Transocean Ltd.
Form 424B3
December 26, 2017
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Filed Pursuant to Rule 424(b)(3)

Registration Nos. 333-220791, 333-220791-01

CONDITIONAL OFFER TO ACQUIRE ALL OUTSTANDING SHARES IN

Songa Offshore SE

made by

Transocean Ltd.

Consideration: 0.35724 newly issued shares in Transocean Ltd. and USD 2.99726 principal amount of 0.5% Exchangeable Senior Bonds due 2023, to be issued by Transocean Inc., for each share in Songa Offshore SE, with an option to instead receive cash consideration of NOK 47.50 per share in Songa Offshore SE up to a maximum of NOK 125,000 per shareholder

Offer Period: From and including 21 December 2017 to and including 23 January 2018 at 16:30 (CET), unless extended

This combined offer document and prospectus (the "Offer Document" or the "Prospectus") has been prepared by Transocean Ltd., a corporation incorporated under the laws of Switzerland ("Transocean" or the "Company," and together with its consolidated subsidiaries, the "Group"), in connection with its voluntary tender offer (the "Offer") to acquire each issued and outstanding share (on a fully diluted basis) in Songa Offshore SE (the "Target" or "Songa Offshore," and together with its consolidated subsidiaries, the "Songa Group") in exchange for consideration (the "Consideration") per share of Songa Offshore (the "Songa Shares") consisting of 0.35724 newly issued shares of Transocean (the "Consideration Shares"), each with a par value of 0.10 Swiss franc ("CHF"), and USD 2.99726 principal amount of 0.5% Exchangeable Senior Bonds due 2023, which are exchangeable into shares of Transocean, par value CHF 0.10 per share (the "Exchangeable Bonds"), to be issued by Transocean Inc. ("TINC"), an exempted company incorporated under the laws of the Cayman Islands and a wholly owned subsidiary of Transocean, subject to the terms and conditions set forth in this Offer Document. As part of the Offer, each Songa Offshore shareholder may instead elect to receive an amount in cash of NOK 47.50 per Songa Share up to a maximum of NOK 125,000 per shareholder (the "Cash Election") in lieu of some or all of the Consideration Shares and Exchangeable Bonds such shareholder would otherwise be entitled to receive in the Offer. The aggregate amount of Consideration paid to each Songa Offshore shareholder accepting the Offer shall be comprised, as near as possible, of 50% Consideration Shares and 50% Exchangeable Bonds, with any exercise by such shareholder of the Cash Election, if elected, reducing the aggregate number of Exchangeable Bonds otherwise issuable to such shareholder and then the aggregate number of Consideration Shares such shareholder would otherwise be entitled to receive in the Offer.

Songa Offshore shareholders may tender Songa Shares that are issued and delivered after the expiration of the Offer Period as a result of exercise of Songa Offshore warrants or restricted share units, or conversion of Songa Offshore's convertible bonds, provided that such Songa Shares are issued prior to settlement of the Offer.

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Transocean's shares (the "Shares") are listed on the New York Stock Exchange (the "NYSE") under the symbol "RIG." The Songa Shares are listed on the Oslo Stock Exchange under the symbol "SONG." Each shareholder of Songa Offshore is encouraged to obtain current market quotations for Transocean's and Songa Offshore's shares in connection with its decision to tender its Songa Shares in the Offer.

All of the Shares, including the Consideration Shares and any Shares issuable upon exchange of the Exchangeable Bonds, will rank pari passu with one another and each carry one vote. Except where the context otherwise requires, reference in this Offer Document to the Shares includes the Consideration Shares and any Shares issuable upon exchange of the Exchangeable Bonds.

The Offer is subject to the satisfaction of, or, where permissible, waiver of certain conditions, including conditions regarding minimum acceptance of the Offer, regulatory approvals and the absence of material adverse changes. The conditions to the Offer are described in Section 5.8 "Conditions for completion of the Offer."

On 13 August 2017, Transocean entered into a Transaction Agreement (as amended, the "Transaction Agreement"), with Songa Offshore pursuant to which Transocean will offer to acquire all of the issued and outstanding Songa Shares, on a fully diluted basis, (the "Combination") through the Offer. The Offer is the first step in Transocean's plan to acquire all the outstanding Songa Shares. If the Offer is completed and Transocean acquires Songa Shares representing 90% (on a fully diluted basis) or more of the voting rights in Songa Offshore, Transocean, as soon as practicable following the completion of the Offer, intends to initiate a compulsory acquisition (squeeze-out) of the remaining Songa Shares not directly owned by Transocean pursuant to article 36 of the Cyprus Takeover Bids Law (L.41(I)/2007) as amended (the "Cyprus Takeover Bids Law"). See Section 5 "The terms of the Offer."

The Offer is not being made, and this Offer Document does not constitute an offer or solicitation in any jurisdiction or to any person, where the making, solicitation or acceptance of the Offer would be in violation of the laws or regulations of such jurisdiction.

Neither the U.S. Securities Exchange Commission (the "SEC") nor any U.S. state securities commission has approved or disapproved of the Consideration or passed upon the adequacy or accuracy of this Offer Document. Any representation to the contrary is a criminal offense.

Investing in the Consideration Shares and the Exchangeable Bonds involves a high degree of risk. See Section 2 "Risk Factors" beginning on page 21.

Financial Advisor and Settlement Agent

The date of this Offer Document is 20 December 2017

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IMPORTANT INFORMATION

This Offer Document has been prepared by Transocean in connection with the Offer made by Transocean to acquire all the outstanding shares in Songa Offshore on the terms and conditions set out in this Offer Document.

This Offer Document has been prepared to comply with the Norwegian Securities Trading Act of 29 June 2007 no. 75 (the "Norwegian Securities Trading Act") and related secondary legislation, including the Commission Regulation (EC) no. 809/2004 implementing Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 regarding information contained in prospectuses, as amended and as implemented in Norway. This Offer Document has been prepared solely in the English language. The Financial Supervisory Authority of Norway (Nw.: Finanstilsynet) (the "Norwegian FSA") has reviewed and approved this Offer Document in accordance with Sections 7-7 and 7-8 of the Norwegian Securities Trading Act on 20 December 2017. The Norwegian FSA has not controlled or approved the accuracy or completeness of the information included in this Offer Document. The approval by the Norwegian FSA only relates to the information included in accordance with pre-defined disclosure requirements. The Norwegian FSA has not made any form of control or approval relating to corporate matters described in or referred to in this Offer Document. This Offer Document has also been prepared to comply with the requirements regarding voluntary offers set out in Section 6-19 of the Norwegian Securities Trading Act. The Oslo Stock Exchange, in its capacity as take over authority of Norway pursuant to Section 6-4 of the Norwegian Securities Trading Act, has reviewed and approved the offer document included as Section 5 "The terms of the Offer" to this Offer Document.

This Offer Document has further been prepared to comply with Section 652a of the Swiss Code of Obligations and the requirement set forth thereunder to establish an issue prospectus in the event a corporation incorporated under Swiss law publicly offers new shares for subscription.

For definitions of certain other terms used throughout this Offer Document, see Section 20 "Definitions and Glossary of Terms."

The Company has appointed Clarksons Platou Securities AS as its financial advisor and settlement agent in connection with the Offer (the "Financial Advisor" or "Settlement Agent").

The information contained herein is current as at the date hereof and subject to change, completion and amendment without notice. In accordance with Section 7-15 of the Norwegian Securities Trading Act, significant new factors, material mistakes or inaccuracies relating to the information included in this Offer Document, which are capable of affecting the assessment by investors of the Consideration between the time of approval of this Offer Document by the Norwegian FSA and the end of the Offer Period, will be included in a supplement to this Offer Document. Neither the publication nor distribution of this Offer Document, nor the offer or sale of any Consideration Share or Exchangeable Bond, shall under any circumstances imply that there has been no change in the Group's affairs or that the information herein is correct as at any date subsequent to the date of this Offer Document.

No person is authorised to give information or to make any representation concerning the Group or in connection with the Offer or the offer and sale of the Consideration other than as contained in this Offer Document. If any such information is given or made, it must not be relied upon as having been authorised by the Company or the Financial Advisor or by any of the affiliates, representatives, advisors or selling agents of any of the foregoing.

The distribution of this Offer Document and the offer and sale of the Consideration in certain jurisdictions may be restricted by law. This Offer Document does not constitute an offer of, or an invitation to purchase, any of the Consideration in any jurisdiction in which such offer or sale would be unlawful. Neither this Offer Document nor any advertisement or any other offering material may be distributed or published in any jurisdiction except under circumstances that will result in compliance with applicable laws and regulations. Persons in possession of this Offer

Document are required to inform themselves about and to observe any such restrictions. In addition, the Shares and Exchangeable Bonds are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under applicable securities laws and regulations. Investors should be aware that they may be required to bear the financial risks of this investment for an indefinite period of time. Any failure to comply with these restrictions may constitute a violation of applicable securities laws. See Section 7 "Selling and Transfer Restrictions."

This Offer Document and the terms and conditions of the Offer as set out herein and any offer and sale of the Consideration hereunder shall be governed by and construed in accordance with Norwegian law.

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In making an investment decision, prospective investors must rely on their own examination, and analysis of, and enquiry into the Group and the terms of the Offer, including the merits and risks involved. None of the Company or the Financial Advisor, or any of their respective representatives or advisers, is making any representation to any offeree or purchaser of the Consideration regarding the legality of an investment in the Consideration by such offeree or purchaser under the laws applicable to such offeree or purchaser. Each investor should consult with his or her own advisors as to the legal, tax, business, financial and related aspects of a purchase of the Consideration.

All Sections of the Offer Document should be read in context with the information included in Section 4 "General Information."

NOTICE TO INVESTORS IN THE UNITED STATES

This Offer is made for the securities of a non-U.S. company. The Offer is subject to the disclosure requirements of Norway, which are different from those of the United States. Financial statements of Songa Offshore included in this Offer Document have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and, accordingly, may not be comparable to the financial statements of Transocean or other U.S. companies.

It may be difficult for you to enforce your rights and any claim you may have arising under the U.S. federal securities laws, since Transocean and TINC, as the issuers of the Consideration, are located in Switzerland and the Cayman Islands, respectively, and some or all of their respective officers and directors may not be U.S. residents. You may not be able to sue a Swiss or Cayman Islands company or its officers or directors in a non-U.S. court for violations of the U.S. securities laws. It may also be difficult to compel a Swiss or Cayman Islands company and their affiliates to subject themselves to a U.S. court's judgment.

You should be aware that Transocean may purchase securities otherwise than under the Offer, such as in open market or privately negotiated purchases.

The Consideration that will be issued in connection with the Offer will be registered under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act"), and will not be subject to any restrictions on transfer arising under the U.S. Securities Act and the U.S. Securities Exchange Act of 1934, as amended (the "U.S. Exchange Act"), except for Consideration issued to any Songa Offshore shareholder who may be deemed to be an "affiliate" of Transocean for purposes of Rule 144 under the U.S. Securities Act after the completion of the Offer.

The Offer is for the shares of a Cyprus company with shares listed for trading on the Oslo Stock Exchange, and matters of a legal nature related to the Offer, as well as securities law issues, are subject to Norwegian and Cyprus law. The provisions of the Norwegian and Cyprus law differ considerably from the corresponding U.S. legal provisions. Only a limited set of U.S. legal provisions apply to the Offer and this Offer Document. With respect to the issuance of the Consideration Shares, only a limited set of Swiss legal provisions apply to the Offer and this Offer Document. The applicable procedural and disclosure requirements of Norwegian law are different than those of the U.S. securities laws in certain material respects. The timing of payments, withdrawal rights, settlement procedures, and other timing and procedural matters of the Offer are consistent with Norwegian practice, which differs from U.S. domestic tender offer procedures.

Neither the SEC nor any U.S. state securities commission has approved or disapproved of the Consideration or passed upon the adequacy or accuracy of this Offer Document. Any representation to the contrary is a criminal offense.

NOTICE TO INVESTORS IN THE UNITED KINGDOM

This Offer Document and any other material in relation to the Offer described herein is only being distributed to and is only directed at persons in the United Kingdom that are (i) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order") or (ii) high net worth entities, and other persons to whom this Offer Document may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "UK Relevant Persons"). The Consideration is only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire the Consideration will be engaged in only with, UK Relevant Persons. Any person who is not a UK Relevant Person should not act or rely on this document or any of its contents.

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NOTICE TO INVESTORS IN THE EUROPEAN ECONOMIC AREA

In any member state of the European Economic Area (the "EEA") that has implemented the EU Prospectus Directive (as defined below), other than Norway (each, a "Relevant Member State"), this communication is only addressed to and is only directed at qualified investors in that Member State within the meaning of the EU Prospectus Directive. The Offer Document has been prepared on the basis that all offers of Consideration outside Norway will be made pursuant to an exemption under the EU Prospectus Directive from the requirement to produce a prospectus for offer of shares. Accordingly, any person making or intending to make any offer within the EEA of the Consideration that is the subject of the Offer contemplated in this Offer Document within any EEA member state (other than Norway) should only do so in circumstances in which no obligation arises for the Company or the Financial Advisor to publish a prospectus or a supplement to a prospectus under the EU Prospectus Directive for such offer. Neither the Company nor the Financial Advisor have authorised, nor do they authorise, the making of any offer of Shares through any financial intermediary, other than offers made by Financial Advisor which constitute the final placement of the Consideration contemplated in this Offer Document.

Each person in a Relevant Member State other than, in the case of paragraph (a), persons receiving offers contemplated in this Offer Document in Norway, who receives any communication in respect of, or who acquires any Consideration Shares and Exchangeable Bonds under, the Offer contemplated in this Offer Document will be deemed to have represented, warranted and agreed to and with the Financial Advisor and the Company that:

(a) it is a qualified investor as defined in the EU Prospectus Directive, and

(b) in the case of any Consideration Shares or Exchangeable Bonds acquired by it as a financial intermediary, as that term is used in Article 3(2) of the EU Prospectus Directive, (i) such Consideration Shares or Exchangeable Bonds, as applicable, acquired by it in the Offer have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than qualified investors, as that term is defined in the EU Prospectus Directive, or in circumstances in which the prior consent of the Financial Advisor has been given to the offer or resale; or (ii) where such Consideration Shares or Exchangeable Bonds, as applicable, have been acquired by it on behalf of persons in any Relevant Member State other than qualified investors, the offer of those Consideration Shares or Exchangeable Bonds, as applicable, to it is not treated under the EU Prospectus Directive as having been made to such persons.

For the purposes of this provision, the expression an "offer to the public" in relation to any of the Consideration Shares or Exchangeable Bonds in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the Offer and any Consideration Shares or Exchangeable Bonds to be offered so as to enable an investor to decide to purchase any of the Consideration, as the same may be varied in that Relevant Member State by any measure implementing the EU Prospectus Directive in that Relevant Member State, and the expression "EU Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in each Relevant Member State, and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

See Section 7 "Selling and Transfer Restrictions" for certain other notices to investors.

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1SUMMARY

Summaries are made up of disclosure requirements known as "Elements." These Elements are numbered in Sections A – E (A.1 – E.7).

This summary contains all the Elements required to be included in a summary for the types of securities and issuers in this Offer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in the summary because of the types of securities and issuers in this Offer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of "not applicable."

Section A – Introduction and Warnings

A.1	Warning	This summary should be read as an introduction to the Prospectus. Any decision to invest in the Shares should be based on consideration of the Prospectus as a whole by the investor. Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the relevant European Union member states, have to bear the costs of translating the Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such securities.
A.2	Consent to use of prospectus by financial intermediaries	Not applicable; no consent is granted by the Company or TINC to the use of the Prospectus for subsequent resale or final placement of the securities described herein.

Section B – Issuer

B.1	Legal and commercial names	Transocean Ltd. is the issuer of Consideration Shares under the Offer and Transocean Inc. is the issuer of Exchangeable Bonds.
B.2	Domiciles and legal form, legislation and countries of incorporation	Transocean Ltd. is a corporation incorporated under the laws of Switzerland and Transocean Inc. is a corporation incorporated under the Companies Law of the Cayman Islands. Transocean is registered in Switzerland with enterprise identification number (UID) CHE-114.461.224 and TINC is registered in the Cayman Islands under the business registration number 89645.

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B.3	Current operations, principal activities and markets	The Group is a leading international provider of offshore contract drilling services for oil and gas wells.1 The Group's primary business is to contract its drilling rigs, related equipment and work crews predominantly on a day rate basis to drill oil and gas wells. The Group specializes in technically demanding regions of the global offshore drilling business with a particular focus on ultra-deepwater and harsh environment drilling services. The Group believes its mobile offshore drilling fleet is one of the most versatile fleets in the world, consisting of floaters used in support of offshore drilling activities and offshore support services on a worldwide basis. The Group's drilling fleet consists of floaters, which include drillships and semisubmersibles. Most of the Group's drilling equipment is suitable for both exploration and development, and the Group normally engages in both types of drilling activity. All of the Group's drilling rigs are mobile and can be moved to new locations in response to customer demand. All of the Group's 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 drill pipe, riser and drilling supplies. As of 30 November 2017, the Group's offshore drilling fleet consists of 26 ultra-deepwater floaters, seven harsh environment floaters, two deepwater floaters and four midwater floaters. As of 30 November 2017, the Group also had three ultra-deepwater drillships under construction or under contract to be constructed. The Company also operates two jackups that were under contract at the time of sale and will continue to operate such jackups until completion or novation of their respective drilling contracts.
B.4a	Significant recent trends	The Company has not experienced any trends that are considered significant to the Group since 31 December 2016 and to the date of this Prospectus.
B.4b	Known trends affecting the issuers and the industries in which they operate	The Company believes that the following material factors may have effects on the Group's results: The offshore drilling markets in which the Group compete experiences fluctuations in the demand for drilling services and is highly competitive with numerous industry participants, none of which has a dominant market share. Presently, there are numerous recently constructed high-specification floaters and other drilling units capable of competing with the Group's rigs that have entered the global market. Future expectations of lower day rates or rig utilization rates or a significant change to the composition of one or more of the Group's asset groups could result in the recognition of additional losses on impairment if future cash flow expectations, based upon information available to management at the time of measurement, indicate that the carrying amount of the Group's asset groups may be impaired. Likewise, if the Group commits to a plan to sell or retire additional floaters, this would result in the recognition of additional losses on impairment of the Group's long-lived asset groups.

1 Source the Company.

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B.5	Description of the Group	The Group's operations are carried out by its various operating subsidiaries. The following chart shows the legal structure of the Group: If and when Songa Offshore is acquired by the Group in connection with the Offer, Songa Offshore and its subsidiaries are expected to become direct or indirect subsidiaries of Transocean or TINC.
B.6	Interests in the Company and voting rights	If a person's, entity's or consolidated group's proportion of the total issued shares and/or rights to shares in a company listed on the NYSE reaches, exceeds or falls below the 5% threshold of the share capital or the voting rights of that company, the person, entity or group in question has an obligation under Section 13 of the U.S. Exchange Act to notify the SEC and the issuer of such change in ownership on a disclosure statement by filing the appropriate documentation with the SEC. The same applies if the disclosure threshold is passed due to other circumstances, such as a change in a company's share capital. Listed below are the only persons who, to the knowledge of the Company, may be deemed to be beneficial owners, as of 30 November 2017, of more than 5% of the Shares:

Name and Address of Beneficial Owner	Shares Beneficially Owned		Percent of Class(1)	
The Vanguard Group 100 Vanguard Blvd. Malvern, PA 19355	39,971,930	(2)	10.18	%
BlackRock, Inc. 55 East 52nd Street New York, NY 10055	22,962,443	(3)	5.85	%
State Street Corporation State Street Financial Center One Lincoln Street Boston, MA 02111	19,714,580	(4)	5.02	%

(1) The percentage indicated is based on 392,610,159 Company shares deemed to be outstanding as of 1 March 2017.

(2) The number of shares is based on the Schedule 13G/A filed with the SEC on 10 February 2017, by The Vanguard Group. According to the filing, The Vanguard Group has sole voting power with regard to 512,455 shares, shared voting power with regard to 41,138 shares, sole dispositive power with regard to 39,438,988 shares and shared dispositive power with regard to 532,942 shares.

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(3) The number of shares is based on the Schedule 13G filed with the SEC on 30 January 2017, by BlackRock, Inc. According to the filing, BlackRock Inc. has sole voting power with regard to 20,335,270 shares, shared voting power with regard to 6,700 shares, sole dispositive power with regard to 22,955,743 shares and shared dispositive power with regard to 6,700 shares.
(4) The number of shares is based on the Schedule 13G filed with the SEC on 10 February 2017, by State Street Corporation. According to the filing, State Street Corporation has shared voting power and shared dispositive power with regard to 19,714,580 shares.

EY Houston") and Ernst & Young Ltd, Zurich, Switzerland ("EY Zurich"). EY Houston and its auditors are registered with the Public Company Accounting Oversight Board. EY Zurich, is registered with the Swiss Federal Audit Oversight Authority. The consolidated financial statements as of 31 December 2016 and 2015 and the three years in the period ended 31 December 2016, 2015, and 2014, have been audited by EY Houston and EY Zurich. The condensed consolidated financial statements as of 30 September 2017 and for the three and nine month periods ended 30 September 2017 and 2016, are unaudited.

The Company is not aware of any persons or entities who, directly or indirectly, jointly or severally, will exercise or could exercise control over the Company following completion of the Offer. The Company is not aware of any arrangements the operation of which may at a subsequent date result in a change of control of the Company.

B.7	Selected historical key financial information of the Company	The following selected consolidated financial data for the Group has been derived from the financial statements as of and for the three and nine month periods ended 30 September 2017 and 2016, and for each of the three years ended 31 December 2016, 2015 and 2014. The selected consolidated financial data set forth in this Section should be read in conjunction with the financial statements as incorporated by reference in this Prospectus. See Section 19.3 "Incorporation by reference." The Company's consolidated financial statements as of 31 December 2016 and 2015 and for each of the three years in the period ended 31 December 2016 included under "Item 8. Financial Statements and Supplementary Data" of the Group's annual report on Form 10-K for the year ended 31 December 2016, and the Company's condensed consolidated interim financial statements as of 30 September 2017 and for the three and nine months ended 30 September 2017 and 2016 included under "Item 1. Financial Information" of the Group's quarterly report on Form 10-Q for the quarterly period ended 30 September 2017, have been prepared in accordance with U.S. GAAP. The Group's auditors are Ernst & Young LLP, at 1401 McKinney Street, Suite 1200 in Houston, Texas, 77010 ("EY Houston") and Ernst & Young Ltd, Zurich, Switzerland ("EY Zurich"). EY Houston and its auditors are registered with the Public Company Accounting Oversight Board.

EY Zurich, is registered with the Swiss Federal Audit Oversight Authority. The consolidated financial statements as of 31 December 2016 and 2015 and the three years in the period ended 31 December 2016, 2015, and 2014, have been audited by EY Houston and EY Zurich. The condensed consolidated financial statements as of 30 September 2017 and for the three and nine month periods ended 30 September 2017 and 2016, are unaudited.

The amounts from the financial statements are presented in U.S. dollars, rounded to the nearest million, unless otherwise stated.

The selected consolidated financial data set forth below may not contain all of the information that is important to a potential purchaser of shares in the Company, and the data should be read in conjunction with the relevant consolidated financial statements and the notes to those statements.

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Selected data from consolidated statements of operations

The table below sets out selected data derived from the Group's audited consolidated statements of operations for the years ended 31 December 2016, 2015 and 2014 (audited), and the Group's unaudited condensed consolidated statements of operations for the nine months ended 30 September 2017 and 2016 (unaudited).

	Nine months ended 30 September		Year ended 31 December		
(In millions of U.S. dollars, except per share data)	2017	2016	2016	2015	2014
Operating revenues	$ 2,344	$ 3,187	$ 4,161	$ 7,386	$ 9,185
Operating income (loss)	$ (2,516)	$ 816	$ 1,132	$ 1,365	$ (1,347)
Income (loss) from continuing operations	$ (2,995)	$ 570	$ 827	$ 895	$ (1,880)
Net income (loss)	$ (2,995)	$ 570	$ 827	$ 897	$ (1,900)
Net income (loss) attributable to controlling interest	$ (3,016)	$ 535	$ 778	$ 865	$ (1,839)
Per share earnings (loss) from continuing operations					
Basic	$ (7.72)	$ 1.44	$ 2.08	$ 2.36	$ (5.02)
Diluted	$ (7.72)	$ 1.44	$ 2.08	$ 2.36	$ (5.02)

Selected data from consolidated balance sheets

The table below sets out selected data derived from the Group's audited consolidated balance sheets as of 31 December 2016 and 2015 and the Group's unaudited condensed consolidated balance sheet as of 30 September 2017.

	As of 30 September	As of 31 December	
(In millions of U.S. dollars)	2017	2016	2015
Total assets	$ 22,441	$ 26,899	$ 26,431
Debt due within one year	$ 799	$ 724	$ 1,093
Long-term debt	$ 6,501	$ 7,740	$ 7,397
Total equity	$ 12,803	$ 15,805	$ 15,000

Selected data from consolidated statements of cash flows

The table below sets out selected data derived from the Group's audited consolidated statements of cash flows for the years ended 31 December 2016, 2015 and 2014, and the Group's unaudited condensed consolidated statements of cash flows for the nine months ended 30 September 2017 and 2016.

	Nine months ended 30 September		Year ended 31 December		
(In millions of U.S. dollars, except per share data)	2017	2016	2016	2015	2014
Cash provided by operating activities	$ 887	$ 1,278	$ 1,911	$ 3,445	$ 2,220
Cash used in investing activities	$ (46)	$ (1,056)	$ (1,313)	$ (1,932)	$ (1,828)
Cash provided by (used in) financing activities	$ (1,176)	$ (27)	$ 115	$ (1,809)	$ (1,000)
Capital expenditures	$ 386	$ 1,072	$ 1,344	$ 2,001	$ 2,165
Distributions of qualifying additional paid-in capital	$ —	$ —	$ —	$ 381	$ 1,018
Per share distributions of qualifying additional paid-in capital	$ —	$ —	$ —	$ 1.05	$ 2.81

B.8	Selected key pro forma financial information	Not applicable. The Prospectus does not contain any pro forma financial information.
B.9	Profit forecast or estimate	Not applicable. The Prospectus does not contain any valid profit forecasts or estimates.

B.10	Audit report qualifications	In its latest audit report, EY Houston stated that the Company's management had identified a material weakness in the controls related to the Company's income tax process and, because of the effect of this material weakness, the Company and its subsidiaries had not maintained effective internal control over financial reporting as of 31 December 2016, based on the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework). The identification of this material weakness and related remedial actions is described in Section 11.6 "Internal Controls and Procedures."
B.11	Working capital of the Company	The Company is of the opinion that the working capital available to the Group is sufficient for the Group's present requirements, for the period covering at least 12 months from the date of this Offer Document.
B.13	Recent events particular to TINC which are to a material extent relevant to the evaluation of the issuer's solvency	There has been no material adverse change in the prospects of TINC or the Guarantor since 31 December 2016.
		There are no recent events particular to the TINC or the Guarantor which are to a material extent relevant to the evaluation of the issuer's solvency.
B.14	TINC's position within the Group	TINC is a wholly-owned subsidiary of Transocean.
B.15	Principal activities of TINC	TINC is a wholly owned subsidiary of Transocean and virtually all of Transocean's operations are carried out through TINC and its subsidiaries. Transocean has no independent assets or operations, and its other subsidiaries not owned indirectly through TINC are minor. TINC has no independent assets and operations, other than those related to its investments in operating companies and balances primarily pertaining to its cash and cash equivalents and debt. For further information on the Group's operations, see Element B.3 above.
B.16	Controlling interests in TINC	TINC is a wholly-owned subsidiary of Transocean, and a member of the Group.
B.17	Credit ratings	Not applicable. No credit ratings have been assigned to TINC or the Exchangeable Bonds at the request of or with the cooperation of the issuer in the rating process.
B.18	Guarantee	The Company is the guarantor of the Exchangeable Bonds. See Element C.9.

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Section C – Securities

		US893830BJ77 / 893830 BJ7.
C.1	Type and class of securities	The Company has one class of shares, and the Consideration Shares will have equal rights in all respects as the existing Shares. The Shares are registered in book-entry form in DTC under the ISIN CH0048265513. The Exchangeable Bonds will constitute senior unsecured debt of TINC and will rank equally with its senior unsecured debt from time to time outstanding, senior to its subordinated debt from time to time outstanding, and effectively junior to its secured debt and to all debt and other liabilities of its subsidiaries from time to time outstanding. Transocean's guarantee will rank equally with all of its other unsecured and subordinated debt from time to time outstanding. The Exchangeable Bonds issued in the Offer will be evidenced by one or more global securities deposited with the trustee as custodian for DTC. The global securities will be registered in the name of Cede & Co., as DTC's nominee. The address of DTC is 55 Water Street, New York, NY, United States. The Exchangeable Bonds are registered under the ISIN/CUSIP US893830BJ77 / 893830 BJ7.
C.2	Currency of securities issue	The Shares are, and the Consideration Shares and Exchangeable Bonds will be, issued, quoted and traded in USD.
C.3	Number of shares in issue and par value	As of 30 November 2017, the share capital of the Company registered in the commercial register was 39,480,199 Swiss francs, divided into 394,801,990 shares, par value CHF 0.10 each.
C.4	Rights attaching to the shares	The Company has one class of Shares in issue and, in accordance with the Swiss Code of Obligations, all Shares in that class provide equal rights in the Company, including the right to any dividends. Each of the Shares carries one vote.
C.5	Restrictions on transfer	The Consideration that will be issued in connection with the Offer will be registered under the U.S. Securities Act and will not be subject to any restrictions on transfer arising under the U.S. Securities Act and the U.S. Exchange Act, except for Consideration issued to any Songa Offshore shareholder who may be deemed to be an "affiliate" of Transocean for purposes of Rule 144 under the U.S. Securities Act after the completion of the Offer. See also Section 7 "Selling and Transfer Restrictions."
C.6	Admission to trading of the Consideration Shares	Subject to completion of the Offer, the Consideration Shares are expected to be listed on the NYSE as of the completion of the Offer.

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C.7	Dividend policy of the Company	In deciding whether to propose a dividend and in determining the dividend amount to propose to the general meeting of shareholders for distribution, the Board of Directors will take into account applicable legal restrictions, as set out in the Swiss Code of Obligations (see Section 14.3 “Legal constraints on the distribution of dividends”), the Company’s capital requirements, including capital expenditure requirements, its financial condition, general business conditions and any restrictions that its contractual arrangements in place at the time of the dividend may place on its ability to pay dividends and the maintenance of appropriate financial flexibility. The Board of Directors may also propose to the general meeting of shareholders a distribution through par value reductions or out of qualifying additional paid-in capital as shown on the Company’s standalone Swiss statutory financial statements. The amount of par value available for the Company to use for par value reductions or the amount qualifying additional paid-in capital available for the Company to pay out as distributions is limited. If the Company is unable to make a distribution through a reduction in par value, or out of qualifying additional paid-in capital as shown on the Company’s standalone Swiss statutory financial statements, the Company may not be able to make distributions without subjecting its shareholders to Swiss withholding taxes. The Company may also make distributions by repurchasing Shares under the share repurchase program, approved by the general meeting of shareholders in 2009 and pursuant to which the Company may repurchase Shares of up to CHF 3.5 billion for cancellation (see Section 12.7.2 “Sources and uses of liquidity”). There can be no assurance that a dividend will be proposed or declared in any given period. If a dividend is proposed or declared, there can be no assurance that the dividend amount or yield will be as contemplated above.
C.8	Rights of the Exchangeable Bonds	The Exchangeable Bonds will constitute senior unsecured debt of TINC and will rank equally with its senior unsecured debt from time to time outstanding, senior to its subordinated debt from time to time outstanding, and effectively junior to its secured debt and to all debt and other liabilities of its subsidiaries from time to time outstanding. Transocean’s guarantee will rank equally with all of its other unsecured and subordinated debt from time to time outstanding. See Section 16 “Description of the Exchangeable Bonds.”

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C.9	Key terms of the Exchangeable Bonds	Issuer: Transocean Inc. Guarantor: Transocean Ltd. Securities Offered: 0.5% Exchangeable Senior Bonds due 2023. Principal Amount: Up to USD 575,803,000 principal amount of Exchangeable Bonds will be issued in the Offer and approximately USD 273,503,000 principal amount (assuming a NOK/USD exchange rate of 8.3719, which was the closing price at 4:00 p.m. CET as determined by Norges Bank on 13 December 2017, and settlement of the purchase on or about 30 January 2018) of Exchangeable Bonds will be issued in connection with the refinancing of certain Songa Offshore indebtedness. The actual principal amount of Exchangeable Bonds issued in connection with the purchase of certain Songa Offshore indebtedness and interest payable through the date of settlement may vary from the approximate value above based on the NOK/USD closing price, as determined by Norges Bank on the trading day immediately prior to the settlement of the purchase. Currency: USD. Issue Date: On or around 30 January 2018. Maturity Date: The date that is five years after the Issue Date. Ranking: See Element C.8. Interest Payment Dates: 30 January and 30 July of each year, beginning 30 July 2018. Interest Rate/Yield: 0.5% per annum. Interest on the Exchangeable Bonds will be calculated on the basis of a 360-day year consisting of twelve 30-day months. Permitted Denominations: USD 1,000. Amortisation: Amortisation in full on the Maturity Date. Trustee and Paying Agent: Wells Fargo Bank, National Association, 1445 Ross Avenue, Suite 4300, MAC T9216-430, Dallas, TX 75202. The Trustee and Paying Agent is not a representative of the holders of the Exchangeable Bonds. The Trustee and Paying Agent will act only in accordance with the requirements of the indenture governing the Exchangeable Bonds.
C.10	Derivative component in the interest payments on the Exchangeable Bonds	Not applicable. The Exchangeable Bonds bear fixed interest at the rate of 0.50% per annum.
C.11	Admission to trading of the Exchangeable Bonds	TINC intends to apply to list the Exchangeable Bonds on The New York Stock Exchange. The guarantor’s shares are listed for trading on The New York Stock Exchange under the ticker symbol “RIG.”

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Section D – Risks

D.1	Key risks specific to the Group or the industry in which it operates	Risks related to the business of the Group, including: The Group's drilling contracts may be terminated due to a number of events, and, during depressed market conditions, the Group's customers may seek to repudiate or renegotiate their contracts. If customers cancel some of the Group's contracts, and the Group is 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 the contracts are renegotiated, it could adversely affect the Group's consolidated statement of financial position, results of operations or cash flows. The Group's current backlog of contract drilling revenue may not be fully realized, which may have a material adverse impact on the Group's consolidated statement of financial position, results of operations or cash flows. The Group's operating and maintenance costs will not necessarily fluctuate in proportion to changes in the Group's operating revenues, which could adversely affect the Group's consolidated statement of financial position, results of operations or cash flows. The Group's business involves numerous operating hazards, and the Group's insurance and indemnities from its customers may not be adequate to cover potential losses from the Group's operations, which could adversely affect the Group's 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 the Group's business. The materialisation of such risks could adversely affect the Group's consolidated statement of financial position, results of operations or cash flows. Regulation of greenhouse gases and climate change could have a negative impact on the Group's business. The Group is subject to litigation that, if not resolved in the Group's favour and not sufficiently insured against, could have a material adverse effect on the Group. A change in tax laws, treaties or regulations, or their interpretation, of any country in which the Group has operations, are incorporated or are resident could result in a higher tax rate on the Group's worldwide earnings, which could result in a significant negative impact on the Group's earnings and cash flows from operations.

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A loss of a major tax dispute or a successful tax challenge to the Group's operating structure, intercompany pricing policies or the taxable presence of the Group's key subsidiaries in certain countries could result in a higher tax rate on the Group's worldwide earnings, which could result in a significant negative impact on the Group's earnings and cash flows from operations. Recently, a bill was introduced in the U.S. House of Representatives that, if enacted, would impose a 20% excise tax on certain deductible payments (including bareboat charter hire) made by a U.S. corporation to a foreign affiliate if such payments were subject to a reduced rate of U.S. withholding tax under a U.S. income tax treaty.

The Company's 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.

Risks related to the industry in which the Group operates, including:

The Group operates in various regions throughout the world, which may expose the Group to political and other uncertainties, which could adversely affect the Group's consolidated statement of financial position, results of operations or cash flows.

Compliance with or breach of environmental laws can be costly and/or expose the Group to liability and could limit the Group's operations.

The continuing effects of the enhanced regulations enacted following the Macondo well incident and of agreements applicable to the Group could materially and adversely affect the Group's worldwide operations.

Acts of terrorism, piracy and political and social unrest could affect the markets for drilling services, which may have a material adverse effect on the Group's results of operations.

Financial risks, including:

The Group has identified a material weakness in its internal control over financial reporting, and the Group's business and stock price may be adversely affected if the Group's internal control over financial reporting is not effective.

The Group could experience a material adverse effect on the Group's consolidated statement of financial position, results of operations or cash flows to the extent the Macondo well's operator fails to indemnify the Group or is otherwise unable to indemnify the Group for compensatory damages related to the Macondo well incident as required under the terms of the settlement agreement.

The Group relies 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 the Group's consolidated statement of financial position, results of operations or cash flows.

The recent downgrades in the Group's credit ratings by various credit rating agencies could impact the Group's access to capital and materially adversely affect the Group's business and financial condition.

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The Group has a substantial amount of debt, including secured debt, and the Group may lose the ability to obtain future financing and suffer competitive disadvantages. The materialisation of such risks could adversely affect the Group's consolidated statement of financial position, results of operations or cash flows.

The Group must make substantial capital and operating expenditures to maintain the Group's fleet, and the Group may be required to make significant capital expenditures to maintain its competitiveness and to comply with laws and the applicable regulations and standards of governmental authorities and organizations, or to execute the Group's growth plan, each of which could negatively affect the Group's financial condition, results of operations and cash flows.

The Group has significant carrying amounts of long-lived assets that are subject to impairment testing.

U.S. tax authorities could treat the Company as a passive foreign investment company, which would have adverse U.S. federal income tax consequences to U.S. holders.

The Group may be limited in its use of net operating losses and tax credits, which could adversely affect the Group's consolidated statement of financial position, results of operations or cash flows.

D.3	Key risks specific to the securities	Risks related to the Shares of Transocean, including: Future issuances of the Shares or other securities may dilute the holdings of shareholders and could materially affect the price of the Shares. Exchange rate fluctuations could adversely affect the value of the Shares and any dividends paid on the Shares for an investor whose principal currency is not U.S. dollars or Swiss francs. The Company may be unwilling or unable to pay any dividends in the future. Risks related to the Exchangeable Bonds, including: The Exchangeable Bonds are exclusively the obligations of TINC, as issuer, and Transocean, as guarantor, and not of TINC's subsidiaries or Transocean's other subsidiaries. Payments on the Exchangeable Bonds, including under the guarantees, will be effectively subordinated to claims of TINC's and Transocean's secured creditors. Servicing TINC's debt requires a significant amount of cash, and TINC may not have sufficient cash flow from its business to pay its substantial debt. Despite its current debt levels, TINC may still incur substantially more debt or take other actions which would intensify the risks discussed above. The Exchangeable Bonds are not protected by restrictive covenants. TINC may not have the funds necessary to finance a repurchase in the event of a Fundamental Change.

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The make-whole premium that may be payable upon a Fundamental Change may not adequately compensate holders for the lost value of the Exchangeable Bonds as a result of such Fundamental Change.

The exchange rate of the Exchangeable Bonds may not be adjusted for all dilutive events.

No market currently exists for the Exchangeable Bonds, and an active trading market for the Exchangeable Bonds may not develop.

Exchange of the Exchangeable Bonds will dilute the ownership interest of existing shareholders.

Volatility in the market price and trading volume of the Shares could adversely impact the trading price of the Exchangeable Bonds.

Holders of Exchangeable Bonds will not be entitled to any rights with respect to the Shares, but they will be subject to all changes made with respect to them.

