whether the existence of events or circumstances lead to a determination that it is more likely than not that the fair value of a reporting unit is less than its carrying amount and whether the two-step impairment test is required. If, as the result of our qualitative assessment, we determine that the two-step impairment test is required, or,

alternatively, if we elect to forgo the qualitative assessment, we test goodwill for impairment by comparing the carrying amount of the reporting unit, including goodwill, to the fair value of the reporting unit.

For our contract drilling services reporting unit, we estimate fair value using projected discounted cash flows, publicly traded company multiples and acquisition multiples. To develop the projected cash flows associated with our contract drilling services reporting unit, which are based on estimated future dayrates and rig utilization, we consider key factors that include assumptions regarding future commodity prices, credit market conditions and the effect these factors may have on our contract drilling operations and the capital expenditure budgets of our customers. We discount the projected cash flows using a long-term, risk-adjusted weighted-average cost of capital, which is based on our estimate of the investment returns that market participants would require for each of our reporting units. We derive publicly traded company multiples for companies with operations similar to our reporting units using observable information related to shares traded on stock exchanges and, when available, observable information related to recent acquisitions. If the reporting unit's carrying amount exceeds its fair value, we consider goodwill impaired and perform a second step to measure the amount of the impairment loss, if any.

As a result of our annual goodwill impairment test in the years ended December 31, 2013 and 2012, we concluded that goodwill was not impaired. During the year ended December 31, 2012, we conducted an interim test on the goodwill attributed to the standard jackup and swamp barge asset group. We determined that such goodwill was impaired and recognized a loss of $112 million ($0.31 per diluted share), which had no tax effect, (see Note 7—Discontinued Operations). As a result of our annual impairment test, performed as of October 1, 2011, we determined that the goodwill associated with our contract drilling services reporting unit was impaired due to a decline in projected cash flows and market valuations for this reporting unit. In the year ended December 31, 2011, we recognized a loss of $5.2 billion ($16.15 per diluted share), which had no tax effect, representing our best estimate of the impairment of goodwill attributable to our contract drilling services reporting unit. In the three months ended March 31, 2012, we completed our analysis and recognized an incremental adjustment of $118 million ($0.33 per diluted share), which had no tax effect, to our original estimate. See Note 5—Impairments and Note 11—Goodwill and Other Intangible Assets.

Derivatives and hedging—From time to time, we may enter into a variety of derivative financial instruments in connection with the management of our exposure to variability in interest rates and currency exchange rates. We record derivatives on our consolidated balance sheet, measured at fair value. For derivatives that do not qualify for hedge accounting, we recognize the gains and losses associated with changes in the fair value in current period earnings.

We may enter into cash flow hedges to manage our exposure to variability of the expected future cash flows of recognized assets or liabilities or of unrecognized forecasted transactions. For a derivative that is designated and qualifies as a cash flow hedge, we initially recognize the effective portion of the gains or losses in other comprehensive income and subsequently recognize the gains and losses in earnings in the period in which the hedged forecasted transaction affects earnings. We recognize the gains and losses associated with the ineffective portion of the hedges in interest expense in the period in which they are realized.

We may enter into fair value hedges to manage our exposure to changes in fair value of recognized assets or liabilities, such as fixed-rate debt, or of unrecognized firm commitments. For a derivative that is designated and qualifies as a fair value hedge, we simultaneously recognize in current period earnings the gains or losses on the derivative along with the offsetting losses or gains on the hedged item attributable to the hedged risk. The resulting ineffective portion, which is measured as the difference between the change in fair value of the derivative and the hedged item, is recognized in current period earnings. See Note 13—Derivatives and Hedging, Note 21—Financial Instruments and Note 22—Risk Concentration.

Pension and other postretirement benefits—We use a measurement date of January 1 for determining net periodic benefit costs and December 31 for determining plan benefit obligations and the fair values of plan assets. We determine our net periodic benefit costs based on a market-related value of assets that reduces year-to-year volatility by including investment gains or losses subject to amortization over a five-year period from the year in which they occur. Investment gains or losses for this purpose are measured as the difference between the expected return calculated using the market-related value of assets and the actual return based on the market-related value of assets. If gains or losses exceed 10 percent of the greater of plan assets or plan liabilities, we amortize such gains or losses over the average expected future service period of the employee participants.

We measure our actuarially determined obligations and related costs for our defined benefit pension and other postretirement benefit plans, retiree life insurance and medical benefits, by applying assumptions, including long-term rate of return on plan assets, discount rates, compensation increases, employee turnover rates and health care cost trend rates. The two most critical assumptions are the long-term rate of return on plan assets and the discount rate.

For the long-term rate of return, we develop our assumptions regarding the expected rate of return on plan assets based on historical experience and projected long-term investment returns, and we weight the assumptions based on each plan's asset allocation. For the discount rate, we base our assumptions on a yield curve approach using Aa-rated corporate bonds and the expected timing of future benefit payments. For the projected compensation trend rate, we consider short-term and long-term compensation expectations for participants, including salary increases and performance bonus payments. For the health care cost trend rate for other postretirement benefits, we establish our assumptions for health care cost trends, applying an initial trend rate that reflects both our recent historical experience and broader national statistics with an ultimate trend rate that assumes that the portion of gross domestic product devoted to health care eventually becomes constant.

At December 31, 2013 and 2012, our pension and other postretirement benefit plan obligations represented an aggregate liability of $409 million and $639 million, respectively, representing the amount of their net underfunded status. In the years ended December 31, 2013, 2012 and 2011, net periodic benefit costs were $132 million, $149 million and $88 million, respectively. See Note 14—Postemployment Benefit Plans.

Contingencies—We perform assessments of our contingencies on an ongoing basis to evaluate the appropriateness of our liabilities and disclosures for such contingencies. We establish liabilities for estimated loss contingencies when we believe a loss is probable and the amount of the probable loss can be reasonably estimated. We recognize corresponding assets for those loss contingencies that we believe are probable of being recovered through insurance. Once established, we adjust the carrying amount of a contingent liability upon the occurrence of a recognizable event when facts and circumstances change, altering our previous assumptions with respect to the likelihood or amount of loss. We recognize expense for legal costs as they are incurred, and we recognize a corresponding asset for those legal costs only if we expect such legal costs to be recovered through insurance.

Reclassifications—We have made certain reclassifications, which did not have an effect on net income, to prior period amounts to conform with the current year's presentation. These reclassifications did not have a material effect on our consolidated statement of financial position, results of operations or cash flows.

Subsequent events—We evaluate subsequent events through the time of our filing on the date we issue our financial statements. See Note 27—Subsequent Events.

Note 3—New Accounting Pronouncements

Recently adopted accounting standards

Balance sheet—Effective January 1, 2013, we adopted the accounting standards update that expands the disclosure requirements for the offsetting of assets and liabilities related to certain financial instruments and derivative instruments. The update requires disclosures to present both gross information and net information for financial instruments and derivative instruments that are eligible for net presentation due to a right of offset, an enforceable master netting arrangement or similar agreement. Our adoption did not have a material effect on our disclosures contained in our notes to consolidated financial statements.

Accumulated other comprehensive income—Effective January 1, 2013, we adopted the accounting standards update that requires disclosure of additional information about reclassifications out of accumulated other comprehensive income and to present reclassifications by component when reporting changes in accumulated other comprehensive income balances. For significant amounts that are reclassified out of accumulated other comprehensive income to net income in their entirety during the reporting period, the update requires disclosure, either on the face of the statement or in the notes, of the effect on the line items in the statement where net income is presented. For significant amounts that are not required to be reclassified in their entirety to net income during the reporting period, the update requires cross-references in the notes to other disclosures that provide additional information about those amounts. Our adoption did not have a material effect on our consolidated statements of other comprehensive income or the disclosures contained in our notes to consolidated financial statements.

Recently issued accounting standards

Income taxes—Effective January 1, 2014, we will adopt the accounting standards update that requires an unrecognized tax benefit to be presented in the financial statements as a reduction to a deferred tax asset for a net operating loss carryforward, a similar tax loss or a tax credit carryforward if net settlement is required or expected. The update is effective for interim and annual periods beginning on or after December 15, 2013. We are evaluating the potential effect of this accounting standards update. However, we do not expect that our adoption will have a material effect on our consolidated balance sheets or the disclosures contained in our notes to consolidated financial statements.

Note 4—Variable Interest Entities

Consolidated variable interest entities—The carrying amounts associated with our consolidated variable interest entities, after eliminating the effect of intercompany transactions, were as follows (in millions):

	Years ended December 31,	
	2013	2012
Assets	$ 1,280	$ 1,231
Liabilities	261	311
Net carrying amount	$ 1,019	$ 920

Angola Deepwater Drilling Company Limited ("ADDCL"), a consolidated Cayman Islands company, and Transocean Drilling Services Offshore Inc. ("TDSOI"), a consolidated British Virgin Islands Company, were joint venture companies formed to own and operate certain drilling units. We determined that each of these joint venture companies met the criteria of a variable interest entity for accounting purposes because its equity at risk was insufficient to permit it to carry on its activities without additional subordinated financial support from us. We also determined, in each case, that we were the primary beneficiary for accounting purposes since (a) we had the power to

direct the construction, marketing and operating activities, which are the activities that most significantly impact each entity's economic performance, and (b) we had the obligation to absorb losses or the right to receive a majority of the benefits that could be potentially significant to the variable interest entity. As a result, we consolidated ADDCL and TDSOI in our consolidated financial statements, we eliminated intercompany transactions, and we presented the interests that were not owned by us as noncontrolling interest on our consolidated balance sheets.

In October 2012, Angco II, a Cayman Islands company, acquired a 30 percent interest in TDSOI, a British Virgin Islands joint venture company formed to own and operate *Transocean Honor*. We hold the remaining 70 percent interest in TDSOI. Under certain circumstances, Angco II will have the right to exchange its interest in the joint venture for cash at an amount based on an appraisal of the fair value of the jackup, subject to certain adjustments.

At December 31, 2013 and 2012, the aggregate carrying amount of assets of our consolidated variable interest entities that were pledged as security for the outstanding debt of our consolidated variable interest entities was $768 million and $805 million, respectively. See Note 12—Debt.

Unconsolidated variable interest entities—As holder of two notes receivable, we hold a variable interest in Awilco Drilling plc ("Awilco"), a U.K. company listed on the Oslo Stock Exchange. We determined that Awilco met the definition of variable interest entity since its equity at risk was insufficient to permit it to carry on its activities without additional subordinated financial support. We believe that we are not the primary beneficiary since we do not have the power to direct the activities that most significantly impact the entity's economic performance. The notes receivable were originally accepted in exchange for, and are secured by, two drilling units. The notes receivable have stated interest rates of nine percent and are payable in scheduled quarterly installments of principal and interest through maturity in January 2015. We evaluate the credit quality and financial condition of Awilco quarterly. At December 31, 2013 and 2012, the aggregate carrying amount of the notes receivable was $93 million and $105 million, respectively. At December 31, 2013, our aggregate exposure to loss on the notes receivable was $93 million.

Note 5—Impairments

Assets held for sale—In the year ended December 31, 2013, we recognized an aggregate loss of $64 million ($0.17 per diluted share), which had no tax effect, associated with the impairment of the Deepwater Floater *Sedco 709*, the Midwater Floaters *C. Kirk Rhein, Jr.* and *Sedco 703* and the High-Specification Jackup *GSF Monitor*, all of which were classified as assets held for sale at the time of impairment. We measured the impairments of the drilling units and related equipment as the amount by which the carrying amounts exceeded the estimated fair values less costs to sell. We estimated the fair values of the assets using significant other observable inputs, representative of Level 2 fair value measurements, including, in the case of *GSF Monitor*, a binding sale and purchase agreement, or, in the case of *Sedco 709*, *C. Kirk Rhein, Jr.* and *Sedco 703*, nonbinding sale and purchase agreements for the drilling units and related equipment.

Property and equipment—In the year ended December 31, 2013, we recognized a loss of $17 million associated with the impairment of certain corporate assets. We estimated the fair value of the assets using significant other observable inputs, representative of a Level 2 fair value measurement, including comparable market data for the corporate assets.

Goodwill—As a result of our annual impairment test, performed as of October 1, 2011, we determined that the goodwill associated with our contract drilling services reporting unit was impaired due to a decline in projected cash flows and market valuations for this reporting unit. In the year ended December 31, 2011, we recognized a loss of $5.2 billion ($16.15 per diluted share), which had no tax effect. During the year ended December 31, 2012, we completed the measurement of the impairment and recognized an incremental adjustment to our original estimate in the amount of $118 million ($0.33 per diluted share), which had no tax effect. We estimated the implied fair value of the goodwill by applying a variety of valuation methods, incorporating the cost, income and market approaches. Our estimate of fair value required us to use significant unobservable inputs, representative of a Level 3 fair value measurement, including assumptions related to the future performance of our contract drilling services reporting unit, such as future commodity prices, projected demand for our services, rig utilization and dayrates.

Definite-lived intangible assets—During the year ended December 31, 2012, we determined that the customer relationships intangible asset associated with the U.K. operations of our drilling management services reporting unit was impaired due to the diminishing demand for our drilling management services. We estimated the fair value of the customer relationships intangible asset using the multiperiod excess earnings method, a valuation method that applies the income approach. We estimated fair value using significant unobservable inputs, representative of a Level 3 fair value measurement, including assumptions related to the future performance of the drilling management services reporting unit, such as future commodity prices, projected demand for our services, rig utilization and dayrates. In the year ended December 31, 2012, as a result of our valuation, we determined that the carrying amount of the customer relationships intangible asset exceeded its fair value, and we recognized a loss of $22 million ($17 million, or $0.05 per diluted share, net of tax) associated with the impairment of the intangible asset.

Note 6—Income Taxes

Tax rate—Transocean Ltd., a holding company and Swiss resident, is exempt from cantonal and communal income tax in Switzerland, but is subject to Swiss federal income tax. At the federal level, qualifying net dividend income and net capital gains on the sale of qualifying investments in subsidiaries are exempt from Swiss federal income tax. Consequently, Transocean Ltd. expects dividends from its subsidiaries and capital gains from sales of investments in its subsidiaries to be exempt from Swiss federal income tax.

Our provision for income taxes is based on the tax laws and rates applicable in the jurisdictions in which we operate and earn income. The relationship between our provision for or benefit from income taxes and our income or loss before income taxes can vary significantly from period to period considering, among other factors, (a) the overall level of income before income taxes, (b) changes in the blend of income that is taxed based on gross revenues rather than income before taxes, (c) rig movements between taxing jurisdictions and (d) our rig operating structures. Generally, our annual marginal tax rate is lower than our annual effective tax rate.

The components of our provision (benefit) for income taxes were as follows (in millions):

	Years ended December 31,		
	2013	2012	2011
Current tax expense	$ 267	$ 183	$ 386
Deferred tax benefit	(9)	(133)	(62)
Income tax expense	$ 258	$ 50	$ 324

The following is a reconciliation of the differences between the income tax expense for our continuing operations computed at the Swiss holding company federal statutory rate of 7.83 percent and our reported provision for income taxes (in millions):

	Years ended December 31,		
	2013	2012	2011
Income tax expense at the Swiss federal statutory rate	$ 130	$ 68	$ (426)
Taxes on earnings subject to rates different than the Swiss federal statutory rate	185	141	221
Taxes on impairment loss subject to rates different than the Swiss federal statutory rate	5	5	409
Taxes on asset sales subject to rates different than the Swiss federal statutory rate	9	(1)	—
Taxes on litigation matters subject to rates different than the Swiss federal statutory rate	(33)	59	78
Changes in unrecognized tax benefits, net	(62)	(179)	40
Change in valuation allowance	37	1	19
Benefit from foreign tax credits	(18)	(38)	(28)
Taxes on asset acquisition costs at rates lower than the Swiss federal statutory rate	—	—	8
Other, net	5	(6)	3
Income tax expense	$ 258	$ 50	$ 324

Deferred taxes—The significant components of our deferred tax assets and liabilities were as follows (in millions):

	December 31,	
	2013	2012
Deferred tax assets		
Net operating loss carryforwards	$ 369	$ 380
Tax credit carryforwards	21	41
Accrued payroll expenses not currently deductible	98	95
Deferred income	62	86
Valuation allowance	(247)	(210)
Loss contingencies	36	—
Professional fees	89	66
Other	28	43
Total deferred tax assets	456	501
Deferred tax liabilities		
Depreciation and amortization	(650)	(688)
Other	(29)	(37)
Total deferred tax liabilities	(679)	(725)
Net deferred tax liabilities	$ (223)	$ (224)

At December 31, 2013 and 2012, our deferred tax assets include U.S. foreign tax credit carryforwards of $21 million and $41 million, respectively, which will expire between 2018 and 2023. The deferred tax assets related to our net operating losses were generated in various worldwide tax jurisdictions. At December 31, 2013, the tax effect of our Norwegian and Brazilian net operating losses, which do not expire, was $161 million and $49 million, respectively. At December 31, 2012, the tax effect of our Norwegian and Brazilian net operating losses, which do not expire, was $178 million and $55 million, respectively.

The valuation allowance for our non-current deferred tax assets was as follows (in millions):

	December 31,	
	2013	2012
Valuation allowance for non-current deferred tax assets	$ 247	$ 210

Our deferred tax liabilities include taxes related to the earnings of certain subsidiaries that are not permanently reinvested or that will not be permanently reinvested in the future. Should our expectations change regarding future tax consequences, we may be required to record additional deferred taxes that could have a material adverse effect on our consolidated statement of financial position, results of operations or cash flows.

We consider the earnings of certain of our subsidiaries to be indefinitely reinvested. As such, we have not provided for taxes on these unremitted earnings. Should we make a distribution from the unremitted earnings of these subsidiaries, we would be subject to taxes payable to various jurisdictions. At December 31, 2013, the amount of indefinitely reinvested earnings was approximately $2.5 billion. If all of these indefinitely reinvested earnings were distributed, we would be subject to estimated taxes of $180 million to $250 million.

Unrecognized tax benefits—The changes to our liabilities related to unrecognized tax benefits, excluding interest and penalties that we recognize as a component of income tax expense, were as follows (in millions):

	Years ended December 31,		
	2013	2012	2011
Balance, beginning of period	$ 382	$ 515	$ 485
Additions for current year tax positions	24	58	45
Additions for prior year tax positions	10	25	29
Reductions for prior year tax positions	(72)	(24)	—
Settlements	(6)	(120)	(42)
Reductions related to statute of limitation expirations	(12)	(72)	(2)
Balance, end of period	$ 326	$ 382	$ 515

The liabilities related to our unrecognized tax benefits, including related interest and penalties that we recognize as a component of income tax expense, were as follows (in millions):

	December 31,	
	2013	2012
Unrecognized tax benefits, excluding interest and penalties	$ 326	$ 382
Interest and penalties	176	199
Unrecognized tax benefits, including interest and penalties	$ 502	$ 581

In the years ended December 31, 2013, 2012 and 2011, we recognized interest and penalties of $23 million, $56 million and $20 million, respectively, associated with our unrecognized tax benefits and recorded as a component of income tax expense. As of December 31, 2013, if recognized, $502 million of our unrecognized tax benefits, including interest and penalties, would favorably impact our effective tax rate.

It is reasonably possible that our existing liabilities for unrecognized tax benefits may increase or decrease in the year ending December 31, 2014, primarily due to the progression of open audits and the expiration of statutes of limitation. However, we cannot reasonably estimate a range of potential changes in our existing liabilities for unrecognized tax benefits due to various uncertainties, such as the unresolved nature of various audits.

Tax returns—We file federal and local tax returns in several jurisdictions throughout the world. With few exceptions, we are no longer subject to examinations of our U.S. and non-U.S. tax matters for years prior to 2006.

Our tax returns in the major jurisdictions in which we operate, other than Norway and Brazil, which are mentioned below, are generally subject to examination for periods ranging from three to six years. We have agreed to extensions beyond the statute of limitations in two major jurisdictions for up to 19 years. Tax authorities in certain jurisdictions are examining our tax returns and in some cases have issued assessments. We are defending our tax positions in those jurisdictions. While we cannot predict or provide assurance as to the final outcome of these proceedings, we do not expect the ultimate liability to have a material adverse effect on our consolidated statement of financial position or results of operations, although it may have a material adverse effect on our consolidated statement of cash flows.

Norway tax investigations and trial—Norwegian civil tax and criminal authorities are investigating various transactions undertaken by our subsidiaries in 1999, 2001 and 2002 as well as the actions of certain employees of our former external tax advisors on these transactions. The authorities issued tax assessments as follows: (a) NOK 684 million, equivalent to approximately $112 million, plus interest, related to the migration of our subsidiary that was previously subject to tax in Norway, (b) NOK 412 million, equivalent to approximately $68 million, plus interest, related to a 2001 dividend payment and (c) NOK 43 million, equivalent to approximately $7 million, plus interest, related to certain foreign exchange deductions and dividend withholding tax. We have provided a parent company guarantee in the amount of approximately $115 million with respect to one of these tax disputes. Furthermore, we may be required to provide some form of additional financial security, in an amount up to $212 million, including interest and penalties, for other assessed amounts as these disputes are appealed and addressed by the Norwegian courts. The authorities are seeking penalties of 60 percent on most but not all matters. In November 2012, the Norwegian district court in Oslo heard the case regarding the disputed tax assessment of NOK 684 million related to the migration of our subsidiary. On March 1, 2013, the Norwegian district court in Oslo overturned the tax assessment and ruled in our favor, and the tax authorities have filed an appeal. We believe that our Norwegian tax returns are materially correct as filed, and we intend to continue to vigorously defend ourselves against all claims to the contrary.

In June 2011, the Norwegian authorities issued criminal indictments against two of our subsidiaries alleging misleading or incomplete disclosures in Norwegian tax returns for the years 1999 through 2002, as well as inaccuracies in Norwegian statutory financial statements for the years ended December 31, 1996 through 2001. The criminal trial commenced in December 2012. Two employees of our former external tax advisors were also issued criminal indictments with respect to the disclosures in our tax returns, and our former external Norwegian tax attorney was issued criminal indictments related to certain of our restructuring transactions and the 2001 dividend payment. We believe the charges brought against us are without merit and do not alter our technical assessment of the underlying claims. In January 2012, the Norwegian authorities supplemented the previously issued criminal indictments by issuing a financial claim of NOK 1.8 billion, equivalent to approximately $302 million, jointly and severally, against our two subsidiaries, the two external tax advisors and the external tax attorney. In February 2012, the authorities dropped the previously existing civil tax claim related to a certain restructuring transaction. In April 2012, the Norwegian tax authorities supplemented the previously issued criminal indictments against our two subsidiaries by extending a criminal indictment against a third subsidiary, alleging misleading or incomplete disclosures in Norwegian tax returns for the years 2001 and 2002. In May 2013, the Norwegian authorities dropped the financial claim of NOK 1.8 billion against one of our subsidiaries and the criminal case related to the migration case of another subsidiary. The criminal trial proceedings ended in September 2013, and the court has not yet ruled on the criminal issues. If we are found guilty, the Norwegian authorities have asked the court to assess criminal penalties in the amount of $38 million against three of our subsidiaries in addition to any civil tax penalties and the financial claim. We believe our Norwegian tax returns are materially correct as filed, and we intend to continue to vigorously contest any assertions to the contrary by the Norwegian civil and criminal authorities in connection with the various transactions being investigated. An

unfavorable outcome on the Norwegian civil or criminal tax matters could result in a material adverse effect on our consolidated statement of financial position, results of operations or cash flows.

Brazil tax investigations—Certain of our Brazilian income tax returns for the years 2000 through 2004 are currently under examination. In December 2005, the Brazilian tax authorities issued an aggregate tax assessment of BRL 677 million, equivalent to $283 million, including a 75 percent penalty and interest through December 31, 2013. On January 25, 2008, we filed a protest letter with the Brazilian tax authorities, and we are currently engaged in the appeals process. We believe our returns are materially correct as filed, and we are vigorously contesting these assessments. An unfavorable outcome on these proposed assessments could result in a material adverse effect on our consolidated statement of financial position, results of operations or cash flows.

Other tax matters—We conduct operations through our various subsidiaries in a number of countries throughout the world. Each country has its own tax regimes with varying nominal rates, deductions and tax attributes. From time to time, we may identify changes to previously evaluated tax positions that could result in adjustments to our recorded assets and liabilities. Although we are unable to predict the outcome of these changes, we do not expect the effect, if any, resulting from these adjustments to have a material adverse effect on our consolidated statement of financial position, results of operations or cash flows. See Note 27—Subsequent Events.

Note 7—Discontinued Operations

Summarized results of discontinued operations

The summarized results of operations included in income from discontinued operations were as follows (in millions):

	Years ended December 31,		
	2013	2012	2011
Operating revenues	$ 796	$ 1,055	$ 1,171
Operating and maintenance expense	(800)	(990)	(871)
Depreciation and amortization expense	—	(183)	(342)
Loss on impairment of assets in discontinued operations	(14)	(986)	(38)
Gain on disposal of assets in discontinued operations, net	54	82	183
Other income, net	5	—	18
Income (loss) from discontinued operations before income tax expense	41	(1,022)	121
Income tax expense	(40)	(5)	(36)
Income (loss) from discontinued operations, net of tax	$ 1	$ (1,027)	$ 85

Assets and liabilities of discontinued operations

The carrying amounts of the major classes of assets and liabilities associated with our discontinued operations were classified as follows (in millions):

	December 31,	
	2013	2012
Assets		
Rigs and related equipment, net	$ —	$ 104
Materials and supplies, net	18	71
Other related assets	1	4
Assets held for sale	$ 19	$ 179
Liabilities		
Deferred revenues	$ 8	$ 32
Other liabilities	—	3
Other current liabilities	$ 8	$ 35

Standard jackup and swamp barge contract drilling services

Overview—In September 2012, in connection with our efforts to dispose of non-strategic assets and to reduce our exposure to low-specification drilling units, we committed to a plan to discontinue operations associated with the standard jackup and swamp barge asset groups, components of our contract drilling services operating segment. As a result, we allocated $112 million of goodwill to this disposal group based on the fair value of the disposal group relative to the fair value of the contract drilling services operating segment. We estimated the fair values of the disposal group and the contract drilling services operating segment by applying a variety of valuation methods, incorporating the income and market approaches, and using significant unobservable inputs, representative of a Level 3 fair value measurement, including assumptions related to the future performance of the disposal group and of our contract drilling services reporting unit, such as future commodity prices, projected demand for our services, rig utilization and dayrates.

At December 31, 2012, we had seven standard jackups, including *D.R. Stewart*, *GSF Adriatic VIII*, *GSF Rig 127*, *GSF Rig 134, Interocean III*, *Trident IV-A* and *Trident VI*, along with related equipment, which were classified as assets held for sale with an aggregate carrying amount of $112 million, including $8 million in materials and supplies. In the year ended December 31, 2013, we completed the sales of these standard jackups and related equipment.

Impairments—In the year ended December 31, 2013, we recognized an aggregate loss of $14 million ($0.04 per diluted share), which had no tax effect, associated with the impairment of standard jackups *GSF Rig 127* and *GSF Rig 134.* In the year ended December 31, 2012, we also recognized an aggregate loss of $29 million ($0.08 per diluted share), which had no tax effect, associated with the impairment of the standard jackups *GSF Adriatic II* and *GSF Rig 136*. In the year ended December 31, 2011, we recognized an aggregate loss of $28 million ($0.09 per diluted share), which had a tax effect of less than $1 million, associated with the impairment of the standard jackups *George H. Galloway*, *GSF Britannia*, *GSF Labrador* and the swamp barge *Searex IV*. We measured the impairment of the drilling units and related equipment as the amount by which the carrying amounts exceeded the estimated fair values less costs to sell. We estimated the fair value of the assets using significant other observable inputs, representative of Level 2 fair value measurements, including a binding sale and purchase agreement for the drilling units and related equipment.

In September 2012, in connection with our reclassification of the standard jackup and swamp barge disposal group to assets held for sale, we determined that the disposal group was impaired since its aggregate carrying amount exceeded its aggregate fair value. We estimated the fair value of this disposal group by applying a variety of valuation methods, incorporating cost, income and market approaches, to estimate the exit price that would be received for the assets in the principal or most advantageous market for the assets in an orderly transaction between market participants as of the measurement date. Although we based certain components of our valuation on significant other observable inputs, including binding sale and purchase agreements, a significant portion of our valuation required us to project the future performance of the disposal group based on significant unobservable inputs, representative of a Level 3 fair value measurement, including assumptions regarding long-term projections for future revenues and costs, dayrates, rig utilization rates and revenue efficiency rates. We measured the impairments of the disposal group as the amount by which its carrying amount exceeded its estimated fair value less costs to sell. We included in our estimated loss on impairment as a reduction to the expected proceeds approximately $60 million of costs for certain shipyard projects and other obligations required pursuant to the sale agreement and approximately $17 million of costs to sell the disposal group, including legal and financial advisory costs and expenses. In the year ended December 31, 2012, as a result of our valuation, we recognized losses of $744 million ($2.09 per diluted share) and $112 million ($0.31 per diluted share), which had no tax effect, associated with the impairment of long-lived assets and the goodwill, respectively.

In connection with our sale transactions with Shelf Drilling, we were, and continue to be, required to pay postemployment benefits to certain employees and contract labor for which employment was or will be terminated as a direct result of the sale transactions upon expiration of the operating agreements and transition services agreement. In the year ended December 31, 2012, we recognized a loss of $20 million, included in loss on impairment of assets in discontinued operations, associated with such postemployment benefits.

Sale transactions with Shelf Drilling—On November 30, 2012, we completed the sale of 38 drilling units, along with related equipment, to Shelf Drilling. In connection with the sale, we received cash proceeds of $568 million, net of certain working capital and other adjustments, and non-cash proceeds in the form of perpetual preference shares that had a stated value of $195 million and an estimated fair value of $194 million, including the fair value associated with embedded derivatives, estimated at the time of the closing of the sale transactions. In June 2013, we sold the preference shares to an unaffiliated party for cash proceeds of $185 million and, in the year ended December 31, 2013, we recognized a loss of $10 million ($0.03 per diluted share), recorded in other expense, net, which had no tax effect, associated with the sale of the preference shares.

For a transition period following the completion of the sale transactions with Shelf Drilling, we agreed to continue to operate a substantial portion of the standard jackups under operating agreements with Shelf Drilling and to provide certain other transition services to Shelf Drilling. Under the operating agreements, we have agreed to remit the collections from our customers under the associated drilling contracts to Shelf Drilling, and Shelf Drilling has agreed to reimburse us for our direct costs and expenses incurred while operating the standard jackups on behalf of Shelf Drilling with certain exceptions. Amounts due to Shelf Drilling under the operating agreements and transition services agreement may be contractually offset against amounts due from Shelf Drilling. The costs to us for providing such operating and transition services, including allocated indirect costs, have exceeded the amounts we receive from Shelf Drilling for providing such services.

Under the operating agreements, we agreed to continue to operate these standard jackups on behalf of Shelf Drilling for periods ranging from nine months to 27 months, until expiration or novation of the underlying drilling contracts by Shelf Drilling, and under a transition services agreement, we agreed to provide certain transition services for a period of up to 18 months following the completion of the sale transactions. As of December 31, 2013, we operated seven standard jackups under operating agreements with Shelf Drilling. Until the expiration or novation of such drilling contracts, we retain possession of the materials and supplies associated with the standard jackups that we operate under the operating agreements. In the years ended December 31, 2013 and 2012, we received cash proceeds of $64 million and $30 million and recognized aggregate gains of $11 million ($0.03 per diluted share), which had no tax effect, and $8 million (net loss of $5 million or $0.01 per diluted share, net of tax), respectively, associated with the sale of equipment and materials and supplies to Shelf Drilling upon expiration of novation of the drilling contracts. At December 31, 2013 and 2012, the materials and supplies associated with the drilling units that we operated under operating agreements with Shelf Drilling had an aggregate carrying amount of $18 million and $63 million, respectively.

For a period of up to three years following the closing of the sale transactions, we have agreed to provide to Shelf Drilling up to $125 million of financial support by maintaining letters of credit, surety bonds and guarantees for various contract bidding and performance activities associated with the drilling units sold to Shelf Drilling and in effect at the closing of the sale transactions. At the time of the sale transactions, we had $113 million of outstanding letters of credit, issued under our committed and uncommitted credit lines, in support of rigs sold to Shelf Drilling. Included within the $125 million maximum amount, we agreed to provide up to $65 million of additional financial support in connection with any new drilling contracts related to such drilling units. Shelf Drilling is required to reimburse us in the event that any of these instruments are called. At December 31, 2013 and 2012, we had $104 million and $113 million, respectively, of outstanding letters of credit, issued under our committed and uncommitted credit lines, in support of drilling units sold to Shelf Drilling. See Note 15—Commitments and Contingencies.

Other dispositions—During the year ended December 31, 2013, we completed the sale of the standard jackups *D.R. Stewart, GSF Adriatic VIII*, *GSF Rig 127, GSF Rig 134, Interocean III*, *Trident IV-A* and *Trident VI,* along with related equipment. In the year ended December 31, 2013, in connection with the disposal of these assets, we received aggregate net cash proceeds of $140 million and recognized an aggregate net gain of $44 million ($0.12 per diluted share), which had no tax effect. In the year ended December 31, 2013, we recognized an aggregate net loss of $1 million associated with the disposal of assets unrelated to dispositions of rigs.

During the year ended December 31, 2012, we also completed the sales of the standard jackups *GSF Adriatic II*, *GSF Rig 103*, *GSF Rig 136*, *Roger W. Mowell*, *Transocean Nordic, Transocean Shelf Explorer* and *Trident 17*, along with related equipment. In the year ended December 31, 2012, in connection with the disposal of these assets, we received aggregate net cash proceeds of $198 million and recognized an aggregate net gain of $74 million ($0.20 per diluted share), which had no tax effect. In the year ended December 31, 2012, we recognized an aggregate net loss of $9 million associated with the disposal of assets unrelated to dispositions of rigs.

During the year ended December 31, 2011, we completed the sales of the standard jackups *George H. Galloway*, *GSF Adriatic XI, GSF Britannia, GSF Labrador* and *Transocean Mercury* and the swamp barge *Searex IV*, along with related equipment, and our ownership interest in *Joides Resolution*. In connection with the disposal of these assets, in the year ended December 31, 2011, we received aggregate net cash proceeds of $187 million and recognized an aggregate net gain of $32 million ($0.10 per diluted share), which had no tax effect. In the year ended December 31, 2011, we recognized an aggregate net loss of $1 million associated with the disposal of assets unrelated to dispositions of rigs.

Caspian Sea contract drilling services

Overview—In February 2011, in connection with our efforts to dispose of non-strategic assets, we sold the subsidiary that owns the High-Specification Jackup *Trident 20*, located in the Caspian Sea. The disposal of this subsidiary, a component of our contract drilling services operating segment, reflects our decision to discontinue operations in the Caspian Sea. Through June 2011, we continued to operate *Trident 20* under a bareboat charter to perform services for the customer and the buyer reimbursed us for the approximate cost of providing these services. Additionally, we provided certain transition services to the buyer through September 2011.

Disposition—In the year ended December 31, 2011, in connection with the sale of the High-Specification Jackup *Trident 20*, we received net cash proceeds of $259 million and recognized a net gain of $169 million ($0.52 per diluted share), which had no tax effect.

U.S. Gulf of Mexico drilling management services

Overview—In March 2012, we announced our intent to discontinue drilling management operations in the shallow waters of the U.S. Gulf of Mexico, a component of our drilling management services operating segment, upon completion of our then existing contracts. We based our decision to abandon this market on the declining market outlook for these services in the shallow waters of the U.S. Gulf of Mexico as well as the more difficult regulatory environment for obtaining drilling permits. In December 2012, we completed the final drilling management project and discontinued offering our drilling management services in this region.

Impairments—During the year ended December 31, 2012, we determined that the customer relationships intangible asset and the trade name intangible asset associated with the U.S. operations of our drilling management services reporting unit was impaired due to the declining market outlook for these services in the shallow waters of the U.S. Gulf of Mexico as well as the increasingly difficult regulatory environment for obtaining drilling permits and the diminishing demand for our drilling management services. We estimated the fair value of the customer relationships intangible asset using the multiperiod excess earnings method, a valuation methodology that applies the income approach. We estimated fair value using significant unobservable inputs, representative of a Level 3 fair value measurement, including assumptions related to the future performance of the drilling management services reporting unit, such as future commodity prices, projected demand for our services, rig utilization and dayrates. We estimated the fair value of the trade name intangible asset using the relief from royalty method, a valuation methodology that applies the income approach. We estimated fair value using significant unobservable inputs, representative of a Level 3 fair value measurement, including assumptions related to the future performance of the drilling management services reporting unit, such as future commodity prices, projected demand for drilling management services, rig utilization and dayrates. In the year ended December 31, 2012, as a result of our valuations, we determined that the carrying amounts of these intangible assets exceeded their respective fair values, and we recognized losses of $31 million ($20 million or $0.06 per diluted share, net of tax) and $39 million ($25 million or $0.07 per diluted share, net of tax) associated with the impairment of the customer relationships intangible asset and the trade name intangible asset, respectively.

See Note 27—Subsequent Events.

Oil and gas properties

Overview—In March 2011, in connection with our efforts to dispose of non-strategic assets, we engaged an unaffiliated advisor to coordinate the sale of the assets of our oil and gas properties reporting unit, formerly a component of our other operations segment, which comprised the exploration, development and production activities performed by CMI. During the year ended December 31, 2012, we completed the sale of these assets.

Impairments—In the years ended December 31, 2012 and 2011, we recognized losses of $11 million ($10 million or $0.02 per diluted share, net of tax) and $10 million ($6 million or $0.02 per diluted share, net of tax), respectively, associated with the impairment of our oil and gas properties, which were classified as assets held for sale at the time of impairment, since the carrying amount of the properties exceeded the estimated fair value less costs to sell the properties.

Dispositions—During the year ended December 31, 2012, we completed the sales of the assets of Challenger Minerals Inc. and Challenger Minerals (Ghana) Limited for aggregate net cash proceeds of $13 million, which had no tax effect. During the year ended December 31, 2011, we completed the sale of Challenger Minerals (North Sea) Limited for aggregate net cash proceeds of $24 million, and in May 2012, we received additional cash proceeds of $10 million. In the years ended December 31, 2012 and 2011, we recognized an aggregate net gain of $9 million ($0.02 per diluted share), which had no tax effect, and an aggregate net loss of $4 million (aggregate net gain of $14 million or $0.05 per diluted share, net of tax), respectively, associated with the completion of these sales.

Note 8—Earnings (Loss) Per Share

The numerator and denominator used for the computation of basic and diluted per share earnings from continuing operations were as follows (in millions, except per share data):

	Years ended December 31,					
	2013		2012		2011	
	Basic	Diluted	Basic	Diluted	Basic	Diluted
Numerator for earnings (loss) per share						
Income (loss) from continuing operations attributable to controlling interest	$ 1,406	$ 1,406	$ 808	$ 808	$ (5,839)	$ (5,839)
Undistributed earnings allocable to participating securities	(12)	(12)	—	—	—	—
Income (loss) from continuing operations available to shareholders	$ 1,394	$ 1,394	$ 808	$ 808	$ (5,839)	$ (5,839)
Denominator for earnings (loss) per share						
Weighted-average shares outstanding	360	360	356	356	322	322
Effect of stock options and other share-based awards	—	—	—	—	—	—
Weighted-average shares for per share calculation	360	360	356	356	322	322
Per share earnings (loss) from continuing operations	$ 3.87	$ 3.87	$ 2.27	$ 2.27	$ (18.14)	$ (18.14)

For the years ended December 31, 2013, 2012 and 2011, we excluded 1.4 million, 2.4 million and 2.4 million share-based awards, respectively, from the calculation since the effect would have been anti-dilutive. The 1.50% Series B Convertible Senior Notes and the 1.50% Series C Convertible Senior Notes did not have an effect on the calculation for the periods presented. See Note 12—Debt.

Note 9—Other Comprehensive Income (Loss)

The allocation of other comprehensive income (loss) attributable to controlling interest and to noncontrolling interest was as follows (in millions):

	Years ended December 31,								
	2013			2012			2011		
	Controlling interest	Non-controlling interest (a)	Total	Controlling interest	Non-controlling interest (a)	Total	Controlling interest	Non-controlling interest (a)	Total
Other comprehensive income (loss) before reclassifications									
Components of net periodic benefit costs	$ 198	$ —	$ 198	$ (52)	$ —	$ (52)	$ (204)	$ —	$ (204)
Gain (loss) on derivative instruments	(5)	—	(5)	6	(3)	3	3	(16)	(13)
Loss on marketable securities	—	—	—	—	—	—	(13)	—	(13)
Reclassifications to net income									
Components of net periodic benefit costs	49	—	49	47	—	47	25	—	25
(Gain) loss on derivative instruments	15	3	18	(4)	3	(1)	(1)	12	11
Loss on marketable securities	—	—	—	2	—	2	13	—	13
Other comprehensive income (loss) before income taxes	257	3	260	(1)	—	(1)	(177)	(4)	(181)
Income taxes related to other comprehensive income (loss)	2	—	2	(7)	—	(7)	13	—	13
Other comprehensive income (loss), net of income tax	$ 259	$ 3	$ 262	$ (8)	$ —	$ (8)	$ (164)	$ (4)	$ (168)

(a) Includes amounts attributable to noncontrolling interest and redeemable noncontrolling interest.

Note 10—Drilling Fleet

Construction work in progress—For each of the three years ended December 31, 2013, the changes in our construction work in progress, including capital expenditures and other capital additions, such as capitalized interest, were as follows (in millions):

	Years ended December 31,		
	2013	2012	2011
Construction work in progress, at beginning of period	$ 2,010	$ 1,391	$ 1,459
Newbuild construction program			
Deepwater Champion (a) (b)	—	—	76
Transocean Honor (a) (c)	—	35	129
Transocean Siam Driller (a) (d)	74	39	113
Transocean Andaman (a) (d)	82	38	113
Transocean Ao Thai (a) (d)	90	72	80
Deepwater Asgard (e)	309	46	4
Deepwater Invictus (e)	65	40	3
Deepwater Thalassa (f)	154	139	—
Deepwater Proteus (f)	146	128	—
Deepwater Pontus (f)	65	76	—
Deepwater Poseidon (f)	66	76	—
Deepwater Conqueror (g)	108	—	—
High-Specification Jackup TBN1 (h)	44	—	—
High-Specification Jackup TBN2 (h)	44	—	—
High-Specification Jackup TBN3 (h)	44	—	—
High-Specification Jackup TBN4 (h)	44	—	—
High-Specification Jackup TBN5 (h)	44	—	—
Other construction projects and capital additions	859	614	456
Total capital expenditures	2,238	1,303	974
Changes in accrued capital expenditures	44	61	(2)
Acquisition of construction work in progress (e)	—	—	272
Impairment of certain corporate assets under construction	(17)	—	—
Property and equipment placed into service			
Deepwater Champion (b)	—	—	(881)
Transocean Honor (c)	—	(262)	—
Transocean Siam Driller (a) (d)	(236)	—	—
Transocean Andaman (a) (d)	(242)	—	—
Transocean Ao Thai (a) (d)	(242)	—	—
Other property and equipment	(845)	(483)	(431)
Construction work in progress, at end of period	$ 2,710	$ 2,010	$ 1,391

(a) The accumulated construction costs of this rig are no longer included in construction work in progress, as the construction project had been completed as of December 31, 2013.

(b) The Ultra-Deepwater Floater *Deepwater Champion* commenced operations in May 2011.

(c) The High-Specification Jackup *Transocean Honor*, owned through our 70 percent interest in TDSOI, commenced operations in May 2012. The costs presented above represent 100 percent of TDSOI's expenditures in the construction of *Transocean Honor*.

(d) The High-Specification Jackups *Transocean Siam Driller, Transocean Andaman and Transocean Ao Thai* commenced operations in March 2013, May 2013 and October 2013, respectively.

(e) *Deepwater Asgard* and *Deepwater Invictus*, two newbuild Ultra-Deepwater drillships under construction at the Daewoo Shipbuilding & Marine Engineering Co. Ltd. shipyard in Korea, are expected to commence operations in the second quarter of 2014. In the year ended December 31, 2011, in connection with our acquisition of Aker Drilling ASA ("Aker Drilling"), we acquired construction work in progress with an aggregate estimated fair value of $272 million.

(f) *Deepwater Thalassa*, *Deepwater Proteus*, *Deepwater Pontus* and *Deepwater Poseidon*, four newbuild Ultra-Deepwater drillships under construction at the Daewoo Shipbuilding & Marine Engineering Co. Ltd. shipyard in Korea, are expected to commence operations in the first quarter of 2016, the second quarter of 2016, the first quarter of 2017 and the second quarter of 2017, respectively.

(g) *Deepwater Conqueror*, a newbuild Ultra-Deepwater drillship under construction at the Daewoo Shipbuilding & Marine Engineering Co. Ltd. shipyard in Korea, is expected to commence operations in the fourth quarter of 2016.

(h) Our five unnamed Keppel FELS Super B 400 Bigfoot class design newbuild High-Specification Jackups under construction do not yet have drilling contracts and are expected to be delivered in the first quarter of 2016, the third quarter of 2016, the fourth quarter of 2016, the first quarter of 2017 and the third quarter of 2017, respectively.

Dispositions—During the year ended December 31, 2013, in connection with our efforts to dispose of non-strategic assets, we committed to plans to sell the Deepwater Floaters *Sedco 709* and *Transocean Richardson*, the Midwater Floaters *C. Kirk Rhein, Jr.*, *Falcon 100* and *Sedco 703* and the High-Specification Jackup *GSF Monitor*. During the year ended December 31, 2013, we completed the sale of *Transocean Richardson* along with related equipment, and as a result of the sale, we received net cash proceeds of $142 million and recognized a net gain of $33 million ($22 million or $0.06 per diluted share, net of tax). In the year ended December 31, 2013, we received cash proceeds of $32 million and recognized an aggregate net loss of $26 million associated with the disposal of assets unrelated to dispositions of rigs. At December 31, 2013, in addition to the remaining assets of our discontinued operations, our assets held for sale included *Sedco 709*, *C. Kirk Rhein, Jr.*, *Falcon 100, Sedco 703* and *GSF Monitor*, along with related equipment, with an aggregate carrying amount of $129 million. See Note 5—Impairments.

During the year ended December 31, 2012, in connection with our efforts to dispose of non-strategic assets, we completed the sales of the Deepwater Floaters *Discoverer 534* and *Jim Cunningham*. In connection with these sales, we received aggregate net cash proceeds of $178 million and recognized an aggregate net gain of $51 million ($48 million or $0.13 per diluted share, net of tax). In the year ended December 31, 2012, we recognized an aggregate net loss of $15 million associated with the disposal of assets unrelated to dispositions of rigs.

In the year ended December 31, 2011, we recognized an aggregate net loss of $12 million associated with the disposal of assets unrelated to dispositions of rigs.

Note 11—Goodwill and Other Intangible Assets

Goodwill—The gross carrying amounts of goodwill and accumulated impairment associated with our contract drilling services reporting unit were as follows (in millions):

	Year ended December 31, 2013			Year ended December 31, 2012		
	Gross carrying amount	Accumulated impairment	Net carrying amount	Gross carrying amount	Accumulated impairment	Net carrying amount
Balance, beginning of period	$ 10,799	$ (7,812)	$ 2,987	$ 10,911	$ (7,694)	$ 3,217
Impairment associated with continuing operations	—	—	—	—	(118)	(118)
Reclassified balance associated with discontinued operations (a)	—	—	—	(112)	—	(112)
Balance, end of period	$ 10,799	$ (7,812)	$ 2,987	$ 10,799	$ (7,812)	$ 2,987

(a) As a result of our decision to discontinue operations associated with the standard jackups and swamp barge asset groups, components of our contract drilling services operating segment, we allocated $112 million of goodwill attributable to such operations, which was subsequently impaired. See Note 7—Discontinued Operations.

Definite-lived intangible assets and liabilities—The gross carrying amounts of our drilling contract intangibles and drilling management customer relationships, both of which we consider to be definite-lived intangible assets and intangible liabilities, and accumulated amortization and impairment were as follows (in millions):

	Year ended December 31, 2013			Year ended December 31, 2012		
	Gross carrying amount	Accumulated amortization and impairment	Net carrying amount	Gross carrying amount	Accumulated amortization and impairment	Net carrying amount
Drilling contract intangible assets						
Balance, beginning of period	$ 9	(9)	—	$ 191	$ (191)	$ —
Amortization	—	—	—	—	—	—
Reclassified balance associated with discontinued operations (a)	—	—	—	(182)	182	—
Balance, end of period	9	(9)	—	9	(9)	—
Customer relationships						
Balance, beginning of period	60	(60)	—	148	(94)	54
Amortization	—	—	—	—	(1)	(1)
Impairment associated with continuing operations	—	—	—	—	(22)	(22)
Reclassified balance associated with discontinued operations (b)	—	—	—	(88)	57	(31)
Balance, end of period	60	(60)	—	60	(60)	—
Total definite-lived intangible assets						
Balance, beginning of period	69	(69)	—	339	(285)	54
Amortization	—	—	—	—	(1)	(1)
Impairment associated with continuing operations	—	—	—	—	(22)	(22)
Reclassified balance associated with discontinued operations (b)	—	—	—	(270)	239	(31)
Balance, end of period	$ 69	(69)	—	$ 69	$ (69)	$ —
Drilling contract intangible liabilities						
Balance, beginning of period	$ 1,410	$ (1,351)	$ 59	$ 1,494	$ (1,393)	$ 101
Amortization	—	(15)	(15)	—	(42)	(42)
Reclassified balance associated with discontinued operations (a)	—	—	—	(84)	84	—
Balance, end of period	$ 1,410	$ (1,366)	$ 44	$ 1,410	$ (1,351)	$ 59

(a) As a result of our decision to discontinue operations associated with the standard jackup and swamp barge asset groups, we reclassified the balances attributable to such operations. See Note 7—Discontinued Operations.

(b) As a result of our decision to discontinue the U.S. operations of our drilling management services operating segment, we reclassified the balances attributable to such operations. See Note 7—Discontinued Operations.

