

**TRANSOCEAN LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—continued**

We believe we have agreements that will resolve substantially all outstanding claims against us arising from the Macondo well incident through a series of settlements with the following parties:

- *U.S. Department of Justice*—Guilty plea agreement (“Plea Agreement”) and civil consent decree (“Consent Decree”), entered into on January 3, 2013, provide for \$1.4 billion in fines and penalties, payable in installments through February 2017, and require us to take a number of certain actions, including to enhance safety and environmental compliance when operating in U.S. waters, as further specified below.
- *U.S. Environmental Protection Agency*—Administrative agreement (the “EPA Agreement”), entered into on February 25, 2013, resolves all matters related to suspension, debarment and disqualification and requires us to comply with the Plea Agreement and Consent Decree and continue implementation of certain programs and undertake further actions as specified below. Pursuant to the EPA Agreement, we must refrain from engaging in business relationships with persons or entities that are restricted from conducting business in the U.S.
- *BP*—Settlement Agreement (“BP Settlement Agreement”), entered into on May 20, 2015, resolves all Macondo litigation and claims between BP and us, commits BP to pay us \$125 million, to indemnify us for compensatory damages from oil pollution, and provides for the mutual release of all claims, including claims by BP to be an unlimited additional insured under our insurance policies.
- *Plaintiff Steering Committee*—Settlement agreement (the “PSC Settlement Agreement”) filed with the MDL Court on May 29, 2015 and subject to approval by the MDL Court, obligates us to pay \$212 million to private plaintiffs, businesses and local governments, and up to an additional \$25 million for reimbursement of plaintiff attorneys’ fees in exchange for a release of claims brought by the PSC against us.
- *The States*—Settlement Agreement (the “States Settlement Agreement”), effective October 13, 2015, obligates us to make a cash payment of \$35 million to the States in exchange for release of all claims arising from the Macondo well incident.

Payments made pursuant to the Plea Agreement and Consent Decree are not deductible for tax purposes and may not be used as a basis for indemnity or reimbursement from BP or other defendants involved in the Macondo well incident litigation. Further detail regarding our settlement obligations and the restrictions that apply to us is provided below.

**Plea Agreement**—Pursuant to the Plea Agreement, 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”) and 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 matters arising from the Macondo well incident. We remain subject to probation through February 2018.

We also agreed to make an aggregate cash payment of \$400 million, including a criminal fine of \$100 million and cash contributions of \$150 million to the National Fish & Wildlife Foundation and \$150 million to the National Academy of Sciences, payable in scheduled installments. In the years ended December 31, 2015, 2014 and 2013, we made an aggregate cash payment of \$60 million, \$60 million and \$160 million, respectively, in satisfaction of amounts due under the Plea Agreement. At December 31, 2015 and 2014, the carrying amount of our liability for settlement obligations under the Plea Agreement was \$120 million and \$180 million, respectively. At December 31, 2015, the aggregate future payments required under our outstanding settlement obligations under the Plea Agreement were \$60 million in each of the years ending December 31, 2016 and 2017.

**Consent Decree**—Pursuant to the Consent Decree, we agreed to pay \$1.0 billion in civil penalties, excluding interest. In the years ended December 31, 2015, 2014 and 2013, we paid \$204 million, \$412 million and \$404 million, respectively, including interest at a rate of 2.15 percent, in satisfaction of amounts due under the Consent Decree. As of December 31, 2015, we have satisfied our required payments due under the Consent Decree. At December 31, 2014, the amount due under the Consent Decree was \$200 million, recorded in other current liabilities.

Under the Consent Decree, we also agreed to undertake certain actions, including enhanced safety and compliance actions when operating in U.S. waters. The Consent Decree also requires us to submit certain plans, reports and submissions and also requires us to make such submittals available publicly. One of the required plans is a performance plan (the “Performance Plan”) that contains, among other things, interim milestones for actions in specified areas and schedules for reports required under the Consent Decree. On January 2, 2014, the DOJ approved our proposed Performance Plan. Additionally, in compliance with the requirements of the Consent Decree and upon approval by the DOJ, we have retained an independent auditor to review and report to the DOJ our compliance with the Consent Decree and an independent process safety consultant to review report and assist with the process safety requirements of the Consent Decree.

Under the terms of the Consent Decree, the U.S. agreed not to sue Transocean Ltd. and certain of its subsidiaries for civil or administrative penalties for the Macondo well incident under specified provisions of the CWA, the Outer Continental Shelf Lands Act (“OCSLA”), 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 (“EPCRA”) and the Clean Air Act. In addition, the Consent Decree resolved our appeal of the incidents of noncompliance under the OCSLA issued by the Bureau of Safety and Environmental Enforcement without any admission of liability by us.

We may request termination of the Consent Decree after January 2, 2019, provided we meet certain conditions set forth in the Consent Decree. The Consent Decree resolved the claim by the U.S. for civil penalties under the Clean Water Act. The Consent Decree did not resolve United States’ claim under the Oil Pollution Act (“OPA”) for natural resource damages (“NRD”) or for removal costs.