Exchange rate fluctuations could adversely affect the market value of the Exchangeable Bonds and any interest paid on the Exchangeable Bonds for an investor whose principal currency is not U.S. dollars.

Holders of Exchangeable Bonds may be subject to tax if the Company makes or fails to make certain adjustments to the exchange rate of the Exchangeable Bonds even though such holders do not receive a corresponding cash distribution.

Risks related to the Offer, including:

Because the market price of the Shares fluctuates, Songa Offshore shareholders cannot be sure of the value of the Shares they may receive in the Offer; participation in the Offer may constitute a taxable event for Songa Offshore shareholders.

The completion of the Offer is subject to conditions, and the transaction agreement (as amended, the “Transaction Agreement”), a copy of which is attached as Appendix C, may be terminated in accordance with its terms and the Combination may not be completed.

The issue of the Consideration Shares must be approved by Transocean’s shareholders at an extraordinary general meeting (the “Extraordinary General Meeting”), and the Consideration Shares must be registered with the commercial register of the Canton of Zug, Switzerland before the Company can settle the Offer.

If, following the consummation of the Offer, some Songa Shares remain outstanding, then the liquidity and market value of those shares could be materially adversely affected.

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The announcement and pendency of the Offer and the other transactions contemplated by the Transaction Agreement, during which Transocean and Songa Offshore are subject to certain operating restrictions, could have an adverse effect on Songa Offshore's and Transocean's businesses and cash flows, financial condition and results of operations.

The share prices of Transocean and Songa Offshore may be adversely affected if the Offer is not completed.

The expected benefits associated with a combination of the Group and the Songa Group may not be realised.

Section E – Offer

E.1	Expenses	Transocean estimates expenses incurred by itself and TINC related to the Offer are USD 12 million (exclusive of VAT), with expenses in the amount of USD 11 million (exclusive of VAT) borne by Transocean and expenses in the amount of USD 1 million (exclusive of VAT) borne by TINC.
E.2a	Reasons for the Offer and use of proceeds	The Company believes that the Combination is an excellent strategic fit for Transocean. The Company also anticipates annual cost and operational synergies of approximately USD 40 million, inter alia based on expected savings in general and administrative costs, maintenance costs, supply and logistics costs and insurance costs.2 The transaction will strengthen the Company's industry-leading position3 in harsh environment and ultra-deepwater drilling with the addition of Songa Offshore's four "Cat D" harsh environment, semisubmersible drilling rigs on long-term contracts with Statoil in Norway and three additional semisubmersible drilling rigs. The combined company will operate a fleet of 45 mobile offshore drilling units with backlog of USD 14.3 billion, measured as of the date of the announcement on 15 August 2017, consisting of 26 ultra-deepwater floaters, 11 harsh environment floaters, two deepwater floaters and seven midwater floaters. Additionally, the Company has three ultra-deepwater drillships under construction, including one contracted with Shell for ten years. Consistent with Transocean's strategy of recycling older less capable rigs, Transocean anticipates re-ranking the combined fleet, which may result in additional rigs being recycled. Since the date of the announcement, Transocean announced the retirement of six drilling rigs, including five ultra-deepwater floaters and one deepwater floater, and the early termination by a customer of one of its contracts, representing a loss of approximately USD 200 million of contract backlog. The Company will not receive any cash proceeds from the Offer.
E.2b	Reasons for the issuance of Exchangeable Bonds and use of proceeds	See Element E.2a above.

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E.3	Terms and conditions of the Offer	Subject to the terms and conditions set forth in this Offer Document, Transocean, on behalf of itself and through its direct wholly owned subsidiary TINC, hereby offers to acquire all issued and outstanding shares in Songa Offshore (on a fully diluted basis, including Songa Shares issued by exercise of warrants or restricted share units, or conversion of Songa Offshore's convertible bonds) not owned by persons in or from jurisdictions where making of the Offer is unlawful. Songa shareholders may tender Songa Shares that are issued and delivered after expiration of the Offer Period as a result of exercise of Songa warrants or restricted share units, or conversion of Songa Offshore's convertible bonds, provided that such Songa Shares are issued prior to settlement of the Offer.

2 Source: the Company.

3 Source: the Company.

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Amendments to the Offer.” If an adjustment is made, acceptances of the Offer received prior to such adjustment shall be deemed an acceptance of the Offer as revised.

The Implied Consideration;

The exchange ratio of 0.35724 Consideration Shares and USD 2.99726 principal amount of Exchangeable Bonds for each Songa Share exchanged for Consideration Shares and Exchangeable Bonds; and

The per share value of the dividend or other distribution resolved by Songa Offshore, in or converted to USD (if applicable) as of the date the relevant resolution is made by Songa Offshore.

Offer Price”), without increasing the Offer Price for all Songa Shares included in the Offer so as to be at least equal to such higher consideration. Notwithstanding the foregoing, the Offer Price shall not be increased pursuant to the aforementioned as a result of (i) the payment of cash consideration (including the effect of any change in currency exchange rates) in any subsequent mandatory offer in accordance with the minimum Offer Price requirements as decided by the Oslo Stock Exchange, (ii) share price fluctuations during or after the Offer Period, or (iii) the application of calculation principles by the Oslo Stock Exchange or any other governmental or regulatory authority to any subsequent mandatory offer that differs from the calculation principles specified in the Transaction Agreement.

Conditions for completion of the Offer.”

Offer Period”). Transocean may in its sole discretion, and subject to approval from the Oslo Stock Exchange, extend the Offer Period (one or more times), however not beyond 15 February 2018 at 23:59 (CET). Any extensions of the Offer Period will be announced in the manner described in Section 5.16 “Notices” prior to expiry of the Offer Period. When referring to the Offer Period in this Offer Document, this refers to the Offer Period as extended from time to time. If the Offer Period is extended, the other dates referred to herein may be changed accordingly and any received acceptance forms (“Acceptance Forms”) will remain binding for the length of the extension. Except as prohibited by the Transaction Agreement and applicable law, Transocean may, at its sole discretion and at any time, decide to cancel the Offer.

The consideration in the Offer consists of (i) 0.35724 Consideration Shares and (ii) USD 2.99726 principal amount of Exchangeable Bonds to be issued by TINC and guaranteed by Transocean, for each Songa Share. Transocean will not issue any fractional Consideration Shares or fractional amounts of Exchangeable Bonds in the Offer. Each Songa Offshore shareholder who accepts the Offer and, following the completion of the Offer, any Songa Offshore shareholder in connection with a subsequent mandatory offer or compulsory acquisition (squeeze-out) (a) who would otherwise be entitled to receive a fraction of a Consideration Share will instead receive, for the fraction of a Consideration Share, an amount in cash based on USD 8.39, the closing price of the Consideration Shares on the NYSE on 14 August 2017, the last trading day prior to the announcement of the proposed Combination and Offer, and (b) who would otherwise be entitled to receive a fractional amount of Exchangeable Bonds will instead

receive, for the fractional amount of Exchangeable Bonds, an amount in cash based on USD 1,000, the principal amount per Exchangeable Bond, and in each case, paid in NOK, based on an exchange rate of 7.9239 NOK per U.S. dollar which is the NOK/USD closing price at 4:00 p.m. CET as determined by Norges Bank, on 14 August 2017, the trading day immediately preceding the announcement of the Offer. In addition, as part of the Offer, each Songa Offshore shareholder will have the option to instead elect to receive an amount in cash of NOK 47.50 per share of Songa Offshore up to a maximum of NOK 125,000 per shareholder in lieu of some or all of the Consideration Shares and Exchangeable Bonds such shareholder would otherwise be entitled to receive in the Offer. The cash consideration, if chosen, will first reduce the number of Exchangeable Bonds and then the number of Consideration Shares. The cash consideration is payable in NOK. As a consequence, accepting shareholders holding 2,631 Songa Shares or less may elect to receive the full consideration in cash. On the basis of the reference share price of Transocean at USD 8.39 per share (as quoted on the NYSE on 14 August 2017) and for the nominal value of the Exchangeable Bonds, the implied consideration being paid in the Offer is NOK 47.50 for each Songa Share (the "Implied Consideration") using the USD/NOK closing exchange rate as determined by Norges Bank as of 14 August 2017. The Implied Consideration represents a 37.0% premium to Songa Offshore's five-day average closing price of NOK 34.68 per share on 14 August 2017, the last trading day prior to Transocean's announcement of the contemplated Offer.

The rights of the Consideration Shares and any Shares issuable upon exchange of the Exchangeable Bonds will in all respects be equal to those of the existing Shares from the time of issue.

The number of Consideration Shares and Exchangeable Bonds shall each be adjusted appropriately to reflect the effect of any stock split, reverse stock split, stock dividend and other like change (including any dividend or distribution of securities convertible into Consideration Shares or Songa Shares), in accordance with the procedures set out in Section 5.15 "Amendments to the Offer." If an adjustment is made, acceptances of the Offer received prior to such adjustment shall be deemed an acceptance of the Offer as revised.

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To the extent the Consideration is adjusted pursuant to the preceding paragraph, the adjustment shall be based on the following parameters:

(i)The Implied Consideration;

(ii)The exchange ratio of 0.35724 Consideration Shares and USD 2.99726 principal amount of Exchangeable Bonds for each Songa Share exchanged for Consideration Shares and Exchangeable Bonds; and

(iii)The per share value of the dividend or other distribution resolved by Songa Offshore, in or converted to USD (if applicable) as of the date the relevant resolution is made by Songa Offshore.

No interest or other compensation other than the Consideration will be paid by Transocean to Songa Offshore shareholders for any shares tendered in the Offer. Further, no interest or other compensation will be paid by Transocean to tendering Songa Offshore shareholders in the event the Offer is not completed.

Under the terms of the Offer, the Offeror and any entity wholly owned directly or indirectly by Transocean shall not directly or indirectly acquire or enter into any agreement to acquire Songa Shares (in the open market or in privately negotiated transactions or otherwise) following announcement of the contemplated Offer until (i) the lapsing or withdrawal of the Offer or (ii) the completion of the Offer as contemplated by this Offer Document or, if relevant, expiry of a subsequent mandatory offer, at a consideration higher than the offer price (the “Offer Price”), without increasing the Offer Price for all Songa Shares included in the Offer so as to be at least equal to such higher consideration. Notwithstanding the foregoing, the Offer Price shall not be increased pursuant to the aforementioned as a result of (i) the payment of cash consideration (including the effect of any change in currency exchange rates) in any subsequent mandatory offer in accordance with the minimum Offer Price requirements as decided by the Oslo Stock Exchange, (ii) share price fluctuations during or after the Offer Period, or (iii) the application of calculation principles by the Oslo Stock Exchange or any other governmental or regulatory authority to any subsequent mandatory offer that differs from the calculation principles specified in the Transaction Agreement.

The completion of the Offer is subject to certain conditions, as further set out in Section 5.8 “Conditions for completion of the Offer.”

The shareholders of Songa Offshore may accept the Offer in the period from and including 21 December 2017 to and including 23 January 2018 at 16:30 (CET) (as extended from time to time, the “Offer Period”). Transocean may in its sole discretion, and subject to approval from the Oslo Stock Exchange, extend the Offer Period (one or more times), however not beyond 15 February 2018 at 23:59 (CET). Any extensions of the Offer Period will be announced in the manner described in Section 5.16 “Notices” prior to expiry of the Offer Period. When referring to the Offer Period in this Offer Document, this refers to the Offer Period as extended from time to time. If the Offer Period is extended, the other dates referred to herein may be changed accordingly and any received acceptance forms (“Acceptance Forms”) will remain binding for the length of the extension. Except as prohibited by the Transaction Agreement and applicable law,

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		Transocean may, at its sole discretion and at any time, decide to cancel the Offer.
E.4	Material and conflicting interests	The financial advisors to Transocean and Songa Offshore and their respective affiliates have provided from time to time, and may provide in the future, investment and commercial banking services to Transocean, TINC, Songa Offshore and their respective affiliates in the ordinary course of business, for which they may have received and may continue to receive customary fees and commissions. The financial advisors, their employees and any affiliate may currently own securities issued by Transocean, TINC and Songa Offshore. The financial advisors do not intend to disclose the extent of any such investments or transactions otherwise than in accordance with any legal or regulatory obligation to do so. Clarksons Platou Securities AS will receive a fee of USD 5.5 million if Transocean acquires at least 75% of the outstanding Songa Shares. See Element E.1 above for expenses related to the Offer. Subject to completion of the transaction contemplated by the Offer, Pareto Securities AS will receive a success fee of USD 5.7 million from Songa Offshore. The members of the Songa Board (the "Songa Board") and Songa Offshore's executive officers may have interests in the Combination that may be different, or in addition to, the interests of the Songa Offshore shareholders generally. These interests may create potential conflicts of interests. The Songa Board and Songa Offshore's executive officers were aware that such potential interests might exist. However, the decisions of the Songa Board to approve the Transaction Agreement and the transactions and covenants contemplated by the Transaction Agreement, including the Offer, were solely guided by the best interests of Songa Offshore, its shareholders, employees and other stakeholders. As of 14 August 2017, members of the Songa Board and the Songa Offshore executive officers and their affiliates, excluding Perestroika AS ("Perestroika"), owned 361,160 Songa Shares in the aggregate, representing 0.3 percent of the issued Songa Shares. In addition, Mr. Frederik W. Mohn, the Chairman of the Songa Board, is the sole owner of Perestroika, Songa Offshore's largest shareholder. As of 11 December 2017, Perestroika held 59,489,590 Songa Shares and SONG07 convertible bonds convertible into 27,556,518 Songa Shares. The material interests of certain members of the Songa Board and the Songa Offshore executive officers are summarized in more detail below: As of 11 December 2017, certain Songa Offshore executive officers collectively hold 236,505 shares of restricted stock units issued under the Songa Offshore Long-Term Incentive Plan (the "Songa Offshore Long-Term Incentive Plan"), as reflected in the table below. All amounts stated are before tax at the applicable rate for each holder. In connection with the Combination, Transocean currently expects that prior to the expiration of the Offer, the vesting of these restricted stock units will accelerate and the restricted stock units will be exchanged for Consideration Shares and Exchangeable Bonds and/or cash in the Offer.

Songa Offshore shareholder	No. of unvested restricted share units in Songa Offshore	No. of Consideration Shares to be received	Principal Amount of Exchangeable Bonds to be received (USD)
Bjørnar Iversen	95,975	34,286	287,000
Jan Rune Steinsland	70,265	25,101	210,000
Mark Bessell	70,265	25,101	210,000

As a condition to the Offer, Transocean will nominate the Perestroika designee (the “Perestroika Designee”) to serve on Transocean’s Board of Directors at the Extraordinary General Meeting.

Perestroika also holds approximately NOK 330 million principal amount of SONG04 bonds issued by Songa Offshore and a USD 50 million loan to Songa Offshore that will be purchased by Transocean in connection with the completion and settlement of the Offer.

Songa Offshore executive officers are expected to continue their employment with the combined company under the terms of their current employment agreements for an interim transitional period following completion of the Offer.

The senior management of Songa Offshore consists of Bjørnar Iversen (Chief Executive Officer), Jan Rune Steinsland (Chief Financial Officer) and Mark Bessell (Chief Operating Officer). Each member of the senior management of Songa Offshore has an agreement for 18 months of severance pay.

As a condition to the Offer, Transocean will nominate the Perestroika designee (the “Perestroika Designee”) to serve on Transocean’s Board of Directors at the Extraordinary General Meeting.

Perestroika also holds approximately NOK 330 million principal amount of SONG04 bonds issued by Songa Offshore and a USD 50 million loan to Songa Offshore that will be purchased by Transocean in connection with the completion and settlement of the Offer.

Songa Offshore executive officers are expected to continue their employment with the combined company under the terms of their current employment agreements for an interim transitional period following completion of the Offer.

		None of the members of the Transocean Board of Directors or Transocean's executive officers owns any Songa Shares or other securities exchangeable or convertible into Songa Shares. Other than the above-mentioned, the Company is not aware of any interest (including conflict of interests) of any natural or legal persons involved in the Offer.
E.5	Selling shareholders and lock-up agreements	The Consideration Shares will be issued by Transocean and, accordingly, there are no selling shareholders as part of the Offer. Perestroika has agreed that it will not sell, transfer, encumber or otherwise dispose of the Consideration Shares for a period until 15 August 2018. Such lock-up shall not apply to any Shares that Perestroika acquires through exchange of Exchangeable Bonds.

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E.6	Dilution resulting from the offering	The existing shareholders in Transocean will be diluted by approximately 27.9% as a consequence of the Offer and issuance of the Consideration Shares to the Songa Offshore shareholders, assuming the following: the issuance of approximately 68.6 million Shares as Consideration Shares and approximately USD 575.8 million aggregate principal amount of Exchangeable Bonds in the Offer (which assumes that (i) all outstanding SONG07 convertible bonds and Songa Offshore warrants are converted to and exercised for Songa Shares and tendered in the Offer, (ii) the acceleration of vesting and settlement of all restricted stock units issued under the Songa Offshore Long-Term Incentive Plan in Songa Shares that are subsequently tendered in the Offer, (iii) 100% of Songa Offshore shareholders accept the Offer and (iv) no Songa shareholder elects the Cash Election), based upon an exchange ratio of 0.35724 Shares to be issued for each tendered Songa Share; the issuance and subsequent exchange of approximately USD 273.5 million aggregate principal amount of Exchangeable Bonds to purchase certain outstanding Songa Offshore indebtedness in connection with the Combination (based on the initial exchange rate of approximately 97.29756 Shares per USD 1,000 principal amount of Exchangeable Bonds and assuming a NOK/USD exchange rate of 8.3719, which was the closing price at 4:00 p.m. CET as determined by Norges Bank on 13 December 2017, and settlement of the purchase on or about 30 January 2018); and no additional capital increase by Songa Offshore is made after 30 September 2017.
E.7	Estimated expenses charged to investor	Shareholders who accept the Offer will not have to pay brokerage fees. Transocean will pay VPS transaction costs that may occur as a direct consequence of the shareholder accepting the Offer. Transocean will not cover any other costs that a shareholder may incur in connection with acceptance of the Offer.

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2RISK FACTORS

An investment in the Company and TINC involves risks. Before making an investment decision with respect to the Offer and the Company, investors should carefully consider the risk factors and all information contained in this Offer Document, including the financial statements and related notes incorporated herein by reference. The risks and uncertainties described in this Section 2 are the principal known risks and uncertainties faced by the Group as of the date hereof that the Company believes are material to an investment in the Company. The absence of negative past experience associated with any given risk does not mean that the risks and uncertainties described herein should not be considered prior to making an investment decision in respect of the Company. If any of the following risks were to materialise, individually or together with other circumstances, they could have a material and adverse effect on the Group or its business, financial condition, results of operations, cash flows or prospects, which could cause a decline in the value and trading price of the Shares and/or Exchangeable Bonds, resulting in the loss of all or part of an investment in the same. The order in which the risks are presented does not reflect the likelihood of their occurrence or the magnitude of their potential impact on the Group's business, financial condition, results of operations, cash flows or prospects.

2.1Risks related to the business of the Group

The Group's drilling contracts may be terminated due to a number of events, and, during depressed market conditions, the Group's customers may seek to repudiate or renegotiate their contracts

Certain of the Group's drilling contracts with customers may be cancellable at the option of the customer upon payment of an early termination payment. Such payments may not, however, fully compensate the Group 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 the Group's control. During periods of depressed market conditions, the Group is subject to an increased risk of the Group's customers seeking to repudiate their contracts, including through claims of non-performance. The Group is at continued risk of experiencing early contract terminations in the current weak commodity price environment as operators look to reduce their capital expenditures. During the years ended 31 December 2016 and 2015, the Group's customers early terminated or cancelled contracts for eight and five of the Group's rigs, respectively, and these rigs currently remain idle. The Group's customers' ability to perform their obligations under their drilling contracts, including their ability to fulfill their indemnity obligations to the Group, also may be negatively impacted by an economic downturn. The Group's customers, which include national oil companies, often have significant bargaining leverage over the Group. If customers cancel some of the Group's contracts, and the Group is 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 the contracts are renegotiated, it could adversely affect the Group's consolidated statement of financial position, results of operations or cash flows. See Section 9 "Business of the Group."

The Group's current backlog of contract drilling revenue may not be fully realized, which may have a material adverse impact on the Group's consolidated statement of financial position, results of operations or cash flows

At 26 October 2017, the Group's contract backlog was approximately USD 9.4 billion. This amount represents the firm term of the drilling contract multiplied by the contractual operating rate, which may be higher than the actual day rate the Group receives or the Group may receive other day rates included in the contract, such as waiting on weather rate, repair rate, standby rate or force majeure rate. The contractual operating day rate may also be higher than the actual day rate the Group receives 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 labour strikes;
- shortages of material and skilled labour;

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- 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 day rate may be reduced to zero or result in customer credit against future day rate if, for example, repairs extend beyond a stated period of time. The Group's contract backlog includes signed drilling contracts and, in some cases, other definitive agreements awaiting contract execution. The Group may not be able to realize the full amount of the Group's contract backlog due to events beyond the Group's control. In addition, some of the Group's 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 and other market pressures could lead the Group's customers to go into bankruptcy or could encourage the Group's customers to seek to repudiate, cancel or renegotiate these agreements for various reasons (see above "The Group's drilling contracts may be terminated due to a number of events, and, during depressed market conditions, the Group's customers may seek to repudiate or renegotiate their contracts"). The Group's inability to realize the full amount of the Group's contract backlog may have a material adverse effect on the Group's consolidated statement of financial position, results of operations or cash flows.

The Group's operating and maintenance costs will not necessarily fluctuate in proportion to changes in the Group's operating revenues

The Group's operating and maintenance costs will not necessarily fluctuate in proportion to changes in the Group's operating revenues. Costs for operating a rig are generally fixed or only semi-variable regardless of the day rate being earned. In addition, should the Group's rigs incur unplanned downtime while on contract or idle time between drilling contracts, the Group will not always reduce the staff on those rigs because the Group could use the crew to prepare the rig for its next contract. During times of reduced activity, costs reductions may not be immediate because portions of the crew may be required to prepare rigs for stacking, after which time the crew members may be assigned to active rigs or released. As the Group's rigs are mobilized from one geographic location to another, the labor and other operating and maintenance costs can vary significantly. In general, labour costs increase primarily due to higher salary levels and inflation. Equipment maintenance costs fluctuate depending upon the type of activity the unit is performing and the age and condition of the equipment, and these costs could increase for short or extended periods as a result of regulatory or customer requirements that raise maintenance standards above historical levels. Contract preparation costs vary based on the scope and length of contract preparation required and the duration of the firm contractual period during which such expenditures are amortized.

The Group's business involves numerous operating hazards, and the Group's insurance and indemnities from its customers may not be adequate to cover potential losses from the Group's operations

The Group's operations are subject to the usual hazards inherent in the drilling of oil and gas wells, such as, blowouts, reservoir damage, loss of production, loss of well control, 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 the Group 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. The Group's 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 the Group's 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,

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abnormal drilling conditions, subcontractors' failure to perform or supply goods or services, or personnel shortages. The Group customarily provides contract indemnity to the Group's customers for certain claims that could be asserted by the Group relating to damage to or loss of the Group's equipment, including rigs, and claims that could be asserted by the Group or the Group's employees relating to personal injury or loss of life.

Damage to the environment could also result from the Group's operations, particularly through spillage of hydrocarbons, fuel, lubricants or other chemicals and substances used in drilling operations, or extensive uncontrolled fires. The Group may also be subject to property damage, environmental indemnity and other claims by oil and natural gas companies. Drilling involves certain risks associated with the loss of control of a well, such as blowout, cratering, the cost to regain control of or re-drill the well and remediation of associated pollution. The Group's customers may be unable or unwilling to indemnify the Group against such risks. In addition, a court may decide that certain indemnities in the Group's 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.

The Group's insurance policies and drilling contracts contain rights to indemnity that may not adequately cover the Group's losses, and the Group does not have insurance coverage or rights to indemnity for all risks. The Group has two main types of insurance coverage: (1) hull and machinery coverage for physical damage to the Group's 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. The Group generally has no hull and machinery insurance coverage for damages caused by named storms in the U.S. Gulf of Mexico. The Group maintains per occurrence deductibles that generally range up to USD 10 million for various third-party liabilities and an additional aggregate annual deductible of USD 50 million, which is self-insured through the Group's wholly-owned captive insurance company. The Group also retains the risk for any liability exceeding the Group's USD 750 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 the Group's insurance or by an enforceable or recoverable indemnity, the occurrence could adversely affect the Group's consolidated statement of financial position, results of operations or cash flows. The amount of the Group's insurance may also be less than the related impact on enterprise value after a loss. The Group's insurance coverage will not in all situations provide sufficient funds to protect the Group from all liabilities that could result from its drilling operations. The Group's coverage includes annual aggregate policy limits. As a result, the Group generally retains the risk for any losses in excess of these limits. The Group generally does not carry insurance for loss of revenue, and certain other claims may also not be reimbursed by insurance carriers. Any such lack of reimbursement may cause the Group to incur substantial costs. In addition, the Group could decide to retain more risk in the future, resulting in higher risk of losses, which could be material. Moreover, the Group may not be able to maintain adequate insurance in the future at rates that the Group considers reasonable or be able to obtain insurance against certain risks.

Recent developments in Swiss corporate governance may affect the Company's ability to attract and retain top executives

On 1 January 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 the Company's executive management and board of directors (the "Board of Directors"), (b) generally prohibits the making of severance, advance, transaction premiums and similar payments to members of the Company's executive management and Board of Directors, and (c) requires a mandatory one-year term of the Company's Board of Directors and the amendment of the Company's articles of association (the "Articles of Association") to specify various compensation-related matters. At the 2014 annual general meeting, the Company's shareholders approved amendments

to the Company's Articles of Association that implement the requirements of the Ordinance, and at each of the Company's 2015, 2016 and 2017 annual general meetings the Company's shareholders approved in a binding "say on pay" vote the compensation of members of the Company's executive management and Board of Directors. At the 2017 annual general meeting, the Company's shareholders approved the maximum aggregate compensation of (1) the Company's Board of Directors for the period between the 2017 annual general meeting and the 2018 annual general meeting and (2) the Company's Executive Management Team for the year ending 31 December 2018. The Company's shareholders will be asked to approve such matters for successive one-year

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periods at subsequent annual general meetings. 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 the Company's ability to attract and retain executive management and members of the Company's Board of Directors.

Corporate restructuring activity, divestitures, acquisitions and other business combinations and reorganizations could adversely affect the Group's ability to achieve the Group's strategic goals

The Group has undertaken and continues to seek appropriate opportunities for restructuring the Group's organization, engaging in strategic acquisitions, divestitures and other business combinations in order to optimize the Group's fleet and strengthen the Group's competitiveness. The Group faces risks arising from these activities, which could adversely affect the Group's ability to achieve its strategic goals. For example:

- the Group may be unable to realize the growth or investment opportunities, improvement of the Group's financial position and other expected benefits by these activities in the expected time period or at all;
- transactions may not be completed as scheduled or at all due to legal or regulatory requirements, market conditions or contractual and other conditions to which such transactions are subject;
- unanticipated problems could also arise in the integration or separation processes, including unanticipated restructuring or separation expenses and liabilities, as well as delays or other difficulties in transitioning, coordinating, consolidating, replacing and integrating personnel, information and management systems, and customer products and services; and
- the diversion of management and key employees' attention may detract from the Group's ability to increase revenues and minimize costs.

Certain transactions may result in other unanticipated adverse consequences.

Failure to recruit and retain key personnel could hurt the Group's operations

The Group depends on the continuing efforts of key members of the Group's management, as well as other highly skilled personnel, to operate and provide technical services and support for the Group's 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. The Group may experience a reduction in the experience level of the Group's personnel as a result of any increased turnover and ongoing staff reduction initiatives, 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 the Group may experience increases in costs or limits on operations.

Significant part or equipment shortages, supplier capacity constraints, supplier production disruptions, supplier quality and sourcing issues or price increases could increase the Group's operating costs, decrease the Group's revenues and adversely impact the Group's operations

The Group's reliance on third-party suppliers, manufacturers and service providers to secure equipment, parts, components and sub-systems used in the Group's operations exposes the Group to volatility in the quality, prices and availability of such items. A disruption in the deliveries from 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 the Group's ability to meet its commitments to customers, adversely impact the Group's operations and revenues or increase the Group's operating costs.

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The Group's labour costs and the operating restrictions under which the Group operates could increase as a result of collective bargaining negotiations and changes in labour laws and regulations

Approximately 28% of the Group's total workforce, working primarily in Angola, Brazil, Norway and the U.K. are represented by, and some of the Group's contracted labour work under, collective bargaining agreements, substantially all of which 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 the Group's labour costs and operating restrictions.

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 the Group's business

The U.S. Foreign Corrupt Practices Act ("FCPA"), the U.K. Bribery Act 2010 ("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. The Group operates 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 the Group is found to be liable for violations under the FCPA, the Bribery Act or other similar laws, either due to the Group's acts or omissions or due to the acts or omissions of others, including the Group's partners in various joint ventures, the Group could suffer from civil and criminal penalties or other sanctions, which could have a material adverse effect on the Group's business, financial condition and results of operations. In addition, investors could negatively view potential violations, inquiries or allegations of misconduct under the FCPA, the Bribery Act or similar laws, which could adversely affect the Group's reputation and the market for the Group's shares.

The Group could also face fines, sanctions and other penalties from authorities in the relevant jurisdictions, including prohibition of the Group's participation in or curtailment of business operations in those jurisdictions and the seizure of rigs or other assets. Additionally, the Group could also face other third-party claims by agents, shareholders, debt holders, or other interest holders or constituents of the Group. Further, disclosure of the subject matter of any investigation could adversely affect the Group's reputation and the Group's ability to obtain new business from potential customers or retain existing business from the Group's current customers, to attract and retain employees and to access the capital markets. The Group's customers in relevant jurisdictions could seek to impose penalties or take other actions adverse to the Group's interests, and the Group may be required to dedicate significant time and resources to investigate and resolve allegations of misconduct, regardless of the merit of such allegations.

Regulation of greenhouse gases and climate change could have a negative impact on the Group's business

A number of scientific studies suggests that emissions of certain gases, including greenhouse gases, 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 greenhouse gas emissions, in particular emissions from fossil fuels, are attracting increasing attention worldwide.

In the U.S., the U.S. Environmental Protection Agency ("EPA") has begun adopting and implementing a comprehensive suite of regulations to restrict emissions of greenhouse gases under existing provisions of the Clean Air Act. In addition, a number of other federal, state and regional efforts have focused on tracking or reducing greenhouse gas emissions. Efforts have also 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. In December 2015, the U.S.

joined the international community at the 21st Conference of the Parties of the United Nations Framework Convention on Climate Change in Paris, France, however at the date of this Offer Document the U.S.' participation in such arrangement is in doubt. Nevertheless, the resulting Paris Agreement calls for the parties to undertake "ambitious efforts" to limit the average global temperature and to conserve and enhance sinks and reservoirs of greenhouse gases. The Paris Agreement, if ratified, establishes a framework for the parties to cooperate and report actions to reduce greenhouse gas emissions.

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Because the Group's 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 greenhouse gases and climate change, including incentives to conserve energy or use alternative energy sources, could have a negative impact on the Group's 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 the Group's business.

The Group is subject to litigation that, if not resolved in the Group's favour and not sufficiently insured against, could have a material adverse effect on the Group

The Group is subject to a variety of disputes, investigations and litigation. Certain of the companies in the Group 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 companies in the Group that have been put on notice of potential liabilities have no assets. Further, the Group's patent for dual-activity technology has been successfully challenged in certain jurisdictions, and the Group has been accused of infringing other patents. Other companies in the Group are subject to litigation relating to environmental damage. The Group cannot predict the outcome of the cases involving those companies or the potential costs to resolve them. Insurance may not be applicable or sufficient in all cases, insurers may not remain solvent, policies may not be located, and liabilities associated with the Macondo well incident (see Section 9.11.1 "Macondo well incident") may exhaust some or all of the insurance available to cover certain claims. Suits against non-asset-owning companies in the Group have and may in the future give rise to alter ego or successor-in-interest claims against the Group and the Group's asset-owning subsidiaries to the extent a Group Company is unable to pay a claim or insurance is not available or sufficient to cover the claims. The Group is subject to litigation with certain of the Group's customers. The Group is also subject to a number of significant tax disputes. To the extent that one or more pending or future litigation matters is not resolved in the Group's favour and is not covered by insurance, a material adverse effect on the Group's financial results and condition could result.

The Group's information technology systems are subject to cybersecurity risks and threats

The Group depends on digital technologies to conduct the Group's offshore and onshore operations, to collect payments from customers and to pay vendors and employees. Threats to the Group's information technology systems associated with cybersecurity risks and cyber-incidents or attacks continue to grow. In addition, breaches to the Group's systems could go unnoticed for some period of time. Risks associated with these threats include disruptions of certain systems on the Group's rigs; other impairments of the Group's ability to conduct the Group's operations; loss of intellectual property, proprietary information or customer data; disruption of the Group's customers' operations; loss or damage to the Group's 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 the Group's business, financial condition, cash flows and results of operations.

Public health threats could have a material adverse effect on the Group's operations and its financial results

Public health threats, such as Severe Acute Respiratory Syndrome, severe influenza and other highly communicable viruses or diseases, outbreaks of which have already occurred in various parts of the world in which the Group operates, could adversely impact the Group's operations, the operations of the Group's customers and the global economy, including the worldwide demand for oil and natural gas and the level of demand for the Group's services. Quarantine of personnel or inability to access the Group's offices or rigs could adversely affect the Group's operations. Travel restrictions or operational problems in any part of the world in which the Group operates, or any reduction in the demand for drilling services caused by public health threats in the future, may materially impact operations and adversely affect the Group's financial results.

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A change in tax laws, treaties or regulations, or their interpretation, of any country in which the Group has operations, are incorporated or are resident could result in a higher tax rate on the Group's worldwide earnings, which could result in a significant negative impact on the Group's earnings and cash flows from operations

The Group operates worldwide. Consequently, the Group is subject to changes in applicable tax laws, treaties or regulations in the jurisdictions in which the Group operates, which could include laws or policies directed toward companies organized in jurisdictions with low tax rates. A material change in the tax laws, treaties or regulations, or their interpretation or application, of any country in which the Group has significant operations, or in which the Group is incorporated or resident, could result in a higher effective tax rate on the Group's worldwide earnings and such change could be significant to the Group's financial results.

In the U.S., major tax reform is under consideration. On 16 November 2017, the U.S. House of Representatives ("House") passed the Tax Cuts and Jobs Act (H.R. 1), and on 2 December 2017, the U.S. Senate ("Senate") passed an alternative version of the Tax Cuts and Jobs Act (together with any amended versions, the "Tax Reform Bills"). Either of the Tax Reform Bills would make significant changes to U.S. federal income tax laws which could impact the Group. For example, the House bill includes a provision that, if enacted, would impose a 20% excise tax on certain deductible payments (including bareboat charter hire) made by a U.S. corporation to a foreign affiliate if such payments were subject to a reduced rate of U.S. withholding tax under a U.S. income tax treaty. The Senate bill does not include this excise tax provision, but would generally impose a minimum tax on certain deductible payments made by a U.S. corporation to a foreign affiliate. In addition, legislative tax 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. Whether a Tax Reform Bill as currently written or as subsequently amended, or any other U.S. tax legislation, will be enacted and its impact on the Group is uncertain. Any material change in tax laws or policies, or their interpretation, resulting from such legislative proposals could result in a higher effective tax rate on the Group's worldwide earnings and such change could have a material adverse effect on the Group's consolidated statement of financial position, results of operations or cash flows.

In a referendum held on 12 February 2017, Swiss voters rejected a corporate tax legislative proposal that would have abolished certain cantonal tax privileges as well as implement other significant changes to existing tax laws and practices starting in 2019. These legislative proposals were in response to certain guidance from and demands by the European Union and the Organization for Economic Co-operation and Development (the "OECD"). Switzerland must now give consideration to a revised corporate tax reform proposal. 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 the Group's worldwide earnings and such change could have a material adverse effect on the Group's consolidated statement of financial position, results of operations or cash flows.

Similarly, in October 2015, the OECD issued its action plan of tax reform measures that called for member states to take action to prevent "base erosion and profit shifting." Some of these measures impact transfer pricing, requirements to qualify for tax treaty benefits, and the definition of permanent establishments depending on each jurisdiction's adoption and interpretation of such proposals. The European Union issued its Anti-Tax Avoidance Directive in 2016 that required its member states to adopt specific tax reform measures by 2019. 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 the Group's worldwide earnings and such change could have a material adverse effect on the Group's consolidated statement of financial position, results of operations or cash flows.

Other tax jurisdictions in which the Group operates may consider implementing similar legislation. The implementation of such legislation, any other material changes in tax laws or policies or the adoption of new interpretations of existing tax laws and rulings could result in a higher effective tax rate on the Group's worldwide earnings and any such change could have a material adverse effect on the Group's consolidated statement of financial position, results of operations or cash flows.

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A loss of a major tax dispute or a successful tax challenge to the Group's operating structure, intercompany pricing policies or the taxable presence of the Group's key subsidiaries in certain countries could result in a higher tax rate on the Group's worldwide earnings, which could result in a significant negative impact on the Group's earnings and cash flows from operations

The Company is a Swiss corporation that operates through the Company's various subsidiaries in a number of countries throughout the world. Consequently, the Company is subject to tax laws, treaties and regulations in and between the countries in which the Group operates. The Group's income taxes are based upon the applicable tax laws and tax rates in effect in the countries in which the Group operates and earns income, as well as upon the Group's operating structures in these countries.

The Group's income tax returns are subject to review and examination. The Group's does not recognize the benefit of income tax positions the Group believes are more likely than not to be disallowed upon challenge by a tax authority. If any tax authority successfully challenges the Group's operational structure, intercompany pricing policies or the taxable presence of the Group's key subsidiaries in certain countries; or if the terms of certain income tax treaties are interpreted in a manner that is adverse to the Group's structure; or if the Group loses a material tax dispute in any country, particularly in the U.S., Norway, India or Brazil, the Group's effective tax rate on the Group's worldwide earnings could increase substantially and the Group's earnings and cash flows from operations could be materially adversely affected. For example, the Group cannot be certain that the U.S. Internal Revenue Service ("IRS") will not successfully contend that the Group or any of the Group's key subsidiaries were or are engaged in a trade or business in the U.S. or, when applicable, that the Group or any of the Group's key subsidiaries maintained or maintain a permanent establishment in the U.S., since, among other things, such determination involves considerable uncertainty. If the Group or any of its key subsidiaries were considered to have been engaged in a trade or business in the U.S., when applicable, through a permanent establishment, the Group could be subject to U.S. corporate income and additional branch profits taxes on the portion of the Group's earnings effectively connected to such U.S. business during the period in which this was considered to have occurred, in which case the Group's effective tax rate on worldwide earnings for that period could increase substantially, and the Group's earnings and cash flows from operations for that period could be adversely affected.

As a Swiss corporation, the Company is subject to Swiss legal provisions that may limit its flexibility to swiftly implement certain initiatives or strategies

The Company is required, from time to time, to evaluate the carrying amount of the Company's investments in affiliates, as presented on the Company's Swiss standalone balance sheet of the Company's statutory accounts. Had the Company prepared a Swiss standalone balance sheet as of 30 September 2017 it would have performed such an evaluation. If the Company were to determine that the carrying amount of any such investment exceeded its fair value, the Company may conclude that such investment is impaired. The recognized loss associated with such a non-cash impairment could result in the Company's net assets no longer covering the Company's statutory share capital and statutory capital reserves. Under Swiss law, if the Company's net assets cover less than 50% of the Company's statutory share capital and statutory capital reserves, the Board of Directors must in these circumstances convene a general meeting of shareholders and propose measures to remedy such a capital loss. The appropriate measures depend on the relevant circumstances and the magnitude of the recognized loss and may include seeking shareholder approval for offsetting the aggregate loss, or a portion thereof, with the Company's statutory capital reserves including qualifying additional paid-in capital otherwise available for distributions to shareholders or raising new equity. Depending on the circumstances, the Company may also need to use qualifying additional paid-in capital available for distributions in order to reduce the Company's accumulated net loss and such use might reduce the Company's ability to make distributions without subjecting the Company's shareholders to Swiss withholding tax. These Swiss law requirements could limit the Company's flexibility to swiftly implement certain initiatives or strategies.