At December 31, 2013, the estimated future amortization of our drilling contract intangible liabilities was as follows (in millions):

Years ending December 31,	Drilling contract intangible liabilities
2014	$ 15
2015	15
2016	14
Total intangible liabilities	$ 44

Note 12—Debt

Debt, net of unamortized discounts, premiums and fair value adjustments, was comprised of the following (in millions):

	December 31, 2013			December 31, 2012		
	Transocean Ltd. and subsidiaries	Consolidated variable interest entities	Consolidated total	Transocean Ltd. and subsidiaries	Consolidated variable interest entities	Consolidated total
5% Notes due February 2013	$ —	$ —	$ —	$ 250	$ —	$ 250
5.25% Senior Notes due March 2013 (a)	—	—	—	502	—	502
TPDI Credit Facilities due March 2015	—	—	—	403	—	403
4.95% Senior Notes due November 2015 (a)	1,113	—	1,113	1,118	—	1,118
Callable Bonds due February 2016	—	—	—	282	—	282
5.05% Senior Notes due December 2016 (a)	999	—	999	999	—	999
2.5% Senior Notes due October 2017 (a)	748	—	748	748	—	748
ADDCL Credit Facilities due December 2017	—	163	163	—	191	191
Eksportfinans Loans due January 2018	591	—	591	797	—	797
6.00% Senior Notes due March 2018 (a)	998	—	998	998	—	998
7.375% Senior Notes due April 2018 (a)	247	—	247	247	—	247
6.50% Senior Notes due November 2020 (a)	900	—	900	899	—	899
6.375% Senior Notes due December 2021 (a)	1,199	—	1,199	1,199	—	1,199
3.8% Senior Notes due October 2022 (a)	745	—	745	745	—	745
7.45% Notes due April 2027 (a)	97	—	97	97	—	97
8% Debentures due April 2027 (a)	57	—	57	57	—	57
7% Notes due June 2028	311	—	311	311	—	311
Capital lease contract due August 2029	637	—	637	657	—	657
7.5% Notes due April 2031 (a)	598	—	598	598	—	598
1.50% Series C Convertible Senior Notes due December 2037 (a)	—	—	—	62	—	62
6.80% Senior Notes due March 2038 (a)	999	—	999	999	—	999
7.35% Senior Notes due December 2041 (a)	300	—	300	300	—	300
Total debt	10,539	163	10,702	12,268	191	12,459
Less debt due within one year						
5% Notes due February 2013	—	—	—	250	—	250
5.25% Senior Notes due March 2013 (a)	—	—	—	502	—	502
TPDI Credit Facilities due March 2015	—	—	—	70	—	70
Callable Bonds due February 2016	—	—	—	282	—	282
ADDCL Credit Facilities due December 2017	—	163	163	—	28	28
Eksportfinans Loans due January 2018	140	—	140	153	—	153
Capital lease contract due August 2029	20	—	20	20	—	20
1.50% Series C Convertible Senior Notes due December 2037 (a)	—	—	—	62	—	62
Total debt due within one year	160	163	323	1,339	28	1,367
Total long-term debt	$ 10,379	$ —	$ 10,379	$ 10,929	$ 163	$ 11,092

(a) Transocean Inc., a 100 percent owned subsidiary of Transocean Ltd., is the issuer of the notes and debentures, which have been guaranteed by Transocean Ltd. Transocean Ltd. has also guaranteed borrowings under the Five-Year Revolving Credit Facility and the Three-Year Secured Revolving Credit Facility. Transocean Ltd. and Transocean Inc. are not subject to any significant restrictions on their ability to obtain funds from their consolidated subsidiaries by dividends, loans or return of capital distributions. See Note 24—Condensed Consolidating Financial Information.

Scheduled maturities—At December 31, 2013, the scheduled maturities of our debt were as follows (in millions):

Years ending December 31,	Transocean Ltd. and subsidiaries	Consolidated variable interest entities	Consolidated total
2014	$ 160	$ 163	$ 323
2015	1,263	—	1,263
2016	1,165	—	1,165
2017	917	—	917
2018	1,311	—	1,311
Thereafter	5,719	—	5,719
Total debt, excluding unamortized discounts, premiums and fair value adjustments	10,535	163	10,698
Total unamortized discounts, premiums and fair value adjustments, net	4	—	4
Total debt	$ 10,539	$ 163	$ 10,702

Five-Year Revolving Credit Facility—We have a $2.0 billion five-year revolving credit facility, established under a bank credit agreement dated November 1, 2011, as amended, that is scheduled to expire on November 1, 2016 (the "Five-Year Revolving Credit Facility"). We may borrow under the Five-Year Revolving Credit Facility at either (1) the adjusted London Interbank Offered Rate ("LIBOR") plus a margin (the "Five-Year Revolving Credit Facility Margin") that is based on the credit rating of our non-credit enhanced senior unsecured long-term debt ("Debt Rating") or (2) the base rate specified in the credit agreement plus the Five-Year Revolving Credit Facility Margin, less one percent per annum. At December 31, 2013, based on our Debt Rating on that date, the Five-Year Revolving Credit Facility Margin was 1.625 percent. Throughout the term of the Five-Year Revolving Credit Facility, we pay a facility fee on the daily unused amount of the underlying commitment, which ranges from 0.125 percent to 0.325 percent depending on our Debt Rating, and was 0.275 percent at December 31, 2013. Among other things, the Five-Year Revolving Credit Facility includes limitations on creating liens, incurring subsidiary debt, transactions with affiliates, sale/leaseback transactions, mergers and the sale of substantially all assets. The Five-Year Revolving Credit Facility also includes a covenant imposing a maximum debt to tangible capitalization ratio of 0.6 to 1.0. Borrowings under the Five-Year Revolving Credit Facility are subject to acceleration upon the occurrence of an event of default. Borrowings are guaranteed by Transocean Ltd. and may be prepaid in whole or in part without premium or penalty. At December 31, 2013, we had $20 million in letters of credit issued and outstanding, we had no borrowings outstanding, and we had $2.0 billion of available borrowing capacity under the Five-Year Revolving Credit Facility.

Three-Year Secured Revolving Credit Facility—We have a $900 million three-year secured revolving credit facility, established under a bank credit agreement dated October 25, 2012, that is scheduled to expire on October 25, 2015 (the "Three-Year Secured Revolving Credit Facility"). We may borrow under the Three-Year Secured Revolving Credit Facility at either (1) LIBOR plus a margin (the "Three-Year Secured Revolving Credit Facility Margin") that ranges from 0.875 percent to 2.5 percent based on our Debt Rating or (2) the base rate specified in the credit agreement plus the Three-Year Secured Revolving Credit Facility Margin, less one percent per annum. At December 31, 2013, based on our Debt Rating on that date, the Three-Year Secured Revolving Credit Facility Margin was 2.0 percent. Throughout the term of the Three-Year Secured Revolving Credit Facility, we pay a facility fee on the daily unused amount of the underlying commitment, which ranges from 0.125 percent to 0.50 percent depending on our Debt Rating, and was 0.375 percent at December 31, 2013. Among other things, the Three-Year Secured Revolving Credit Facility includes limitations on creating liens, incurring subsidiary debt, transactions with affiliates, sale/leaseback transactions, mergers and the sale of substantially all assets. The Three-Year Secured Revolving Credit Facility also contains a covenant imposing a maximum debt to tangible capitalization ratio of 0.6 to 1.0. Borrowings under the Three-Year Secured Revolving Credit Facility are subject to acceleration upon the occurrence of an event of default. Borrowings are guaranteed by Transocean Ltd. and Transocean Inc. and may be prepaid in whole or in part without premium or penalty. At December 31, 2013, we had no borrowings outstanding, and we had $900 million of available borrowing capacity under the Three-Year Secured Revolving Credit Facility.

Borrowings under the Three-Year Secured Revolving Credit Facility are secured by the Ultra-Deepwater Floaters *Deepwater Champion, Discoverer Americas* and *Discoverer Inspiration*. At December 31, 2013 and 2012, the aggregate carrying amount of *Deepwater Champion, Discoverer Americas* and *Discoverer Inspiration* was $2.2 billion and $2.3 billion, respectively.

5% Notes and 7% Notes—Two of our wholly-owned subsidiaries are the obligors on the 5% Notes due 2013 (the "5% Notes") and the 7% Notes due 2028 (the "7% Notes"), and we have not guaranteed either obligation. The indentures related to the 5% Notes and the 7% Notes contain limitations on creating liens and sale/leaseback transactions. The respective obligor may redeem the 5% Notes and the 7% Notes in whole or in part at a price equal to 100 percent of the principal amount plus accrued and unpaid interest, if any, and a make-whole premium.

On February 15, 2013, we repaid the outstanding $250 million aggregate principal amount of the 5% Notes due February 2013 as of the stated maturity date. At December 31, 2013, the aggregate outstanding principal amount of the 7% Notes was $300 million.

5.25% Senior Notes, 6.00% Senior Notes and 6.80% Senior Notes—In December 2007, we issued $500 million aggregate principal amount of 5.25% Senior Notes due March 2013 (the "5.25% Senior Notes"), $1.0 billion aggregate principal amount of 6.00% Senior Notes due March 2018 (the "6.00% Senior Notes") and $1.0 billion aggregate principal amount of 6.80% Senior Notes due March 2038 (the "6.80% Senior Notes"). The indenture pursuant to which the notes were issued contains restrictions on creating liens, engaging in sale/leaseback transactions and engaging in merger, consolidation or reorganization transactions. We may redeem some or all of the notes at any time, at a redemption price equal to 100 percent of the principal amount plus accrued and unpaid interest, if any, and a make-whole premium.

On March 15, 2013, we repaid the outstanding $500 million aggregate principal amount of the 5.25% Senior Notes due March 2013 as of the stated maturity date. At December 31, 2013, the aggregate outstanding principal amount of the 6.00% Senior Notes and the 6.80% Senior Notes was $1.0 billion each.

TPDI Credit Facilities—Through our wholly owned subsidiary, Transocean Pacific Drilling Inc. ("TPDI"), we had a $1.265 billion secured credit facility, comprised of a $1.0 billion senior term loan, a $190 million junior term loan and a $75 million revolving credit facility, established under a bank credit agreement dated October 28, 2008, that was scheduled to expire in March 2015 (the "TPDI Credit Facilities"). One of our subsidiaries participated in the senior and junior term loans with an aggregate commitment of $595 million.

Under the TPDI Credit Facilities, we were required to satisfy certain liquidity requirements, including a requirement to maintain certain cash balances in restricted accounts for the payment of scheduled installments. At December 31, 2012, we had restricted cash investments of $23 million. At December 31, 2012, we had an outstanding letter of credit in the amount of $60 million to satisfy additional liquidity requirements under the TPDI Credit Facilities.

In June 2013, we repaid the $735 million of borrowings outstanding under the TPDI Credit Facilities, of which $367 million was paid to one of our subsidiaries and eliminated in consolidation. Upon repayment of all borrowings, we terminated the bank credit agreement under which the credit facilities were established and the related security agreement with respect to the Ultra-Deepwater Floaters *Dhirubhai Deepwater KG1* and *Dhirubhai Deepwater KG2*. In the year ended December 31, 2013, we recognized a loss of $1 million associated with the retirement of debt.

4.95% Senior Notes and 6.50% Senior Notes—In September 2010, we issued $1.1 billion aggregate principal amount of 4.95% Senior Notes due November 2015 (the "4.95% Senior Notes") and $900 million aggregate principal amount of 6.50% Senior Notes due November 2020 (the "6.50% Senior Notes," and together with the 4.95% Senior Notes, the "2010 Senior Notes"). We are required to pay interest on the 2010 Senior Notes on May 15 and November 15 of each year, beginning November 15, 2010. We may redeem some or all of the 2010 Senior Notes at any time at a redemption price equal to 100 percent of the principal amount plus accrued and unpaid interest, if any, and a make-whole premium. The indenture pursuant to which the 2010 Senior Notes were issued contains restrictions on creating liens, engaging in sale/leaseback transactions and engaging in merger, consolidation or reorganization transactions. At December 31, 2013, the aggregate outstanding principal amount of the 4.95% Senior Notes and the 6.50% Senior Notes was $1.1 billion and $900 million, respectively.

5.05% Senior Notes, 6.375% Senior Notes and 7.35% Senior Notes—In December 2011, we issued $1.0 billion aggregate principal amount of 5.05% Senior Notes due December 2016 (the "5.05% Senior Notes"), $1.2 billion aggregate principal amount of 6.375% Senior Notes due December 2021 (the "6.375% Senior Notes") and $300 million aggregate principal amount of 7.35% Senior Notes due December 2041 (the "7.35% Senior Notes," and collectively with the 5.05% Senior Notes and the 6.375% Senior Notes, the "2011 Senior Notes"). The interest rates for the notes are subject to adjustment from time to time upon a change to our Debt Rating. The indenture pursuant to which the 2011 Senior Notes were issued contains restrictions on creating liens, engaging in sale/leaseback transactions and engaging in merger, consolidation or reorganization transactions. We may redeem some or all of the 2011 Senior Notes at any time at a redemption price equal to 100 percent of the principal amount plus accrued and unpaid interest, if any, and a make-whole premium. At December 31, 2013, the aggregate outstanding principal amount of the 5.05% Senior Notes, the 6.375% Senior Notes and the 7.35% Senior Notes was $1.0 billion, $1.2 billion and $300 million, respectively.

Aker Revolving Credit and Term Loan Facility—We had a credit facility, comprised of a $500 million revolving credit facility and a $400 million term loan, established under the Revolving Credit and Term Loan Facility Agreement dated February 21, 2011 (the "Aker Revolving Credit and Term Loan Facility"). In the year ended December 31, 2012, we prepaid $333 million of borrowings outstanding under the Aker Term Loan, and we recognized a gain of $2 million associated with the retirement of debt. In September 2012, we cancelled the Aker Revolving Credit and Term Loan Facility.

Callable Bonds—We were the obligor for the FRN Aker Drilling ASA Senior Unsecured Callable Bond Issue 2011/2016 (the "FRN Callable Bonds") and the 11% Aker Drilling ASA Senior Unsecured Callable Bond Issue 2011/2016 (the "11% Callable Bonds," and together with the FRN Callable Bonds, the "Callable Bonds"), which were publicly traded on the Oslo Stock Exchange. On March 6, 2013, we redeemed the FRN Callable Bonds and the 11% Callable Bonds with aggregate outstanding principal amounts of NOK 940 million and NOK 560 million, equivalent to $164 million and $98 million, respectively, using an exchange rate of NOK 5.73 to $1.00. In connection with the redemption, we made an aggregate cash payment of NOK 1,567 million, equivalent to $273 million. In the year ended December 31, 2013, we recognized a loss of $1 million associated with the retirement of debt.

2.5% Senior Notes and 3.8% Senior Notes—In September 2012, we issued $750 million aggregate principal amount of 2.5% Senior Notes due October 2017 (the "2.5% Senior Notes") and $750 million aggregate principal amount of 3.8% Senior Notes due

October 2022 (the "3.8% Senior Notes," and together with the 2.5% Senior Notes, the "2012 Senior Notes"). The interest rates for the notes are subject to adjustment from time to time upon a change to our Debt Rating. The indenture pursuant to which the 2012 Senior Notes were issued contains restrictions on creating liens, engaging in sale/leaseback transactions and engaging in merger, consolidation or reorganization transactions. We may redeem some or all of the 2012 Senior Notes at any time prior to maturity at a redemption price equal to 100 percent of the principal amount plus accrued and unpaid interest, if any, together with a make-whole premium unless, in the case of the 3.8% Senior Notes, such redemption occurs on or after July 15, 2022, in which case no such make-whole premium will apply. At December 31, 2013, the aggregate outstanding principal amount of the 2.5% Senior Notes and the 3.8% Senior Notes was $750 million each.

ADDCL Credit Facilities—ADDCL has a senior secured credit facility, comprised of Tranche A for $215 million and Tranche C for $399 million, under a bank credit agreement dated June 2, 2008 that is scheduled to expire in December 2017 (the "ADDCL Primary Loan Facility"). Unaffiliated financial institutions provide the commitment for and borrowings under Tranche A, and one of our subsidiaries provides the commitment for Tranche C. Tranche A bears interest at LIBOR plus the applicable margin of 0.725 percent. Tranche A requires semi-annual installments of principal and interest. The ADDCL Primary Loan Facility contains various covenants, including requirements that ADDCL maintain certain cash balances to service the debt and limit its ability to incur additional indebtedness, to acquire assets, or to make distributions or other payments. At December 31, 2013, $135 million was outstanding under Tranche A at a weighted-average interest rate of 0.89 percent. At December 31, 2013, $399 million was outstanding under Tranche C, which was eliminated in consolidation.

Borrowings under the ADDCL Primary Loan Facility are secured by the Ultra-Deepwater Floater *Discoverer Luanda.* At December 31, 2013 and 2012, the carrying amount of *Discoverer Luanda* was $748 million and $786 million, respectively.

ADDCL also has a $90 million secondary credit facility, established under a bank credit agreement dated June 2, 2008 that is scheduled to expire in December 2015 (the "ADDCL Secondary Loan Facility" and together with the ADDCL Primary Loan Facility, the "ADDCL Credit Facilities"). One of our subsidiaries provides 65 percent of the total commitment under the ADDCL Secondary Loan Facility. The facility bears interest at LIBOR plus the applicable margin, ranging from 3.125 percent to 5.125 percent, depending on certain milestones. Borrowings under the ADDCL Secondary Loan Facility are subject to acceleration by the unaffiliated financial institution upon the occurrence of certain events of default, including if our Debt Rating falls below investment grade. The ADDCL Secondary Loan Facility is payable in full in December 2015, and it may be prepaid in whole or in part without premium or penalty. At December 31, 2013, $80 million was outstanding under the ADDCL Secondary Loan Facility, of which $52 million was provided by one of our subsidiaries and has been eliminated in consolidation. The weighted-average interest rate on December 31, 2013 was 3.3 percent.

ADDCL is required to maintain certain cash balances in restricted accounts for the payment of the scheduled installments on the ADDCL Credit Facilities. At December 31, 2013 and 2012, ADDCL had restricted cash investments of $20 million and $19 million, respectively. See Note 27—Subsequent Events.

Eksportfinans Loans—We have borrowings outstanding under the Loan Agreement dated September 12, 2008 ("Eksportfinans Loan A") and under the Loan Agreement dated November 18, 2008 ("Eksportfinans Loan B," and together with Eksportfinans Loan A, the "Eksportfinans Loans"). The Eksportfinans Loans bear interest at a fixed rate of 4.15 percent and require semi-annual installments of principal and interest through September 2017 and January 2018 for Eksportfinans Loan A and Eksportfinans Loan B, respectively. At December 31, 2013, $280 million and $314 million principal amount were outstanding under Eksportfinans Loan A and Eksportfinans Loan B, respectively.

The Eksportfinans Loans require cash collateral to remain on deposit at a financial institution through expiration (the "Eksportfinans Restricted Cash Investments"). The Eksportfinans Restricted Cash Investments bear interest at a fixed rate of 4.15 percent with semi-annual installments that correspond with those of the Eksportfinans Loans. At December 31, 2013 and 2012, the aggregate principal amount of the Eksportfinans Restricted Cash Investments was $594 million and $801 million, respectively.

7.375% Senior Notes—In March 2002, we issued $247 million principal amount of our 7.375% Senior Notes due April 2018 (the "7.375% Senior Notes"). The indenture pursuant to which the 7.375% Senior Notes were issued contains restrictions on creating liens, engaging in sale/leaseback transactions and engaging in merger, consolidation or reorganization transactions. At December 31, 2013, the aggregate outstanding principal amount of the 7.375% Senior Notes was $247 million.

TPDI Notes—We previously issued promissory notes (the "TPDI Notes"), which were payable to our former partner and TPDI's former other shareholder with maturities through October 2019. On May 31, 2012, we extinguished the aggregate principal amount of $148 million and accrued and unpaid interest of $16 million associated with the TPDI Notes with a corresponding adjustment to additional paid-in capital. See Note 16—Redeemable Noncontrolling Interest.

7.45% Notes and 8% Debentures—In April 1997, a predecessor of Transocean Inc. issued $100 million aggregate principal amount of 7.45% Notes due April 2027 (the "7.45% Notes") and $200 million aggregate principal amount of 8% Debentures due April 2027 (the "8% Debentures"). The indenture pursuant to which the 7.45% Notes and the 8% Debentures were issued contains restrictions on creating liens, engaging in sale/leaseback transactions and engaging in merger, consolidation or reorganization transactions. The 7.45% Notes and the 8% Debentures are redeemable at any time at our option subject to a make-whole premium. At December 31, 2013, the aggregate outstanding principal amount of the 7.45% Notes and the 8% Debentures was $100 million and $57 million, respectively.

Capital lease contract—In August 2009, we accepted delivery of *Petrobras 10000*, an asset held under capital lease, and we recorded $716 million to property and equipment, net and a corresponding increase to long-term debt. The capital lease contract has an implicit interest rate of 7.8 percent and requires scheduled monthly payments of $6 million through August 2029, after which we will have the right and obligation to acquire the drillship from the lessor for one dollar. See Note 15—Commitments and Contingencies.

7.5% Notes—In April 2001, we issued $600 million aggregate principal amount of 7.5% Notes due April 2031 (the "7.5% Notes"). The indenture pursuant to which the notes were issued contains restrictions on creating liens, engaging in sale/leaseback transactions and engaging in merger, consolidation or reorganization transactions. At December 31, 2013, the aggregate outstanding principal amount of the 7.5% Notes was $600 million.

1.50% Series B Convertible Senior Notes and 1.50% Series C Convertible Senior Notes—In December 2007, we issued $2.2 billion aggregate principal amount of 1.50% Series B Convertible Senior Notes due December 2037 (the "Series B Convertible Senior Notes") and $2.2 billion aggregate principal amount of 1.50% Series C Convertible Senior Notes due December 2037 (the "Series C Convertible Senior Notes" and, together with the Series B Convertible Series Notes, the "Convertible Senior Notes"). On December 14, 2012, holders of the Series C Convertible Senior Notes had the option to require us to repurchase all or any part of such holders' notes. As a result, we were required to repurchase an aggregate principal amount of $1.7 billion of the Series C Convertible Senior Notes for an aggregate cash payment of $1.7 billion.

In the years ended December 31, 2013, 2012 and 2011, interest expense for our Convertible Senior Notes, excluding amortization of debt issue costs, was less than $1 million, $84 million and $162 million, respectively. At December 31, 2012, the aggregate carrying amount of the 1.50% Series C Convertible Senior Notes included a liability component and an equity component of $62 million and $10 million, respectively. In February 2013, we redeemed the remaining $62 million aggregate principal amount of the Series C Convertible Senior Notes for an aggregate cash payment of $62 million.

Note 13—Derivatives and Hedging

Derivatives designated as hedging instruments—We had interest rate swaps, which were designated and qualified as fair value hedges, to reduce our exposure to changes in the fair values of the 5% Notes due February 2013, the 5.25% Senior Notes due March 2013 and the 4.95% Senior Notes due November 2015. In February and March 2013, the interest rate swaps designated as hedges of the 5% Notes and the 5.25% Senior Notes, respectively, expired. In June 2012, we terminated the interest rate swaps designated as hedges of the 4.95% Senior Notes due November 2015 and, in the year ended December 31, 2012, we received an aggregate net cash payment of $23 million.

We also had interest rate swaps, which were designated and qualified as a cash flow hedge, to reduce the variability of cash interest payments associated with the variable-rate borrowings under the TPDI Credit Facilities. In June 2013, we repaid the borrowings under the TPDI Credit Facilities, and we terminated these interest rate swaps. In connection with the termination, we made a net cash payment of $22 million, and we reclassified $9 million from accumulated other comprehensive loss to other expense, net.

Additionally, we had cross-currency interest rate swaps, which were designated and qualified as a cash flow hedge, to reduce the variability of cash interest payments and the final cash principal payment associated with the 11% Callable Bonds resulting from the changes in the U.S. dollar to Norwegian krone exchange rate. In March 2013, in connection with our redemption of the 11% Callable Bonds, we terminated these cross-currency interest rate swaps and the related security agreement with respect to the Harsh Environment Ultra-Deepwater Floaters *Transocean Spitsbergen* and *Transocean Barents*. As a result of the termination, we made a cash payment of $128 million and received a cash payment of NOK 705 million, which we applied to the redemption of the 11% Callable Bonds, and we reclassified $5 million from accumulated other comprehensive loss to other expense, net.

The effect on our consolidated statements of operations resulting from changes in the fair values of derivatives designated as cash flow hedges was as follows (in millions):

		Years ended December 31,		
	Statement of operations classification	2013	2012	2011
Loss associated with effective portion	Interest expense, net of amounts capitalized	$ (4)	$ (5)	$ (11)
Gain associated with effective portion	Other, net	—	6	—
Loss associated with terminations	Other, net	(14)	—	—

The balance sheet classification and aggregate carrying amount of our derivatives designated as hedging instruments, measured at fair value, were as follows (in millions):

		December 31,	
	Balance sheet classification	2013	2012
Interest rate swaps, fair value hedges	Other current assets	$ —	$ 6
Interest rate swaps, cash flow hedges	Other long-term liabilities	—	13
Cross-currency swaps, cash flow hedges	Other current assets	—	1
Cross-currency swaps, cash flow hedges	Other assets	—	1

Derivatives not designated as hedging instruments—In connection with our acquisition of Aker Drilling, we assumed certain derivatives not designated as hedging instruments. In the years ended December 31, 2012 and 2011, we terminated these interest rate swaps not designated as hedging instruments and made aggregate cash payments of $14 million and $15 million, respectively.

Additionally, in August 2011, in connection with our acquisition of Aker Drilling, we entered into a forward exchange contract, which was not designated and did not qualify as a hedging instrument for accounting purposes, in order to offset the variability in the cash flows resulting from fluctuations in the U.S. dollar to Norwegian krone exchange rate. The forward exchange contract had aggregate notional amounts requiring us to pay $1.1 billion in exchange for receiving NOK 6.1 billion, representing an exchange rate of $1.00 to NOK 5.40. On September 28, 2011, we settled the full amount of the forward exchange contract and made a net cash payment of $78 million.

In connection with our sale transactions with Shelf Drilling, we received non-cash proceeds in the form of preference shares with a stated value of $195 million. The preference shares contain two embedded derivatives, which were not designated and did not qualify as hedging instruments for accounting purposes. At December 31, 2012, the embedded derivatives not designated as hedging instruments had an aggregate carrying amount of $2 million, recorded in other long-term liabilities. In June 2013, we completed the sale of the preference shares with the embedded derivatives. See Note 7—Discontinued Operations.

The effect on our consolidated statements of operations resulting from changes in the fair values of derivatives not designated as hedging instruments was as follows (in millions):

		Years ended December 31,		
	Statement of operations classification	2013	2012	2011
Loss associated with undesignated interest rate swaps	Interest expense, net of amounts capitalized	$ —	$ (1)	$ —
Loss associated with undesignated forward exchange contract	Other, net	—	—	(78)

Note 14—Postemployment Benefit Plans

Defined benefit pension plans and other postretirement employee benefit plans

Overview—We maintain a single qualified defined benefit pension plan in the U.S. (the "U.S. Plan") covering substantially all U.S. employees. We also maintain a funded supplemental benefit plan (the "Supplemental Plan") that offers benefits to certain employees that are ineligible for benefits under the U.S. Plan and two unfunded supplemental benefit plans (the "Other Supplemental Plans") that provide certain eligible employees with benefits in excess of those allowed under the U.S. Plan. Additionally, we maintain two funded and two unfunded defined benefit plans (collectively, the "Frozen Plans") that we assumed in connection with our mergers with GlobalSantaFe and R&B Falcon Corporation, all of which were frozen prior to the respective mergers and for which benefits no longer accrue but the pension obligations have not been fully distributed. We refer to the U.S. Plan, the Supplemental Plan, the Other Supplemental Plans and the Frozen Plans, collectively, as the "U.S. Plans."

We maintain a defined benefit plan in the U.K. (the "U.K. Plan") covering certain current and former employees in the U.K. We also provide seven funded defined benefit plans, primarily group pension schemes with life insurance companies, three of which we assumed in connection with our acquisition of Aker Drilling, and two unfunded plans covering our eligible Norway employees and former employees (the "Norway Plans"). We also maintain unfunded defined benefit plans (the "Other Plans") that provide retirement and severance benefits for certain of our Indonesian, Nigerian and Egyptian employees. We refer to the U.K. Plan, the Norway Plans and the Other Plans, collectively, as the "Non-U.S. Plans."

We refer to the U.S. Plans and the Non-U.S. Plans, collectively, as the "Transocean Plans". Additionally, we have several unfunded contributory and noncontributory other postretirement employee benefit plans (the "OPEB Plans") covering substantially all of our U.S. employees.

Assumptions—We estimated our benefit obligations using the following weighted-average assumptions:

	December 31, 2013			December 31, 2012		
	U.S. Plans	Non-U.S. Plans	OPEB Plans	U.S. Plans	Non-U.S. Plans	OPEB Plans
Discount rate	5.01%	4.92%	4.54%	4.19%	5.37%	3.63%
Compensation trend rate	4.24%	4.57%	n/a	4.21%	4.38%	n/a

We estimated our net periodic benefit costs using the following weighted-average assumptions:

	Year ended December 31, 2013			Year ended December 31, 2012			Year ended December 31, 2011		
	U.S. Plans	Non-U.S. Plans	OPEB Plans	U.S. Plans	Non-U.S. Plans	OPEB Plans	U.S. Plans	Non-U.S. Plans	OPEB Plans
Discount rate	4.19%	5.13%	3.39%	4.67%	5.43%	4.27%	5.49%	5.73%	4.94%
Expected rate of return	7.48%	5.79%	n/a	7.47%	6.07%	n/a	8.49%	6.42%	n/a
Compensation trend rate	4.22%	4.21%	n/a	4.22%	4.61%	n/a	4.24%	4.62%	n/a
Health care cost trend rate									
-initial	n/a	n/a	8.07%	n/a	n/a	8.08%	n/a	n/a	8.08%
-ultimate	n/a	n/a	5.00%	n/a	n/a	5.00%	n/a	n/a	5.00%
-ultimate year	n/a	n/a	2020	n/a	n/a	2019	n/a	n/a	2018

"n/a" means not applicable.

Funded status—The changes in projected benefit obligation, plan assets and funded status and the amounts recognized on our consolidated balance sheets were as follows (in millions):

	Year ended December 31, 2013				Year ended December 31, 2012			
	U.S. Plans	Non-U.S. Plans	OPEB Plans	Total	U.S. Plans	Non-U.S. Plans	OPEB Plans	Total
Change in projected benefit obligation								
Projected benefit obligation, beginning of period	$ 1,452	$ 499	$ 58	$ 2,009	$ 1,260	$ 447	$ 53	$ 1,760
Actuarial (gains) losses, net	(147)	55	(7)	(99)	128	(15)	4	117
Service cost	55	27	1	83	49	31	1	81
Interest cost	63	25	2	90	59	24	2	85
Currency exchange rate changes	—	(11)	—	(11)	—	19	—	19
Benefits paid	(45)	(28)	(3)	(76)	(45)	(23)	(3)	(71)
Participant contributions	—	2	2	4	—	2	1	3
Special termination benefits	1	—	—	1	1	—	—	1
Settlements and curtailments	1	4	—	5	—	14	—	14
Projected benefit obligation, end of period	1,380	573	53	2,006	1,452	499	58	2,009
Change in plan assets								
Fair value of plan assets, beginning of period	948	422	—	1,370	769	351	—	1,120
Actual return on plan assets	149	45	—	194	116	28	—	144
Currency exchange rate changes	—	(10)	—	(10)	—	15	—	15
Employer contributions	64	50	1	115	108	49	2	159
Participant contributions	—	2	2	4	—	2	1	3
Benefits paid	(45)	(28)	(3)	(76)	(45)	(23)	(3)	(71)
Fair value of plan assets, end of period	1,116	481	—	1,597	948	422	—	1,370
Funded status, end of period	$ (264)	$ (92)	$ (53)	$ (409)	$ (504)	$ (77)	$ (58)	$ (639)
Balance sheet classification, end of period:								
Pension asset, non-current	$ —	$ 8	$ —	$ 8	$ —	$ 3	$ —	$ 3
Accrued pension liability, current	(2)	(23)	(4)	(29)	(3)	(24)	(3)	(30)
Accrued pension liability, non-current	(262)	(77)	(49)	(388)	(501)	(56)	(55)	(612)
Accumulated other comprehensive income (loss) (a)	(198)	(114)	1	(311)	(469)	(80)	(6)	(555)

(a) Amounts are before income tax effect.

The aggregate projected benefit obligation and fair value of plan assets for plans with a projected benefit obligation in excess of plan assets were as follows (in millions):

	December 31, 2013				December 31, 2012			
	U.S. Plans	Non-U.S. Plans	OPEB Plans	Total	U.S. Plans	Non-U.S. Plans	OPEB Plans	Total
Projected benefit obligation	$ 1,380	$ 573	$ 53	$ 2,006	$ 1,452	$ 482	$ 58	$ 1,992
Fair value of plan assets	1,116	481	—	1,597	948	404	—	1,352

The accumulated benefit obligation for all defined benefit pension plans was $1.7 billion at December 31, 2013 and 2012. The aggregate accumulated benefit obligation and fair value of plan assets for plans with an accumulated benefit obligation in excess of plan assets were as follows (in millions):

	December 31, 2013				December 31, 2012			
	U.S. Plans	Non-U.S. Plans	OPEB Plans	Total	U.S. Plans	Non-U.S. Plans	OPEB Plans	Total
Accumulated benefit obligation	$ 1,210	$ 374	$ 53	$ 1,637	$ 1,255	$ 335	$ 58	$ 1,648
Fair value of plan assets	1,116	351	—	1,467	948	298	—	1,246

Plan assets—We periodically review our investment policies, plan assets and asset allocation strategies to evaluate performance relative to specified objectives. In determining our asset allocation strategies for the U.S. Plans, we review the results of regression models to assess the most appropriate target allocation for each plan, given the plan's status, demographics and duration. For the U.K. Plans, the plan trustees establish the asset allocation strategies consistent with the regulations of the U.K. pension regulators and in consultation with financial advisors and company representatives. Investment managers for the U.S. Plans and the U.K. Plan are given established ranges within which the investments may deviate from the target allocations. For the Norway Plans, we establish minimum rates of return under the terms of investment contracts with insurance companies.

As of December 31, 2013 and 2012, the weighted-average target and actual allocations of the investments for our funded Transocean Plans were as follows:

	December 31, 2013				December 31, 2012			
	Target allocation		Actual allocation		Target allocation		Actual allocation	
	U.S. Plans	Non-U.S. Plans	U.S. Plans	Non-U.S. Plans	U.S. Plans	Non-U.S. Plans	U.S. Plans	Non-U.S. Plans
Equity securities	63%	51%	68 %	53 %	65 %	49 %	64 %	49 %
Fixed income securities	37%	15%	32 %	17 %	35 %	14 %	36 %	17 %
Other investments	—	34%	—	30 %	—	37 %	—	34 %
Total	100%	100%	100 %	100 %	100 %	100 %	100 %	100 %

As of December 31, 2013, the investments for our funded Transocean Plans were categorized as follows (in millions):

	December 31, 2013								
	Significant observable inputs			Significant other observable inputs			Total		
	U.S. Plans	Non-U.S. Plans	Transocean Plans	U.S. Plans	Non-U.S. Plans	Transocean Plans	U.S. Plans	Non-U.S. Plans	Transocean Plans
Mutual funds									
U.S. equity funds	$ 610	$ —	$ 610	$ —	$ 43	$ 43	$ 610	$ 43	$ 653
Non-U.S. equity funds	141	—	141	3	209	212	144	209	353
Bond funds	357	—	357	—	83	83	357	83	440
Total mutual funds	1,108	—	1,108	3	335	338	1,111	335	1,446
Other investments									
Cash and money market funds	5	1	6	—	—	—	5	1	6
Property collective trusts	—	—	—	—	15	15	—	15	15
Investment contracts	—	—	—	—	130	130	—	130	130
Total other investments	5	1	6	—	145	145	5	146	151
Total investments	$ 1,113	$ 1	$ 1,114	$ 3	$ 480	$ 483	$ 1,116	$ 481	$ 1,597

As of December 31, 2012, the investments for our funded Transocean Plans were categorized as follows (in millions):

	December 31, 2012								
	Significant observable inputs			Significant other observable inputs			Total		
	U.S. Plans	Non-U.S. Plans	Transocean Plans	U.S. Plans	Non-U.S. Plans	Transocean Plans	U.S. Plans	Non-U.S. Plans	Transocean Plans
Mutual funds									
U.S. equity funds	$ 525	$ —	$ 525	$ —	$ 32	$ 32	$ 525	$ 32	$ 557
Non-U.S. equity funds	120	—	120	3	176	179	123	176	299
Bond funds	296	—	296	—	73	73	296	73	369
Total mutual funds	941	—	941	3	281	284	944	281	1,225
Other investments									
Cash and money market funds	4	2	6	—	6	6	4	8	12
Property collective trusts	—	—	—	—	8	8	—	8	8
Investment contracts	—	—	—	—	125	125	—	125	125
Total other investments	4	2	6	—	139	139	4	141	145
Total investments	$ 945	$ 2	$ 947	$ 3	$ 420	$ 423	$ 948	$ 422	$ 1,370

The U.S. Plans and the U.K. Plan invest primarily in passively managed funds that reference market indices. The funded Norway Plans are subject to contractual terms under selected insurance programs. Each plan's investment managers have discretion to select the securities held within each asset category. Given this discretion, the managers may occasionally invest in our debt or equity securities, and may hold either long or short positions in such securities. As the plan investment managers are required to maintain well diversified portfolios, the actual investment in our securities would be immaterial relative to asset categories and the overall plan assets.

Net periodic benefit costs—Net periodic benefit costs, before tax, included the following components (in millions):

	Year ended December 31, 2013			Year ended December 31, 2012			Year ended December 31, 2011		
	U.S. Plans	Non-U.S. Plans	Transocean Plans	U.S. Plans	Non-U.S. Plans	Transocean Plans	U.S. Plans	Non-U.S. Plans	Transocean Plans
Service cost	$ 55	$ 27	$ 82	$ 49	$ 31	$ 80	$ 43	$ 21	$ 64
Interest cost	63	25	88	59	24	83	58	22	80
Expected return on plan assets	(70)	(25)	(95)	(62)	(22)	(84)	(63)	(23)	(86)
Settlements and curtailments	2	3	5	3	19	22	2	1	3
Special termination benefits	1	—	1	1	—	1	—	—	—
Actuarial losses, net	45	3	48	41	4	45	23	4	27
Prior service cost, net	(1)	1	—	(2)	1	(1)	(1)	—	(1)
Net periodic benefit costs	$ 95	$ 34	$ 129	$ 89	$ 57	$ 146	$ 62	$ 25	$ 87

For the OPEB Plans, the combined components of net periodic benefit costs, including service cost, interest cost, recognized net actuarial losses, prior service cost amortization and special termination benefits were $3 million, $3 million and $1 million in the years ended December 31, 2013, 2012 and 2011, respectively.

The following table presents the amounts in accumulated other comprehensive income, before tax, that have not been recognized as components of net periodic benefit costs (in millions):

	December 31, 2013				December 31, 2012			
	U.S. Plans	Non-U.S. Plans	OPEB Plans	Total	U.S. Plans	Non-U.S. Plans	OPEB Plans	Total
Actuarial loss, net	$ 205	$ 116	$ 1	$ 322	$ 477	$ 80	$ 8	$ 565
Prior service cost, net	(7)	—	(2)	(9)	(8)	—	(2)	(10)
Transition obligation, net	—	(2)	—	(2)	—	—	—	—
Total	$ 198	$ 114	$ (1)	$ 311	$ 469	$ 80	$ 6	$ 555

The following table presents the amounts in accumulated other comprehensive income expected to be recognized as components of net periodic benefit costs during the year ending December 31, 2014 (in millions):

	Year ending December 31, 2014			
	U.S. Plans	Non-U.S. Plans	OPEB Plans	Total
Actuarial loss, net	$ 20	$ 5	$ —	$ 25
Prior service cost, net	(1)	—	(1)	(2)
Transition obligation, net	—	—	—	—
Total amount expected to be recognized	$ 19	$ 5	$ (1)	$ 23

Funding contributions—In the years ended December 31, 2013, 2012 and 2011, we contributed $115 million, $159 million and $103 million, respectively, to the Transocean Plans and the OPEB Plans using our cash flows from operations. For the year ending December 31, 2014, we expect to contribute $69 million to the Transocean Plans, and we expect to fund benefit payments of approximately $3 million for the OPEB Plans as costs are incurred.

Benefit payments—The following were the projected benefits payments (in millions):

	U.S. Plans	Non-U.S. Plans	OPEB Plans	Total
Years ending December 31,				
2014	$ 48	$ 22	$ 3	$ 73
2015	52	11	4	67
2016	57	11	4	72
2017	63	11	4	78
2018	67	13	4	84
2019-2023	420	86	21	527

Defined contribution plans

We sponsor two defined contribution plans, including (1) one qualified defined contribution savings plan covering certain employees working in the U.S. (the "U.S. Savings Plan") and (2) one defined contribution savings plan covering certain employees working outside the U.S. (the "Non-U.S. Savings Plan").

For the U.S. Savings Plan, we make a matching contribution of up to 6.0 percent of each participant's base salary based on the participant's contribution to the plan. For the Non-U.S. Savings Plan, in addition to a matching contribution of up to 6.0 percent of each participant's base salary based on the participant's contribution to the plans, we contribute between 4.5 percent and 6.5 percent of each participant's base salary, based on the participant's years of eligible service. In the years ended December 31, 2013, 2012 and 2011, we recognized expense of $88 million, $85 million and $82 million, respectively, related to our defined contribution plans.

One-time termination benefit plans

During the year ended December 31, 2013, we committed to a plan to improve the organizational efficiency of our shore-based support activities worldwide. In connection with this initiative, we established certain one-time termination benefit plans for shore-based employees in the U.S. and the U.K. and for expatriate resident employees worldwide that were or are expected to be involuntarily terminated during the period from May 2013 through December 2014. The plans generally offer affected individuals a lump sum benefit payment equivalent to between four weeks and 52 weeks of the employee's weekly base salary, calculated based on the employee's annual base salary and years of service with additional amounts paid to those employees that would otherwise have been eligible for a bonus payment under our annual incentive program, and allowed for early retirement and immediate vesting for qualifying individuals under our defined benefit plans and other postretirement employee benefit plans.

In the year ended December 31, 2013, we recognized expense of $32 million, associated with severance-related costs under these one-time termination benefit plans. In the year ended December 31, 2013, we made payments of $21 million for involuntary terminations under these plans.

Note 15—Commitments and Contingencies

Lease obligations

We have operating lease obligations expiring at various dates, principally for real estate, office space and office equipment. In the years ended December 31, 2013, 2012 and 2011, our rental expense for all operating leases, including operating leases with terms of less than one year, was approximately $128 million, $97 million and $169 million, respectively.

We also have a capital lease obligation, which is due to expire in August 2029. In each of the years ended December 31, 2013, 2012 and 2011, depreciation expense associated with *Petrobras 10000*, the asset held under capital lease, was $20 million. At December 31, 2013 and 2012, the aggregate carrying amount of this asset held under capital lease was as follows (in millions):

	December 31,	
	2013	2012
Property and equipment, cost	$ 752	$ 745
Accumulated depreciation	(84)	(64)
Property and equipment, net	$ 668	$ 681

As of December 31, 2013, the aggregate future minimum rental payments related to our non-cancellable operating leases and the capital lease were as follows (in millions):

	Capital lease	Operating leases
Years ending December 31,		
2014	$ 66	$ 25
2015	71	25
2016	72	20
2017	72	11
2018	72	10
Thereafter	765	87
Total future minimum rental payment	1,118	$ 178
Less amount representing imputed interest	(481)	
Present value of future minimum rental payments under capital leases	637	
Less current portion included in debt due within one year	(20)	
Long-term capital lease obligation	$ 617	

Purchase obligations

At December 31, 2013, the aggregate future payments required under our purchase obligations, primarily related to our newbuilds, were as follows (in millions):

	Purchase obligations
Years ending December 31,	
2014	$ 1,691
2015	861
2016	1,649
2017	353
Total	$ 4,554

Macondo well incident settlement obligations

Overview—On April 22, 2010, the Ultra-Deepwater Floater *Deepwater Horizon* sank after a blowout of the Macondo well caused a fire and explosion on the rig. Eleven persons were declared dead and others were injured as a result of the incident. At the time of the explosion, *Deepwater Horizon* was located approximately 41 miles off the coast of Louisiana in Mississippi Canyon Block 252 and was contracted to an affiliate of BP plc. (together with its affiliates, "BP").

On January 3, 2013, we reached an agreement with the U.S. Department of Justice ("DOJ") to resolve certain outstanding civil and potential criminal charges against us arising from the Macondo well incident. As part of this resolution, we agreed to a guilty plea ("Plea Agreement") and a civil consent decree ("Consent Decree") by which, among other things, we agreed to pay $1.4 billion in fines, recoveries and civil penalties, excluding interest, in scheduled payments through February 2017.

In the year ended December 31, 2013, we made an aggregate cash payment of $160 million in satisfaction of amounts due under the Plea Agreement, including $100 million for the payment of the criminal fine, $58 million for the initial payment to the National Fish and Wildlife Foundation and $2 million for the initial payment to the National Academy of Sciences. In the year ended December 31, 2013, we paid $404 million, including interest at a rate of 2.15 percent, in satisfaction of amounts due under the Consent Decree. At December 31, 2013, the aggregate future payments required under our outstanding settlement obligations under the Plea Agreement and the Consent Decree, excluding interest, were as follows (in millions):

	Plea Agreement	Consent Decree	Settlement obligations
Years ending December 31,			
2014	$ 60	$ 400	$ 460
2015	60	200	260
2016	60	—	60
2017	60	—	60
Total settlement obligations	$ 240	$ 600	$ 840

The resolution with the DOJ of such civil and potential criminal claims did not include potential claims arising from the False Claims Act investigation. As part of the settlement discussions, however, we inquired whether the U.S. intends to pursue any actions under the False Claims Act as discussed below. In response, the DOJ sent us a letter stating that the Civil Division of the DOJ, based on facts then known, was no longer pursuing any investigation or claims, and did not have any present intention to pursue any investigation or claims, under the False Claims Act against the various Transocean entities for their involvement in the Macondo well incident.

We also agreed that payments made pursuant to the Plea Agreement or the Consent Decree are not deductible for tax purposes and that payments made pursuant to the Consent Decree are not to be used as a basis for indemnity or reimbursement from BP or other non-insurer defendants named in the complaint by the U.S.

Plea Agreement—Pursuant to the Plea Agreement, which was accepted by the court on February 14, 2013, one of our subsidiaries pled guilty to one misdemeanor count of negligently discharging oil into the U.S. Gulf of Mexico, in violation of the Clean Water Act ("CWA"). We agreed to pay a criminal fine of $100 million and to consent to the entry of an order requiring us to pay a total of $150 million to the National Fish & Wildlife Foundation and $150 million to the National Academy of Sciences.

Our subsidiary also agreed to be subject to probation through February 2018. The DOJ agreed, subject to the provisions of the Plea Agreement, not to further prosecute us for certain conduct generally regarding matters under investigation by the DOJ's *Deepwater Horizon* Task Force. In addition, we agreed to continue to cooperate with the *Deepwater Horizon* Task Force in any ongoing investigation related to or arising from the accident.

Consent Decree—Pursuant to the Consent Decree, which was approved by the court on February 19, 2013, we agreed to take specified actions relating to operations in U.S. waters, including, among other things, the design and implementation of, and compliance with, additional systems and procedures; blowout preventer certification and reports; measures to strengthen well control competencies, drilling monitoring, recordkeeping, incident reporting, risk management and oil spill training, exercises and response planning; communication with operators; alarm systems; transparency and responsibility for matters relating to the Consent Decree; and technology innovation, with a first emphasis on more efficient, reliable blowout preventers. We agreed to submit a performance plan (the "Performance Plan") for approval by the DOJ within 120 days after the date of entry of the Consent Decree. On June 14, 2013, we submitted our proposed Performance Plan, containing among other required items, interim milestones for actions in specified areas and a proposed schedule for reports required under the Consent Decree.

The Consent Decree also provides for the appointment of (i) an independent auditor to review, audit and report on our compliance with the injunctive provisions of the Consent Decree and (ii) an independent process safety consultant to review, report on and assist with respect to the process safety aspects of the Consent Decree, including operational risk identification and risk management. The Consent Decree requires certain plans, reports and submissions be made and be acceptable to the U.S. and also requires certain publicly available filings.

Under the terms of the Consent Decree, the U.S. agreed not to sue Transocean Ltd. and certain of our subsidiaries and certain related individuals for civil or administrative penalties for the Macondo well incident under specified provisions of the CWA, the Outer Continental Shelf Lands Act ("OSCLA"), the Endangered Species Act, the Marine Mammal Protection Act, the National Marine Sanctuaries Act, the federal Oil and Gas Royalty Management Act, the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), the Emergency Planning and Community Right to Know Act and the Clean Air Act. In addition, the Consent Decree resolved our appeal of the incidents of noncompliance under the OSCLA issued by the Bureau of Safety and Environmental Enforcement ("BSEE") on October 12, 2011 without any admission of liability by us, and we subsequently dismissed our appeal.

The Consent Decree did not resolve the rights of the U.S. with respect to all other matters, including certain liabilities under the Oil Pollution Act of 1990 (the "OPA") for removal costs or resulting from a natural resources damages assessment ("NRDA"). However, the district court previously held that we are not liable under the OPA for damages caused by subsurface discharge from the Macondo well. If this ruling is upheld on appeal, our NRDA liability would be limited to any such damages arising from the above-surface discharge. The court has not yet ruled whether we could be liable for removal costs to the U.S. or any state or local government as an operator of the Macondo well.

We may request termination of the Consent Decree after we have: (i) completed timely the civil penalty payment requirements of the Consent Decree; (ii) operated under a fully approved Performance Plan required under the Consent Decree through a five-year performance period ending February 2017; (iii) complied with the terms of the Performance Plan and certain provisions of the Consent Decree, generally relating to a framework and outline of measures to improve performance, for at least 12 consecutive months prior to seeking termination; and (iv) complied with the other requirements of the Consent Decree, including payment of any stipulated penalties and compliant reporting.

EPA Agreement—On February 25, 2013, we and the U.S. Environmental Protection Agency ("EPA") entered into an administrative agreement (the "EPA Agreement"), which has a five-year term. The EPA Agreement resolved all matters relating to suspension, debarment and statutory disqualification arising from the matters contemplated by the Plea Agreement. Subject to our compliance with the terms of the EPA Agreement, the EPA agreed that it will not suspend, debar or statutorily disqualify us and will lift any existing suspension, debarment or statutory disqualification.