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The Company is subject to anti-takeover provisions

The Company's 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 the Company's shares. These provisions, among other things:

- provide that the Board of Directors is authorized, subject to obtaining shareholder approval every two years, at any time during a maximum two-year period, which under the current authorized share capital of the Company will expire on 12 May 2018, to issue a specified number of shares, which under the current authorized share capital of the Company is approximately 5.6% of the share capital registered in the commercial register, and to limit or withdraw the pre-emptive rights of existing shareholders in various circumstances;
- provide for a conditional share capital that authorizes the issuance of additional shares up to a maximum amount of approximately 36% of the share capital currently 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 the Company's 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 two-thirds of the shares entitled to vote;
- provide that a merger or demerger transaction requires the affirmative vote of the holders of at least two-thirds of the shares represented at the meeting and provide for the possibility of a so-called "cash-out" or "squeeze-out" merger if the acquirer controls 90% 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 the Company's shareholders to amend or repeal some provisions of the Company's Articles of Association; and
- limit transactions between the Company and an "interested shareholder," which is generally defined as a shareholder that, together with its affiliates and associates, beneficially, directly or indirectly, owns 15% or more of the Company's shares entitled to vote at a general meeting.

2.2Risks related to the industry in which the Group operates

The global nature of the Group's operations involves additional risks

The Group operates in various regions throughout the world, which may expose the Group to political and other uncertainties, including risks of:

- terrorist acts, war, piracy and civil unrest;
- seizure, expropriation or nationalization of the Group's equipment;
- expropriation or nationalization of the Group's customers' property;

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- 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 unfavourable jurisdictions;
- damage to the Group's equipment or violence directed at the Group's 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 and currency exchange restrictions, including exchange or similar controls that may limit the Group's ability to convert local currency into U.S. dollars and transfer funds out of a local jurisdiction.

The Group's non-U.S. contract drilling operations are subject to various laws and regulations in certain countries in which the Group operates, 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, taxation and social contributions of offshore earnings and earnings of expatriate personnel. The Group is also subject to the U.S. Treasury Department's Office of Foreign Assets Control ("OFAC") and other U.S. laws and regulations governing the Group's 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. Failure to comply with applicable laws and regulations, including those relating to sanctions and export restrictions, may subject the Group 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 the Group's reputation and the market for the Company's shares.

Governments in some 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 favour or effectively require the awarding of drilling contracts to local contractors or require non-local 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 the Organisation of the Petroleum Exporting Countries ("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 the Group's drilling contracts are partially payable in local currency. Those amounts may exceed the Group's 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, the Group's functional currency, or to other currencies in which the Group operates. 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 the Group to extensive trade laws and regulations. The Group's import and export activities are governed by unique customs laws and regulations in each of the countries where the Group operates. Moreover, many countries, including the U.S., control the import and export of

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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 the Group is 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 the Group's operations. Ongoing economic challenges may increase some 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 the Group's 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 the Group's employees on a timely basis could impact the Group's operations and have an adverse effect on the Group's business. The Group's ability to operate worldwide depends on the Group's ability to obtain the necessary visas and work permits for the Group's personnel to travel in and out of, and to work in, the jurisdictions in which the Group operates. Governmental actions in some of the jurisdictions in which the Group operates may make it difficult for the Group to move its personnel in and out of these jurisdictions by delaying or withholding the approval of these permits. If the Group is not able to obtain visas and work permits for the employees needed to operate its rigs on a timely basis, the Group might not be able to perform its obligations under the Group's drilling contracts, which could allow the Group's customers to cancel the contracts. If the Group's customers cancel some of the Group's drilling contracts, and the Group is unable to secure new drilling contracts on a timely basis and on substantially similar terms, it could adversely affect the Group's consolidated statement of financial position, results of operations or cash flows.

Compliance with or breach of environmental laws can be costly and/or expose the Group to liability and could limit the Group's operations

The Group's 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, the Group is 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 the Group 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 the Group's rigs.

The Group 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, the management of ballast waters, maintenance and inspection, development and implementation of emergency procedures and insurance coverage or other financial assurance of the Group's 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 the Group's 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 the Group's 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, the Group's business or prospects could be materially adversely

affected. The operation of the Group's drilling rigs will require certain governmental approvals. These governmental approvals may involve public hearings and costly undertakings on the Group's part. The Group may not obtain such approvals or such approvals may not be obtained in a timely manner. If the Group fails to timely secure the necessary approvals or permits, the Group's customers may have the right to terminate or seek to renegotiate their drilling contracts to the Group's 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 the Group's business, operating results or financial condition. Compliance with any such new legislation or regulations could have an adverse effect on the Group's statements of operations and cash flows.

As an operator of mobile offshore drilling units in some offshore areas, the Group may be liable for damages and costs incurred in connection with oil spills or waste disposals related to those operations, and the Group 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 the Group's drilling contracts are not enforceable or otherwise sufficient, or if the Group's customers are unwilling or unable to contractually indemnify the Group from these risks. Additionally, the Group may not be able to obtain such indemnities in the Group's future drilling contracts, and the Group's customers may not have the financial capability to fulfill their contractual obligations to the Company. 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 the Group's 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 the Group 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 the Group's consolidated statement of financial position, results of operations or cash flows. In addition, the Consent Decree (as defined below) and probation arising out of certain Group subsidiaries' cooperation guilty plea agreement by and among the U.S. Department of Justice (the "DOJ") and certain of the Group's affiliates (the "Plea Agreement"), add to these regulations, requirements and liabilities. One Group subsidiary's guilty plea to negligently discharging oil into the U.S. Gulf of Mexico, in violation of the Clean Water Act, in connection with the Macondo well incident caused the Company to incur liabilities under the environmental laws relating to the Macondo well incident. The Company may be subject to additional liabilities and penalties.

The continuing effects of the enhanced regulations enacted following the Macondo well incident and of agreements applicable to the Group could materially and adversely affect the Group's worldwide operations

Following the Macondo well incident, enhanced governmental safety and environmental requirements applicable to both deepwater and shallow water operations were adopted for drilling in the U.S. Gulf of Mexico. 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 related 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 the U.S. and non-U.S. offshore areas.

Other governments could take similar actions related to implementing new safety and environmental regulations in the future. Additionally, some of the Group's 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 the Group's

customers could increase the costs of the Group's operations, increase certification and permitting requirements, increase review periods and impose increased liability on offshore operations. The requirements applicable to the Group under the Group's settlement with the DOJ cover safety, environmental, reporting, operational and other matters (the "Consent Decree") and are in addition to the regulations applicable to other industry participants and may require additional agreements and corporate compliance resources that, together with the Plea Agreement could cause the Group to incur additional costs and liabilities. The continuing effects of the enhanced regulations may also decrease the demand for

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drilling services, negatively affect day rates and increase out-of-service time, which could ultimately have a material adverse effect on the Group's revenues and profitability.

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. Although rig availability, service quality and technical capability are drivers of customer contract awards, bid pricing and intense price competition are often key determinants for which a qualified contractor is awarded a job.

The offshore drilling industry has historically been cyclical and is impacted by oil and natural gas price levels and volatility. There have been periods of high customer demand, limited rig supply and high day rates, followed by periods of low customer demand, excess rig supply and low day rates. 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. The Group has idled and stacked rigs, and may in the future idle or stack additional rigs or enter into lower day rate drilling contracts in response to market conditions. The Group cannot predict when or if any idled or stacked rigs will return to service.

During prior periods of high day rates and rig utilization rates, the Group and other industry participants have responded to increased customer demand by increasing the supply of rigs through ordering the construction of new units. In periods of low oil and natural gas price levels, growth in new construction has historically resulted in an oversupply of rigs and has caused a subsequent decline in day rates and rig utilization rates, sometimes for extended periods of time. Presently, there are numerous recently constructed high-specification floaters and other drilling units capable of competing with the Group's rigs that have entered the global market, and there are more that are under construction.

The entry into service of these new units has increased and will continue to increase supply. The increased supply has contributed to and may continue to contribute to a reduction in day rates as rigs are absorbed into the active fleet and has led to accelerated stacking of the existing fleet.

Two of the Group's three ultra-deepwater drillships currently under construction have not been contracted for work. Combined with the rapid increase in the number of rigs in the global market completing contracts and becoming idle, the number of new units expected to be delivered without contracts has intensified and may further intensify price competition. Any further increase in construction of new units would likely exacerbate the negative impact of increased supply on day rates and utilization rates. Additionally, lower market day rates and intense price competition may drive customers to demand renegotiation of existing contracts to lower day rates in exchange for longer contract terms. In an oversupplied market, the Group may have limited bargaining power to negotiate on more favourable terms. Lower day rates and rig utilization rates could adversely affect the Group's revenues and profitability.

The Group may not be able to renew or obtain new drilling contracts for rigs whose contracts are expiring or are terminated or obtain drilling contracts for the Group's uncontracted newbuilds, which could adversely affect the Group's consolidated statements of operations

The Group's ability to renew expiring drilling contracts or obtain new drilling contracts will depend on the prevailing market conditions at the time. If the Group is unable to obtain new drilling contracts in direct continuation with existing contracts or for the Group's uncontracted newbuild units, or if new drilling contracts are entered into day rates substantially below the existing day rates or on terms otherwise less favourable compared to existing contract terms, the Group's revenues and profitability could be adversely affected.

The offshore drilling markets in which the Group compete experience fluctuations in the demand for drilling services. A number of existing drilling contracts for the Group's drilling rigs that are currently operating are scheduled to expire before 31 December 2017. Two of the ultra-deepwater drillships the Group currently has under construction as part of the Group's newbuild program are being constructed without customer drilling contracts. The Group will attempt to secure drilling contracts for these units prior to their completion. The Group may be unable to obtain drilling contracts for the Group's rigs that are currently operating upon the expiration or termination of such contracts or obtain drilling contracts for the

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Group's newbuilds, and there may be a gap in the operation of the rigs between the current contracts and subsequent contracts. In particular, if oil and natural gas prices remain low, as is currently the case, or it is expected that such prices will decrease in the future, at a time when the Group is seeking drilling contracts for the Group's rigs, the Group may be unable to obtain drilling contracts at attractive day rates or at all.

The Group's 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

The Group's business depends on the level of activity in oil and gas exploration, development and production in offshore areas worldwide. Demand for the Group's 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 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;
- international sanctions on oil-producing countries, or the lifting of such sanctions;
- advances in exploration, development and production technology;
- the further development of shale technology to exploit oil and gas reserves;
- 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;
- accidents, adverse weather conditions, natural disasters and other similar incidents relating to the oil and gas industry; and
- the worldwide security 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 the Group's 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 the Group's services, which could have a material adverse effect on the Group's revenue and profitability. Oil and gas prices and market expectations of potential changes in these prices significantly affect this level of activity. However, increases in near-term commodity prices do not necessarily translate into increased offshore drilling activity since customers' expectations of longer-term future commodity prices

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typically drive demand for the Group's rigs. The current commodity pricing environment has had a negative impact on demand for the Group's services, and it could continue. The price of crude oil as reported on the New York Mercantile Exchange has weakened significantly and, despite recent price improvements, has not returned to the higher levels experienced prior to 31 December 2014. Consequently, customers have delayed or cancelled many exploration and development programs, resulting in reduced demand for the Group's services. Also, increased competition for customers' drilling budgets could come from, among other areas, land-based energy markets worldwide. 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.

Acts of terrorism, piracy and political and social unrest could affect the markets for drilling services, which may have a material adverse effect on the Group's results of operations

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 of the Group. 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 coverage may be unavailable in the future. Government regulations may effectively preclude the Group from engaging in business activities in certain countries. These regulations could be amended to cover countries where the Group currently operates or where the Group may wish to operate in the future. The Group's drilling contracts do not generally provide indemnification against loss of capital assets or loss of revenues resulting from acts of terrorism, piracy or political or social unrest. The Group has limited insurance for the Group's assets providing coverage for physical damage losses resulting from risks, such as terrorist acts, piracy, vandalism, sabotage, civil unrest, expropriation and acts of war, and the Group does not carry insurance for loss of revenues resulting from such risks.

2.3Financial risks

The Group has identified a material weakness in its internal control over financial reporting, and the Group's business and stock price may be adversely affected if the Group's internal control over financial reporting is not effective

Under Section 404 of the Sarbanes-Oxley Act of 2002 and rules promulgated by the SEC, the Group is required to conduct a comprehensive evaluation of the Group's internal control over financial reporting. To complete this evaluation, the Group is required to document and test the Group's internal control over financial reporting; management is required to assess and issue a report concerning the Group's internal control over financial reporting; and the Group's independent registered public accounting firm is required to attest to the effectiveness of the Group's internal control over financial reporting. The Group's internal control over financial reporting may not prevent or detect misstatements because of its inherent limitations, including the possibility of human error, the circumvention or overriding of controls, or fraud. Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with policies or procedures. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and may not be prevented or detected timely. Even effective internal control over financial reporting can provide only reasonable assurance with respect to the preparation and fair presentation of financial statements.

In the course of the external audit of the consolidated financial statements for the year ended 31 December 2016 the Group identified a material weakness in the Group's controls over income tax accounting. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Group's annual or interim financial statements will not be prevented or detected on a timely basis. A more complete description of the recently identified errors and the resulting material weakness is included in Section 11.6 "Internal Controls and Procedures." Although the Group is evaluating certain

measures in order to remediate this material weakness, the Group can provide no assurance that the Group's remediation efforts will be effective or that additional material weaknesses in the Group's internal control over financial reporting will not be identified in the future.

The existence of a material weakness could result in errors in the Group's financial statements that could result in a restatement of financial statements, which could cause the Group to fail to meet its reporting obligations, potentially lead to a loss of investor confidence and may have a negative impact on the trading price of the Shares.

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The Group could experience a material adverse effect on the Group's consolidated statement of financial position, results of operations or cash flows to the extent the Macondo well's operator fails to indemnify the Group or is otherwise unable to indemnify the Group for compensatory damages related to the Macondo well incident as required under the terms of the settlement agreement

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. Under the drilling contract and in accordance with the Group's settlement agreement with the operator, BP plc. (together with its affiliates, "BP") agreed to indemnify the Group with respect to certain matters, and the Group agreed to indemnify BP with respect to certain matters. The Group could experience a material adverse effect on the Group's consolidated statement of financial position, results of operations or cash flows to the extent that BP fails to fully satisfy its indemnification obligations, including by reason of financial or legal restrictions, or the Group's insurance policies do not fully cover these amounts. In addition, in connection with the Consent Decree the Company agreed that it will not use payments pursuant to a civil consent decree by and among the DOJ and certain of the Group's affiliates as a basis for indemnity or reimbursement from non insurer defendants named in the complaint by the U.S. or their affiliates.

The Group's shipyard projects and operations are subject to delays and cost overruns

As of 30 September 2017, the Group had three ultra-deepwater floater newbuild rigs under construction. The Group also has 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:

- shipyard availability, failures and difficulties;
- shortages of equipment, materials or skilled labour;
- 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;
- availability of suppliers to recertify equipment for enhanced regulations;
- strikes, labour 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.

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These factors may contribute to cost variations and delays in the delivery of the Group's newbuild units and other rigs undergoing shipyard projects. Delays in the delivery of these units would impact contract commencement, resulting in a loss of revenue to the Group, 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, the Group may not be able to secure a replacement contract on as favorable terms, if at all.

The Group's operations also rely on a significant supply of capital and consumable spare parts and equipment to maintain and repair the Group's fleet. The Group also relies 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 the Group's future operations and result in increases in rig downtime and delays in the repair and maintenance of the Group's fleet.

Worldwide financial, economic and political conditions could have a material adverse effect on the Group's consolidated statement of financial position, results of operations or cash flows

Worldwide financial and economic conditions could restrict the Group's ability to access the capital markets at a time when the Group would like, or need, to access such markets, which could have an impact on the Group's 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 the Group's credit facilities and the Group's customers, causing them to fail to meet their obligations to the Group. If economic conditions preclude or limit financing from banking institutions participating in the Group's credit facilities, the Group may not be able to obtain similar financing from other institutions. A slowdown in economic activity could further reduce worldwide demand for energy and extend or worsen the current period of low oil and natural gas prices. A further decline in oil and natural gas prices or an extension of the current low oil and natural gas prices could reduce demand for the Group's drilling services and have a material adverse effect on the Group's consolidated statement of financial position, results of operations or cash flows.

The world economy is currently facing a number of challenges. An extended period of negative outlook for the world economy could reduce the overall demand for oil and natural gas and for the Group's services. These potential developments, or market perceptions concerning these and related issues, could affect the Group's 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 negative outlook for the world economy could further reduce the overall demand for oil and natural gas and for the Group's services. Such changes could adversely affect the Group's business and the Group's consolidated statement of financial position, results of operations or cash flows.

The Group relies 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 the Group's consolidated statement of financial position, results of operations or cash flows

The Group engages 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 31 December 2016, the Group's most significant customers were Chevron Corporation ("Chevron"), BP, Royal Dutch Shell plc (together with its affiliates, "Shell") and Petróleo Brasileiro S.A. ("Petrobras"), accounting for approximately 24%, 12%, 12% and 11%, respectively, of the Group's consolidated operating revenues. As of 26 October 2017, the customers with the most significant aggregate amount of contract backlog were Shell and Chevron, representing approximately 72% and 15%, respectively, of the Group's total contract backlog. The loss of any of these customers or another significant customer, or a decline in payments under any of the Group's drilling contracts, could, at least in the short term, have a material adverse effect on the Group's results of operations and cash flows.

In addition, the Group's drilling contracts subject the Group to counterparty risks. The ability of each of the Group's counterparties to perform its obligations under a contract with the Group will depend on a number of factors that are beyond the Group's 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 day rates received and the level of expenses necessary to maintain drilling activities. In addition, in depressed market

conditions, such as the Group is currently experiencing, the Group's 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 day rate. Should counterparty fail to honour its obligations under an agreement with the Group, the Group could sustain losses, which could have a material adverse effect on the Group's business and on the Group's consolidated statement of financial condition results of operations or cash flows.

The recent downgrades in the Group's credit ratings by various credit rating agencies could impact the Group's access to capital and materially adversely affect the Group's business and financial condition

During the year ended 31 December 2015, three credit rating agencies downgraded their credit ratings of the Group's non-credit enhanced senior unsecured long-term debt ("Debt Rating") to Debt Ratings that are below investment grade. During the year ended 31 December 2016 and in January 2017, the same three credit rating agencies further downgraded the Group's Debt Rating. The Group's Debt Rating levels could have material adverse consequences on the Group's business and future prospects and could:

- limit the Group's ability to access debt markets, including for the purpose of refinancing the Group's existing debt;
- cause the Group to refinance or issue debt with less favourable terms and conditions, which debt may require collateral and restrict, among other things, the Group's ability to pay distributions or repurchase shares;
- increase certain fees under the Group's credit facilities and interest rates under indentures governing certain of the Group's senior notes;
- negatively impact current and prospective customers' willingness to transact business with the Group;
- impose additional insurance, guarantee and collateral requirements;
- limit the Group's 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 the Group thereby increasing the need for higher levels of cash on hand, which would decrease the Group's ability to repay debt balances.

The downgrades have caused some of the effects listed above, and any further downgrades may cause or exacerbate, any of the effects listed above.

The Group has a substantial amount of debt, including secured debt, and the Group may lose the ability to obtain future financing and suffer competitive disadvantages

At 30 September 2017 and 31 December 2016, the Group's total consolidated debt was USD 7.3 billion and USD 8.5 billion, respectively. This substantial level of debt and other obligations could have significant adverse consequences on the Group's business and future prospects, including the following:

- the Group may be unable to obtain financing in the future for working capital, capital expenditures, acquisitions, debt service requirements, distributions, share repurchases, or other purposes;
- the Group may be unable to use operating cash flow in other areas of the Group's business because the Group must dedicate a substantial portion of these funds to service the debt;
- the Group could become more vulnerable to general adverse economic and industry conditions, including increases in interest rates, particularly given the Group's substantial indebtedness, some of which bears interest at variable rates;

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- the Group may be unable to meet financial ratios in the indentures governing certain of the Group’s debt or in the Group’s bank credit agreements or satisfy certain other conditions included in the Group’s bank credit agreements, which could result in the Group’s inability to meet requirements for borrowings under the Group’s credit agreements or a default under these indentures or agreements, impose restrictions with respect to the Group’s access to certain of the Group’s capital, and trigger cross default provisions in the Group’s other debt instruments;
- if the Group defaults under the terms of the Group’s secured financing arrangements, the secured debtholders may, among other things, foreclose on the collateral securing the debt, including the applicable drilling units; and
- the Group may be less able to take advantage of significant business opportunities and to react to changes in market or industry conditions than the Group’s less levered competitors.

The Group must make substantial capital and operating expenditures to maintain the Group’s fleet, and the Group may be required to make significant capital expenditures to maintain its competitiveness and to comply with laws and the applicable regulations and standards of governmental authorities and organizations, or to execute the Group’s growth plan, each of which could negatively affect the Group’s financial condition, results of operations and cash flows

The Group must make substantial capital and operating expenditures to maintain its fleet. These expenditures could increase as a result of changes in the following:

- the cost of labour 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 the Group’s industry may require the Group to make significant capital expenditures in order to maintain its 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 the Group to make additional unforeseen capital expenditures. As a result, the Group may be required to take its 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 the Group to operate its older rigs profitably during the remainder of their economic lives.

In addition, the Group may require additional capital in the future. If the Group is unable to fund capital expenditures with its cash flow from operations or sales of non-strategic assets, the Group may be required to either incur additional borrowings or raise capital through the sale of debt or equity securities. The Group’s ability to access the capital markets may be limited by the Group’s 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 the Group’s control. If the Group raises funds by issuing equity securities, existing

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shareholders may experience dilution. The Group's failure to obtain the funds for necessary future capital expenditures could have a material adverse effect on the Group's business and on its consolidated statements of financial condition, results of operations and cash flows.

The Group has significant carrying amounts of long-lived assets that are subject to impairment testing

At 30 September 2017, the carrying amount of the Group's property and equipment was USD 17.5 billion, representing 78% of the Group's total assets. In accordance with the Group's critical accounting policies, the Group reviews its property and equipment for impairment when events or changes in circumstances indicate that carrying amounts of the Group's assets held and used may not be recoverable. In the nine months ended 30 September 2017, the Group recognized an aggregate loss of USD 96 million associated with the impairment of the Group's midwater floater asset group. In the year ended 31 December 2016, the Group recognized an aggregate loss of USD 52 million associated with the impairment of the Group's deepwater floater asset group. In the year ended 31 December 2015, the Group recognized an aggregate loss of USD 1.2 billion associated with the impairment of the Group's deepwater floater and midwater floater asset groups. Future expectations of lower day rates or rig utilization rates or a significant change to the composition of one or more of the Group's asset groups or to the Group's contract drilling services reporting unit could result in the recognition of additional losses on impairment of the Group's long-lived asset groups if future cash flow expectations, based upon information available to management at the time of measurement, indicate that the carrying amount of the Group's asset groups may be impaired.

U.S. tax authorities could treat the Company as a passive foreign investment company, which would 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% of its gross income for any taxable year consists of certain types of passive income or (2) at least 50% 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.

The Company believes that it has not been and will not be a PFIC with respect to any taxable year. The Company's income from offshore contract drilling services should be treated as services income for purposes of determining whether the Company is a PFIC. Accordingly, the Company believes that the Company's income from the Company's offshore contract drilling services should not constitute "passive income," and the assets that the Company's owns and operates 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 prior case and an IRS pronouncement, which relies on the 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, the Company believes that the terms of the time charters in the recent case differ in material respects from the terms of the Company's drilling contracts with customers. No assurance can be given that the IRS or a court will accept the Company's position, and there is a risk that the IRS or a court could determine that the Company is a PFIC.

If the Company was to be treated as a PFIC for any taxable year, the Company's 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 (the "Internal Revenue Code"), and such elections could themselves have adverse consequences for such shareholder, the shareholder generally 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 the Company's shares, plus interest on such amounts, as if such excess distribution or gain had been recognized rateably over the shareholder's holding period of the Group's shares. In addition, under applicable statutory provisions, the preferential tax rate on "qualified dividend income," which applies to dividends

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paid to non-corporate shareholders 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.

The Group may be limited in its use of net operating losses and tax credits

The Group's ability to benefit from the Group's deferred tax assets depends on the Group having sufficient future earnings to utilize the Group's net operating loss and tax credit carryforwards before they expire. The Group has established a valuation allowance against the future tax benefit for a number of the Group's U.S. and non-U.S. net operating losses and tax credit carryforwards, and the Group could be required to record an additional valuation allowance against other U.S. or non-U.S. deferred tax assets if market conditions change materially and, as a result, the Group's future earnings are, or are projected to be, significantly less than the Group currently estimates. The Group's net operating loss and tax credit carryforwards are subject to review and potential disallowance upon audit by the tax authorities of the jurisdictions where these tax attributes are incurred.

The Company's status as a Swiss corporation may limit the Group's flexibility with respect to certain aspects of capital management and may cause the Group to be unable to make distributions or repurchase shares without subjecting the Company's shareholders to Swiss withholding tax

Under Swiss law, the Company's shareholders may approve an authorized share capital that allows the Board of Directors to issue new shares without additional shareholder approval. As a matter of Swiss law, authorized share capital is limited to a maximum of 50% of a company's registered share capital and is subject to re-approval by shareholders every two years. At the Company's 2016 annual general meeting, the Company's shareholders approved an authorized share capital, which will expire on 12 May 2018. The Company's current authorized share capital is limited to approximately 5.6% of the Company's registered share capital. Additionally, subject to specified exceptions, Swiss law grants pre-emptive 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 the Company's capital management may limit the Group's flexibility, and situations may arise where greater flexibility would have provided substantial benefits to the Group's 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% Swiss federal withholding tax. However, the Swiss withholding tax rules could also be changed in the future, and any such change may adversely affect the Company or the Company's shareholders. In addition, over the long-term, the amount of par value available for the Company to use for par value reductions or the amount of qualifying additional paid-in capital available for the Company to pay out as distributions is limited. If the Company is unable to make a distribution through a reduction in par value, or out of qualifying additional paid-in capital as shown on the Company's standalone Swiss statutory financial statements, the Company may not be able to make distributions without subjecting the Company's 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% Swiss withholding tax on the repurchase price less the par value, and since 1 January 2011, to the extent attributable to qualifying additional paid-in capital, if any. At the Company's 2009 annual general meeting, the Company's shareholders approved the repurchase of up to CHF 3.5 billion of the Company's shares for cancellation under the share repurchase program. The Company may repurchase shares under the share repurchase program using a procedure pursuant to which the Company can repurchase shares 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. The Company's ability to use the "virtual second trading line" is limited to the share repurchase program currently approved by the Company's 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 authorities. The Company may not be able to repurchase as many shares as the Company would like for purposes of capital reduction on the "virtual second trading line" without subjecting the selling shareholders to Swiss withholding taxes.

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The results of the U.K.'s referendum on withdrawal from the European Union may have a negative effect on global economic conditions, financial markets and the Group's business

In June 2016, a majority of voters in the U.K. elected to withdraw from the European Union in a national referendum. As a result of this referendum, negotiations are commencing to determine the terms of the U.K.'s withdrawal from the European Union and its future relationship with the European Union. The referendum has created significant uncertainty about the future relationship between the U.K. and the European Union, including with respect to the laws and regulations that will apply as the U.K. determines which European Union-derived laws to replace or replicate in the event of a withdrawal. The referendum has also given rise to calls for the governments of other European Union member states to consider withdrawal. These developments, or the perception they may occur, have had and may continue to have a material adverse effect on global economic conditions and the stability of global financial markets, and may significantly reduce global market liquidity and restrict the ability of key market participants to operate in certain financial markets. Any of these factors could depress economic activity and restrict the Group's access to capital, which could have a material adverse effect on the Group's business and on the Group's consolidated statement of financial position, results of operations or cash flows.

2.4Risks related to the Shares

Future issuances of the Shares or other securities may dilute the holdings of shareholders and could materially affect the price of the Shares

It is possible that the Company may in the future decide to offer additional Shares or other securities in order to finance new capital-intensive projects, in connection with unanticipated liabilities or expenses or for any other purposes. See Section 2.1 "Risks related to the business of the Group." There can be no assurance the Company will not decide to conduct further offerings of securities in the future. Depending on the structure of any future offering, certain existing shareholders may not be able to purchase additional equity securities. If the Company raises additional funds by issuing additional equity securities, holdings and voting interests of existing shareholders may be diluted.

Exchange rate fluctuations could adversely affect the value of the Shares and any dividends paid on the Shares for an investor whose principal currency is not U.S. dollars or Swiss francs

The Shares are priced and traded in U.S. dollars on the NYSE and any dividends will be distributed in U.S. dollars, or in Swiss francs, and shareholders may be given the right to elect to be paid any such dividends in U.S. dollars or Swiss francs. Exchange rate movements of the U.S. dollar or Swiss francs will therefore affect the value of these dividends and distributions for investors whose principal currency is not U.S. dollars or Swiss francs. Furthermore, the market value of the Shares as expressed in foreign currencies will fluctuate in part as a result of foreign exchange fluctuations. This could affect the value of the Shares and of any dividends paid on the Shares for an investor whose principal currency is not U.S. dollars or Swiss francs.

The Company may be unwilling or unable to pay any dividends in the future

Pursuant to the Company's dividend policy, dividends are only expected to be paid if certain conditions described in Section 14.1 "Dividend policy" are fulfilled. In addition, the Company may choose not, or may be unable, to pay dividends in future years. The amount of dividends paid by the Company, if any, for a given financial period, will depend on, among other things, the Company's future operating results, cash flows, financial position, capital requirements, the sufficiency of its distributable reserves, the ability of the Company's subsidiaries to pay dividends to the Company, credit terms, general economic conditions, legal restrictions (as set out in Section 14.3 "Legal constraints on the distribution of dividends") and other factors that the Company may deem to be significant from time to time.

Existing Transocean shareholders will be diluted as a result of the Offer and the Combination

The existing Transocean shareholders will be diluted by approximately 27.9% as a consequence of the Offer and issuance of the Consideration Shares to Songa Offshore shareholders and the issuance of additional Shares upon exchange of the Exchangeable Bonds, as described in Section 5.20 "Dilution."

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2.5Risks related to the Exchangeable Bonds

The Exchangeable Bonds are exclusively the obligations of TINC, as issuer, and Transocean, as guarantor, and not of TINC's subsidiaries or Transocean's other subsidiaries

The Exchangeable Bonds are obligations exclusively of TINC, as issuer, and Transocean, as guarantor of the Exchangeable Bonds, and not of TINC's subsidiaries or Transocean's other subsidiaries. Each of TINC and Transocean is a holding company and, accordingly, substantially all of their respective operations are conducted through their subsidiaries. As a result, TINC's and Transocean's cash flow and TINC's ability to service its debt, including the Exchangeable Bonds, and Transocean's ability to satisfy its guarantee obligations are dependent upon the earnings of their respective subsidiaries and on the distribution of earnings, loans or other payments by such subsidiaries to TINC and Transocean. The subsidiaries of Transocean are separate and distinct legal entities and have no obligation, contingent or otherwise, to pay any amounts due on the Exchangeable Bonds or to make funds available to them to do so. In addition, contractual provisions or laws, as well as such subsidiaries' financial condition and operating requirements, may limit TINC's or Transocean's ability to obtain from such subsidiaries the cash each needs to pay its respective debt service or guarantee obligations, including payments on or with respect to the Exchangeable Bonds. TINC, Transocean and their respective subsidiaries will be permitted under the terms of the indenture governing the Exchangeable Bonds to incur additional indebtedness or otherwise enter into agreements that may restrict or prohibit subsidiaries of TINC or Transocean from the making of distributions, the payment of dividends or the making of loans to TINC or Transocean. TINC and Transocean can make no assurances that the agreements governing the current and future indebtedness of their respective subsidiaries or other agreements of TINC, Transocean or their respective subsidiaries will permit such subsidiaries to provide TINC or Transocean with sufficient dividends, distributions or loans to fund payments on the Exchangeable Bonds when due or, in the case of Transocean, to satisfy any guarantee obligations.

Payments on the Exchangeable Bonds, including under the guarantees, will be effectively subordinated to claims of secured creditors

The Exchangeable Bonds represent unsecured obligations of TINC. Accordingly, any secured creditor of TINC will have claims that are superior to the claims of holders of the Exchangeable Bonds to the extent of the value of the assets securing that other indebtedness. Similarly, the guarantees of the Exchangeable Bonds will not be secured by any assets of Transocean and will effectively rank junior to any secured debt of Transocean, as the guarantor, to the extent of the value of the assets securing the debt. In the event of any distribution or payment of assets of TINC or Transocean in any foreclosure, dissolution, winding-up, liquidation, reorganization, bankruptcy or similar proceeding, secured creditors of TINC and Transocean, respectively, will have a superior claim to their respective collateral. If any of the foregoing events occur, there can be no assurance that there will be sufficient assets to pay amounts due on the Exchangeable Bonds or with respect to any guarantee. Holders of the Exchangeable Bonds will participate ratably with all holders of unsecured senior indebtedness of TINC and Transocean, and with all of TINC's and Transocean's other general senior creditors, based upon the respective amounts owed to each holder or creditor, in the remaining assets of TINC and Transocean. As a result, holders of Exchangeable Bonds may receive less, ratably, than secured creditors of TINC and Transocean.

In addition, the terms of the indenture do not limit TINC's or Transocean's ability to create, assume or allow to exist any liens on assets of TINC or Transocean to secure any debt. As of 30 September 2017, Transocean and TINC had USD 1.54 billion aggregate principal amount of consolidated secured debt outstanding.

Servicing TINC's debt requires a significant amount of cash, and TINC may not have sufficient cash flow from its respective business to pay their substantial debt

TINC's ability to make scheduled payments of the principal of, to pay interest on or to refinance its indebtedness, including the Exchangeable Bonds, depends on TINC's future performance, which is subject to economic, financial, competitive, regulatory and other factors beyond its control. TINC's business may not continue to generate cash flow from operations in the future sufficient to service its debt and make necessary capital expenditures. If TINC is unable to generate such cash flow, it may be required to adopt one or more alternatives, such as selling assets, restructuring debt or obtaining additional equity capital on terms that may be onerous. TINC's ability to refinance its indebtedness will depend on the capital markets

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and its financial condition at such time. TINC may not be able to engage in any of these activities or engage in these activities on desirable terms, which could result in a default on TINC's debt obligations.

Despite its current debt levels, TINC may still incur substantially more debt or take other actions which would intensify the risks discussed above

Despite TINC's current consolidated debt levels, TINC and its subsidiaries may be able to incur substantial additional debt in the future, subject to the restrictions contained in TINC's debt instruments, some of which may be secured debt. TINC will not be restricted under the terms of the indenture governing the Exchangeable Bonds from incurring additional debt, securing existing or future debt, recapitalizing the TINC's debt or taking a number of other actions that are not limited by the terms of the indenture governing the Exchangeable Bonds that could have the effect of diminishing TINC's ability to make payments on the Exchangeable Bonds when due.

The Exchangeable Bonds are not protected by restrictive covenants

The indenture governing the Exchangeable Bonds does not contain any financial or operating covenants or restrictions on the payments of dividends, the incurrence of indebtedness or the issuance or repurchase of securities by TINC, Transocean or any of their respective subsidiaries. The indenture contains no covenants or other provisions to afford protection to holders of the Exchangeable Bonds in the event of a Fundamental Change or other corporate transaction involving TINC except to the extent described in Section 16 "Description of the Exchangeable Bonds."

TINC may not have the funds necessary to finance a repurchase in the event of a Fundamental Change

Upon the occurrence of specific Fundamental Change events, including a Change of Control Repurchase Event and a Listing Failure Event, holders of Exchangeable Bonds will have the right to require TINC to repurchase their Exchangeable Bonds in cash. However, it is possible that TINC will not have sufficient funds at such time to make the required repurchase of Exchangeable Bonds or that restrictions in TINC's credit agreements or other indebtedness will not allow such repurchases. TINC's failure to purchase all validly tendered Exchangeable Bonds would constitute an event of default under the indenture under which the Exchangeable Bonds are issued and may also constitute a cross-default on other indebtedness existing at that time.

The make-whole premium that may be payable upon a Fundamental Change or Tax Event Offer to Repurchase may not adequately compensate holders for the lost value of the Exchangeable Bonds as a result of such Fundamental Change or tax event

If holders exchange Exchangeable Bonds in connection with a Fundamental Change or Tax Event Offer to Repurchase TINC will be required to increase the applicable exchange rate by a make-whole premium determined using the applicable formula set forth under Section 16 "Description of the Exchangeable Bonds." The make-whole premium payable in connection with a Fundamental Change or Tax Event Offer to Repurchase may not adequately compensate holders for any lost value of their Exchangeable Bonds as a result of such transaction or event. In addition, if TINC's obligation to deliver the make-whole premium were to be considered a penalty, the enforceability thereof would be subject to general principles of reasonableness of economic remedies.

Because holders' rights to require repurchase of the Exchangeable Bonds are limited, the market prices of the Exchangeable Bonds may decline if TINC enters into a transaction that is not a Fundamental Change under the indenture

TINC's obligation to repurchase the Exchangeable Bonds upon a Fundamental Change may not preserve the value of the Exchangeable Bonds because the terms "Change of Control," "Change of Control Repurchase Event" and "Listing

Failure Event" are limited and may not include every event that might cause the market prices of the Exchangeable Bonds to decline. TINC may enter into a highly leveraged transaction, reorganization, merger, scheme of arrangement or similar transaction that is not a Change of Control or Listing Failure Event under the indenture, and such transactions could negatively affect the liquidity, value or volatility of the Exchangeable Bonds or the Shares.

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The exchange rate of the Exchangeable Bonds may not be adjusted for all dilutive events

The exchange rate of the Exchangeable Bonds is subject to adjustment for certain events including, but not limited to, certain dividends or distributions on the Shares, subdivisions or combinations of the Shares, the issuance of certain rights or warrants, certain distributions of capital stock, evidences of debt or other assets to holders of the Shares and certain purchases of the Shares in tender or exchange offers. The exchange rate will not be adjusted for other events that may adversely affect the trading price of the Exchangeable Bonds and the Shares.

No market currently exists for the Exchangeable Bonds, and an active trading market for the Exchangeable Bonds may not develop

The Exchangeable Bonds comprise a new issue of securities for which there is currently no public market. Although the Exchangeable Bonds will be listed on the NYSE, an active trading market for the Exchangeable Bonds may not develop. To the extent that an active trading market for the Exchangeable Bonds does not develop, the liquidity and trading prices for the Exchangeable Bonds may be harmed. In addition, the Exchangeable Bonds that are traded after their initial issuance may trade at a discount from their face amount, depending on prevailing interest rates, the market for similar securities, the price and volatility of the Shares, TINC’s and Transocean’s performance and other factors. As a result, holders may not be able to realize the full value of their investment, or liquidate their investment rapidly, or at all.

Any adverse rating of the Exchangeable Bonds may cause their trading price to fall

If any rating service rates the Exchangeable Bonds and subsequently lowers its rating or otherwise announces its intention to put the Exchangeable Bonds on credit watch, the trading price of the notes could decline. Other than in the context of a Change of Control Repurchase Event, holders would have no related protection under the notes.

Recent and future regulatory actions and other events may adversely affect the trading price and liquidity of the Exchangeable Bonds

Recipients, and potential subsequent purchasers, of the Exchangeable Bonds may employ, or seek to employ, an arbitrage strategy with respect to the Exchangeable Bonds. Investors would typically implement such a strategy by selling short the stock underlying the Exchangeable Bonds and dynamically adjusting their short position while continuing to hold the Exchangeable Bonds. Investors may also implement this type of strategy by entering into swaps on the Shares in lieu of or in addition to short selling the Shares.

The SEC and other regulatory and self-regulatory authorities have implemented various rules and taken certain actions, and may in the future adopt additional rules and take other actions, that may impact those engaging in short selling activity involving equity securities (including the Shares). Such rules and actions include Rule 201 of SEC Regulation SHO, the adoption by the Financial Industry Regulatory Authority, Inc. and the national securities exchanges of a “Limit Up-Limit Down” program, the imposition of market-wide circuit breakers that halt trading of securities for certain periods following specific market declines, and the implementation of certain regulatory reforms required by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010. Any governmental or regulatory action that restricts the ability of investors in, or potential purchasers of, the Exchangeable Bonds to effect short sales of the Shares, borrow the Shares or enter into swaps on the Shares could adversely affect the trading price and the liquidity of the Exchangeable Bonds.

Future sales of the Shares in the public market could lower the market price for the Shares and adversely impact the trading price of the Exchangeable Bonds

In the future, Transocean may sell additional Shares to raise capital. In addition, Shares are reserved for issuance upon the exercise of stock options, upon the vesting of restricted stock units and upon exchange of the Exchangeable Bonds. Transocean cannot predict the size of future issuances or the effect, if any, that they may have on the market price for the Shares. The issuance and sale of substantial amounts of Shares, or the perception that such issuances and sales may occur, could adversely affect the trading price of the Exchangeable Bonds and the market price of the Shares and impair Transocean's ability to raise capital through the sale of additional equity securities.

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As of 30 November 2017, Transocean has outstanding 391,237,308 Shares and options to purchase 2,753,463 Shares, of which 1,262,902 were exercisable as of that date. Transocean also had outstanding approximately 4,321,319 Shares and 2,117,173 Shares issuable pursuant to outstanding restricted share units and performance share units, respectively. The sale or the availability for sale of a large number of the Shares in the public market could cause the market price of the Shares, and the value of the Exchangeable Bonds, to decline.

Exchange of the Exchangeable Bonds will dilute the ownership interest of existing shareholders

The exchange of some or all of the Exchangeable Bonds will dilute the ownership interest of existing shareholders. Any sales in the public market of any Shares issuable upon exchange of the Exchangeable Bonds could adversely affect prevailing market prices of the Shares. In addition, the existence of the Exchangeable Bonds may encourage short selling by market participants because the exchange of the Exchangeable Bonds could be used to satisfy short positions, or anticipated exchange of the Exchangeable Bonds into Shares could depress the price of the Shares and the value of the Exchangeable Bonds.

Volatility in the market price and trading volume of the Shares could adversely impact the trading price of the Exchangeable Bonds

The stock market in recent years has experienced significant price and volume fluctuations that have often been unrelated to the operating performance of companies. The market price of Shares could fluctuate significantly for many reasons, including in response to the risks described in this Offer Document. In addition, the market price of the Shares could fluctuate for reasons unrelated to its operations, such as reports by industry analysts, changes in the Transocean's financial guidance, investor perceptions or negative announcements by Transocean's customers, competitors or suppliers regarding their own performance, as well as industry conditions and general financial, economic and political instability. A decrease in the market price of the Shares would likely adversely impact the trading price of the Exchangeable Bonds. The market price of the Shares could also be affected by possible sales of the Shares by investors who view the Exchangeable Bonds as a more attractive means of equity participation in Transocean and by hedging or arbitrage trading activity that Transocean expects to develop involving its Shares. This trading activity could, in turn, affect the trading price of the Exchangeable Bonds.

Holders of Exchangeable Bonds will not be entitled to any rights with respect to the Shares, but they will be subject to all changes made with respect to them

Subject to limitations regarding adverse changes to the rights of holders, holders of Exchangeable Bonds will not be entitled to any rights with respect to the Shares (including voting rights and rights to receive any dividends or other distributions on Shares) prior to the last trading day of the relevant observation period, but holders of the Exchangeable Bonds will be subject to all changes affecting the Shares. For example, if an amendment is proposed to Transocean's Articles of Association requiring shareholder approval and the record date for determining the shareholders of record entitled to vote on the amendment occurs prior to the date a holder's Exchangeable Bonds are exchanged into Shares, such holder will not be entitled to vote on the amendment, although such holder will nevertheless be subject to any changes affecting the Shares.

Exchange rate fluctuations could adversely affect the market value of the Exchangeable Bonds and any interest paid on the Exchangeable Bonds for an investor whose principal currency is not U.S. dollars

The Exchangeable Bonds are denominated and will be traded in U.S. dollars on the NYSE and any interest will be paid in U.S. dollars. Exchange rate movements of U.S. dollar will therefore affect the value of any interest for investors whose principal currency is not U.S. dollars. Furthermore, the market value of the Exchangeable Bonds as expressed in foreign currencies will fluctuate in part as a result of foreign exchange fluctuations. This could affect the

value of the Exchangeable Bonds and of any interest paid on the Exchangeable Bonds for an investor whose principal currency is not U.S. dollars.

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Holders of Exchangeable Bonds may be subject to tax if the Company makes or fails to make certain adjustments to the exchange rate of the Exchangeable Bonds even though such holders do not receive a corresponding cash distribution

The exchange rate of the Exchangeable Bonds is subject to adjustment in certain circumstances, including the payment of cash dividends. If the exchange rate is adjusted as a result of a distribution that is taxable to the Company's stockholders, such as a cash dividend, holders of Exchangeable Bonds will be deemed to have received a dividend for U.S. federal income tax purposes without the receipt of any cash. In addition, a failure to adjust (or to adjust adequately) the exchange rate after an event that increases holders' proportionate interest in Transocean could be treated as a deemed taxable dividend to such holder for U.S. federal income tax purposes. If a Fundamental Change or a Tax Event Offer to Repurchase occurs prior to the maturity date, under some circumstances, the Company will increase the exchange rate for Exchangeable Bonds exchanged in connection with the Fundamental Change or repurchase offer. Such increase may also be treated as a distribution for U.S. federal income tax purposes. See Section 18.2 "United States taxation – Material U.S. Federal Income Tax Consequences."

2.6Risks related to the Offer

Because the market price of the Shares fluctuates, Songa Offshore shareholders cannot be sure of the value of the Shares they may receive in the Offer; participation in the Offer may constitute a taxable event for Songa Offshore shareholders

A total of 0.35724 Consideration Shares will be issued in exchange for each Songa Share validly tendered and not subsequently validly withdrawn in the Offer. Accordingly, because the number of Shares being offered as consideration will not vary, and despite the fact that the Offer is subject to a Material Adverse Change condition (see Section 5.8 "Conditions for completion of the Offer"), the Offer may be completed even if the market price of the Shares and the Songa Shares at the time a Songa Offshore shareholder tenders its Songa Shares varies significantly from their market price on 14 August 2017, the date used to determine the consideration offered by Transocean in the Offer. Share price changes may result from a variety of factors that are beyond the Company's control, including general market and economic conditions, changes in business prospects, catastrophic events, both natural and man-made, and regulatory considerations. In addition, the ongoing businesses of Transocean and Songa Offshore may be adversely affected by actions taken by Transocean or Songa Offshore in connection with the Offer, including payment by the companies of certain costs relating to the Offer, including certain legal, accounting, financing, and financial and other advisory fees.

Because the Offer will not be completed until certain conditions have been satisfied or, where permissible, waived, a period of time, which may be significant, may pass between the commencement of the Offer and the time that Transocean accepts Songa Shares for exchange. Therefore, at the time when a Songa Offshore shareholder tenders its Songa Shares pursuant to the Offer, such shareholder will not know the exact market value of the Shares that it may receive upon completion of the Offer if Transocean accepts such Songa Shares for exchange. Tendered Songa Shares may be withdrawn at any time prior to the end of the Offer Period. If the Offer Period is extended, any received Acceptance Forms will remain binding for the length of the extension.

In addition, participation in the Offer may constitute a taxable event for tendering Songa Offshore shareholders in the jurisdictions in which they are tax residents. Therefore, Songa Offshore shareholders are advised to take into account the structure of the mixed consideration consisting of Consideration Shares and Exchangeable Bonds, and their individual tax position when evaluating the attractiveness of the Offer.

Songa Offshore shareholders are urged to obtain current market quotations for Songa Shares and Shares, and to consult with their tax advisors when they consider whether to tender their Songa Shares pursuant to the Offer.

The Offer is subject to conditions and the Transaction Agreement may be terminated in accordance with its terms and the Combination may not be completed

The Offer is subject to numerous conditions, including inter alia the conditions related to the minimum number of Songa Shares that must be validly tendered (and not subsequently validly withdrawn as of the end of the Offer Period), the receipt

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of regulatory approvals and the absence of material adverse changes with respect to Songa Offshore. See Section 5.8 "Conditions for completion of the Offer." No assurance can be given that all of the conditions to the Offer will be satisfied or, if they are, as to the timing of such satisfaction. If the Offer has not become or been declared unconditional before 23:59 (CET), on 15 February 2018, either party may terminate the Transaction Agreement and the Offer, unless extended in accordance with the terms of the Transaction Agreement.

In addition, the Transaction Agreement may be terminated by either party under certain circumstances, including by Songa Offshore if the Songa Offshore board modifies or withdraws its recommendation to Songa Offshore shareholders due to a superior proposal.

Transocean must obtain governmental and regulatory approvals to consummate the Offer, which, if delayed or not granted, may delay or jeopardize the Offer and the transactions contemplated by the Transaction Agreement

The approval of the Offer under merger control or competition law regimes in any jurisdictions where the parties to the Transaction Agreement have mutually determined merger control or competition law filings and/or notices to be necessary must have been obtained, or any statutory waiting period (including any extension thereof) applicable to the Offer must have expired, with the result that the Offer may be completed without the approval by any relevant antitrust authority.

The governmental and regulatory agencies from which Transocean may be required to seek these approvals have broad discretion in administering the applicable governing regulations. As a condition to their approval of the transactions contemplated by the Transaction Agreement, those agencies may impose requirements, limitations or costs or require divestitures or place restrictions on the conduct of Transocean's business. No assurance can be given that the approvals, if required, will be obtained or that any required conditions to the Offer will be satisfied, and, if any such required approvals are obtained and the conditions to the consummation of the Offer are satisfied, no assurance can be given as to the terms, conditions and timing of the approvals. The Offer is subject to a regulatory condition that certain approvals are obtained. This condition may only be waived with the prior written consent of Songa Offshore.

Any delay in the completion of the Combination for regulatory reasons could diminish the anticipated benefits of the Combination or result in additional transaction costs. Any uncertainty over the ability to complete the Combination could make it more difficult for Transocean or Songa Offshore to maintain or to pursue particular business strategies. Conditions imposed by regulatory agencies in connection with their approval of the Combination may restrict the Company's ability to modify the operations of its business in response to changing circumstances for a period of time after the closing of the Offer or its ability to expend cash for other uses or otherwise have an adverse effect on the anticipated benefits of the Combination, thereby adversely impacting the business, financial condition or results of operations of the combined company.

If, following the consummation of the Offer, some Songa Shares remain outstanding, then the liquidity and market value of those shares could be materially adversely affected

If the Offer is consummated, but not all the outstanding Songa Shares have been tendered, then the free float in Songa Shares will be significantly lower than the current free float in Songa Shares, thereby reducing the liquidity of the remaining Songa Shares. Reduced liquidity could make it more difficult for the remaining Songa Offshore shareholders to sell their shares and could materially adversely affect the market value of those remaining shares. A lower level of liquidity in the trading in Songa Shares could result in greater price fluctuations of Songa Shares than in the past. The value of Songa Shares implied by the Offer does not guarantee that the value of Songa Shares not held by Transocean following the Offer will remain at that level or exceed that value in the future. The share price may vary materially in the future. The Songa Shares are listed on Oslo Stock Exchange. A lower level of liquidity in the trading in the Songa Shares could result in the removal of the Songa Shares from listing on the Oslo Stock Exchange.

Any such delisting could further impair the liquidity of any Songa Shares that remain outstanding following the Offer.

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Certain of the directors, board members and executive officers of Songa Offshore may have interests in the transactions contemplated by the Transaction Agreement that are different from, or in addition to, those of Songa Offshore shareholders generally

Shareholders of Songa Offshore should be aware that certain directors and senior management of Songa Offshore may have interests in the transactions contemplated by the Transaction Agreement that are different from, or in addition to, the interests of the Songa Offshore shareholders. These interests may include the continued employment of certain board members, senior management and executive officers of Songa Offshore and Transocean, the continued positions of certain Songa Offshore board members and certain directors of Transocean as directors of Transocean and the indemnification of former Songa Offshore senior management and board members and directors and executive officers of Transocean by Transocean.

The announcement and pendency of the Offer and the other transactions contemplated by the Transaction Agreement, during which Transocean and Songa Offshore are subject to certain operating restrictions, could have an adverse effect on Songa Offshore's and Transocean's businesses and cash flows, financial condition and results of operations

The announcement and pendency of the transactions contemplated by the Transaction Agreement, including the Offer, could disrupt Songa Offshore's and Transocean's businesses, and uncertainty about the effect of these transactions may have an adverse effect on Songa Offshore and Transocean. These uncertainties could cause suppliers, vendors, partners and others that deal with Transocean and Songa Offshore to defer entering into contracts with, or making other decisions concerning, Transocean and Songa Offshore or to seek to change or cancel existing business relationships with the companies. In addition, Songa Offshore's and Transocean's employees may experience uncertainty regarding their roles after the acquisition. Employees may depart either before or after the completion of the acquisition because of uncertainty and issues relating to the difficulty of coordination or because of a desire not to remain following the acquisition. Therefore, the pendency of the Offer may adversely affect Songa Offshore's and Transocean's ability to retain, recruit and motivate key personnel. Additionally, the attention of Songa Offshore's and Transocean's management may be directed towards the completion of the acquisition, including obtaining regulatory approvals, and may be diverted from the day-to-day business operations of Transocean and Songa Offshore. Matters related to the acquisition may require commitments of time and resources that could otherwise have been devoted to other opportunities that might have been beneficial to Transocean and Songa Offshore. Additionally, the Transaction Agreement requires Transocean and Songa Offshore to refrain from taking certain specified actions while the Offer and the acquisition are pending. These restrictions may prevent Transocean and Songa Offshore from pursuing otherwise attractive business opportunities or capital structure alternatives and from executing certain business strategies prior to the completion of the Offer. Further, the acquisition may give rise to potential liabilities, including those that may result from future shareholder lawsuits. Any of these matters could adversely affect the businesses of, or harm the results of operations, financial condition or cash flows of Transocean and Songa Offshore.

Negative publicity related to the transactions contemplated by the Transaction Agreement may materially adversely affect Transocean and Songa Offshore

From time to time, political and public sentiment in connection with a proposed combination may result in a significant amount of adverse press coverage and other adverse public statements affecting Transocean and Songa Offshore. Adverse press coverage and public statements, whether or not driven by political or popular sentiment, may also result in legal claims or in investigations by regulators, legislators and law enforcement officials. Responding to these investigations and lawsuits, regardless of the ultimate outcome of the proceedings, can divert the time and effort of senior management from operating their businesses. Addressing any adverse publicity, governmental scrutiny or enforcement or other legal proceedings is time-consuming and expensive and, regardless of the factual basis for the assertions being made, could have a negative impact on the reputation of Transocean and Songa Offshore, on the morale of their employees and on their relationships with regulators. It may also have a negative impact on their

ability to take timely advantage of various business and market opportunities. The direct and indirect effects of negative publicity, and the demands of responding to and addressing it, may have a material adverse effect on Songa Offshore's and Transocean's respective business and cash flows, financial condition and results of operations.

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The share prices of Transocean and Songa Offshore may be adversely affected if the Offer is not completed

If the Offer is not completed, the prices of Shares and Songa Shares may decline to the extent that the current market prices of Shares and Songa Shares reflect a market premium based on the assumption that the Offer will be completed.

The expected benefits associated with a combination of the Group and the Songa Group may not be realised

Following the completion of the Offer, Transocean intends to integrate the two companies that have previously operated independently. There can be no assurances that Transocean will not encounter difficulties in integrating Songa Offshore's operations or that the benefits expected from the integration will be realised. For example, completion of the Offer is expected to trigger change of control and acceleration provisions in certain of Songa Offshore's existing indebtedness and agreements. Songa Offshore has received waivers, subject to certain conditions, for change of control provisions in certain of Songa Offshore's debt. Transocean also expects to refinance and/or repurchase certain of Songa Offshore's debt following the completion of the Offer. See Section 6.8 "Borrowings of the Songa Group" for further information on Songa Offshore's debt, and Section 5.11 "Refinancing of certain Songa Offshore indebtedness" for further information on the refinancing of debt. If the relevant waiver conditions are not met, if any necessary waiver extensions are not received from the relevant counterparties, or if Transocean is not able to refinance and/or repurchase certain of Songa Offshore's debt on terms favourable to Transocean, Transocean may be required to make payments under the terms of that indebtedness or agreements that may limit its ability to fully integrate Songa Offshore's business on the timeline it currently anticipates or that may prevent Transocean from fully realizing all of the benefits it currently anticipates from its acquisition of Songa Offshore. If the benefits are not achieved, or only partly achieved, this could adversely affect the Group's business, financial condition, results of operations and prospects.

Holders of Songa Shares that do not participate in the Offer may suffer adverse consequences

Following the completion of the Offer, the trading market for any remaining Songa Shares not exchanged in the Offer may be substantially limited compared with historic trading levels. As a result, the price for Songa Shares in the secondary market may decline following the completion of the Offer. Holders of Songa Shares who do not participate in the Offer may not be able to sell their Songa Shares at a favorable price, if at all, following the completion of the Offer.

In addition, Transocean intends to promptly apply to conduct a compulsory acquisition (squeeze-out) under the Cyprus Takeover Bids Law following completion of the Offer. However, Transocean may not be able to complete such a compulsory acquisition in a prompt manner, if at all. If the stated par value of the Exchangeable Bonds issued in the compulsory acquisition exceeds their fair market value at the time they are issued by more than a de minimis amount, the Exchangeable Bonds issued in the compulsory acquisition may be treated as part of different issue than the Exchangeable Bonds issued in the Offer for U.S. federal income tax purposes, and, in that case, the tax treatment of the Exchangeable Bonds issued in the compulsory acquisition would be expected to differ from the tax treatment of the Exchangeable Bonds issued in the Offer. In that case any Exchangeable Bonds issued in the compulsory acquisition would not be fungible for trading purposes with Exchangeable Bonds issued in the Offer. Any Exchangeable Bonds you may receive in a compulsory acquisition may therefore trade in the secondary market at a lower price than Exchangeable Bonds issued in the Offer, and any such secondary market for Exchangeable Bonds issued in the compulsory acquisition may be significantly less liquid than any secondary market for Exchangeable Bonds issued in the Offer. See Section 18 "Taxation."

Holders of Songa Offshore warrants and Songa Offshore convertible bonds ("Songa Convertible Bonds") that do not participate in the Offer may suffer adverse consequences.

Transocean intends to promptly apply to conduct a compulsory acquisition (squeeze-out) under the Cyprus Takeover Bids Law following the completion of the Offer. Any shares issued upon the exercise of Songa Offshore warrants or upon conversion of Songa Convertible Bonds during the Offer Period and prior to the compulsory acquisition will be included in the compulsory acquisition. Such a compulsory acquisition may be initiated within three months of the end of the Offer Period.

Following completion of the Offer and the subsequent compulsory acquisition, there will be an extremely limited, or no, trading market for any remaining Songa Shares. As a result, the price for any Songa Shares that cannot be included in any

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compulsory acquisition may decline, and the holders of such shares may not be able to sell their Songa Shares at a favorable price, if at all, following the completion of the Offer and the subsequent compulsory acquisition.

The Consideration Shares must be registered with the commercial register of the Canton of Zug, Switzerland before the Company can settle the Offer

In order for the Company to issue the Consideration Shares to be delivered to the holders of the Songa Shares, the Company must register the increase in its share capital and the issuance of the Consideration Shares with the commercial register of the Canton of Zug, Switzerland. Under Swiss law, this registration may be blocked for reasons beyond the Company's control, thereby delaying or preventing the issuance of the Consideration Shares and settlement of the Offer.

2.7Risks relating to the business of the Songa Group

There are a number of risks related to the business and operations of the Songa Group, its markets and financing. As the Group and the Songa Group operate in the same market, the risk factors set out in Section 2.2 "Risks related to the industry in which the Group operates" may also apply to the Songa Group.

Project risk

It is customary in the drilling industry where the Songa Group operates that all contracts are charter related, e.g. structured as time charters or bareboat charters. The rationale for this is that drilling companies provide a service where the schedule and scope of work is controlled and ultimately directed by its customers. In some instances market participants may accept fixed prices for certain components of the overall contract work scope. Such instances include mobilization and demobilization of a unit to/from a worksite, and the conversion/upgrade of units to meet specific requirements as may be required for a specific project.

The Songa Group's corporate policy is to seek to mitigate project risk at all times by having a strict policy on termination risk, breakdown risk, off-hire situations, force majeure risk etc. However, there can be made no assurance that the Songa Group will be able to sufficiently mitigate these project risks, and any such risk could negatively affect the financial position and results of operations of the Songa Group. The Songa Group has, following the drilling contract commencement for its four category d ("Cat D") rigs, limited project risk.

Insurance and uninsured risk

Operational risks can inter alia cause personal injury, the loss of a unit, operational disruption, off hire and termination of contract. In order to mitigate these risks, the Songa Group has instigated an insurance program in line with market practice, and additional insurance is always considered when a specific project is considered to be of a high risk nature. The Songa Group has loss of hire insurance in place for its rigs, as part of a reduction of the overall risk profile of Songa Offshore.

Insurance policies and contractual rights to indemnity may not adequately cover losses, and the Songa Group does not have insurance coverage or rights to indemnity for all risks that could result from drilling operations. The Songa Group coverage includes annual aggregate policy limits. If a significant accident or other event occurs that is not fully covered by the insurance or an enforceable or recoverable indemnity from a client, the occurrence could adversely affect the Songa Group's financial position, results of operations or cash flows.

Pollution and environmental risks generally are not fully insurable. The Songa Group's insurance policies and contractual rights to indemnity may not adequately cover the Songa Group's losses, or may have exclusions of

coverage for some losses. The Songa Group does not have insurance coverage or rights to indemnity for all risks, including, among other things, liability risk for certain amounts of excess coverage and certain physical damage risk. If a significant accident or other event occurs which is not fully covered by insurance or contractual indemnity, it could adversely affect the financial position, results of operations and cash flows of the Songa Group.

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Reliance on customers and third parties

The Songa Group has a strong dependency on Statoil ASA (“Statoil”). Statoil currently accounts for all the consolidated operating revenues of the Songa Group, and also represents all current contract revenue backlog of the Songa Group. While it is expected that Statoil will continue to be a significant customer going forward, there can be no assurance that this will be the case, and a discontinuation of the cooperation with major customers could have a material adverse effect on the Songa Group’s financial position and future prospects. The Songa Group relies on third parties to perform certain services for the operation of the drilling units, including maintenance and catering services and has significant agreements in place in that respect. A failure by one or more of these third parties to satisfactorily provide, on a timely basis, the agreed upon services may have an adverse impact on the Songa Group’s ability to perform its obligations under drilling contracts.

Rig operation

The Songa Group only has a limited number of rigs. The Songa Group’s fleet is exposed to operational risks associated with offshore operations such as breakdown, bad weather, technical problems, force majeure situations (e.g., nationwide strikes), collisions, grounding and similar events, which may have a material adverse effect on the earnings and value of the Songa Group.

The drilling fleet of the Songa Group is concentrated in the semi-submersible rig market. Moreover, as the Songa Group’s fleet is configured to operate in the midwater sector, a reduction in demand for midwater drilling would have an adverse effect on the Songa Group. It would also be adversely affected by a reduction in demand for deepwater drilling, as some rigs configured for the deepwater sector (typically those equipped with mooring systems) can also operate in the midwater sector, thereby increasing the number of rigs operating in the midwater sector.

Without considering the Cat D rigs, which are high specifications semi-submersible, some of the Songa Group’s competitors have semi-submersible rigs with generally higher specifications than those in the current legacy fleet of the Songa Group. While the Songa Group does not believe that all higher specification rigs are suited to the midwater sector of the drilling industry, particularly during market downturns when there is decreased rig demand, some higher specification rigs may be more likely to compete with the Songa Group’s legacy fleet rigs in obtaining drilling contracts in the sector in which the Songa Group operates. In addition, higher specification rigs may be more adaptable to different operating conditions and have greater flexibility to move to areas of demand in response to changes in market conditions. Furthermore, in recent years, an increasing amount of exploration and production expenditures have been concentrated in deeper water drilling programs and deeper formations, thereby requiring higher specification rigs. This trend is expected to continue and could result in a material decline in demand for the lower specification rigs in the Songa Group’s fleet.

Charter risk

The Songa Group provides its services on the basis of drilling contracts that are awarded through competitive bidding or to a lesser extent through direct negotiations with oil companies.

The Songa Group’s financial condition, operating results and cash flows could be adversely affected by early termination of contracts, contract renegotiations or cessation of day rates under any of the foregoing circumstances.

The Songa Group’s rigs are contracted to one customer, and a disruption in cooperation between the Songa Group and the customer could lead to a termination of most, or all, charter agreements. The ability of the Songa Group to renew contracts or obtain new contracts and the terms of any such contracts will depend, among other things, on market conditions, the specifications, suitability and deployment potential of its rigs, and the contractual terms, including day

rates, that the Songa Group agrees to operate under. The Songa Group may be unable to renew expiring contracts or obtain new contracts for its rigs under contracts that have expired or been terminated, and the day rates under any new contracts may be substantially below existing day rates, which could materially reduce the revenues and profitability of the Songa Group. There can be no assurance that the Songa Group will be able to perform under its contracts due to events beyond its control or that the Songa Group will be able to ultimately execute a definitive agreement in cases where one does not currently exist. In addition, there can be no assurance that the Songa Group's customers will be able to or willing to fulfil their contractual

commitments to the Songa Group. There can be no assurance that the contracts included in the contract revenue backlog will generate the specified revenues or that the specified revenues will in fact be generated during the periods indicated.

The Songa Group's financial condition, operating results and cash flows could be materially adversely affected by early termination of contracts, contract renegotiations or cessation of day rates under any of the foregoing circumstances.

Risk of accidents

Offshore drilling units may work in harsh environments. The Songa Group's operations are subject to the usual hazards inherent in drilling for oil offshore, such as breakdowns of vessels, blowouts, reservoir damage, loss of production, loss of well control, punch-through, craterings, groundings, collisions, fires, adverse weather conditions and natural disasters such as cyclones, storms and hurricanes. The Songa Group's operations are also subject to accidents, which could be caused by various factors, including human error, adverse weather conditions or faulty construction.

The occurrence of any of the above events could result in the suspension of drilling operations, damage to or destruction of the equipment involved and injury or death to rig personnel, damage to producing or potentially productive oil formations and environmental damage.

Operations also may be suspended because of machinery breakdowns, abnormal drilling conditions, failure of subcontractors to perform or supply goods or services or personnel shortages. In addition, offshore drilling operators are subject to perils peculiar to marine operations, including capsizing, grounding, collision and loss or damage from severe weather.

Damage to the environment could also result from its operations, particularly through oil spillage, extensive uncontrolled fires or a spill, leak or accident involving other hazardous substances that are stored on a rig. The Songa Group may also be subject to damage claims by oil and gas companies or other parties. An accident can have a material adverse effect on the Songa Group's financial condition, and there can be no assurance that the Songa Group will have sufficient insurance against such losses and/or expenses.

Vessel operations are further subject to potential environmental liabilities which could be substantial. Such liabilities are difficult to estimate as the scope and amount of liability would, inter alia, depend on where the vessels are operated at the time when environmental damages occur.

Service life and technical risk

The service life of a rig and/or vessel is generally assumed to be more than 30 years, but will ultimately depend on its efficiency. There can be no assurance that the Songa Group's drilling units will be successfully deployed for such period of time. Although the Songa Group has four high specification midwater semi-submersible rigs, the remaining three rigs were all built in the 1970s and 1980s.

The capital associated with the repair and maintenance of each rig increases with age. In addition, there may be technical and environmental risks associated with ageing rigs, including operational problems and regulatory requirements leading to unexpectedly high operating/maintenance costs and/or lost earnings, and which may have a material adverse effect on the financial position of the Songa Group.

Unexpected repair cost

The timing and costs of repairs on the Songa Group's drilling units are difficult to predict with certainty and may be substantial. Many of these expenses, such as dry-docking and certain repairs for normal wear and tear, are typically not covered by insurance. Large repair expenses could decrease the Songa Group's profits. In addition, repair time may imply a loss of revenue for the Songa Group.

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Risks related to the Songa Group's financial situation

Significant third party indebtedness

The Songa Group has a significant amount of third party indebtedness and there can be no assurances that the Songa Group in the future may not become in default of the terms of such. A breach of the terms of the Songa Group's loan agreements may cause the lenders to require repayment of the financing immediately and to enforce the security granted over substantially all of the Songa Group's assets, including its rigs. If the Songa Group's operating cash flows are not sufficient to meet its operating expenses and the debt payment obligations of the Songa Group, the Songa Group may be forced to do one or more of the following: (i) delay or reduce capital expenditures; (ii) sell certain of its assets; (iii) forego business opportunities, including acquisitions and joint ventures, and/or (iv) obtain new capital, which may be dilutive to current stakeholders. The materialisation of the aforementioned risks could have a material adverse impact on the financial position and/or results of operations of the Songa Group.

The Songa Group has exposure for financial covenants

The Songa Group's credit and borrowing facilities contain financial and other covenants. There can be no assurance that the Songa Group will be able to meet all such covenants relating to current or future indebtedness contained in its funding agreements or that its lenders will extend waivers or amend terms to avoid any actual or anticipated breaches of such covenants.

Failure to comply with its financial and other covenants may have an adverse effect on the Songa Group's financial condition, and also potential increased financial costs, requirements for additional security or cancellation of loans.

Financial risks

The Songa Group monitors and manages the financial risks related to the operations of the Songa Group through internal reports and analysis. However, the Songa Group is exposed to various risks such as market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk, and no assurances can be given that the monitoring of such risks will be adequate or sufficient. If the Songa Group fails to effectively monitor and manage such risks, this could have a material adverse impact on the financial position and/or results of operations of the Songa Group.

Foreign exchange risk management

USD is the functional currency of Songa Offshore and all its subsidiaries. The Songa Group is exposed to foreign exchange risks related to its operations. The Company's rig operating expenses, as well as its General & Administrative costs, are largely NOK-denominated. The Songa Encourage and Songa Enabler day rates are partly paid in NOK to provide a natural currency hedge, while for the other rigs the day rates are paid in USD only.

In order to manage its NOK exposure, Songa Offshore is actively using hedging instruments. Contracts are entered into when the Songa Group finds it in line with the overall interest rate risk strategy.

Interest rate risk management

The Songa Group is exposed to fluctuations in interest rates for USD. The Songa Group's interest costs on its credit facilities are subject to floating interest rate (the adjusted London Interbank Offered Rate referred to as "LIBOR") plus a margin.

The risk is managed by maintaining an appropriate mix between fixed and floating rate borrowings and by the use of interest rate swaps. Contracts are entered into when the Songa Group finds it in line with the overall foreign exchange risk strategy.

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Credit risk management

Due to the nature of the Songa Group's operations, revenues and related receivables are typically concentrated amongst a relatively small customer base of international oil and gas companies. The majority of the revenues are generated by contracts with Statoil. The maximum credit risk is equal to the capitalised value of trade receivables and incurred revenue not billed.

Availability of funding

The Songa Group is dependent upon having access to long-term funding. There can be no assurance that the Songa Group may not experience net cash flow shortfalls exceeding the Songa Group's available funding sources nor can there be any assurance that the Songa Group will be able to raise new equity, or arrange new borrowing facilities, on favorable terms, in amounts necessary, or new financing at all, to conduct its ongoing and future operations, should this be required.

Borrowing and leverage

To the extent income derived from assets obtained with borrowed funds exceeds the interest and other expenses that the Songa Group will have to pay, the Songa Group's net income will be greater than if borrowings were not made. Conversely, if the income from the assets obtained with borrowed funds is insufficient to cover the cost of such borrowings, the net income of the Songa Group will be less than if borrowings were not made. The Songa Group will borrow only when it is believed that such borrowings will benefit the Songa Group and the Songa Group after taking into account considerations such as the costs of the borrowing and the likely returns on the assets purchased with the borrowed monies, but no assurances can be given that the Songa Group will be successful in this respect.

Value of the drilling units and market rates

The value of the drilling units owned by the Songa Group may fluctuate with market conditions. A further or prolonged downturn in the market as have been experienced recently may result in breaches of the financial covenants in its loan agreements. In such a case, sales of the Songa Group's drilling units could be forced at prices that represent a potential loss of value.

Re-domiciliation to Cyprus in 2009 – Exit tax

Songa Offshore moved from Norway to Cyprus in May 2009.

On 25 November 2014, Songa Offshore received the final Norwegian tax assessment for 2009 when Songa Offshore re-domiciled from Norway to Cyprus.

The taxable profit for 2009 was increased by NOK 1.8 billion and is based on the tax authorities' view that all assets and liabilities at the time of the exit should be considered realized in 2009 for Norwegian tax purposes.

The Company disagrees and argues that such taxation should be imposed when the assets and liabilities are realized, and within five years from the exit. Any realization after 2014 should therefore not be subject to Norwegian tax.

The Oslo District Court in January 2017, ruled in disfavor of Songa Offshore. The Company has appealed the case and the exit tax appeal is scheduled for court hearing second quarter 2018. If adversely determined, the result could have a material adverse impact on the financial position and/or results of operations of the Songa Group.

See "Notes to Songa Offshore's Consolidated Financial Statement—Note 4—The audited financials" for further details.

Construction project risk – DSME litigation

The Songa Group was awarded four marine drilling contracts with Statoil for the Cat D rigs. The rigs, of which three were delivered in 2015 and the fourth was delivered on 31 March 2016, were constructed by Daewoo Shipbuilding & Marine

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Engineering Co., Ltd. ("DSME") in Korea. The construction contracts were entered into on a turnkey basis with DSME accepting full design responsibility, and on a back-to-back basis with respect to the specifications outlined by Statoil. As a result of this structure, the Songa Group took on some interface and project management risks.

DSME experienced significant delays and cost overruns during the Cat D project and initiated arbitration in respect of the construction contracts for the Cat D rigs. DSME delivered claim submissions to Songa Offshore related to Songa Equinox and Songa Endurance, the two first Cat D rigs, in which DSME asserted aggregated claims of USD 373 million, including claims for the recovery of liquidated damages of USD 44 million. The claims asserted relate to alleged cost overruns and additional work in relation to Songa Equinox and Songa Endurance due to what DSME alleged were inherent errors and omissions in the design documents (as often referred to as the FEED package).

Songa Offshore reviewed the claims and did not consider that there was any substance to the matters asserted by DSME. On 18 March 2016, Songa Offshore submitted its defenses in the arbitrations. Along with its defense, Songa Offshore submitted counterclaims in respect of the two rigs for the aggregate amount of USD 65.8 million, by means of which Songa Offshore intends to recover damages caused by the default of DSME.

A question as to the legal interpretation of the rig-building contracts was put to the arbitral tribunal constituted in respect of the arbitrations on a preliminary basis. That question was to ascertain which party had responsibility for the FEED package and what the consequences of that would be. A two day arbitration hearing took place before the tribunal on 2 and 3 May 2017 in London and the tribunal's interim final award was published on 21 July 2017. The tribunal ruled in favour of Songa Offshore.

Songa Offshore considers the tribunal's interim final award determinative of DSME's claims in respect of the rigs (and in respect of any similar claims that DSME might assert in respect of Songa Encourage, the third Cat D rig, and the Songa Enabler, the fourth Cat D rig) with an outcome that no payment will be due by Songa Offshore to DSME. On 21 September 2017, Songa Offshore announced that it had been served with an application to the English court where DSME is seeking permission to appeal the arbitration award. Songa Offshore considers that DSME's application was made out of time and has issued a strike out application to the English court.

Songa Offshore will seek to recover its legal costs of the arbitration process from DSME. Songa Offshore is also evaluating whether to pursue its counterclaim against DSME in respect of Songa Equinox and Songa Endurance for the aggregate amount of USD 65.8 million, as well as the counterclaims for Songa Encourage and Songa Enabler that potentially will be approximately in the same amount.

In the event that permission to appeal is granted to DSME, then a court hearing will need to take place to determine the merits of DSME's appeal regarding the outcome of the arbitrations. There can be no assurance as to the ultimate outcome of this process or this litigation, which, if adversely determined, could have a material adverse impact on the financial position and/or results of operations of the Songa Group.

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3RESPONSIBILITY FOR THE PROSPECTUS

This combined Offer Document and Prospectus has been prepared in connection with the Offer and issuance of Consideration Shares and Exchangeable Bonds as described herein.

The boards of directors of Transocean and TINC accept responsibility for the information contained in this Offer Document and Prospectus. The members of the boards of directors confirm that, after having taken all reasonable care to ensure that such is the case, the information contained in this Offer Document and Prospectus is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import.

20 December 2017

The board of directors of Transocean Ltd.

Merrill A. Miller, Jr. Chairman	Frederico F. Curado Director	Martin B. McNamara Director
Tan Ek Kia Director	Glyn A. Barker Director	Chadwick C. Deaton Director
Samuel Merksamer Director	Jeremy D. Thigpen Director	Vanessa C.L. Chang Director
Vincent J. Intrieri Director	Edward R. Muller Director	

The board of directors of Transocean Inc.

C. Stephen McFadin Chairman	Stephen L. Hayes Director	Colin Berryman Director

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4GENERAL INFORMATION

4.1Important investor information

Transocean and Songa Offshore have furnished the information in this Offer Document. No representation or warranty, express or implied is made by the Financial Advisor as to the accuracy, completeness or verification of the information set forth herein, and nothing contained in this Offer Document is, or shall be relied upon as, a promise or representation in this respect, whether as to the past or the future. The Financial Advisor assumes no responsibility for the accuracy or completeness or the verification of this Offer Document and accordingly disclaims, to the fullest extent permitted by applicable law, any and all liability whether arising in tort, contract or otherwise, which they might otherwise be found to have in respect of this Offer Document or any such statement.

Neither Transocean, TINC, the Financial Advisor, or any of their respective affiliates, representatives, advisers or selling agents, is making any representation to any offeree or purchaser of the Consideration regarding the legality of an investment in the Consideration Shares or the Exchangeable Bonds. Each investor should consult with his or her own advisors as to the legal, tax, business, financial and related aspects of a purchase of the Consideration.

Investing in the Consideration Shares and Exchangeable Bonds involves a high degree of risk. See Section 2 "Risk Factors" beginning on page 21.

In connection with the Offer, the Financial Advisor and its affiliates, acting as an investor for its own account, may take up Consideration Shares and Exchangeable Bonds in the Offer and in that capacity may retain, purchase or sell for its own account such securities and any Shares and Exchangeable Bonds or related investments and may offer or sell such Shares and Exchangeable Bonds or other investments otherwise than in connection with the Offer. Accordingly, references in the Offer Document to Consideration Shares and Exchangeable Bonds being offered or placed should be read as including any offering or placement of Consideration Shares and Exchangeable Bonds to the Financial Advisor or any of its affiliates acting in such capacity. The Financial Advisor does not intend to disclose the extent of any such investment or transactions other than in accordance with any legal or regulatory obligation to do so. In addition, the Financial Advisor or its affiliates may enter into financing arrangements (including swaps) with investors in connection with the Financial Advisor (or its affiliates) acquiring, holding or disposing of Shares and Exchangeable Bonds.