In the EPA Agreement, we agreed to, among other things, (1) comply with our obligations under the Plea Agreement and the Consent Decree; (2) continue the implementation of certain programs and systems, including the scheduled revision of our environmental management system and maintenance of certain compliance and ethics programs; (3) comply with certain employment and contracting procedures; (4) engage independent compliance auditors and a process safety consultant to, among other things, assess and report to the EPA on our compliance with the terms of the Plea Agreement, the Consent Decree and the EPA Agreement; and (5) give reports and notices with respect to various matters, including those relating to compliance, misconduct, legal proceedings, audit reports, the EPA Agreement, the Consent Decree and the Plea Agreement. Subject to certain exceptions, the EPA Agreement prohibits us from entering into, extending or engaging in certain business relationships with individuals or entities that are debarred, suspended, proposed for debarment or similarly restricted, including affiliates of BP.

Macondo well incident contingencies

Overview—We have recognized a liability for estimated loss contingencies associated with litigation and investigations resulting from the incident that we believe are probable and for which a reasonable estimate can be made. At December 31, 2013 and 2012, the liability for estimated loss contingencies that we believe are probable and for which a reasonable estimate can be made was $464 million and $1.9 billion, respectively, recorded in other current liabilities. The litigation and investigations also give rise to certain loss contingencies that we believe are either reasonably possible or probable but for which we do not believe a reasonable estimate can be made. Although we have not recognized a liability for such loss contingencies, these contingencies could result in liabilities that we ultimately recognize.

We have also recognized an asset associated with the portion of our estimated losses, primarily related to the personal injury and fatality claims of our crew and vendors, that we believe is probable of recovery from insurance. At December 31, 2013 and 2012, the insurance recoverable asset was $10 million and $153 million, respectively, recorded in other assets. Although we have available policy limits that could result in additional amounts recoverable from insurance, recovery of such additional amounts is not probable and we are not currently able to estimate such amounts (see "—Insurance coverage"). Our estimates involve a significant amount of judgment. As a result of new information or future developments, we may increase our estimated loss contingencies arising out of the Macondo well incident or reduce our estimated recoveries from insurance, and the resulting losses could have a material adverse effect on our consolidated statement of financial position, results of operations or cash flows.

Multidistrict litigation proceeding—Many of the Macondo well related claims are pending in the U.S. District Court, Eastern District of Louisiana (the "MDL Court"). In March 2012, BP and the Plaintiff's Steering Committee (the "PSC") announced that they had agreed to a partial settlement related primarily to private party environmental and economic loss claims as well as response effort related claims (the "BP/PSC Settlement"). The BP/PSC Settlement agreement provides that (a) to the extent permitted by law, BP will assign to the settlement class certain of BP's claims, rights and recoveries against us for damages with protections such that the settlement class is barred from collecting any amounts from us unless it is finally determined that we cannot recover such amounts from BP, and (b) the settlement class releases all claims for compensatory damages against us but purports to retain claims for punitive damages against us.

On December 21, 2012, the MDL Court granted final approval of the economic and property damage class settlement between BP and the PSC. Various parties who objected to the BP/PSC Settlement have filed appeals in the Fifth Circuit Court of Appeals challenging the MDL Court's final approval of the BP/PSC Settlement. BP filed appeals in the Fifth Circuit Court of Appeals challenging the manner in which the BP/PSC Settlement has been interpreted by the MDL Court with respect to business economic loss claims ("BEL Claims"). In these appeals, BP argues that, if the MDL Court's interpretation of the settlement with respect to BEL Claims is not overturned, the entire BP/PSC Settlement is invalid and should not have been approved. On October 2, 2013, a panel of the Fifth Circuit Court of Appeals issued an opinion questioning the manner in which the settlement had been interpreted with respect to BEL Claims. On December 2, 2013, the panel ordered a temporary halt to certain of the BEL Claims pending further proceedings in the MDL Court.

In December 2012, in response to the BP/PSC Settlement, we filed three motions seeking partial summary judgment on various claims, including punitive damages claims. If successful, these motions would eliminate or reduce our exposure to punitive damages. The MDL Court has not ruled on these motions.

In May 2013, we filed a motion seeking partial summary judgment on claims asserted by BP against us seeking damages from loss of the well and for source-control and cleanup costs (the "Direct Damages" claims). The Direct Damages claims are included in the claims BP assigned to the economic and property damages settlement class. The motion argues that BP released the Direct Damages claims in its contract with us and that the release is enforceable even if we are found grossly negligent. Some courts have held that such agreements will not be enforced if the defendant is found grossly negligent. The MDL Court has not ruled on this motion.

The first phase of the trial began on February 25, 2013 and testimony concluded on April 17, 2013. This phase addressed fault issues, including negligence, gross negligence, or other bases of liability of the various defendants with respect to the cause of the blowout and the initiation of the oil spill, as well as limitation of liability issues. In June and July 2013, the parties filed post-trial briefs and proposed findings of fact and conclusions of law. The MDL Court has not yet ruled on the issues tried in the first phase of the trial.

If the MDL Court finds in this phase of the trial that we were grossly negligent, we will be exposed to at least three litigation risks: (1) the MDL Court could award punitive damages under general maritime law to plaintiffs who own property damaged by oil and to plaintiffs who are commercial fishermen; (2) the MDL Court could find that our gross negligence voids the release BP gave us in the drilling contract for direct claims by BP, which BP has assigned to the plaintiffs in the BP/PSC settlement; and (3) we could be liable for all other oil pollution damages claims, including claims resulting from NRDA, if the court of appeals were to reverse a prior ruling that BP owes us indemnity for these claims even in the event of gross negligence. This potential liability for all other oil pollution damage claims could also arise regardless of a finding as to our gross negligence, for which we believe we are owed indemnity, if the MDL Court were in any event to find a core breach of the drilling contract, thereby nullifying our indemnity. Our four pending motions for partial judgment on the pleadings or partial summary judgment, if successful, could reduce or eliminate our exposure to these claims. A finding of gross negligence against us or against BP or a finding that either we or BP violated certain safety regulations would also result in the removal of the statutory liability caps under OPA. Under the MDL Court's present ruling, however, our liability for damages under OPA is limited to damages caused by discharge on or above the surface of the water.

The second phase of the trial began on September 30, 2013 and concluded on October 17, 2013. This phase addressed BP's conduct related to stopping the release of hydrocarbons after April 22, 2010 and quantification of the amount of oil discharged. In light of BP's criminal plea agreement with the DOJ acknowledging that it provided the government with false or misleading information throughout the spill response, we argued at trial that BP's fraud delayed the final capping of the well and that we should not be liable for damages resulting from this delay. The parties filed post-trial briefs and proposed findings of fact and conclusions of law on December 20, 2013. The MDL Court has not yet ruled on the issues tried in the second phase of the trial.

We can provide no assurances as to the outcome of the trial, as to the timing of any phase of trial or any rulings, that we will not enter into additional settlements as to some or all of the matters related to the Macondo well incident, including those to be determined at a trial, or the timing or terms of any such settlements.

Litigation—As of December 31, 2013, approximately 1,400 actions or claims were pending against us, along with other unaffiliated defendants, in state and federal courts. Additionally, government agencies have initiated investigations into the Macondo well incident. We have categorized below the nature of the legal actions or claims. We are evaluating all claims and intend to vigorously defend any claims and pursue any and all defenses available. In addition, we believe we are entitled to contractual defense and indemnity for all wrongful death and personal injury claims made by non-employees and third-party subcontractors' employees as well as all liabilities for pollution or contamination, other than for pollution or contamination originating on or above the surface of the water. See "—Contractual indemnity."

Wrongful death and personal injury—As of December 31, 2013, we have been named, along with other unaffiliated defendants, in nine complaints that were pending in state and federal courts in Louisiana and Texas involving multiple plaintiffs that allege wrongful death and other personal injuries arising out of the Macondo well incident. Nine complaints involve fatalities and 63 complaints seek recovery for bodily injuries. A number of these lawsuits have been settled. Per the order of the Multidistrict Litigation Panel ("MDL"), all claims but one have been centralized for discovery purposes in the MDL Court. The complaints generally allege negligence and seek awards of unspecified economic damages and punitive damages. BP, MI-SWACO, Weatherford International Ltd. and Cameron International Corporation ("Cameron") and certain of their affiliates, have, based on contractual arrangements, also made indemnity

demands upon us with respect to personal injury and wrongful death claims asserted by our employees or representatives of our employees against these entities. See "—Contractual indemnity."

Economic loss—As of December 31, 2013, we and certain of our subsidiaries were named, along with other unaffiliated defendants, in 949 pending individual complaints as well as 199 putative class-action complaints that were pending in the federal and state courts in Louisiana, Texas, Mississippi, Alabama, Georgia, Kentucky, South Carolina, Tennessee, Florida and possibly other courts. The complaints generally allege, among other things, potential economic losses as a result of environmental pollution arising out of the Macondo well incident and are based primarily on the OPA and state OPA analogues. The plaintiffs are generally seeking awards of unspecified economic, compensatory and punitive damages, as well as injunctive relief. No classes have been certified at this time. Most of these actions have either been transferred to or are the subject of motions to transfer to the MDL. See "—Contractual indemnity."

Cross-claims, counter-claims, and third party claims—In April 2011, several defendants in the MDL litigation filed cross-claims or third-party claims against us and certain of our subsidiaries, and other defendants. BP filed a claim seeking contribution under the OPA and maritime law, subrogation and claimed breach of contract, unseaworthiness, negligence and gross negligence. Through these claims, BP sought to recover from us damages it has paid or may pay arising from the Macondo well incident. BP also sought a declaration that it is not liable in contribution, indemnification, or otherwise to us. Anadarko Petroleum Corporation ("Anadarko"), which owned a 25 percent non-operating interest in the Macondo well, asserted claims of negligence, gross negligence, and willful misconduct and is seeking indemnity under state and maritime law and contribution under maritime and state law as well as OPA. MOEX Offshore 2007 LLC ("MOEX"), which owns a 10 percent non-operating interest in the Macondo well, filed claims of negligence under state and maritime law, gross negligence under state law, gross negligence and willful misconduct under maritime law and is seeking indemnity under state and maritime law and contribution under maritime law and OPA. Cameron, the manufacturer and designer of the blowout preventer, asserted multiple claims for contractual indemnity and declarations regarding contractual obligations under various contracts and quotes and is also seeking non-contractual indemnity and contribution under maritime law and OPA. As part of the BP/PSC Settlement, one or more of these claims against us and certain of our subsidiaries have been assigned to the PSC settlement class. Halliburton Company ("Halliburton"), which provided cementing and mud-logging services to the operator, filed a claim against us seeking contribution and indemnity under maritime law, contractual indemnity and alleging negligence and gross negligence. Additionally, certain other third parties filed claims against us for indemnity and contribution.

In April 2011, we filed cross-claims and counter-claims against BP, Halliburton, Anadarko, MOEX, certain of these parties' affiliates, the U.S. and certain other third parties. We seek indemnity, contribution, including contribution under OPA, and subrogation under OPA, and we have asserted claims for breach of warranty of workmanlike performance, strict liability for manufacturing and design defect, breach of express contract, and damages for the difference between the fair market value of *Deepwater Horizon* and the amount received from insurance proceeds. The Consent Decree limits our ability to seek indemnification or reimbursement with respect to certain of these matters against the owners of the Macondo well and dismissed our claims against the U.S. We are not pursuing arbitration on the key contractual issues with BP; instead, we are relying on the court to resolve the disputes.

Federal securities claims—A federal securities proposed class action is currently pending in the U.S. District Court, Southern District of New York, naming us and former chief executive officers of Transocean Ltd. and one of our acquired companies as defendants. In the action, a former shareholder of the acquired company alleges that the joint proxy statement related to our shareholder meeting in connection with our merger with the acquired company violated Section 14(a) of the Securities Exchange Act of 1934 (the "Exchange Act"), Rule 14a-9 promulgated thereunder and Section 20(a) of the Exchange Act. The plaintiff claims that the acquired company's shareholders received inadequate consideration for their shares as a result of the alleged violations and seeks compensatory and rescissory damages and attorneys' fees on behalf of itself and the proposed class members. In addition, we are obligated to pay the defense fees and costs for the individual defendants, which may be covered by our directors' and officers' liability insurance, subject to a deductible. On October 4, 2012, the court denied our motion to dismiss the action. On June 27, 2013, the Second Circuit Court of Appeals ruled in the unrelated action on an issue that could be relevant to the disposition of this case in a manner that we believe supports our position that the plaintiff's existing claims alleged in the action are time-barred. On August 30, 2013, we filed a motion to dismiss on the ground that the claims are time-barred, citing the Second Circuit Court of Appeals' ruling. Plaintiffs filed an opposition to our motion to dismiss on September 20, 2013, and we filed a reply to that opposition on September 24, 2013. Oral argument has not been scheduled, and the motion remains under submission.

Other federal statutes—Several of the claimants have made assertions under the statutes, including the CWA, the Endangered Species Act, the Migratory Bird Treaty Act, the Clean Air Act, the CERCLA and the Emergency Planning and Community Right-to-Know Act.

Shareholder derivative claims—In June 2010, two shareholder derivative suits were filed in the state district court in Texas by our shareholders naming us as a nominal defendant and certain of our current and former officers and directors as defendants. These cases allege breach of fiduciary duty, unjust enrichment, abuse of control, gross mismanagement and waste of corporate assets in connection with the Macondo well incident. The plaintiffs are generally seeking to recover, on behalf of us, damages to Transocean Ltd. and disgorgement of all profits, benefits, and other compensation from the individual defendants. Any recovery of the damages or disgorgement by the plaintiffs in these actions would be paid to us. If the plaintiffs prevail, we could be required to pay plaintiffs' attorneys' fees. In addition, we are obligated to pay the defense fees and costs for the individual defendants, which may be covered by our directors' and officers' liability insurance, subject to a deductible. The two actions have been consolidated before a single judge. In August 2012, the defendants filed a motion to dismiss the complaint on the grounds that the actions must be maintained in the courts of Switzerland and

that the plaintiffs lack standing to assert the claims alleged. In December 2012, in response to defendants' motion to dismiss for lack of standing, the plaintiffs dismissed their action without prejudice. In January 2013, one of the plaintiffs re-filed a previously dismissed complaint seeking to recover damages to Transocean Ltd. and disgorgement of all profits, benefits, and other compensation from the individual defendants. Certain defendants filed a motion to dismiss the re-filed complaint in March 2013 on the ground that the action must be maintained in the courts of Switzerland. On July 30, 2013, the court granted the motion to dismiss. On August 29, 2013, the state district court of Texas dismissed the action in its entirety as to all defendants. Plaintiffs filed an appeal in the First Court of Appeals in Texas on September 6, 2013 and filed a brief in support of their appeal on November 27, 2013.

U.S. Department of Justice claims—On December 15, 2010, the DOJ filed a civil lawsuit against us and other unaffiliated defendants. The complaint alleged violations under OPA and the CWA, including claims for per barrel civil penalties of up to $1,100 per barrel or up to $4,300 per barrel if gross negligence or willful misconduct is established, and the DOJ reserved its rights to amend the complaint to add new claims and defendants. The U.S. government has estimated that up to 4.1 million barrels of oil were discharged and subject to penalties. The complaint asserted that all defendants named are jointly and severally liable for all removal costs and damages resulting from the Macondo well incident. In response to the U.S. complaint, BP and Anadarko filed claims seeking contribution from us for any damages for which they may be found liable, including OPA damages. On December 6, 2011, the DOJ filed a motion for partial summary judgment seeking a ruling that we were jointly and severally liable under OPA, and liable for civil penalties under the CWA, for all of the discharges from the Macondo well on the theory that discharges not only came from the well but also from the blowout preventer and riser, appurtenances of *Deepwater Horizon*.

On January 9, 2012, we filed our opposition to the motion and filed a cross-motion for partial summary judgment seeking a ruling that we are not liable for the subsurface discharge of hydrocarbons. On February 22, 2012, the MDL Court ruled that we are not liable as a responsible party for damages under OPA with respect to the below surface discharges from the Macondo well. The MDL Court did not rule on whether we could be liable for removal costs to the U.S. or any state or local government as an operator of the Macondo well. The court also ruled that the below surface discharge was discharged from the well facility, and not from the *Deepwater Horizon* vessel, within the meaning of the CWA, and that we, therefore, are not liable for such discharges as an owner of the vessel under the CWA. However, the MDL Court ruled that the issue of whether we could be held liable for such discharge under the CWA as an operator of the well facility could not be resolved on summary judgment. We subsequently entered into an agreement with the DOJ regarding liability to the U.S. with respect to its CWA claim through the Consent Decree. The Consent Decree did not resolve the rights of the U.S. with respect to certain liabilities under OPA for removal costs or resulting from NRDA. In August and September 2012, Anadarko and BP filed appeals to the Fifth Circuit Court of Appeals, in which they argue that, under the CWA, the below-surface discharge was discharged from the vessel, not from the well facility. Briefing was completed in August 2013, and the Court of Appeals heard oral argument on December 4, 2013. As a result of our Consent Decree agreement, the outcome of this appeal would not affect our CWA civil penalty liability for the Macondo well incident, but it could establish a legal precedent as to whether the owner and operator of a drilling vessel are liable for CWA civil penalties for a subsurface discharge. See "—Macondo well incident settlement obligations."

In addition to the civil complaint, the DOJ served us with civil investigative demands on December 8, 2010. These demands were part of an investigation by the DOJ to determine if we made false claims, or false statements in support of claims, in violation of the False Claims Act, in connection with the operator's acquisition of the leasehold interest in the Mississippi Canyon Block 252, Gulf of Mexico and drilling operations on *Deepwater Horizon*. As part of the settlement discussions, we inquired whether the U.S. intends to pursue any actions under the False Claims Act. In response, the DOJ sent us a letter stating that the Civil Division of the DOJ, based on facts then known, is no longer pursuing any investigation or claims, and did not have any present intention to pursue any investigation or claims, under the False Claims Act against the various Transocean entities for their involvement in the Macondo well incident.

As noted above, the DOJ also conducted a criminal investigation into the Macondo well incident. On March 7, 2011, the DOJ announced the formation of the *Deepwater Horizon* Task Force to lead the criminal investigation. The task force investigated possible violations by us and certain unaffiliated parties of the CWA, the Migratory Bird Treaty Act, the Refuse Act, the Endangered Species Act, and the Seaman's Manslaughter Act, among other federal statutes, and possible criminal liabilities, including fines under those statutes and under the Alternative Fines Act. As discussed above, on January 3, 2013, we entered into the Plea Agreement with the DOJ resolving these claims. See "—Macondo well incident settlement obligations."

State and other government claims—In June 2010, the Louisiana Department of Environmental Quality (the "LDEQ") issued a consolidated compliance order and notice of potential penalty to us and certain of our subsidiaries asking us to eliminate and remediate discharges of oil and other pollutants into waters and property located in the State of Louisiana, and to submit a plan and report in response to the order. In October 2010, the LDEQ rescinded its enforcement actions against us and our subsidiaries but reserved its rights to seek civil penalties for future violations of the Louisiana Environmental Quality Act. In September 2010, the State of Louisiana filed an action for declaratory judgment seeking to designate us as a responsible party under OPA and the Louisiana Oil Spill Prevention and Response Act for the discharges emanating from the Macondo well.

Prior to the possible expiration of the statute of limitations in April 2013, suits were filed by over 200 state, local and foreign governments, including the U.S. States of Alabama, Florida, Louisiana, Mississippi and Texas; the Mexican States of Veracruz, Quintana Roo and Tamaulipas ("Mexican States"); the Federal Government of Mexico and by other local governments by and on behalf of multiple towns and parishes. These governments generally assert claims under OPA, other statutory environmental state claims and various common law claims. A local government master complaint also was filed in which cities, municipalities, and other local government entities

can, and have, joined. Most of these new government cases, including the suits filed by the attorneys general of Alabama, Florida, Louisiana, Mississippi and Texas, have been transferred to the MDL.

The Mexican States' OPA claims were subsequently dismissed for failure to demonstrate that recovery under OPA was authorized by treaty or executive agreement. However, the Court preserved some of the Mexican States' negligence and gross negligence claims, but only to the extent there has been a physical injury to a proprietary interest. On September 6, 2013, the MDL Court ruled that the Federal Government of Mexico rather than the Mexican States had the proprietary interest in the property and natural resources allegedly injured by the spill and, on that basis, dismissed the remaining claims of the Mexican States. The Mexican States have filed a notice of appeal. The claims of the Federal Government of Mexico remain pending. On September 18, 2013, the Mexican State of Yucatan filed a suit similar to those filed by the other Mexican States.

By letter dated May 5, 2010, the Attorneys General of the five Gulf Coast states of Alabama, Florida, Louisiana, Mississippi and Texas informed us that they intend to seek recovery of pollution cleanup costs and related damages arising from the Macondo well incident. In addition, by letter dated June 21, 2010, the Attorneys General of the 11 Atlantic Coast states of Connecticut, Delaware, Georgia, Maine, Maryland, Massachusetts, New Hampshire, New York, North Carolina, Rhode Island and South Carolina informed us that their states have not sustained any damage from the Macondo well incident but they would like assurances that we will be responsible financially if damages are sustained. We responded to each letter from the Attorneys General and indicated that we intend to fulfill our obligations as a responsible party for any discharge of oil from *Deepwater Horizon* on or above the surface of the water, and we assume that the operator will similarly fulfill its obligations under OPA for discharges from the undersea well.

On August 26, 2011, the MDL Court ruled on the motion to dismiss certain economic loss claims. The court ruled that state law, both statutory and common law, is inapplicable to the Macondo well incident. Accordingly, all claims brought under state law were dismissed. Secondly, general maritime law claims that do not allege physical damage to a proprietary interest were dismissed, unless the claim falls into the commercial fisherman exception. The court ruled that OPA claims for economic loss do not require physical damage to a proprietary interest. Third, the MDL Court ruled that presentment under OPA is a mandatory condition precedent to filing suit against a responsible party. Finally, the MDL Court ruled that claims for punitive damages may be available under general maritime law in claims against responsible parties and non-responsible parties. Certain Louisiana parishes have appealed portions of this ruling.

The state, local and foreign government claims include claims under OPA. On February 22, 2012, the MDL Court ruled that we are not a responsible party under OPA for damages with respect to subsurface discharge from the Macondo well.

Prior to the possible expiration of the three-year statute of limitations on April 20, 2013, additional private plaintiffs filed new lawsuits relating to the Macondo well incident. We are named as a defendant in many but not all of the new lawsuits. The lawsuits seek recoveries for economic loss and punitive damages and allege claims under OPA, maritime law and state law. Some of the new lawsuits were filed in the MDL Court, but many were filed in state and federal courts outside of the MDL Court. Most of these cases have been transferred to the MDL and, consistent with our prior experience, we expect the remaining cases to be transferred to the MDL Court.

Wreck removal—By letter dated December 6, 2010, the U.S. Coast Guard requested us to formulate and submit a comprehensive oil removal plan to remove any diesel fuel contained in the sponsons and fuel tanks that can be recovered from *Deepwater Horizon.* We have conducted a survey of the rig wreckage and have confirmed that no diesel fuel remains on the rig. The U.S. Coast Guard has not requested that we remove the rig wreckage from the sea floor. In October 2012, a new sheen was reported and preliminarily determined to have originated from the Macondo well. We understand that BP was notified of the sheen in early September 2012 and had commenced an investigation to determine the source, whether the oil and mud were from the sea floor, the rig or rig equipment, or other sources. In February 2013, the U.S. Coast Guard submitted a request seeking analysis and recommendations as to the potential life of the rig's riser and cofferdam resting on the seafloor and potential remediation or removal options. We have insurance coverage for wreck removal for up to 25 percent of *Deepwater Horizon*'s insured value, or $140 million, with any excess wreck removal liability generally covered to the extent of our remaining excess liability limits.

Insurance coverage—At the time of the Macondo well incident, our excess liability insurance program offered aggregate insurance coverage of $950 million, excluding a $15 million deductible and a $50 million self-insured layer through our wholly owned captive insurance subsidiary. This excess liability insurance coverage consisted of a first and a second layer of $150 million each, a third and fourth layer of $200 million each and a fifth layer of $250 million. The first four excess layers have similar coverage and contractual terms, while the $250 million fifth layer is on a different policy form, which varies to some extent from the underlying coverage and contractual terms. Generally, we believe that the policy forms for all layers include coverage for personal injury and fatality claims of our crew and vendors, actual and compensatory damages, punitive damages and related legal defense costs and that the policy forms for the first four excess layers provide coverage for fines; however, we do not expect payments deemed to be criminal in nature to be covered by any of the layers.

In May 2010, we received notice from BP maintaining that it believes that it is entitled to additional insured status under our excess liability insurance program. Our insurers have also received notices from Anadarko and MOEX advising of their intent to preserve any rights they may have to our insurance policies as an additional insured under the drilling contract. In response, our wholly owned captive insurance subsidiary and our first four excess layer insurers filed declaratory judgment actions in the Houston Division of the U.S. District Court for the Southern District of Texas in May 2010 seeking a judgment declaring that they have limited additional insured obligations to BP, Anadarko and MOEX. We are parties to the declaratory judgment actions, which were transferred to the MDL Court for

discovery and other purposes. On November 15, 2011, the MDL Court ruled that BP's coverage rights are limited to the scope of our indemnification of BP in the drilling contract. A final judgment was entered against BP, Anadarko and MOEX, and BP appealed. On March 1, 2013, the Fifth Circuit Court of Appeals issued an opinion reversing the decision of the MDL Court, and holding that BP is an unrestricted additional insured under the policies issued by our wholly owned captive insurance company and the first four excess layer insurers. We and the insurers filed petitions for rehearing with the Fifth Circuit Court of Appeals. On August 29, 2013, the Fifth Circuit Court of Appeals issued an opinion withdrawing the March 1, 2013 opinion and certifying certain insurance law questions to the Texas Supreme Court. On September 6, 2013, the Texas Supreme Court accepted certification of these questions. The parties' briefing to the Texas Supreme Court is scheduled to be completed by March 10, 2014.

We believe that additional insured coverage for BP, Anadarko or MOEX under the $250 million fifth layer of our insurance program is limited to the scope of our indemnification of BP under the drilling contract. While we cannot predict the outcome of the matter before the Texas Supreme Court or the outcome of any subsequent proceedings in the Fifth Circuit, we do not expect them to have a material adverse effect on our consolidated statement of financial position, results of operations or cash flows.

On June 17, 2011 and July 31, 2012, our first layer and second layer of excess insurers, respectively, each representing $150 million of insurance coverage, filed interpleader actions. On February 14, 2013, the third and fourth layers, each representing $200 million of insurance coverage, filed interpleader actions substantially similar to the prior filings. The insurers contend that they face multiple, and potentially competing, claims to the relevant insurance proceeds. In these actions, the insurers effectively ask the court to manage disbursement of the funds to the alleged claimants, as appropriate, and discharge the insurers of any additional liability. The parties to the first and second excess insurer interpleader actions have executed protocol agreements to facilitate the reimbursement and funding of settlements of personal injury and fatality claims of our crew and vendors (collectively, "crew claims") using insurance funds and claims were submitted to the court for review. Following the court's determination and approval of the amounts to be paid by the insurers with respect to the crew claims submitted by the parties to date, the first layer of excess insurers made reimbursement payments to the parties for crew claims during the year ended December 31, 2013. Parties to the third and fourth excess insurer interpleader actions have agreed to adjourn the deadline for responses to the pleadings to an unspecified date that will follow a decision in another action that pertains to our insurance.

Contractual indemnity—Under our drilling contract for *Deepwater Horizon*, the operator has agreed, among other things, to assume full responsibility for and defend, release and indemnify us from any loss, expense, claim, fine, penalty or liability for pollution or contamination, including control and removal thereof, arising out of or connected with operations under the contract other than for pollution or contamination originating on or above the surface of the water from hydrocarbons or other specified substances within the control and possession of the contractor, as to which we agreed to assume responsibility and protect, release and indemnify the operator. Although we do not believe it is applicable to the Macondo well incident, we also agreed to indemnify and defend the operator up to a limit of $15 million for claims for loss or damage to third parties arising from pollution caused by the rig while it is off the drilling location, while the rig is underway or during drive off or drift off of the rig from the drilling location. The operator has also agreed, among other things, (1) to defend, release and indemnify us against loss or damage to the reservoir, and loss of property rights to oil, gas and minerals below the surface of the earth and (2) to defend, release and indemnify us and bear the cost of bringing the well under control in the event of a blowout or other loss of control. We agreed to defend, release and indemnify the operator for personal injury and death of our employees, invitees and the employees of our subcontractors while the operator agreed to defend, release and indemnify us for personal injury and death of its employees, invitees and the employees of its other subcontractors, other than us. We have also agreed to defend, release and indemnify the operator for damages to the rig and equipment, including salvage or removal costs.

Although we believe we are entitled to contractual defense and indemnity, the operator has sought to avoid its indemnification obligations. In April 2011, the operator filed a claim seeking a declaration that it is not liable to us in contribution, indemnification, or otherwise. On November 1, 2011, we filed a motion for partial summary judgment, seeking enforcement of the indemnity obligations for pollution and civil fines and penalties contained in the drilling contract with the operator. On January 26, 2012, the court ruled that the drilling contract requires the operator to indemnify us for compensatory damages asserted by third parties against us related to pollution that did not originate on or above the surface of the water, even if the claim is the result of our strict liability, negligence, or gross negligence. The ruling is not currently subject to appeal, but may be appealed once a final judgment in the case is rendered. The court also held that the operator does not owe us indemnity to the extent that we are held liable for civil penalties under the CWA or for punitive damages, and we have since agreed with the DOJ that we will not seek indemnity or reimbursement of our Consent Decree payments from the operator or the other non-insurer defendants named in the complaint by the U.S. The court deferred ruling on the operator's argument that we committed a core breach of the drilling contract or otherwise materially increased the operator's risk or prejudiced its rights so as to vitiate the operator's indemnity obligations. Our motion for partial summary judgment and the court's ruling did not address the issue of contractual indemnity for criminal fines and penalties. The law generally considers contractual indemnity for criminal fines and penalties to be against public policy. Our motion did not ask the court to rule on the validity of BP's agreement in the drilling contract to release us from any claims asserted by BP itself. Some courts have held that such agreements will not be enforced if the defendant is found to be grossly negligent. In May 2013, we filed a motion for partial summary judgment seeking to enforce BP's agreement to release claims made by BP itself. The MDL Court has not yet ruled on this motion.

Other legal proceedings

Asbestos litigation—In 2004, several of our subsidiaries were named, along with numerous other unaffiliated defendants, in 21 complaints filed on behalf of 769 plaintiffs in the Circuit Courts of the State of Mississippi and which claimed injuries arising out of exposure to asbestos allegedly contained in drilling mud during these plaintiffs' employment in drilling activities between 1965 and 1986. The Circuit Courts subsequently dismissed the original 21 multi-plaintiff complaints and required each plaintiff to file a separate lawsuit. After certain individual claims were dismissed, 593 separate lawsuits remained, each with a single plaintiff. We have or may have direct or indirect interest in a total of 20 cases in Mississippi. The complaints generally allege that the defendants used or manufactured asbestos-containing drilling mud additives for use in connection with drilling operations and have included allegations of negligence, products liability, strict liability and claims allowed under the Jones Act and general maritime law. The plaintiffs generally seek awards of unspecified compensatory and punitive damages. In each of these cases, the complaints have named other unaffiliated defendant companies, including companies that allegedly manufactured the drilling-related products that contained asbestos. With the exception of cases pending in Jones and Jefferson counties, these cases are being governed for discovery and trial setting by a single Case Management Order entered by a Special Master appointed by the court to preside over the cases. Of the 20 cases in which we have or may have an interest, two have been scheduled for trial. During the year ended December 31, 2013, one of these two cases was resolved through a negotiated settlement for a nominal sum. In the other case, we were not named as a direct defendant, but the Special Master granted a Motion for Summary Judgment based on the absence of medical evidence in favor of all defendants. The resolution of these two cases leaves 18 remaining lawsuits in Mississippi in which we have or may have an interest.

In 2011, the Special Master issued a ruling that a Jones Act employer defendant, such as us, cannot be sued for punitive damages, and this ruling has now been obtained in three of our cases. To date, seven of the 593 cases have gone to trial against defendants who allegedly manufactured or distributed drilling mud additives. None of these cases has involved an individual Jones Act employer, and we have not been a defendant in any of these cases. During the year ended December 31, 2013, a group of lawsuits premised on the same allegations as those in Mississippi were filed in Louisiana, 11 of which named one of our subsidiaries as a defendant. Four of these cases were dismissed through early motions, and seven claims remain pending in Louisiana. We intend to defend these lawsuits vigorously, although we can provide no assurance as to the outcome. We historically have maintained broad liability insurance, although we are not certain whether insurance will cover the liabilities, if any, arising out of these claims. Based on our evaluation of the exposure to date, we do not expect the liability, if any, resulting from these claims to have a material adverse effect on our consolidated statement of financial position, results of operations or cash flows.

One of our subsidiaries was involved in lawsuits arising out of the subsidiary's involvement in the design, construction and refurbishment of major industrial complexes. The operating assets of the subsidiary were sold and its operations discontinued in 1989, and the subsidiary has no remaining assets other than the insurance policies involved in its litigation, with its insurers and, either directly or indirectly through a qualified settlement fund. The subsidiary has been named as a defendant, along with numerous other companies, in lawsuits alleging bodily injury or personal injury as a result of exposure to asbestos. As of December 31, 2013, the subsidiary was a defendant in approximately 879 lawsuits, some of which include multiple plaintiffs, and we estimate that there are approximately 1,819 plaintiffs in these lawsuits. For many of these lawsuits, we have not been provided with sufficient information from the plaintiffs to determine whether all or some of the plaintiffs have claims against the subsidiary, the basis of any such claims, or the nature of their alleged injuries. The first of the asbestos-related lawsuits was filed against the subsidiary in 1990. Through December 31, 2013, the costs incurred to resolve claims, including both defense fees and expenses and settlement costs, have not been material, all known deductibles have been satisfied or are inapplicable, and the subsidiary's defense fees and expenses and settlement costs have been met by insurance made available to the subsidiary. The subsidiary continues to be named as a defendant in additional lawsuits, and we cannot predict the number of additional cases in which it may be named a defendant nor can we predict the potential costs to resolve such additional cases or to resolve the pending cases. However, the subsidiary has in excess of $1.0 billion in insurance limits potentially available to the subsidiary. Although not all of the policies may be fully available due to the insolvency of certain insurers, we believe that the subsidiary will have sufficient funding directly or indirectly from settlements and claims payments from insurers, assigned rights from insurers and coverage-in-place settlement agreements with insurers to respond to these claims. While we cannot predict or provide assurance as to the outcome of these matters, we do not believe that the ultimate liability, if any, arising from these claims will have a material impact on our consolidated statement of financial position, results of operations or cash flows.

Rio de Janeiro tax assessment—In the third quarter of 2006, we received tax assessments of BRL 407 million, equivalent to approximately $172 million, including interest and penalties, from the state tax authorities of Rio de Janeiro in Brazil against one of our Brazilian subsidiaries for taxes on equipment imported into the state in connection with our operations. The assessments resulted from a preliminary finding by these authorities that our record keeping practices were deficient. We currently believe that the substantial majority of these assessments are without merit. We filed an initial response with the Rio de Janeiro tax authorities on September 9, 2006 refuting these additional tax assessments. In September 2007, we received confirmation from the state tax authorities that they believe the additional tax assessments are valid, and as a result, we filed an appeal on September 27, 2007 to the state Taxpayer's Council contesting these assessments. While we cannot predict or provide assurance as to the final outcome of these proceedings, we do not expect it to have a material adverse effect on our consolidated statement of financial position, results of operations or cash flows.

Brazilian import license assessment—In the fourth quarter of 2010, we received an assessment from the Brazilian federal tax authorities in Rio de Janeiro of BRL 509 million, equivalent to approximately $215 million, including interest and penalties, based upon the alleged failure to timely apply for import licenses for certain equipment and for allegedly providing improper information on import license applications. We believe that a substantial majority of the assessment is without merit and are vigorously pursuing legal remedies. The case was decided partially in favor of our Brazilian subsidiary in the lower administrative court level. The decision cancelled the majority of the assessment, reducing the total assessment to BRL 31 million, equivalent to approximately $13 million. On July 14, 2011, we filed an appeal to eliminate the assessment. On May 23, 2013, a ruling was issued that eliminated all assessment amounts. A further appeal by the taxing authorities is possible. While we cannot predict or provide assurance as to the outcome of these proceedings, we do not expect it to have a material adverse effect on our consolidated statement of financial position, results of operations or cash flows.

Nigerian litigation—Under the Nigerian Industrial Training Fund Act of 2004, as amended (the "Nigerian Act"), Nigerian companies with five or more employees must remit on an annual basis one percent of their payroll to the Industrial Training Fund (the "ITF") established under the Nigerian Act to be used for the training of Nigerian nationals. We have not paid this amount on the cost of personnel movement to rigs or the expense of benefits to employees because "payroll" is not defined in the relevant legislation and we did not believe such costs should be considered "payroll" under the Nigerian Act. The ITF thereafter brought suit against our now-liquidated subsidiary, Sedco Forex Nigeria Limited, which subsequently filed preliminary objections, that were heard by the Lagos Federal High Court (the "Lagos Court") on October 28, 2013. The Lagos Court dismissed this lawsuit based on the objections and the statute of limitations. The ITF could still file an appeal, but to date, nothing has been filed. In a related matter, the ITF brought suit against our wholly-owned subsidiary, Transocean Support Services Nigeria Limited ("TSSNL"), which subsequently filed objections, but the judge has not yet issued a ruling.

In October 2013, Steven L. Newman, our chief executive officer, was named along with TSSNL in a criminal suit initiated by ITF for allegedly failing to provide the required training to TSSNL's employees. We do not believe that the criminal claim has any merit given that, among other things, Mr. Newman is neither an officer nor an employee of TSSNL. The criminal case is still pending, and we do not believe the resolution of this matter will have a material adverse effect on our consolidated statement of financial position, results of operations or cash flows.

Other matters—We are involved in various tax matters, various regulatory matters, and a number of claims and lawsuits, all of which have arisen in the ordinary course of our business. We do not expect the liability, if any, resulting from these other matters to have a material adverse effect on our consolidated statement of financial position, results of operations or cash flows. We cannot predict with certainty the outcome or effect of any of the litigation matters specifically described above or of any such other pending or threatened litigation. We can provide no assurance that our beliefs or expectations as to the outcome or effect of any tax, regulatory, lawsuit or other litigation matter will prove correct and the eventual outcome of these matters could materially differ from management's current estimates.

Other environmental matters

Hazardous waste disposal sites—We have certain potential liabilities under CERCLA and similar state acts regulating cleanup of various hazardous waste disposal sites, including those described below. CERCLA is intended to expedite the remediation of hazardous substances without regard to fault. Potentially responsible parties ("PRPs") for each site include present and former owners and operators of, transporters to and generators of the substances at the site. Liability is strict and can be joint and several.

We have been named as a PRP in connection with a site located in Santa Fe Springs, California, known as the Waste Disposal, Inc. site. We and other PRPs have agreed with the EPA and the DOJ to settle our potential liabilities for this site by agreeing to perform the remaining remediation required by the EPA. The form of the agreement is a consent decree, which has been entered by the court. The parties to the settlement have entered into a participation agreement, which makes us liable for approximately eight percent of the remediation and related costs. The remediation is complete, and we believe our share of the future operation and maintenance costs of the site is not material. There are additional potential liabilities related to the site, but these cannot be quantified, and we have no reason at this time to believe that they will be material.

One of our subsidiaries has been ordered by the California Regional Water Quality Control Board ("CRWQCB") to develop a testing plan for a site known as Campus 1000 Fremont in Alhambra, California. This site was formerly owned and operated by certain of our subsidiaries. It is presently owned by an unrelated party, which has received an order to test the property. We have also been advised that one or more of our subsidiaries is likely to be named by the EPA as a PRP for the San Gabriel Valley, Area 3, Superfund site, which includes this property. Testing has been completed at the property but no contaminants of concern were detected. In discussions with CRWQCB staff, we were advised of their intent to issue us a "no further action" letter but it has not yet been received. Based on the test results, we would contest any potential liability. We have no knowledge at this time of the potential cost of any remediation, who else will be named as PRPs, and whether in fact any of our subsidiaries is a responsible party. The subsidiaries in question do not own any operating assets and have limited ability to respond to any liabilities.

On February 24, 2011, the Housing Authority of the City of Los Angeles ("HACLA") filed an original complaint against multiple defendants for releases of hazardous substances and other hazardous materials based on prior use of a site it now owns between the late 1930s and 2008. HACLA seeks recovery for response costs and other damages resulting from the release of those hazardous substances and materials. On September 20, 2013, one of the third party defendants filed claims against one of our subsidiaries as a fourth party defendant asserting cost recovery and contribution under CERCLA, contribution pursuant to California Health and Safety Code, equitable

contribution and indemnity and declaratory judgment. Our subsidiary never owned or leased the site, and our subsidiary's involvement at the site was primarily related to the demolition, excavation and grading of the site between 1979 and 1980. The remediation process is currently in the very initial stage and cannot be quantified, but we have no reason to believe at this time the ultimate liability, if any, will be material.

Resolutions of other claims by the EPA, the involved state agency or PRPs are at various stages of investigation. These investigations involve determinations of:

- the actual responsibility attributed to us and the other PRPs at the site;
- appropriate investigatory or remedial actions; and
- allocation of the costs of such activities among the PRPs and other site users.

Our ultimate financial responsibility in connection with those sites may depend on many factors, including:

- the volume and nature of material, if any, contributed to the site for which we are responsible;
- the number of other PRPs and their financial viability; and
- the remediation methods and technology to be used.

It is difficult to quantify with certainty the potential cost of these environmental matters, particularly in respect of remediation obligations. Nevertheless, based upon the information currently available, we believe that our ultimate liability arising from all environmental matters, including the liability for all other related pending legal proceedings, asserted legal claims and known potential legal claims which are likely to be asserted, is adequately accrued and should not have a material effect on our consolidated statement of financial position or results of operations.

Retained risk

Overview—Our hull and machinery and excess liability insurance program is comprised of commercial market and captive insurance policies that we renew annually on May 1. We periodically evaluate our insurance limits and self-insured retentions. As of December 31, 2013, the insured value of our drilling rig fleet was approximately $27.2 billion, excluding our rigs under construction.

We generally do not carry commercial market insurance coverage for loss of revenues, unless it is contractually required, or for losses resulting from physical damage to our fleet caused by named windstorms in the U.S. Gulf of Mexico, including liability for wreck removal costs.

Hull and machinery coverage—At December 31, 2013, under the hull and machinery program, we generally maintain a $125 million per occurrence deductible, limited to a maximum of $200 million per policy period. Subject to the same shared deductible, we also have coverage for an amount equal to 50 percent of a rig's insured value for combined costs incurred to mitigate damage to a rig and wreck removal. Any excess wreck removal costs are generally covered to the extent of our remaining excess liability coverage.

Excess liability coverage—At December 31, 2013, we carry $820 million of commercial market excess liability coverage, exclusive of deductibles and self-insured retention, noted below, which generally covers offshore risks such as personal injury, third-party property claims, and third-party non-crew claims, including wreck removal and pollution. Our excess liability coverage has (1) separate $10 million per occurrence deductibles on collision liability claims and (2) separate $5 million per occurrence deductibles on crew personal injury claims and on other third-party non-crew claims. Through our wholly owned captive insurance company, we have retained the risk of the primary $50 million excess liability coverage. In addition, we generally retain the risk for any liability losses in excess of $870 million.

Other insurance coverage—At December 31, 2013, we also carry $100 million of additional insurance that generally covers expenses that would otherwise be assumed by the well owner, such as costs to control the well, redrill expenses and pollution from the well. This additional insurance provides coverage for such expenses in circumstances in which we have legal or contractual liability arising from our gross negligence or willful misconduct.

Letters of credit and surety bonds

At December 31, 2013 and 2012, we had outstanding letters of credit totaling $575 million and $522 million, respectively, issued under various committed and uncommitted credit lines provided by several banks to guarantee various contract bidding, performance activities and customs obligations, including letters of credit totaling $104 million and $113 million, respectively, that we agreed to maintain in support of the operations for Shelf Drilling (see Note 7—Discontinued Operations).

As is customary in the contract drilling business, we also have various surety bonds in place that secure customs obligations relating to the importation of our rigs and certain performance and other obligations. At December 31, 2013 and 2012, we had outstanding surety bonds totaling $6 million and $11 million, respectively.

Note 16—Redeemable Noncontrolling Interest

On October 18, 2007, one of our subsidiaries acquired a 50 percent interest in TPDI, a consolidated British Virgin Islands company formed to operate two Ultra-Deepwater Floaters, *Dhirubhai Deepwater KG1* and *Dhirubhai Deepwater KG2*. Quantum Pacific Management Limited ("Quantum") held the remaining 50 percent interest in TPDI. Through February 29, 2012, Quantum had the unilateral right, pursuant to a put option agreement, to exchange its 50 percent interest in TPDI for our shares or cash, at its election, at an amount based on an appraisal of the fair value of the drillships that are owned by TPDI, subject to certain adjustments. Accordingly, we presented Quantum's interest as redeemable noncontrolling interest on our consolidated balance sheets until Quantum exercised its rights under the put option agreement.

On February 29, 2012, Quantum exercised its rights under the put option agreement to exchange its interest in TPDI for our shares or cash, at its election. Based on the redemption value of Quantum's interest as of that date, we adjusted the carrying amount of the noncontrolling interest and reclassified Quantum's interest to other current liabilities with a corresponding adjustment of $106 million to retained earnings within shareholders' equity. We estimated the fair value of Quantum's interest using significant other observable inputs, representative of a Level 2 fair value measurement, including indications of market values of the drilling units owned by TPDI.

Changes in redeemable noncontrolling interest were as follows (in millions):

	Years ended December 31,	
	2012	2011
Redeemable noncontrolling interest		
Balance, beginning of period	$ 116	$ 41
Net income attributable to noncontrolling interest	13	78
Other comprehensive loss attributable to noncontrolling interest	—	(3)
Fair value adjustment to redeemable noncontrolling interest	106	—
Reclassification to accumulated other comprehensive loss	17	—
Reclassification to other current liabilities	(252)	—
Balance, end of period	$ —	$ 116

On March 29, 2012, Quantum elected to exchange its interest in TPDI for our shares, net of Quantum's share of TPDI's indebtedness, as defined in the put option agreement. Quantum had the right, prior to closing of this exchange, to change its election to cash, net of Quantum's share of TPDI's indebtedness.

Through settlement of the exchange transactions on May 31, 2012, we measured the carrying amount of Quantum's interest at its estimated fair value resulting in a cumulative adjustment of $25 million to increase the liability with corresponding adjustments to other expense on our consolidated statement of operations. On May 31, 2012, we issued 8.7 million shares to Quantum in a non-cash exchange for its interest in TPDI to satisfy our obligation, resulting in an adjustment of $134 million and $233 million to shares and additional paid-in capital, respectively. The adjustment included the extinguishment of the outstanding principal amount and unpaid interest associated with the TPDI Notes payable to Quantum (see Note 12—Debt). As a result of the transaction, TPDI became our wholly owned subsidiary.

Note 17—Shareholders' Equity

Distributions of qualifying additional paid-in capital—In November 2013, our board of directors agreed to recommend that shareholders at the May 2014 annual general meeting approve a distribution of qualifying additional paid-in capital in the form of a U.S. dollar denominated dividend of $3.00 per outstanding share, for an aggregate amount of $1.1 billion, payable in four installments, subject to certain limitations. The recommendation will be subject to shareholder approval at our 2014 annual general meeting, and certain limitations under Swiss law.

In May 2013, at our annual general meeting, our shareholders approved the distribution of qualifying additional paid-in capital in the form of a U.S. dollar denominated dividend of $2.24 per outstanding share, payable in four installments of $0.56 per outstanding share, subject to certain limitations. We do not pay the distribution of qualifying additional paid-in capital with respect to our shares held in treasury or held by our subsidiary. In May 2013, we recognized a liability of $808 million for the distribution payable, recorded in other current liabilities, with a corresponding entry to additional paid-in capital. On June 19, September 18 and December 18, 2013, we paid the first three installments in the aggregate amount of $606 million to shareholders of record as of May 31, August 23 and November 15, 2013, respectively. At December 31, 2013, the carrying amount of the unpaid distribution payable was $202 million.

In May 2011, at our annual general meeting, our shareholders approved the distribution of additional paid-in capital in the form of a U.S. dollar denominated dividend of $3.16 per outstanding share, payable in four installments of $0.79 per outstanding share, subject to certain limitations. On June 15, September 21 and December 21, 2011, we paid the first three installments in the aggregate amount of $759 million, to shareholders of record as of May 20, August 26 and November 25, 2011. On March 21, 2012, we paid the final installment in the aggregate amount of $276 million to shareholders of record as of February 24, 2012.

Share issuances—On May 31, 2012, we issued 8.7 million shares to Quantum in a non-cash exchange for its interest in TPDI. See Note 16—Redeemable Noncontrolling Interest.

In December 2011, we completed a public offering of 29.9 million shares at a price per share of $40.50, equivalent to CHF 37.19 using an exchange rate of USD 1.00 to CHF 0.9183. We received proceeds of $1.2 billion, net of underwriting discounts and commissions, issuance costs and the Swiss Federal Issuance Stamp Tax from the offering.

Shares held in treasury—In May 2009, at our annual general meeting, our shareholders approved and authorized our board of directors, at its discretion, to repurchase an amount of our shares for cancellation with an aggregate purchase price of up to CHF 3.5 billion, which is equivalent to approximately $3.9 billion, using an exchange rate of USD 1.00 to CHF 0.89 as of the close of trading on December 31, 2013. On February 12, 2010, our board of directors authorized our management to implement the share repurchase program.

During the years ended December 31, 2013, 2012 and 2011, we did not purchase any of our shares under our share repurchase program. At December 31, 2013 and 2012, we held 2.9 million shares in treasury, recorded at cost.