Transocean has also prepared a Form S-4 Registration Statement under the U.S. Securities Act in connection with the Offer (the "Registration Statement"). The Registration Statement will be available, free of charge, at the SEC's website at: www.sec.gov. In addition, free copies of the Registration Statement and other relevant documents filed by Transocean and Transocean Inc. with the SEC may be obtained from Transocean's website at: www.deepwater.com. Certain sections included in the Registration Statement have been included in Appendix D. The information set forth in Appendix D is required by the rules of the SEC in order for the Prospectus to satisfy the statutory content requirements for a prospectus under U.S. federal securities laws and related SEC rules. The Norwegian FSA has not made any form of control or approval relating to the items included therein, and the information contained in Appendix D does not influence the information in this Prospectus given according to the content requirements of the Norwegian Securities Trading and related secondary legislation, including the Commission Regulation (EC) no. 809/2004 implementing Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 regarding information contained in prospectuses, as amended and as implemented in Norway.

SEC rules require that Transocean disclose in its Registration Statement a detailed description of the background and reasons for the Offer and Songa Offshore to proceed with the Offer, including a summary of any financial forecasts or projections on which any such report, opinion or appraisal was based. As a result of this requirement, Transocean has included in the Registration Statement (and, accordingly, in Appendix D) a summary of certain management

projections (the "Management Projections") that were made available to Songa Offshore and its advisors on 28 June 2017. The Management Projections are intended solely to provide historical facts regarding the negotiation process between Transocean and Songa Offshore.

The Management Projections were initially prepared based on information available to Transocean's management only through the second quarter of 2017. Since that time, a number of events have occurred, and certain conditions and

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circumstances have changed, such that Transocean's management does not believe that the Management Projections represent a reliable current forecast of the future results that the Company may achieve, and are consequently no longer valid. The key changes to the assumptions made in the original Management Projections since they were initially prepared are the following:

- While the offshore drilling market fundamentals became more favorable as oil prices increased to the mid to high USD 50 per barrel level, this increase has not translated into a significant improvement in offshore drilling activity or dayrates as anticipated when the Management Projections were prepared. In this regard, the increase in tenders and contracts observed at the end of 2017 no longer appear to be sufficient to support the projected increase in activity and dayrates in 2018.
- Material value enhancement initiatives are underway at Transocean, including to further reduce operation and maintenance costs and capital expenditures. In addition to pursuing significant efficiencies in overhead optimization, Transocean has been able to reduce its future costs for mandatory five-year special periodic surveys, underwater inspections in lieu of dry docking and rig reactivations.
- Transocean announced the retirement of six floaters in September 2017, further reducing the costs associated with the cold stacking of rigs.

4.2Presentation of financial and other information

4.2.1Financial information

The Company's consolidated financial statements as of 31 December 2016 and 2015 and for each of the three years in the period ended 31 December 2016 (the "Financial Statements") included under "Item 8. Financial Statements and Supplementary Data" of the Group's annual report on Form 10-K for the year ended 31 December 2016, and the Company's condensed consolidated interim financial statements as of 30 September 2017 and for the three and nine months ended 30 September 2017 and 2016 (the "Interim Financial Statements") included under "Item 1. Financial Information" of the Group's quarterly report on Form 10-Q for the quarterly period ended 30 September 2017, have been prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP"). The Group's consolidated financial statements as of 31 December 2016 and 2015 and for each of the three years in the period ended 31 December 2016, have been audited by EY Houston and EY Zurich.

The consolidated financial statements of the Company are prepared in the Company's functional currency, U.S. dollars (presentation currency).

4.2.2Sources of industry and market data

In this Prospectus, the Company has used industry and market data obtained from independent industry publications, market research and other publicly available information. While the Company has compiled, extracted and reproduced industry and market data from external sources, the Company has not independently verified the correctness of such data. The Company cautions prospective investors not to place undue reliance on the above-mentioned data. Unless otherwise indicated in the Prospectus, the basis for any statements regarding the Company's competitive position is based on the Company's own assessment and knowledge of the market in which it operates.

The Company confirms that where information has been sourced from a third party, such information has been accurately reproduced and that as far as the Company is aware, and is able to ascertain from information published by that third party, no facts have been omitted that would render the reproduced information inaccurate or misleading. Where information sourced from third parties has been presented, the source of such information has been identified, however, source references to websites shall not be deemed as incorporated by reference to this Prospectus.

Industry publications or reports generally state that the information they contain has been obtained from sources believed to be reliable, but the accuracy and completeness of such information is not guaranteed. The Company has not independently verified and cannot give any assurances as to the accuracy of market data contained in this Prospectus that

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was extracted from these industry publications or reports and reproduced herein. Market data and statistics are inherently predictive and subject to uncertainty and not necessarily reflective of actual market conditions. Such statistics are based on market research, which itself is based on sampling and subjective judgments by both the researchers and the respondents, including judgments about what types of products and transactions should be included in the relevant market.

As a result, prospective investors should be aware that statistics, data, statements and other information relating to markets, market size, market shares, market positions and other industry data in this Prospectus (and projections, assumptions and estimates based on such information) may not be reliable indicators of the Company's future performance and the future performance of the industry in which it operates. Such indicators are necessarily subject to a high degree of uncertainty and risk due to the limitations described above and to a variety of other factors, including those described in Section 2 "Risk Factors" and elsewhere in this Prospectus.

4.3Cautionary note regarding forward-looking statements

The statements described in this Prospectus that are not historical facts are forward-looking statements. Forward-looking statements appear in, among other sections in this Prospectus, Section 6 "About the Songa Group," Section 8 "Industry and Market Overview," Section 9 "Business of the Group" and Section 12 "Operating and Financial Review." These forward-looking statements include, but are not limited to, statements regarding benefits of the Offer, integration plans and expected synergies, and anticipated future growth, financial and operating performance and results. Forward-looking statements are based on management's current expectations and assumptions, and are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict. Forward-looking statements in this Offer Document are identifiable by use of any of the following words and other similar expressions: "anticipates," "could," "forecasts," "might," "projects," "believes," "estimates," "intends," "plans," "scheduled," "budgets," "e "predicts" and "should."

Actual results could differ materially from those indicated in these forward-looking statements. Factors that could cause actual results to differ materially are set out in Section 2 "Risk Factors."

Should one or more of such 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 Transocean or to persons acting on Transocean's 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 each of Transocean and Songa Offshore undertake no obligation to publicly update or revise any forward-looking statements to reflect events or circumstances that occur, or which either Transocean or Songa Offshore become aware of, after the date hereof, except as otherwise may be required by law.

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THE TERMS OF THE OFFER

5.1General

Transocean, on behalf of itself and through its direct wholly owned subsidiary, TINC, is offering to acquire all issued and outstanding Songa Shares (on a fully diluted basis, including Songa Shares issued by exercise of warrants or restricted share units, or conversion of Songa Convertible Bonds) not owned by persons in or from jurisdictions where making of the Offer is unlawful, in exchange for a consideration per Songa Share consisting of (i) 0.35724 Consideration Shares and (ii) USD 2.99726 principal amount of Exchangeable Bonds, subject to the terms and conditions of the Offer. In addition, as part of the Offer, each recipient of the Offer will have the option to instead elect to receive an amount in cash of NOK 47.50 per Songa Share up to a maximum of NOK 125,000 per shareholder in lieu of some or all of the Consideration Shares and Exchangeable Bonds such shareholder would otherwise be entitled to receive in the Offer. The Cash Election, if chosen, will first reduce the number of Exchangeable Bonds and then the number of Consideration Shares such shareholder would otherwise be entitled to receive in the Offer. If all Songa Offshore shareholders (on a fully diluted basis) accept the Offer with no cash consideration, approximately 68,629,363 Consideration Shares and approximately USD 575,803,000 aggregate principal amount of Exchangeable Bonds will be issued as a result of the Offer. As of the date of this Offer Document, neither Transocean nor any of its affiliates own any Songa Shares or loans convertible into Songa Shares. Songa shareholders may tender Songa Shares that are issued and delivered after expiration of the Offer Period as a result of exercise of Songa Offshore warrants or restricted share units, or conversion of Songa Convertible Bonds, provided that such Songa Shares are issued prior to settlement of the Offer.

Transocean will not issue any fractional Consideration Shares or fractional amounts of Exchangeable Bonds in the Offer. Each Songa Offshore shareholder who accepts the Offer and, following the completion of the Offer, any Songa Offshore shareholder in connection with a subsequent mandatory offer or compulsory acquisition (squeeze-out) (a) who would otherwise be entitled to receive a fraction of a Consideration Share will instead receive, for the fraction of a Consideration Share, an amount in cash based on USD 8.39, the closing price of the Consideration Shares on the NYSE on 14 August 2017, the last trading day prior to the announcement of the proposed Combination and Offer (the "Reference Price"), and (b) who would otherwise be entitled to receive a fractional amount of Exchangeable Bonds will instead receive, for the fractional amount of Exchangeable Bonds, an amount in cash based on USD 1,000, the principal amount per Exchangeable Bond, and in each case, paid in NOK, based on an exchange rate of 7.9239 NOK per U.S. dollar which is the NOK/USD closing price at 4:00 p.m. CET as determined by Norges Bank, on 14 August 2017, the trading day immediately preceding the announcement of the Offer.

5.2The Offeror – Transocean Ltd.

The Offer is made by Transocean Ltd., a corporation incorporated under the laws of Switzerland in 2008, with registered office at Turmstrasse 30, 6300 Zug, Switzerland, on behalf of itself and through its wholly owned subsidiary, Transocean Inc., a corporation incorporated under the Companies Law of the Cayman Islands with principal executive offices located at P.O. Box 10342, 70 Harbour Drive, 4th Floor, Grand Cayman, KY1-1003. Transocean is registered in Switzerland with enterprise identification number (UID) CHE-114.461.224, and TINC is registered in the Cayman Islands under the business registration number 89645. The Shares are listed on the NYSE under the symbol "RIG." For further information about Transocean and its business, see Section 9 "Business of the Group." Transocean's obligations in relation to Consideration not offered in Consideration Shares or cash is, for purposes of the Offer, fully discharged by TINC.

5.3The Target – Songa Offshore SE

Songa Offshore SE, the parent company of the Songa Group, is a European public company limited by shares organised under the laws of the Republic of Cyprus with the Cyprus Registrar of Companies with registration number SE 9. Its predecessor company, Songa Offshore ASA, was incorporated on 18 April 2005 as a Norwegian public limited liability company (Nw.: allmennaksjeselskap) and converted to an SE, by means of a merger between Songa Offshore ASA and Songa Offshore Cyprus Plc, on 12 December 2008. With effect from 11 May 2009, the survivor of the merger, renamed to Songa Offshore SE, transferred its registered office to Cyprus in accordance with Article 8 of the Council Regulation (EC) No 2157/2001 of 8 October 2001 on the Statute for a European Company (SE) and section 113 of the Cyprus

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Companies Law (as amended). Songa Offshore's registered office is at Porto Bello building, Office 201, No 1 Siafi Street, 3042, Limassol, Cyprus.

As of 11 December 2017, Songa Offshore had an authorized share capital of EUR 24,095,941.10 consisting of (i) 138,063,905 issued ordinary shares of nominal value EUR 0.10 and (ii) 102,895,506 undesignated shares of nominal value EUR 0.10. The Songa Shares are registered in the Norwegian Central Securities Depository (the "VPS") under ISIN CY0100962113 and are listed on the Oslo Stock Exchange under the ticker code "SONG." For further information about the Songa Group and its business, see Section 6 "About the Songa Group."

5.4Background and reasons for the Combination and plans for further operation

The Company believes that the Combination is an excellent strategic fit for Transocean. The Company also anticipates annual cost and operational synergies of approximately USD 40 million,4 inter alia based on expected savings in general and administrative costs, maintenance costs, supply and logistic costs and insurance costs. Savings in maintenance and insurance are expected to be realized by implementing key strategic agreements and programs in the combined groups. Streamlining of general and administrative and supply and logistics costs is expected to affect the total number of employees in the combined group. The Combination will strengthen the Company's position as a leader in harsh environment and ultra-deepwater drilling with the addition of Songa Offshore's four "Cat-D" harsh environment, semisubmersible drilling rigs on long-term contracts with Statoil in Norway and three additional semisubmersible drilling rigs. The combined company will operate a fleet of 45 mobile offshore drilling units with backlog of USD 14.3 billion, measured as of the date of the announcement on 15 August 2017, consisting of 26 ultra-deepwater floaters, 11 harsh environment floaters, two deepwater floaters and seven midwater floaters. Additionally, the Company has three ultra-deepwater drillships under construction, including one contracted with Shell for ten years. Consistent with Transocean's strategy of recycling older less capable rigs, Transocean anticipates re-ranking the combined fleet, which may result in additional rigs being recycled. Since the date of the announcement, Transocean announced the retirement of six drilling rigs, including five ultra-deepwater floaters and one deepwater floater, and the early termination by a customer of one of its contracts, representing a loss of approximately USD 200 million of contract backlog.

5.5Consideration

The consideration in the Offer consists of (i) 0.35724 Consideration Shares and (ii) USD 2.99726 principal amount of Exchangeable Bonds, to be issued by TINC and guaranteed by Transocean, for each Songa Share. In addition, as part of the Offer, each Songa Offshore shareholder will have the option to instead elect to receive an amount in cash of NOK 47.50 per Songa Share up to a maximum of NOK 125,000 per shareholder in lieu of some or all of the Consideration Shares and Exchangeable Bonds such shareholder would otherwise be entitled to receive in the Offer. The Cash Election, if chosen, will first reduce the number of Exchangeable Bonds and then the number of Consideration Shares. The Cash Election is payable in NOK. As a consequence, accepting shareholders holding 2,631 Songa Shares or less may elect to receive the full consideration in cash. On the basis of the Reference Price and for the nominal value of the Exchangeable Bonds, the implied consideration being paid in the Offer is NOK 47.50 for each Songa Share (the "Implied Consideration") using the USD/NOK closing exchange rate as determined by Norges Bank as of 14 August 2017. The Implied Consideration represents a 37.0% premium to Songa Offshore's five-day average closing price of NOK 34.68 per share on 14 August 2017, the last trading day prior to Transocean's announcement of the contemplated Offer. The value of any cash and the value of the aggregate number of Consideration Shares and Exchangeable Bonds to be delivered per Songa Share is the Offer Price.

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4 Source: the Company.

Transocean will not issue any fractional Consideration Shares or fractional amounts of Exchangeable Bonds in the Offer. Each Songa Offshore shareholder who accepts the Offer and, following the completion of the Offer, any Songa Offshore shareholder in connection with a subsequent mandatory offer or compulsory acquisition (squeeze-out) (a) who would otherwise be entitled to receive a fraction of a Consideration Share will instead receive, for the fraction of a Consideration Share, an amount in cash based on USD 8.39, the closing price of the Consideration Shares on the NYSE on 14 August 2017, the last trading day prior to the announcement of the proposed Combination and Offer, and (b) who would otherwise be entitled to receive a fractional amount of Exchangeable Bonds will instead receive, for the fractional amount of Exchangeable Bonds, an amount in cash based on USD 1,000, the principal amount per Exchangeable Bond, and in each case, paid in NOK, based on an exchange rate of 7.9239 NOK per U.S. dollar which is the NOK/USD closing price at 4:00 p.m. CET as determined by Norges Bank, on 14 August 2017, the trading day immediately preceding the announcement of the Offer. For more information about the Exchangeable Bonds as Consideration, see Section 16 "Description of the Exchangeable Bonds."

The rights of the Consideration Shares and any Shares issuable upon exchange of the Exchangeable Bonds will in all respects be equal to those of the existing Shares from the time of issue.

The Consideration has been determined by Transocean on the basis of an overall evaluation, including consideration of the valuation of Transocean and Songa Offshore in the equity market, the two companies' historic and expected earnings and future market prospects compared with the equity market valuation of comparable companies, a careful assessment of the asset values of each company, positioning in the relevant markets, tax positions, the organizations of the two companies, possible synergies, and the Group's business goals and strategic gain, before adding a substantial premium to facilitate the acquisition.

The number of Consideration Shares and Exchangeable Bonds shall each be adjusted appropriately to reflect the effect of any stock split, reverse stock split, stock dividend and other like change (including any dividend or distribution of securities convertible into Consideration Shares or Songa Shares), in accordance with the procedures set out in Section 5.15 "Amendments to the Offer." If an adjustment is made, acceptances of the Offer received prior to such adjustment shall be deemed an acceptance of the Offer as revised.

To the extent the Consideration is adjusted pursuant to the preceding paragraph, the adjustment shall be based on the following parameters:

(i) The Implied Consideration;
(ii) The exchange ratio of 0.35724 Consideration Shares and USD 2.99726 principal amount of Exchangeable Bonds for each Songa Share exchanged for Consideration Shares and Exchangeable Bonds; and
(iii) The per share value of the dividend or other distribution resolved by Songa Offshore, in or converted to USD (if applicable) as of the date the relevant resolution is made by Songa Offshore.

No interest or other compensation other than the Consideration will be paid by Transocean to Songa Offshore shareholders for any shares tendered in the Offer. Further, no interest or other compensation will be paid by Transocean to tendering Songa Offshore shareholders in the event the Offer is not completed.

Under the terms of the Offer, the Offeror and any entity wholly owned directly or indirectly by Transocean shall not directly or indirectly acquire or enter into any agreement to acquire Songa Shares (in the open market or in privately negotiated transactions or otherwise) following announcement of the contemplated Offer until (i) the lapsing or withdrawal of the Offer or (ii) the completion of the Offer as contemplated by this Offer Document or, if relevant, expiration of a subsequent mandatory offer, at a consideration higher than the offer price (the "Offer Price"), without increasing the Offer Price for all Songa Shares included in the Offer so as to be at least equal to such higher consideration. Notwithstanding the foregoing, the Offer Price shall not be increased pursuant to the aforementioned as a result of (i) the payment of cash consideration (including the effect of any change in currency exchange rates) in any

subsequent mandatory offer in accordance with the minimum Offer Price requirements as decided by the Oslo Stock Exchange, (ii) share price fluctuations during or after the Offer Period, or (iii) the application of calculation principles by the Oslo Stock Exchange

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or any other governmental or regulatory authority to any subsequent mandatory offer that differs from the calculation principles specified in the Transaction Agreement.

5.6Transaction Agreement

On 13 August 2017, Transocean, TINC and Songa Offshore entered into the Transaction Agreement, a copy of which is attached as Appendix C.

The Transaction Agreement contains, among other things, provisions relating to Transocean's commitment to make the Offer and certain obligations of Songa Offshore prior to and in connection with the Offer, including obligations to conduct the business in the ordinary course of business and not to do or permit actions to be done which could be reasonably expected to prevent the completion of the Offer and to assist in connection with regulatory filings. The Transaction Agreement also includes the conditions to the Offer, as described in Section 5.8 "Conditions for Completion of the Offer." Termination of the Transaction Agreement in accordance with its terms does not automatically terminate the Offer or the pre-acceptances received by Transocean.

The Transaction Agreement also requires Songa Offshore to promptly inform Transocean of any competing offers and contains non-solicitation undertakings.

The Long Stop Date (as defined below) under the Transaction Agreement was extended from 31 January 2018 to 15 February 2018 as per an amendment agreement dated 19 December 2017.

5.7Offer Period

The shareholders of Songa Offshore may accept the Offer in the period from and including 21 December 2017 to and including 23 January 2018 at 16:30 (CET) (as extended from time to time, the "Offer Period"). Transocean may in its sole discretion, and subject to approval from the Oslo Stock Exchange, extend the Offer Period (one or more times), however not beyond 15 February 2018 at 23:59 (CET). Any extensions of the Offer Period will be announced in the manner described in Section 5.16 "Notices" prior to the expiration of the Offer Period. When referring to the Offer Period in this Offer Document, this refers to the Offer Period as extended from time to time. If the Offer Period is extended, the other dates referred to herein may be changed accordingly and any received acceptance forms ("Acceptance Forms") will remain binding for the length of the extension. Except as prohibited by the Transaction Agreement and applicable law, Transocean may, at its sole discretion and at any time, decide to cancel the Offer.

5.8Conditions for completion of the Offer

The completion of the Offer is subject to the following conditions, each one of which may be waived by the Offeror fully or partly (at the Offeror's sole discretion), provided, however that condition (1) can only be waived to the extent the Offeror has received acceptances for more than 63% of the total share capital of Songa Offshore on a fully diluted basis (and cannot be waived if the Offeror has received acceptances for 63% or less of the total share capital of Songa Offshore on a fully diluted basis), and conditions (2), (6), (7), (8) or (11) can only be waived with the prior written consent of Songa Offshore:

1. Minimum acceptance of more than 90%. On or prior to the expiration of the Offer Period, Songa Offshore shareholders shall in the aggregate have accepted the Offer subject to the terms and conditions of the Offer for a number of Songa Shares representing more than 90% of the total share capital of Songa Offshore, on a fully diluted basis (i.e. calculated based on the assumption that any and all outstanding warrants, convertible bonds and other securities convertible into or otherwise giving rights to new Songa Shares have been exercised in full regardless of the conditions for such exercise), and the same amount of votes, which can be exercised in the general meeting of

Songa Offshore, and such acceptances shall remain valid and binding.

2. Governmental and regulatory approvals. Any governmental, regulatory or other official approval and/or clearance, under any applicable laws or regulations, which are necessary for the completion of the Offer and the transactions contemplated hereunder, shall have been duly obtained without any conditions, unless such

conditions are clearly insignificant in the context of (i) Transocean's existing business operations in Norway or (ii) the expected benefits to Transocean of the acquisition of Songa Offshore.

3. No intervention. No court or other governmental or regulatory authority of competent jurisdiction shall have taken any form of legal action (whether temporary, preliminary, or permanent) that restrains or prohibits the completion of the Offer or shall in connection with the Offer have imposed conditions upon Transocean, Songa Offshore or any of their respective subsidiaries, that Transocean in its sole discretion determines to be unduly burdensome.
4. No issue of shares or equity instruments and no distributions. In the period from the announcement of the contemplated Offer until the settlement of the Offer there shall have been no changes or decisions to make changes to the share capital of Songa Offshore or its subsidiaries other than issuances of shares as required by the exercise of warrants or options or the conversion of convertible bonds and/or exercise of any other Songa Offshore securities, which are made in accordance with the terms of such agreements (which have been provided to Transocean prior to the entering into of the Transaction Agreement or the terms of which are otherwise publicly available) underlying such warrants, options, convertible bonds and/or other Songa Offshore securities and no issue or decision to issue any rights which entitle the holder to any form of equity interest in Songa Offshore or its subsidiaries, and Songa Offshore shall not have declared or made any dividends or other forms of distributions, in each case from the date of announcement of the contemplated Offer.
5. No Material Adverse Change. Prior to completion of the Offer, there shall have been no Material Adverse Change. For these purposes, Material Adverse Change means any event, change, fact, condition, circumstance, development, occurrence or effect which, individually or together with any other event, change, fact, condition, circumstance, development, occurrence or effect, has, or would reasonably be expected to have, a material adverse effect upon (i) the condition (financial or otherwise), business, assets, liabilities or results of operations of Songa Offshore or Transocean, as the case may be, and its subsidiaries, taken as a whole, or (ii) the ability of Songa Offshore or Transocean, as the case may be, to perform its obligations under the Transaction Agreement or to consummate the Offer or the other transactions contemplated by the Transaction Agreement, provided that Material Adverse Change shall not be deemed to include an event, change, fact, condition, circumstance, development, occurrence or effect to the extent it relates to (A) the announcement of the Offer and the other transactions contemplated by the Offer; (B) the execution of, compliance with the terms of, or the taking of any action required by the Transaction Agreement, or the completion of the Offer and the other transactions contemplated by the Transaction Agreement; (C) any change in accounting requirements or principles or any change of laws of general applicability or the interpretation thereof, except to the extent disproportionally affecting Songa Offshore or Transocean, as the case may be, relative to peer companies operating in the industry, (D) changes in financial markets, interest rates, exchange rates, commodity prices or, except to the extent that such matters have an impact on Songa Offshore or Transocean, as the case may be, that to a material extent is disproportionate to the effect on other peer companies operating in the industry, other general economic conditions, (E) share price fluctuations or changes in third-party analyst estimates or projections (provided that the underlying cause of any such fluctuation or change may be considered in determining whether or not a Material Adverse Change has occurred or would reasonably be expected to occur to the extent not included in another exception herein), (F) acts of war, sabotage or terrorism, or any escalation or worsening of any such acts of war, sabotage or terrorism threatened or underway, except to the extent disproportionally affecting Songa Offshore or Transocean, as the case may be, relative to peer companies operating in the industry, (G) any changes resulting from non-cash impairment charges relating to the write-down or scrapping of existing oil rigs, or (H) with respect to Songa Offshore and its subsidiaries, (x) any matters reviewed as part of the due diligence conducted prior to the Transaction, including in particular any judgement, claim, development, fact circumstance or other occurrence in relation to Songa Offshore's reported ongoing dispute with DSME and (y) any change in financial statements or other financial information or audit statements solely due to conversion of financial statements from IFRS to U.S. GAAP as part of the preparation or furnishing of information pursuant to the Transaction Agreement (provided that the underlying cause of any such changes (such as errors in accounting or material omissions) may be considered in determining whether or not a

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Material Adverse Change has occurred or would reasonably be expected to occur to the extent not included in another exception herein).

6. Issue of Consideration Shares. (a) The Extraordinary General Meeting shall have approved (i) the issuance of the Consideration Shares and (ii) the creation of authorized share capital for the Board of Directors of Transocean to be authorized to issue Shares, with par value CHF 0.10 each, in connection with a mandatory offer or a compulsory acquisition (if any) of Songa Shares following the completion of the Offer, in each case with the necessary majority under Swiss law and Transocean's Articles of Association, and (b) the Consideration Shares shall have been registered with the competent commercial register.
7. Listing on NYSE. The NYSE shall have approved the Consideration Shares and the Shares issuable upon exchange of the Exchangeable Bonds for listing on such exchange, subject to official notice of issuance.
8. U.S. Securities Filings. One or more registration statements on Form S-4 with respect to each of the Consideration Shares and the Exchangeable Bonds has been declared effective by the SEC, or a Form CB has been filed by Transocean with respect to the Offer.
9. Accuracy of Provided Information. Nothing shall have come to the attention of the Offeror that has reasonably caused it to conclude that the information about Songa Offshore or its subsidiaries provided to the Offeror, whether provided by Songa Offshore or any of its representatives, or contained in any publicly filed financial statement or stock exchange notice by Songa Offshore, is, when viewed in context and together with all such information and reporting, inaccurate, misleading or incomplete (a) in any material respect or (b) in the case of information regarding the capitalization of Songa Offshore, other than for immaterial inaccuracies or omissions.
10. Compliance with Covenants. Songa Offshore shall have complied in all material respects with its obligations under the Transaction Agreement, and no material breach by Songa Offshore of its representations and warranties under the Transaction Agreement shall have occurred.
11. Election of the Perestroika Designee. The Perestroika Designee shall have been elected to Transocean's Board of Directors at the Extraordinary General Meeting.

All Offer conditions must be satisfied or waived as of the expiration of the Offer in accordance with the terms of the Transaction Agreement. As far as Transocean is aware, as of the date of this Offer Document, other than approval from the Norwegian Competition Authority, no governmental, regulatory or other official approval and/or clearance under applicable laws will be required for the consummation of the Offer, but this will have to be assessed and confirmed based on information to be requested from Songa Offshore. Approval from the Norwegian Competition Authority was given on 8 September 2017.

Based on the number of Songa Shares outstanding as of 11 December 2017, in order to satisfy condition (1), a total of 172,898,969 Songa Shares must be tendered in the Offer. Transocean expects that 146,931,658 Songa Shares will be tendered in the Offer pursuant to the pre-acceptance agreements received by Transocean, meaning that an additional 25,967,311 Songa Shares must be tendered to satisfy this condition.

As soon as each of the conditions above have been met, waived or failed to be met, Transocean will issue a notification to that effect in accordance with the procedures set out in Section 5.16 "Notices." Transocean expects that the Extraordinary General Meeting will be held on or about 16 January 2018. Transocean has also prepared a Proxy Statement under the U.S. Securities Act in connection with the Extraordinary General Meeting (the "Proxy Statement"). The Proxy Statement will be available, free of charge, at the SEC's website at: www.sec.gov. In addition, free copies of the Proxy Statement and other relevant documents filed by Transocean and Transocean Inc. with the SEC may be obtained from Transocean's website at: www.deepwater.com.

Provided that all conditions above are met, the Company expects the completion of the Offer to take place on or around 30 January 2018.

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5.9Pre-acceptance undertakings

On 13, 14 and 15 August 2017, Transocean obtained irrevocable undertakings from Songa Offshore shareholders representing approximately 76.5% of the Songa Shares (on a fully diluted basis), which were amended on 15 September 2017, to tender their Songa Shares in the Offer, including a commitment from Songa Offshore's largest shareholder, Perestroika AS ("Perestroika"), as further set out in the table below:

Songa Offshore shareholder	No. of Songa Shares		No. of share options/rights to acquire Songa Shares		Total Songa Shares beneficially owned	Percentage of Songa Shares on the date hereof(1)	
Frederik Mohn/Perestroika	59,557,340	(2)	27,556,518	(3)	87,113,858	45.4	%
Funds managed by Asia Research & Capital Management Ltd	30,272,396	(4)	14,697,449	(5)	44,969,845	23.4	%
Funds managed by York Capital Management Global Advisors, LLC	5,586,322	(6)	8,968,223	(7)	14,554,545	7.6	%
Mark Bessell	53,027		-		53,027		*
Arnaud Bobillier	21,300		-		21,300		*
Bjørnar Iversen	118,097		-		118,097		*
Michael Mannering	13,768	(8)	-		13,768		*
Johan Kristian Mikkelsen	10,000		-		10,000		*
Jan Rune Steinsland	77,218	(9)	-		77,218		*

*represents < 1% of Songa Shares outstanding.

(1) Percentage is calculated on a fully diluted basis equal to 192,109,965.
(2) Includes 62,000 Songa Shares owned by Frederik W. Mohn, the sole owner of Perestroika, and 5,750 Songa Shares held by Mr. Mohn's spouse.
(3) Songa Shares issuable upon conversion of SONG07 convertible bonds.
(4) Includes 4,199,851 Songa Shares owned by ARCM Distressed Energy Opportunities Master Fund Ltd. ("ARCM Fund"), 22,287,610 Songa Shares owned by ARCM Master Fund II, Ltd. ("ARCM Fund II") and 3,784,935 Songa Shares owned by ARCM Master Fund III Ltd. ("ARCM Fund III").
(5) Includes 1,998,349 Songa Shares issuable to ARCM Fund upon conversion of SONG07 convertible bonds, 8,492,986 Songa Shares issuable to ARCM Fund II upon conversion of SONG07 convertible bonds and 4,206,114 Songa Shares issuable to ARCM Fund III upon conversion of SONG07 bonds.
(6) Includes 2,096,536 Songa Shares owned by York Credit Opportunities Investments Master Fund, L.P. ("York Credit Opportunities Master Fund"), 2,049,985 Songa Shares owned by York Credit Opportunities Fund, L.P., 119,645 Songa Shares owned by York European Strategic Investors Holding Fund, L.P., and 1,320,156 Songa Shares owned by York European Opportunities Investments Master Fund, L.P.
(7) Includes 3,362,376 Songa Shares issuable upon conversion of SONG07 bonds owned by York Credit Opportunities Master Fund and 1,322,344 Songa Shares delivered to York Credit Opportunities Master Fund on 22 August 2017 upon the exercise of its warrants; and 3,073,267 Songa Shares issuable upon conversion of

SONG07 bonds owned by York Global Finance Fund, L.P. ("York Global Finance Fund") and 1,210,235 Songa Shares delivered to York Global Finance Fund on 22 August 2017 upon the exercise of its warrants.

(8) Includes 8,576 Songa Shares held by Mr. Mannering's spouse.

(9) Includes 65,945 Songa Shares held by Songvaar Invest AS, where Mr. Steinsland is trustee.

These undertakings also apply to any Songa Shares that these shareholders may acquire before the end of the Offer Period. These pre-acceptances cannot be withdrawn as a result of a superior offer from a third party. These pre-acceptances require the Songa Offshore shareholder to sell its share options and rights to Songa Shares on the same economic terms as if such share options and rights to Songa Shares had been exercised. Perestroika has agreed that it will not sell, transfer, encumber or otherwise dispose of the Consideration Shares for a period until 15 August 2018. This lock-up shall not apply to any Shares that Perestroika acquires through exchange of Exchangeable Bonds. Shareholders signing pre-acceptances each agreed not to exercise the Cash Election with respect to their Songa Shares.

5.10Long Stop Date

If the Offer has not been announced unconditional by 23:59 (CET) on 15 February 2018 (the "Long Stop Date") the Offer shall lapse and any tendered shares shall be released by Transocean, provided, however, that the Long Stop Date may be

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extended at the election of Transocean one time for no more than a total of 25 U.S. business days to the extent deemed necessary, at Transocean's sole discretion, for the purpose of soliciting additional proxies from shareholders for the election at the Extraordinary General Meeting of the Perestroika Designee.

The Long Stop Date was extended from 31 January 2018 to 15 February 2018 as per an amendment agreement dated 19 December 2017 to the Transaction Agreement.

With respect to any extension by Transocean, Transocean will, prior to such extension, publicly confirm the fulfilment of all other conditions for completion of the Offer (other than under conditions (3), (4), and (9) under Section 5.8 "Conditions for completion of the Offer"); but clarifying that, with respect to condition (10) under Section 5.8 "Conditions for completion of the Offer," if a willful breach by Songa Offshore of any agreement or covenant in the Transaction Agreement occurs solely on or after the Long Stop Date, then such condition (10) shall not be satisfied and, in such event, Transocean reserves all of its rights with respect thereto (including completion of the Offer) to determine the satisfaction or waiver of such condition.

5.11Refinancing of certain Songa Offshore indebtedness

In connection with and in addition to the Consideration Shares and Exchangeable Bonds issued in the Combination, Transocean has agreed to purchase certain outstanding indebtedness previously issued by Songa Offshore from certain bondholders in exchange for newly issued Exchangeable Bonds. In particular, Transocean agreed to purchase an aggregate of approximately NOK 1.221 billion of Songa Offshore's outstanding SONG04 Bonds from four bondholders at a price of 103.5% per bond (plus accrued and unpaid interest) and an aggregate of approximately NOK 592.0 million of Songa Offshore's outstanding SONG05 Bonds from three bondholders at a price of 101% per bond (plus accrued and unpaid interest). Transocean has also agreed to purchase from Perestroika its USD 50 million loan to Songa Offshore for Exchangeable Bonds at a price of 100% of the principal amount of the loan (plus accrued and unpaid interest). All of these purchases are conditioned on and will close at approximately the same time as the settlement of the Offer. Transocean will call all remaining SONG04 Bonds and SONG05 Bonds for cash in accordance with their respective terms following the completion of the Offer.

5.12Treatment of other Songa Offshore securities in the Offer

As of 11 December 2017, Songa Offshore has outstanding 588,630 unvested restricted stock units issued under the Songa Offshore Long-Term Incentive Plan. Transocean currently expects that prior to expiration of the Offer, the vesting of all unvested restricted stock units held by Songa Offshore shareholders under the Songa Offshore Long-Term Incentive Plan will be accelerated, and the Songa Shares issued upon acceleration may be tendered in the Offer on the same basis as other Songa Shares.

As of 11 December 2017, Songa Offshore has outstanding warrants to purchase an aggregate of 2,345 Songa Shares. Transocean encourages all holders to exercise their warrants prior to the expiration of the Offer, and the Songa Shares issued upon exercise of such Songa Offshore warrants may be tendered in the Offer on the same basis as other Songa Shares. Any shares issued upon the exercise of Songa Offshore warrants during the Offer Period and prior to the compulsory acquisition will be included in the compulsory acquisition. Such a compulsory acquisition may be initiated within three months of the end of the Offer Period. See Section 2.6 "Risks Related to the Offer—Holders of Songa Offshore warrants and Songa Convertible Bonds that do not participate in the Offer may suffer adverse consequences."

As of 11 December 2017, Songa Offshore has outstanding convertible bonds of the series SONG07 (ISIN NO0010760036) that are convertible into an aggregate of 53,455,085 Songa Shares. Transocean currently expects that prior to the expiration of the Offer, the terms of Songa Convertible Bonds will be amended and all Songa Convertible

Bonds will be converted into Songa Shares that may be tendered in the Offer on the same basis as other Songa Shares. Any shares issued upon conversion of Songa Convertible Bonds during the Offer Period and prior to the compulsory acquisition will be included in the compulsory acquisition. Such a compulsory acquisition may be initiated within three months of the end of the Offer Period. See Section 2.6 "Risks Related to the Offer—Holders of Songa Warrants and Songa Convertible Bonds that do not participate in the Offer may suffer adverse consequences."

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5.13Procedures for accepting and withdrawing Songa Shares previously tendered in the Offer

5.13.1Procedures for accepting the Offer

Shareholders who wish to accept the Offer must complete and sign the Acceptance Form enclosed with this Offer Document as Appendix B and return it to the Settlement Agent prior to the expiration of the Offer Period on 23 January 2018 at 16:30 (CET) (or such time as the Offer Period may be extended). Acceptances may be withdrawn as described in this Prospectus until the end of the Offer Period.

Shareholders who own shares in Songa Offshore registered on more than one VPS account must submit a separate Acceptance Form for each such account. In addition to the shares in Songa Offshore the shareholder has registered on the VPS account stated in the Acceptance Form, acceptance of the Offer will cover all shares in Songa Offshore the shareholder holds or acquires and that are registered on the VPS account stated in the Acceptance Form before the VPS account is debited.

Correctly completed and signed Acceptance Forms shall be sent by fax, delivered by hand, e-mail or sent by mail to the Settlement Agent at the following address:

Clarksons Platou Securities AS

Munkedamsveien 62c

N-0270 Oslo

Norway

Tel: +47 22 01 63 00

Email: ecm.oslo@clarksons.com

Any Acceptance Form that is not correctly completed or that is received after the expiration of the Offer Period can be rejected without further notice. Transocean reserves the right to approve acceptances that are received after the expiration of the Offer Period or that are not correctly completed within the limits of the requirements in Section 6-10 (9) of the Norwegian Securities Trading Act for equal treatment of shareholders.

Shareholders who own shares in Songa Offshore registered in the name of brokers, banks, investment companies or other nominees, must contact such persons to accept the Offer with respect to such shares. Acceptance of the Offer for shares in Songa Offshore registered in the name of an investment manager must be done by the manager on behalf of the shareholder.

All Songa Shares tendered in the Offer are to be transferred free of any encumbrances and any other third party rights whatsoever and with all shareholder rights attached to them. Any third party with registered encumbrances or other third-party rights over the relevant VPS account(s) must sign the Acceptance Form and thereby waive its rights in the shares sold in the Offer and approve the transfer of the shares to Transocean, free and clear of any such encumbrances and any other third-party rights. Acceptances will be treated as valid only if any holder of such rights has consented by signing the Acceptance Form for the sale and transfer of the shares free of encumbrances to Transocean.

No confirmation of receipt of Acceptance Forms or other documents will be made on behalf of Transocean. All notifications, documents and remittance that shall be delivered by or sent to or from the Songa Offshore shareholders

who accept the Offer (or their representatives) will be sent to or delivered by them at their own risk.

By delivering a duly executed Acceptance Form, shareholders irrevocably authorise the Settlement Agent to, in each case on their behalf, (i) block the shares to which the Acceptance Form relates (see Section 5.14 "Blocking of tendered shares and shareholder rights"), (ii) debit such accepting shareholder's VPS account, (iii) contribute the Songa Shares tendered in the Offer to the Company, including by executing one or several contribution agreements between the Settlement Agent and the Company, (iv) subscribe for the Consideration Shares in the ordinary share capital increase and (v) take all other actions to effect the contribution in kind and the exchange of the Songa Shares tendered in the Offer for Consideration Shares, Exchangeable Bonds and cash, as applicable, as deemed necessary or advisable by the Settlement Agent and, where applicable, the Distribution Agent (as defined below).

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For information on how to withdraw previously tendered Songa Shares (except for pre-acceptance undertakings, which have limited withdrawal rights pursuant to the terms thereof), please refer to Section 5.13.2 "Procedures for withdrawing Songa Shares previously tendered in the Offer" below.

In accordance with the Norwegian Securities Trading Act, the Settlement Agent must categorise all new customers in one of three customer categories. All Norwegian shareholders delivering the Acceptance Form and who are not existing clients of the Settlement Agent will be categorised as non-professional clients. For further information about the categorisation, the shareholder may contact the Settlement Agent (telephone +(47) 22 01 63 00). The Settlement Agent will treat the delivery of the Acceptance Form as an execution-only instruction from the shareholder to sell his/her/its shares in Songa Offshore under the Offer, since the Settlement Agent is not in the position to determine whether the acceptance of the Offer and the selling of the shares in Songa Offshore is suitable for the relevant shareholder.

5.13.2Procedures for withdrawing Songa Shares previously tendered in the Offer

Shareholders who wish to withdraw any Songa Shares they have previously validly tendered in the Offer (except for pre-acceptance undertakings, which have limited withdrawal rights pursuant to the terms thereof) must complete and sign the Withdrawal Form enclosed with this Offer Document as Appendix B and return it to the Settlement Agent prior to the expiration of the Offer Period on 23 January 2018 at 16:30 (CET) (or such time as the Offer Period may be extended). The completed and signed Withdrawal Form must specify the VPS Account of the Songa Shares to be withdrawn and instruct the Settlement Agent holding the shares to release the blocking on the VPS account specified by the withdrawing shareholder.

Correctly completed and signed Withdrawal Forms shall be sent by fax, delivered by hand, e-mail or sent by mail to the Settlement Agent at the following address:

Clarksons Platou Securities AS

Munkedamsveien 62c

N-0270 Oslo

Norway

Tel: +47 22 01 63 00

Email: ecm.oslo@clarksons.com

Any withdrawal of Songa Shares from the Offer cannot be rescinded, however, any withdrawn Songa Shares may be subsequently re-tendered in the Offer by validly completing, signing and submitting an Acceptance Form covering such Songa Shares prior to the expiration of the Offer Period as described in Section 5.13.1 "Procedures for accepting the Offer."

5.14Blocking of tendered shares and shareholder rights

By delivering a duly executed Acceptance Form, shareholders give the Settlement Agent an authorization to block the shares to which the Acceptance Form relates, in favor of the Settlement Agent. The Settlement Agent is at the same time authorized, acting in its own name but for the account of the tendering Songa Offshore shareholders, to contribute the Songa Shares tendered in the Offer in the ordinary capital increase of Transocean and to subscribe for

the Consideration Shares and take such other actions to effect the exchange of the Songa Shares tendered in the Offer for Consideration Shares, Exchangeable Bonds and cash, as applicable, as the Settlement Agent, and, where applicable, the Distribution Agent deem necessary or advisable (see Section 5.13.1 "Procedures for accepting the Offer" and Section 5.17 "Settlement"). In the event that the Offer is cancelled or acceptances are validly withdrawn before the expiration of the Offer Period, the blocking will be terminated within three U.S. business days. The shareholder undertakes, from the time of delivering a duly executed Acceptance Form unless acceptances are validly withdrawn before the expiration of the Offer Period, not to, and it will not, from the time of blocking, be possible to, sell or in any other way dispose over, use as security, pledge, encumber or transfer to another VPS account, the shares covered by the Acceptance Form. The shareholder is free to dispose over any other securities registered in the same VPS account as the blocked shares.

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Songa Offshore shareholders who accept the Offer will, to the extent permitted under Cyprus law, remain the legal owners of their Songa Shares and retain voting rights and other shareholder rights related thereto until the registration of the ordinary share capital increase of Transocean in connection with which Transocean acquires Songa Shares in the Offer.

5.15Amendments to the Offer

Except as otherwise prohibited by the Transaction Agreement and applicable rules and regulations, Transocean reserves the right to amend the Offer, including by way of extending the Offer Period, terminating the Offer and changing the Consideration, in its sole discretion and in accordance with this Offer Document at any time during the Offer Period. Amendments to the terms of the Offer are subject to approval from the Oslo Stock Exchange and the terms of the Offer may only be improved. Any amendments are binding on Transocean once a notice is published through the Oslo Stock Exchange's information system in accordance with the procedures set out in Section 5.16 "Notices." Any acceptance received by the Settlement Agent is binding even if the Offer Period is extended or the Offer is otherwise amended in accordance with the terms of this Offer Document unless such acceptance is subsequently validly withdrawn. Shareholders who have already accepted the Offer in its original form or with previous amendments will be entitled to any benefits arising from such amendments.

5.16Notices

Notices in connection with the Offer will be published by notification to the Oslo Stock Exchange. Notices will be deemed made when the Oslo Stock Exchange has published the notice through its information system. Transocean will without undue delay notify the Oslo Stock Exchange if the conditions of the Offer are met or waived or if the Offer is cancelled.

To the extent required by applicable U.S. federal securities laws, notices will also be issued via press release.

5.17Settlement

5.17.1General

The result of the Offer is expected to be published no later than the next business day following the expiration of the Offer Period in accordance with the procedures in Section 5.16 "Notices."

Transfer of the Songa Shares tendered to the Settlement Agent (who is authorized to transfer the shares to Transocean), and delivery of the Consideration Shares, Exchangeable Bonds and cash, as applicable, to Songa Offshore shareholders, in settlement of the Offer, will be made promptly following the expiration of the Offer Period and, in any case, no later than 15 U.S. business days after the expiration of the Offer Period. Transocean expects such settlement to occur within five business days following the expiration of the Offer Period. If the Offer Period expires on or about 23 January 2018, Transocean expects to issue and pay the Consideration Shares, Exchangeable Bonds and cash, as applicable, on or about 30 January 2018. Transocean expects that the Consideration Shares and Exchangeable Bonds issued in the Offer will be listed as of the date when settlement occurs. If the Offer Period is extended, the settlement and listing dates will be similarly extended.

Upon contribution of the Songa Shares to the Company, (i) the relevant number of Consideration Shares and Exchangeable Bonds will be deposited with Computershare Trust Company, N.A., and Computershare, Inc., acting collectively as paying and distribution agent for the Offer (the "Distribution Agent"), and (ii) cash sufficient to pay all cash consideration and cash in lieu of fractional Consideration Shares and Exchangeable Bonds will be deposited with the Settlement Agent, in

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each case for distribution in accordance with the procedures described below to each Songa Offshore shareholder whose Songa Shares are acquired by the Company in the Offer. Contact information for the Distribution Agent is as follows:

Computershare, Inc.

250 Royall Street,

Canton, Massachusetts 02021

Telephone: 800-546-5141

Songa Offshore shareholders who have tendered shares in the Offer and not validly withdrawn such acceptance remain bound by their acceptance until settlement has occurred or until Transocean notifies the Oslo Stock Exchange in accordance with the procedures in Section 5.16 "Notices" that the Offer has been cancelled.

5.17.2Settlement Mechanics

The Company will acquire all Songa Shares tendered shares in the Offer and not validly withdrawn for Consideration Shares, Exchangeable Bonds, cash or some combination of the foregoing as described in this Prospectus.

The Consideration Shares will be issued in an ordinary share capital increase by Transocean against a contribution in kind of the Songa Shares tendered in the Offer, as part of the consideration for the contribution of Songa Shares tendered and accepted in the Offer. The issuance of the Consideration Shares in the ordinary share capital increase requires the approval of Transocean's shareholders at the Extraordinary General Meeting, which will be convened by the Board of Directors and is expected to be held on or about 16 January 2018. In order the be approved, the ordinary share capital increase providing for the issuance of the Consideration Shares must be approved by two-thirds of the votes attached to, and a simple majority of the par value of, the Shares, each as present or represented at the Extraordinary General Meeting. Assuming the conditions of the Offer are satisfied or waived upon expiration of the Offer Period, the Consideration Shares will be issued against contribution by the Settlement Agent, acting on behalf of the tendering Songa Offshore shareholders, to the Company of the portion of the Songa Shares tendered and accepted in the Offer for which Consideration Shares will be issued in settlement. In connection with the issuance of the Consideration Shares, the pre-emptive rights of the existing shareholders of Transocean will be withdrawn and allotted to the Settlement Agent, acting on behalf of the Songa Offshore shareholders that have tendered their Songa Shares to the Offer. The issue price per Consideration Share issued to Songa Offshore shareholders as consideration for the Songa Shares tendered for such consideration will be determined for Swiss law purposes by Transocean's board of directors by reference to the Implied Consideration.

As a part of the consideration for the contribution of Songa Shares tendered and accepted in the Offer, TINC, at the request of the Company, will issue the Exchangeable Bonds. Further, the Company will pay cash if a holder of Songa Shares exercises the Cash Election or in lieu of any fractional Consideration Shares or Exchangeable Bonds that would otherwise be issueable to any Songa Offshore shareholder. In consideration for the issuance of the Exchangeable Bonds by TINC, the Company will issue exchangeable loan notes to TINC in an amount, and on terms, substantially corresponding to those of the Exchangeable Bonds.

By submitting an Acceptance Form, each Songa Offshore shareholder tendering Songa Shares in the Offer will be deemed to accept that, within the context of the ordinary share capital increase of Transocean and on their behalf, the

Settlement Agent will (i) undertake the contribution in kind of all Songa Shares tendered in the Offer to the Company, (ii) subscribe for the Consideration Shares in the ordinary share capital increase and (iii) take all other actions to effect the contribution in kind, the exchange and the acquisition of the Songa Shares, as deemed necessary or advisable by the Settlement Agent. Upon registration of the Company's ordinary share capital increase, the Consideration Shares and the Company's amended Articles of Association in the commercial register of the Canton of Zug, Switzerland, the Company will register the Settlement Agent, acting on behalf of the Songa Offshore shareholders tendering Songa Shares in the Offer, as holder of all Consideration Shares issued in the Offer in the uncertificated share register of the Company. The Settlement Agent will then transfer the Consideration Shares to the Distribution Agent for distribution to the Songa Offshore shareholders who tender Songa Shares in the Offer. TINC will deliver the Exchangeable Bonds to the Distribution Agent for distribution to the tendering Songa Offshore shareholders as described in this Prospectus. On the settlement date, the Company will deposit an aggregate cash amount sufficient to pay all cash consideration payable in the Offer with the Settlement Agent

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for distribution to the bank account registered in the VPS of each Songa Offshore shareholder whose tendered Songa Shares are purchased in the Offer.

The Acceptance Form requests that each Songa Offshore shareholder provide information for an account such shareholder has with a custodian, bank or broker capable of holding shares registered in the name of the Depository Trust Company ("DTC") or its nominee. The Distribution Agent will deliver Consideration Shares and Exchangeable Bonds upon settlement of the Offer to the DTC-eligible account specified by the applicable Songa Shareholder if such Songa Offshore shareholder elects to receive its Consideration Shares and Exchangeable Bonds through the account as part of the Acceptance Form.

Any Songa Offshore shareholder who does not provide information for a DTC-eligible account or who elects not to receive its Consideration Shares and Exchangeable Bonds through a DTC-eligible account will instead, upon settlement of the Offer, receive Consideration Shares registered in the name of the applicable Songa Offshore shareholder on the Share records of the Company maintained by Computershare Trust Company, N.A., as transfer agent for the Shares (the "Transfer Agent"), and registered through the Direct Registration System ("DRS"). The Transfer Agent will mail a statement containing the Distribution Agent's contact information to each Songa Offshore shareholder whose Consideration Shares are registered through the DRS promptly following settlement of the Offer. Following DRS-registration, should you at any future point wish to hold your Consideration Shares through a DTC-eligible account rather than having your Consideration Shares held through the DRS, you will need to present your DRS statement to the custodian, bank or broker who has your DTC-eligible account to have your Consideration Shares moved.

Exchangeable Bonds will only be delivered upon settlement through DTC. As a result, the Distribution Agent will continue to hold the Exchangeable Bonds, subject to applicable escheat and unclaimed property laws, on behalf of any Songa Offshore shareholder who does not provide information for a DTC-eligible account or who elects not to receive its Consideration Shares and Exchangeable Bonds through a DTC-eligible account. Any Exchangeable Bonds to be delivered to any such shareholder will only be delivered when the applicable shareholder provides the information of a DTC-eligible account to receive delivery of the Exchangeable Bonds.

If the Distribution Agent is unable to transfer any Consideration Shares or Exchangeable Bonds to a DTC-eligible account specified by any Songa Offshore shareholder, the Distribution Agent will register that shareholder's Consideration Shares through the DRS and continue to hold the Exchangeable Bonds, subject to applicable escheat and unclaimed property laws, on behalf of the shareholder until the shareholder provides a DTC-eligible account that is able and does take possession of the applicable Exchangeable Bonds.

If you are deemed to be an affiliate of Songa Offshore at the time of the Offer, you should consult your legal advisor to determine what trading restrictions on the Consideration Shares and Exchangeable Bonds you receive in the offer apply. For more information, see Section 7 "Selling and Transfer Restrictions" below.

5.17.3Restrictions on registration of the Consideration Shares

Pursuant to Article 7 of Transocean's Articles of Association, Transocean shall maintain, itself or through a third party, a share register that lists the surname, first name, address and citizenship (in the case of legal entities, the company name and company seat) of the holders and usufructuaries of Shares as well as any nominees. Transocean or the third party maintaining the share register on behalf of Transocean shall be entitled to request at the time of the entry into the share register from the person requesting such entry appropriate evidence of that person's title to the Shares. An acquirer of the Shares shall be recorded upon request in the share register as a shareholder with voting rights; provided, however, that any such acquirer expressly declares to have acquired the Shares in its own name and for its own account, save that the Board of Directors may record nominees who hold Shares in their own name, but for the

account of third parties, as shareholders of record with voting rights in the share register of Transocean. Beneficial owners of Shares who hold Shares through a nominee exercise the shareholders' rights through the intermediation of such nominee.

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5.17.4The rights of the Consideration Shares

The Consideration Shares will be shares in Transocean with a nominal value of CHF 0.10 each and will have equal rights in all respects as the other existing Shares. The Consideration Shares will be fully paid and entitled to dividends as of their registration in the commercial register of the Canton of Zug, Switzerland. The Consideration Shares will not have any preferential rights. For further information on the rights attached to the Company's existing Shares, see Section 15 "Description of the Shares and Share Capital."

The Consideration Shares will be subject to the restrictions on registration pursuant to article 7 of the Articles of Association, as described under Section 5.17.3 "Restrictions on registration of the Consideration Shares."

Subject to completion of the Offer, the Consideration Shares are expected to be listed on the NYSE as of the completion of the Offer. The Company's Shares are registered in book-entry form in DTC under the ISIN CH0048265513.

5.17.5The ranking of the Exchangeable Bonds

The Exchangeable Bonds will constitute senior unsecured debt of TINC and will rank equally with its senior unsecured debt from time to time outstanding, senior to its subordinated debt from time to time outstanding, and effectively junior to its secured debt and to all debt and other liabilities of its subsidiaries from time to time outstanding. Transocean's guarantee will rank equally with all of its other unsecured and subordinated debt from time to time outstanding. See Section 16 "Description of the Exchangeable Bonds."

5.18Expenses

Transocean estimates expenses incurred by itself and TINC related to the Offer are USD 12 million (exclusive of VAT), with expenses in the amount of USD 11 million (exclusive of VAT) borne by Transocean and expenses in the amount of USD 1 million (exclusive of VAT) borne by TINC.

Shareholders who accept the Offer will not have to pay brokerage fees. Transocean will pay VPS transaction costs that may occur as a direct consequence of the shareholder accepting the Offer. Transocean will not cover any other costs that a shareholder may incur in connection with acceptance of the Offer.

5.19Tax

Each Songa Offshore shareholder is responsible for any taxes incurred as a consequence of accepting the Offer. Songa Offshore shareholders are advised to seek advice from their own tax consultants in order to determine the particular tax consequences to them from their acceptance of the Offer and the relevance or effect of any domestic or foreign tax treaties. A general description of the tax implications of the Offer is included in Section 18 "Taxation."

5.20Dilution

The existing shareholders in Transocean will be diluted by approximately 27.9% as a consequence of the Offer and issuance of the Consideration Shares to the Songa Offshore shareholders, assuming the following:

· the issuance of approximately 68.6 million Shares as Consideration Shares and approximately USD 575.8 million aggregate principal amount of Exchangeable Bonds in the Offer (which assumes that (i) all outstanding SONG07 convertible bonds and Songa Offshore warrants are converted to and exercised for Songa Shares and tendered in the Offer, (ii) the acceleration of vesting and settlement of all restricted stock units issued under the Songa Offshore

Long-Term Incentive Plan in Songa Shares that are subsequently tendered in the Offer, (iii) 100% of Songa Offshore shareholders accept the Offer and (iv) no Songa shareholder elects the Cash Election), based upon an exchange ratio of 0.35724 Shares to be issued for each tendered Songa Share;

- the issuance and subsequent exchange of approximately USD 273.5 million aggregate principal amount of Exchangeable Bonds to purchase certain outstanding Songa Offshore indebtedness in connection with the

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Combination (based on the initial exchange rate of approximately 97.29756 Shares per USD 1,000 principal amount of Exchangeable Bonds and assuming a NOK/USD exchange rate of 8.3719, which was the closing price at 4:00 p.m. CET as determined by Norges Bank on 13 December 2017, and settlement of the purchase on or about 30 January 2018); and

- no additional capital increase by Songa Offshore is made after 30 September 2017.

5.21 Additional information

5.21.1 Contact with Songa Offshore prior to release of the Offer

In March 2017, following discussions with the Company's Board of Directors, the Company sent a non-binding letter of intent to Mr. Frederik W. Mohn, Chairman of Songa Offshore and sole owner of Perestroika, regarding exploring a potential business combination, which would include the acquisition of the Songa Shares by the Company. During March, April and May of 2017, representatives of the Company and Songa Offshore, along with their financial advisors, engaged in discussions regarding the potential business combination, including due diligence matters and discussions on the total consideration to be paid by the Company in a potential business combination.

In June 2017, the Company directed its legal advisors to begin drafting agreements, including a transaction agreement, relating to a potential business combination with Songa Offshore. During June, July and August 2017, the Company, Songa Offshore and their respective legal and financial advisors engaged in extensive discussions and negotiations regarding the potential business combination. The Company also engaged in discussions with Perestroika and other shareholders of Songa Offshore regarding execution of potential pre-acceptance agreements.

On 13 August 2017, the Company and TINC entered into the Transaction Agreement with Songa Offshore, as amended, pursuant to which the Company has agreed to offer to acquire all of the Songa Shares in the Combination, including the Songa Shares acquired in the Offer described in this Prospectus. On 13, 14 and 15 August 2017, Transocean obtained irrevocable undertakings from Songa Offshore shareholders representing approximately 76.5% of the Songa Shares (on a fully diluted basis), which were amended on 15 September 2017, to tender their shares in the Offer, including a commitment from Songa Offshore's largest shareholder, Perestroika. On 15 August 2017, the Company issued a press release announcing the Combination, including the Offer.

The Company believes that the Combination is an excellent strategic fit for Transocean. The Company also anticipates annual cost and operational synergies of approximately USD 40 million. The Combination will strengthen the Company's industry-leading position[5] in harsh environment and ultra-deepwater drilling with the addition of Songa Offshore's four "Cat-D" harsh environment, semisubmersible drilling rigs on long-term contracts with Statoil in Norway and three additional semisubmersible drilling rigs. The combined company will operate a fleet of 45 mobile offshore drilling units with backlog of USD 14.3 billion, measured as of the date of the announcement on 15 August 2017, consisting of 26 ultra-deepwater floaters, 11 harsh environment floaters, two deepwater floaters and seven midwater floaters. Additionally, the Company has three ultra-deepwater drillships under construction, including one contracted with Shell for ten years. Consistent with Transocean's strategy of recycling older less capable rigs, Transocean anticipates re-ranking the combined fleet, which may result in additional rigs being recycled.

Additional information regarding contact with Songa Offshore prior to the Offer and the respective reasons why Transocean and Songa Offshore decided to engage in the Combination has been included in the Registration Statement to be published by Transocean in connection with the Offer.

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5 Source: the Company.

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5.21.2Financing of the Offer

The cash consideration of the Offer will be financed by Transocean from available cash reserves. The Consideration Shares will be issued through an ordinary increase in the share capital of Transocean, and the Exchangeable Bonds will be newly issued debt securities of TINC. The Offer is not subject to any financing condition.

5.21.3Impact on employees

Transocean expects that the Combination will result in positive synergies (e.g. through streamlining of the combined operations). Although Transocean has not determined the organisational structure of the combined entity, this may affect the total number of employees in the combined group, including the place of work. The Combination is expected to create one of the leading players in the harsh environment and ultra-deepwater drilling sector and therefore also create significant opportunities for the employees of the combined group. Other than this, Transocean does not currently expect that the implementation of the Combination will have any legal, financial or work-related effects for the Songa Group's or Transocean's employees.

No special advantages or prospects of special advantages of any kind have been or will be offered by Transocean to the management and/or the board of directors of Transocean or Songa Offshore or any of their subsidiaries in connection with the Offer (other than receiving the Consideration, if they are shareholders of Songa Offshore and accept the Offer in their capacity as shareholders, and the purchase by Transocean of SONG04 bonds and a shareholder loan from Perestroika). For more information, see Section 5.11 "Refinancing of certain Songa Offshore indebtedness" and Section 5.21.12 "Interest of natural and legal persons involved in the Offer."

The board of directors of Transocean and of Songa Offshore will inform the representatives of their respective employees or, where there are no such representatives the employees themselves as to the relevant stages of the Offer and the result of the Offer in accordance with the relevant provisions of the Cyprus Takeover Bids Law. In accordance with section 7 (1) (d) of the Cyprus Takeover Bids Law, any announcement made by Transocean will be notified to the representatives of its employees, or where there are no such representatives, the employees themselves and the Songa Board. In accordance with section 7 (1) (e) of the Cyprus Takeover Bids Law, any announcement made by Songa Offshore will be notified to the representatives of its employees, or where there are no such representatives, the employees themselves and the Board of Directors of Transocean.

The Cyprus Takeover Bids Law does not affect the provisions for the disclosure of information, the consultation of representatives and the co-decision with the employees of Transocean and Songa Offshore contained in (where and when applicable):

a) the Law No. 106(I) of 2011 concerning the Establishment of a European Works Council;
b) the Law No. 277(I)/2004 on supplementing the Statute for a European company with regard to the involvement of employees;
c) the Law No. 28(I)/2001 on Collective Redundancies; and
d) the Law 78(I)/2005 on establishment of a general framework for informing and consulting employees.

5.21.4Legal implications

The completion of the Offer is subject to governmental, regulatory or other official approval and/or clearance, see Section 5.8 "Conditions for completion of the Offer." Transocean currently expects that all such approvals and/or clearances will be obtained. Approval from the Norwegian Competition Authority was given on 8 September 2017.

The completion of the Offer may result in Transocean becoming subject to the mandatory offer rules and legislation on compulsory acquisition described in Section 5.21.6 and 5.21.7 below.

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From the point in time Songa Offshore was informed that the Offer would be launched and until expiration of the Offer Period and publication of the results of the Offer, Songa Offshore is subject to certain restrictions on its freedom of action pursuant to Section 34 of the Cyprus Takeover Bids Law.

To Transocean's knowledge, other than as set forth above, it is not expected that the Offer and Transocean becoming the owner of all shares in Songa Offshore validly tendered under the Offer will have any material legal implications for the Songa Group.

5.21.5Statement by the board of directors of Songa Offshore

As a general rule, the Songa Board is required to announce its view on the Offer in accordance with Section 6-16 of the Norwegian Securities Trading Act no later than one week prior to the expiration of the Offer Period. As the Offer is initiated by Transocean in agreement with the Songa Board, the Oslo Stock Exchange has instructed Songa Offshore to engage an independent advisor to issue a statement regarding the Offer pursuant to Section 6-16 (4) of the Norwegian Securities Trading Act. Therefore Songa Offshore has engaged ABG Sundal Collier ASA to issue such independent statement on behalf of Songa Offshore. The independent statement is attached to this Offering Document as Appendix F.

The Songa Board has also issued a statement regarding the Offer; such statement is enclosed to this Offer Document as Appendix E.

5.21.6Mandatory offer

If the Offer is completed and Transocean, as a result of the Offer or otherwise, or any person acting in concert with Transocean, becomes the owner of Songa Shares representing more than 30% of the outstanding voting rights, Transocean will be required under Section 13 of the Cyprus Takeover Bids Law to make a mandatory offer for the remaining shares, unless Transocean following completion of the Offer holds at least 90% of the shares and voting rights in Songa Offshore and within three months resolves a compulsory acquisition (squeeze-out) as described in Section 5.21.7 "Compulsory acquisition." A subsequent mandatory offer must include a cash alternative, but is not required to include consideration in Consideration Shares and/or Exchangeable Bonds.

The Offer Price for such mandatory offer must be equal to, or higher than, the highest price paid, or agreed to be paid, by Transocean or any person acting in concert with Transocean for the Songa Shares during the six-month period prior to the date on which the obligation to make a mandatory offer is triggered. Neither Transocean nor its affiliates have acquired or (other than the conditional pre-acceptances of the Offer) agreed to acquire Songa Shares in the six-month period prior to the date of this Offer Document. The offer price in a subsequent mandatory offer, if the Offer is completed, will be equal to the value of the Consideration, unless the Consideration is increased, in which case the mandatory offer price will be equal to the value of such increased Consideration. In exchange offers involving companies listed on the Oslo Stock Exchange, it is customary to calculate the value of the Consideration Shares based on the volume weighted average share price of the offeror during the last three trading days prior to the announcement by the offeror that the relevant and material conditions have been met or waived, unless there are reasons for calculating the value based on the volume weighted average share price during a shorter or longer period. The value of the cash alternative will in any event be NOK 47.50 per Songa Share.

The Exchangeable Bond was priced at par at the time the contemplated acquisition of Songa was announced. In addition to the terms of the Exchangeable Bond, Transocean believes volatility, credit spread and borrowing costs are key variables to determine the market price of the Exchangeable Bond. The applied level of such variables was based on (i) the implied volatility trading level of comparable instruments in the market, (ii) the relevant credit spread for Transocean, and (iii) borrowing cost of Transocean common shares, in addition to current market practice.

5.21.7Compulsory acquisition

If, as a result of the Offer or a subsequent mandatory offer, Transocean acquires and holds, alone and not calculated together with any other parties, shares representing 90% or more of the total issued shares and voting rights in Songa

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Offshore, then Transocean will have the right to initiate a compulsory acquisition (squeeze-out) of the remaining shares in Songa Offshore not owned by Transocean pursuant to Section 36 of the Cyprus Takeover Bids Law.

If Transocean at the completion of the Offer holds at least 90% of the voting rights in Songa Offshore, it will be entitled within three months of the end of the Offer Period to initiate a compulsory acquisition by requiring the remaining shareholders to sell their shares in accordance with the procedure outlined below. In accordance with Section 36 (3) of the Cyprus Takeover Bids Law the consideration to be offered in case of such a compulsory acquisition should be in the same form and at least equal to the consideration given in the Offer, while in any case cash consideration must be offered as an alternative. Such a right to compulsory acquisition can be exercised following a relevant application to the Cyprus Securities and Exchange Commission (the "CySEC") that is communicated by Transocean to Songa Offshore. On the business day following the submission of the application, Transocean must announce the fact of the application in accordance with Section 7 of the Cyprus Takeover Bids Law to the board of Songa Offshore and to its official website, the representatives of its employees, or where there are no such representatives the employees themselves. Together with the application, Transocean must submit a confirmation by one or more credit institutions or other organizations with the necessary, according to CySEC, solvency status, stating that the cash Transocean will be called to pay to the holders of securities of Songa Offshore is available and will remain available to the credit institution or to the organization until the completion of the procedure. Once satisfied that Transocean holds not less than 90% of the voting rights in Songa Offshore and that the relevant application with all supporting documentation has been duly submitted, CySEC will issue a decision directing Transocean (a) to notify in writing the shareholders of Songa Offshore that will be affected, (b) to pay the affected shareholders the total amount of the consideration offered, (c) to take all necessary actions to transfer the shares into Transocean's name. Transocean will announce the payment of the consideration and the transfer of the shares in accordance with Section 7 of the Cyprus Takeover Bids Law to CySEC, on its official website and to the board of Songa Offshore. The amount of the consideration offered can be disputed by the shareholders who transferred their shares to Transocean by taking legal action against Transocean within six months from the announcement of the payment of the consideration mentioned above.

If, as a result of the Offer or a subsequent mandatory offer, Transocean acquires and holds 90% or more of the total issued Songa Shares representing 90% or more of the voting rights in Songa Offshore, Transocean intends to promptly carry out a compulsory acquisition of the remaining shares in Songa Offshore in accordance with the procedures outlined above. A compulsory acquisition can be expected to be completed after 35 working days from completion of the Offer, provided that the abovementioned application is submitted to CySEC immediately after completion and that CySEC will make its decision on the application within 10 working days from its submission. However, this is only an estimate as the process to complete a compulsory acquisition may be delayed due to several factors beyond the control of the Company. CySEC is not subject to a time limit in deciding whether to approve an application to complete a compulsory acquisition, and no assurances can be given as to the exact duration of the compulsory acquisition process.

Section 37 of the Cyprus Takeover Bids Law also provides for a sell-out right. Pursuant to such a sell-out right, if as a result of the Offer, Transocean acquires and holds shares representing 90% or more of the total issued shares and voting rights in Songa Offshore, then the remaining 10% or less Songa Offshore shareholders are entitled to require Transocean to buy their shares at a fair price. This sell-out right is exercised within 3 months of the end of the Offer Period. The consideration for the acquisition of the shares shall take the same form as the consideration offered in the bid or a cash alternative. Transocean must announce the fact that the sell-out right has been exercised in accordance with Section 7 of the Cyprus Takeover Bids Law to the Songa Board and to its official website, the representatives of its employees or where there are no such representatives, the employees themselves.

5.21.8Delisting from Oslo Stock Exchange

Following completion of the Offer, dependent upon the number of shares acquired by Transocean pursuant to the Offer, Transocean intends to propose to the general meeting of Songa Offshore to resolve to apply to the Oslo Stock Exchange for a delisting of the shares in Songa Offshore. Although there is no minimum requirement as to the percentage of shares and voting rights Transocean must hold in Songa Offshore, such proposal requires the approval of the same majority as required to amend the articles of association of Songa Offshore at the general meeting which is 75% of votes present. Any application for delisting will be approved or rejected by the Oslo Stock Exchange in accordance with the stock exchange rules, taking into account, among other things, the interests of minority shareholders (if any). The Oslo Stock Exchange

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may also decide on its own initiative to delist the shares in Songa Offshore should the conditions for listing no longer be fulfilled, for instance following initiation of a compulsory acquisition.

Transocean may seek a delisting of the shares of Songa Offshore from the Oslo Stock Exchange even if it does not hold 90% or more of the shares and voting rights in Songa Offshore following completion of the Offer. If Transocean no longer considers the listing of Songa Offshore's shares on the Oslo Stock Exchange appropriate, it may propose to the general meeting of Songa Offshore that the company shall apply for delisting of its shares from the Oslo Stock Exchange. Whether an application for delisting will be approved in the event Transocean holds less than 90% of the shares in Songa Offshore is uncertain. A delisting would not trigger a mandatory offer, squeeze-out or sell-out right under Norwegian law.

For as long as Songa Offshore remains listed, Songa Offshore will be subject to the Oslo Stock Exchange continuing obligations and the applicable requirements of the Norwegian Securities Trading Act and related secondary regulation, which imposes requirements on Songa Offshore to the benefit of remaining Songa Offshore shareholders, including, amongst others, financial and other reporting obligations and the duty to observe the principle of equal treatment of shareholders.

5.21.9Advisors

The Financial Advisor to the Company and Settlement Agent in connection with the Offer is Clarksons Platou Securities AS. The financial advisor to Songa Offshore in connection with the Offer is Pareto Securities AS.

King & Spalding LLP is acting as legal advisor to Transocean with respect to U.S. law, Wikborg Rein Advokatfirma AS is acting as legal advisor to Transocean with respect to Norwegian law, Homburger AG is acting as legal advisor to Transocean with respect to Swiss law and Stelios Americanos & Co LLC is acting as legal advisor to Transocean with respect to Cyprus law. Advokatfirmaet Schjødt AS is acting as Norwegian legal counsel to Songa Offshore, Harneys Aristodemou Loizides Violitis LLC is acting as Cypriot legal counsel to Songa Offshore and Cleary Gottlieb Steen & Hamilton LLP is acting as U.S. legal counsel to Songa Offshore.

5.21.10Participation of major existing shareholders and members of the Management and Board of Directors in the Offer

As a condition to the Offer, the Perestroika Designee must be elected to the Board of Directors. Following completion of the Offer, the Perestroika Designee, through Perestroika, will own more than 5% of the Shares. On 13 August 2017, Transocean obtained an irrevocable undertaking from Perestroika to tender its shares in the Offer, which was amended on 15 September 2017 (see Section 5.9 "Pre-acceptance undertakings"). Other than the aforementioned, the Company is not aware of whether any major existing shareholders and members of the Company's management or board of directors intend to participate in the Offer, or whether any person intends to participate for more than 5% of the Offer.

5.21.11Disparities between the Reference Price and effective cash cost paid for Shares by members of the administrative, management or supervisory bodies or Management of the Company

The table below gives an overview of Shares acquired by and options granted to the Company's board of directors and executive officers during the last 12 months, where there is a material disparity between the Reference Price of USD 8.39 and the effective cash cost paid for Shares or the exercise price for the options granted.

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Shares

Name	Position	Volume	Price Per Share	Date	Disparity
Jeremy D. Thigpen	President, Chief Executive Officer and Director	300,135	$ -	10-Feb-17	$ 8.39
Mark Mey	Chief Financial Officer and Executive Vice President	129,659	$ -	10-Feb-17	$ 8.39
John B. Stobart	Chief Operating Officer, Executive Vice President and Chief Performance Officer	130,138	$ -	10-Feb-17	$ 8.39
Howard E. Davis	Chief Administrative Officer, Chief Information Officer and Executive Vice President	103,247	$ -	10-Feb-17	$ 8.39
Brady K. Long	Senior Vice President and General Counsel	96,043	$ -	10-Feb-17	$ 8.39
David Tonnel	Senior Vice President and Corporate Controller	64,349	$ -	10-Feb-17	$ 8.39
Glyn A. Barker	Director	19,301	$ -	12-May-17	$ 8.39
Vanessa C.L. Chang	Director	19,301	$ -	12-May-17	$ 8.39
Frederico F. Curado	Director	19,301	$ -	12-May-17	$ 8.39
Chadwick C. Deaton	Director	19,301	$ -	12-May-17	$ 8.39
Vincent J. Intieri	Director	19,301	$ -	12-May-17	$ 8.39
Martin B. McNamara	Director	19,301	$ -	12-May-17	$ 8.39
Samuel J. Merksamer	Director	19,301	$ -	12-May-17	$ 8.39
Merrill A. “Pete” Miller, Jr.	Director	29,871	$ -	12-May-17	$ 8.39
Edward R. Muller	Director	19,301	$ -	12-May-17	$ 8.39
Tan Ek Kia	Director	19,301	$ -	12-May-17	$ 8.39

Options Granted

Name	Position	Volume	Exercise Price Per Share	Date	Disparity
		217,618	$ 13.35	10-Feb-17	$ -4.96

Jeremy D. Thigpen	President, Chief Executive Officer and Director				
Mark Mey	Chief Financial Officer and Executive Vice President	94,011	$ 13.35	10-Feb-17	$ -4.96
John B. Stobart	Chief Operating Officer, Executive Vice President, and Chief Performance Officer	94,359	$ 13.35	10-Feb-17	$ -4.96
Howard E. Davis	Chief Administrative Officer, Chief Information Officer and Executive Vice President	74,861	$ 13.35	10-Feb-17	$ -4.96
Brady K. Long	Senior Vice President and General Counsel	69,638	$ 13.35	10-Feb-17	$ -4.96
David Tonnel	Senior Vice President and Corporate Controller	46,657	$ 13.35	10-Feb-17	$ -4.96
Glyn A. Barker	Director	-	N/A	N/A	N/A
Vanessa C.L. Chang	Director	-	N/A	N/A	N/A
Frederico F. Curado	Director	-	N/A	N/A	N/A
Chadwick C. Deaton	Director	-	N/A	N/A	N/A
Vincent J. Intieri	Director	-	N/A	N/A	N/A

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Martin B. McNamara	Director	-	N/A	N/A	N/A
Samuel J. Merksamer	Director	-	N/A	N/A	N/A
Merrill A. "Pete" Miller, Jr.	Director	-	N/A	N/A	N/A
Edward R. Muller	Director	-	N/A	N/A	N/A
Tan Ek Kia	Director	-	N/A	N/A	N/A

5.21.12Interest of natural and legal persons involved in the Offer

The financial advisors to Transocean and Songa Offshore and their respective affiliates have provided from time to time, and may provide in the future, investment and commercial banking services to Transocean, TINC, Songa Offshore and their respective affiliates in the ordinary course of business, for which they may have received and may continue to receive customary fees and commissions. The financial advisors, their employees and any affiliate may currently own securities issued by Transocean, TINC and Songa Offshore. The financial advisors do not intend to disclose the extent of any such investments or transactions otherwise than in accordance with any legal or regulatory obligation to do so. Clarksons Platou Securities AS will receive a fee of USD 5.5 million if the Company acquires at least 75% of the outstanding Songa Shares. See Section 5.18 "Expenses" for expenses related to the Offer.

Subject to completion of the transaction contemplated by the Offer, Pareto Securities AS will receive a success fee of USD 5.7 million from Songa Offshore.

The members of the Songa Board and Songa Offshore's executive officers may have interests in the Combination that may be different, or in addition to, the interests of the Songa Offshore shareholders generally. These interests may create potential conflicts of interests. The Songa Board and Songa Offshore's executive officers were aware that such potential interests might exist. However, the decisions of the Songa Board to approve the Transaction Agreement and the transactions and covenants contemplated by the Transaction Agreement, including the Offer, were solely guided by the best interests of Songa Offshore, its shareholders, employees and other stakeholders. As of 14 August 2017, members of the Songa Board and the Songa Offshore executive officers and their affiliates, excluding Perestroika, owned 361,160 Songa Shares in the aggregate, representing 0.3 percent of the issued Songa Shares. In addition, Mr. Frederik W. Mohn, the Chairman of the Songa Board, is the sole owner of Perestroika, Songa Offshore's largest shareholder. As of 11 December 2017, Perestroika held 59,489,590 Songa Shares and SONG07 convertible bonds convertible into 27,556,518 Songa Shares.

The material interests of certain members of the Songa Board and the Songa Offshore executive officers are summarized in more detail below:

· As of 11 December 2017, certain Songa Offshore executive officers collectively hold 236,505 shares of restricted stock units issued under the Songa Offshore Long-Term Incentive Plan, as reflected in the table below. All amounts stated are before tax at the applicable rate for each holder. In connection with the Combination, Transocean currently expects that prior to the expiration of the Offer, the vesting of these restricted stock units will accelerate, and the restricted stock units will be exchanged for Consideration Shares and Exchangeable Bonds and/or cash in the Offer.

Songa Offshore shareholder	No. of unvested restricted share units in Songa Offshore	No. of Consideration Shares to be received	Principal Amount of Exchangeable Bonds to be received (USD)

Bjørnar Iversen	95,975	34,286	287,000
Jan Rune Steinsland	70,265	25,101	210,000
Mark Bessell	70,265	25,101	210,000

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- The senior management of Songa Offshore consists of Bjørnar Iversen (Chief Executive Officer), Jan Rune Steinsland (Chief Financial Officer) and Mark Bessell (Chief Operating Officer). Each member of the senior management of Songa Offshore has an agreement for 18 months of severance pay.
- As a condition to the Offer, Transocean will nominate the Perestroika Designee for election as a member of the Transocean Board of Directors at the Extraordinary General Meeting.
- Perestroika also holds approximately NOK 330 million principal amount of SONG04 bonds issued by Songa Offshore and a USD 50 million loan to Songa Offshore that will be purchased by Transocean in connection with the completion and settlement of the Offer.
- Songa Offshore executive officers are expected to continue their employment with the combined company under the terms of their current employment agreements for an interim transitional period following completion of the Offer.