Shares held by subsidiary—One of our subsidiaries holds our shares for future use to satisfy our obligations to deliver shares in connection with awards granted under our incentive plans or other rights to acquire our shares. At December 31, 2013 and 2012, our subsidiary held 10.2 million shares and 11.5 million shares, respectively.

Accumulated other comprehensive loss—During the years ended December 31, 2013 and 2012, the changes in accumulated other comprehensive loss, presented net of tax, were as follows (in millions):

	Year ended December 31, 2013				Year ended December 31, 2012			
	Defined benefit pension plans	Derivative instruments	Marketable securities	Total	Defined benefit pension plans	Derivative instruments	Marketable securities	Total
Balance, beginning of period	$ (511)	$ (10)	$ —	$ (521)	$ (501)	$ 7	$ (2)	$ (496)
Other comprehensive income (loss) before reclassifications	202	(6)	—	196	(52)	1	—	(51)
Reclassifications to net income	45	18	—	63	42	(1)	2	43
Other comprehensive income (loss), net	247	12	—	259	(10)	—	2	(8)
Reclassification from redeemable noncontrolling interest	—	—	—	—	—	(17)	—	(17)
Balance, end of period	$ (264)	$ 2	$ —	$ (262)	$ (511)	$ (10)	$ —	$ (521)

Significant reclassifications from accumulated other comprehensive income to net income included the following (in millions):

	Statement of operations classification	Years ended December 31, 2013	2012	2011
Defined benefit pension plans				
Actuarial losses		$ 48	$ 45	$ 26
Prior service costs		—	(1)	(1)
Settlements and curtailments		1	3	—
Total amortization, before income taxes	Net periodic benefit costs (a)	49	47	25
Income tax (benefit) expense	Income tax expense	(4)	(5)	13
Total amortization, net of income taxes		$ 45	$ 42	$ 38

(a) We recognize the amortization of accumulated other comprehensive income components related to defined benefit pension plans in net periodic benefit costs. In the year ended December 31, 2013, the amortization components of our net periodic benefit costs were $37 million, recorded in operating and maintenance costs, and $12 million, recorded in general and administrative costs. In the year ended December 31, 2012, the amortization components of our net periodic benefit costs were $31 million, recorded in operating and maintenance costs, and $16 million, recorded in general and administrative costs. In the year ended December 31, 2011, the amortization components of our net periodic benefit costs were $17 million, recorded in operating and maintenance costs, and $8 million, recorded in general and administrative costs. See Note 14—Postemployment Benefit Plans.

Note 18—Share-Based Compensation Plans

Overview—We have (i) a long-term incentive plan (the "Long-Term Incentive Plan") for executives, key employees and outside directors under which awards can be granted in the form of deferred units, restricted shares, stock options, stock appreciation rights and cash performance awards and (ii) other incentive plans under which awards are currently outstanding. Awards that may be granted under the Long-Term Incentive Plan include time-vesting awards ("time-based awards") and awards that are earned based on the achievement of certain performance criteria ("performance-based awards") or market factors ("market-based awards"). Our executive compensation committee of our board of directors determines the terms and conditions of the awards granted under the Long-Term Incentive Plan. As of December 31, 2013, we had 36.0 million shares authorized and 7.9 million shares available to be granted under the Long-Term Incentive Plan.

Time-based awards typically vest either in three equal annual installments beginning on the first anniversary date of the grant or in an aggregate installment at the end of the stated vesting period. Performance-based and market-based awards are typically awarded subject to either a two-year or a three-year measurement period during which the number of options, shares or deferred units remains uncertain. At the end of the measurement period, the awarded number of options, shares or deferred units is determined (the "determination date") subject to the stated vesting period. The performance-based and market-based awards generally vest in one aggregate installment following the determination date. Once vested, stock options and stock appreciation rights generally have a 10-year term during which they are exercisable.

As of December 31, 2013, total unrecognized compensation costs related to all unvested share-based awards were $93 million, which are expected to be recognized over a weighted-average period of 1.7 years. In the years ended December 31, 2013, 2012 and 2011, we recognized additional share-based compensation expense of $22 million, $4 million and $3 million, respectively, in connection with modifications of share-based awards.

Option valuation assumptions—We estimated the fair value of each option award under the Long-Term Incentive Plan on the grant date using the Black-Scholes-Merton option-pricing model with the following weighted-average assumptions:

	Years ended December 31,		
	2013	2012	2011
Dividend yield	2%	—	4%
Expected price volatility	39%	43%	40%
Risk-free interest rate	0.94%	0.87%	1.97%
Expected life of options	5.3 years	5.0 years	4.9 years
Weighted-average fair value of options granted	$ 17.37	$ 18.87	$ 19.75

Time-based awards

Deferred units—A deferred unit is a unit that is equal to one share but has no voting rights until the underlying shares are issued. The following table summarizes unvested activity for time-based vesting deferred units ("time-based units") granted under our incentive plans during the year ended December 31, 2013:

	Number of units	Weighted-average grant-date fair value per share
Unvested at January 1, 2013	2,870,051	$ 58.09
Granted	1,691,029	58.91
Vested	(1,556,840)	61.32
Forfeited	(271,912)	57.28
Unvested at December 31, 2013	2,732,328	$ 56.84

The total grant-date fair value of the time-based units that vested during the year ended December 31, 2013 was $95 million.

There were 2,183,853 and 1,090,747 time-based units granted during the years ended December 31, 2012 and 2011, respectively. The weighted-average grant-date fair value of time-based units granted was $50.07 and $77.55 per share for the years ended December 31, 2012 and 2011, respectively. There were 1,064,359 and 832,252 time-based units that vested during the years ended December 31, 2012 and 2011, respectively. The total grant-date fair value of the time-based units that vested was $74 million and $66 million for the years ended December 31, 2012 and 2011, respectively.

Restricted shares—We did not grant time-based vesting restricted shares ("time-based shares") during the years ended December 31, 2013, 2012 and 2011. There were no time-based shares that vested during the years ended December 31, 2013 and 2012. There were 3,939 time-based shares that vested during the year ended December 31, 2011. The total grant-date fair value of time-based shares that vested was $1 million for the year ended December 31, 2011.

Stock options—The following table summarizes activity for vested and unvested time-based vesting stock options ("time-based options") outstanding under our incentive plans during the year ended December 31, 2013:

	Number of shares under option	Weighted-average exercise price per share	Weighted-average remaining contractual term (years)	Aggregate intrinsic value (in millions)
Outstanding at January 1, 2013	1,616,055	$ 71.69	6.30	$ —
Granted	455,915	59.30		
Exercised	(102,254)	36.64		
Forfeited	(102,973)	56.97		
Expired	(12,579)	27.15		
Outstanding at December 31, 2013	1,854,164	$ 71.49	6.55	$ —
Vested and exercisable at December 31, 2013	1,176,140	$ 79.25	5.32	$ —

The weighted-average grant-date fair value of time-based options granted during the year ended December 31, 2013 was $17.37 per time-based option. The total grant-date fair value of time-based options that vested during the year ended December 31, 2013 was $7 million. The total pre-tax intrinsic value of time-based options exercised during the year ended December 31, 2013 was $5 million. At January 1 and December 31, 2013, we have presented the aggregate intrinsic value as zero since the weighted-average exercise price per share exceeded the market price of our shares on these dates. There were unvested time-based options to purchase 678,024 shares as of December 31, 2013.

There were time-based options to purchase 395,673 and 194,342 shares granted during the years ended December 31, 2012 and 2011, respectively. The weighted-average grant-date fair value of time-based options granted was $18.87 and $19.75 per time-based option for the years ended December 31, 2012 and 2011, respectively. The total grant-date fair value of time-based options that vested was $5 million and $8 million for the years ended December 31, 2012 and 2011, respectively. There were time-based options to purchase 264,707 and 210,997 shares exercised during the years ended December 31, 2012 and 2011, respectively. The total pretax intrinsic value of time-based options exercised was $3 million and $5 million during the years ended December 31, 2012 and 2011, respectively.

Stock appreciation rights—The following table summarizes activity for stock appreciation rights outstanding under our incentive plans during the year ended December 31, 2013:

	Number of awards	Weighted-average exercise price per share	Weighted-average remaining contractual term (years)	Aggregate intrinsic value (in millions)
Outstanding at January 1, 2013	187,739	$ 93.39	3.76	$ —
Outstanding at December 31, 2013	187,739	$ 93.39	2.76	$ —
Vested and exercisable at December 31, 2013	187,739	$ 93.39	2.76	$ —

We did not grant stock appreciation rights during the years ended December 31, 2013, 2012, and 2011. At January 1 and December 31, 2013, we have presented the aggregate intrinsic value as zero since the weighted-average exercise price per share exceeded the market price of our shares on those dates. There were no stock appreciation rights exercised for the years ended December 31, 2013 and 2012. There were 1,400 stock appreciation rights exercised with a total pre-tax intrinsic value of zero for the year ended December 31, 2011. There were no unvested stock appreciation rights outstanding as of December 31, 2013.

Market-based awards

Deferred units—We grant market-based deferred units ("market-based units") that can be earned depending on the achievement of certain market conditions. The number of units earned is quantified upon completion of the specified period at the determination date. The following table summarizes unvested activity for market-based units granted under our incentive plans during the year ended December 31, 2013:

	Number of units	Weighted-average grant-date fair value per share
Unvested at January 1, 2013	231,451	$ 65.50
Granted	171,001	74.05
Vested	(78,136)	78.69
Forfeited	(18,153)	69.87
Unvested at December 31, 2013	306,163	$ 66.65

Total grant date fair value of the market-based units that vested during the year ended December 31, 2013 was $6 million.

There were 163,319 and 98,797 market-based units granted during the years ended December 31, 2012 and 2011 with a weighted-average grant-date fair value of $58.52 and $78.69 per share, respectively. The total grant-date fair value of the market-based units that vested was $24 million for the year ended December 31, 2012. No market-based units vested in the year ended December 31, 2011.

Performance-based awards

Stock options—We have previously granted performance-based stock options ("performance-based options") that could be earned depending on the achievement of certain performance targets. The number of options earned is quantified upon completion of the performance period at the determination date. The following table summarizes activity for vested and unvested performance-based options outstanding under our incentive plans during the year ended December 31, 2013:

	Number of shares under option	Weighted-average exercise price per share	Weighted-average remaining contractual term (years)	Aggregate intrinsic value (in millions)
Outstanding at January 1, 2013	179,262	$ 75.30	3.22	$ —
Exercised	(7,385)	22.58		
Outstanding at December 31, 2013	171,877	$ 77.57	2.28	$ —
Vested and exercisable at December 31, 2013	171,877	$ 77.57	2.28	$ —

We did not grant performance-based options during the years ended December 31, 2013, 2012 and 2011. At January 1 and December 31, 2013, we have presented the aggregate intrinsic value as zero since the weighted-average exercise price per share exceeded the market price of our shares on that date. There were no performance-based options exercised during the years ended December 31, 2012 and 2011. There were no unvested performance-based stock options outstanding as of December 31, 2013.

Note 19—Supplemental Balance Sheet Information

Other current liabilities were comprised of the following (in millions):

	December 31,	
	2013	2012
Other current liabilities		
Accrued payroll and employee benefits	$ 431	$ 421
Distribution payable	202	—
Deferred revenue	195	214
Deferred revenue of consolidated variable interest entities	21	21
Accrued taxes, other than income	145	150
Accrued interest	108	122
Contingent liabilities	490	1,958
Macondo well incident settlement obligations	460	—
Other	20	47
Total other current liabilities	$ 2,072	$ 2,933

Other long-term liabilities were comprised of the following (in millions):

	December 31,	
	2013	2012
Other long-term liabilities		
Long-term income taxes payable	$ 502	$ 581
Accrued pension liabilities	339	558
Deferred revenue	108	174
Deferred revenue of consolidated variable interest entities	51	72
Drilling contract intangibles	44	60
Accrued retiree life insurance and medical benefits	49	54
Macondo well incident settlement obligations	380	—
Other	81	105
Total other long-term liabilities	$ 1,554	$ 1,604

Note 20—Supplemental Cash Flow Information

Net cash provided by operating activities attributable to the net change in operating assets and liabilities were composed of the following (in millions):

	Years ended December 31,		
	2013	2012	2011
Changes in operating assets and liabilities			
Decrease (increase) in accounts receivable	$ 58	$ (139)	$ (174)
Increase in other current assets	(152)	(73)	(73)
Decrease in other assets	87	12	26
Increase (decrease) in accounts payable and other current liabilities	(625)	931	978
Decrease in other long-term liabilities	(33)	(63)	(34)
Change in income taxes receivable / payable, net	(151)	(156)	80
	$ (816)	$ 512	$ 803

Additional cash flow information was as follows (in millions):

	Years ended December 31,		
	2013	2012	2011
Certain cash operating activities			
Cash payments for interest	$ 669	$ 719	$ 501
Cash payments for income taxes	457	347	338
Non-cash investing and financing activities			
Capital expenditures, accrued at end of period (a)	$ 167	$ 123	$ 62
Issuance of shares in exchange for noncontrolling interest (b)	—	367	—
Non-cash proceeds received for the sale of assets (c)	—	194	—

(a) These amounts represent additions to property and equipment for which we had accrued a corresponding liability in accounts payable.

(b) On May 31, 2012, we issued 8.7 million shares to Quantum in a non-cash exchange for its interest in TPDI. See Note 16—Redeemable Noncontrolling Interest.

(c) During the year ended December 31, 2012, we completed the sale of 38 drilling units to Shelf Drilling. In connection with the sale transactions, we received net cash proceeds of $568 million and non-cash proceeds in the form of preference shares with an aggregate stated value of $195 million. We recognized the preference shares at their estimated fair value measured at the time of the sale, in the aggregate amount of $194 million, including the fair value associated with the embedded derivatives. See Note 7—Discontinued Operations.

Note 21—Financial Instruments

The carrying amounts and fair values of our financial instruments were as follows:

	December 31, 2013		December 31, 2012	
	Carrying amount	Fair value	Carrying amount	Fair value
Cash and cash equivalents	$ 3,243	$ 3,243	$ 5,134	$ 5,134
Notes and other loans receivable	101	101	142	142
Preference shares	—	—	196	196
Restricted cash investments	624	649	861	903
Long-term debt, including current maturities	10,539	11,621	12,268	13,899
Long-term debt of consolidated variable interest entities, including current maturities	163	163	191	191
Derivative instruments, assets	—	—	8	8
Derivative instruments, liabilities	—	—	15	15

We estimated the fair value of each class of financial instruments, for which estimating fair value is practicable, by applying the following methods and assumptions:

Cash and cash equivalents—The carrying amount of cash and cash equivalents represents the historical cost, plus accrued interest, which approximates fair value because of the short maturities of those instruments. We measured the estimated fair value of our cash equivalents using significant other observable inputs, representative of a Level 2 fair value measurement, including the net asset values of the investments. At December 31, 2013 and 2012, the aggregate carrying amount of our cash equivalents was $2.3 billion and $4.2 billion, respectively.

Notes and other loans receivable—We hold certain notes and other loans receivable, which originated in connection with certain asset dispositions and supplier advances. The carrying amount represents the amortized cost of our investments. We measured the estimated fair value using significant unobservable inputs, representative of a Level 3 fair value measurement, including the credit ratings of the borrowers. At December 31, 2013, the aggregate carrying amount of our notes receivable and other loans receivable was $101 million, including $6 million and $95 million recorded in other current assets and other assets, respectively. At December 31, 2012, the aggregate carrying amount of our notes receivable and other loans receivable was $142 million, including $35 million and $107 million, recorded in other current assets and other assets, respectively.

Preference shares—We held preference shares of one of Shelf Drilling's parent companies. The carrying amount of the preference shares represents the historical cost of our investment, as the preference shares do not have a readily determinable fair value. We measured the estimated fair value of the Shelf Drilling preference shares using significant unobservable inputs, representative of a Level 3 fair value measurement, including the credit ratings and financial position of the investee. At December 31, 2012, the aggregate carrying amount of the preference shares, excluding the balance associated with the embedded derivatives, was $196 million recorded in other assets. In June 2013, we sold the preference shares to an unaffiliated party for cash proceeds of $185 million.

Restricted cash investments—The carrying amount of the Eksportfinans Restricted Cash Investments represents the amortized cost of our investment. We measured the estimated fair value of the Eksportfinans Restricted Cash Investments using significant other observable inputs, representative of a Level 2 fair value measurement, including the terms and credit spreads of the instruments. At December 31, 2013 and 2012, the aggregate carrying amount of the Eksportfinans Restricted Cash Investments was $594 million and $801 million, respectively. At December 31, 2013 and 2012, the estimated fair value of the Eksportfinans Restricted Cash Investments was $619 million and $843 million, respectively.

The carrying amount of the restricted cash investments for the TPDI Credit Facilities, the ADDCL Credit Facilities and other obligations approximates fair value due to the short term nature of the instruments in which the restricted cash investments are held. At December 31, 2013, the aggregate carrying amount of the restricted cash investments for the ADDCL Credit Facilities and other obligations was $30 million. At December 31, 2012, the aggregate carrying amount of the restricted cash investments for the TPDI Credit Facilities, the ADDCL Credit Facilities and other obligations was $60 million.

Debt—We measured the estimated fair value of our fixed-rate debt using significant other observable inputs, representative of a Level 2 fair value measurement, including the terms and credit spreads for the instruments. At December 31, 2013 and 2012, the aggregate carrying amount of our fixed-rate debt was $10.5 billion and $11.7 billion, respectively. At December 31, 2013 and 2012, the aggregate estimated fair value of our fixed-rate debt was $11.6 billion and $13.3 billion, respectively.

The carrying amount of our variable-rate debt approximates fair value because the terms of those debt instruments include short-term interest rates and exclude penalties for prepayment. We measured the estimated fair value of our variable-rate debt using significant other observable inputs, representative of a Level 2 fair value measurement, including the terms and credit spreads for the instruments. At December 31, 2013, we did not have any variable-rate debt. At December 31, 2012, the aggregate carrying amount of our variable-rate debt was $579 million.

Debt of consolidated variable interest entities—The carrying amount of the variable-rate debt of our consolidated variable interest entities approximates fair value because the terms of those debt instruments include short-term interest rates and exclude penalties for prepayments. We measured the estimated fair value of the debt of our consolidated variable interest entities using significant other observable inputs, representative of a Level 2 fair value measurement, including the terms and credit spreads of the instruments. At December 31, 2013 and 2012, the aggregate carrying amount of the variable-rate debt of our consolidated variable interest entities was $163 million and $191 million, respectively.

Derivative instruments—The carrying amount of our derivative instruments represents the estimated fair value. We measured the estimated fair value using significant other observable inputs, representative of a Level 2 fair value measurement, including the interest rates and terms of the instruments.

Note 22—Risk Concentration

Interest rate risk—Financial instruments that potentially subject us to concentrations of interest rate risk include our cash equivalents, short-term investments, restricted cash investments, debt and capital lease obligations. We are exposed to interest rate risk related to our cash equivalents and short-term investments, as the interest income earned on these investments changes with market interest rates. Floating rate debt, where the interest rate may be adjusted annually or more frequently over the life of the instrument, exposes us to short-term changes in market interest rates. Fixed rate debt, where the interest rate is fixed over the life of the instrument and the instrument's maturity is greater than one year, exposes us to changes in market interest rates when we refinance maturing debt with new debt. Our fixed-rate restricted cash investments associated with the Eksportfinans Loans and the respective debt instruments for which they are restricted, are subject to corresponding and opposing changes in the fair value relative to changes in market interest rates.

From time to time, we may use interest rate swap agreements to manage the effect of interest rate changes on future income. We do not generally enter into interest rate derivative transactions for speculative or trading purposes. Interest rate swaps are generally designated as hedges of underlying future interest payments. These agreements involve the exchange of amounts based on variable interest rates and amounts based on a fixed interest rate over the life of the agreement without an exchange of the notional amount upon which the payments are based. The interest rate differential to be received or paid on the swaps is recognized over the lives of the swaps as an adjustment to interest expense. Gains and losses on terminations of interest rate swap agreements are deferred and recognized as an adjustment to interest expense over the remaining life of the underlying debt. In the event of the early retirement of a designated debt obligation, any realized or unrealized gain or loss from the swap would be recognized in income.

Currency exchange rate risk—Our international operations expose us to currency exchange rate risk. This risk is primarily associated with compensation costs of our employees and purchasing costs from non-U.S. suppliers, which are denominated in currencies other than the U.S. dollar. We use a variety of techniques to minimize the exposure to currency exchange rate risk, including the structuring of customer contract payment terms and, from time to time, the use of currency exchange derivative instruments.

Our primary currency exchange rate risk management strategy involves structuring customer contracts to provide for payment in both U.S. dollars and local currency. The payment portion denominated in local currency is based on anticipated local currency requirements over the contract term. Due to various factors, including customer acceptance, local banking laws, other statutory requirements, local currency convertibility and the impact of inflation on local costs, actual local currency needs may vary from those anticipated in the customer contracts, resulting in partial exposure to currency exchange rate risk. The currency exchange effect resulting from our international operations generally has not had a material impact on our operating results. In situations where payments of local currency do not equal local currency requirements, we may use currency exchange derivative instruments, specifically forward exchange contracts, or spot purchases, to mitigate currency exchange rate risk. A forward exchange contract obligates us to exchange predetermined amounts of specified foreign currencies at specified currency exchange rates on specified dates or to make an equivalent U.S. dollar payment equal to the value of such exchange.

We do not enter into currency exchange derivative transactions for speculative purposes. We record designated currency exchange derivative instruments at fair value and defer gains and losses in other comprehensive income, recognizing the gains and losses when the underlying currency exchange exposure is realized. We record undesignated currency exchange derivative instruments at fair value and record changes to the fair value in current period earnings as an adjustment to currency exchange gains or losses. At December 31, 2012, we had cross-currency swaps that were designated as cash flow hedges of certain debt instruments denominated in Norwegian kroner. In March 2013, we terminated these cross-currency interest rate swaps and the underlying debt instruments. See Note 13—Derivatives and Hedging.

Credit risk—Financial instruments that potentially subject us to concentrations of credit risk are primarily cash and cash equivalents, short-term investments, trade receivables, notes and loans receivable and equity investment.

We generally maintain our cash and cash equivalents in time deposits at commercial banks with high credit ratings or mutual funds, which invest exclusively in high-quality money market instruments. We limit the amount of exposure to any one institution and do not believe we are exposed to any significant credit risk.

We derive the majority of our revenue from services to international oil companies, government-owned oil companies and government-controlled oil companies. Receivables are dispersed in various countries (see Note 23—Operating Segments, Geographic Analysis and Major Customers). We establish an allowance for doubtful accounts on a case-by-case basis, considering changes in the

financial position of a customer, when we believe the required payment of specific amounts owed to us is unlikely to occur. Although we have encountered isolated credit concerns related to independent oil companies, we are not aware of any significant credit risks related to our customer base and do not generally require collateral or other security to support customer receivables.

We hold investments in debt and equity instruments of certain privately held companies as a result of certain dispositions of assets and equity interests or as a result of arrangements with certain suppliers. We monitor the financial condition of the investees on an ongoing basis to determine whether a valuation allowance is required.

Labor agreements—We require highly skilled personnel to operate our drilling units. We conduct extensive personnel recruiting, training and safety programs. At December 31, 2013, we had approximately 15,100 employees, including approximately 1,000 persons engaged through contract labor providers. Of our 15,100 employees, approximately 800 persons are working under operating agreements with Shelf Drilling and are expected to transition upon expiration of such operating agreements. Some of our employees working in Angola, the U.K., Nigeria, Norway, Australia and Brazil are represented by, and some of our contracted labor work under, collective bargaining agreements. Many of these represented individuals are working under agreements that are subject to annual salary negotiation. These negotiations could result in higher personnel expenses, other increased costs or increased operational restrictions as the outcome of such negotiations apply to all offshore employees not just the union members.

Note 23—Operating Segments, Geographic Analysis and Major Customers

Operating segments—We have established two operating segments: (1) contract drilling services and (2) drilling management services. Our contract drilling services business operates in a single, global market for the provision of contract drilling services. The location of our rigs and the allocation of our resources to build or upgrade rigs are determined by the activities and needs of our customers. Our drilling management services operating segment does not meet the quantitative thresholds for determining reportable segments.

Geographic analysis—Operating revenues for our continuing operations by country were as follows (in millions):

	Years ended December 31,		
	2013	2012	2011
Operating revenues			
U.S.	$ 2,382	$ 2,472	$ 1,971
Norway	1,208	1,174	897
U.K.	1,181	1,028	1,099
Brazil	855	1,114	1,019
Other countries (a)	3,858	3,408	3,041
Total operating revenues	$ 9,484	$ 9,196	$ 8,027

(a) Other countries represents countries in which we operate that individually had operating revenues representing less than 10 percent of total operating revenues earned.

Long-lived assets of our continuing operations by country were as follows (in millions):

	December 31,	
	2013	2012
Long-lived assets		
U.S.	$ 6,996	$ 7,395
Norway	2,091	2,072
Brazil	1,388	2,285
Other countries (a)	11,232	9,128
Total long-lived assets	$ 21,707	$ 20,880

(a) Other countries represents countries in which we operate that individually had long-lived assets representing less than 10 percent of total long-lived assets.

A substantial portion of our assets are mobile. Asset locations at the end of the period are not necessarily indicative of the geographic distribution of the revenues generated by such assets during the periods. Although we are organized under the laws of Switzerland, we do not conduct any operations and do not have operating revenues in Switzerland. At December 31, 2013 and 2012, the aggregate carrying amount of our long-lived assets located in Switzerland was $6 million and $7 million, respectively.

Our international operations are subject to certain political and other uncertainties, including risks of war and civil disturbances or other market disrupting events, expropriation of equipment, repatriation of income or capital, taxation policies, and the general hazards associated with certain areas in which we operate.

Major customers—For the year ended December 31, 2013, Chevron Corporation and BP accounted for approximately 12 percent and 10 percent, respectively, of our consolidated operating revenues from continuing operations. For the year ended December 31, 2012, Chevron Corporation, BP and Petrobras accounted for approximately 11 percent, 11 percent and 10 percent, respectively, of our consolidated operating revenues from continuing operations. For the year ended December 31, 2011, BP accounted for approximately 11 percent of our consolidated operating revenues from continuing operations.

Note 24—Condensed Consolidating Financial Information

Transocean Inc., a wholly owned subsidiary of Transocean Ltd., is the issuer of certain notes and debentures, which have been guaranteed by Transocean Ltd. Transocean Ltd.'s guarantee of debt securities of Transocean Inc. is full and unconditional. Transocean Ltd. is not subject to any significant restrictions on its ability to obtain funds by dividends, loans or return of capital distributions from its consolidated subsidiaries.

The following tables present condensed consolidating financial information for (a) Transocean Ltd. (the "Parent Guarantor"), (b) Transocean Inc. (the "Subsidiary Issuer"), and (c) the other direct and indirect wholly owned and partially owned subsidiaries of the Parent Guarantor, none of which guarantee any indebtedness of the Subsidiary Issuer (the "Other Subsidiaries"). The tables include the consolidating adjustments necessary to present the condensed financial statements on a consolidated basis. The condensed consolidating financial information may not necessarily be indicative of the results of operations, financial position or cash flows had the subsidiaries operated as independent entities.

	Year ended December 31, 2013				
	Parent Guarantor	Subsidiary Issuer	Other Subsidiaries	Consolidating adjustments	Consolidated
Operating revenues	$ 18	$ —	$ 9,468	$ (2)	$ 9,484
Cost and expenses	47	9	7,132	(2)	7,186
Loss on impairment	—	—	(81)	—	(81)
Gain on disposal of assets, net	—	—	7	—	7
Operating income (loss)	(29)	(9)	2,262	—	2,224
Other income (expense), net					
Interest income (expense), net	(15)	(538)	21	—	(532)
Equity in earnings	1,450	2,112	—	(3,562)	—
Other, net	1	(15)	(14)	—	(28)
	1,436	1,559	7	(3,562)	(560)
Income from continuing operations before income tax expense	1,407	1,550	2,269	(3,562)	1,664
Income tax expense	—	—	258	—	258
Income from continuing operations	1,407	1,550	2,011	(3,562)	1,406
Gain (loss) from discontinued operations, net of tax	—	(97)	98	—	1
Net Income	1,407	1,453	2,109	(3,562)	1,407
Net income attributable to noncontrolling interest	—	—	—	—	—
Net income attributable to controlling interest	1,407	1,453	2,109	(3,562)	1,407
Other comprehensive income before income taxes	3	238	19	—	260
Income taxes related to other comprehensive loss	—	—	2	—	2
Other comprehensive income, net of income taxes	3	238	21	—	262
Total comprehensive income	1,410	1,691	2,130	(3,562)	1,669
Total comprehensive income attributable to noncontrolling interest		—	3	—	3
Total comprehensive income attributable to controlling interest	$ 1,410	$ 1,691	$ 2,127	$ (3,562)	$ 1,666

	Year ended December 31, 2012				
	Parent Guarantor	Subsidiary Issuer	Other Subsidiaries	Consolidating adjustments	Consolidated
Operating revenues	$ —	$ 5	$ 9,213	$ (22)	$ 9,196
Cost and expenses	54	16	7,463	(22)	7,511
Loss on impairment	—	—	(140)	—	(140)
Gain on disposal of assets, net	—	—	36	—	36
Operating income (loss)	(54)	(11)	1,646	—	1,581
Other income (expense), net					
Interest expense, net	(12)	(576)	(79)	—	(667)
Equity in earnings	(153)	402	—	(249)	—
Other, net	—	(4)	(44)	—	(48)
	(165)	(178)	(123)	(249)	(715)
Income (loss) from continuing operations before income tax expense	(219)	(189)	1,523	(249)	866
Income tax expense	—	—	50	—	50
Income (loss) from continuing operations	(219)	(189)	1,473	(249)	816
Loss from discontinued operations, net of tax	—	—	(1,027)	—	(1,027)
Net income (loss)	(219)	(189)	446	(249)	(211)
Net income attributable to noncontrolling interest	—	—	8	—	8
Net income (loss) attributable to controlling interest	(219)	(189)	438	(249)	(219)
Other comprehensive income (loss) before income taxes	(5)	(31)	35	—	(1)
Income taxes related to other comprehensive loss	—	—	(7)	—	(7)
Other comprehensive income (loss), net of income taxes	(5)	(31)	28	—	(8)
Total comprehensive income (loss)	(224)	(220)	474	(249)	(219)
Total comprehensive income attributable to noncontrolling interest	—	—	8	—	8
Total comprehensive income (loss) attributable to controlling interest	$ (224)	$ (220)	$ 466	$ (249)	$ (227)

	Year ended December 31, 2011				
	Parent Guarantor	Subsidiary Issuer	Other Subsidiaries	Consolidating adjustments	Consolidated
Operating revenues	$ —	$ —	$ 8,045	$ (18)	$ 8,027
Cost and expenses	44	4	7,546	(18)	7,576
Loss on impairment	—	—	(5,201)	—	(5,201)
Loss on disposal of assets, net	—	—	(12)	—	(12)
Operating loss	(44)	(4)	(4,714)	—	(4,762)
Other income (expense), net					
Interest expense, net	(11)	(510)	(56)	—	(577)
Equity in earnings	(5,699)	(5,174)	—	10,873	—
Other, net	—	9	(108)	—	(99)
	(5,710)	(5,675)	(164)	10,873	(676)
Loss from continuing operations before income tax expense	(5,754)	(5,679)	(4,878)	10,873	(5,438)
Income tax expense	—	—	324	—	324
Loss from continuing operations	(5,754)	(5,679)	(5,202)	10,873	(5,762)
Income from discontinued operations, net of tax	—	—	85	—	85
Net loss	(5,754)	(5,679)	(5,117)	10,873	(5,677)
Net income attributable to noncontrolling interest	—	—	77	—	77
Net loss attributable to controlling interest	(5,754)	(5,679)	(5,194)	10,873	(5,754)
Other comprehensive loss before income taxes	(3)	(114)	(64)	—	(181)
Income taxes related to other comprehensive loss	—	—	13	—	13
Other comprehensive loss, net of income taxes	(3)	(114)	(51)	—	(168)
Total comprehensive loss	(5,757)	(5,793)	(5,168)	10,873	(5,845)
Total comprehensive income attributable to noncontrolling interest	—	—	73	—	73
Total comprehensive loss attributable to controlling interest	$ (5,757)	$ (5,793)	$ (5,241)	$ 10,873	$ (5,918)

	December 31, 2013				
	Parent Guarantor	Subsidiary Issuer	Other Subsidiaries	Consolidating adjustments	Consolidated
Assets					
Cash and cash equivalents	$ 4	$ 1,617	$ 1,622	$ —	$ 3,243
Other current assets	22	1,302	4,607	(2,402)	3,529
Total current assets	26	2,919	6,229	(2,402)	6,772
Property and equipment, net	—	—	21,707	—	21,707
Goodwill	—	—	2,987	—	2,987
Investment in affiliates	18,151	31,308	—	(49,459)	—
Other assets	—	2,427	19,954	(21,301)	1,080
Total assets	18,177	36,654	50,877	(73,162)	32,546
Liabilities and equity					
Debt due within one year	—	—	323	—	323
Other current liabilities	214	526	4,893	(2,402)	3,231
Total current liabilities	214	526	5,216	(2,402)	3,554
Long-term debt	1,237	18,759	11,684	(21,301)	10,379
Other long-term liabilities	35	232	1,661	—	1,928
Total long-term liabilities	1,272	18,991	13,345	(21,301)	12,307
Commitments and contingencies					
Total equity	16,691	17,137	32,316	(49,459)	16,685
Total liabilities and equity	$ 18,177	$ 36,654	$ 50,877	$ (73,162)	$ 32,546

	December 31, 2012				
	Parent Guarantor	Subsidiary Issuer	Other Subsidiaries	Consolidating adjustments	Consolidated
Assets					
Cash and cash equivalents	$ 24	$ 3,155	$ 1,955	$ —	$ 5,134
Other current assets	7	1,901	3,852	(2,247)	3,513
Total current assets	31	5,056	5,807	(2,247)	8,647
Property and equipment, net	—	—	20,880	—	20,880
Goodwill	—	—	2,987	—	2,987
Investment in affiliates	16,354	27,933	—	(44,287)	—
Other assets	—	1,804	18,244	(18,307)	1,741
Total assets	16,385	34,793	47,918	(64,841)	34,255
Liabilities and equity					
Debt due within one year	—	564	803	—	1,367
Other current liabilities	13	632	5,698	(2,247)	4,096
Total current liabilities	13	1,196	6,501	(2,247)	5,463
Long-term debt	594	17,772	11,033	(18,307)	11,092
Other long-term liabilities	33	454	1,483	—	1,970
Total long-term liabilities	627	18,226	12,516	(18,307)	13,062
Commitments and contingencies					
Total equity	15,745	15,371	28,901	(44,287)	15,730
Total liabilities and equity	$ 16,385	$ 34,793	$ 47,918	$ (64,841)	$ 34,255

	Year ended December 31, 2013				
	Parent Guarantor	Subsidiary Issuer	Other Subsidiaries	Consolidating adjustments	Consolidated
Cash flows from operating activities	$ (51)	$ (661)	$ 2,630	$ —	$ 1,918
Cash flows from investing activities					
Capital expenditures	—	—	(2,238)	—	(2,238)
Proceeds from disposal of assets, net	—	—	174	—	174
Proceeds from disposal of discontinued operations, net	—	—	204	—	204
Proceeds from sale of preference shares	—	185	—	—	185
Investing activities with affiliates, net	—	(1,461)	(1,100)	2,561	—
Other, net	—	—	17	—	17
Net cash used in investing activities	—	(1,276)	(2,943)	2,561	(1,658)
Cash flows from financing activities					
Repayments of debt	—	(562)	(1,130)	—	(1,692)
Proceeds from restricted cash investments	—	—	298	—	298
Deposits to restricted cash investments	—	—	(119)	—	(119)
Distribution of qualifying additional paid-in capital	(606)	—	—	—	(606)
Financing activities with affiliates, net	643	978	940	(2,561)	—
Other, net	(6)	(17)	(9)	—	(32)
Net cash provided by (used in) financing activities	31	399	(20)	(2,561)	(2,151)
Net decrease in cash and cash equivalents	(20)	(1,538)	(333)	—	(1,891)
Cash and cash equivalents at beginning of period	24	3,155	1,955	—	5,134
Cash and cash equivalents at end of period	$ 4	$ 1,617	$ 1,622	$ —	$ 3,243

	Year ended December 31, 2012				
	Parent Guarantor	Subsidiary Issuer	Other Subsidiaries	Consolidating adjustments	Consolidated
Cash flows from operating activities	$ (86)	$ (953)	$ 3,747	$ —	$ 2,708
Cash flows from investing activities					
Capital expenditures	—	—	(1,303)	—	(1,303)
Capital expenditures for discontinued operations	—	—	(106)	—	(106)
Proceeds from disposal of assets, net	—	—	191	—	191
Proceeds from disposal of discontinued operations, net	—	568	221	—	789
Investing activities with affiliates, net	(165)	(2,344)	(3,726)	6,235	—
Other, net	—	29	11	—	40
Net cash provided by (used in) investing activities	(165)	(1,747)	(4,712)	6,235	(389)
Cash flows from financing activities					
Changes in short-term borrowings, net	—	—	(260)	—	(260)
Proceeds from debt	—	1,493	—	—	1,493
Repayments of debt	—	(1,689)	(593)	—	(2,282)
Proceeds from restricted cash investments	—	—	311	—	311
Deposits to restricted cash investments	—	—	(167)	—	(167)
Distribution of qualifying additional paid-in capital	(276)	—	—	—	(276)
Financing activities with affiliates, net	549	3,276	2,410	(6,235)	—
Other, net	(1)	(18)	(2)	—	(21)
Net cash provided by (used in) financing activities	272	3,062	1,699	(6,235)	(1,202)
Net increase (decrease) in cash and cash equivalents	21	362	734	—	1,117
Cash and cash equivalents at beginning of period	3	2,793	1,221	—	4,017
Cash and cash equivalents at end of period	$ 24	$ 3,155	$ 1,955	$ —	$ 5,134

	Year ended December 31, 2011				
	Parent Guarantor	Subsidiary Issuer	Other Subsidiaries	Consolidating adjustments	Consolidated
Cash flows from operating activities	$ (52)	$ (568)	$ 2,445	$ —	$ 1,825
Cash flows from investing activities					
Capital expenditures	—	—	(974)	—	(974)
Capital expenditures for discontinued operations	—	—	(46)	—	(46)
Investment in business combination, net of cash acquired	—	—	(1,246)	—	(1,246)
Proceeds from disposal of assets, net	—	—	14	—	14
Proceeds from disposal of discontinued operations, net	—	—	447	—	447
Investing activities with affiliates, net	(875)	(325)	(1,764)	2,964	—
Other, net	—	(23)	(68)	—	(91)
Net cash provided by (used in) investing activities	(875)	(348)	(3,637)	2,964	(1,896)
Cash flows from financing activities					
Changes in short-term borrowings, net	—	(88)	—	—	(88)
Proceeds from debt	435	2,504	—	—	2,939
Repayments of debt	(429)	(1,827)	(153)	—	(2,409)
Proceeds from restricted cash investments	429	—	50	—	479
Deposits to restricted cash investments	(435)	—	(88)	—	(523)
Proceeds from share issuance, net	1,211	—	—	—	1,211
Distribution of qualifying additional paid-in capital	(759)	—	—	—	(759)
Financing activities with affiliates, net	495	1,114	1,355	(2,964)	—
Other, net	(55)	(35)	(26)	—	(116)
Net cash provided by (used in) financing activities	892	1,668	1,138	(2,964)	734
Net increase (decrease) in cash and cash equivalents	(35)	752	(54)	—	663
Cash and cash equivalents at beginning of period	38	2,041	1,275	—	3,354
Cash and cash equivalents at end of period	$ 3	$ 2,793	$ 1,221	$ —	$ 4,017

Note 25—Related Party Transactions

Quantum Pacific Management Limited—On October 18, 2007, one of our subsidiaries acquired a 50 percent interest in TPDI, an entity formed to operate two Ultra-Deepwater Floaters, *Dhirubhai Deepwater KG1* and *Dhirubhai Deepwater KG2*. Until May 31, 2012, Quantum held the remaining 50 percent interest in TPDI. Quantum had the unilateral right to exchange its interest in TPDI for our shares or cash, at its election, measured at an amount based on an appraisal of the fair value of the drillships that are owned by TPDI, subject to certain adjustments. During the year ended December 31, 2012, Quantum exercised its rights under the put option agreement electing to exchange its interest in TPDI for our shares. We issued 8.7 million shares to Quantum, and as a result, TPDI became our wholly-owned subsidiary. In the year ended December 31, 2012, under the terms of the put option agreement, we made a cash payment of $72 million to Quantum to settle TPDI's working capital. See Note 16—Redeemable Noncontrolling Interest.

Note 26—Quarterly Results (Unaudited)

	Three months ended			
	March 31,	June 30,	September 30,	December 31,
	(In millions, except per share data)			
2013				
Operating revenues	$ 2,197	$ 2,397	$ 2,558	$ 2,332
Operating income (a)	473	602	742	407
Income from continuing operations (a)	313	321	544	228
Net income (a) (b)	329	303	544	231
Net income attributable to controlling interest (a) (b)	321	307	546	233
Per share earnings from continuing operations				
Basic	$ 0.88	$ 0.87	$ 1.49	$ 0.62
Diluted	$ 0.88	$ 0.87	$ 1.49	$ 0.62
Weighted-average shares outstanding				
Basic	360	360	361	361
Diluted	360	360	361	361
2012				
Operating revenues	$ 2,110	$ 2,329	$ 2,431	$ 2,326
Operating income (loss) (c)	371	(142)	811	541
Income (loss) from continuing operations (c)	154	(303)	533	432
Net income (loss) (c) (d)	18	(303)	(383)	457
Net income (loss) attributable to controlling interest (c) (d)	10	(304)	(381)	456
Per share earnings (loss) from continuing operations				
Basic	$ 0.42	$ (0.86)	$ 1.49	$ 1.19
Diluted	$ 0.42	$ (0.86)	$ 1.49	$ 1.19
Weighted-average shares outstanding				
Basic	350	353	359	359
Diluted	350	353	359	360

(a) First quarter and third quarter included losses of $74 million and $29 million, respectively, associated with loss contingencies related to Macondo well incident. Second quarter included an aggregate loss of $37 million associated with the impairment of certain drilling units classified as assets held for sale. Third quarter included a gain of $33 million associated with the sale of *Transocean Richardson*. See Note 5—Impairments, Note 10—Drilling Fleet and Note 15-Commitments and Contingencies.

(b) First, second, third and fourth quarters included aggregate gains of $15 million, $3 million, $31 million and $5 million, respectively, associated with the disposal of assets of our discontinued operations. See Note 7—Discontinued Operations.

(c) First quarter included an adjustment of $118 million associated with an adjustment to the goodwill impairment attributed to our contract drilling services reporting unit and a loss of $22 million associated with the impairment of the customer relationships intangible asset related to the U.K. operations of our drilling management services reporting unit. Second quarter included a loss of $756 million associated with loss contingencies related to the Macondo well incident. Third quarter included an aggregate gain of $51 million associated with the sale of *Discoverer 534* and *Jim Cunningham*. See Note 5—Impairments, Note 10—Drilling Fleet and Note 15—Commitments and Contingencies.

(d) First, second, third and fourth quarters included aggregate losses of $93 million, $12 million, $878 million and $3 million, respectively, associated with the impairment of assets of our discontinued operations. First, second, third and fourth quarters included aggregate gains (losses) of $(1) million, $72 million, $(1) million and $12 million, respectively, associated with the disposal of assets of our discontinued operations. See Note 7—Discontinued Operations.

Note 27—Subsequent Events

Income Taxes—Subsequent to December 31, 2013, we received a draft assessment from the U.S. tax authorities related to our 2010 and 2011 U.S. federal income tax returns. The significant issue raised in the assessment relates to transfer pricing for certain charters of drilling rigs between our subsidiaries. This item, if successfully challenged, would result in net adjustments of approximately $290 million of additional taxes, excluding interest and penalties. An unfavorable outcome on these adjustments could result in a material adverse effect on our consolidated statement of financial position, results of operations or cash flows. Furthermore, if the authorities were to continue to pursue these positions with respect to subsequent years and were successful in such assertions, our effective tax rate on worldwide earnings with respect to years following 2011 could increase substantially, and could have a material adverse effect on our consolidated results of operations and cash flows. We believe our U.S. federal income tax returns are materially correct as filed, and we intend to continue to vigorously defend against all such claims.

Discontinued operations—Subsequent to December 31, 2013, in connection with our efforts to discontinue non-strategic operations, we completed the sale of ADTI, which performs drilling management services in the North Sea. Following the completion of the sale transaction, we agreed to provide a $15 million working capital line of credit to the buyer for up to two years. We have also provided a limited guarantee in favor of one customer through expiration of the current drilling project, which is expected to be completed in the fourth quarter of 2014. The disposal of this component of our business results in the discontinuation of our drilling management services operating segment in the year ending December 31, 2014.

Debt—Subsequent to December 31, 2013, we repaid borrowings of $163 million outstanding under the ADDCL Credit Facilities. Upon repayment of all borrowings, we terminated the bank credit agreement under which the credit facilities were established.

Note 28—Supplemental Disclosures Required by Swiss Law

Personnel expenses—In the years ended December 31, 2013, 2012 and 2011, we recognized total personnel expenses of $2.6 billion, $2.5 billion, and $2.6 billion, respectively.

Fire insurance—At December 31, 2013 and 2012, the fire insurance value of our property and equipment was $27.2 billion and $29.3 billion, respectively.

Compensation and security ownership of board members and executive officers—In the Transocean Ltd. statutory financial statements, we have presented the compensation and security ownership of members of our board of directors and members of our executive management team. See Transocean Ltd. Statutory Financial Statements—Notes to Statutory Financial Statements—Note 6—Share Ownership, Note 7—Board of Directors' Compensation, and Note 8—Executive Management Team Compensation.

Risk assessment—In the Transocean Ltd. statutory financial statements, we have presented our risk assessment. See Transocean Ltd. Statutory Financial Statements—Notes to Statutory Financial Statements—Note 13—Risk Assessment.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

We have not had a change in or disagreement with our accountants within 24 months prior to the date of our most recent financial statements or in any period subsequent to such date.

Item 9A. Controls and Procedures

Disclosure controls and procedures—We carried out an evaluation, under the supervision and with the participation of management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures, as defined in the Exchange Act, Rules 13a-15 and 15d-15, were effective as of December 31, 2013 to provide reasonable assurance that information required to be disclosed in our reports filed or submitted under the Exchange Act is (1) accumulated and communicated to our management, including our Chief Executive Officer and our Chief Financial Officer, to allow timely decisions regarding required disclosure and (2) recorded, processed, summarized and reported within the time periods specified in the U.S. Securities and Exchange Commission's rules and forms.

Internal controls over financial reporting—There were no changes to our internal controls during the quarter ended December 31, 2013 that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

See "Management's Report on Internal Control Over Financial Reporting" and "Report of Independent Registered Public Accounting Firm" included in Item 8 of this Annual Report.

Item 9B. Other Information

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

Item 11. Executive Compensation

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Shareholder Matters

Item 13. Certain Relationships, Related Transactions, and Director Independence

Item 14. Principal Accounting Fees and Services

The information required by Items 10, 11, 12, 13 and 14 is incorporated herein by reference to our definitive proxy statement for our 2014 annual general meeting of shareholders, which will be filed with the U.S. Securities and Exchange Commission pursuant to Regulation 14A under the Securities Exchange Act of 1934 within 120 days of December 31, 2013. Certain information with respect to our executive officers is set forth in Item 4 of this annual report under the caption "Executive Officers of the Registrant."

PART IV

Item 15. Exhibits and Financial Statement Schedules

(a) Index to Financial Statements, Financial Statement Schedules and Exhibits

(1) Financial Statements

Included in Part II of this report:	Page
Management's Report on Internal Control Over Financial Reporting	63
Reports of Independent Registered Public Accounting Firm	64
Consolidated Statements of Operations	66
Consolidated Statements of Comprehensive Income (Loss)	67
Consolidated Balance Sheets	68
Consolidated Statements of Equity	69
Consolidated Statements of Cash Flows	70
Notes to Consolidated Financial Statements	71

Financial statements of unconsolidated subsidiaries are not presented herein because such subsidiaries do not meet the significance test.

(2) Financial Statement Schedules

Transocean Ltd. and Subsidiaries
Schedule II - Valuation and Qualifying Accounts
(In millions)

	Balance at beginning of period	Additions: Charge to cost and expenses	Additions: Charge to other accounts -describe	Deductions -describe	Balance at end of period
Year ended December 31, 2011					
Reserves and allowances deducted from asset accounts:					
Allowance for doubtful accounts receivable	$ 38	$ —	$ —	$ 10 (a)	$ 28
Allowance for obsolete materials and supplies	70	5	—	2 (b)	73
Valuation allowance on deferred tax assets	164	19	—	—	183
Year ended December 31, 2012					
Reserves and allowances deducted from asset accounts:					
Allowance for doubtful accounts receivable	$ 28	$ —	$ —	$ 8 (a)	$ 20
Allowance for obsolete materials and supplies	73	8	—	15 (b)	66
Valuation allowance on deferred tax assets	183	28	—	1 (c)	210
Year ended December 31, 2013					
Reserves and allowances deducted from asset accounts:					
Allowance for doubtful accounts receivable	$ 20	$ —	$ —	$ 6 (a)	$ 14
Allowance for obsolete materials and supplies	66	17	—	3 (b)	80
Valuation allowance on deferred tax assets	210	37	—	—	247

(a) Uncollectible accounts receivable written off, net of recoveries.

(b) Amount related to sale of rigs and related equipment.

(c) Primarily due to reassessments of valuation allowances against future operations.

Other schedules are omitted either because they are not required or are not applicable or because the required information is included in the financial statements or notes thereto.

(3) Exhibits

The following exhibits are filed in connection with this Report:

Number	Description
3.1	Articles of Association of Transocean Ltd. (incorporated by reference to Exhibit 3.1 to Transocean Ltd.'s Current Report on Form 8-K (Commission File No. 000-53533) filed on August 22, 2013)
3.2	Organizational Regulations of Transocean Ltd. (incorporated by reference to Exhibit 3.2 to Transocean Ltd.'s Annual Report on Form 10-K (Commission File No. 000-53533) for the year ended December 31, 2012)
4.1	Indenture dated as of April 15, 1997 between Transocean Offshore Inc. and Texas Commerce Bank National Association, as trustee (incorporated by reference to Exhibit 4.1 to Transocean Offshore Inc.'s Current Report on Form 8-K (Commission File No. 001-07746) filed on April 30, 1997)
4.2	First Supplemental Indenture dated as of April 15, 1997 between Transocean Offshore Inc. and Texas Commerce Bank National Association, as trustee, supplementing the Indenture dated as of April 15, 1997 (incorporated by reference to Exhibit 4.2 to Transocean Offshore Inc.'s Current Report on Form 8-K (Commission File No. 001-07746) filed on April 30, 1997)
4.3	Second Supplemental Indenture dated as of May 14, 1999 between Transocean Offshore (Texas) Inc., Transocean Offshore Inc. and Chase Bank of Texas, National Association, as trustee (incorporated by reference to Exhibit 4.5 to Transocean Offshore Inc.'s Post-Effective Amendment No. 1 to Registration Statement on Form S-3 (Registration No. 333-59001-99))
4.4	Third Supplemental Indenture dated as of May 24, 2000 between Transocean Sedco Forex Inc. and Chase Bank of Texas, National Association, as trustee (incorporated by reference to Exhibit 4.1 to Transocean Sedco Forex Inc.'s Current Report on Form 8-K (Commission File No. 333-75899) filed on May 24, 2000)
4.5	Fourth Supplemental Indenture dated as of May 11, 2001 between Transocean Sedco Forex Inc. and The Chase Manhattan Bank (incorporated by reference to Exhibit 4.3 to Transocean Sedco Forex Inc.'s Quarterly Report on Form 10-Q (Commission File No. 333-75899) for the quarter ended March 31, 2001)
4.6	Fifth Supplemental Indenture, dated as of December 18, 2008, among Transocean Ltd., Transocean Inc. and The Bank of New York Mellon Trust Company, N.A., as trustee (incorporated by reference to Exhibit 4.4 to Transocean Ltd.'s Current Report on Form 8-K filed on December 19, 2008)
4.7	Form of 7.45% Notes due April 15, 2027 (incorporated by reference to Exhibit 4.3 to Transocean Offshore Inc.'s Current Report on Form 8-K (Commission File No. 001-07746) filed on April 30, 1997)
4.8	Form of 8.00% Debentures due April 15, 2027 (incorporated by reference to Exhibit 4.4 to Transocean Offshore Inc.'s Current Report on Form 8-K (Commission File No. 001-07746) filed on April 30, 1997)
4.9	Form of 7.50% Note due April 15, 2031 (incorporated by reference to Exhibit 4.3 to Transocean Sedco Forex Inc.'s Current Report on Form 8-K (Commission File No. 333-75899) filed on April 9, 2001)
4.10	Officers' Certificate establishing the terms of the 6.50% Notes due 2003, 6.75% Notes due 2005, 6.95% Notes due 2008, 7.375% Notes due 2018, 9.125% Notes due 2003 and 9.50% Notes due 2008 (incorporated by reference to Exhibit 4.13 to Transocean Sedco Forex Inc.'s Annual Report on Form 10-K (Commission File No. 333-75899) for the fiscal year ended December 31, 2001)
4.11	Officers' Certificate establishing the terms of the 7.375% Notes due 2018 (incorporated by reference to Exhibit 4.14 to Transocean Sedco Forex Inc.'s Annual Report on Form 10-K (Commission File No. 333-75899) for the fiscal year ended December 31, 2001)
4.12	Indenture dated as of September 1, 1997, between Global Marine Inc. and Wilmington Trust Company, as Trustee, relating to Debt Securities of Global Marine Inc. (incorporated by reference to Exhibit 4.1 of Global Marine Inc.'s Registration Statement on Form S-4 (No. 333-39033) filed with the Commission on October 30, 1997); First Supplemental Indenture dated as of June 23, 2000 (incorporated by reference to Exhibit 4.2 of Global Marine Inc.'s Quarterly Report on Form 10-Q (Commission File No. 1-5471) for the quarter ended June 30, 2000); Second Supplemental Indenture dated as of November 20, 2001 (incorporated by reference to Exhibit 4.2 to GlobalSantaFe Corporation's Annual Report on Form 10-K (Commission File No. 001-14634) for the year ended December 31, 2004)
4.13	Form of 7% Note Due 2028 (incorporated by reference to Exhibit 4.2 of Global Marine Inc.'s Current Report on Form 8-K (Commission File No. 1-5471) filed on May 22, 1998)
4.14	Terms of 7% Note Due 2028 (incorporated by reference to Exhibit 4.1 of Global Marine Inc.'s Current Report on Form 8-K (Commission File No. 1-5471) filed on May 22, 1998)
4.15	Senior Indenture, dated as of December 11, 2007, between Transocean Inc. and Wells Fargo Bank, National Association (incorporated by reference to Exhibit 4.36 to Transocean Inc.'s Annual Report on Form 10-K (Commission File No. 333-75899) for the year ended December 31, 2007)

4.16 First Supplemental Indenture, dated as of December 11, 2007, between Transocean Inc. and Wells Fargo Bank, National Association (incorporated by reference to Exhibit 4.37 to Transocean Inc.'s Annual Report on Form 10-K (Commission File No. 333-75899) for the year ended December 31, 2007)

4.17 Third Supplemental Indenture, dated as of December 18, 2008, among Transocean Ltd., Transocean Inc. and Wells Fargo Bank, National Association, as trustee (incorporated by reference to Exhibit 4.3 to Transocean Ltd.'s Current Report on Form 8-K (Commission File No. 333-75899) filed on December 19, 2008)

4.18 Fourth Supplemental Indenture, dated as of September 21, 2010, among Transocean Ltd., Transocean Inc. and Wells Fargo Bank, National Association, as trustee (incorporated by reference to Exhibit 4.1 to Transocean Ltd.'s Quarterly Report on Form 10-Q (Commission File No. 000-53533) for the quarter ended September 30, 2010)

4.19 Fifth Supplemental Indenture, dated as of December 5, 2011, among Transocean Ltd., Transocean Inc. and Wells Fargo Bank, National Association, as trustee (incorporated by reference to Exhibit 4.3 to Transocean Ltd.'s Current Report on Form 8-K (Commission File No. 000-53533) filed on December 5, 2011)

4.20 Sixth Supplemental Indenture, dated as of September 13, 2012, among Transocean Inc., Transocean Ltd. and Wells Fargo Bank, National Association, as trustee (incorporated by reference to Exhibit 4.3 to Transocean Ltd.'s Current Report on Form 8-K (Commission File No. 000-53533) filed on September 13, 2012)

4.21 Credit Agreement dated November 1, 2011 among Transocean Inc., the lenders parties thereto and JPMorgan Chase Bank, N.A., as administrative agent, Crédit Agricole Corporate and Investment Bank and Citibank, N.A., as co-syndication agents, and The Bank of Tokyo-Mitsubishi UFJ, Ltd. and Wells Fargo Bank, National Association, as co-documentation agents, and J.P. Morgan Securities LLC, Crédit Agricole Corporate and Investment Bank, The Bank of Tokyo-Mitsubishi UFJ, Ltd., Citigroup Global Markets Inc., and Wells Fargo Securities LLC, as joint lead arrangers and joint bookrunners (incorporated by reference to Exhibit 4.1 to Transocean Ltd.'s Quarterly Report on Form 10-Q (Commission File No. 000-53533) for the quarter ended September 30, 2011)

4.22 Guarantee Agreement dated November 1, 2011 among Transocean Ltd. and JPMorgan Chase Bank, N.A., as administrative agent under the Credit Agreement (incorporated by reference to Exhibit 4.2 to Transocean Ltd.'s Quarterly Report on Form 10-Q (Commission File No. 000-53533) for the quarter ended September 30, 2011)

4.23 First Amendment to Credit Agreement dated effective as of March 23, 2012 among Transocean Inc., the lenders parties thereto, JPMorgan Chase Bank, N.A., as administrative agent, Crédit Agricole Corporate and Investment Bank and Citibank, N.A., as co-syndication agents, and The Bank of Tokyo-Mitsubishi UFJ, Ltd. and Wells Fargo Bank, National Association, as co-documentation agents (incorporated by reference to Exhibit 10.1 to Transocean Ltd.'s Current Report on Form 8-K (Commission File No. 000-53533) filed on March 30, 2012)

4.24 Credit Agreement, dated October 25, 2012, among Triton Nautilus Asset Leasing GmbH, the lender parties thereto and DNB Bank, ASA, as administrative agent (incorporated by reference to Exhibit 10.1 to Transocean Ltd.'s Current Report on Form 8-K (Commission File No. 000-53533) filed on October 31, 2012)

† 4.25 First Amendment to Credit Agreement, dated December 16, 2013, among Trident Nautilus Asset Leasing GmbH, the lender parties thereto and DNB Bank, ASA, as administrative agent

10.1 Tax Sharing Agreement between Sonat Inc. and Sonat Offshore Drilling Inc. dated June 3, 1993 (incorporated by reference to Exhibit 10-(3) to Sonat Offshore Drilling Inc.'s Form 10-Q (Commission File No. 001-07746) for the quarter ended June 30, 1993)

10.2 Nomination and Standstill Agreement dated as of November 10, 2013 by and between Transocean Ltd., High River Limited Partnership, Hopper Investments LLC, Barberry Corp., Icahn Partners LP, Icahn Partners Master Fund LP, Icahn Partners Master Fund II LP, Icahn Partners Master Fund III LP, Icahn Enterprises G.P. Inc., Icahn Enterprises Holdings L.P., IPH GP LLC, Icahn Capital LP, Icahn Onshore LP, Icahn Offshore LP, Beckton Corp., Samuel Merksamer and Vincent Intrieri (incorporated by reference to Exhibit 10.1 to Transocean Ltd.'s Current Report on Form 8-K (Commission File No. 000-53533) filed on November 12, 2013)

* 10.3 Long-Term Incentive Plan of Transocean Ltd. (as amended and restated as of February 12, 2009) (incorporated by reference to Exhibit 10.5 to Transocean Ltd.'s Annual Report on Form 10-K (Commission File No. 000-53533) for the year ended December 31, 2008)

* 10.4 First Amendment to Long-Term Incentive Plan of Transocean Ltd. (as amended and restated as of February 12, 2009) (incorporated by reference to Exhibit 10.1 to Transocean Ltd.'s Current Report on Form 8-K (Commission File No. 000-53533) filed on May 22, 2013)

* 10.5 Deferred Compensation Plan of Transocean Offshore Inc., as amended and restated effective January 1, 2000 (incorporated by reference to Exhibit 10.10 to Transocean Sedco Forex Inc.'s Annual Report on Form 10-K (Commission File No. 333-75899) for the year ended December 31, 1999)

* 10.6 GlobalSantaFe Corporation Key Employee Deferred Compensation Plan effective January 1, 2001; and Amendment to GlobalSantaFe Corporation Key Employee Deferred Compensation Plan effective November 20, 2001 (incorporated by reference to Exhibit 10.33 to the GlobalSantaFe Corporation Annual Report on Form 10-K for the year ended December 31, 2004)

*	10.7	Amendment to Transocean Inc. Deferred Compensation Plan (incorporate by reference to Exhibit 10.1 to Transocean Inc.'s Current Report on Form 8-K (Commission File No. 333-75899) filed on December 29, 2005)
*	10.8	Sedco Forex Employees Option Plan of Transocean Sedco Forex Inc. effective December 31, 1999 (incorporated by reference to Exhibit 4.5 to Transocean Sedco Forex Inc.'s Registration Statement on Form S-8 (Registration No. 333-94569) filed January 12, 2000)
*	10.9	1997 Long-Term Incentive Plan of Reading & Bates Corporation (incorporated by reference to Exhibit 99.A to Reading & Bates' Proxy Statement (Commission File No. 001-05587) dated March 28, 1997)
*	10.10	1998 Employee Long-Term Incentive Plan of R&B Falcon Corporation (incorporated by reference to Exhibit 99.A to R&B Falcon Corporation's Proxy Statement (Commission File No. 001-13729) dated April 23, 1998)
*	10.11	1998 Director Long-Term Incentive Plan of R&B Falcon Corporation (incorporated by reference to Exhibit 99.B to R&B Falcon Corporation's Proxy Statement (Commission File No. 001-13729) dated April 23, 1998)
*	10.12	1999 Employee Long-Term Incentive Plan of R&B Falcon Corporation (incorporated by reference to Exhibit 99.A to R&B Falcon Corporation's Proxy Statement (Commission File No. 001-13729) dated April 13, 1999)
*	10.13	1999 Director Long-Term Incentive Plan of R&B Falcon Corporation (incorporated by reference to Exhibit 99.B to R&B Falcon Corporation's Proxy Statement (Commission File No. 001-13729) dated April 13, 1999)
	10.14	Master Separation Agreement dated February 4, 2004 by and among Transocean Inc., Transocean Holdings Inc. and TODCO (incorporated by reference to Exhibit 99.2 to Transocean Inc.'s Current Report on Form 8-K (Commission File No. 333-75899) filed on March 3, 2004)
	10.15	Tax Sharing Agreement dated February 4, 2004 between Transocean Holdings Inc. and TODCO (incorporated by reference to Exhibit 99.3 to Transocean Inc.'s Current Report on Form 8-K (Commission File No. 333-75899) filed on March 3, 2004)
	10.16	Amended and Restated Tax Sharing Agreement effective as of February 4, 2004 between Transocean Holdings Inc. and TODCO (incorporated by reference to Exhibit 4.1 to Transocean Inc.'s Current Report on Form 8-K (Commission File No. 333-75899) filed on November 30, 2006)
*	10.17	Form of 2004 Performance-Based Nonqualified Share Option Award Letter (incorporated by reference to Exhibit 10.2 to Transocean Inc.'s Current Report on Form 8-K (Commission File No. 333-75899) filed on February 15, 2005)
*	10.18	Form of 2004 Director Deferred Unit Award (incorporated by reference to Exhibit 10.5 to Transocean Inc.'s Current Report on Form 8-K (Commission File No. 333-75899) filed on February 15, 2005)
*	10.19	Form of 2008 Director Deferred Unit Award (incorporated by reference to Exhibit 10.20 to Transocean Ltd.'s Annual Report on Form 10-K (Commission File No. 000-53533) for the year ended December 31, 2008)
*	10.20	Form of 2009 Director Deferred Unit Award (incorporated by reference to Exhibit 10.19 to Transocean Ltd.'s Annual Report on Form 10-K (Commission File No. 000-53533) for the year ended December 31, 2009)
*	10.21	Performance Award and Cash Bonus Plan of Transocean Ltd. (incorporated by reference to Exhibit 10.21 to Transocean Ltd.'s Annual Report on Form 10-K (Commission File No. 000-53533) for the year ended December 31, 2008)
*	10.22	Amendment to Performance Award and Cash Bonus Plan of Transocean Ltd. (incorporated by reference to Exhibit 10.20 to Transocean Ltd.'s Annual Report on Form 10-K (Commission File No. 000-53533) for the year ended December 31, 2012)
*	10.23	Executive Change of Control Severance Benefit (incorporated by reference to Exhibit 10.1 to Transocean Inc.'s Current Report on Form 8-K (Commission File No. 333-75899) filed on July 19, 2005)
*	10.24	Terms of July 2007 Employee Restricted Stock Awards (incorporated by reference to Exhibit 10.2 to Transocean Inc.'s Form 10-Q (Commission File No. 333-75899) for the quarter ended June 30, 2007)
*	10.25	Terms of July 2007 Employee Deferred Unit Awards (incorporated by reference to Exhibit 10.3 to Transocean Inc.'s Form 10-Q (Commission File No. 333-75899) for the quarter ended June 30, 2007)
*	10.26	Terms and Conditions of the July 2008 Employee Contingent Deferred Unit Award (incorporated by reference to Exhibit 10.2 to Transocean Inc.'s Form 10-Q (Commission File No. 333-75899) for the quarter ended June 30, 2008)
*	10.27	Terms and Conditions of the July 2008 Nonqualified Share Option Award (incorporated by reference to Exhibit 10.2 to Transocean Inc.'s Form 10-Q (Commission File No. 333-75899) for the quarter ended June 30, 2008)
*	10.28	Terms and Conditions of the February 2009 Employee Deferred Unit Award (incorporated by reference to Exhibit 10.28 to Transocean Ltd.'s Annual Report on Form 10-K (Commission File No. 000-53533) for the year ended December 31, 2008)
*	10.29	Terms and Conditions of the February 2009 Employee Contingent Deferred Unit Award (incorporated by reference to Exhibit 10.29 to Transocean Ltd.'s Annual Report on Form 10-K (Commission File No. 000-53533) for the year ended December 31, 2008)
*	10.30	Terms and Conditions of the February 2009 Nonqualified Share Option Award (incorporated by reference to Exhibit 10.30 to Transocean Ltd.'s Annual Report on Form 10-K (Commission File No. 000-53533) for the year ended December 31, 2008)
*	10.31	Terms and Conditions of the February 2012 Long Term Incentive Plan Award (incorporated by reference to Exhibit 10.28 to Transocean Ltd.'s Annual Report on Form 10-K (Commission File No. 000-53533) for the year ended December 31, 2011)

*	10.32	Transocean Ltd. Incentive Recoupment Policy (incorporated by reference to Exhibit 10.30 to Transocean Ltd.'s Annual Report on Form 10-K (Commission File No. 000-53533) for the year ended December 31, 2012)
	10.33	Form of Novation Agreement dated as of November 27, 2007 by and among GlobalSantaFe Corporation, Transocean Offshore Deepwater Drilling Inc. and certain executives (incorporated by reference to Exhibit 10.1 to Transocean Inc.'s Current Report on Form 8-K (Commission File No. 333-75899) filed on December 3, 2007)
*	10.34	Form of Severance Agreement with GlobalSantaFe Corporation Executive Officers (incorporated by reference to Exhibit 10.1 to GlobalSantaFe Corporation's Current Report on Form 8-K/A (Commission File No. 001-14634) filed on July 26, 2005)
*	10.35	Global Marine Inc. 1990 Non-Employee Director Stock Option Plan (incorporated by reference to Exhibit 10.18 of Global Marine Inc.'s Annual Report on Form 10-K (Commission File No. 1-5471) for the year ended December 31, 1991); First Amendment (incorporated by reference to Exhibit 10.1 of Global Marine Inc.'s Quarterly Report on Form 10-Q (Commission File No. 1-5471) for the quarter ended June 30, 1995); Second Amendment (incorporated by reference to Exhibit 10.37 of Global Marine Inc.'s Annual Report on Form 10-K (Commission File No. 1-5471) for the year ended December 31, 1996)
*	10.36	1997 Long-Term Incentive Plan (incorporated by reference to GlobalSantaFe Corporation's Registration Statement on Form S-8 (No. 333-7070) filed June 13, 1997); Amendment to 1997 Long Term Incentive Plan (incorporated by reference to GlobalSantaFe Corporation's Annual Report on Form 20-F (Commission File No. 001-14634) for the calendar year ended December 31, 1998); Amendment to 1997 Long Term Incentive Plan dated December 1, 1999 (incorporated by reference to GlobalSantaFe Corporation's Annual Report on Form 20-F (Commission File No. 001-14634) for the calendar year ended December 31, 1999)
*	10.37	GlobalSantaFe Corporation 1998 Stock Option and Incentive Plan (incorporated by reference to Exhibit 10.1 of Global Marine Inc.'s Quarterly Report on Form 10-Q (Commission File No. 1-5471) for the quarter ended March 31, 1998); First Amendment (incorporated by reference to Exhibit 10.2 of Global Marine Inc.'s Quarterly Report on Form 10-Q (Commission File No. 1-5471) for the quarter ended June 30, 2000)
*	10.38	GlobalSantaFe Corporation 2001 Non-Employee Director Stock Option and Incentive Plan (incorporated by reference to GlobalSantaFe Corporation's Registration Statement on Form S-8 (No. 333-73878) filed November 21, 2001)
*	10.39	GlobalSantaFe Corporation 2001 Long-Term Incentive Plan (incorporated by reference to Exhibit 10.1 to GlobalSantaFe Corporation's Quarterly Report on Form 10-Q (Commission File No. 001-14634) for the quarter ended June 30, 2001)
*	10.40	GlobalSantaFe 2003 Long-Term Incentive Plan (as Amended and Restated Effective June 7, 2005) (incorporated by reference to Exhibit 10.4 to GlobalSantaFe Corporation's Quarterly Report on Form 10-Q (Commission File No. 001-14634) for the quarter ended June 30, 2005)
*	10.41	Transocean Ltd. Pension Equalization Plan, as amended and restated, effective January 1, 2009 (incorporated by reference to Exhibit 10.41 to Transocean Ltd.'s Annual Report on Form 10-K (Commission File No. 000-53533) for the year ended December 31, 2008)
*	10.42	Transocean U.S. Supplemental Retirement Benefit Plan, as amended and restated, effective as of November 27, 2007 (incorporated by reference to Exhibit 10.11 to Transocean Inc.'s Current Report on Form 8-K (Commission File No. 333-75899) filed on December 3, 2007)
*	10.43	GlobalSantaFe Corporation Supplemental Executive Retirement Plan (incorporated by reference to Exhibit 10.1 to the GlobalSantaFe Corporation Quarterly Report on Form 10-Q for the quarter ended September 30, 2002)
*	10.44	Transocean U.S. Supplemental Savings Plan (incorporated by reference to Exhibit 10.44 to Transocean Ltd.'s Annual Report on Form 10-K (Commission File No. 000-53533) for the year ended December 31, 2008)
	10.45	Form of Indemnification Agreement entered into between Transocean Ltd. and each of its Directors and Executive Officers (incorporated by reference to Exhibit 10.1 to Transocean Inc.'s Current Report on Form 8-K (Commission File No. 333-75899) filed on October 10, 2008)
*	10.46	Form of Assignment Memorandum for Executive Officers (incorporated by reference to Exhibit 10.5 to Transocean Ltd.'s Current Report on Form 8-K filed on December 19, 2008)
	10.47	Drilling Contract between Vastar Resources, Inc. and R&B Falcon Drilling Co. dated December 9, 1998 with respect to *Deepwater Horizon*, as amended (incorporated by reference to Exhibit 10.1 to Transocean Ltd.'s Quarterly Report on Form 10-Q (Commission File No. 000-53533) for the quarterly period ended June 30, 2010)
*	10.48	Executive Severance Benefit Policy (incorporated by reference to Exhibit 10.1 to Transocean Ltd.'s Current Report on Form 8-K (Commission File No. 000-53533) filed on February 23, 2012)
*	10.49	Agreement with Gregory L. Cauthen (incorporated by reference to Exhibit 10.1 to Transocean Ltd.'s Current Report on Form 8-K (Commission File No. 000-53533) filed on January 10, 2012)
*	10.50	First Amendment to Agreement with Gregory L. Cauthen (incorporated by reference from Transocean Ltd.'s Current Report on Form 8-K (Commission File No. 000-53533) filed on July 2, 2012)

*	10.51	Agreement with Gregory L. Cauthen effective as of April 25, 2013 (incorporated by reference to Exhibit 10.1 to Transocean Ltd.'s Current Report on Form 8-K (Commission File No. 000-53533) filed on April 26, 2013)
*	10.52	Agreement with Allen M. Katz (incorporated by reference to Exhibit 10.55 to Transocean Ltd.'s Annual Report on Form 10-K (Commission File No. 000-53533) for the year ended December 31, 2012)
*	10.53	First Amendment to Employment Agreement with Allen M. Katz effective as of July 1, 2013 (incorporated by reference to Exhibit 10.3 to Transocean Ltd.'s Quarterly Report on Form 10-Q (Commission File No. 000-53533) for the quarterly period ended June 30, 2013)
† *	10.54	Second Amendment to Employment Agreement with Allen M. Katz effective as of January 1, 2014 and incorporated herein by reference
*	10.55	Agreement with Steven L. Newman (incorporated by reference to Exhibit 10.1 to Transocean Ltd.'s Current Report on Form 8-K (Commission File No. 000-53533) filed on December 23, 2013)
*	10.56	Agreement with John Stobart (incorporated by reference to Exhibit 10.2 to Transocean Ltd.'s Current Report on Form 8-K (Commission File No. 000-53533) filed on December 23, 2013)
*	10.57	Agreement with Esa Ikäheimonen (incorporated by reference to Exhibit 10.3 to Transocean Ltd.'s Current Report on Form 8-K (Commission File No. 000-53533) filed on December 23, 2013)
*	10.58	Agreement with Ihab M. Toma (incorporated by reference to Exhibit 10.1 to Transocean Ltd.'s Current Report on Form 8-K (Commission File No. 000-53533) filed on December 26, 2013)
†	21	Subsidiaries of Transocean Ltd.
†	23.1	Consent of Ernst & Young LLP
†	24	Powers of Attorney
†	31.1	CEO Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
†	31.2	CFO Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
†	32.1	CEO Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
†	32.2	CFO Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
	99.2	Cooperation Guilty Plea Agreement by and among Transocean Deepwater Inc., Transocean Ltd. and the United States (incorporated by reference to Exhibit 99.2 to Transocean Ltd.'s Current Report on Form 8-K (Commission File No. 000-53533) filed on January 3, 2013)
	99.3	Consent Decree by and among Triton Asset Leasing GmbH, Transocean Holdings LLC, Transocean Offshore Deepwater Drilling Inc., Transocean Deepwater Inc. and the United States (incorporated by reference to Exhibit 99.2 to Transocean Ltd.'s Current Report on Form 8-K (Commission File No. 000-53533) filed on January 3, 2013)
†	99.4	Administrative Agreement by and among Transocean Deepwater Inc., Transocean Offshore Deepwater Drilling Inc., Triton Asset Leasing GmbH, Transocean Holdings, LLC and the United States Environmental Protection Agency dated effective as of February 25, 2013 and incorporated herein by reference
†	101.INS	XBRL Instance Document
†	101.SCH	XBRL Taxonomy Extension Schema
†	101.CAL	XBRL Taxonomy Extension Calculation Linkbase
†	101.DEF	XBRL Taxonomy Extension Definition Linkbase
†	101.LAB	XBRL Taxonomy Extension Label Linkbase
†	101.PRE	XBRL Taxonomy Extension Presentation Linkbase

† Filed with our Annual Report on Form 10-K.
* Compensatory plan or arrangement.

Exhibits listed above as previously having been filed with the U.S. Securities and Exchange Commission ("SEC") are incorporated herein by reference pursuant to Rule 12b-32 under the Securities Exchange Act of 1934 and made a part hereof with the same effect as if filed with our Annual Report on Form 10-K.

Certain instruments relating to our long-term debt and our subsidiaries have not been filed as exhibits since the total amount of securities authorized under any such instrument does not exceed 10 percent of our total assets and our subsidiaries on a consolidated basis. We agree to furnish a copy of each such instrument to the SEC upon request.

Certain agreements filed as exhibits to this Report may contain representations and warranties by the parties to such agreements. These representations and warranties have been made solely for the benefit of the parties to such agreements and (1) may be intended not as statements of fact, but rather as a way of allocating the risk to one of the parties if those statements prove to be inaccurate, (2) may have been qualified by certain disclosures that were made to other parties in connection with the negotiation of such agreements, which disclosures are not reflected in such agreements, and (3) may apply standards of materiality in a way that is different from what may be viewed as material to investors.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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, on February 26, 2014.

TRANSOCEAN LTD.
By: /s/ Esa Ikäheimonen
Esa Ikäheimonen
Executive Vice President, Chief Financial Officer
(Principal Financial Officer)

By: /s/ David Tonnel
David Tonnel
Senior Vice President, Finance and Controller
(Principal Accounting Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant in the capacities indicated on February 26, 2014.

Signature	Title
* **Ian C. Strachan**	Chairman of the Board of Directors
/s/ Steven L. Newman **Steven L. Newman**	President and Chief Executive Officer (Principal Executive Officer)
/s/ Esa Ikäheimonen **Esa Ikäheimonen**	Executive Vice President, Chief Financial Officer (Principal Financial Officer)
/s/ David Tonnel **David Tonnel**	Senior Vice President, Finance and Controller (Principal Accounting Officer)
* **Glyn Barker**	Director
* **Jagjeet S. Bindra**	Director
* **Thomas W. Cason**	Director
* **Vanessa C.L. Chang**	Director
* **Chad Deaton**	Director
* **Tan Ek Kia**	Director
* **Steve Lucas**	Director
* **Samuel Merksamer**	Director
* **Martin B. McNamara**	Director
* **Edward R. Muller**	Director
* **Robert M. Sprague**	Director
By: /s/ David Tonnel **(Attorney-in-Fact)**	

TRANSOCEAN LTD.

STATUTORY FINANCIAL STATEMENTS
For the years ended December 31, 2013 and 2012

Ernst & Young Ltd
Maagplatz 1
P.O. Box
CH-8010 Zurich

To the Annual General Meeting of
Transocean Ltd., Steinhausen
Zurich, February 26, 2014

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the financial statements of Transocean Ltd., which comprise the statement of operations, balance sheet and notes (pages SR-2 to SR-15), for the year ended December 31, 2013.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements for the year ended December 31, 2013 comply with Swiss law and the company's articles of incorporation.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence. In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings (pages SR-16 to SR-17) complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

Ernst & Young Ltd

/s/ Robin Errico
Licensed audit expert
(Auditor in charge)

/s/ Jolanda Dolente
Licensed audit expert

TRANSOCEAN LTD.
STATEMENTS OF OPERATIONS
(In thousands)

	Years ended December 31,	
	2013	2012
Income		
Income from affiliates	CHF 16,451	CHF —
Interest income	14	49
Total income	16,465	49
Costs and expenses		
General and administrative expense	38,642	51,632
Depreciation expense	247	268
Interest expense	13,680	11,707
Total costs and expenses	52,569	63,607
Currency exchange gain (loss)	6,429	(7,649)
Net loss	CHF (29,675)	CHF (71,207)

See accompanying notes.

TRANSOCEAN LTD.
BALANCE SHEETS
(in thousands)

	December 31, 2013	December 31, 2012
Assets		
Cash	CHF 3,950	CHF 21,605
Receivables from affiliates	17,138	11,272
Trade and other current assets	1,948	2,712
Total current assets	23,036	35,589
Property and equipment	1,191	1,222
Less accumulated depreciation	1,023	808
Property and equipment, net	168	414
Investment in affiliates	17,436,710	17,436,710
Own shares	256,949	256,949
Other non-current assets	77	78
Total assets	CHF 17,716,940	CHF 17,729,740
Liabilities and shareholders' equity		
Accounts payable to affiliates	CHF —	CHF 876
Interest payable to affiliates	4,223	2,643
Distribution payable	180,737	—
Trade and other current liabilities	28,341	11,529
Total current liabilities	213,301	15,048
Long-term note payable to affiliates	1,100,930	542,512
Other non-current liabilities	—	1,737
Total non-current liabilities	1,100,930	544,249
Share capital	5,607,459	5,607,459
Legal reserves		
General legal reserves—reserve from capital contribution	9,552,457	11,165,400
Reserve for treasury shares—reserve from capital contribution	325,189	307,300
Free reserves		
Dividend reserve from capital contribution	856,995	—
Retained earnings		
Earnings brought forward from previous years	90,284	161,491
Net loss for the period	(29,675)	(71,207)
Total shareholders' equity	16,402,709	17,170,443
Total liabilities and shareholders' equity	CHF 17,716,940	CHF 17,729,740

See accompanying notes.

Note 1—General

Transocean Ltd. (the "Company", the "Group", "we", "us", or "our") is the parent company of Transocean Inc., Transocean Management Ltd., and Transocean Services AS, our wholly-owned subsidiaries. Transocean Ltd. is registered with the commercial register in the canton of Zug, and its stock is listed on the New York Stock Exchange and on the SIX Swiss Exchange.

Note 2—Significant Accounting Policies

Presentation—We prepare our unconsolidated statutory financial statements in accordance with Swiss law by applying the requirements of the Swiss Code of Obligations. The statutory financial statements are of overriding importance for the purpose of the economic and financial assessment of the Company.

Foreign currency—We maintain our accounting records in United States ("U.S.") dollars and translate them into Swiss francs for statutory reporting purposes. We translate into Swiss francs our assets and liabilities that are denominated in foreign currencies using the year-end currency exchange rates, except prior-year transactions for our investments in affiliates and our equity, which are translated at historical exchange rates. We translate into Swiss francs our income statement transactions that are denominated in foreign currencies using the average currency exchange rates for the year.

Our principal exchange rates were as follows:

	Average exchange rates for the years ended December 31,		Exchange rates at December 31,	
	2013	2012	2013	2012
CHF / USD	0.93	0.94	0.89	0.91
CHF / GBP	1.45	1.48	1.48	1.48
CHF / NOK	0.16	0.16	0.15	0.17

We recognize realized currency exchange gains and losses arising from business transactions and net unrealized currency exchange losses in current period earnings. We defer net unrealized currency exchange gains and record such deferred gains in other current liabilities.

Cash—Our cash balances, denominated in Swiss francs and U.S. dollars, include cash deposited in demand bank accounts, money market investment accounts and other liquid investments and interest earned on such cash balances.

Current assets and liabilities—We record current assets at historical cost less adjustments for impairment of value and current liabilities at historical cost.

Property and equipment—We record property and equipment at historical cost net of accumulated depreciation. We generally recognize depreciation expense using the straight-line method. Our property and equipment primarily consists of office equipment that has estimated original useful lives of four years.

Investments in affiliates—We record our investments in affiliates at acquisition cost less adjustments for impairment of value. We evaluate our investments in affiliates for impairment at least annually and when we identify indicators that the carrying amount of such assets exceeds the fair value.

Note 3—Investment in Affiliates

Our direct investments in affiliates were as follows (in thousands, except percentages and share capital):

Company name	Purpose	Domicile	Ownership interest	Share capital	Investment at December 31, 2013	Investment at December 31, 2012
Transocean Inc.	Holding	Cayman Islands	100%	USD 0.01	CHF 16,476,108	CHF 16,476,108
Transocean Management Ltd.	Management and administration	Geneva, Switzerland	90%	CHF 100.00	CHF 90	CHF 90
Transocean Services AS	Management and administration	Norway	99%	NOK 100.00	CHF 960,512	CHF 960,512

Our principal indirect investments in affiliates were as follows:

Company name	Purpose	Domicile	Ownership interest
Global Marine Inc.	Leasing / operating	United States	100%
GSF Leasing Services GmbH	Leasing	Zug, Switzerland	100%
Sedco Forex Holdings Limited	Leasing / operating	Cayman Islands	100%
Sedco Forex International Inc.	Leasing / operating	Panama	100%
Transocean Drilling Offshore S.a.r.l	Leasing / operating	Luxembourg	100%
Transocean Financing GmbH	Financing	Zug, Switzerland	100%
Transocean Hungary Holdings LLC	Leasing / operating	Hungary	100%
Transocean Norway Drilling AS	Holding	Norway	100%
Transocean Offshore Deepwater Drilling Inc.	Leasing / operating	United States	100%
Transocean Offshore Holdings Limited	Holding	Cayman Islands	100%
Transocean Offshore International Ventures Limited	Leasing / operating	Cayman Islands	100%
Transocean Entities Holdings GmbH	Holding	Zug, Switzerland	100%
Transocean Worldwide Inc.	Holding	Cayman Islands	100%
Triton Asset Leasing GmbH	Leasing	Zug, Switzerland	100%
Triton Hungary Investments 1 LLC	Holding	Hungary	100%
Triton Nautilus Asset Leasing GmbH	Leasing	Zug, Switzerland	100%

Note 4—Own Shares

Overview—The following is a summary of changes in the registered shares (i) that were repurchased under our share repurchase program for cancellation purposes and (ii) held by Transocean Inc., to satisfy obligations under our share-based compensation plans (in thousands, except percentages):

	Treasury shares	Total shares issued	Percentage of issued
Balance at December 31, 2011	15,319	365,135	4.20%
Transfers under share-based compensation plans	(1,004)		
Balance at December 31, 2012	14,315	373,831(a)	3.83%
Transfers under share-based compensation plans	(1,258)		
Balance at December 31, 2013	13,057	373,831	3.49%

(a) Total shares issued included the additional 8.7 million authorized share capital increased in May 2012.

Share repurchase program—In May 2009, at our annual general meeting, our shareholders approved and authorized our board of directors, at its discretion, to repurchase an amount of our shares for cancellation with an aggregate purchase price of up to CHF 3.5 billion, which is equivalent to approximately USD 3.9 billion, using a currency exchange rate of USD 1.00 to CHF 0.89 as of the close of trading on December 31, 2013. In the years ended December 31, 2013 and 2012, we did not repurchase any shares under the share repurchase program. At December 31, 2013 and 2012, we held 2.9 million of our shares, repurchased under the share repurchase program, with an aggregate carrying amount of CHF 257 million. The carrying amount of these shares is recorded at historical cost because we have designated these shares to be cancelled.

Shares held by subsidiary—Transocean Inc. holds our shares to satisfy our obligations to deliver shares in connection with awards granted under our incentive plans or other rights to acquire our shares. We record transfers of such shares at historical cost. In the years ended December 31, 2013 and 2012, we transferred 1.3 million and 1.0 million shares, respectively, from the treasury shares held by Transocean Inc. to satisfy obligations under our share-based compensation plans. In the years ended December 31, 2013 and 2012, we received cash proceeds of CHF 4 million and CHF 9 million, respectively, in connection with treasury shares transferred in exchange for options exercised under our share-based compensation plans.

Note 5—Shareholders' Equity

Changes in our shareholder's equity were as follows (in thousands):

	Share capital		Legal reserves		Free reserves		
	Shares	Amount	General legal reserves – reserve from capital contribution	Reserve for treasury shares – reserve from capital contribution (a)	Dividend reserve from capital contribution	Retained earnings	Total shareholders' equity
Balance at December 31, 2011	365,135	CHF 5,477,029	CHF 9,882,947	CHF 295,100	CHF 1,001,667	CHF 161,491	CHF 16,818,234
Share issuance for exercised options	8,696	130,430	286,860	—	—	—	417,290
Treasury share repurchases	—	—	(12,200)	12,200	—	—	—
Transfer from distribution payable	—	—	—	—	6,126	—	6,126
Transfer to general reserves	—	—	1,007,793	—	(1,007,793)	—	—
Net loss	—	—	—	—	—	(71,207)	(71,207)
Balance at December 31, 2012	373,831	5,607,459	11,165,400	307,300	—	90,284	17,170,443
Share issuance for option exercise	—	—	—	—	—	—	—
Treasury share repurchases	—	—	(17,889)	17,889	—	—	—
Transfer to free reserve – dividend reserve from capital contribution	—	—	(1,595,054)	—	1,595,054	—	—
Distribution payable	—	—	—	—	(738,059)	—	(738,059)
Net loss	—	—	—	—	—	(29,675)	(29,675)
Balance at December 31, 2013	373,831	CHF 5,607,459	CHF 9,552,457	CHF 325,189	CHF 856,995	CHF 60,609	CHF 16,402,709

(a) The reserve for treasury shares represents the aggregate cost of treasury shares held directly by Transocean Ltd. and indirectly by Transocean Inc. During the years ended December 31, 2013 and 2012, in connection with shares awarded under share-based compensation plans for our employees, Transocean Inc. purchased 384,758 and 269,082 treasury shares, with aggregate values of CHF 17.9 million and CHF 12.2 million, respectively. See Note 4—Own Shares.

Authorized share capital—In May 2011, at the annual general meeting, our shareholders approved an authorized share capital in the amount of CHF 1.0 billion, authorizing the issuance of a maximum of 67.0 million fully paid-in shares with a par value of CHF 15 per share. On May 31, 2012, we issued 8.7 million shares to Transocean Pacific Drilling Holdings Limited for delivery to Quantum Pacific Management Limited in exchange for its 50 percent ownership interest in Transocean Pacific Drilling Inc. At December 31, 2012, the authorized share capital was CHF 427 million, authorizing the issuance of a maximum 28.5 million fully paid-in shares with a par value of CHF 15 per share. The right to issue shares out of the authorized share capital expired May 31, 2013.

Conditional share capital—Our articles of association provide for conditional share capital that permits us to issue up to 167.6 million additional registered shares without obtaining additional shareholder approval. The conditional shares may be issued under the following circumstances:

(1) through the exercise of conversion, exchange, option, warrant or similar rights for the subscription of shares granted in connection with bonds, options, warrants or other securities newly or already issued in national or international capital markets or new or already existing contractual obligations convertible into or exercisable or exchangeable for our registered shares or the shares of one of our group companies or any of their respective predecessors; or

(2) in connection with the issuance of registered shares, options or other share-based awards to directors, employees, contractors, consultants or other persons providing services to us.

In connection with the issuance of bonds, notes, warrants or other financial instruments or contractual obligations that are convertible into, exercisable for or exchangeable for our registered shares, our board of directors is authorized to withdraw or limit the advance subscription rights of shareholders under certain circumstances.

Distributions to shareholders—In May 2013, at our annual general meeting, our shareholders approved a distribution of qualifying general legal reserves in the form of a U.S. dollar denominated dividend of USD 2.24 per outstanding share, payable in four installments of USD 0.56 per outstanding share, subject to certain limitations. In May 2013, we transferred CHF 1.6 billion from general legal reserves—reserve from capital contribution to free reserves—dividend reserve from capital contribution, and we recognized a distribution payable of CHF 738 million, with the corresponding entry to free reserves—dividend reserve from capital contribution. On June 19, 2013, September 18, 2013 and December 18, 2013, we paid the first three installments, in the aggregate amount of CHF 557 million, to shareholders of record as of May 31, 2013, August 23, 2013 and November 15, 2013, respectively. At December 31, 2013, the carrying amount of the unpaid distribution payable was CHF 181 million.

In May 2011, at our annual general meeting, our shareholders approved a distribution of qualifying general legal reserves in the form of a U.S. dollar denominated dividend of USD 3.16 per outstanding share, payable in four installments of USD 0.79 per outstanding share, subject to certain limitations. On March 21, 2012, we paid the final installment of CHF 253 million and transferred the remaining CHF 6.1 million from distribution payable to free reserves—dividend reserve from capital contribution. We transferred the remaining CHF 1.0 million that was not used for the distribution installments from the free reserves—dividend reserve from capital contribution to general legal reserves—reserve from capital contribution.

Note 6—Share Ownership

Significant shareholders—Certain significant shareholders have reported to us that they held, directly or through their affiliates, the following beneficial interests in excess of 5 percent of our issued share capital (in thousands, except percentages):

	December 31, 2013	
Name	Number of shares	Percentage of issued share capital
BlackRock, Inc.	22,602	6.05 %
Franklin Resources, Inc.	22,163	5.93 %
Mr. Carl C. Icahn	21,483	5.75 %

Further, we agreed with Carl Icahn and certain investment funds managed by Mr. Icahn (collectively, the "Icahn Group") to make certain proposals for approval by the shareholders at the 2014 annual general meeting. These proposals relate to the 2014 dividend distribution, Icahn Group designated board nominees, and an amendment to our articles of association regarding the maximum number of our board of directors. The Icahn Group committed to certain standstill restrictions and to vote in favor of the Company's slate of director nominees and certain other proposals our Board of Directors may recommend at the 2014 annual general meeting. At December 31, 2013, collectively, Transocean Ltd., (directly and indirectly through Transocean Inc.), and the Icahn Group, held 34.6 million shares, representing 9.26 percent of the issued share capital. Under Swiss law, the 13.1 million shares held by Transocean Ltd., directly and indirectly through Transocean Inc., constitute own shares. Voting rights attached to own shares cannot be exercised at the Company's general meetings.

As of December 31, 2012, we had no shareholders that, to our knowledge, were beneficial owners of more than 5 percent of the Company's issued share capital.

Shares held by board members—The members of our board of directors held our shares as follows:

	December 31, 2013		December 31, 2012	
Name	Vested and unvested deferred units and restricted shares (a)	Stock options and stock appreciation rights	Vested and unvested deferred units and restricted shares (a)	Stock options and stock appreciation rights
Ian C. Strachan	37,751	—	29,535	5,635
Glyn Barker	10,502	—	5,742	—
Jagjeet Bindra	14,270	—	9,510	—
Thomas W. Cason	33,278	15,280	28,518	20,374
Vanessa C.L. Chang	10,702	—	5,942	—
Frederico F. Curado	4,760	—	—	—
Chad Deaton	11,502	—	6,742	—
Tan Ek Kia	14,270	—	9,510	—
Steve Lucas	14,270	—	9,510	—
Martin B. McNamara	53,023	—	44,807	5,635
Samuel Merksamer	4,760	—	—	—
Edward R. Muller	29,792	13,370	25,032	13,370
Steven L. Newman	249,358	495,276	193,972	371,764
Robert M. Sprague	29,421	—	24,661	—
J. Michael Talbert (b)	—	—	25,447	—
Total	517,659	523,926	418,928	416,778

(a) Includes shares held privately, shares held in the U.S. retirement savings plan, and shares subject to deferred compensation.

(b) Mr. Talbert was not reelected to the board of directors at our 2013 annual general meeting and was not required to report beneficial ownership at December 31, 2013.

Shares held by the executive management team—On December 3, 2013, in accordance with its authority under our articles of association and our organizational regulations, our board of directors designated the President and Chief Executive Officer, the Executive Vice President and Chief Financial Officer, and the Executive Vice President and Chief Operating Officer as the members of our executive management team pursuant to the company's organizational regulations. Pursuant to our board of directors' previous determination, all officers who meet the definition of officers under Section 16 of the U.S. Securities and Exchange Act of 1934, as amended (the "Exchange Act"), were members of our executive management team.

The members of our executive management team held our shares and the conditional rights to receive shares under our share-based compensation plans as follows:

	December 31, 2013				
Name	Number of shares held (a)	Number of granted shares vesting in 2014 (b)	Number of granted shares vesting in 2015 (b)	Number of granted shares vesting in 2016 (b)	Total shares
Steven L. Newman	57,066	97,494	79,458	15,340	249,358
Esa Ikäheimonen	14,089	10,715	26,694	5,327	56,825
John Stobart	5,412	11,834	26,217	4,794	48,257
Total	76,567	120,043	132,369	25,461	354,440

(a) The number of shares held includes privately held shares, U.S. retirement savings plan shares and employee stock purchase plan shares.

(b) The number of granted shares vesting in the years ending December 31, 2014, 2015 and 2016 represents the vesting of previously granted time-based deferred units and market-based contingent deferred units.

	December 31, 2012				
Name	Number of shares held (a)	Number of granted shares vesting in 2013 (b)	Number of granted shares vesting in 2014 (b)	Number of granted shares vesting in 2015 (b)	Total shares
Steven L. Newman	36,564	57,156	82,154	18,098	193,972
Esa Ikäheimonen	—	5,389	5,389	5,389	16,167
Ihab Toma	13,262	17,260	23,203	5,246	58,971
John Stobart	—	7,041	7,041	7,042	21,124
Allen Katz	—	10,776	10,776	10,776	32,328
David Tonnel	10,058	11,679	14,069	3,148	38,954
Ricardo H. Rosa (c) (d)	—	2,808	—	—	2,808
Robert S. Shaw (c) (d)	—	755	—	—	755
Nick Deeming (c) (d)	—	3,919	3,739	—	7,658
Gregory L. Cauthen (c)	—	17,536	17,538	17,538	52,612
Total	59,884	134,319	163,909	67,237	425,349

(a) The number of shares held includes privately held shares, U.S. retirement savings plan shares and employee stock purchase plan shares.

(b) The number of granted shares vesting in the years ending December 31, 2014, 2015 and 2016 represents the vesting of previously granted time-based deferred units and market-based contingent deferred units, which will vest in the years ending December 31, 2013, 2014, and 2015.

(c) The number of shares held by Mr. Rosa, Mr. Shaw, Mr. Deeming, and Mr. Cauthen are not presented since they were no longer our employees as of December 31, 2012.

(d) The number of granted shares vesting for Mr. Rosa and Mr. Shaw in the year ending December 31, 2013 and to Mr. Deeming in the years ending December 31, 2013 and 2014 are contingent deferred units that will not vest until the respective stated performance periods are complete.

Stock options held by members of the executive management team—The members of our executive management team held vested and unvested stock options as follows:

	December 31, 2013				
Name	Number of granted stock options vested and outstanding	Number of granted stock options vesting in 2014	Number of granted stock options vesting in 2015	Number of granted stock options vesting in 2016	Total vested and unvested stock options
Steven L. Newman	264,394	104,458	85,253	41,171	495,276
Esa Ikäheimonen	—	14,295	14,295	14,296	42,886
John Stobart	—	12,865	12,866	12,866	38,597
Total	264,394	131,618	112,414	68,333	576,759

Name	December 31, 2012				
	Number of granted stock options vested and outstanding	Number of granted stock options vesting in 2013	Number of granted stock options vesting in 2014	Number of granted stock options vesting in 2015	Total vested and unvested stock options
Steven L. Newman	179,881	84,513	63,288	44,082	371,764
Esa Ikäheimonen	—	—	—	—	—
Ihab Toma	21,075	21,859	17,143	12,777	72,854
John Stobart	—	—	—	—	—
Allen Katz	—	—	—	—	—
David Tonnel	26,065	14,507	10,577	7,667	58,816
Ricardo H. Rosa (a)	50,298	10,261	4,366	—	64,925
Robert S. Shaw	1,309	—	—	—	1,309
Nick Deeming	4,365	—	—	—	4,365
Gregory L. Cauthen	6,593	—	—	—	6,593
Total	289,586	131,140	95,374	64,526	580,626

(a) The stock options awarded to Mr. Rosa in the years ended December 31, 2010 and 2011 will continue to vest in the years ending December 31, 2013 and 2014 in accordance with his separation agreement.

Note 7—Board of Directors' Compensation

Our non-employee directors were eligible to receive compensation as follows:

	Year ended December 31, 2013		Year ended December 31, 2012	
	Payment currency	Swiss franc equivalent	Payment currency	Swiss franc equivalent
Annual retainer for non-executive chairman (a) (b)	USD 265,000	CHF 246,450	USD 265,000	CHF 248,480
Annual retainer for non-employee directors (b)	90,000	83,700	90,000	84,389
Annual award of deferred units	260,000	252,200	260,000	245,814
Additional annual retainer for committee chairmen:				
Audit committee	35,000	32,550	35,000	32,818
Executive compensation committee	20,000	18,600	20,000	18,753
Corporate governance committee, finance and benefits committee, and health, safety and environment committee	10,000	9,300	10,000	9,377
Board meeting attendance fee (c)	2,500	2,325	2,500	2,344
Committee meeting attendance fee (d)	2,500	2,325	2,500	2,344

(a) The annual retainer for our non-executive chairman is paid in lieu of the annual retainer paid to other non-employee directors and is prorated for a year in which the non-executive chairman serves as such for a partial year.