None of the members of the Transocean Board of Directors or Transocean's executive officers owns any Songa Shares or other securities exchangeable or convertible into Songa Shares.

Other than the above-mentioned, the Company is not aware of any interest (including conflict of interests) of any natural or legal persons involved in the Offer.

5.21.13Choice of law and legal venue

The Offer, this Offer Document and all acceptances of the Offer shall be governed by Norwegian law and, to the extent applicable, the federal laws of the United States, including the federal securities laws. Pursuant to the Acceptance Form, shareholders accepting the Offer agree that any dispute in connection with the Offer is subject to the exclusive jurisdiction of the Norwegian courts, with the Oslo District Court as the agreed venue.

The indenture and the Exchangeable Bonds will be governed by, and construed in accordance with, the law of the State of New York, United States.

5.21.14Miscellaneous

Subject to the restriction for certain jurisdictions described in Section 7 "Selling and Transfer Restrictions," this Offer Document is sent to all shareholders in Songa Offshore of record as of 20 December 2017, to the address recorded on each shareholder's VPS account.

Additional copies of this Offer Document will be available on request from the Settlement Agent during normal business hours at: Clarkson Platou Securities AS, Munkedamsveien 62c, N-0270 Oslo, Norway.

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6ABOUT THE SONGA GROUP

The following is a summary of the Songa Group as of the date of this Offer Document prepared based on publicly available information. The summary is not complete and does not contain all the information that should be considered in connection with a decision of whether to accept the Offer or not. Further information on the Songa Group, including annual reports, interim reports, investor information and previously issued prospectuses, may be found on the Songa Group's website: www.songaoffshore.com. Information contained in or otherwise accessible through this website is not a part of this document. The information in this Section has been prepared in accordance with publicly available information, including annual reports, interim reports, investor information and stock exchange notices published by Songa Offshore and the prospectus issued by Songa Offshore dated 26 May 2016.

6.1Corporate information

Songa Offshore SE is a European public company limited by shares organised under the laws of the Republic of Cyprus with the Cyprus Registrar of Companies with registration number SE 9. Its predecessor company, Songa Offshore ASA, was incorporated on 18 April 2005 as a Norwegian public limited liability company (Nw.: allmennaksjeselskap) and converted to an SE, by means of a merger between Songa Offshore ASA and Songa Offshore Cyprus Plc, on 12 December 2008. With effect from 11 May 2009, the survivor of the merger, renamed to Songa Offshore SE, transferred its registered office to Cyprus in accordance with Article 8 of the SE Regulation and section 7 of the SE Act. Songa Offshore's registered office is at Porto Bello building, Office 201, No 1 Siafi Street, 3042, Limassol, Cyprus.

As of 11 December 2017, Songa Offshore had an authorized share capital of EUR 24,095,941.10 consisting of (i) 138,063,905 ordinary shares of nominal value EUR 0.10 each and (ii) 102,895,506 undesignated shares of nominal value EUR 0.10 each. The Songa Shares are registered in the VPS under ISIN CY0100962113 and are listed on the Oslo Stock Exchange under the ticker code "SONG."

As of 11 December 2017, based on publicly available information, Songa Offshore has outstanding 2,345 warrants, each exercisable into one new share in the company. The strike price for the warrants is EUR 0.10. As of 11 December 2017, based on publicly available information, Songa Offshore has outstanding USD 107,979,271 of convertible bonds, convertible into 53,455,085 new shares in the company. According to Songa Offshore's financial statements for the year ended 31 December 2016, the outstanding warrants can be exercised up to and including 19 April 2018 and the convertible loan matures on 19 April 2022. Any shares issued upon the exercise of Songa Offshore warrants or upon conversion of Songa Convertible Bonds during the Offer Period and prior to the compulsory acquisition can be included in the compulsory acquisition. Such a compulsory acquisition may be initiated within three months of the end of the Offer Period. See Section 2.6 "Risks Related to the Offer—Holders of Songa Offshore warrants and Songa Convertible Bonds that do not participate in the Offer may suffer adverse consequences."

Songa Offshore is the parent company of the Songa Group, whose principal business is to construct, own and operate drilling rigs to be used in the exploration and production of hydrocarbons. Songa Offshore is the owner of two drilling rigs and is also the sole shareholder of five companies whose purpose is to own Songa Offshore's rigs and newbuilds with all the operational activity therein.

6.2Legal structure

All Songa Group companies are fully owned or controlled, and are direct or indirect subsidiaries under Songa Offshore.

Songa Offshore also holds 50% of Songa Opus Offshore Pte Ltd (the "Songa Opus JV"), a joint venture formed by Songa Offshore and Opus Offshore Ltd. ("Opus"). In February 2017, a court appointed joint provisional liquidators for Opus and its assets, and Songa Offshore requested a buy-out of its interest in the Songa Opus JV from Opus.

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The tables below sets forth the companies and branches constituting the Songa Group, divided between the active companies and dormant companies:

Active companies in the Songa Group:

Name	Registration	Function
Songa Offshore SE	Cyprus, SE 9	Group parent company. No operating activities.
Songa Offshore SE	Norway branch	Financing, investor relations, insurance
Songa Offshore SE	Bermuda branch	Rig owner of Songa Dee and Songa Trym
Songa Offshore Rig AS	Norway, 922 839 499	To operate the Songa Dee, the Songa Delta, and the Songa Trym on the Norwegian continental shelf
Songa Offshore Rig 2 AS	Norway, 913 222 334	To operate the Songa Equinox and Songa Endurance drilling rigs operating on the Troll Field on the Norwegian continental shelf
Songa Offshore Rig 3 AS	Norway, 913 292 073	To operate the Songa Encourage and Songa Enabler drilling rigs operating on the Norwegian continental shelf
Songa Offshore Management AS	Norway, 987 916 451	Provides management services to Norwegian operations
Songa Offshore Management Ltd	Cyprus, HE 243376	Provides management services to rig owning entities and to Songa Offshore SE
Songa Offshore Drilling Ltd	Cyprus, HE 219868	International operating company - currently inactive
Songa Offshore Pte. Ltd	Singapore, 200515138R	Provides agency services
Songa Offshore Endurance Ltd (formerly Songa Tor Ltd)	Cyprus, HE 285867	Rig owner
Songa Offshore Endurance Ltd (formerly Songa Tor Ltd)	Bermuda Branch	Rig owner of Songa Endurance
Songa Offshore Equinox Ltd (formerly Songa Odin Ltd)	Cyprus, HE 285933	Rig owner
Songa Offshore Equinox Ltd (formerly Songa Odin Ltd)	Bermuda Branch	Rig owner of Songa Equinox
Songa Offshore Enabler Ltd.	Cyprus, HE 300560	Rig Owner
Songa Offshore Enabler Ltd	Bermuda Branch	Rig owner of Songa Enabler
Songa Offshore Encourage Ltd	Cyprus, HE 300676	Rig owner
Songa Offshore Encourage Ltd	Bermuda Branch	Rig owner of Songa Encourage
Songa Offshore Services AS	Norway, 988 186 228	Provides crew services
Songa Offshore Delta Ltd	Cyprus, HE 235523	Rig owner
Songa Offshore Delta Ltd	Bermuda branch	Rig owner of Songa Delta
Songa Offshore Equipment Rental AS	Norway, 913978250	Provision of base warehouse services for the rigs in operation

Dormant companies in the Songa Group:

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Name	Registration	Function
Songa Saturn Chartering Pte. Ltd	Singapore	Dormant
Songa Saturn Chartering Pte. Ltd	Libya branch	Dormant
Songa Offshore Saturn Ltd	Cyprus	Dormant
Pegasus Invest Pte. Ltd	Singapore	Dormant
Songa Offshore Equipment Rental Ltd (ex Shenga Trading Company Ltd)	Cyprus	Dormant
Songa Offshore Malaysia Sdn. Bhd	Malaysia, 931576-D	Dormant
Songa Offshore T&P UK Ltd	United Kingdom, SC 464398	Dormant and in progress to be dissolved
Songa Offshore T&P Cyprus Ltd	Cyprus, HE 328870	Dormant and in progress to be dissolved
Songa Offshore T&P Norway AS	Norway, 913 321 898	Dormant and in progress to be dissolved

6.3 The business of the Songa Group

6.3.1 General

The object of the Songa Group is ownership, acquisition and operation of vessels, rigs and offshore installations, as well as other related business, and it may also acquire and own shares, securities and ownership interests in other companies. As of the date of this Prospectus, Songa Offshore owns and operates a fleet consisting of seven semisubmersible drilling rigs, of which four rigs are on long-term contracts with Statoil on the Norwegian Continental Shelf, and three rigs are stacked in Norway.

6.3.2 Overview of rigs and contracts

The Songa Group's core asset base consists of seven semisubmersible drilling rigs. A summary of the technical details of each of these units are set out below.

Songa Dee

Rig type:	Semisubmersible drilling rig, winterized
Built:	1984, Mitsubishi Heavy Industries, Ltd.
Design:	Mitsubishi type MD-602 enhanced
Upgraded:	2004 / 2012 / 2014
Next main survey:	4Q 2019. Songa Group has agreed with the Class Society a suspension of Class up to 24 months. The next special periodic survey can therefore potentially be pushed forward up to third quarter 2021.
Flags:	Marshall Islands
Class:	DNV Class A1 Column Stabilized Unit
Water depth:	1,800 ft
Drilling capacity:	30,000 ft
Accommodation:	116 + 2 sick berths

Operations:	Songa Offshore
Contract status:	The rig is stacked since September 2016 and is marketed for new employment.

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Songa Delta

Rig type:	Semisubmersible drilling rig, winterized
Built:	1981, Rauma Repola Oy, Pori Finland
Design:	Modified Ocean Ranger design
Upgraded:	1996, 2011, extensive upgrade completed in 2012
Next main survey:	4Q 2016. The main survey is overdue and will be conducted when the rig is contracted for new employment.
Flags:	Norwegian
Class:	DNV + 1A1 Column Stabilized Unit
Water depth:	2,300 ft
Drilling capacity:	25,000 ft
Accommodation:	100
Operations:	Songa Offshore
Contract status:	The rig is stacked since November 2016 and is marketed for new employment.

Songa Trym

Rig type:	Semisubmersible drilling rig, winterized
Built:	1976, Verdal/Bergen
Design:	Modified Aker H-
Upgraded:	1996, 2002, 2005, extensive upgrade completed in 2012 and 2013
Next main survey:	1Q 2018
Flags:	Norwegian
Class:	DNV Class A1 Column Stabilized Unit
Water depth:	1,312 ft
Drilling capacity:	25,000 ft
Accommodation:	100 + 2 sick berths
Operations:	Songa Offshore
Contract status:	The rig is stacked since November 2015 and is marketed for new employment.

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Songa Equinox

Rig type:	Semisubmersible drilling rig, winterized harsh environment
Built:	2015, DSME Korea
Design:	GVA 4000 NCS
Upgraded:	-
Next main survey:	2Q 2020
Flags:	Norwegian
Class:	1A1 Column Stabilized Drilling unit, DP-3
Water depth:	1,640 ft
Drilling capacity:	28,000 ft
Accommodation:	130
Operations:	Songa Offshore
Contract status:	The rig performs drilling services on the Troll field in Norway under its long-term drilling contract with Statoil. The day rate as of 30 September 2017 is USD 492,146.*

* Based on USD/NOK exchange rate of 7.9726 as per 29 September 2017

Songa Equinox is a winterised harsh environment semi-submersible drilling rig, built by DSME and delivered in June 2015. The rig is performing drilling services on the Troll field in Norway under its long-term drilling contract with Statoil. The day rate as of 30 September 2017 is USD 492,146. The day rate is subject to annual cost escalation, as well as certain adjustments as per the drilling contract. The Statoil eight-year drilling contract stipulates that the client is entitled to revise the duration of the drilling contract up to the amount of time that the rig has been delayed, relative to a pre-agreed delivery window. In this respect, Songa Offshore received in March 2016 notice that Statoil has exercised its contractual right to reduce the contract length on the Songa Equinox by 347 days. The Statoil drilling contract also included rights for Statoil to extend the drilling contract with up to 4x3 years at the contract rate.

Songa Endurance

Rig type:	Semisubmersible drilling rig, winterized harsh environment
Built:	2015, DSME Korea
Design:	GVA 4000 NCS
Upgraded:	-
Next main survey:	3Q 2020
Flags:	Norwegian
Class:	1A1 Column Stabilized Drilling unit, DP-3
Water depth:	1,640 ft
Drilling capacity:	28,000 ft
Accommodation:	130
Operations:	Songa Offshore
Contract status:	The rig performs drilling services on the Troll field in Norway under its long-term drilling contract with Statoil. The day rate as of 30 September 2017 is USD 492,146.*

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* Based on USD/NOK exchange rate of 7.9726 as per 29 September 2017

Songa Endurance is a winterised harsh environment semi-submersible drilling rig, built by DSME and delivered in August 2015. The rig is performing drilling services on the Troll field in Norway under its long-term drilling contract with Statoil. The day rate as of 30 September 2017 is USD 492,146. The day rate is subject to annual cost escalation, as well as certain adjustments as per the drilling contract. The Statoil eight-year drilling contract stipulates that the client is entitled to revise the duration of the drilling contract up to the amount of time that the rig has been delayed, relative to a pre-agreed delivery window. In this respect, Songa Offshore received in March 2016 notice that Statoil has exercised its contractual right to reduce the contract length on the Songa Endurance by 184 days. The Statoil drilling contract also included rights for Statoil to extend the drilling contract with up to 4x3 years at the contract rate.

Songa Encourage

Rig type:	Semisubmersible drilling rig, winterized harsh environment
Built:	2015, DSME Korea
Design:	GVA 4000 NCS
Upgraded:	-
Next main survey:	3Q 2020
Flags:	Norwegian
Class:	1A1 Column Stabilized Drilling unit, DP-3
Water depth:	1,640 ft
Drilling capacity:	28,000 ft
Accommodation:	130
Operations:	Songa Offshore
Contract status:	The rig performs drilling services in the Norwegian Sea in Norway under its long-term drilling contract with Statoil. The day rate as of 30 September 2017 is USD 451,450.*

* Based on USD/NOK exchange rate of 7.9726 as per 29 September 2017

Songa Encourage is a winterised harsh environment semi-submersible drilling rig, built by DSME and delivered in December 2015. The rig is performing drilling services in the mid-Norway area under its long-term drilling contract with Statoil. The day rate as of 30 September 2017 is USD 451,450. The day rate is subject to annual cost escalation, as well as certain adjustments as per the drilling contract. The Statoil eight-year drilling contract stipulates that the client is entitled to revise the duration of the drilling contract up to the amount of time that the rig has been delayed, relative to a pre-agreed delivery window. In this respect, Songa Offshore received in July 2016 notice that Statoil has exercised its contractual right to reduce the contract length on the Songa Encourage by 132 days. Statoil has the right to extend the contract with up to 4x3 years at the contract rate.

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Songa Enabler

Rig type:	Semisubmersible drilling rig, winterized harsh environment
Built:	2016, DSME Korea
Design:	GVA 4000 NCS
Upgraded:	-
Next main survey:	1Q 2021
Flags:	Norwegian
Class:	1A1 Column Stabilized Drilling unit, DP-3
Water depth:	1,640 ft
Drilling capacity:	28,000 ft
Accommodation:	130
Operations:	Songa Offshore
Contract status:	The rig performs drilling services in the Barents in Norway under its long-term drilling contract with Statoil. The day rate as of 30 September 2017 is USD 455,497.*

* Based on USD/NOK exchange rate of 7.9726 as per 29 September 2017

Songa Enabler is a winterised harsh environment semi-submersible drilling rig, built by DSME and delivered in March 2016. The rig is performing drilling services on the Snøhvit field in the Barents Sea under its long-term drilling contract with Statoil. The rig is winterized for around-the-year operations in the Barents Sea. The day rate as of 30 September 2017 is USD 455,497. The day rate is subject to annual cost escalation, as well as certain adjustments as per the drilling contract. The Statoil eight-year drilling contract stipulates that the client is entitled to revise the duration of the drilling contract up to the amount of time that the rig has been delayed, relative to a pre-agreed delivery window. In this respect, Songa Offshore received in October 2016 notice that Statoil has exercised its contractual right to reduce the contract length on the Songa Enabler by 118 days. Statoil has the right to extend the contract with up to 4x3 years at the contract rate.

Statoil has the option for cancellation or termination of the Cat D drilling contracts.

Each drilling contract stipulates that Statoil has the right to cancel the contract at any time by giving written notice to Songa Offshore in which case Songa Offshore will be paid (i) the unpaid portion of any monies for the work performed up to the cancellation date (ii) the operating rate multiplied by the number of days from the cancellation date until either the last anchor has been bolstered or the drilling unit is ready for departure and (iii) a cancellation fee corresponding to the net present value of 100% of the capital element of the operating rate multiplied by the remaining days of the current contract period with a maximum of eight years.

Statoil also has the opportunity to terminate the Cat D drilling contracts in cases of certain events of default (for example insolvency, substantial breach of contract, the drilling unit becoming a total loss) in which case no further compensation will be paid.

While the Cat D drilling rig design is a product of a cooperation between Statoil and the industry to develop the next generation rigs well suited to cover Statoil's future drilling needs, the Cat Ds will also be able to work for all other clients in the midwater sector.

6.3.3Offshore drilling contracts in general

Songa Offshore expects its future contracts for the provision of offshore drilling services to vary in their terms and conditions. Songa Offshore may obtain drilling contracts either through competitive bidding or through direct negotiations with oil companies. Drilling contracts generally provide for a fixed day rate that is payable regardless of whether the drilling results in a successful well. Drilling contracts usually provide for lower rates for days on which the rig is in transit

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or drilling operations are interrupted by adverse weather conditions or other conditions beyond Songa Offshore's or the customer's control. Likewise, Songa Offshore may receive lower day rates or no day rates at all, for periods during which drilling is restricted or interrupted as a result of equipment breakdowns. Under typical drilling contracts, interruptions in drilling operations that accumulates to more than one to two days per month result in a loss of day rate, and longer interruptions (typically lasting for more than 15 to 30 consecutive days, however Songa Offshore's contracts for the Cat D rigs deviate significantly from this and have 220 consecutive days) may permit the oil company to cancel the drilling contract. Songa Offshore typically would continue to incur full operating costs during any interruptions in the operation of its rigs. Certain interruptions caused by technical breakdowns may be covered by Songa Offshore's insurance.

Some day rate contracts provide for the payment of performance bonuses. Payments under day rate contracts are expected to account for the most substantial portion of Songa Offshore's revenues. As a result, it is unlikely that Songa Offshore will realize revenues from its rigs for periods during which they are not under contract or are not in use due to repairs or maintenance. Under day rate contracts, Songa Offshore will be responsible for all operating expenses of its rigs, including wages, supplies, insurance, repair and maintenance costs and the fees payable under rig management contracts with third parties (if any).

The duration of day rate contracts generally encompasses either the drilling of a single well or group of wells or a stated calendar period (the latter being known as "term contracts"). Drilling contracts may usually be terminated by the customer if the rig is destroyed or lost, if the performance of the contractor does not meet the contractual obligations, or if drilling operations are suspended for a set period of time due to a breakdown of equipment or certain events beyond the control of the parties.

Drilling contracts normally contain provisions regarding early termination of the contract. Drilling contracts also normally contain provisions regarding shortening or termination of the drilling contract if the relevant drilling rig commences the contract later than agreed in the drilling contract.

6.3.4Contract overview

The table below shows the contract status for Songa Offshore's drilling fleet as of 30 September 2017. The current contracts for Songa Dee, Songa Delta and Songa Trym expired in September and November 2016, and in November 2015, respectively, and the rigs are stacked close to Bergen, Norway. Songa Offshore is currently finding new employment for those three rigs. Operating costs have declined from a normal operating level to around USD 2,000 per day, which basically covers insurance and inspections.

A new contract for Songa Delta will require Songa Offshore to perform the five-year special periodic survey, which is estimated to amount approximately USD 50 million or higher. Songa Offshore is of the opinion that such investment will only be made if this can be repaid from revenue generated from any potential new contract.

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6.4Board of directors, management and employees

6.4.1Board of directors

The Songa Board consists of six members: Frederik W. Mohn (Chairman), Michael Mannering, Arnaud Bobillier, Johan Kristian Mikkelsen, Christina Ioannidou and Ronald Blakely.

6.4.2Senior management

The senior management of Songa Offshore consists of Bjørnar Iversen (Chief Executive Officer), Jan Rune Steinsland (Chief Financial Officer) and Mark Bessell (Chief Operating Officer). The CEO, CFO and COO of Songa Offshore have an agreement for 18 months of severance pay. Except for this, Songa Offshore's senior management does not have other benefits upon termination of employment.

6.4.3Employees

The Songa Group has approximately 934 employees worldwide.

6.5Share capital

As of 11 December 2017, Songa Offshore's authorised share capital is EUR 24,095,941.10 divided into (i) 138,063,905 ordinary shares of nominal value EUR 0.10 each and (ii) 102,895,506 undesignated shares of nominal value EUR 0.10 each.

As of 11 December 2017, Songa Offshore's issued share capital is EUR 13,806,390.50 consisting of 138,063,905 ordinary shares of nominal value EUR 0.10. All the Songa Shares are authorized, issued and fully paid up.

6.6Auditor

Songa Offshore's auditor is PricewaterhouseCoopers Limited. PricewaterhouseCoopers Limited has its registered offices at Themistokli Dervi, 3 Julia House, 1066, Nicosia, Cyprus. PricewaterhouseCoopers Limited is a member of the Institute of Certified Public Accountants of Cyprus.

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6.7 Management's discussion and analysis of financial condition and results of operations of Songa Offshore

The financial information and related discussion and analysis contained in this Section are presented in United States dollars. The following discussion and analysis should be read in conjunction with Section 2 "Risk Factors" and the consolidated financial statements and accompanying notes included in Appendix D "Sections from the U.S. prospectus related to the Offer" which include additional information about the Songa Group's accounting policies, practices and the transactions underlying its financial results. The consolidated financial statements of the Songa Group as of and for the years ended 31 December 2016, 2015 and 2014 and as of 30 September 2017 and for the nine month period ended 30 September 2017 and 2016 have been prepared in accordance with IFRS as issued by the IASB. The audited consolidated financial statements of the Songa Group as of and for the year ended 31 December 2016 include a restatement to reflect a deferred tax asset write off of USD 19.8 million and a recognition of a deferred tax liability of USD 11.3 million for the period. Moreover, the Songa Group has recognized a deferred tax payable of USD 9.8 million for the same period. For more information relating to the restatement, see note 3 to the Songa Consolidated Financial Statements included in Appendix D. The unaudited interim condensed consolidated financial statements as of and for the nine-month period ended 30 September 2017 include a restatement which is more fully described in note 3 to Songa Offshore's unaudited interim condensed consolidated financial statements included in Appendix D. The consolidated financial statements of the Songa Group as of 31 December 2015 and for each of the two years in the period ended 31 December 2015 and as of 30 September 2017 and for the nine-month periods ended 30 September 2017 and 2016 are unaudited.

The preparation of the Songa Group's consolidated financial statements in conformity with IFRS requires the Songa Group to make estimates and assumptions that affect the reported amounts in its consolidated financial statements and the accompanying notes including various claims and contingencies related to lawsuits, taxes, environmental and other matters arising during the normal course of business. The Songa Group applied its best judgment, knowledge of existing facts and circumstances and actions that it may undertake in the future in determining the estimates that affect its consolidated financial statements. Songa Offshore evaluates its estimates on an ongoing basis using its historical experience, as well as other factors the Songa Group believes appropriate under the circumstances, such as current economic conditions, and adjusts or revises its estimates as circumstances change. As future events and their effects cannot be determined with precision, actual results may differ from these estimates. For a discussion of important factors that could cause the Songa Group's actual results to differ materially from the results referred to in the forward-looking statements, see Section 4.3 "Cautionary note regarding forward-looking statements."

6.7.1 Overview

6.7.1.1 Business overview and industry trends

The Songa Group is an offshore drilling contractor, registered and headquartered in Cyprus. Songa Offshore is listed on the Oslo Stock Exchange and has one individually significant shareholder, Perestroika (2016: 44.35% ownership interest). The principal business of the Songa Group is to own and operate drilling rigs to be used in exploration and production drilling. The rig operations are managed from the Songa Group's offices in Stavanger, Bergen and Stjördal, Norway. During 2016 the Songa Group also had a presence in Bermuda, Korea, Oslo, Singapore and Aberdeen. During that year, the Korea, Oslo and Aberdeen offices were closed.

The Songa Group operates in the international oil service industry within the offshore drilling sector, and owns a fleet of seven semi-submersible rigs; Songa Dee, Songa Delta, Songa Trym, Songa Equinox, Songa Endurance, Songa Encourage and Songa Enabler, of which four are operating in the midwater segment on the Norwegian Continental Shelf and three are currently idle and marketed for new work.

The Songa Group is focused on operating in the midwater segment of the harsh environment North Atlantic Basin. This allows the Songa Group to focus on operational improvements and synergies of the rig fleet operating on the Norwegian Continental Shelf. With the four newbuild Cat D rigs working for Statoil the Songa Group is the largest operator of semi-submersible rigs on the Norwegian Continental Shelf.

The consolidated financial statements of the Songa Group as of and for the year ended 31 December 2016 have been audited under U.S. GAAS. The Songa Group's annual consolidated financial statements, as of and for the years ended 31

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December 2015 and 2014, included in Appendix D, are prepared in accordance with IFRS as issued by the IASB. The Songa Group's unaudited interim condensed consolidated financial statements are prepared in accordance with IAS 34.

6.7.1.2Corporate objective and business strategy

The Songa Group's objectives are ownership, acquisition and operation of vessels, rigs and offshore installations, as well as other related business, and it may also acquire and own shares, securities and ownership interests in other companies.

The Songa Group has defined its vision as follows: "The Songa Group's vision is to be the preferred International Midwater Drilling Contractor with a strong presence in the harsh environment of the North Atlantic basin."

The Songa Group intends to accomplish this vision by:

- Providing safe and cost efficient operations which exceeds its customers' expectations;
- Following its customers worldwide;
- Being recognized for having competent and passionate employees combined with robust systems and procedures;
- Working with its customers to effectively utilize value added technologies; and
- Offering high-quality engineering and rental services.

6.7.1.3Key Events

On 1 February 2016, Songa Offshore announced a rightsizing process of the onshore organization. As part of this process, the overall number of onshore employees and contractors will be reduced circa to 200 employees and contractors, reflecting the market conditions and the transition into an operating organization. The corresponding annual reduction in onshore expenses, was anticipated to be USD 30 million.

On 15 March 2016, Songa Offshore announced a comprehensive refinancing. The refinancing consisted of a new USD 125 million subordinated convertible bond loan, which included the USD 91.5 million bridge bond loan issued on 17 March 2016, conversion of Songa Offshore's USD 150 million subordinated convertible bond loan to equity, significant coupon reductions and maturity extensions of Songa Offshore's unsecured debt, where coupon reductions where partly compensated by equity, as well as amendments of financial covenants related to Songa Offshore's secured and unsecured debt and a subsequent equity offering of up to USD 25 million. Please see further details in Section 6.7.3 "Financial condition, liquidity and capital resources."

On 31 March 2016, Songa Offshore took delivery of Songa Enabler, the last of four newbuild Cat D rigs, from DSME. As a result Songa Offshore has drawn down the rig related financing. The rig commenced drilling operations on 29 July 2016.

On 23 June 2016, Songa Offshore announced the completion of the subsequent equity offering with gross proceeds of USD 25 million. In October 2016, Songa Offshore entered into new cross currency swaps to hedge the amended NOK 750 million and the NOK 1,400 million senior unsecured bond loans.

On 12 December 2016, Songa Offshore performed a 100:1 reverse share split in order to ensure compliance with section 2.4 of the Oslo Stock Exchange continuing obligations and to secure adequate pricing of the share above NOK 1.00.

On 16 December 2016, the Songa Group strengthened the projected 2018 liquidity significantly, by amending the NOK 1,400 million senior unsecured bond loan and the Perestroika USD 50 million shareholder loan by deferring certain installments of NOK 466.5 million and USD 16.7 million by twelve and eighteen months respectively, to

May 2019 and December 2019.

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On 15 August 2017, the Songa Group announced that it had entered into an agreement to combine with Transocean through a recommended voluntary tender offer.

On 21 July 2017 the Songa Group was successful in the DSME arbitrations. Songa Offshore had submitted its defense to the claims asserted by DSME in arbitrations related to the Songa Equinox, the first Cat D rig, and the Songa Endurance, the second Cat D rig, (jointly referred to as the "Rigs"), in which DSME asserted aggregate claims of USD 329 million, along with a request for repayment of liquidated damages in a total amount of USD 43.8 million, totaling to USD 372.8 million. The claims asserted related to alleged cost overruns and additional work in relation to the Rigs due to what DSME alleges were inherent errors and omissions in the design documents (as often referred to as the FEED package). A question as to the legal interpretation of the rig building contracts was put to the arbitral tribunal constituted in respect of the arbitrations on a preliminary basis. That question was to ascertain which party had responsibility for the FEED package and what the consequences of that would be. A two day arbitration hearing took place before the arbitral tribunal on 2 and 3 May 2017 in London and the tribunal's interim final award has been published on 18 July 2017. The tribunal ruled in favor of Songa Offshore.

Songa Offshore considers that the tribunal's interim final award is determinative of DSME's claims in respect of the Rigs (and in respect of any similar claims that DSME might assert in respect of Songa Encourage, the third Cat D rig, and Songa Enabler, the fourth Cat D rig) with an outcome that no payment will be due by Songa Offshore to DSME. On 21 September 2017, Songa Offshore announced that it had been served with DSME's application to the English court where DSME is seeking permission to appeal the arbitration award. Songa Offshore considers that DSME's application was made out of time and has issued a strike out application to the English court.

Songa Offshore will seek to recover its legal costs of the arbitration process. Songa Offshore is also evaluating how to pursue its counterclaims against DSME in respect of Songa Equinox and Songa Endurance for the aggregate amount of USD 65.8 million, as well as the counterclaims for Songa Encourage and Songa Enabler that will potentially be in approximately the same amount.

6.7.1.4Performance and Other Key Indicators

Contract backlog

Contract backlog is defined as the maximum contractual operating day rate 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 Songa Offshore's contract drilling revenues. Average contractual day rate relative to Songa Offshore's contract backlog is defined as the maximum contractual operating day rate 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 day rate during the firm contract period after commencement of operations.

The contract backlog represents the maximum contract drilling revenues that can be earned considering the contractual operating day rate in effect during the firm contract period and represents the basis for the maximum revenues in Songa Offshore's revenue efficiency measurement.

Songa Equinox, Songa Endurance, Songa Encourage and Songa Enabler are operating on the Norwegian Continental Shelf ("NCS") on long-term contracts with Statoil. Songa Equinox and Songa Endurance were delivered from the DSME yard in 2015 and were in operations on the Troll field on the NCS throughout 2016.

Songa Encourage was delivered from DSME on 16 December 2015 and arrived in Norway on 16 March 2016. The rig received the Acknowledgement of Compliance from the Norwegian authorities on 7 April 2016 and commenced drilling operations on 11 April 2016 under its long-term drilling contract with Statoil in the Norwegian Sea on the

NCS.

Songa Enabler was delivered from DSME on 31 March 2016. The rig received the Acknowledgement of Compliance from the Norwegian authorities on 13 July 2016 and commenced drilling operations in the Barents Sea on 29 July 2016 under its long-term drilling contract with Statoil.

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Songa Trym completed its contract with Statoil in 2015, while Songa Dee and Songa Delta completed their contracts with Statoil in September and November 2016 respectively. The three rigs are stacked close to Bergen, Norway, while marketed for new work.

The four operating rigs have as per 31 December 2016 an aggregate contract backlog of approximately USD 4.4 billion, with options corresponding to approximately USD 7.7 billion.

Operating and earnings efficiency

The operating efficiency ratio 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.

The earnings efficiency ratio 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.

Songa Dee was, during 2016, employed for well workovers and production drilling on the Gullfaks field. The rig completed its contract with Statoil on 9 September 2016. Prior to this period the rig achieved for 2016 an operating efficiency of 100% and an earnings efficiency of 98%. Songa Delta was during 2016 employed for production drilling in relation to Statoil's fast-track field developments and exploration drilling. The rig ended its contract with Statoil on 10 November 2016. Prior to this period the rig achieved an operating efficiency of 100% and an earnings efficiency of 96%. Songa Trym was stacked throughout 2016.

Songa Equinox was, during 2016, employed under its long-term drilling contract with Statoil at the Troll Field on the Norwegian Continental Shelf, drilling gas production wells, conducting drilling, completion and plugging and abandonment work. The rig achieved an operating efficiency of 91% and an earnings efficiency of 87%. The rig was on Force Majeure for 18 days during the year during a strike where the Songa Group was not a party. Earnings efficiency excluding the effects of the strike was 89%.

Songa Endurance was, during 2016, under its long-term drilling contract with Statoil at the Troll Field, drilling gas production wells, conducting drilling, completion and plugging and abandonment work. The rig achieved an operating efficiency of 87% and an earnings efficiency of 83%. The rig was on Force Majeure for 21 days during the year during a strike where the Songa Group was not a party. Earnings efficiency excluding the effects of the strike was 86%.

Songa Encourage commenced drilling operations on 11 April 2016 under its long-term drilling contract with Statoil and drilled production wells and gas - water injection wells on the Skuld, Heidrun and Smörbukk fields. The rig achieved an operating efficiency of 98% and an earnings efficiency of 96% during 2016.

Songa Enabler was delivered from DSME on 31 March 2016. The rig commenced drilling operations on 29 July 2016 under its long-term drilling contract with Statoil at the Snöhvit Field in the Barents Sea where it drilled gas production wells. The rig achieved an operating efficiency of 99% and an earnings efficiency of 93%. The rig was on Force Majeure for 16 days during the year during a strike where the Songa Group was not a party. Earnings efficiency excluding the effects of the strike was 96%.

The Songa Group experienced eleven recordable incidents in 2016 as per IADC guidelines and definitions, resulting in a Total Recordable Frequency Rate (TRFR) of 4.91 and a Lost Time Incident Frequency Rate (LTI FR) of 1.78 per one million working-hours. Of the eleven incidents, six were Medical Treatment Only (MTO), four were Lost Time

Incident (LTI) and one was Restricted Work - Transfer Case (RWTC).

Adjusted EBITDA

Adjusted EBITDA is defined as earnings for the financial year before interest, taxes, depreciation, amortization, impairment and other financial items. Other financial items is defined as revision of estimate of financial assets,

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discontinued hedge on the currency rate swap, derecognition of financial instruments, gain/loss on released foreign exchange forwards, mark to market change on financial derivatives, currency element in currency and interest swaps, and net foreign exchange loss/(gain).

6.7.2Operating Results

6.7.2.1Year ended 31 December 2016 compared to the year ended 31 December 2015

	For the year ended 31 December			
(Amounts in USD '000)	2016	2015 Unaudited	Change	% Change
Revenues	753,111	513,403	239,708	46.7
Operating expenses	(243,426)	(151,719)	(91,707)	(60.4)
Reimbursables	(21,300)	(35,146)	13,846	39.4
General and administrative expenses	(38,351)	(44,581)	6,230	14.0
Other gain and loss	—	(866)	866	nm
Depreciation	(177,487)	(126,344)	(51,143)	(40.5)
Impairment	(144,729)	(521,005)	376,276	72.2
Finance income	4,000	7,318	(3,318)	45.3
Finance expenses	(116,560)	(26,045)	(90,515)	nm
Other financial items	(62,199)	(47,382)	(14,817)	(31.3)
Profit /(loss) before tax	(46,941)	(432,367)	385,426	89.1
Income tax expense	(40,877)	(37,364)	(3,513)	(9.4)
Profit/ (loss) for the year	(87,818)	(469,730)	381,912	81.3

'nm' means not meaningful

Revenue – Revenue for the Songa Group was USD 753.1 million in 2016 compared to USD 513.4 million for 2015, an increase of 46.7%. The main reasons for the increase, is the revenue contribution from the four Cat D rigs, Songa Equinox, Songa Endurance, Songa Encourage and Songa Enabler of USD 149.1 million, USD 150.0 million, USD 114.0 million and USD 64.8 million, respectively. This is partly offset by the absence of revenue contribution from Songa Trym of USD 155.7 million and lower revenue contribution from Songa Dee and Songa Delta of USD 18.6 and USD 37.7 million respectively. The 2016 revenues were negatively impacted by about USD 10.4 million from an industry strike on the Norwegian Continental Shelf where Songa was not a party.

Operating expenses – Operating expenses increased by 60.4% compared to last year, from USD 151.7 million in 2015 to USD 243.4 million in 2016. The increase in operating expenses is to a large extent due to total operating expenses related to the four Cat D rigs, all being in operation during 2016 of USD 160.3 million. This is partly offset by lower operating expenses of USD 74.1 million related to Songa Trym, Songa Dee and Songa Delta, as the rigs were fully or partly stacked in 2016.

Rig operating expenses include a non-recurring positive effect of USD 7.8 million from partial change of offshore pension schemes from defined benefit to defined contribution. The decrease in operating expenses from prior year is also due to USD 6.1 million favorable currency fluctuation from a stronger USD. Operating expenses were also generally positively impacted by Songa Offshore's Supply Chain Initiative.

General and administrative expenses – G&A expenses for the year were USD 38.4 million as compared to USD 44.6 million in 2015, a decrease of 14.0%. The decrease is mainly explained by the rightsizing initiatives, and to favorable currency fluctuation from stronger USD, partly offset by arbitration costs of USD 1.8 million.

Other gains and losses – Decreased from USD 0.9 million in 2015 to nil in 2016. Other losses incurred in 2015 related to bad debt expenses. There were no such losses incurred in 2016.

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Depreciation – Depreciation expense was USD 177.5 million in 2016, USD 51.1 million higher than the 2015 depreciation expense, reflecting depreciation of the four Cat D rigs during 2016 of USD 109.0 million. Depreciation for Songa Equinox and Songa Endurance was taken for full year 2016 since the rigs were fully operational. Depreciation of USD 64.8 million is related to the legacy fleet and USD 3.7 million related to other assets.

Impairment – During the year the Songa Group recognized an impairment loss of USD 144.7 million related to Songa Dee, Songa Delta and Songa Trym owing to the continued decline in the drilling market. This compares to USD 521.0 million in 2015. The 2016 impairment loss consists of USD 63.6 million related to Songa Dee, USD 45.5 million related to Songa Delta and USD 33.5 million related to Songa Trym, as well as USD 2.1 million related to scrapping of obsolete fleet spare parts. No impairment loss has been recognized in 2016 for the Cat D rigs.

Net financial cost – Finance income in 2016 was USD 4.0 million compared to USD 7.3 million in 2015. The decrease is mainly due to lower income earned on the financial assets derived from the sale of Songa Mercur and Songa Venus and the investment in the joint venture established with Opus Offshore Group.

Finance costs in 2016 were USD 116.6 million compared to USD 26.0 million in 2015, an increase of 347.5%. The increase in finance expenses is mainly explained by the finance cost related to the Cat D rigs being charged to the profit and loss from the date of delivery from the DSME yard and to the higher interest cost in relation to the Cat D borrowings as a result of the full drawdown of the loans related to the Cat D rigs. The gross finance costs for 2016 were USD 136.9 million, while capitalized interests were USD 21.5 million. The gross finance costs for 2015 were USD 105.4 million, while capitalized interests were USD 79.4 million.

During 2016 Songa Offshore decided to classify interest paid on the maturity of the interest rate swaps from “Other financial items” to “Interest expense.” As a result the 2015 interest expense of USD 5.4 million has been reclassified to interest expense from other financial items.