(b) We pay our non-executive chairman and non-executive directors in U.S. dollars in quarterly installments in quarters for which the director has served. The Swiss franc equivalent amounts presented above reflect changes that resulted from translation of the U.S. dollar amounts for presentation in the statutory financial statements.

(c) The board meeting attendance fee is only paid for board member attendance at meetings in excess of the four regularly scheduled board meetings.

(d) The committee meeting attendance fee is only paid for committee member attendance at meetings in excess of four regularly scheduled committee meetings.

In addition to the directors' compensation, we pay or reimburse our directors for travel and incidental expenses incurred for attending board, committee and shareholder meetings and for other company-related business purposes. Directors who are our employees do not receive compensation for board service. With the exception of Steven L. Newman, all of the directors on our board of directors are non-employees and receive compensation.

At our board meeting held immediately after the 2013 annual general meeting of our shareholders, the board granted 4,760 deferred units with an aggregate value of CHF 252,200, equivalent to CHF 52.98 per deferred unit, to each non-employee director based on the average of the high and low market prices of our shares for the 10 trading days immediately prior to the date of our board meeting. The deferred units vest on the first anniversary of the date of grant. The deferred units are not subject to any performance measures. Each director may elect to receive the vested units, or the shares attributable to such vested units, upon vesting or to have the company hold such vested units, or shares attributable to such vested units, until the director no longer serves on the board.

We paid our non-employee directors total compensation as follows:

Name and function	Year ended December 31, 2013				Year ended December 31, 2012			
	Total compensation (a)	Fees earned (b)	Deferred units (value) (c)	Deferred units (units)	Total compensation (a)	Fees earned (b)	Deferred units (value) (c)	Deferred units (units)
Ian C. Strachan (d) Chairman of the board since May 17, 2013; chairman of the finance committee up to May 17, 2013; member of the corporate governance committee from May 18, 2012 to May 17, 2013; member of the audit committee up to May 18, 2012	CHF 496,849	CHF 244,649	CHF 252,200	4,760	CHF 362,194	CHF 116,380	CHF 245,814	5,742
Glyn Barker Member of the board; member of the audit and finance committees since May 18, 2012	367,918	115,718	252,200	4,760	305,242	59,428	245,814	5,742
Jagjeet Bindra Member of the board; member of the corporate governance and health, safety and environment committees	367,496	115,296	252,200	4,760	337,683	91,869	245,814	5,742
Thomas W. Cason Member of the board; member of the audit committee; chairman of the audit committee up to May 18, 2012; member of the finance committee since May 18, 2012	390,809	138,609	252,200	4,760	370,112	124,298	245,814	5,742
Vanessa C.L. Chang Member of the board; member of the audit and finance committees since May 18, 2012	370,908	118,708	252,200	4,760	302,898	57,084	245,814	5,742
Frederico F. Curado Member of the board; member of the executive compensation and health, safety and environment committees since May 17, 2013	316,484	64,284	252,200	4,760	—	—	—	—
Chad Deaton Member of the board; member of the audit committee since May 18, 2012; member of the corporate governance committee since May 17, 2013; member of the health, safety and environment committee from May 18, 2012 to May 17, 2013	368,583	116,383	252,200	4,760	305,242	59,428	245,814	5,742
Tan Ek Kia Member of the board; chairman of the executive compensation committee since May 17, 2013 and a prior member of such committee; member of the health, safety and environment committee since May 13, 2011	383,745	131,545	252,200	4,760	344,715	98,901	245,814	5,742
Steve Lucas Member of the board; chairman of the audit committee since May 18, 2012 and a prior member of such committee; member of the finance committee	407,021	154,821	252,200	4,760	367,345	121,531	245,814	5,742
Martin B. McNamara Member of the board and chairman of the corporate governance committee; member of the executive compensation committee	405,803	153,603	252,200	4,760	366,882	121,068	245,814	5,742
Samuel Merksamer Member of the board; member of the finance and health, safety and environment committees since May 17, 2013	314,159	61,959	252,200	4,760	—	—	—	—
Edward R. Muller Member of the board; chairman of the finance committee since May 17, 2013; member of the corporate governance committee; chairman of the executive compensation committee up to May 17, 2013	400,109	147,909	252,200	4,760	372,456	126,642	245,814	5,742
Robert M. Sprague Member of the board; chairman of the health, safety and environment committee; member of the executive compensation committee	403,478	151,278	252,200	4,760	366,882	121,068	245,814	5,742
J. Michael Talbert (d) Former chairman of the board until May 17, 2013	127,875	127,875	—	—	511,037	265,223	245,814	5,742
Total	CHF 5,121,237	CHF 1,842,637	CHF 3,278,600	61,880	CHF 4,312,688	CHF 1,362,920	CHF 2,949,768	68,904

(a) Total compensation for board membership.

(b) Fees earned, including retainer fees, meeting fees, and dividends earned on shares.

(c) The fair value of deferred units was based on the market price of our shares on the grant date.

(d) Mr. Strachan replaced J. Michael Talbert who was not re-elected at the 2013 annual general meeting.

Note 8—Executive Management Team Compensation

On December 3, 2013, in accordance with its authority under our articles of association and our organizational regulations, our board of directors designated the President and Chief Executive Officer, the Executive Vice President and Chief Financial Officer, and the Executive Vice President and Chief Operating Officer as the members of our executive management team pursuant to the company's organizational regulations. Pursuant to our board of directors' previous determination, all officers who meet the definition of officers under Section 16 of the Exchange Act were members of our executive management team.

We paid the members of our executive management team total compensation as follows:

	Year ended December 31, 2013			Year ended December 31, 2012		
Name and function	Total salary and other non share-based compensation	Total share-based compensation	Total compensation	Total salary and other non share-based compensation	Total share-based compensation	Total compensation
Steven L. Newman President and Chief Executive Officer since March 1, 2010; and member of the board since May 14, 2010	CHF 4,851,722	CHF 7,702,418	CHF 12,554,140	CHF 3,609,175	CHF 7,987,650	CHF 11,596,825
Esa Ikäheimonen (a) Executive Vice President and Chief Financial Officer since November 15, 2012	2,289,252	2,674,429	4,963,681	596,907	681,100	1,278,007
John Stobart Executive Vice President and Chief Operating Officer since October 1, 2012	2,152,551	2,406,967	4,559,518	619,186	915,485	1,534,671
Allen Katz (b) (e) Senior Vice President and Interim General Counsel since November 17, 2012	1,100,117	—	1,100,117	131,931	1,345,277	1,477,208
David Tonnel (c) (e) Senior Vice President, Finance and Controller since March 1, 2012	884,291	1,283,731	2,168,022	1,050,259	1,389,147	2,439,406
Ihab Toma (d) (e) Executive Vice President and Chief of Staff from October 1, 2012 to December 31, 2013; Executive Vice President, Operations from August 17, 2011 to October 1, 2012; Executive Vice President, Global Business from August 16, 2010 to August 16, 2011	1,948,365	2,139,521	4,087,886	1,713,814	2,315,269	4,029,083
Gregory L. Cauthen (a) (c) Executive Vice President and Interim Chief Financial Officer from January 9, 2012 to November 15, 2012	—	—	—	1,191,206	2,084,513	3,275,719
Nick Deeming (b) Senior Vice President, General Counsel and Assistant Corporate Secretary from February 7, 2011to October 23, 2012	—	—	—	2,695,007	2,315,269	5,010,276
Ricardo H. Rosa (a) Executive Vice President and Chief Financial Officer from August 17, 2011 to January 9, 2012; Senior Vice President and Chief Financial Officer until August 16, 2011	—	—	—	1,239,274	—	1,239,274
Robert S. Shaw (c) Vice President and Controller from December 1, 2011 to January 25, 2012	—	—	—	518,417	—	518,417
Total	CHF 13,226,298	CHF 16,207,066	CHF 29,433,364	CHF 13,365,176	CHF 19,033,710	CHF 32,398,886

(a) Effective January 9, 2012, Mr. Rosa resigned from his position as Executive Vice President and Chief Financial Officer and subsequently retired, effective April 30, 2012. Effective January 9, 2012 until November 15, 2012, Mr. Cauthen served as Interim Chief Financial Officer. Effective November 15, 2012, Mr. Ikäheimonen accepted his appointment as Executive Vice President and Chief Financial Officer.

(b) Effective October 23, 2012, Mr. Deeming resigned from his position as Senior Vice President and General Counsel. Effective November 17, 2012, and until a replacement is named, Mr. Katz accepted his appointment as Interim General Counsel.

(c) Effective January 25, 2012, Mr. Shaw resigned from his position as Vice President, Controller and Principal Accounting Officer. Effective immediately, Mr. Cauthen accepted his appointment as Interim Controller and Principal Accounting Officer. On February 17, 2012, the board of directors appointed David Tonnel as Senior Vice President, Finance and Controller and Principal Accounting Officer, effective March 1, 2012.

(d) Effective December 31, 2013, Mr. Toma resigned from his position as Executive Vice President and Chief of Staff. With Mr. Toma's departure, the position of Chief of Staff was eliminated and responsibilities redistributed.

(e) Effective December 3, 2013, Mr. Katz, Mr. Toma and Mr. Tonnel were no longer designated as members of the executive management team. Total compensation for Mr. Katz, Mr. Toma and Mr. Tonnel for the year ended December 31, 2013, for practical purposes, includes amounts for the full year.

The total salary and other non-share-based compensation for the members of our executive management team, before deductions for employee social insurance and pension contributions, was as follows:

	Year ended December 31, 2013						
Name	Base salary	Bonus (a)	Additional compensation (b)	Swiss tax on global earnings and benefits	Employer's pension contributions	Employer's social security payments (c)	Total salary and other non share-based compensation
Steven L. Newman	CHF 1,108,250	CHF 1,285,841	CHF 2,204,900	CHF 127,928	CHF 14,229	CHF 110,574	CHF 4,851,722
Esa Ikäheimonen	680,283	506,777	608,955	211,842	143,089	138,306	2,289,252
John Stobart	587,450	545,240	725,750	231,040	7,115	55,956	2,152,551
Allen Katz (d)	558,000	446,400	44,897	—	5,720	45,100	1,100,117
David Tonnel (d)	391,375	217,983	216,147	—	14,229	44,557	884,291
Ihab Toma (d)	587,071	482,700	352,864	172,741	103,585	249,404	1,948,365
Total	CHF 3,912,429	CHF 3,484,941	CHF 4,153,513	CHF 743,551	CHF 287,967	CHF 643,897	CHF 13,226,298

(a) Bonus represents the amount earned in the year ended December 31, 2013, but not paid as of December 31, 2013.

(b) Additional compensation includes tax reimbursements; relocation pay and moving expenses; housing, automobile, home leave and cost of living allowances; unused vacation payout; dividend equivalents; and other company-reimbursed expenses and benefits provided to expatriate employees.

(c) Employer's social security payments include costs of health benefits, such as medical and dental insurance, and unemployment and social security taxes.

(d) Effective December 3, 2013, Mr. Katz, Mr. Toma and Mr. Tonnel were no longer designated as members of the executive management team. Total compensation for Mr. Katz, Mr. Toma and Mr. Tonnel for the year ended December 31, 2013, for practical purposes, includes amounts for the full year.

	Year ended December 31, 2012						
Name	Base salary	Bonus (a)	Additional compensation (b)	Swiss tax on global earnings and benefits	Employer's pension contributions	Employer's social security payments (c)	Total salary and other non share-based compensation
Steven L. Newman	CHF 1,070,495	CHF 1,444,003	CHF 419,413	CHF 595,457	CHF 14,065	CHF 65,742	CHF 3,609,175
Esa Ikäheimonen (d)	84,078	306,088	107,908	47,181	19,394	32,258	596,907
Ihab Toma	541,288	461,272	282,780	204,542	95,916	128,016	1,713,814
John Stobart (e)	144,165	437,703	17,657	—	721	18,940	619,186
Allen Katz	68,193	57,056	—	—	—	6,682	131,931
David Tonnel	363,694	227,233	339,586	—	40,690	79,056	1,050,259
Ricardo H. Rosa	201,666	160,011	652,516	59,206	44,163	121,712	1,239,274
Robert S. Shaw (f)	68,371	33,718	371,059	14,289	1,641	29,339	518,417
Nick Deeming (f)	482,203	387,804	1,098,731	326,994	115,683	283,592	2,695,007
Gregory L. Cauthen	587,600	506,686	21,041	26,585	11,815	37,479	1,191,206
Total	CHF 3,611,753	CHF 4,021,574	CHF 3,310,691	CHF 1,274,254	CHF 344,088	CHF 802,816	CHF 13,365,176

(a) Bonus represents the amount earned in the year ended December 31, 2012, but not paid as of December 31, 2012.

(b) Additional compensation includes tax reimbursements, relocation pay, housing allowance, car allowance, vacation payoff, cost of living allowance, other company reimbursed expenses and benefits provided to expatriate employees.

(c) Employer's social security payments include costs of health benefits, such as medical and dental insurance, and unemployment and social security taxes.

(d) Bonus for Mr. Ikäheimonen included a sign-on bonus of CHF 233,176, paid in November 2012.

(e) Bonus for Mr. Stobart included a sign-on bonus of CHF 281,298, paid in October 2012.

(f) Bonus for Mr. Shaw and Mr. Deeming represents the pro-rated target bonus for days worked through the date of separation in the year ended December 31, 2012.

We granted to the members of our executive management team share-based compensation awards under our long-term incentive plans, as follows:

	December 31, 2013						
	Deferred units		Contingent deferred units		Stock options		Total share-based compensation
Name	Units (a)	Fair value (b)	Units (c)	Fair value (d)	Options (e)	Fair value (f)	
Steven L. Newman	46,020	CHF 2,537,957	46,020	CHF 3,169,236	123,512	CHF 1,995,225	CHF 7,702,418
Esa Ikäheimonen	15,979	881,226	15,979	1,100,418	42,886	692,785	2,674,429
John Stobart	14,381	793,098	14,381	990,369	38,597	623,500	2,406,967
David Tonnel	7,670	422,993	7,670	528,206	20,585	332,532	1,283,731
Ihab Toma	12,783	704,970	12,783	880,320	34,309	554,231	2,139,521
Total	96,833	CHF 5,340,244	96,833	CHF 6,668,549	259,889	CHF 4,198,273	CHF 16,207,066

(a) We granted the time-based deferred units to the members of our executive management team on February 14, 2013.

(b) We estimate the fair value of time-based deferred units using the market price for our shares on the grant date.

(c) We granted the contingent deferred units to the members of our executive management team on February 14, 2013. The actual number of deferred units to be granted will be determined in the first sixty days of 2016, contingent upon our total shareholder return relative to our performance peer group. The performance measurement is evaluated over the three-year performance period ending on December 31, 2015. The number of contingent deferred units reflects the target number of shares for the award. Actual shares earned and allocated will be determined based on performance thresholds.

(d) We estimate the grant date fair value of contingent deferred units using a Monte Carlo simulation model.

(e) We granted stock options to the members of our executive management team on February 14, 2013. The stock options vest in one-third increments over a three-year period on the anniversary of the grant date.

(f) We estimate the fair value of stock options using option pricing models for non-qualified stock option grants.

	December 31, 2012						
	Deferred units		Contingent deferred units		Stock options		Total share-based compensation
Name	Units (a)	Fair value (b)	Units (c)	Fair value (d)	Options (e)	Fair value (f)	
Steven L. Newman	54,292	CHF 2,585,589	54,292	CHF 2,979,103	132,244	CHF 2,422,958	CHF 7,987,650
Esa Ikäheimonen	16,167	681,100	—	—	—	—	681,100
Allen Katz	32,328	1,345,277	—	—	—	—	1,345,277
John Stobart	21,124	915,485	—	—	—	—	915,485
Ihab Toma	15,737	749,455	15,737	863,518	38,331	702,296	2,315,269
David Tonnel	9,442	449,663	9,442	518,100	22,999	421,384	1,389,147
Gregory L. Cauthen	52,612	2,084,513	—	—	—	—	2,084,513
Nick Deeming	15,737	749,455	15,737	863,518	38,331	702,296	2,315,269
Ricardo H. Rosa (g)	—	—	—	—	—	—	—
Robert S. Shaw (h)	—	—	—	—	—	—	—
Total	217,439	CHF 9,560,537	95,208	CHF 5,224,239	231,905	CHF 4,248,934	CHF 19,033,710

(a) We granted the time-based deferred units to the members of our executive management team on February 17, 2012, except as otherwise noted. We granted time-based deferred units as sign-on awards to Mr. Ikäheimonen, Mr. Stobart, and Mr. Katz on November 15, 2012, October 1, 2012, and November 17, 2012, respectively. We granted time-based deferred units to Mr. Cauthen on January 9, 2012 as per his employment agreement and on July 1, 2012 as per the first amendment to his employment agreement. The number of time-based deferred units is based on the total number of units awarded, although not all deferred units may actually vest.

(b) We estimate the fair value of time-based deferred units using the market price for our shares on the grant date.

(c) We granted the contingent deferred units to the members of our executive management team on February 17, 2012. The actual number of deferred units to be granted will be determined in the first sixty days of 2015, contingent upon our performance for total shareholder return relative to a sub-group of our peer group. The performance measurement is evaluated over the three-year performance period ending on December 31, 2014. The number of contingent deferred units reflects the target number of shares for the award. Actual shares to be distributed will be determined based on performance thresholds.

(d) We estimate the fair value of contingent deferred units using a Monte Carlo simulation model.

(e) We granted stock options to the members of our executive management team on February 17, 2012. The stock options vest in one-third increments over a three-year period on the anniversary of the grant date.

(f) We estimate the grant date fair value of stock options using option pricing models for non-qualified stock option grants.

(g) We did not grant Mr. Rosa deferred units prior to his retirement on April 30, 2012.

(h) We did not grant Mr. Shaw deferred units prior to his termination on January 25, 2012.

Note 9—Credits and Loans Granted to Governing Bodies

During the years ended December 31, 2013 and 2012, we did not grant credits or loans to active or former members of our board of directors, members of our executive management team or to any other related persons. At December 31, 2013 and 2012, we had no outstanding credits or loans to active or former members of our board of directors, members of our executive management team or to any other related persons.

Note 10—Guarantees and Commitments

Transocean Inc. debt obligations—Transocean Inc., has issued certain debt securities or entered into other debt instruments, including notes, revolving credit facilities, debentures, surety bonds, letters of credit, and convertible note obligations. We have guaranteed certain of these debt securities or other debt instruments. We are not subject to any significant restrictions on their ability to obtain funds from their consolidated subsidiaries by dividends, loans or return of capital distributions. At December 31, 2013 and 2012, the aggregate carrying amount of debt that we have guaranteed was USD 9.0 billion and USD 9.6 billion, equivalent to approximately CHF 8.0 billion and CHF 8.7 billion, respectively.

Macondo well litigation settlement obligations—On January 3, 2013, certain of our wholly-owned subsidiaries reached agreements with the U.S. Department of Justice ("DOJ") to resolve certain matters arising from the Macondo well incident. The agreements included a criminal plea (the "Plea Agreement"), pursuant to which one of our subsidiaries pled guilty to one misdemeanor count of negligently discharging oil in the U.S. Gulf of Mexico, in violation of the U.S. Clean Water Act, and a civil consent decree (the "Consent Decree"), which resolved certain claims by the DOJ, the U.S. Environmental Protection Agency (the "EPA") and the U.S. Coast Guard against certain of our subsidiaries (the "Transocean Defendants") and certain incidents of noncompliance that were alleged by the U.S. Bureau of Safety and Environmental Agency.

As part of this resolution, under the terms of the Plea Agreement and the Consent Decree, certain of our subsidiaries agreed to pay USD 1.4 billion, equivalent to approximately CHF 1.3 billion, in fines, recoveries and civil penalties, excluding interest, in scheduled payments over a five-year period through 2017. We have guaranteed the scheduled payments and other obligations required of the Transocean Defendants under the Plea Agreement and the Consent Decree. In connection with our guarantee, the Transocean Defendants pay to us a guarantee fee. The guarantee fee is paid annually, beginning on January 1, 2014 through 2018, and is equivalent to 1.76 percent of the weighted average daily outstanding balance due by the Transocean Defendants over the prior year. In the year ended December 31, 2013, we recognized guarantee fee income of CHF 16 million, recorded in income from affiliates.

On February 25, 2013, certain of our subsidiaries (the "Respondents") and the EPA entered into an administrative agreement (the "EPA Agreement"). The EPA Agreement resolves all matters relating to suspension, debarment and statutory disqualification arising from the matters contemplated by the Plea Agreement. Subject to compliance with the terms of the EPA Agreement, the EPA agreed that it will not suspend, debar or statutorily disqualify the Respondents and will lift any existing suspension, debarment or statutory disqualification. We have guaranteed the obligations required of the Respondents under the EPA Agreement.

Norway tax investigations and trial contingent obligations—Certain of our wholly-owned subsidiaries are involved in ongoing investigations by Norwegian civil tax and criminal authorities relating to various transactions undertaken in 2001 and 2002 as well as the actions of certain employees of our former external tax advisors on these transactions. The authorities issued tax assessments related to certain restructuring transactions, migration of a subsidiary that was previously subject to tax in Norway, a 2001 dividend payment, certain currency exchange deductions and dividend withholding tax. We have guaranteed these tax assessments and related contingent obligations. At December 31, 2013 and 2012, the aggregate amount of our guarantee with respect to these tax disputes was NOK 699 million, equivalent to approximately CHF 102 million and CHF 108 million, respectively.

Transocean Management Ltd. office lease obligation—Transocean Management Ltd., has entered into a lease obligation for its principal offices in Vernier, Switzerland. Under an uncommitted line of credit, Transocean Ltd. has issued a surety bond in the full amount of this lease obligation. At December 31, 2013 and 2012, our guarantee for the Transocean Management Ltd. office lease obligation was CHF 460,000.

Note 11—Contingencies

U.S. Gulf of Mexico Macondo well incident—On April 22, 2010, the Ultra-Deepwater Floater *Deepwater Horizon*, a rig owned and operated by certain of Transocean Ltd.'s wholly-owned subsidiaries (the "Macondo Subsidiaries"), sank after a blowout of the U.S. Gulf of Mexico Macondo well caused a fire and explosion on the rig. The Macondo Subsidiaries have been named in lawsuits related to the Macondo well incident. Although the potential impact is uncertain, Transocean Ltd. and the Macondo Subsidiaries have excess liability insurance coverage as well as contractual indemnities from the operator of the well.

Federal securities claims—A federal securities proposed class action is currently pending in the U.S. District Court, Southern District of New York, naming Transocean Ltd., former chief executive officer of Transocean Ltd. and one of Transocean Ltd.'s acquired companies as defendants. In the action, a former shareholder of the acquired company alleges that the joint proxy statement related to Transocean Ltd.'s shareholder meeting in connection with its merger with the acquired company violated Section 14(a) of the Exchange Act, Rule 14a-9 promulgated thereunder and Section 20(a) of the Exchange Act. The plaintiff claims that the acquired company's shareholders received inadequate consideration for their shares as a result of the alleged violations and seeks compensatory and rescissory damages and attorneys' fees on behalf of itself and the proposed class members. In addition, Transocean Ltd. and certain of its subsidiaries are obligated to pay the defense fees and costs for the individual defendants, which may be covered by its directors' and officers' liability insurance, subject to a deductible. On October 4, 2012, the court denied our motion to dismiss the action. On June 27, 2013, the Second Circuit Court of Appeals ruled in the unrelated action on an issue that could be relevant to the disposition of this case in a manner that Transocean Ltd. believes supports its position that the plaintiff's existing claims alleged in the action are time-barred. On August 30, 2013, the Macondo Subsidiaries filed a motion to dismiss on the ground that the claims are time-barred, citing the Second Circuit Court of Appeals' ruling. Plaintiffs filed an opposition to our motion to dismiss on September 20, 2013 and the

Macondo Subsidiaries filed a reply to that opposition on September 24, 2013. Oral argument has not been scheduled, and the motion remains under submission.

Shareholder derivative claims—In June 2010, our shareholders filed two shareholder derivative suits in state district court in Texas naming Transocean Ltd., the Macondo Subsidiaries and certain of Transocean Ltd.'s current and former officers and directors as nominal defendants. These cases allege breach of fiduciary duty, unjust enrichment, abuse of control, gross mismanagement and waste of corporate assets in connection with the Macondo well incident. The plaintiffs are generally seeking to recover, on behalf of Transocean Ltd., damages to the corporation and disgorgement of all profits, benefits, and other compensation from the individual defendants. Any recovery of the damages or disgorgement by the plaintiffs in these actions would be paid to Transocean Ltd. If the plaintiffs prevail, Transocean Ltd. could be required to pay plaintiffs' attorneys' fees. In addition, Transocean Ltd. and the Macondo Subsidiaries are obligated to pay the defense fees and costs for the individual defendants, which may be covered by each company's directors' and officers' liability insurance, subject to a deductible. The two actions have been consolidated before a single judge. Transocean Ltd. and the Macondo Subsidiaries have filed a motion to dismiss the complaint on the grounds that they must be maintained in the courts of Switzerland and that the plaintiffs lack standing to assert the claims alleged.

In January 2013, one of the plaintiffs re-filed a previously dismissed complaint seeking to recover damages from Transocean Ltd. and the Macondo Subsidiaries, and disgorgement of all profits, benefits, and other compensation from the individual defendants. Certain defendants filed a motion to dismiss the re-filed complaint in March 2013 on the ground that the action must be maintained in the courts of Switzerland. On July 30, 2013, the court granted the motion to dismiss. On August 29, 2013, the state district court of Texas dismissed the action in its entirety as to all defendants. Plaintiffs filed an appeal in the First Court of Appeals in Texas on September 6, 2013 and filed a brief in support of their appeal on November 27, 2013.

Wrongful death and personal injury claims—As of December 31, 2013, Transocean Ltd. and the Macondo Subsidiaries continue to be named, along with other unaffiliated defendants, in nine complaints that were pending in state and federal courts in Louisiana and Texas involving multiple plaintiffs that allege wrongful death and other personal injuries arising out of the Macondo well incident. Per the order of the Multi-District Litigation Panel, these claims have been centralized for discovery purposes in the U.S. District Court, Eastern District of Louisiana. The complaints generally allege negligence and seek awards of unspecified economic damages and punitive damages. BP, MI-SWACO, Weatherford Ltd. and Cameron and certain of their affiliates, have, based on contractual arrangements, also made indemnity demands upon us with respect to personal injury and wrongful death claims asserted by our employees or representatives of our employees against these entities.

Swiss value added tax—We are one of a group of Swiss entities, which are jointly and severally liable for the whole Swiss value added tax amount due to the Swiss tax authorities by this group.

Note 12—Related Party Transactions

Transocean Inc.—Transocean Inc. holds our shares to satisfy, on our behalf, our obligation to deliver shares in connection with awards granted under our incentive plans, warrants or other right to acquire our shares. At December 31, 2013 and 2012, Transocean Inc. held 10.2 million and 11.5 million of our shares, respectively for this purpose.

We and Transocean Inc., as the borrower and lender, respectively, entered into a credit agreement dated June 1, 2011, establishing a USD 2.0 billion revolving credit facility. As of December 31, 2013, the variable interest rate on the outstanding borrowings was 1.75 percent. At December 31, 2013 and 2012, we had borrowings of USD 1.2 billion and USD 594 million, equivalent to approximately CHF 1.1 billion and CHF 543 million, respectively, outstanding under the revolving credit facility.

Transocean Services AS—On September 14, 2012, we distributed approximately CHF 155 million to Transocean Services AS in exchange for 20,000 Transocean Services AS shares, with a stated value of NOK 100 per share. At December 31, 2013 and 2012, our ownership interest in Transocean Services AS was 99.23 percent.

Other subsidiaries—Our subsidiaries perform on our behalf certain general and administrative services, including executive administration, procurement and payables, treasury and cash management, personnel and payroll, accounting and other administrative functions. For the years ended December 31, 2013 and 2012, we recognized such general and administrative costs of CHF 18 million and CHF 19 million, respectively, recorded in general and administrative expense, including personnel costs of CHF 8 million and CHF 12 million, respectively.

Note 13—Risk Assessment

Transocean Ltd., as the ultimate parent company of Transocean Inc., Transocean Management Ltd., and Transocean Services AS, is fully integrated into the Group-wide internal risk assessment process. As part of its Group-wide internal risk assessment process, management regularly reports identified risks and reactions to such risks in its report to the board of directors of Transocean Ltd. The operating divisions of the Group and by specific corporate functions, including treasury, legal, internal audit, engineering and operations perform the procedures and actions necessary to identify risks and, where appropriate, mitigate such risks. Each operating division and corporate function is responsible for supporting and monitoring the Group-wide processes and procedures to ensure their effective execution.

Proposed Appropriation of Available Retained Earnings

The board of directors proposes that shareholders at the annual general meeting in 2014 approve the following appropriation (in thousands):

	December 31,	
	2013	2012
Balance brought forward from previous years	90,284	161,491
Net profit (loss) of the year	(29,675)	(71,207)
Total retained earnings	60,609	90,284
Balance to be carried forward on this account	60,609	90,284

Proposed Distribution of a Dividend out of General Legal Reserves From Capital Contribution

The Board of Directors recommends to, and proposes for approval by, the shareholders that CHF 2,046,920,128 of general legal reserves from capital contribution be released and allocated to “dividend reserve from capital contribution” (the “Dividend Reserve”).

Proposed Release of General Legal Reserves From Capital Contribution to Dividend Reserve (in thousands)

	CHF
General legal reserves from capital contribution, as of December 31, 2013	9,552,457
Less release to dividend reserve from capital contribution	(2,046,920)
Remaining general legal reserves from capital contribution	7,505,537

The Board of Directors submits and recommends for approval the shareholder resolution set forth below for approval by the Company's shareholders.

Shareholder Resolution

It is hereby resolved as follows:

(1) A dividend in the amount of USD 3 per share of the Company (the “Per Share USD Dividend Amount,” and the aggregate Per Share USD Dividend Amount, calculated on the basis of the total number of shares outstanding as of the 2014 Annual General Meeting, excluding any shares held by the Company or any of its direct or indirect subsidiaries, the “Aggregate USD Dividend Amount”) shall be distributed out of the dividend reserve from capital contribution (expressed in CHF and amounting to CHF 2,046,920,128 pursuant to the proposal of the Board of Directors (the “Dividend Reserve”); the dividend shall be payable in four equal installments of USD 0.75 per share of the Company outstanding (excluding any shares held by the Company or any of its direct or indirect subsidiaries) on the record date for the applicable installment (each such installment hereinafter a “Per Share Quarterly USD Dividend Amount;” each date on which a Per Share Quarterly USD Dividend Amount is paid hereinafter an “Installment Date;” and the aggregate Per Share Quarterly USD Dividend Amount payable on an Installment Date, calculated on the basis of the total number of shares outstanding as of the record date for the relevant Per Share Quarterly USD Dividend Amount, the “Aggregate Quarterly USD Dividend Amount”);

provided, however, that:

(a) if, on the date of the 2014 Annual General Meeting, the Aggregate USD Dividend Amount exceeds, when converted into CHF at a USD/CHF exchange rate prevailing on or about the date of the 2014 Annual General Meeting as determined by the Board of Directors or, upon due authorization by the Board of Directors, the Company's Executive Management Team, in its reasonable discretion, the Dividend Reserve (expressed in CHF), the proposed Per Share USD Dividend Amount shall be reduced such that the Aggregate USD Dividend Amount, converted into CHF at a USD/CHF exchange rate prevailing on or about the date of the 2014 Annual General Meeting as determined by the Board of Directors or, upon due authorization by the Board of Directors, the Company's Executive Management Team, in its reasonable discretion, is at a maximum equal to the Dividend Reserve (expressed in CHF); and

provided, further, that:

(b) if any Aggregate Quarterly USD Dividend Amount, when converted into CHF at a USD/CHF exchange rate prevailing on or about the record date for that Aggregate Quarterly USD Dividend Amount as determined by the Board of Directors or, upon due authorization by the Board of Directors, the Company's Executive Management Team, in its reasonable discretion, exceeds the Dividend Reserve amount (expressed in CHF) as of the record date for that Aggregate Quarterly USD Dividend Amount, taking into account the payment of any preceding Aggregate Quarterly USD Dividend Amount (if any) (the Dividend Reserve so calculated hereinafter the "Remaining Dividend Reserve"), the Per Share Quarterly USD Dividend Amount shall be reduced such that the Aggregate Quarterly USD Dividend Amount, converted into CHF at a USD/CHF exchange rate prevailing on or about the record date for such Aggregate Quarterly USD Dividend Amount as determined by the Board of Directors or, upon due authorization by the Board of Directors, Executive Management Team in its reasonable discretion, is at a maximum equal to the Remaining Dividend Reserve; and

provided, further, that:

(c) the Board of Directors or, upon due authorization by the Board of Directors, the Company's Executive Management Team, in its reasonable discretion, shall at any time have the authority to, in its discretion, accelerate or otherwise change the timing of the payment of the Per Share Quarterly USD Dividend Amount or to pay on an Installment Date more than one Per Share Quarterly USD Dividend Amount.

(2) Shareholders may, upon the terms and conditions provided by the Board of Directors in its reasonable discretion, elect, during the election period as determined by the Board of Directors or, upon due authorization by the Board of Directors, the Company's Executive Management Team, to receive any Per Share Quarterly USD Dividend Amount in CHF (subject to the downward adjustments in accordance with the principles set forth above under (1)), at the USD/CHF exchange rate as determined by the Board of Directors or, upon due authorization by the Board of Directors, the Company's Executive Management Team, in its discretion.

(3) It shall be the task of the Board of Directors or, upon due authorization by the Board of Directors, the Company's Executive Management Team to execute this resolution of the 2014 Annual General Meeting, including, but not limited to, reducing as appropriate the Per Share USD Dividend Amount and/or the Per Share Quarterly USD Dividend Amount, setting the record dates, the ex-dividend dates, the Installment Dates, and determining the duration of the election period to request payment of the Per Share Quarterly USD Dividend Amount in CHF and, for purposes of such election, the applicable USD/CHF exchange rate. As specified in the Articles of Association, the Board of Directors will determine the date from which shares newly issued out of the authorized share capital of the Company are entitled to dividend payments. Shares newly issued out of the conditional share capital are entitled to dividend payments if such shares are issued and outstanding on or before the record date for the relevant Per Share Quarterly USD Dividend Amount. For the avoidance of doubt, shareholders who sell their shares prior to the relevant record date lose their dividend entitlement and transfer such entitlement to the purchaser(s) of their shares.

(4) Any Dividend Reserve amount remaining after the payment of the final Aggregate Quarterly USD Dividend Amount shall, by operation of this shareholder resolution, be immediately reallocated to the account "General legal reserves - Reserve from capital contribution," included in the Company's statutory standalone balance sheet, without any requirement that such reallocation be approved by the Board of Directors or the general meeting of shareholders.

Corporate Governance Report

Transocean Ltd. (together with its subsidiaries and predecessors, unless the context requires otherwise, ''Transocean'', the ''Company'', ''we'', ''us'' or ''our'') is committed to adhering to best practices and standards of corporate governance. This long-standing commitment is supported, in part, by our Governance Guidelines, Committee Charters and our Code of Integrity.

As a company whose shares are listed on both the New York Stock Exchange (''NYSE'') and SIX Swiss Exchange (''SIX''), we are bound by the legal and regulatory requirements of both the United States of America and Switzerland. This Corporate Governance Report (the ''Report'') reflects the requirements of the SIX Directive on Information Relating to Corporate Governance of October 29, 2008.

This Report refers at various places to information contained in other parts of the document ''Transocean Proxy Statement and 2013 Annual Report,'' of which this Report forms a part and to which we collectively refer in this Report as the ''Annual Report.'' In addition to this Report, the Annual Report consists of the following parts:

i. Letter to the Shareholders;

ii. Invitation to and Proxy Statement for the Annual General Meeting of Transocean Ltd. of May 16, 2014;

iii. 2013 Annual Report to Shareholders (including the Consolidated Financial Statements of Transocean Ltd. and its subsidiaries for fiscal year 2013, the notes thereto, and the audit reports thereon); and

iv. Standalone Statutory Financial Statements of Transocean Ltd. for the year ended December 31, 2013 and the audit report thereon.

1. Group Structure and Shareholders

1.1 Group Structure

Transocean is comprised of Transocean Ltd., a company incorporated under the laws of Switzerland and the ultimate parent of the group, and the subsidiaries presented in Annex 1 to this Report (none of which is listed on a stock exchange).

Transocean Ltd.'s registered office is at Steinhausen, Turmstrasse 30, CH-6300 Zug, Switzerland.

Stock Exchange Listings[1]

Stock Exchange	Security	Ticker Symbol	Security No.	ISIN Code
NYSE	Transocean Ltd., Steinhausen, registered shares	RIG	H8817H100	CH 004 826551 3
SIX	Transocean Ltd., Steinhausen, registered shares	RIGN RIGNE (second trading line)	4 826 551 1 111 719 0 (second trading line)	CH 004 8265513 CH 011 117190 3 (second trading line)

(1) All data as of December 31, 2013.

As of December 31, 2013, Transocean Ltd. had a market capitalization of approximately CHF 15.7 billion (based on the outstanding shares of Transocean Ltd. on December 31, 2013 and the share price as of close of trading on the SIX on December 30, 2013).

The Transocean operational group structure is described in ''Part II. Item 8. Financial Statements and Supplementary Data'' on page AR-63 of this Annual Report, which also contains disclosures regarding the segments in which we operate pursuant to generally accepted accounting principles in the United States.

Transocean is a leading international provider of offshore contract drilling services for oil and gas wells.

As of December 31, 2013, we owned or had partial ownership interests in and operated 79 mobile offshore drilling units associated with our continuing operations. As of this date, the fleet associated with our continuing operations consisted of 46 High-Specification Floaters (Ultra-Deepwater, Deepwater and Harsh Environment semisubmersibles and drillships), 22 Midwater Floaters and 11 High-Specification Jackups. At December 31, 2013, we also had seven Ultra-Deepwater drillships and five High-Specification Jackups under construction or under contract to be constructed.

We specialize in technically demanding regions of the global offshore drilling business with a particular focus on deepwater and harsh environment drilling services. We believe our mobile offshore drilling fleet is one of the most versatile fleets in the world, consisting of floaters and high-specification jackups used in support of offshore drilling activities and offshore support services on a worldwide basis. Our primary business is to contract our drilling rigs, related equipment and work crews predominantly on a dayrate basis to drill oil and gas wells.

In September 2012, in connection with our efforts to dispose of non-strategic assets and to reduce our exposure to low-specification drilling units, we committed to a plan to discontinue operations associated with the standard jackup and swamp barge asset groups, components of our contract drilling services operating segment. In November 2012, we completed the sale of 37 Standard Jackups and one swamp barge to Shelf Drilling Holdings, Ltd. (''Shelf Drilling''). For a transition period following the completion of the sale transactions, we agreed to continue to operate a substantial portion of the Standard Jackups on behalf of Shelf Drilling and to provide certain other transition services to Shelf Drilling. Under operating agreements, we agreed to continue to operate these Standard Jackups on behalf of Shelf Drilling for periods ranging from nine months to 27 months, until expiration or novation of the underlying drilling contracts by Shelf Drilling. As of December 31, 2013, we operated seven Standard Jackups under operating agreements with Shelf Drilling. In addition, under a transition services agreement, we agreed to provide certain transition services for a period of up to 18 months following the completion of the sale transactions. See ''Part II. Item 8. Financial Statements and Supplementary Data—Notes to Consolidated Financial Statements—Note 7—Discontinued Operations'' on page AR-82 *et seq.* of this Annual Report. In the year ended December 31, 2013, we completed the sales of all of our standard jackups and related equipment. See ''Part II. Item 8. Financial Statements and Supplementary Data—Notes to Consolidated Financial Statements—Note 7—Discontinued Operations'' on page AR-82 *et seq.* of this Annual Report.

We also provide oil and gas drilling management services on either a dayrate basis or a completed-project, fixed price or turnkey basis, as well as drilling engineering and drilling project management services. In March 2012, we announced our intent to discontinue drilling management services operations in the shallow waters of the United States (''U.S.'') Gulf of Mexico, upon completion of our then-existing contracts. In December 2012, we completed the final drilling management project and discontinued offering our drilling management services in this region. See ''Part II. Item 8. Financial Statements and Supplementary Data—Notes to Consolidated Financial Statements—Note 7—Discontinued Operations'' on page AR-85 of this Annual Report. Subsequent to December 31, 2013, in connection with our efforts to discontinue non-strategic operations, we completed the sale of Applied Drilling Technology International Limited (''ADTI''), our wholly-owned United Kingdom (''U.K.'') subsidiary, which performs drilling management services in the North Sea. The disposal of this component of our business results in the discontinuation of our drilling management services operating segment in the year ending December 31, 2014. See ''Part II. Item 8. Financial Statements and Supplementary Data—Notes to Consolidated Financial Statements—Note 27—Subsequent Events'' on page AR-127 of this Annual Report.

1.2 Significant Shareholders

The table below sets forth the persons or entities known to the Company as of December 31, 2013 (i) to be holding beneficially 3% or more of the Company's share capital registered in the commercial register of the Canton of Zug (the ''Commercial Register'') or (ii) from whom the Company has received a notice pursuant to the Swiss Federal Act on Stock Exchanges and Securities Trading (the ''SESTA'') that

since its last notice to the Company it reduced its beneficial holding of the Company's share capital below 3% of the Company's share capital registered in the Commercial Register. Each share carries one vote at a general meeting of shareholders of the Company and, as such, the number of shares held by each person or entity set forth below is equal to the number of voting rights held by such person or entity. The SESTA and the rules and regulations promulgated thereunder, to which the Company and beneficial owners of its shares are subject, requires persons who directly, indirectly or in concert with other parties acquire or dispose of Transocean shares or purchase or sale rights or obligations relating to Transocean shares, and, thereby, directly, indirectly or in concert with other parties reach, exceed or fall below a threshold of 3%, 5%, 10%, 15%, 20%, 25%, 33⅓%, 50% or 66⅔% of the Company's voting rights (whether exercisable or not) to notify the Company and the SIX Disclosure Office of such acquisition or disposal in writing.

Shareholder	Purchase Positions	Sale Positions[1]	% of Shares Registered[1]
Group consisting of Carl C. Icahn, c/o Icahn Associates Corp., New York (USA) (''Icahn Group'') and Transocean Ltd., Steinhausen (CH)[2]	34,706,208	5,753,730 (1.56%)[3]	9.28%
The Capital Group Companies Inc., Los Angeles (USA)[4] (''Capital Group'')	18,347,476	—-	4.908%
Black Rock Inc., New York (USA)[5] (''Black Rock'')	22,602,157	42,229 (0.01%)	6.08%
	49,304 based on contracts for difference issued by Barclays (exercise type: cash settlement)	8,078 based on contracts for difference issued by Citigroup (exercise type: cash settlement)	
	22,069 based on contracts for difference issued by Goldman Sachs (exercise type: cash settlement)	1,233 based on contracts for difference issued by Goldman Sachs (exercise type: cash settlement)	
	5,675 based on contracts for difference issued by Morgan Stanley (exercise type: cash settlement)	31,236 based on contracts for difference issued by Morgan Stanley (exercise type: cash settlement)	
	48,112 based on contracts for difference issued by UBS (exercise type: cash settlement)	1,682 based on contracts for difference issued by UBS (exercise type: cash settlement)	
Franklin Resources, Inc., San Mateo (USA)[6] (''Franklin'')	22,163,261	—	6.02%
	3,500 (contract for difference (ratio 1:100) with actual delivery; American style options)		

Shareholder Own Positions (as of December 31, 2013)[7]	Purchase Positions	Sale Positions[1]	% of Shares Registered[1]
Transocean Ltd., Steinhausen (CH)	13,066,549	5,409,077 (1.45%)	3.50%

(1) The percentages indicated are based on the 373,830,649 shares issued and registered in the Commercial Register as of December 31, 2013.

(2) On November 10, 2013, the Company and certain funds controlled by Mr. Carl Icahn (the ''Icahn Group'') entered into a Standstill and Nomination Agreement. Pursuant to the terms of the Standstill and Nomination Agreement, the Company is required to make certain proposals for approval by the shareholders at the 2014 annual general meeting. These proposals relate to the dividend distribution, the board nominees, and amendments to the articles of association regarding the maximum size of the board of directors; conversely, the Icahn Group is subject to certain standstill restrictions and required to vote in favor of the Company's slate of director nominees and certain other proposals the Board may recommend at the 2014 annual general meeting. By virtue of the Standstill and Nomination Agreement, the Icahn Group and the Company are deemed to act in concert and form a group under the SESTA. As a result, neither the Company nor the Icahn Group is any longer required to make a disclosure of its shareholdings separate from that of the aforementioned group. As per the separate disclosures of the Icahn Group and the Company made on the electronic disclosure platform of the SIX Disclosure Office on November 16, 2013, the Icahn Group (including the shares held by Mr. Icahn's spouse Gail Golden) held, as per November 10, 2013, 21,482,900 shares, or 5.75% of the Company's voting rights, and the Company held (directly and indirectly) 13,223,308 own shares and, as the sponsor of the stock options, deferred units and share appreciation rights outstanding under the Company's share-based compensation plans, a purchase position representing 5,753,730 shares or 1.56% of the Company's voting rights. The Company had initially received a disclosure notice from the Icahn Group on January 10, 2013, in which the Icahn Group had informed the Company that it held 5,838,386 shares and 6,345,635 synthetic long positions through an OTC derivative transaction. When combining the share position and the synthetic long positions, the Icahn Group thus held 3.26% of the Company's voting rights. The Icahn Group subsequently notified the Company of an increase in its Company holdings on January 23, 2013 (reporting 5,843,386 shares and 13,910,281 synthetic long positions through an OTC derivative transaction, representing, on a combined basis, 5.28% of the Company's voting rights) and on February 4, 2013 (reporting 20,159,035 shares, representing 5.39% of the Company's voting rights).

(3) The sale position indicates the share number and percentage of the Company's voting rights as of October 31, 2013 as disclosed on the electronic disclosure platform of the SIX Disclosure Office on November 16, 2013 as part of the notification made by the group consisting of the Icahn Group and the Company (see the group notification described in note 2 above). For the share number and percentage of the Company's voting rights as of December 31, 2013 in respect of this sale position, please refer to note 7 below.

(4) Based on a notification of Capital Group received by the Company on November 5, 2013. The Company further received a notification from Capital Group on January 23, 2014 that Capital Group has decreased its ownership to 2.95% of the Company's voting rights. On February 19, 2013, Capital Group had notified the Company that it held 19,705,570 shares or 5.2712% of the Company's voting rights.

(5) Based on a notification of Black Rock received by the Company on October 31, 2013.

In 2013, the Company further received the following notifications from Black Rock: (1) on February 1, 2013 (18,706,254 shares or 5% of the Company's voting rights); (2) on May 24, 2013 (purchase positions: 18,368,806 shares or 4.91% of the Company's voting rights; 6,393 shares based on contracts for difference (0.0017% of the Company's voting rights); sale positions: 46,813 shares based on contracts for difference (0.01% of the Company's voting rights)); (3) on July 17, 2013 (purchase positions: 18,501,924 shares or 4.95% of the Company's voting rights; 221,916 shares based on contracts for difference (0.06% of the Company's voting rights)); (4) on July 19, 2013 (purchase positions: 18,695,003 shares or 5% of the Company's voting rights; 217,326 shares based on contracts for difference (0.06% of the Company's voting rights)); (5) on July 19, 2013

(purchase positions: 18,424,104 shares or 4.93% of the Company's voting rights; 222,154 shares based on contracts for difference (0.06% of the Company's voting rights)); (6) on July 24, 2013 (purchase positions: 18,462,863 shares or 4.94% of the Company's voting rights; 232,978 shares based on contracts for difference (0.06% of the Company's voting rights)); (7) on July 30, 2013 (purchase positions: 18,727,289 shares or 5.01%% of the Company's voting rights; 284,882 shares based on contracts for difference (0.08% of the Company's voting rights)); (8) on October 2, 2013 (purchase positions: 18,652,084 shares or 4.99% of the Company's voting rights; 165,552 shares based on contracts for difference (0.05% of the Company's voting rights); sale positions: 2,759 shares based on contracts for difference (0.002% of the Company's voting rights)); (9) on October 7, 2013 (purchase positions: 18,503,514 shares or 4.95% of the Company's voting rights; 165,005 shares based on contracts for difference (0.05% of the Company's voting rights); sale positions: 19,368 shares based on contracts for difference (0.006% of the Company's voting rights)); and (10) on October 29, 2013 (purchase positions: 18,571,138 shares or 4.97% of the Company's voting rights; 125,572 shares based on contracts for difference (0.03% of the Company's voting rights); sale positions: 42,229 shares based on contracts for difference (0.01% of the Company's voting rights)).

(6) Based on a notification of Franklin received by the Company on August 29, 2013.

(7) The shares are partly held directly by Transocean Ltd. and partly indirectly by Transocean Inc. Pursuant to the SESTA, the Company is required to disclose its shareholdings as part of the group consisting of the Icahn Group and the Company (see the group notifications described in note 2 above).

Transocean Ltd. continues to be the sponsor of the stock options, deferred units and share appreciation rights (''SARs'') (collectively the ''Awards'') outstanding under Transocean Ltd.'s share-based compensation plans (collectively the ''Plans''). See the separate disclosure of outstanding Awards per Plan at http://phx.corporate-ir.net/phoenix.zhtml?c=113031&p=summary. Overall, as of December 31, 2013 the Plans relate to 5,409,077 shares and voting rights or 1.45% of Transocean's registered share capital. The underlying security in relation to each Plan is registered shares of Transocean Ltd. (either out of conditional share capital, authorized share capital or by delivery of treasury shares). Transocean Ltd. will, in accordance with an exemption granted by the SIX Disclosure Office, update its disclosure regarding sale positions pertaining to its Plans once a year on the date of the release of its quarterly results for the period ending March 31 in the event that an updated disclosure is required because one of the thresholds set forth in Article 20 SESTA has been triggered. Pursuant to the SESTA, the Company is required to disclose the purchase position it has as the sponsor of the stock options, deferred units and share appreciation rights outstanding under the Company's share-based compensation plans as part of the group consisting of the Icahn Group and the Company (see the group notifications described in note 2 above).

For a full review of the disclosure reports that were made to the Company and the SIX Disclosure Office during fiscal year 2013, and then published on the SIX electronic publication platform in accordance with Article 20 SESTA, please refer to the search facility of the SIX Disclosure Office at: http://www.six-swiss-exchange.com/shares/companies/major_shareholders_en.html.

Information on the share ownership by directors and executive officers, and greater than 5% shareholders as of December 31, 2013, based on the number of the Company's shares outstanding (which is equal to the shares issued less the shares held in the Company's treasury), is included on page P-57 of this Annual Report under the heading ''Security Ownership of Certain Beneficial Owners'' and on page P-59 of this Annual Report under the heading ''Security Ownership of Directors and Executive Officers.''

1.3 Cross-Shareholdings

Transocean does not have any shareholdings in companies outside the group that to its knowledge have shareholdings in Transocean.

2. Capital Structure

2.1 Share Capital

As of December 31, 2013, the Company's share capital amounted to CHF 5,607,459,735 and was divided into 373,830,649 shares. The shares are registered shares (*Namenaktien*) with a par value of CHF 15 each. The shares are fully paid, non-assessable and rank *pari passu* with each other and all other shares.

2.2 Authorized and Conditional Share Capital

2.2.1 Authorized Share Capital

As of December 31, 2013, the Company did not have an authorized share capital. On May 13, 2013, the Company's authorized share capital in the amount of CHF 426,775,590, authorizing the issuance of a maximum of 28,451,706 fully paid-up shares with a par value of CHF 15 each, had expired.

2.2.2 Conditional Share Capital

As of December 31, 2013, our Articles of Association provided for a conditional share capital that authorizes the issuance of new shares up to a maximum amount of CHF 2,514,264,735 by issuing a maximum of 167,617,649 fully paid up shares with a par value of CHF 15 each. Any such shares may be issued through:

- the exercise of conversion, exchange, option, warrant or similar rights for the subscription of shares granted in connection with bonds, options, warrants or other securities newly or already issued in national or international capital markets or new or already existing contractual obligations by or of the Company, one of its group companies, or any of their respective predecessors (hereinafter collectively, the ''Rights-Bearing Obligations''); or
- in connection with the issuance of shares, options or other share-based awards to members of the Board of Directors (the ''Board''), employees, contractors, consultants or other persons providing services to Transocean or its subsidiaries.

The conditional share capital does not have an expiration date. Shareholders do not have preemptive rights to subscribe to the newly issued shares issued out of the conditional share capital.

However, in connection with the issuance by the Company or one of its group companies of Rights-Bearing Obligations, shareholders generally have advance subscription rights. The Board may withdraw or limit the advance subscription rights of the shareholders if (1) the issuance is for purposes of financing or refinancing the acquisition of an enterprise, parts of an enterprise, participations or investments or (2) the issuance occurs in national or international capital markets or through a private placement.

If the advance subscription rights are neither granted directly nor indirectly by the Board, the following applies: (i) The Rights-Bearing Obligations shall be issued or entered into at market conditions; (ii) the conversion, exchange or exercise price of the Rights-Bearing Obligations shall be set with reference to the market conditions prevailing at the date on which the Rights-Bearing Obligations are issued; and (iii) the Rights-Bearing Obligations may be converted, exchanged or exercised during a maximum period of 30 years from the date of the relevant issuance or entry.

In connection with the issuance of any shares or Rights-Bearing Obligations pursuant to the second prong of the conditional share capital described above (*i.e.*, the conditional share capital to satisfy our obligations under the share-based compensation plans), the preemptive rights and advance subscription rights of the shareholders are generally excluded. The respective shares or Rights-Bearing Obligations are to be issued in accordance with the share-based compensation plans of the Company or its subsidiaries.

2.3 Changes in Capital

Overview

As of December 31, 2013, December 31, 2012, and December 31, 2011, balances in shareholders' equity of Transocean Ltd., based on its Swiss Statutory Financial Statements, were as follows:

	Share capital		Legal reserves		Free reserves		
	Shares	Amount	General legal reserves - reserve from capital contribution	Reserve for treasury shares - reserve from capital contribution (a)	Dividend reserve from capital contribution	Retained earnings	Total shareholders' equity
Balance at December 31, 2011	365,135	CHF 5,477,029	CHF 9,882,947	CHF 295,100	CHF 1,001,667	CHF 161,491	CHF 16,818,234
Share issuance for exercised options	8,696	130,430	286,860	—	—	—	417,290
Treasury share repurchases	—	—	(12,200)	12,200	—	—	—
Transfer from distribution payable	—	—	—	—	6,126	—	6,126
Transfer to general reserves	—	—	1,007,793	—	(1,007,793)	—	—
Net loss	—	—	—	—	—	(71,207)	(71,207)
Balance at December 31, 2012	373,831	5,607,459	11,165,400	307,300	—	90,284	17,170,443
Share issuance for option exercise	—	—	—	—	—	—	—
Treasury share repurchases	—	—	(17,889)	17,889	—	—	—
Transfer to free reserve - dividend reserve from capital contribution	—	—	(1,595,054)	—	1,595,054	—	—
Distribution payable	—	—	—	—	(738,059)	—	(738,059)
Net loss	—	—	—	—	—	(29,675)	(29,675)
Balance at December 31, 2013	373,831	CHF 5,607,459	CHF 9,552,457	CHF 325,189	CHF 856,995	CHF 60,609	CHF 16,402,709

(a) The reserve for treasury shares represents the aggregate cost of treasury shares held directly by Transocean Ltd. and indirectly by Transocean Inc. During the years ended December 31, 2013 and 2012, in connection with shares awarded under share-based compensation plans for our employees, Transocean Inc. purchased 384,758 and 269,082 treasury shares, with aggregate values of CHF 17.9 million and CHF 12.2 million, respectively.

2009 Share Repurchase Program (approved at the 2009 AGM; continuing)

At the 2009 annual general meeting, our shareholders approved and authorized our Board, at its discretion, to repurchase an amount of our shares for cancellation with an aggregate purchase price of up to CHF 3.5 billion, equivalent to approximately USD 3.9 billion using an exchange rate of USD 1.00 to CHF 0.89 as of the close of trading on December 31, 2013. On February 12, 2010, our Board authorized our management to implement the share repurchase program.

As of December 31, 2013, we had repurchased 2,863,267 of our shares under our share repurchase program for an aggregate purchase price of USD 240 million. During financial year 2013, there were no repurchases under our share repurchase program. At December 31, 2013, we held 2,863,267 own shares purchased under our share repurchase program, recorded at an aggregate carrying amount of CHF 257 million.

For further information on the Company's share repurchase program, see ''Part. II. Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Sources and Uses of Liquidity—Share repurchase program'' on page AR-51 *et seq.* of this Annual Report.

Rescinded Distribution of Par Value to Shareholders (approved at the 2010 AGM and rescinded at the 2011 AGM)

At the 2010 annual general meeting, our shareholders approved a cash distribution in the form of a par value reduction in the aggregate amount of CHF 3.44 per issued share, equivalent to approximately USD 3.87, using an exchange rate of USD 1.00 to CHF 0.89 as of the close of trading on December 31, 2013. On August 13, 2010, the Commercial Register rejected our application to register the first of four partial par value reductions. We appealed the Commercial Register's decision, and on December 9, 2010, the Administrative Court of the Canton of Zug rejected our appeal. On January 24, 2011, we filed an appeal with the Swiss Federal Supreme Court against the decision of the Administrative Court of the Canton of Zug. On February 18, 2011, we filed with the Swiss Federal Supreme Court a request to stay the pending appeal until shareholders voted on a proposal to rescind the cash distribution in the form of a par value reduction approved at the 2010 annual general meeting. The Swiss Federal Supreme Court approved our stay request. On May 13, 2011, at the 2011 annual general meeting, our shareholders rescinded the distribution to shareholders in the form of a par value reduction. The pending appeal with the Swiss Federal Supreme Court was withdrawn.

Reallocation of Free Reserve to General Legal Reserve, Reserve from Capital Contribution (approved at the 2011 annual general meeting)

At the 2011 annual general meeting, our shareholders approved a proposal by the Board that CHF 3,243,051,000 be allocated from free reserve to general legal reserve, reserve from capital contribution.

Release and Allocation of General Legal Reserve, Reserve from Capital Contribution to Dividend Reserve from Capital Contribution (approved at the 2011 annual general meeting); Reduction of Dividend Reserve from Capital Contribution; Reallocation of Remaining Dividend Reserve from Capital Contribution to General Legal Reserve, Reserve from Capital Contribution

At the 2011 annual general meeting, our shareholders approved a proposal by the Board that CHF 1,937,000,000 be released and allocated from general legal reserve, reserve from capital contribution to dividend reserve from capital contribution (the ''Dividend Reserve'') and a dividend in the amount of USD 3.16 per share be distributed out of such Dividend Reserve and paid in four installments. On the basis of the dividend resolution passed at the 2011 annual general meeting, we paid on June 15, 2011, September 21, 2011, December 21, 2011 and March 21, 2012, the four installments in the aggregate amount of USD 1,041,000,000 to shareholders of record as of May 20, 2011, August 26, 2011, November 25, 2011 and February 24, 2012, respectively. As a result of the payment of the four installments of the 2011 dividend, the Dividend Reserve was reduced from CHF 1,937,000,000 to CHF 1,007,793,000. The Dividend Reserve amount remaining after the payment of the final installment was reallocated to the account ''general legal reserve, reserve from capital contribution,'' included in the Company's statutory standalone balance sheet.

Release and Allocation of General Legal Reserves from Capital Contribution to Dividend Reserve from Capital Contribution (approved at the 2013 annual general meeting); Reduction of Dividend Reserve from Capital Contribution; Reallocation of Remaining Dividend Reserve from Capital Contribution to General Legal Reserves from Capital Contribution

At the 2013 annual general meeting, our shareholders approved a proposal by the Board that CHF 1,595,054,382 be released and allocated from general legal reserves from capital contribution to dividend reserve from capital contribution (the ''Dividend Reserve''), a dividend in the amount of USD 2.24 per outstanding share of the Company be distributed out of, and limited at a maximum to the amount of, such Dividend Reserve and paid in installments at such times and at such record dates as shall be determined by the Board in its discretion, and any amount of the Dividend Reserve remaining after payment of the final installment be automatically reallocated to general legal reserves from capital contribution. On the basis of the dividend resolution passed at the 2013 annual general meeting, we paid

on June 19, 2013, September 18, 2013, December 18, 2013 and March 19, 2014, four installments in the aggregate amount of USD 808 million to shareholders of record as of May 31, 2013, August 23, 2013, November 15, 2013 and February 21, 2014, respectively. As a result of the payment of four installments of the 2013 dividend, the Dividend Reserve was reduced from CHF 1,595,054,382 to CHF 856,995,474. The Dividend Reserve amount remaining after the payment of the final installment was reallocated to the account ''general legal reserve, reserve from capital contribution,'' included in the Company's statutory standalone balance sheet.

Authorized Share Capital (approved at the 2011 annual general meeting)

At the 2011 annual general meeting, our shareholders approved a proposal by the Board to create an authorized share capital in an amount of up to CHF 1,005,705,855 or up to 67,047,057 new shares with a par value of CHF 15 each (see item 2.2.1 of this Report).

Utilization of the Authorized Share Capital (Fiscal Year 2011)

On November 29, 2011, the Company issued in an underwritten public offering 26,000,000 shares out of the authorized share capital. Preemptive rights of shareholders were excluded. On December 4, 2011, upon exercise by the underwriters of their over-allotment option, the Company issued an additional 3,900,000 shares out of authorized share capital. As a result, our share capital was increased in the aggregate from CHF 5,028,529,470, divided into 335,235,298 registered shares with a par value of CHF 15 each, to CHF 5,477,029,470, divided into 365,135,298 registered shares with a par value of CHF 15 each.

Utilization of the Authorized Share Capital (Fiscal Year 2012)

The Company issued 8,695,351 new shares out of its authorized share capital upon registration of such new shares in the commercial register on May 31, 2012. Preemptive rights of shareholders were excluded. The new shares were subscribed for in cash by Transocean Pacific Drilling Holdings Limited (''TPDHL'') and were delivered to Quantum Pacific Management Limited (''Quantum Pacific'') against acquisition by TPDHL of Quantum Pacific's 50%-interest in Transocean Pacific Drilling Inc. (''TPDI''). As a result, our share capital was increased in the aggregate from CHF 5,477,029,470, divided into 365,135,298 registered shares with a par value of CHF 15 each, to CHF 5,607,459,735, divided into 373,830,649 registered shares with a par value of CHF 15 each.

TPDI was formed as a joint venture (the ''Joint Venture'') to operate two ultra-deepwater drillships, the *Dhirubhai Deepwater KG 1* and the *Dhirubhai Deepwater KG 2*. Pursuant to a put option and registration rights agreement among Transocean affiliates, Quantum Pacific and TPDI entered into in connection with the formation of the Joint Venture (the ''Put Option Agreement''), Quantum Pacific had the right to exchange its interest in the Joint Venture for an amount (the ''Consideration'') to be paid in either Transocean shares or cash, at Quantum Pacific's election (the ''Put Option''). On February 29, 2012, Quantum Pacific exercised the Put Option, and on May 6, 2012, Quantum Pacific's election to receive the Consideration in shares, net of Quantum's share of Joint Venture indebtedness (as defined in the Put Option Agreement), became irrevocable.

Expiration of the Authorized Share Capital in Fiscal Year 2013

On May 13, 2013, the Company's authorized share capital in the amount of CHF 426,775,590, authorizing the issuance of a maximum of 28,451,706 fully paid-up shares with a par value of CHF 15 each, had expired.

Conditional Share Capital

Although the Company has been authorized by its shareholders to use conditional share capital to satisfy its obligations under its share-based compensation plans, the Company has not issued any shares out of its conditional share capital and instead only used shares held in treasury.

2.4 Shares and Other Equity Securities

Each share of the Company carries one vote at a general meeting of shareholders. Voting rights may be exercised by shareholders (including nominees) registered in the Company's share register or by a duly appointed proxy of a registered shareholder or nominee, which proxy need not be a shareholder of the Company. Shareholders wishing to exercise their voting rights who hold their shares through a bank, broker or other nominee must follow the instructions provided by such bank, broker or other nominee or, absent instructions, contact such bank, broker or other nominee for instructions. Shareholders holding their shares through a bank, broker or other nominee will not automatically be registered in the Company's share register. If any such shareholder wishes to be registered in the Company's share register, such shareholder must contact the bank, broker or other nominee through which it holds its shares.

Our Articles of Association do not limit the number of shares that may be voted by a single shareholder. Holders of treasury shares, whether the holder is the Company or one of its majority-owned subsidiaries, will not be entitled to vote at general meetings of the shareholders.

Our shares are registered shares with a par value of CHF 15 each. The shares are fully paid-up. The shares have been issued in uncertificated form in accordance with Article 973c of the Swiss Code of Obligations (''CO'') as uncertificated securities (*Wertrechte*). In accordance with Article 973c CO, the Company maintains a register of uncertificated securities (*Wertrechtebuch*).

The Company has not issued any preferred shares or any non-voting equity security, such as participation certificates (*Partizipationsscheine*) or profit sharing certificates (*Genussscheine*).

Each holder of a share is entitled to receive a dividend if and when declared and in the amount approved by shareholders at a general meeting of shareholders.

2.5 Dividend-Right Certificates

The Company has not issued any dividend-right certificates.

2.6 Limitations on the Transferability of Shares and Nominee Registrations

The Company has not imposed any restrictions regarding the transfer of shares.

The Company's share register is maintained by Computershare, which acts as transfer agent and registrar. The share register lists the names of the registered record owners of the Company's shares. Beneficial owners of shares who hold shares through a bank, broker or other nominee exercise the shareholders' rights through the intermediation of such nominee. Nominee companies can be entered into the share register with voting rights. The Company does not limit or restrict nominee registrations.

Only holders of shares (including nominees) that are recorded in the share register as of the record date (*see* item 6.5 of this Report) are entitled to vote at a general meeting of shareholders.

2.7 Convertible Bonds and Options

In December 2007, Transocean Inc. issued USD 2.2 billion aggregate principal amount of 1.625% Series A Convertible Senior Notes due December 2037, USD 2.2 billion aggregate principal amount of 1.50% Series B Convertible Senior Notes due December 2037, and USD 2.2 billion aggregate principal amount of 1.50% Series C Convertible Senior Notes due December 2037 (collectively the ''Convertible Senior Notes''). All of the 1.625% Series A Convertible Senior Notes, the 1.50% Series B Convertible Senior Notes and the 1.50% Series C Convertible Senior Notes had been redeemed at January 31, 2011, February 15, 2012, and February 7, 2013, respectively. For more detailed information on the Convertible Senior Notes, please refer to ''Part II. Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Sources and Uses of Liquidity—Debt Redemptions'' on page AR-50 of this Annual Report and the ''Notes to the Consolidated

Financial Statements—Note 12—Debt—1.50% Series B Convertible Senior Notes and 1.50% Series C Convertible Senior Notes'' on page AR-94 of this Annual Report.

We have (i) a long-term incentive plan (the ''Long-Term Incentive Plan'') for executives, key employees and outside directors under which awards can be granted in the form of stock options, restricted shares, deferred units, SARs and cash performance awards and (ii) other incentive plans under which awards are currently outstanding. Awards that may be granted under the Long-Term Incentive Plan include traditional time-vesting awards (''time-based awards'') and awards that are earned based on the achievement of certain performance criteria (''performance-based awards'') or market factors (''market-based awards''). For information on our share-based compensation plans, please refer to the ''Notes to the Consolidated Financial Statements—Note 18—Share Based Compensation Plans'' on page AR-113 *et. seq.* of this Annual Report and Transocean's Compensation Discussion and Analysis on page P-60 *et seq.* of this Annual Report under the caption ''Compensation Discussion and Analysis.''

3. Board of Directors

3.1/3.2 The members of the Board as of December 31, 2013 are set forth below. All ages included are as of March 28, 2014.

On January 1, 2014, the Ordinance Against Excessive Compensation at Public Companies (the ''Ordinance'') entered into force. Pursuant to the Ordinance, all directors must be elected for a one-year term, for the first time at the Company's 2014 annual general meeting. The one-year term requirement also applies to directors whose term of office would not have expired at the Company's 2014 annual general meeting. Prior to the effectiveness of the Ordinance, our Articles of Association divided our Board into three classes, and each member of a class was elected for a three-year term.

IAN C. STRACHAN, age 70, U.K. and U.S. citizen, has served as a director of the Company since 1999 and as Chairman of the Board since 2013. Mr. Strachan served as a director of Caithness Petroleum Ltd. from 2008 to 2013, Xstrata plc from 2003 to 2013, Rolls Royce Group plc from 2003 to 2013, Johnson Matthey plc from 2002 to 2009 and as Chairman of the Board of Instinet Group Incorporated from 2003 to 2005. Mr. Strachan served as Chief Executive Officer of BTR plc from 1996 until 1999. From 1987 to 1995, Mr. Strachan was with Rio Tinto plc, serving as Chief Financial Officer from 1987 to 1991 and as Deputy Chief Executive Officer from 1991 to 1995. He was employed by Exxon Corporation from 1970 to 1986. Mr. Strachan received his Master of Arts in History in 1965 from Christ's College, Cambridge University, and his Master of Public Affairs in 1967 from the Woodrow Wilson School, Princeton University and was a teaching fellow and Ph.D. candidate at Harvard University from 1969 to 1970.

GLYN A. BARKER, age 60, U.K. citizen, has served as a director of the Company since 2012. Mr. Barker served as Vice Chairman-U.K. of PricewaterhouseCoopers LLP (PwC) from 2008 to 2011. He was also responsible for PwC's strategy and business development for the geographic areas of Europe, the Middle East, Africa and India. Mr. Barker joined PwC in 1975 and became an audit partner in 1987. He then established PwC's private equity-focused Transactions Services business and led it globally. He joined the Management Board of PwC in the UK as Head of the Assurance Practice in 2002. In 2006, he became UK Managing Partner and served in that role until 2008. Mr. Barker is a non-executive director of Auctus Industries plc (since 2014), Berkeley Group Holdings plc (LON: BKG) (since 2012) and Aviva plc (LON: AV) (since 2012) and Chairman of IMCO Holdings Ltd (since 2012). He is also Deputy Chairman of the English National Opera Company (since 2009). Mr. Barker received his Bachelor of Science degree in Economics & Accounting in 1975 from the University of Bristol and is a Chartered Accountant.

JAGJEET S. BINDRA, age 66, U.S. citizen, has served as a director of the Company since 2011. Mr. Bindra is the retired President of Chevron Global Manufacturing, a position in which he served from 2003 to 2009. Mr. Bindra joined the Chevron group of companies in 1977 as a research engineer and served in a variety of positions during his career, including as Managing Director of Caltex Australia Ltd. (50% owned by Chevron) from 2002 to 2003, President of Chevron Pipeline Company from 1997 to 2002, Senior Vice President, Pipeline & Transportation, of Chevron Overseas Petroleum from 1995 to 1997, Manager of Strategic Planning for Chevron Corporation from 1994 to 1995 and Group Manager, Projects & Engineering Technology from 1991 to 1994. Mr. Bindra is a director of Edison International (NYSE: EIX) and Southern California Edison Company (since 2010), and LyondellBasell Industries N.V. (NYSE: LYB) (since 2011). He previously served as a director of Transfield Services Limited, Australia from 2009 to 2012, Larsen & Toubro Ltd., India (NSE: LT) from 2009 to 2012, Sriya Innovations Inc. from 2009 to 2010, Reliance Petroleum Ltd. from 2006 to 2007, GS Caltex, Korea from 2003 to 2009, and Caltex Australia Ltd. from 2002 to 2003. Mr. Bindra received his MBA in 1979 from St. Mary's College of California, his Master of Science in Chemical Engineering in 1970 from the University of Washington and his bachelor's degree in Chemical Engineering in 1969 from the Indian Institute of Technology, Kanpur.

THOMAS W. CASON, age 71, U.S. citizen, has served as a director of the Company since 2007. He served as a director of GlobalSantaFe Corporation from 2001 until 2007 and of Global Marine, Inc. from 1995 to 2001. Mr. Cason owned and managed five agricultural equipment dealerships until his retirement in 2006. He served as interim President and Chief Operating Officer of Key Tronic Corporation during 1994 and 1995 and was a partner in Hiller Key Tronic Partners, L.P. Mr. Cason previously held various financial and operating positions with Baker Hughes Incorporated, including senior executive positions with Baker Hughes' Drilling Group, serving most recently as Senior Vice President and Chief Financial Officer of Baker Hughes Incorporated. Mr. Cason started his career as a public accountant with Arthur Young & Company. Mr. Cason served as a member of the Board of Mirant Corporation from 2006 until 2010 and was chairman of its audit committee from 2006 until 2009. Mr. Cason received his Bachelor of Science degree in Accounting in 1970 from Louisiana State University.

VANESSA C.L. CHANG, age 61, Canadian and U.S. citizen, has served as a director of the Company since May 2012. Ms. Chang has been a Director and shareholder of EL & EL Investments, a privately held real estate investment business, since 1998. Ms. Chang previously served as the President and Chief Executive Officer of Resolveitnow.com from 2000 until 2002 and was the Senior Vice President of Secured Capital Corp in 1998. From 1986 until 1997, Ms. Chang was the West Coast partner in charge of Corporate Finance for KPMG Peat Marwick LLP. Ms. Chang is a director for individual investment funds within the American Funds family (since 2000), of Edison International (NYSE: EIX) and its wholly owned subsidiary, Southern California Edison Company (since 2007). She is also a director of Forest Lawn Memorial Parks Association, a non-profit organization (since 2013). Ms. Chang previously served as a director of Blue Shield of California from 2005 to 2013 and Inveresk Research Group Inc. from 2002 until 2004. Ms. Chang received her Bachelor of Arts degree in 1973 from the University of British Columbia and is an inactive Certified Public Accountant. She is a member of the American Institute of Certified Public Accountants and the California State Board of Accountancy, and a member of Women Corporate Directors.

FREDERICO F. CURADO, age 52, Brazilian citizen, has served as a director of the Company since 2013. Mr. Curado has served as President and Chief Executive Officer of Embraer S.A. (NYSE: ERJ) since 2007. Mr. Curado joined Embraer in 1984 and has served in a variety of management positions during his career, including Executive Vice President, Airline Market from 1998 to 2007 and Executive Vice President, Planning and Organizational Development from 1995 to 1998. Mr. Curado is the President of the Brazilian Chapter of the Brazil-United States Business Council (since 2011) and a member of Brazil's National Council for Industrial Development (since 2011). He is also a member of the Executive Board of the ICC-International Chamber of Commerce (since 2013). Mr. Curado received his Bachelor of Science degree in Mechanical-Aeronautical Engineering from the Instituto Tecnológico de Aeronáutica in Brazil and an executive Masters in Business Administration from the University of São Paulo, Brazil.

CHADWICK C. DEATON, age 61, U.S. citizen, has served as a director of the Company since 2012. Mr. Deaton served as Executive Chairman of Baker Hughes Incorporated (NYSE: BHI) from 2012 to 2013, prior to which he served as Chairman and Chief Executive Officer since 2004. Mr. Deaton began his career with Schlumberger in 1976 and served in a variety of international capacities, including as Executive Vice President, Oilfield Services from 1998 to 1999 and as a Senior Advisor from 1999 until 2001. From 2002 until 2004, Mr. Deaton was the President, Chief Executive Officer and Director of Hanover Compressor Company. Mr. Deaton is a director of Ariel Corporation (since 2005), Air Products and Chemicals, Inc. (NYSE: APD) (since 2010), CARBO Ceramics Inc. (NYSE: CRR) (since 2013), and Marathon Oil Corporation (NYSE: MRO) (since 2014). He previously served as a Director of CARBO Ceramics Inc. from 2004 to 2009. Mr. Deaton is a member of the Society of Petroleum Engineers (since 1980) and has served on its Industrial Advisory Council since 2010. He is also a director of the University of Wyoming Foundation and of the Houston Achievement Place, a non-profit organization. He served as co-chair of the Wyoming Governor's Task Force for the build out of the University of Wyoming's new Engineering and Applied Sciences Center and was a member of the National Petroleum Counsel (from 2007 to 2013). Mr. Deaton received his Bachelor of Science degree in Geology in 1976 from the University of Wyoming.

STEVE LUCAS, age 59, U.K. citizen, has served as a director of the Company since 2011. Mr. Lucas is the retired Group Finance Director of National Grid plc, a position in which he served from 2002 to 2010. From 2004 to 2011, Mr. Lucas served as a non-executive director of Compass Group plc and from 2000 to 2002, Mr. Lucas served as Group Finance Director, Lattice Group plc. Mr. Lucas previously served as the Treasurer of BG Group plc from 1998 to 2000 and as Finance Director, Exploration & Production, of British Gas plc from 1994 to 1998. From 1983 to 1994, Mr. Lucas served in a variety of finance roles with Royal Dutch/Shell in the U.K., East Africa, Hong Kong and China. Mr. Lucas is a director of Tullow Oil plc (LON: TLW) (since 2012), Essar Energy plc (LON: ESSR) (since 2012) and African Barrick Gold plc (LON: ABG) (since 2013). He served as a director of Essar Infrastructure Limited from 2011 to 2013. Mr. Lucas received his Bachelor of Arts in Geology degree in 1976 from Oxford University and is also a member of the Institute of Chartered Accountants in England & Wales.

MARTIN B. MCNAMARA, age 66, U.S. citizen, has served as a director of the Company since 1994. Mr. McNamara is a retired Partner of the law firm of Gibson, Dunn & Crutcher LLP and has served as a member of the firm's executive, finance, planning and compensation committees, as well as a Partner-in-Charge of the firm's Texas practice. During the past ten years and prior to his retirement in 2010, Mr. McNamara was in the private practice of law. Mr. McNamara has also served as Ex Officio Trustee and Ex Officio Member of the Executive Committee of St. Mark's School of Texas since 2002. Mr. McNamara received his Bachelor of Arts degree in 1969 from Providence College and his law degree in 1972 from Yale Law School. Mr. McNamara has served as the chair of the Corporate Counsel Section of the State Bar of Texas and is a lifetime fellow of the Texas Bar Foundation.

SAMUEL MERKSAMER, age 33, U.S. citizen, has served as a director of the Company since 2013. Mr. Merksamer is a Managing Director of Icahn Capital LP, a subsidiary of Icahn Enterprises L.P., where he has been employed since 2008. From 2003 until 2008, Mr. Merksamer was an analyst at Airlie Opportunity Capital Management. Mr. Merksamer is a director of CVR Energy, Inc. (NYSE: CVI) (since 2012), Navistar International Corp (NYSE: NAV) (since 2012), Ferrous Resources Limited (since 2012), CVR Refining GP, LLC, the general partner of CVR Refining, LP (since 2013), Hologic Inc. (NASDAQ: HOLX) (since 2013), and Talisman Energy Inc. (TSX: TLM) (NYSE: TLM) (since 2013). He previously served as a director of American Railcar Industries, Inc. from 2011 to 2013, Dynegy Inc. from 2011 to 2012, Viskase Companies, Inc. from 2010 to 2013, Federal Mogul Corporation from 2010 to 2014, and PSC Metals Inc. from 2009 to 2012. CVR Refining, CVR Energy, American Railcar Industries, Federal Mogul, Viskase Companies and PSC Metals are each indirectly controlled by Carl C. Icahn. Mr. Icahn also has a non-controlling interest in Dynegy, Hologic and Talisman Energy through the ownership of securities. Mr. Merksamer received an A.B. in Economics from Cornell University in 2002.

EDWARD R. MULLER, age 62, U.S. citizen, has served as a director of the Company since 2007. He served as a director of GlobalSantaFe Corporation from 2001 to 2007 and of Global Marine, Inc. from

1997 to 2001. Mr. Muller is a director of AeroVironment, Inc. (NASDAQ: AVAV) (since 2013). Mr. Muller has served as Vice Chairman of NRG Energy, Inc. (NYSE: NRG) since the merger of NRG Energy, Inc. with GenOn Energy, Inc. in 2012. Prior to the merger, he served as GenOn Energy, Inc.'s Chairman and Chief Executive Officer (since 2010) and President (since 2011). He previously served as Chairman, President and Chief Executive Officer of Mirant Corporation from 2005 to 2010 when Mirant Corporation merged with RRI Energy, Inc. to form GenOn Energy, Inc. Mr. Muller was a private investor from 2000 until 2005. He served as President and Chief Executive Officer of Edison Mission Energy, a wholly owned subsidiary of Edison International, from 1993 until 2000. During his tenure, Edison Mission Energy was engaged in developing, owning and operating independent power production facilities worldwide. Within the past ten years, Mr. Muller was also a director of The Keith Companies, Inc., RigNet, Inc. and Ormat Technologies, Inc. Mr. Muller received his Bachelor of Arts degree in 1973 from Dartmouth College and his law degree in 1976 from Yale Law School. Since 2004, Mr. Muller has been a trustee of the Riverview School and, from 2008 to 2012, its chairman.

STEVEN L. NEWMAN, age 49, U.S. citizen, is President and Chief Executive Officer, and a member of the Board of the Company since 2010. Before being named as Chief Executive Officer in 2010, Mr. Newman served as President and Chief Operating Officer from 2008 to 2009 and subsequently as President. Mr. Newman's prior senior management roles included Executive Vice President, Performance (2007 to 2008), Executive Vice President and Chief Operating Officer (2006 to 2007), Senior Vice President of Human Resources and Information Process Solutions (2006 to 2006), Senior Vice President of Human Resources, Information Process Solutions and Treasury (2005 to 2006), and Vice President of Performance and Technology (2003 to 2005). He also has served as Regional Manager for the Asia and Australia Region and in international field and operations management positions, including Project Engineer, Rig Manager, Division Manager, Region Marketing Manager and Region Operations Manager. Mr. Newman joined the Company in 1994 in the Corporate Planning Department. Mr. Newman received his Bachelor of Science degree in Petroleum Engineering in 1989 from the Colorado School of Mines and his MBA in 1992 from the Harvard University Graduate School of Business. Mr. Newman is also a member of the Society of Petroleum Engineers and the National Association of Corporate Directors.

ROBERT M. SPRAGUE, age 69, U.S. citizen, has served as a director of the Company since 2004. Mr. Sprague is the retired Regional Business Director of Shell EP International BV, a position in which he served from 1997 until 2003. Mr. Sprague served as Director of Strategy & Business Services for Shell EP International BV from 1996 until 1997 and as Exploration & Production Coordinator of Shell International Petroleum BV from 1994 to 1995. Mr. Sprague joined the Royal Dutch/Shell group of companies in 1967 and served in a variety of positions in the United States and Europe during his career, including as a director of Shell Canada Limited, a publicly traded company, from 2000 to 2003. Mr. Sprague received his Bachelor of Science degree in 1966 and his Masters in Electrical Engineering degree in 1967 from Cornell University.

TAN EK KIA, age 65, Malaysian citizen, has served as a director of the Company since 2011. Mr. Tan is the retired Vice President, Ventures and Developments, Asia Pacific and Middle East Region of Shell Chemicals, a position in which he served from 2003 to 2006. Mr. Tan joined the Shell group of companies in 1973 as an engineer and served in a variety of positions in Asia, the U.S. and Europe during his career, including as Chairman, Shell Companies, Northeast Asia from 2000 to 2003, Managing Director of Shell Nanhai from 1997 to 2000 and Managing Director of Shell Malaysia Exploration and Production from 1994 to 1997. Mr. Tan is a director of Dialog Systems Asia Pte Ltd (since 2008), Keppel Offshore & Marine Ltd (since 2009), SMRT Corporation Ltd (SGX: MRT) (since 2009), Keppel Corporation Ltd (SGX: KPELY) (since 2010), PT Chandra Asri Petrochemical Tbk (IDX: TPIA) (since 2011), KrisEnergy Ltd (SGX: SK3) (since 2013), and Singapore LNG Corporation Pte Ltd (since 2013). He is also the Chairman of City Gas Pte Ltd (since 2009), and Star Energy Group Holdings Pte Ltd and certain of its subsidiaries (since 2012). Mr. Tan served as the Interim Chief Executive Officer of SMRT Corporation Ltd from January to October 2012. Mr. Tan also served as a director of City Spring Infrastructure Trust from 2010 to 2014, and of PowerSeraya Ltd and Orchard Energy Pte Ltd from 2007 to 2009. Mr. Tan received his Bachelor of Science degree in Mechanical Engineering in 1973 from the University of Nottingham, and is a Chartered Engineer with the UK Engineering Council and a Fellow of the Institution of Engineers Malaysia.

3.3 Election and Term of Office

3.3.1 Election Procedure and Term Limits

Our Articles of Association provide that members of the Board may be elected at a general meeting of our shareholders by a plurality of the votes cast by the shareholders present in person or by proxy at the meeting. Pursuant to the Company's Corporate Governance Guidelines, the Company adheres to a majority vote policy that provides that the Board may nominate only those candidates for membership who have submitted an irrevocable letter of resignation that would be effective upon and only in the event that (1) such nominee fails to receive a sufficient number of votes from shareholders in an uncontested election and (2) the Board accepts the resignation. If a nominee who has submitted such a letter of resignation does not receive more votes cast ''for'' than ''against'' the nominee's election, the Company's Corporate Governance Committee must promptly review the letter of resignation and recommend to the Board whether to accept the tendered resignation or reject it. The Board must then act on the Corporate Governance Committee's recommendation within 90 days following the certification of the shareholder vote. The Board must promptly disclose its decision regarding whether or not to accept the nominee's resignation letter. On February 16, 2014, the Company announced that the Board proposed for approval by the Company's shareholders at the 2014 annual general meeting an amendment to the vote standard pursuant to the Company's Articles of Association such that, in uncontested elections, the members of the Board be elected by a relative majority of the votes cast at the general meeting instead of by a plurality of the votes cast.

On January 1, 2014, the Ordinance entered into force. Pursuant to the Ordinance, all directors must be elected for a one-year term, for the first time at the Company's 2014 annual general meeting. The one-year term requirement also applies to directors whose term of office would not have expired at the Company's 2014 annual general meeting. Prior to the effectiveness of the Ordinance, our Articles of Association divided our Board into three classes, and each member of a class was elected for a three-year term. For more detailed information on the annual election of the Board, please refer to ''Agenda Item 10'' on page P-23 *et seq.*

Under our Corporate Governance Guidelines, directors must retire at the annual general meeting following their 72nd birthday. Other than that we do not have any term limits.

3.3.2 Time of First Election / Remaining Term of Office for Each Director

Name	Age[1]	Position	Committee Membership[2]	First Election	Remaining Term
Ian C. Strachan	70	Independent outside director, Chairman of the Board	—	1999	Proposed for re-election at 2014 AGM
Glyn A. Barker	60	Independent outside director	AC, FC	2012	Proposed for re-election at 2014 AGM
Jagjeet S. Bindra	66	Independent outside director	CG, HSE	2011	Not proposed for re-election at 2014 AGM
Thomas W. Cason	71	Independent outside director	AC, FC	2007	Not proposed for re-election at 2014 AGM
Vanessa C.L. Chang	61	Independent outside director	AC, FC	2012	Proposed for re-election at 2014 AGM
Frederico F. Curado	52	Independent outside director	CC, HSE	2013	Proposed for re-election at 2014 AGM
Chadwick C. Deaton	61	Independent outside director	AC, CG	2012	Proposed for re-election at 2014 AGM
Steve Lucas	59	Independent outside director	AC (C), FC	2011	Not proposed for re-election at 2014 AGM
Martin B. McNamara	66	Independent outside director	CG (C), CC	1994	Proposed for re-election at 2014 AGM
Samuel Merksamer	33	Independent outside director	FC, HSE	2013	Proposed for re-election at 2014 AGM
Edward R. Muller	62	Independent outside director	FC (C), CG	2007	Proposed for re-election at 2014 AGM
Steven L. Newman	49	Executive director	—	2010	Proposed for re-election at 2014 AGM
Robert M. Sprague	69	Independent outside director	HSE (C), CC	2004	Not proposed for re-election at 2014 AGM
Tan Ek Kia	65	Independent outside director	CC (C), HSE	2011	Proposed for re-election at 2014 AGM

(1) Age as of March 28, 2014.

(2) AC: Audit Committee
CC: Executive Compensation Committee (now renamed Compensation Committee)
HSE: Health Safety and Environment Committee
CG: Corporate Governance Committee
FC: Finance Committee
(C): Committee Chairman

For further information regarding the proposed election of a new director and the reelection of existing directors at the Company's 2014 annual general meeting please refer to page P-23 *et seq.* of this Annual Report under the heading ''Agenda Item 10.'' As regards information on the independence of directors, please refer to page P-45 *et seq.* of this Annual Report under the heading ''Independence of Board Members.''

3.4 Internal Organizational Structure

The Board meets once every quarter for its regular quarterly meetings. These quarterly meetings are supplemented by additional meetings as necessary. In 2013 the Board met eight times. The quarterly meetings of the Board and its committees (the ''Committees'') generally occurred over a period of two to three days.

From among its members, the Board has appointed the following standing Committees: Executive Compensation Committee (now renamed Compensation Committee), Finance Committee, Corporate Governance Committee, Audit Committee, and Health Safety and Environment Committee. For the composition of the standing Committees as of December 31, 2013 please refer to item 3.3.2 of this Report. In addition, the Board may from time to time form special committees to consider particular matters that arise.

For further information on the composition and allocation of responsibilities with the Board, the composition and responsibilities of the Committees, and the work methods of the Board and its Committees, please refer to (i) page P-44 *et seq.* of this Annual Report under the caption ''Corporate Governance'' and (ii) the Organizational Regulations of the Company at:
http://www.deepwater.com/Documents/Corporate%20Governance/2014/T_Ltd_Organizational%20Regulations_20140214.pdf.

3.5 Definition of Areas of Responsibility

The Board is ultimately responsible for the general policies and management of the Company. The Board establishes the strategic, organizational, accounting and financing policies to be followed by the Company and the other group companies. The Board has delegated the conduct of the day-to-day business operations to the Executive Management Team, which is led by Steven L. Newman, President and Chief Executive Officer.

For further information regarding the general principles regarding the areas of responsibility between the Board and the Executive Management Team, please refer to (i) page P-44 *et seq.* of this Annual Report under the caption ''Corporate Governance,'' and (ii) the Organizational Regulations of the Company at:
http://www.deepwater.com/Documents/Corporate%20Governance/2014/T_Ltd_Organizational%20Regulations_20140214.pdf.

3.6 Information and Control Instruments vis-à-vis the Executive Management Team

The Board uses several tools to be kept informed about group operations and exercise control over the Executive Management Team:

- The Board receives a quarterly performance and financial report from the Executive Management Team. The report is comprised of consolidated financial information and includes: (i) an income statement, balance sheet, and cash flow statement, including a comparison of each to budgeted and prior year figures; (ii) management performance comments; and (ii) communication of key issues.
- Members of the Executive Management Team generally attend the quarterly meetings of the Board.
- Between each quarterly meeting of the Board, the Chief Executive Officer distributes a report detailing the company's performance in the areas of safety, marketing, and financial results. Additionally, the Chief Executive Officer keeps the Board informed of ad-hoc issues that affect the Company's performance.
- The internal audit function reports directly to the Audit Committee and only administratively to the Chief Executive Officer.
- Transocean has a risk management process, whereby key risks are identified and communicated to the Executive Management Team and the Board. As to risk management, please also refer to page P-45 of this Annual Report under the caption ''Corporate Governance—Risk Management / Compensation and Risk.''

4. Executive Management Team

4.1/4.2 The members of the Executive Management Team as of December 31, 2013 are set forth below.

Name	Age[1]	Position
Steven L. Newman	49	President and Chief Executive Officer, Executive Director
Esa T. Ikäheimonen	50	Executive Vice President, Chief Financial Officer
John B. Stobart	60	Executive Vice President, Chief Operating Officer

(1) Age as of March 28, 2014.

STEVEN L. NEWMAN, age 49, U.S. citizen, is our President and Chief Executive Officer. He is also a member of the Board. Please refer to items 3.1/3.2 of this Report for information regarding his professional and educational background, his previous tasks for us, and his other activities.

ESA T. IKÄHEIMONEN, age 50, Finnish citizen, is Executive Vice President, Chief Financial Officer of the Company. Before being named Executive Vice President, Chief Financial Officer in November 2012, Mr. Ikäheimonen served as a consultant to the Company from September 2012 to November 2012. He has served as a non-executive director and the chairman of the audit committee of Ahlstrom Corporation since April 2011. Mr. Ikäheimonen served as Senior Vice President and Chief Financial Officer of Seadrill Ltd. from August 2010 to September 2012, and he served as Executive Vice President and Chief Financial Officer of Poyry plc from March 2009 to July 2010. At Royal Dutch Shell, Mr. Ikäheimonen served as Vice President Finance, Shell Africa E&P from June 2007 to March 2009, as Vice President Finance, Shell Upstream Middle East from January 2007 to June 2007, and as Finance and Commercial Director, Shell Qatar from May 2004 to January 2007. Prior to May 2004, Mr. Ikäheimonen served in various financial roles for Royal Dutch Shell, including Strategy and Portfolio Manager, Shell Europe Oil Products, Finance Director, Shell Scandinavia, and Finance Director, Shell Finland. Mr. Ikäheimonen received his Master of Laws degree from the University of Turku in Finland in 1989.

JOHN B. STOBART, age 60, U.S. and Australian citizen, is Executive Vice President, Chief Operating Officer of the Company. Before joining the Company in October 2012, Mr. Stobart served as Vice President, Global Drilling for BHP Billiton Petroleum from July 2011 to October 2012. At BHP Billiton, he also served as Worldwide Drilling Manager for BHP Billiton in Australia, the U.K. and the U.S. from January 1995 to June 2011 and as Senior Drilling Engineer, Senior Drilling Supervisor, Drilling Superintendent and Drilling Manager in the United Arab Emirates, Oman, India, Burma, Malaysia, Vietnam and Australia from June 1988 to December 1994. Mr. Stobart served as Engineering Manager at Husky/Bow Valley from November 1984 to May 1988, and he worked in engineering roles at Dome Petroleum/Canadian Marine Drilling from May 1980 to October 1984. He began his career working on land rigs in Canada and the High Arctic in June 1971. Mr. Stobart received his Bachelor of Science in Mechanical Engineering from the University of Calgary in 1980 and completed the London Business School Accelerated Development Program in 2000.

4.3 Management Contracts

Transocean has not entered into any contractual relationships with third parties regarding the management of the Company or its subsidiaries.

5. Compensation, Shareholdings and Loans of Members of the Board of Directors and the Executive Management Team

For information regarding Transocean's compensation of directors, please refer to page P-54 *et seq.* of this Annual Report under the caption ''2013 Director Compensation.'' For information regarding Transocean's compensation of the members of the Executive Management Team, please refer to

Transocean's Compensation Discussion and Analysis on page P-60 *et seq.* of this Annual Report under the caption ''Compensation Discussion and Analysis.''

6. Shareholders' Participation Rights

6.1 Voting Rights and Limitations to Shareholders' Voting Rights

Each share carries one vote at a general meeting of shareholders. Voting rights may be exercised by shareholders (including nominees) registered in the Company's share register or by a duly appointed proxy of a registered shareholder or nominee, which proxy need not be a shareholder of the Company. Shareholders wishing to exercise their voting rights who hold their shares through a bank, broker or other nominee must follow the instructions provided by such bank, broker or other nominee or, absent instructions, contact such bank, broker or other nominee for instructions. Shareholders holding their shares through a bank, broker or other nominee will not automatically be registered in the Company's share register. If any such shareholder wishes to be registered in the Company's share register, such shareholder must contact the bank, broker or other nominee through which it holds its shares. There are currently no limitations under our Articles of Association restricting the rights of shareholders to hold or vote Transocean shares.

6.2 Supermajority Requirements / Quorums

Supermajority Requirements

Pursuant to our Articles of Association, the shareholders generally pass resolutions by the affirmative vote of a majority of the votes cast at the general meeting of shareholders (not counting broker non-votes, abstentions and blank or invalid ballots), unless otherwise provided by law (including stock exchange regulations) or our Articles of Association.

Regarding election of directors by a plurality of the votes cast and Transocean's majority vote policy, please refer to item 3.3.1 of this Report.

The Swiss Code of Obligations and our Articles of Association require the affirmative vote of at least two-thirds of the voting rights and an absolute majority of the par value of the shares, each as represented (in person or by proxy) at a general meeting of shareholders to approve the following matters:

- the amendment to or the modification of the purpose of the Company;
- the creation or cancellation of shares with privileged voting rights;
- the restriction on the transferability of shares or cancellation thereof;
- the restriction on the exercise of the right to vote or the cancellation thereof;
- an authorized or conditional increase in the share capital;
- an increase in the share capital (1) through the conversion of capital surplus, (2) through a contribution in kind, or for purposes of an acquisition of assets, or (3) a grant of special privileges;
- the limitation on or withdrawal of preemptive rights;
- a change in the registered office of the Company;
- the conversion of registered shares into bearer shares and vice versa; and
- the dissolution of the Company.

Our Articles of Association further require the affirmative vote of at least two-thirds of the shares entitled to vote at a general meeting of shareholders to approve the following matters:

- the removal of a member of the Board;
- any changes to Article 14 Para. 1 of our Articles of Association, which requires advance notice of proposal requirements;
- any change to Article 18 of our Articles of Association, which sets forth the proceedings and procedures at general meetings of shareholders;

- any changes to Article 20 Para. 2 of our Articles of Association, which sets forth specific supermajority vote requirements at a general meeting;
- any changes to Article 21 of our Articles of Association, which sets forth the quorum requirements at a general meeting;
- any changes to Article 22 of our Articles of Association, which specifies the number of members of the Board; and
- any changes to Article 24 of our Articles of Association, which sets forth the indemnification provisions for members of the Board and officers.

Our Articles of Association require the affirmative vote of holders of the number of shares equal to the sum of (x) two-thirds of the number of all shares entitled to vote at a general meeting of shareholders, plus (y) a number of shares entitled to vote at the general meeting of shareholders that is equal to one-third of the number of shares held by interested shareholders, for the Company to (subject to certain exceptions) engage in any business combination with an interested shareholder and for the amendment of the provisions in the Articles of Association relating to this shareholder approval requirement. An ''interested shareholder'' is generally defined as a shareholder that, together with its affiliates and associates, beneficially, directly or indirectly, owns 15% or more of the shares entitled to vote at a general meeting of the shareholders of the Company.

Irrespective of Swiss law and our Articles of Association, the NYSE requires a shareholder vote for certain matters such as:

- the approval of equity compensation plans (or certain amendments to such plans);
- the issuance of shares equal to or in excess of 20% of the voting power of the shares outstanding before the issuance of such shares (subject to certain exceptions, such as public offerings for cash and certain bona fide private placements);
- certain issuances of shares to related parties; and
- issuances of shares that would result in a change of control.

For these types of matters, the minimum vote which will constitute shareholder approval for NYSE listing purposes is the approval by a majority of votes cast, provided that the total vote cast on the proposal represents over 50% in interest of all securities entitled to vote on the proposal.

Quorums

The presence of shareholders, in person or by proxy, holding at least a majority of the shares entitled to vote at a meeting, is a quorum for the transaction of most business at the general meeting of shareholders.

Shareholders present, in person or by proxy, holding at least two-thirds of the share capital recorded in the Commercial Register constitute the required quorum at a general meeting to consider or adopt a resolution to amend, vary, suspend the operation of or cause any of the following provisions of our Articles of Association to cease to apply:

- Article 18, which relates to proceedings and procedures at general meetings of shareholders;
- Article 19(f), which relates to business combinations with interested shareholders;
- Article 20, which sets forth the level of shareholder approval required for certain matters;
- Article 21, which sets forth the quorum at a general meeting required for certain matters, including the removal of a member of the Board; and
- Articles 22, 23 and 24, which relate to the election and indemnification of the members of the Board and the size of the Board.

6.3 Convocation of the General Meeting of Shareholders

Notice and Proxy Statements

The Board generally convenes a general meeting of shareholders. Under Swiss law, the convocation notice is published in the Swiss Official Gazette of Commerce and must be sent to each registered shareholder at the address recorded in the share register at least 20 days prior to the meeting.

In addition to being required to comply with the notice provisions under the Swiss Code of Obligations, the Company is subject to the rules of the SEC that regulate the solicitation of proxies (the ''Proxy Rules''). The Company is required to file with the SEC its proxy statement related to a general meeting of the Company's shareholders, together with a form of proxy card used by the Company and certain other soliciting material furnished to the Company's shareholders in connection with such meeting. The disclosure the Company is required to include in its proxy statement generally includes certain information with respect to the matters that are known by the Company to be presented for a vote at the meeting. With respect to a proxy statement for an annual general meeting, the disclosure in the proxy statement would generally include, among other things, certain information about directors, executive officers and corporate governance, executive compensation, security ownership of certain beneficial owners and management and related shareholder matters, certain relationships and related party transactions and director independence. In addition, the proxy statement will be made available to each shareholder registered in the Company's share register as of the relevant record date.

Extraordinary General Meetings of Shareholders

An extraordinary general meeting of shareholders may be called upon the resolution of the Board or, under certain circumstances, by the auditor. In addition, the Board is required to convene an extraordinary general meeting of shareholders if so resolved by the general meeting of shareholders, or if so requested by shareholders holding an aggregate of at least 10% of the shares, specifying the items for the agenda and their proposals and including evidence of the required shareholdings recorded in the share register, or if it appears from the annual standalone statutory balance sheet that half of the Company's share capital and legal reserves are not covered by the Company's assets. In the latter case, the Board must immediately convene an extraordinary general meeting of shareholders and propose financial restructuring measures.

6.4 Agenda Requests

Under our Articles of Association, any shareholder may request that an item be included on the agenda of a general meeting of shareholders. Such shareholder may also nominate one or more members of the Board for election. A request for inclusion of an item on the agenda or a nominee must be in writing and received by the Company at least 30 calendar days prior to the anniversary date of the proxy statement filed with the SEC in connection with the Company's last general meeting of shareholders; provided, however, that if the date of the general meeting of shareholders is more than 30 days before or after the anniversary date of the last annual general meeting of shareholders, such request must instead be made by the tenth day following the date on which the Company has made public disclosure of the date of the general meeting of shareholders. The request must specify the relevant agenda items and motions, together with evidence of the required shares recorded in the share register, as well as any other information as would be required to be included in a proxy statement pursuant to the Proxy Rules.

6.5 Registration in the Company's Share Register / Record Date

Registration in the Company's share register maintained by the Company's U.S. transfer agent and registrar, Computershare, occurs upon request and is not subject to any condition. Only those shareholders (including nominees) who are registered in the share register on the record date have the right to vote at the meeting. The Company generally expects to set the record date for each annual general meeting of shareholders to be a date not more than 20 calendar days prior to the date of the

relevant annual general meeting and announce the date of the annual general meeting of shareholders prior to the record date.

7. Mandatory Offer Requirement / Change of Control

7.1 Duty to make a public takeover offer

Pursuant to the applicable provisions of the SESTA, any person that acquires shares of a listed Swiss company, whether directly or indirectly or acting in concert with third parties, which shares, when taken together with any other shares of such company held by such person (or such third parties), exceed the threshold of 33⅓% of the voting rights (whether exercisable or not) of such company, must make a takeover bid to acquire all the other listed shares of such company. A company's articles of association may either eliminate this provision of the SESTA or may raise the relevant threshold to 49% (''opting-out'' or ''opting-up'', respectively).

Our Articles of Association do not contain an opting-out or opting-up provision pursuant to Article 22 Para. 2 SESTA or Article 32 Para. 1 SESTA, respectively.

7.2 Change of Control Clauses

Please refer to Transocean's Compensation Discussion and Analysis on page P-75 of this Annual Report under the caption ''Post-Employment Compensation'' for information on the severance and change of control agreements in place with Transocean's executive officers. Regarding the potential payments in the event of termination of service of an executive officer or a change in control of Transocean, please refer to ''Executive Compensation—Potential Payments Upon Termination or Change in Control'' on page P-88 *et seq*. Upon entry into effect of the Ordinance on January 1, 2014 and the expiry of the grandfathering provisions pursuant to the Ordinance's transitional provisions, as applicable, the severance and change-of-control arrangements are subject to the limitations imposed by the Ordinance.

8. Auditor

8.1 Duration of the mandate and term of office of the lead auditors

Under the Company's Articles of Association, the shareholders elect the Company's independent statutory auditor each year at the annual general meeting. Reelection is permitted. The Company's independent Swiss auditor is Ernst & Young Ltd, Zurich, Maagplatz 1, CH-8010 Zurich. Ernst & Young Ltd assumed its first audit mandate for Transocean in 2008. Ernst & Young Ltd was last reelected as the Company's auditor at the annual general meeting in May 2013.

The responsible lead audit partner at Ernst & Young Ltd as of December 31, 2013 is Robin Errico. Robin Errico has been the responsible lead audit partner at Ernst & Young Ltd since 2008. In accordance with Article 730a Para. 2 CO, the rotation frequency of the responsible lead audit partner is seven years.

For purposes of U.S. securities law reporting, Ernst & Young LLP, Houston, Texas, serves as the Company's independent registered public accounting firm. The Company's independent registered public accounting firm is appointed annually by the Audit Committee of the Board, subject to ratification by the annual general meeting.

8.2/8.3 *Auditing Fees / Additional Fees*

Please refer to page P-33 of this Annual Report under the caption ''Fees Paid to Ernst & Young.''

8.4 Informational Instruments Pertaining to the External Audit

Please refer to page P-56 of this Annual Report under the caption ''Audit Committee Report'' and to page P-33 *et seq.* of this Annual Report under the caption ''Audit Committee Pre-Approval of Audit and Non-Audit Services.''

9. Information Policy

The Company reports its financial results quarterly with an earnings press release.

The Company's 2014 annual general meeting is to be held on May 16, 2014 at the Lorzensaal Cham, Dorfplatz 3, CH-6330 Cham, Switzerland.

All registered shareholders and all shareholders in the United States that hold their shares through a U.S. bank or brokerage or other nominee receive a copy of the Transocean Annual Report and Invitation and Proxy Statement, or a notice that such documents are available. The Annual Report contains an overview of Transocean's business in the fiscal year, audited financial statements for the group and the Company, the Corporate Governance Report and other key financial and business information. The Invitation and Proxy Statement includes a description of the matters to be acted upon at the annual general meeting of shareholders, a compensation report on executive officers and directors' compensation, and other disclosures required under applicable Swiss and U.S. laws.

Transocean holds public conference calls after its quarterly earnings releases to discuss the results and present an opportunity for institutional analysts to ask questions of the Chief Executive Officer, Chief Financial Officer and other members of management.

These events are webcast and remain available on Transocean's Investor Relations website for a period of time after the events. Transocean's management also regularly participates in institutional investor seminars and road shows, many of which are also webcast.

Our Investor Relations website is located at http://www.deepwater.com/investor-relations. We post and maintain an archive of our earnings and other press releases, current reports, annual and quarterly reports, earnings release schedule, information regarding annual general meetings, further information on corporate governance, and other information regarding the Company on the Investor Relations website. The information we post includes, and in the future will include, filings we make with the SEC, including reports on Forms 8-K, 10-K, 10-Q, and our proxy statement related to our annual general meeting, including our compensation report on executive officers and directors' compensation, and any amendments to those reports or statements filed or furnished pursuant to U.S. securities laws. All such filings and information are available free of charge on our website, and we make them available on the website as soon as reasonably possible after we file or furnish them with the SEC. The contents of these websites are not intended to be incorporated by reference into this Report or in any other report or document we file and our references to these websites are intended to be inactive textual references only.

In addition, Transocean publishes press releases upon the occurrence of significant events within Transocean.

Shareholders and members of the public may elect to receive e-mails when Transocean issues press releases upon the occurrence of significant events within Transocean or other press releases by subscribing through http://www.deepwater.com/email-alerts. As a company subject to the provisions of Section 16 of the Securities Exchange Act of 1934, as amended, we file reports on transactions in Transocean securities by directors and executive officers. The reports that we file with the SEC on Forms 3, 4 and 5 may be accessed on our website or on the SEC's website at http://www.sec.gov. In addition, as a Swiss company whose shares are listed and traded on the SIX, we report transactions in Transocean securities by directors and members of our Executive Management Team. The reports that we file with the SIX are published by the SIX and may be accessed at: http://www.six-exchange-regulation.com/obligations/management_transactions_en.html.

Annex 1

Subsidiaries of Transocean Ltd.

as of December 31, 2013

Entities as of December 31, 2013	Jurisdiction	Registered City	Value Issued	Currency	Interest
15375 Memorial Corporation	Delaware	Dover	1,000.00	(United States) Dollar	100.00
Adriatic 8 Limited	Cayman Islands	Grand Cayman	1.00	(United States) Dollar	100.00
Aguas Profundas, Limitada	Angola	Luanda	14,195,000.00	(Angolan) Kwanza	60.00
Angola Deepwater Drilling Company (Offshore Services) Ltd	Cayman Islands	Grand Cayman	0.01	(United States) Dollar	100.00
Angola Deepwater Drilling Company (Operations) Ltd	Cayman Islands	Grand Cayman	0.01	(United States) Dollar	100.00
Angola Deepwater Drilling Company Ltd	Cayman Islands	Grand Cayman	1.00	(United States) Dollar	65.00
AngoSantaFe - Prestacao de Servicos Petroliferos, Limitada	Angola	Luanda	17,220,000.00	(Angolan) Kwanza	49.00
Applied Drilling Technology Inc.	Texas	Austin	1,000.00	(United States) Dollar	100.00
Applied Drilling Technology International Limited	England & Wales	London	1,000.00	(Great Britain) Pound	100.00
Arcade Drilling AS	Norway	Stavanger	216,065,250.00	(Norway) Krone	100.00
Ashgrove Carriers Ltd.	Liberia	Monrovia	100.00	(United States) Dollar	100.00
Asie Sonat Offshore Sdn. Bhd.	Malaysia	Kuala Lumpur	49,002.00	(Malaysia) Ringgit	100.00
Blegra Asset Management Limited	Cyprus	Limassol	1,710.00	(European Union) Euro	100.00
Blegra Financing Limited	Cyprus	Limassol	1,710.00	(European Union) Euro	100.00
Campeche Drilling Services Inc.	Delaware	Dover	1,000.00	(United States) Dollar	100.00
Challenger Minerals (Accra) Inc.	Cayman Islands	Grand Cayman	1,000.00	(United States) Dollar	100.00
Challenger Minerals (Celtic Sea) Limited	British Virgin Islands	Tortola	1.00	(United States) Dollar	100.00
Challenger Minerals (Ghana) Limited	Ghana	Accra	57,500.00	(Ghanaian) Cedi	100.00
Challenger Minerals Inc.	California	Sacramento	510,100.00	(United States) Dollar	100.00
Cliffs Drilling do Brasil Servicos de Petroleo Ltda.	Brazil	Macae	208,669.00	(Brazil) Real	100.00
Constellation II Limited	Cayman Islands	Grand Cayman	1.00	(United States) Dollar	100.00
Covent Garden - Servicos e Marketing, Sociedade Unipessoal Lda	Portugal	Madeira	208,524,320.20	(European Union) Euro	100.00
Deepwater Drilling II L.L.C.	Delaware	Dover			100.00
Deepwater Drilling L.L.C.	Delaware	Dover			100.00
Deepwater Drilling North Africa LLC - Free Zone	Egypt	Cairo	250,000.00	(United States) Dollar	100.00
Deepwater Pacific 1 Inc.	British Virgin Islands	Tortola	1,000.00	(United States) Dollar	100.00
Deepwater Pacific 2 Inc.	British Virgin Islands	Tortola	500.00	(United States) Dollar	100.00
DR Stewart Limited	Cayman Islands	Grand Cayman	1.00	(United States) Dollar	100.00
Eaton Industries of Houston, Inc.	Texas	Austin	419.00	(United States) Dollar	100.00
Elder Trading Co.	Liberia	Monrovia	100.00	(United States) Dollar	100.00
Entities Holdings, Inc.	Delaware	Dover	10,000.00	(United States) Dollar	100.00
Falcon Atlantic Ltd.	Cayman Islands	Grand Cayman	1,100.00	(United States) Dollar	100.00
Fortress Energy Services LLC	Oman	Muttrah	250,000.00	(Oman) Rial	49.00
Global Dolphin Drilling Company Limited	India	Mumbai	500,000.00	(India) Rupee	40.00
Global Marine Inc.	Delaware	Dover	10.00	(United States) Dollar	100.00
Global Mining Resources, Inc.	Philippines	Makati	50,012.00	(Philippines) Peso	40.00
Global Offshore Drilling Limited	Nigeria	Lagos	500,000.00	(Nigeria) Naira	100.00
GlobalSantaFe (Labuan) Inc.	Malaysia	Jalan Kemajuan	1.00	(United States) Dollar	100.00
GlobalSantaFe (Norge) AS	Norway	Sandnes	100,000.00	(Norway) Krone	100.00
GlobalSantaFe Arctic Ltd.	Nova Scotia	Halifax			100.00
GlobalSantaFe B.V.	Netherlands	Rotterdam	18,200.00	(European Union) Euro	100.00
GlobalSantaFe Beaufort Sea Inc.	Delaware	Dover	1,000.00	(United States) Dollar	100.00
GlobalSantaFe C.R. Luigs Limited	England & Wales	London	1,000.00	(Great Britain) Pound	100.00
GlobalSantaFe Campeche Holdings LLC	Delaware	Dover	1,000.00	(United States) Dollar	100.00
GlobalSantaFe Caribbean Inc.	California	Sacramento	25,000.00	(United States) Dollar	100.00
GlobalSantaFe Communications, Inc.	Delaware	Dover	1,000.00	(United States) Dollar	100.00
GlobalSantaFe Corporate Services Inc.	Delaware	Dover	1,000.00	(United States) Dollar	100.00
GlobalSantaFe de Venezuela Inc.	Delaware	Dover	10,000.00	(United States) Dollar	100.00
GlobalSantaFe Deepwater Drilling LLC	Delaware	Dover	1,000.00	(United States) Dollar	100.00
GlobalSantaFe Denmark Holdings ApS	Denmark	Copenhagen	125,000.00	(Denmark) Krone	100.00

Entities as of December 31, 2013	Jurisdiction	Registered City	Value Issued	Currency	Interest
GlobalSantaFe Development Inc.	California	Sacramento	1,000.00	(United States) Dollar	100.00
GlobalSantaFe do Brasil Ltda.	Brazil	Rio de Janeiro	6,356,380.00	(Brazil) Real	100.00
GlobalSantaFe Drilling (N.A.) N.V.	Netherlands Antilles	Willemstad	6,452.00	(United States) Dollar	100.00
GlobalSantaFe Drilling (South Atlantic) Inc.	Cayman Islands	Grand Cayman	25,001.00	(United States) Dollar	100.00
GlobalSantaFe Drilling Company	Delaware	Dover	100.00	(United States) Dollar	100.00
GlobalSantaFe Drilling Company (Canada) Limited	Nova Scotia	Halifax			100.00
GlobalSantaFe Drilling Company (North Sea) Limited	England & Wales	London	200.00	(Great Britain) Pound	100.00
GlobalSantaFe Drilling Company (Overseas) Limited	England & Wales	London	100.00	(Great Britain) Pound	100.00
GlobalSantaFe Drilling Mexico, S. de R.L. de C.V.	Mexico	Mexico City	3,000.00	(Mexico) Peso	100.00
GlobalSantaFe Drilling Operations Inc.	Cayman Islands	Grand Cayman	1,006.00	(United States) Dollar	100.00
GlobalSantaFe Drilling Services (North Sea) Limited	England & Wales	London	100.00	(Great Britain) Pound	100.00
GlobalSantaFe Drilling Trinidad LLC	Delaware	Dover	1,000.00	(United States) Dollar	100.00
GlobalSantaFe Drilling Venezuela, C.A.	Venezuela	Caracas	12,230,000,000.00	(Venezuela) Bolivar	100.00
GlobalSantaFe Financial Services (Luxembourg) S.a.r.l.	Luxembourg	Munsbach	17,962,000.00	(United States) Dollar	100.00
GlobalSantaFe GOM Services Inc.	British Virgin Islands	Tortola	1,000.00	(United States) Dollar	100.00
GlobalSantaFe Group Financing Limited Liability Company	Hungary	Budapest	15,000.00	(United States) Dollar	100.00
GlobalSantaFe Holding Company (North Sea) Limited	England & Wales	London	891.00	(Great Britain) Pound	100.00
GlobalSantaFe Hungary Services Limited Liability Company	Hungary	Budapest	96,000.00	(United States) Dollar	100.00
GlobalSantaFe International Drilling Corporation	Bahamas	Nassau	154.00	(United States) Dollar	100.00
GlobalSantaFe International Drilling Inc.	British Virgin Islands	Tortola	11.00	(United States) Dollar	100.00
GlobalSantaFe International Services Inc.	Panama	Costa del Este	439,200.00	(United States) Dollar	100.00
GlobalSantaFe Leasing Corporation	Bahamas	Nassau	10.00	(United States) Dollar	100.00
GlobalSantaFe Leasing Limited	Cayman Islands	Grand Cayman	1.00	(United States) Dollar	100.00
GlobalSantaFe Mexico Holdings LLC	Delaware	Dover	1,000.00	(United States) Dollar	100.00
GlobalSantaFe Nederland B.V.	Netherlands	Rotterdam	19,000.00	(European Union) Euro	100.00
GlobalSantaFe Offshore Services Inc.	Cayman Islands	Grand Cayman	1,000.00	(United States) Dollar	100.00
GlobalSantaFe Operations (Australia) Pty Ltd	Western Australia	Lane Cove	1.00	(Australia) Dollar	100.00
GlobalSantaFe Operations (BVI) Inc.	Cayman Islands	Grand Cayman	31.00	(United States) Dollar	100.00
GlobalSantaFe Operations (Mexico) LLC	Delaware	Dover	1,000.00	(United States) Dollar	100.00
GlobalSantaFe Operations Inc.	Cayman Islands	Grand Cayman	16.53	(United States) Dollar	100.00
GlobalSantaFe Overseas Limited	Bahamas	Nassau	10.00	(United States) Dollar	100.00
GlobalSantaFe Saudi Arabia Ltd.	British Virgin Islands	Tortola	1.00	(United States) Dollar	100.00
GlobalSantaFe Services (BVI) Inc.	Cayman Islands	Grand Cayman	477.00	(United States) Dollar	100.00
GlobalSantaFe Services Netherlands B.V.	Netherlands	Rotterdam	30,800.00	(European Union) Euro	100.00
GlobalSantaFe Servicios de Venezuela, C.A.	Venezuela	Caracas	95,759,000.00	(Venezuela) Bolivar	100.00
GlobalSantaFe South America LLC	Delaware	Dover	1,000.00	(United States) Dollar	100.00
GlobalSantaFe Southeast Asia Drilling Pte. Ltd.	Singapore	Singapore	1.00	(United States) Dollar	100.00
GlobalSantaFe Tampico, S. de R.L. de C.V.	Mexico	Mexico City	3,000.00	(Mexico) Peso	100.00
GlobalSantaFe Techserv (North Sea) Limited	England & Wales	London	100.00	(Great Britain) Pound	100.00
GlobalSantaFe U.S. Drilling Inc.	Delaware	Dover	1,000.00	(United States) Dollar	100.00
GlobalSantaFe U.S. Holdings Inc.	Delaware	Dover	1.00	(United States) Dollar	100.00
GlobalSantaFe West Africa Drilling Limited	Bahamas	Nassau	333,500,010.00	(United States) Dollar	100.00
GSF Caymans Holdings Inc.	Cayman Islands	Grand Cayman	10.00	(United States) Dollar	100.00
GSF Leasing Services GmbH	Switzerland	Steinhausen	962,670,000.00	(Switzerland) Franc	100.00
Hellerup Finance International	Ireland	Dublin	1,000,000.00	(United States) Dollar	100.00
Indigo Drilling Limited	Nigeria	Lagos	10,000,000.00	(Nigeria) Naira	87.50
Intermarine Services (International) Limited	Bahamas	Nassau	10.00	(United States) Dollar	100.00
Intermarine Services Inc.	Texas	Austin	1,000.00	(United States) Dollar	100.00
Intermarine Servicos Petroliferos Ltda.	Brazil	Rio de Janeiro	22,438,500.00	(Brazil) Real	100.00
International Chandlers, Inc.	Texas	Austin	1,000.00	(United States) Dollar	100.00
Key Perfuracoes Maritimas Limitada	Brazil	Rio de Janeiro	754,000.00	(United States) Dollar	100.00
Minerales Submarinos Mexicanos S.A.	Mexico	Mexico City			19.50
Nickel Development Inc.	Philippines	Makati	100,000.00	(Philippines) Peso	40.00
NRB Drilling Services Limited	Nigeria	Lagos	100,000.00	(Nigeria) Naira	60.00
Oilfield Services, Inc.	Cayman Islands	Grand Cayman	2.00	(United States) Dollar	100.00
P.T. Santa Fe Supraco Indonesia	Indonesia	Jakarta Selatan	8,300,000.00	(United States) Dollar	95.00
Platform Capital N.V.	Netherlands Antilles	Willemstad	249,600,734.00	(United States) Dollar	100.00

Entities as of December 31, 2013	Jurisdiction	Registered City	Value Issued	Currency	Interest
Platform Financial N.V.	Netherlands Antilles	Willemstad	6,215.00	(United States) Dollar	100.00
PT. Transocean Indonesia	Indonesia	Jakarta Selatan	331,000.00	(United States) Dollar	100.00
R&B Falcon (A) Pty Ltd	Western Australia	Perth	2.00	(United States) Dollar	100.00
R&B Falcon (Caledonia) Limited	England & Wales	London	98.00	(Great Britain) Pound	100.00
R&B Falcon (Ireland) Limited	Ireland	Dublin	2.54	(European Union) Euro	100.00
R&B Falcon (M) Sdn. Bhd.	Malaysia	Kuala Lumpur	220,000.00	(Malaysia) Ringgit	49.00
R&B Falcon (U.K.) Limited	England & Wales	London	100.00	(Great Britain) Pound	100.00
R&B Falcon B.V.	Netherlands	Rotterdam	18,000.00	(European Union) Euro	100.00
R&B Falcon Deepwater (UK) Limited	England & Wales	London	1.00	(Great Britain) Pound	100.00
R&B Falcon Drilling (International & Deepwater) Inc. LLC	Delaware	Dover	1,000.00	(United States) Dollar	100.00
R&B Falcon Drilling Co. LLC	Oklahoma	Oklahoma City	1,000.00	(United States) Dollar	100.00
R&B Falcon Drilling Limited LLC	Oklahoma	Oklahoma City	1,000.00	(United States) Dollar	100.00
R&B Falcon Exploration Co., LLC	Oklahoma	Oklahoma City	1,000.00	(United States) Dollar	100.00
R&B Falcon International Energy Services B.V.	Netherlands	Rotterdam	135,000.00	(European Union) Euro	100.00
R&B Falcon Offshore Limited, LLC	Oklahoma	Oklahoma City	1,000.00	(United States) Dollar	100.00
R&B Falcon, Inc. LLC	Oklahoma	Oklahoma City	1,000.00	(United States) Dollar	100.00
Ranger Insurance Limited	Cayman Islands	Grand Cayman	1.00	(United States) Dollar	100.00
RB Mediterranean Ltd.	Cayman Islands	Grand Cayman	1,000.00	(United States) Dollar	100.00
RBF Drilling Co. LLC	Oklahoma	Oklahoma City	1,000.00	(United States) Dollar	100.00
RBF Drilling Services, Inc. LLC	Oklahoma	Oklahoma City	1,000.00	(United States) Dollar	100.00
RBF Exploration LLC	Delaware	Dover	1,000.00	(United States) Dollar	100.00
RBF Finance Co.	Delaware	Dover	2.50	(United States) Dollar	100.00
RBF Rig Corporation, LLC	Oklahoma	Oklahoma City	100,000.00	(United States) Dollar	100.00
Reading & Bates Coal Co., LLC	Nevada	Carson City	1,000.00	(United States) Dollar	100.00
Reading & Bates Demaga Perfuraçoes Ltda.	Brazil	Rio de Janeiro	22,000.00	(Brazil) Real	100.00
Resource Rig Supply Inc.	Delaware	Dover	5,000.00	(United States) Dollar	100.00
Rig 127 Limited	Cayman Islands	Grand Cayman	1.00	(United States) Dollar	100.00
Rig 134 Limited	Cayman Islands	Grand Cayman	1.00	(United States) Dollar	100.00
Safemal Drilling Sdn. Bhd.	Malaysia	Miri Sarawak	750,000.00	(Malaysia) Ringgit	100.00
Santa Fe Braun Inc.	Delaware	Dover	500,000.00	(United States) Dollar	100.00
Santa Fe Construction Company	Delaware	Dover	5,000.00	(United States) Dollar	100.00
Santa Fe Drilling Company (U.K.) Limited	England & Wales	London	10,000.00	(Great Britain) Pound	100.00
Santa Fe Drilling Company of Venezuela, C.A.	California	Sacramento	100,000.00	(United States) Dollar	100.00
Santa Fe Servicos de Perfuracao Limitada	Brazil	Macae	500.00	(Brazil) Real	100.00
Saudi Drilling Company Limited	Saudi Arabia	Dhahran	1,500,000.00	(Saudi Arabia) Riyal	100.00
SDS Offshore Limited	England	London	1,000.00	(Great Britain) Pound	100.00
Sedco Forex Holdings Limited	Cayman Islands	Grand Cayman	1,000.00	(United States) Dollar	100.00
Sedco Forex International Services, S.A.	Panama	Costa del Este	500.00	(United States) Dollar	100.00
Sedco Forex International, Inc.	Panama	Costa del Este	1,000.00	(United States) Dollar	100.00
Sedco Forex of Nigeria Limited	Nigeria	Lagos	10,000,000.00	(Nigeria) Naira	92.40
Sedco Forex Technology, Inc.	Panama	Costa del Este	10,000.00	(United States) Dollar	100.00
Sedneth Panama, S.A.	Panama	Costa del Este	80,000.00	(United States) Dollar	100.00
Sefora Maritime Limited	Cayman Islands	Grand Cayman	3,500,000.00	(United States) Dollar	100.00
Services Petroliers Transocean	France	Courbevoie	300,000.00	(European Union) Euro	100.00
Servicios Petroleros Santa Fe, S.A.	Venezuela	Caracas	5,000,000.00	(Venezuela) Bolivar	49.00
Shore Services, LLC	Texas	Austin	100,000.00	(United States) Dollar	100.00
Sonat Offshore do Brasil Perfuracoes Maritimas Ltda.	Brazil	Rio de Janeiro	225,348.98	(Brazil) Real	100.00
Sonat Offshore S.A.	Panama	Costa del Este	1,000.00	(United States) Dollar	100.00
T. I. International Mexico S. de R.L. de C.V.	Mexico	Colonia Juarez	0.00	(Mexico) Peso	100.00
TODDI Holdings LLC	Delaware	Dover	1,000.00	(United States) Dollar	100.00
Transocean 1 AS	Norway	Stavanger	116,284.00	(Norway) Krone	100.00
Transocean Africa Drilling Limited	Cayman Islands	Grand Cayman	0.01	(United States) Dollar	100.00
Transocean Alaskan Ventures Inc.	Delaware	Dover	10.00	(United States) Dollar	100.00
Transocean Andaman Limited	Cayman Islands	Grand Cayman	1.00	(United States) Dollar	100.00
Transocean Ao Thai Limited	Cayman Islands	Grand Cayman	1.00	(United States) Dollar	100.00
Transocean Arctic Limited	Cayman Islands	Grand Cayman	0.01	(United States) Dollar	100.00

Entities as of December 31, 2013	Jurisdiction	Registered City	Value Issued	Currency	Interest
Transocean Asia Services Sdn Bhd	Malaysia	Kuala Lumpur	500,000.00	(Malaysia) Ringgit	100.00
Transocean Barents ASA	Norway	Stavanger	1,100,000.00	(Norway) Krone	100.00
Transocean Benefit Services Srl	Barbados	St Michael	1,000.00	(United States) Dollar	100.00
Transocean Brasil Ltda.	Brazil	Macae	407,653,729.00	(Brazil) Real	100.00
Transocean Britannia Limited	Cayman Islands	Grand Cayman	1.00	(United States) Dollar	100.00
Transocean Canada Co.	Nova Scotia	Halifax	1,000.00	(United States) Dollar	100.00
Transocean Canada Drilling Services Ltd.	Nova Scotia	Halifax	10.00	(United States) Dollar	100.00
Transocean Construction Management Ltd.	Cayman Islands	Grand Cayman	0.01	(United States) Dollar	100.00
Transocean Corporate Services Limited	Cayman Islands	Grand Cayman	1.00	(United States) Dollar	100.00
Transocean Cunningham LLC	Delaware	Dover	1,000.00	(United States) Dollar	100.00
Transocean Cyprus Capital Management Public Limited	Cyprus	Nicosia	160,000.00	(European Union) Euro	100.00
Transocean Cyprus Drilling Operations Public Limited	Cyprus	Nicosia	30,000.00	(European Union) Euro	99.98
Transocean Deepwater Drilling Services Limited	Cayman Islands	Grand Cayman	1.00	(United States) Dollar	100.00
Transocean Deepwater Frontier Limited	Cayman Islands	Grand Cayman	1,000.00	(United States) Dollar	100.00
Transocean Deepwater Holdings Limited	Cayman Islands	Grand Cayman	1,000.00	(United States) Dollar	100.00
Transocean Deepwater Inc.	Delaware	Dover	10.00	(United States) Dollar	100.00
Transocean Deepwater Mauritius	Mauritius	Ebene	1.00	(United States) Dollar	100.00
Transocean Deepwater Nautilus Limited	Cayman Islands	Grand Cayman	1,000.00	(United States) Dollar	100.00
Transocean Deepwater Pathfinder Limited	Cayman Islands	Grand Cayman	1,000.00	(United States) Dollar	100.00
Transocean Deepwater Seafarer Services Limited	Cayman Islands	Grand Cayman	1.00	(United States) Dollar	100.00
Transocean Discoverer 534 LLC	Delaware	Dover	1,000.00	(United States) Dollar	100.00
Transocean Drilling (Nigeria) Ltd.	Nigeria	Lagos	2,500,000.00	(Nigeria) Naira	100.00
Transocean Drilling (U.S.A.) Inc.	Texas	Austin	10,000.00	(United States) Dollar	100.00
Transocean Drilling Israel Ltd.	Cayman Islands	Grand Cayman	1.00	(United States) Dollar	100.00
Transocean Drilling Limited	Scotland	Aberdeen	100,000.00	(Great Britain) Pound	100.00
Transocean Drilling Namibia Inc.	Cayman Islands	Grand Cayman	1.00	(United States) Dollar	100.00
Transocean Drilling Offshore International Limited	Cayman Islands	Grand Cayman	0.01	(United States) Dollar	100.00
Transocean Drilling Offshore S.a.r.l.	Luxembourg	Luxembourg	20,000.00	(United States) Dollar	100.00
Transocean Drilling Offshore Ventures Limited	Cayman Islands	Grand Cayman	1,000.00	(United States) Dollar	100.00
Transocean Drilling Resources Limited	Cayman Islands	Grand Cayman	1.00	(United States) Dollar	100.00
Transocean Drilling Sdn. Bhd.	Malaysia	Kuala Lumpur	350,000.00	(Malaysia) Ringgit	40.00
Transocean Drilling Services (India) Private Limited	India	Mumbai	40,000,000.00	(India) Rupee	100.00
Transocean Drilling Services Inc.	Delaware	Dover	1,000.00	(United States) Dollar	100.00
Transocean Drilling Services Offshore Inc.	British Virgin Islands	Tortola	100.00	(United States) Dollar	70.00
Transocean Drilling Turkey Limited	Cayman Islands	Grand Cayman	1.00	(United States) Dollar	100.00
Transocean Drilling U.K. Limited	Scotland	Aberdeen	1,220.00	(Great Britain) Pound	100.00
Transocean Eastern Pte. Ltd.	Singapore	Singapore	500,000.00	(Singapore) Dollar	100.00
Transocean Enterprise Inc.	Delaware	Dover	1,000.00	(United States) Dollar	100.00
Transocean Entities Holdings GmbH	Switzerland	Steinhausen	100,000.00	(Switzerland) Franc	100.00
Transocean Finance Limited	Cayman Islands	Grand Cayman	1,000.00	(United States) Dollar	100.00
Transocean Financing GmbH	Switzerland	Steinhausen	495,869,700.00	(Switzerland) Franc	100.00
Transocean GSF Monitor Limited	Cayman Islands	Grand Cayman	1.00	(United States) Dollar	100.00
Transocean Holdings LLC	Delaware	Dover	10,000.00	(United States) Dollar	100.00
Transocean Hungary Holdings LLC	Hungary	Budapest	3,000.00	(United States) Dollar	100.00
Transocean Inc.	Cayman Islands	Grand Cayman	3,192,886.32	(United States) Dollar	100.00
Transocean Inc. Luxembourg Asset Management S.C.S.	Luxembourg	Luxembourg	1,000.00	(United States) Dollar	100.00
Transocean India Limited	Cayman Islands	Grand Cayman	0.01	(United States) Dollar	100.00
Transocean Innovation Labs Ltd.	Cayman Islands	Grand Cayman	1.00	(United States) Dollar	100.00
Transocean International Drilling Limited	Cayman Islands	Grand Cayman	1,192.00	(United States) Dollar	100.00
Transocean International Holdings Limited	Cayman Islands	Grand Cayman	0.01	(United States) Dollar	100.00
Transocean International Resources, Limited	British Virgin Islands	Tortola	10,000.00	(United States) Dollar	100.00
Transocean Investimentos Ltda.	Brazil	Macae	4,000,000.00	(Brazil) Real	100.00
Transocean Investments S.a.r.l.	Luxembourg	Luxembourg	12,500.00	(European Union) Euro	100.00
Transocean Labrador Limited	Cayman Islands	Grand Cayman	1.00	(United States) Dollar	100.00
Transocean Magellan Limited	Cayman Islands	Grand Cayman	1.00	(United States) Dollar	100.00
Transocean Management Inc.	Delaware	Dover	10.00	(United States) Dollar	100.00

Entities as of December 31, 2013	Jurisdiction	Registered City	Value Issued	Currency	Interest
Transocean Management Ltd.	Switzerland	Vernier	100,000.00	(Switzerland) Franc	100.00
Transocean Marine Limited	Cayman Islands	Grand Cayman	0.01	(United States) Dollar	100.00
Transocean Mediterranean LLC	Delaware	Dover	1,000.00	(United States) Dollar	100.00
Transocean Nautilus Limited	Cayman Islands	Grand Cayman	1,000.00	(United States) Dollar	100.00
Transocean North Africa Inc.	Cayman Islands	Grand Cayman	1.00	(United States) Dollar	100.00
Transocean North Sea Limited	Bahamas	Nassau	10.00	(United States) Dollar	100.00
Transocean Norway Drilling AS	Norway	Stavanger	299,194,832.00	(Norway) Krone	100.00
Transocean Norway Operations AS	Norway	Stavanger	1,000,000.00	(Norway) Krone	100.00
Transocean Norway Operations Support AS	Norway	Stavanger	100,000.00	(Norway) Krone	100.00
Transocean Offshore (Cayman) Inc.	Cayman Islands	Grand Cayman	1,000.00	(United States) Dollar	100.00
Transocean Offshore (North Sea) Ltd.	Cayman Islands	Grand Cayman	100.00	(United States) Dollar	100.00
Transocean Offshore (U.K.) Inc.	Delaware	Dover	1,000.00	(United States) Dollar	100.00
Transocean Offshore Canada Services Ltd.	Nova Scotia	Halifax	0.00	(United States) Dollar	100.00
Transocean Offshore Caribbean Sea, L.L.C.	Delaware	Dover	1,000.00	(United States) Dollar	100.00
Transocean Offshore Deepwater Drilling Inc.	Delaware	Dover	10.00	(United States) Dollar	100.00
Transocean Offshore Deepwater Holdings Limited	Cayman Islands	Grand Cayman	1,000.00	(United States) Dollar	100.00
Transocean Offshore Drilling Limited	England & Wales	London	2,000,002.00	(Great Britain) Pound	100.00
Transocean Offshore Drilling Services LLC	Delaware	Dover	1,000.00	(United States) Dollar	100.00
Transocean Offshore Europe Limited	Cayman Islands	Grand Cayman	4,384.30	(United States) Dollar	100.00
Transocean Offshore Gulf of Guinea Limited	British Virgin Islands	Tortola	10.00	(United States) Dollar	100.00
Transocean Offshore Gulf of Guinea II Limited	British Virgin Islands	Tortola	10.00	(United States) Dollar	100.00
Transocean Offshore Gulf of Guinea III Limited	British Virgin Islands	Tortola	10.00	(United States) Dollar	100.00
Transocean Offshore Gulf of Guinea IV Limited	British Virgin Islands	Tortola	10.00	(United States) Dollar	100.00
Transocean Offshore Gulf of Guinea V Limited	British Virgin Islands	Tortola	10.00	(United States) Dollar	100.00
Transocean Offshore Gulf of Guinea VI Limited	British Virgin Islands	Tortola	10.00	(United States) Dollar	100.00
Transocean Offshore Gulf of Guinea VII Limited	British Virgin Islands	Tortola	10.00	(United States) Dollar	100.00
Transocean Offshore Gulf of Guinea VIII Limited	British Virgin Islands	Tortola	10.00	(United States) Dollar	100.00
Transocean Offshore Gulf of Guinea IX Limited	British Virgin Islands	Tortola	10.00	(United States) Dollar	100.00
Transocean Offshore Gulf of Guinea X Limited	British Virgin Islands	Tortola	10.00	(United States) Dollar	100.00
Transocean Offshore Gulf of Guinea XI Limited	British Virgin Islands	Tortola	10.00	(United States) Dollar	100.00
Transocean Offshore Gulf of Guinea XII Limited	British Virgin Islands	Tortola	10.00	(United States) Dollar	100.00
Transocean Offshore Gulf of Guinea XIII Limited	British Virgin Islands	Tortola	10.00	(United States) Dollar	100.00
Transocean Offshore Gulf of Guinea XIV Limited	British Virgin Islands	Tortola	10.00	(United States) Dollar	100.00
Transocean Offshore Gulf of Guinea XV Limited	British Virgin Islands	Tortola	10.00	(United States) Dollar	100.00
Transocean Offshore Gulf of Guinea XVI Limited	British Virgin Islands	Tortola	10.00	(United States) Dollar	100.00
Transocean Offshore Gulf of Guinea XVII Limited	British Virgin Islands	Tortola	10.00	(United States) Dollar	100.00
Transocean Offshore Holdings Limited	Cayman Islands	Grand Cayman	1,000.00	(United States) Dollar	100.00
Transocean Offshore International Limited	Cayman Islands	Grand Cayman	2,500.00	(United States) Dollar	100.00
Transocean Offshore International Ventures Limited	Cayman Islands	Grand Cayman	591,504,000.00	(United States) Dollar	100.00
Transocean Offshore Limited	Cayman Islands	Grand Cayman	3.36	(United States) Dollar	100.00
Transocean Offshore Management Services Limited	Cayman Islands	Grand Cayman	1.00	(United States) Dollar	100.00
Transocean Offshore Nigeria Limited	Nigeria	Lagos	1,250,000.00	(Nigeria) Naira	100.00
Transocean Offshore Norway Inc.	Delaware	Dover	10,000.00	(United States) Dollar	100.00
Transocean Offshore Norway Services AS	Norway	Stavanger	1,000,000.00	(Norway) Krone	100.00
Transocean Offshore PR Limited	Cayman Islands	Grand Cayman	1.00	(United States) Dollar	100.00
Transocean Offshore Services Ltd.	Cayman Islands	Grand Cayman	1.00	(United States) Dollar	100.00
Transocean Offshore USA Inc.	Delaware	Dover	10,000.00	(United States) Dollar	100.00
Transocean Offshore Ventures Inc.	Delaware	Dover	10,000.00	(United States) Dollar	100.00
Transocean Onshore Support Services Limited	Scotland	Aberdeen	1.00	(Great Britain) Pound	100.00
Transocean Pacific Drilling Holdings Limited	Cayman Islands	Grand Cayman	10.00	(United States) Dollar	100.00
Transocean Pacific Drilling Inc.	British Virgin Islands	Tortola	500.00	(United States) Dollar	100.00
Transocean Payroll Services SRL	Barbados	St Michael	1,000.00	(United States) Dollar	100.00
Transocean Perfuracoes Ltda.	Brazil	Macae	1,000.00	(Brazil) Real	100.00
Transocean Rig 140 Limited	Cayman Islands	Grand Cayman	1.00	(United States) Dollar	100.00
Transocean Rig Management Limited	Cayman Islands	Grand Cayman	1.00	(United States) Dollar	100.00
Transocean Rig Services Offshore LLC	Delaware	Dover	1,000.00	(United States) Dollar	100.00
Transocean Sedco Forex Ventures Limited	Cayman Islands	Grand Cayman	1,000.00	(United States) Dollar	100.00
Transocean Services AMA JLT	Dubai Multi Commodities Centre	Dubai	100,000.00	(United Arab Emirates) Dirham	100.00

Entities as of December 31, 2013	Jurisdiction	Registered City	Value Issued	Currency	Interest
Transocean Services AS	Norway	Stavanger	13,000,000.00	(Norway) Krone	100.00
Transocean Services Offshore LLC	Delaware	Dover	1,000.00	(United States) Dollar	100.00
Transocean Services UK Limited	England & Wales	London	6,700,000.00	(Great Britain) Pound	100.00
Transocean Seven Seas LLC	Delaware	Dover	1,000.00	(United States) Dollar	100.00
Transocean Siam Driller Limited	Cayman Islands	Grand Cayman	1.00	(United States) Dollar	100.00
Transocean Spitsbergen ASA	Norway	Stavanger	1,000,000.00	(Norway) Krone	100.00
Transocean Support Services Limited	Cayman Islands	Grand Cayman	1,000.00	(United States) Dollar	100.00
Transocean Support Services Nigeria Limited	Nigeria	Lagos	10,000,000.00	(Nigeria) Naira	70.00
Transocean Support Services Private Limited	India	Mumbai	100,000.00	(India) Rupee	100.00
Transocean Technical Services Egypt LLC	Egypt	Cairo	50,000.00	(Egypt) Pound	100.00
Transocean Technical Services Inc.	Panama	Costa del Este	10,000.00	(United States) Dollar	100.00
Transocean Technology Innovations LLC	Delaware	Dover	1,000.00	(United States) Dollar	100.00
Transocean Treasury Services SRL	Barbados	St Michael	1,000.00	(United States) Dollar	100.00
Transocean Trident VI Limited	Cayman Islands	Grand Cayman	1.00	(United States) Dollar	100.00
Transocean Trident XVII Limited	Cayman Islands	Grand Cayman	1.00	(United States) Dollar	100.00
Transocean UK Limited	England & Wales	London	1.00	(Great Britain) Pound	100.00
Transocean West Africa Holdings Limited	Cayman Islands	Grand Cayman	1.00	(United States) Dollar	100.00
Transocean West Africa South Limited	Cayman Islands	Grand Cayman	1.00	(United States) Dollar	100.00
Transocean Worldwide Inc.	Cayman Islands	Grand Cayman	0.01	(United States) Dollar	100.00
Trident 4 Limited	Cayman Islands	Grand Cayman	1.00	(United States) Dollar	100.00
Triton Asset Leasing GmbH	Switzerland	Steinhausen	1,164,300,000.00	(Switzerland) Franc	100.00
Triton Drilling Limited	Cayman Islands	Grand Cayman	40,000.00	(United States) Dollar	100.00
Triton Drilling Mexico LLC	Delaware	Dover	1,000.00	(United States) Dollar	100.00
Triton Financing LLC	Hungary	Budapest	593,268,018.92	(United States) Dollar	100.00
Triton Holdings Limited	British Virgin Islands	Tortola	10,000.00	(United States) Dollar	100.00
Triton Hungary Asset Management LLC	Hungary	Budapest	1,750,015,000.00	(United States) Dollar	100.00
Triton Hungary Investments 1 Limited Liability Company	Hungary	Budapest	81,692.00	(United States) Dollar	100.00
Triton Industries, Inc.	Panama	Costa del Este	1,000.00	(United States) Dollar	100.00
Triton Management Services LLC	Hungary	Budapest	3,000,000.00	(Hungary) Forint	100.00
Triton Nautilus Asset Leasing GmbH	Switzerland	Steinhausen	358,590,000.00	(Switzerland) Franc	100.00
Triton Nautilus Asset Management LLC	Hungary	Budapest	520,020,447.00	(United States) Dollar	100.00
Triton Offshore Leasing Services Limited	Malaysia	Jalan Kemajuan	10,000.00	(United States) Dollar	100.00
Triton Pacific Limited	England & Wales	London	1.00	(Great Britain) Pound	100.00
TSSA - Servicos de Apoio, Lda.	Angola	Luanda	95,000.00	(Angolan) Kwanza	65.00
Turnkey Ventures de Mexico Inc.	Delaware	Dover	1,000.00	(United States) Dollar	100.00
Wilrig Offshore (UK) Limited	England & Wales	London	50,000.00	(Great Britain) Pound	100.00

BOARD OF DIRECTORS

Ian C. Strachan
Chairman
Transocean Ltd.

Glyn A. Barker
Former Vice Chairman-U.K.
PricewaterhouseCoopers LLP

Jagjeet S. Bindra
Former President
Chevron Global Manufacturing

Thomas W. Cason
Former Senior Vice President and
Chief Financial Officer
Baker Hughes Incorporated

Vanessa C.L. Chang
Director and shareholder of a privately
held real estate investment business
EL & EL Investments

Frederico F. Curado
President and Chief Executive Officer
Embraer S.A.

Chad Deaton
Former Chairman and
Chief Executive Officer
Baker Hughes Incorporated

Tan Ek Kia
Former Vice President
Shell Chemicals

Steve Lucas
Former Group Finance Director
National Grid plc

Martin B. McNamara
Retired Partner
Gibson, Dunn & Crutcher, LLP

Samuel J. Merksamer
Managing Director
Icahn Capital LP

Edward R. Muller
Former Chairman, Chief Executive
Officer and President
GenOn Energy Inc.

Steven L. Newman
President and Chief Executive Officer
Transocean Ltd.

Robert M. Sprague
Former Executive
Royal Dutch/Shell

EXECUTIVE MANAGEMENT

Steven L. Newman
President and Chief Executive Officer

Esa Ikäheimonen
Executive Vice President and
Chief Financial Officer

John B. Stobart
Executive Vice President and
Chief Operating Officer

CORPORATE INFORMATION

Registered Address
Transocean Ltd.
Turmstrasse 30
CH-6300
Zug, Switzerland
Phone: +41 (41) 749 0500

Transfer Agent and Registrar
Computershare
www.computershare.com/investor

Shareholder inquiries should be sent to:
Computershare
P.O. Box 30170
College Station, TX 77842-3170
1 877 397 7229
1 201 680 6570 (for callers outside the United States)

Overnight correspondence should be sent to:
Computershare
211 Quality Circle, Suite 210
College Station, TX 77845

Online inquiries: https://www-us.computershare.com/investor/contact

Financial Information
Financial analysts and shareholders desiring information about Transocean Ltd. should call Investor Relations at + 1 713 232 7500. Information may also be obtained by visiting the company's website at http://www.deepwater.com.

Proxy solicitor
Innisfree M&A Incorporated
501 Madison Avenue
20th Floor
New York, NY 10022

Independent Registered Public Accounting Firm
Ernst & Young LLP
Houston, Texas

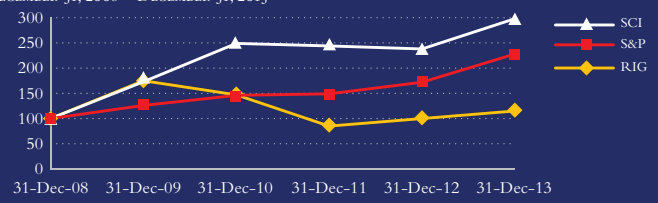
Swiss Auditor
Ernst & Young Ltd.
Zurich, Switzerland

Stock Exchange Listing
Transocean Ltd. shares are listed on the New York Stock Exchange (NYSE) under the symbol RIG and on the SIX Swiss Exchange under the symbol RIGN.

	NYSE (USD)		SIX (CHF)	
	HIGH	LOW	HIGH	LOW
2012				
First Quarter	59.03	38.80	54.30	36.70
Second Quarter	56.36	39.32	50.80	37.92
Third Quarter	50.38	43.04	49.06	41.55
Fourth Quarter	49.50	43.65	46.62	40.18
2013				
First Quarter	59.50	45.23	54.70	42.12
Second Quarter	55.79	46.02	54.25	43.09
Third Quarter	50.45	44.32	48.00	40.09
Fourth Quarter	55.74	44.19	51.25	40.12

Performance Graph[1]
The graph below compares the cumulative total shareholder return of RIG shares, the Standard & Poor's 500 Index ("S&P") and the Simmons & Company International Upstream Index ("SCI") over our last five fiscal years. The graph assumes that $100 was invested in RIG shares and the S&P on December 31, 2008, and that all dividends were reinvested on the date of payment. The SCI index excludes dividends.

Indexed Cumulative Total Shareholder Return
December 31, 2008 – December 31, 2013



	Dec-08	Dec-09	Dec-10	Dec-11	Dec-12	Dec-13
RIG	$100.00	$175.00	$147.00	$85.00	$100.00	$115.00
SCI	$100.00	$173.00	$249.00	$244.00	$238.00	$298.00
S&P	$100.00	$126.00	$146.00	$149.00	$172.00	$228.00

[1] *The above Performance Graph and related information shall not be deemed "soliciting material" or to be "filed" with the SEC, nor shall such information be incorporated by reference into any future filing under the Securities Act of 1933 or Securities Exchange Act of 1934, each as amended, except to the extent that we specifically incorporate it by reference into such filing.*

NYSE Annual CEO Certification and Sarbanes-Oxley Section 302 Certifications
We submitted the annual chief executive officer certification to the NYSE as required under the corporate governance rules of the NYSE. We also filed as an exhibit to our 2013 Annual Report on Form 10-K the chief executive officer certifications required under section 302 of the Sarbanes-Oxley Act of 2002.

Transocean
www.deepwater.com
DEEPWATER
INVICTUS
bhpbilliton