Other financial items – Other financial items of USD 62.2 million were recognized in 2016 compared to USD 47.4 million in 2015. Firstly, the Songa Group recorded a write down of USD 33.2 million of various financial assets related to the sale of Songa Mercur and Songa Venus of which USD 23.8 million was charged to profit and loss and an additional USD 9.4 million charged to other comprehensive income. Secondly, negative effects of USD 25.0 million were recognized in relation to foreign exchange revaluation of balance sheet items from a stronger U.S. dollar vs the Norwegian krone. Thirdly, a loss of USD 2.3 million was related to mark-to-market valuation changes of foreign exchange forward contracts. A gain of USD 2.2 million is related to the amortization of the currency rate swap as a result of being discontinued. Finally, other financial items also include USD 13.3 million of charges relating to the de-recognition of financial instruments which comprises of the following: i) a loss of USD 9.4 million for the termination payment relating to the cross currency interest rate swap entered into to hedge the bond NOK 1,400.0 million, which was terminated on 22 January 2016, ii) a gain of USD 5.3 million relating to the replacement of existing cross currency interest rate swaps (Note 5 to the consolidated financial statements included in Appendix D), iii) a gain of USD 8.2 million arising from the de-recognition of the fair values of the terminated cross currency interest rate swaps; and iv) a loss of USD 17.4 million relating to the conversion of the subordinated convertible bond loan of USD 150.0 into equity as part of the Songa Group’s debt refinancing.

Tax – Income tax charge in 2016 was USD 40.9 million compared to a charge of USD 37.4 million in 2015. The 2016 tax charge is mainly related to USD 41.0 million from derecognition of tax carry forward losses, USD 16.0 million tax from profitable operations and USD 0.8 million from gain on balance sheet revaluation. The effects were partly offset by USD 8.5 million tax credit from impairment of Special Periodic Survey costs, USD 6.3 million operating losses from loss of revenue caused by downtime on the first two Cat D rigs during first quarter of 2016 and USD 2.9 million revenue loss from strike on the NCS.

The tax expense of USD 37.4 million in 2015 is mainly related to USD 14.4 million tax from operations, USD 10.4 million from balance sheet revaluation, USD 7.6 million from cancellation of the Songa Trym contract and USD 5.0 million reconciliation and change of tax rate effect.

Net Loss – Net loss for the year was USD 87.8 million compared to a net loss of USD 469.7 million in 2015.

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6.7.2.2Year ended 31 December 2015 compared to the year ended 31 December 2014

(Amounts in USD '000)	For the year ended 31 December 2015 Unaudited	2014 Unaudited	Change	% Change
Revenues	513,403	494,752	18,651	3.8
Operating expenses	(151,719)	(217,119)	65,400	30.1
Reimbursables	(35,146)	(33,196)	(1,950)	(5.9)
General and administrative expenses	(44,581)	(48,678)	4,097	8.4
Other gain and loss	(866)	799	(1,665)	nm
Depreciation	(126,344)	(114,299)	(12,045)	(10.5)
Impairment	(521,005)	(64,899)	(456,106)	nm
Finance income	7,318	3,414	3,904	nm
Finance expenses	(26,045)	(33,546)	7,501	22.4
Other financial items	(47,382)	(43,794)	(3,588)	(8.2)
Profit /(loss) before tax	(432,367)	(56,566)	(375,801)	nm
Income tax expense	(37,364)	(97)	(37,267)	nm
Profit/ (loss) for the year	(469,730)	(56,633)	(413,097)	nm

'nm' means not meaningful

Revenue – Revenue for the Songa Group was USD 513.4 million in 2015 compared to USD 494.8 million for 2014, an increase of 3.8%. The main reasons for the increase are the Songa Trym contract cancellation fee of USD 41.1 million, that accelerated January and February 2016 revenue into 2015, revenue contributions from an additional rig as compared to 2014 (Songa Equinox commenced drilling operations from December 7 under its long-term drilling contract with Statoil), full year revenue from Songa Dee in 2015 compared to 2014 as a result of being out of service for its special periodic survey for a period in the fourth quarter of 2014, partly offset by lower revenue contribution from Songa Trym due to its contract cancellation and 75.0% suspension rate for 18 days in 2015, as well as the absence of revenue contributions from Songa Venus and Songa Mercur, which were sold to Opus Offshore in July 2014.

Operating expenses – Operating expenses decreased by 30.1% in 2015 compared to 2014, from USD 217.1 million in 2014 to USD 151.8 million in 2015. The decrease in operating expenses is to a large extent due to favorable currency fluctuation from stronger USD and the divestment of Songa Mercur and Songa Venus from July 2014, partly offset by Songa Equinox being in operation for a period in December 2015 and higher Songa Dee operating costs in 2015, as certain operating expenses incurred during the 2014 yard stay were partly capitalized.

General and Administrative (G&A) expenses – G&A expenses for the year were USD 44.6 million compared to USD 48.7 million in 2014, a decrease of 8.4%. The decrease is mainly due to lower South East Asia G&A cost in 2015, reflecting the Songa Mercur and Songa Venus divestments, and favorable currency fluctuation from stronger USD.

Other gains and losses – Other gains and losses decreased from a gain of USD 0.8 million in 2014 to a loss of USD 0.9 million in 2015. In 2015, Other losses related to bad debt expenses, while the other gain in 2014 related to the pay-out

of a one-off insurance claim.

Depreciation – Depreciation expense was USD 126.3 million in 2015, USD 12.0 million higher than the 2014 depreciation expense, primarily reflecting Songa Equinox depreciation in December 2015 and 2014 Songa Dee Scheduled Periodic Survey, which is depreciated over five years, partly offset by absence of the Songa Mercur and the Songa Venus divestment.

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Impairment – During 2015, the Songa Group recognized an impairment loss of USD 521.0 million related to the Songa Dee, the Songa Delta and the Songa Trym owing to the decline in market day rates in 2015 and into 2016. This compares to USD 64.9 million in 2014. The 2015 impairment loss consists of USD 87.5 million related to Songa Dee, USD 187.5 million related to Songa Delta and USD 245.5 million related to Songa Trym, as well as USD 0.6 million related to scrapping of obsolete fleet spare parts. No impairment loss has been recognized in 2015 for the Cat Ds.

Finance income – Finance income in 2015 was USD 7.3 million compared to USD 3.4 million in 2014. The increase is mainly due to additional income earned on the financial assets derived from the sale of Songa Mercur and Songa Venus and the investment in the joint venture established with Opus Offshore Group.

Finance expenses – Finance costs in 2015 were USD 26.0 million compared to USD 33.5 million in 2014, a decrease of 22.4%. The decrease is mainly explained by the additional capitalization of the finance cost related to Cat D newbuilds. The gross finance costs for 2015 were USD 100.1 million, while capitalized interest costs were USD 74.1 million. The gross finance costs for 2014 were USD 85.3 million, while capitalized interests were USD 51.7 million.

Other financial items – Other financial items of USD 47.4 million were recognized in 2015 compared to USD 43.8 million in 2014. USD 15.3 million is attributable to the Songa Mercur sale, where estimates for two earn-out arrangements have been reassessed and reduced in light of the weaker drilling market. USD 51.1 million represents realized foreign exchange losses in relation to forward transactions. This was partly offset by a gain of USD 13.6 million, primarily related to unrealized mark to market valuation changes of foreign exchange forward transactions. The foreign exchange items are reflecting the sharp appreciation of the U.S. dollar vs. the Norwegian Kroner during the year.

Tax – The tax expense in 2015 reflects USD 5.9 million related to profit from ongoing operations for the quarter and USD 5.7 million in relation to the recognition of the Songa Trym cancellation fee, while USD 3.3 million represents a full year reconciliation effects of taxes. In addition, USD 6.3 million relates to revaluation of the NOK denominated deferred tax asset, USD 4.0 million represent tax related to revaluation of other balance sheet items and USD 1.7 million relates to the decreased value of the deferred tax assets due to the change in the Norwegian corporate tax rate from 27% to 25%. Moreover, charges for 2015 include an amount of USD 10.4 million for non-cash nature related to the Norwegian operations.

6.7.2.3Nine months ended 30 September 2017 compared to the nine months ended 30 September 2016

(Amounts in USD ‘000)	For the nine-month period ended 30 September 2017 Unaudited	2016 Unaudited	Change	% Change
Revenues	509,330	566,461	(57,131)	(10.1)
Operating expenses	(172,613)	(179,314)	6,702	3.7
Reimbursables	(11,811)	(17,808)	5,997	33.7
General and administrative expenses	(28,124)	(26,225)	(1,900)	(7.3)
Other gain and loss	—	(31)	31	nm
Depreciation	(137,938)	(131,915)	(6,023)	(4.6)
Impairment	(6,708)	(118,000)	111,292	nm
Finance income	4,027	1,824	2,203	120.8

Finance expenses	(104,940)	(74,644)	(30,296)	(40.6)
Other financial items	(13,978)	(33,437)	19,460	58.2
Profit /(loss) before tax	37,246	(13,088)	50,334	nm
Income tax expense (credit)	(787)	2,047	(2,834)	nm
Profit/ (loss) for the year	36,459	(11,041)	47,500	nm

‘nm’ means not meaningful

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Revenue – Revenue for the nine months of 2017 was USD 509.3 million, compared to USD 566.5 million for the nine months of 2016. The main reason for the decrease is the change in Songa Offshore's operating fleet, as described below. The movement in revenue is primarily due to the increased revenue contribution from Songa Equinox, Songa Endurance and Songa Encourage of USD 11.9 million, USD 20.7 million, and USD 28.0 respectively, as well as revenue from Songa Enabler of USD 87.61 million that commenced its drilling contract in July 2016. This is partly offset by the absence of revenue contribution from Songa Delta and Songa Dee of USD 97.5 million and USD 91.7 million respectively.

Further, the decrease in revenue was also due to the absence of deferred revenue amortization from Songa Delta and Songa Dee of USD 20.1 million. This is partly offset by the deferred revenue amortization for Songa Encourage and Songa Enabler of USD 6.0 million in relation to the Cat D mobilization fees that are amortized over the firm contract periods from the rigs' April and July 2016 contract commencements.

Operating expenses – Rig operating expenses were USD 172.6 million, compared to USD 179.3 million in the corresponding prior year first nine months. The decrease of USD 6.7 million is primarily explained by the higher operating expenses of USD 57.0 million of operating expenses related to the four Cat D rigs, all being in operation in the first nine months of 2017 while Songa Enabler only operated for two months in the nine months of 2016. This is partly offset by lower operating expenses of USD 60.0 million related to Songa Dee and Songa Delta as the rigs are not operating in the nine months. Foreign exchange effects from a stronger USD contributed USD 4.7 million. The dollar exposure is managed through a hedging program and the offsetting gains or losses associated with the strategy are reported under Other Financial Items, where there is a corresponding gain in the period.

Nine months operating expenses related to the Cat D rigs totaled USD 167.4 million, including a USD 1.3 million positive effect from the insurance coverage of certain costs related to the Songa Encourage water ingress incident in January 2017. These costs were reported as ordinary rig operating costs in first quarter 2017. This was partly offset by other non-recurring items of USD 1.2 million. Operating expenses related to the three idle rigs totaled USD 5.2 million, including a late USD 1.0 million non-recurring pension provision, related to certain changes in pension plans in 2012.

General and Administrative (G&A) expenses – G&A expenses were USD 28.1 million compared to USD 26.2 million in the corresponding prior year nine months. The nine months of 2017 G&A costs include approximately USD 2.7 million of fees related to the Transocean's transaction , USD 1.9 million of non-cash costs related to the Songa Offshore Long-Term Incentive Plan and USD 1.0 million related to the DSME arbitration.

Depreciation – Depreciation was USD 137.9 million compared to USD 131.9 million in the nine months of 2016, an increase of USD 6.0 million, primarily due to Songa enabler not being in operation for the full nine months in 2017, partly offset by lower depreciation for the three idle rigs of USD 19.8 due to the impairment occurred in 2016. The nine months depreciation is related to USD 103.4 million to the Cat D rigs, USD 31.5 million to the legacy fleet and USD 2.7 million to other assets.

Impairment – Songa Offshore has recorded an impairment charge of USD 6.7 million in the nine months of 2017 compared to USD 118.0 million in the last year's corresponding nine months. The impairment charge for the nine months 2017 is primarily related to Songa Trym. The impairment charges in 2016 consists of USD 46.6 million related to Songa Dee, USD 45.5 million of Songa Delta, and USD 25.9 million of Songa Trym.

Net financial cost – Finance income in the nine months of 2017 was USD 4.0 million compared to USD 1.8 million in the nine months of 2016. The increase is mainly due to higher income earned on the financial assets derived from the sale of Songa Mercur and Songa Venus and the investment in the joint venture established with Opus Offshore Group.

Finance expenses for the nine months of 2017 were USD 104.9 million compared to USD 74.6 million for the nine months of 2016. The increase of USD 23.3 million from nine months of 2016 to nine months of 2017 is primarily explained by the finance cost related to the Cat D rigs that in the nine months of 2017 are fully charged to the Consolidated Statement of Income. The corresponding last year quarter interest finance costs related to Songa Enabler were capitalized as part of the construction project, as finance costs were capitalized up to the commencement of the drilling contracts. The gross finance costs for the nine months of 2017 were USD 104.9 million, while there was no capitalized interest. The gross finance costs for the nine months of 2016 were USD 95.0 million, while capitalized interests were USD 21.5 million.

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Other financial items – Other financial items were negative by USD 14.0 million for the nine months of 2017. This is due to a reclassification of a USD 9.4 million non-cash write-down of financial assets related to the sale of Songa Mercur and Songa Venus to Opus Offshore. This item was in 2016 charged to Other Comprehensive Income ("OCI"), while in the nine months 2017 it has been reclassified to flow through the Statement of Income by crediting OCI and charging Other financial items. During the nine months ended 30 September 2017 a further non-cash amount of financial assets of USD 11.1 million was written-down as a revision of estimate of financial assets in relation to the sale of Songa Mercur and Songa Venus to Opus Offshore, where Songa Offshore now carries financial asset of USD 11.5 million. The 2016 corresponding nine months were negative by USD 33.4 million.

Moreover, negative effects of USD 4.1 million were recognized in relation to foreign exchange revaluation of balance sheet items from a stronger U.S. dollar vs the Norwegian krone. Finally a gain of USD 1.0 million was reported, related to mark-to-market valuation changes of foreign exchange forward contracts.

Tax – Income tax expense for the nine months of 2017 was USD 0.8 million compared to a credit of USD 2.0 million for the nine months of 2016.

Net Profit/Loss – Profit for the nine months of 2017 was USD 36.5 million, compared to a loss of USD 11.0 million in the nine months of 2016, primarily reflecting the 2016 impairment charge.

6.7.2.4Management Performance Measures

Management internally uses Adjusted EBITDA which is defined as earnings for the financial year before interest, taxes, depreciation, amortization, impairment and other financial items. Other financial items is defined as revision of estimate of financial assets, discontinued hedge on the currency rate swap, derecognition of financial instruments, gain/loss on released foreign exchange forwards, mark to market change on financial derivatives, currency element in currency and interest swaps, and net foreign exchange loss/(gain).

These are non-IFRS measures and should be considered in connection with Songa Offshore's consolidated financial statements, included in Appendix D. These non-IFRS measures may not be comparable to other similarly titled measures of other companies, should not be considered in isolation and should not be considered superior to, or a substitute for, financial measures calculated in accordance with IFRS. A presentation of profit in accordance with IFRS is available in the Songa Group's consolidated financial statements, included in Appendix D.

Based on the above definition, the reconciliation of profit for the financial year from continuing operations to Adjusted EBITDA is set out below:

Year ended 31 December 2016 compared to the year ended 31 December 2015

	For the year ended 31 December		
(Amounts in USD '000)	2016	2015	2014
		Unaudited	Unaudited
(Loss) for the year from continuing operations	(87,818)	(469,730)	(56,633)
Finance income	(4,000)	(7,318)	(3,414)
Finance expenses	116,560	26,045	33,546
Income tax expense	(40,877)	37,364	97
Depreciation	177,487	126,344	114,299
EBITDA	243,107	(287,295)	87,895

Impairment	144,729	521,005	64,899
Other financial items	62,199	47,382	43,794
Adjusted EBITDA	450,034	281,091	196,588

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Earnings before interest, tax, depreciation and amortization (EBITDA) for 2016 was USD 450.0 million compared to USD 281.1 million in 2015, representing an EBITDA margin of 59.8% compared to 54.8% and 39.7% in 2015 and 2014, respectively.

Nine months ended 30 September 2017 compared to the nine months ended 30 September 2016

	For the nine months ended 30 September	
(Amounts in USD '000)	2017	2016
		Unaudited
Profit/(Loss) for the year from continuing operations	36,459	(11,041)
Finance income	(4,027)	(1,824)
Finance expenses	104,940	74,644
Income tax expense/(credit)	787	(2,047)
Depreciation	137,938	131,915
EBITDA	276,097	191,647
Impairment	6,708	118,000
Other financial items	13,978	33,437
Adjusted EBITDA	296,783	343,084

6.7.3Financial condition, liquidity and capital resources

6.7.3.1Financing developments

In June 2017, the Songa Group agreed with the Songa Equinox and Songa Endurance senior lenders to remove a cash sweep mechanism in the loan agreements that otherwise would commence in June 2017. As part of the agreement, Songa Offshore has repaid USD 10 million against the facilities using restricted deposits accounts related to the financing arrangement. The deposit arrangement for the senior secured loan facility will be discontinued.

In April 2017, Songa Offshore made a mandatory prepayment against the credit facilities secured by rigs Songa Dee, Songa Trym and Songa Delta of USD 35.5 million as a result of the Songa Delta Scheduled Periodic Survey not being performed when due. The credit facilities mature in full in March 2018 and the installments in the period May 2017 to March 2018 will thus be reduced accordingly.

During the nine month period to September 2017, Songa Offshore received notices for exercise of 21,335,352 warrants. Following the exercise of the warrants, Songa Offshore's number of outstanding warrants has been reduced to 78,932 as of end of September 2017.

During the nine month period to September 2017, Songa Offshore issued 222,000 new shares at par value for delivery under the Songa Offshore Long-Term Incentive Program.

During the nine-month period to September 2017, Songa Offshore received conversion notices from holders of the outstanding convertible bond of USD 6,631,420. Following the conversions, the outstanding principal amount of the convertible bond has been reduced to USD 108.7 million as of end of September 2017.

Following the share issue and the exercise of warrants, the number of ordinary Songa Shares has increased to 137,616,041 as of end of September 2017.

In connection with the delivery of Songa Enabler on 31 March 2016, Songa Offshore utilized the credit facilities related to the rig. These fully utilized facilities total USD 550.0 million of which USD 90.0 million were used to repay the pre- delivery loan.

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In connection with the comprehensive refinancing of the Songa Group, launched on 15 March 2016, a bridge bond of USD 91.5 million was issued on 17 March 2016 and funded by certain of Songa Offshore's largest stakeholders. The bridge loan was converted into the new subordinated convertible bond on 20 April 2016 (see below).

During the nine-month period ended 30 September 2016, the Songa Group aligned the minimum cash financial covenant across all debt facilities at USD 50.0 million.

In relation to the drawdown of the post-delivery facilities for Songa Encourage and Songa Enabler, USD 23.9 million and USD 17.4 million were deposited due to certain market value clauses in the loan agreements, reflecting decreasing broker rig valuations. On 30 June 2016 the Songa Group made a voluntary prepayment of the abovementioned deposits against the credit facilities.

Refinancing

On 11 April 2016, the amendments to the Songa Group's bond loans were supported by qualified majorities across all three bonds series at the respective bondholder meetings, and were thus duly approved. The approved amendments included a full conversion to equity of the USD 150 million existing convertible bond SONG06. In addition, significant interest reductions, maturity extensions and other amendments were approved by the senior unsecured SONG 04 bond loans and SONG05 of NOK 1,400.0 and NOK 750.0 million respectively, as well as for the Perestroika USD 50.0 million shareholder loan.

On 13 April 2016, a subsequent equity offering of up to USD 25 million was announced. The subscription price in the subsequent equity offering was NOK 0.15, with a maximum of 1,418,100,000 shares to be issued.

On 20 April 2016, the Songa Group successfully fulfilled all the contemplated conditions for the refinancing. As part of this, Songa Offshore issued:

- The new USD 125 million subordinated convertible bond loan, by an amendment and increase of the bridge bond loan issued on 17 March 2016.
- In total 8,466,839,157 new Class A shares of nominal value of EUR 0.001 each were issued, of which (a) 7,347,678,915 shares were issued as part of a full conversion of Songa Offshore's previous USD 150 million subordinated convertible bond loan SONG06; (b) 608,399,269 shares were issued as equity compensation for conversion of accrued interest under Songa Offshore's senior unsecured SONG04 bond loans, and for reducing future interest payments; (c) 325,889,248 shares were issued as equity compensation for conversion of accrued interest under Songa Offshore's senior unsecured bond loan SONG05, and for reducing future interest payments and (d) 184,871,725 shares were issued as equity compensation for conversion of accrued interest under Songa Offshore's shareholder loan from Perestroika, and for reducing future cash flow interest payments. The Class A shares had equal rights as and ranked pari passu with Songa Offshore's existing ordinary shares, also with respect to voting and dividends.
- In total 2,141,427,856 transferable warrants to the subscribers of the new convertible bond, such warrants being exercisable in the period from 20 April 2017 up to 20 April 2019 and giving the holder the right to subscribe for one new share (in bundles of 10) per warrant at a price per share equal to their nominal value of EUR 0.001. After the 100:1 reverse share split a total of 21,414,284 transferable warrants giving the holder the right to subscribe for one new share (in bundles of 10) per warrant at a price per share equal to their nominal value of EUR 0.10.

On 15 June 2016, the Songa Group announced the final result and allocation of the subsequent offering. In total, 1,418,100,000 shares had been allocated and issued at the subscription price of NOK 0.15 per share.

The 8,466,839,157 Class A-shares that were issued in April 2016 as part of the refinancing of the Songa Group, were converted to ordinary, tradeable shares on 16 November 2016.

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Changes in debt

On 16 December 2016, the Songa Group agreed with Perestroika that the first installment of USD 16.7 million of the shareholder loan, initially due in June 2018, will be deferred by eighteen months to December 2019. A reset of the interest rate to 3 months LIBOR + 9.00% was agreed for the deferral period.

On 16 December 2016, it was approved by the bondholders' meeting that the first installment of NOK 466.5 million on the NOK 1,400 million senior unsecured bond will be deferred by twelve months, from May 2018 to May 2019. A reset of the interest rate was agreed to 10.5% for the bond for the deferral period.

Reverse share split

In order for the Songa Group to ensure compliance with section 2.4 of the Oslo Stock Exchange continuing obligations and to secure adequate pricing of the share above NOK 1, the Songa Group on 12 December 2016 performed a 100:1 reverse share split.

6.7.3.2Cash Flow

The Songa Group's primary sources of liquidity are cash provided by operating activities and external committed borrowings.

Total cash and cash equivalents as at the end of the year were USD 175.8 million, compared to USD 168.4 million at year end 2015. Free and available cash as at the end of the year were USD 147.7 million, compared to USD 96.1 million at year end 2015.

The following table summarizes cash flows:

Year ended 31 December 2016 compared to the year ended 31 December 2015

	For the year ended 31 December			
(Amounts in USD '000)	2016	2015 Unaudited	Change	% Change
Net cash flow from operating activities	317,664	144,320	173,344	120.1
Net cash flow from (used in) investing activities	(595,457)	(1,649,277)	1,053,820	63.9
Net cash flow from financing activities	329,473	1,373,702	(1,044,229)	(76.0)
Net increase/(decrease) in cash and cash equivalents	51,681	(131,255)	182,936	139.4

Net cash generated from operating activities for the year was USD 317.7 million compared to USD 144.3 million in 2015. The main reason for the increase is due to higher operating cash flow of USD 168.1 million from a larger operating fleet.

Net cash used in investing activities for the year was USD 595.5 million, compared to net cash used in investing activities of USD 1,649.3 million in 2015. This decrease is primarily driven by only the final yard installment for Songa Enabler that was made in 2016, whereas in 2015 Songa made final yard installments for three Cat D rigs.

Net cash generated from financing activities for the year was USD 329.5 million compared to USD 1,373.7 million in 2015. This is a mainly reflecting the proceeds from the full draw down of the Songa Enabler financing of USD 550.0 million, the proceeds from the issue of the new convertible bond of USD 125.0 million and USD 25.0 million from the proceeds from the share issue. This is partly offset by USD 367.3 million used for the repayment of bond and bank loans.

Net increase in cash and cash equivalents for the year was USD 51.7 million compared to a net decrease of USD 131.1 million in 2015. This is as a result of the above mentioned changes.

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Year ended 31 December 2015 compared to the year ended 31 December 2014

(Amounts in USD '000)	For the year ended 31 December 2015 Unaudited	2014 Unaudited	Change	% Change
Net cash flow from operating activities	144,320	42,364	101,956	240.7
Net cash flow from (used in) investing activities	(1,649,277)	(126,321)	(1,522,956)	(1,205.6)
Net cash flow from financing activities	1,373,702	(113,052)	1,486,754	nm
Net increase/(decrease) in cash and cash equivalents	(131,255)	(197,008)	65,753	33.4

'nm' means not meaningful

Net cash generated from operating activities for the year was USD 144.3 million compared to USD 42.4 million in 2014. The main reasons for the increase are due to higher operating cash flow of USD 82.5 million and to a positive working capital movement of USD 19.4 million.

Net cash used in investing activities for the year was USD 1,649.3 million, compared to net cash used in investing activities of USD 126.3 million in 2014. This increase is mainly driven by the final yard installments for three of the Cat D rigs and other capital expenditures related to the Cat D newbuilds.

Net cash generated from financing activities for the year was USD 1,373.7 million compared to net cash used in financing activities of USD 113.1 million in 2014. This is a mainly reflecting the proceeds from the full draw down of the Songa Equinox and Songa Endurance financing of USD 910.0 million, Songa Encourage loan of USD 550.0 million, Songa Enabler loan pre-delivery tranche of USD 90.0 million, and USD 50.0 million related to the shareholder loan from Perestroika, partly offset by USD 316.3 million used for loan repayments.

Net decrease in cash and cash equivalents for the year was USD 131.1 million compared to a net decrease of USD 197.0 million in 2014. This is as a result of the above mentioned changes.

At 31 December 2015 the Songa Group had USD 550.0 million of unutilized financing facilities in relation to the financing of Songa Enabler that is available upon repayment of the current pre-delivery financing of USD 90.0 million.

Nine months ended 30 September 2017 compared to the nine months ended 30 September 2016

(Amounts in USD '000)	For the nine months ended 30 September 2017 Unaudited	2016 Unaudited	Change	% Change
Net cash flow from operating activities	220,591	215,624	4,967	2.3
Net cash flow used in investing activities	(22,762)	(591,292)	568,530	96,2
Net cash flow (used in)/ generated from financing activities	(234,909)	395,062	(629,971)	nm
Net increase/(decrease) in cash and cash equivalents	(37,079)	19,395	(56,474)	nm

'nm' means not meaningful

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6.7.3.3Contractual Obligations

Cash payments required for bank loans, bond loans, cross currency interest rate swaps, operating leases and capital commitments relating to operating costs for the Cat D rigs in effect at 31 December 2016, are summarized, on an undiscounted basis, in the following table:

Contractual Obligations (Amounts in USD ’000)	Payments due by period Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Bank Loans(1)	2,421,522	347,112	603,655	1,015,996	454,759
Bond Loans(1)	431,801	8,573	118,087	305,141	—
Cross Currency Interest Rate Swaps(2)	146,139	11,532	47,967	86,640	—
Operating lease obligations(3)	10,343	2,517	1,661	1,317	4,849
Capital commitments(4)	64,000	16,000	12,000	36,000	—
Total	3,073,805	385,734	783,370	1,445,094	459,608

(1) For more information about the Songa Group’s bank and bond loans, see note 21 to the Songa Group’s consolidated financial statements included in Appendix D.
(2) See note 5 to the Songa Group’s consolidated financial statements included in Appendix D for more information about the cross currency interest rate swaps.
(3) Operating lease obligations represent estimated lease payments related to the leases of various offices and warehouses. See note 5 to the Songa Group’s consolidated financial statements included in Appendix D.
(4) Capital commitments represent contractual obligations relating to investment in newbuilds and planned surveys on the rigs. See note 5 to the Songa Group’s consolidated financial statements included in Appendix D.

6.7.3.4Contingencies

Tax matters - Re-domiciliation to Cyprus in 2009 - Exit tax

Songa Offshore moved from Norway to Cyprus in May 2009. According to the Norwegian Tax Act Section 10 71 prevailing in 2009, a company that emigrates and ceases to be tax resident in Norway is subject to exit tax.

On 2 March 2011, EFTA Surveillance Authority (“ESA”) sent a “reasoned opinion” to the Norwegian Ministry of Finance for failing to comply with its obligations under Articles 31, 34 and 40 of the Agreement on the European Economic Area by imposing immediate taxation on companies that transfer their seat or assets and liabilities to another EEA State and on the shareholders of such companies and for breach of the SE regulation.

On the 25 November 2014 the tax office delivered its exit tax decision in this case.

The tax office found that the exit as such was regulated by the Tax Act section 10 71 and further that section 9 14 was inapplicable.

The tax office increased the taxable income of the Songa Offshore by NOK 1.8 billion and the tax office set off the increased income directly against the carry forward of losses. Further the tax office did not refer the exit tax to the gain/loss account. Administratively the decision is final, and there is no further latent exit tax. Songa Offshore challenged this matter.

On 6 and 7 December 2016, the case was heard before the Oslo District Court. On 16 January 2017, Songa Offshore received the judgement from the Oslo District Court in favor of the State. The court held that the exit tax decision is valid. The court believed that a situation where a company moves the company and rigs out of Norway, and a situation where a company moves out rigs, are two different situations, and not in breach of the European Economic Area (EEA)-agreement.

Furthermore, the court held that the exit tax was not disproportionate. As a consequence, the NOK 1.8 billion increase of Songa Offshore's taxable profit for the year 2009 remains unchanged. For the income years 2009 2015, the judgment does not result in any payable tax.

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For 2016, Songa Offshore will partly be in tax paying position and based on results for the Norwegian entities for 2016, the 2016 payable tax is estimated to be approximately USD 10 million.

Songa Offshore assessed the legal opinions obtained in respect to the above case and as a result appealed the case. As Songa Offshore was of the opinion that it was more likely than not that it would win the case, Songa Offshore kept the tax asset of approximately USD 41 million in the 2016 financial statements which were issued in April 2017. However, reassessing the case in September 2017, the deferred tax asset of USD 19.8 million has been written off and Songa Offshore recognised a deferred tax liability of USD 11.3 million and tax payable of USD 9.8 million. See also "Notes to Songa Offshore's Consolidated Financial Statements—Note 29—Contingent liabilities," included in Appendix D.

DSME Arbitration Case

In July 2015, Songa Offshore received from DSME notices of arbitration in respect of the construction contracts for the Cat D rigs.

On November 2015, DSME delivered claim submissions in respect of the construction contracts for the first two Cat D rigs, Songa Equinox and Songa Endurance. DSME's claim relates to alleged cost overruns and additional work in relation to the Rigs due to what DSME alleges were inherent errors and omissions in the design documents (as often referred to as the FEED package). Total claims were USD 373.0 million, including claims for the recovery of USD 44.0 million in repayment of Liquidated Damages. Songa Offshore considers that DSME is solely responsible for the delays to the Rigs and any attempt by DSME to recover cost overruns has no merit due to the "turn-key" nature of the construction contracts and Songa Offshore will vigorously defend the claims asserted by DSME.

On 18 March 2016 Songa Offshore submitted its defense in the arbitrations. Along with its defense, Songa Offshore submitted counterclaims in respect of the two rigs for the aggregate amount of USD 65.8 million, by means of which Songa Offshore intends to recover damages caused by the default of DSME.

As previously reported, Songa Offshore remains confident of, and will vigorously defend, its position, since it is of the view that DSME is responsible for the delays and any attempt to recover cost overruns is of no merit due to the "turn-key" nature of the construction contracts. In this respect, Songa Offshore has obtained legal opinions from highly reputable law firms in the UK and Norway and from a Queen's Counsel all of which confirm the Songa Offshore's position.

On 21 July 2017, the arbitral tribunal published its interim final award in favor of Songa Offshore. As previously reported, Songa Offshore had submitted its defense to the claims asserted by DSME in arbitrations related to the Rigs in which DSME asserted aggregate claims of USD 329.0 million, along with a request for repayment of liquidated damages in a total amount of USD 43.8 million, totaling to USD 372.8 million. The claims asserted related to alleged cost overruns and additional work in relation to the Rigs due to what DSME alleges were inherent errors and omissions in the design documents (as often referred to as the FEED package).

A question as to the legal interpretation of the rig construction contracts was put to the arbitral tribunal constituted in respect of the arbitrations on a preliminary basis. That question was to ascertain which party had responsibility for the FEED package and what the consequences of that would be. A two-day arbitration hearing took place before the arbitral tribunal on 2 and 3 May 2017 in London.

Songa Offshore considers that the tribunal's interim final award should be determinative of DSME's claims in respect of the Rigs (and in respect of any similar claims that DSME might assert in respect of the Songa Encourage, the third Cat D rig, and the Songa Enabler, the fourth Cat D rig) with an outcome that no payment will be due by Songa Offshore to DSME.

On 21 September 2017, Songa Offshore announced that it had been served with DSME's application to the English court where DSME is seeking permission to appeal the arbitration award. Songa Offshore considers that DSME's application was made out of time and has issued a strike out application to the English court.

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Songa Offshore will seek to recover its legal costs of the arbitration process. Songa Offshore is also evaluating whether to pursue its counterclaims against DSME in respect of Songa Equinox and Songa Endurance for the aggregate amount of USD 65.8 million, as well as the counterclaims for Songa Encourage and Songa Enabler that potentially will be approximately in the same amount.

See also “Notes to Songa Offshore’s Consolidated Financial Statements—Note 29—Contingent liabilities,” included in Appendix D.

6.7.4Critical and Significant Accounting Policies and New Accounting Pronouncements

For information regarding Songa Offshore’s critical and significant accounting policies, as well as recent accounting pronouncements, see Note 2 and Note 4 to Songa Offshore’s consolidated financial statements, included in Appendix D.

6.7.5Quantitative and Qualitative Disclosures About Market Risk

The Songa Group’s activities are primarily exposed to the financial risks of changes in foreign exchange rates and interest rates (see below). The Songa Group enters into derivative financial instruments to manage its exposure to interest rate and foreign currency risk, including but not limited to:

- foreign exchange forward contracts and options to hedge foreign exchange payments related to operating expenses
- interest rate swaps to hedge the risk of rising interest rates
- cross currency interest rate swaps to hedge the risk of rising interest rates and fluctuations in currency rates

Currency risk

Currency risks arise from the multi-currency cash flows within Songa Offshore. The Songa Group is exposed to foreign currency risks related to its operations. Songa Offshore’s rig operating expenses, as well as its G&A costs, are largely NOK-denominated. The Songa Encourage and Songa Enabler day rates are partly paid in NOK to provide a natural currency hedge, while for the other rigs the day rates are paid in USD only. In order to manage its NOK exposure, Songa Offshore is actively using hedging instruments. The Songa Equinox and Songa Endurance day rates are denominated in USD.

Contracts are entered into when the Songa Group finds it in line with the overall foreign exchange risk strategy. The Songa Group also enters into derivative agreements to mitigate the risk of exchange rate fluctuations.

Interest rate risk

Changes in interest rates on interest bearing receivables and floating rate debt in different currencies create interest rate risk. The objective of Songa Offshore’s interest rate risk management is to manage its exposure to the impact of changes in interest rates in the currencies in which debt is borrowed.

The Songa Group is exposed to fluctuations in floating interest rates. The risk is managed by maintaining an appropriate mix between fixed and floating rate borrowings and by the use of financial instruments to mitigate risk associated with fluctuations in interest. Specifically, the Songa Group manages its cash flow interest rate risk by using floating-to-fixed interest rate swaps. Under these swaps, the Songa Group agrees with financial institutions to exchange, at specific interval (mainly quarterly), the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts.

See also “Notes to Songa Offshore’s Consolidated Financial Statements—Note 5—Financial risk management,” included in Appendix D, for further information on quantitative and qualitative information on the identified financial risks.

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6.8Borrowings of the Songa Group

As of 30 September 2017, total drawn and outstanding debt for the Songa Group consisted of the following:

Borrowings	Outstanding principal (millions)		Interest rate		Maturity	
Songa Equinox – Junior	USD	93.0	7.50	% Fixed	Jun 2025	
Songa Equinox – Senior	USD	303.0	LIBOR + 3.00	%	Jun 2021	*
Songa Endurance – Junior	USD	96.0	7.50	% Fixed	Aug 2025	
Songa Endurance – Senior	USD	312.3	LIBOR + 3.00	%	Aug 2021	*
Songa Encourage	USD	454.1	LIBOR + 2.50	%	Dec 2020	*
Songa Enabler	USD	472.6	LIBOR + 2.50	%	Mar 2021	*
Songa Dee, Trym and Delta	USD	33.1	LIBOR + 2.75	%	Mar 2018	
Shareholder Loan	USD	50.0	2.55	% Fixed**	Dec 2020	
SONG04 Bond	NOK	1,400.0	2.55	% Fixed***	Nov 2020	
SONG05 Bond	NOK	750.0	2.45	% Fixed****	Jun 2021	
SONG07 Convertible bond	USD	108.7	2.00	% Fixed	Apr 2022	

*Certain tranches have longer maturities

**2.55% fixed interest until 30 June 2018, LIBOR + 9.00% until 30 December 2019, and LIBOR + 6.50% until maturity

***2.55% fixed interest until 17 May 2018, 10.50% until 17 May 2019, and 6.90% until maturity

****2.45% fixed interest until 11 December 2018, and 6.00% until maturity

All bank loans are secured by the relevant rig(s) and parts of the bank facilities are also guaranteed by GIEK (Garantiinstituttet for Eksportkreditt) and commercial banks in respect of certain bank loan facilities with Eksportfinans as lender. The shareholder loan and bonds are all unsecured. Transocean has agreed to purchase from Perestroika the shareholder loan for Exchangeable Bonds at a price of 100% of the principal amount of the loan.

All bank loans and bonds contain change of control provisions, which are expected to be triggered by the completion of the Offer. Songa Offshore has received waivers, subject to certain conditions, for change of control provisions in certain of Songa Offshore's debt. Transocean also expects to refinance and/or repurchase certain of Songa Offshore's debt following the completion of the Offer. See Section 5.11 “Refinancing of certain Songa Offshore indebtedness” for further information on the refinancing of debt.

For further information on the borrowings of the Songa Group, see note 8 to the Songa Group’s unaudited interim condensed consolidated financial statements included in Appendix D.

7SELLING AND TRANSFER RESTRICTIONS

7.1General

As a consequence of the following restrictions, prospective investors are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of the securities offered by this Prospectus.

The Company is not taking any action to permit a public offering of Shares or Exchangeable Bonds in any jurisdiction other than Norway. The distribution of this Offer Document or any summary documentation regarding the Offer, and the making of the Offer, may be restricted by law in certain jurisdictions. None of the Offer, this Offer Document or any such summary constitutes an offer to sell, or the solicitation of an offer to buy, securities in any jurisdiction in which such an offer or solicitation would be unlawful. Except as otherwise disclosed in this Offer Document, if an investor receives a copy of this Offer Document in any jurisdiction, the investor may not treat this Offer Document as constituting an invitation or offer to it, nor should the investor in any event deal in Shares or Exchangeable Bonds, unless such an invitation or offer could lawfully be made to that investor or the Shares or Exchangeable Bonds, as applicable, could lawfully be dealt in without contravention of any unfulfilled registration or other legal requirements. Accordingly, if an investor receives a copy of this Offer Document, the investor should not distribute or send the same, or transfer Shares or Exchangeable Bonds, to any person or in or into any jurisdiction where to do so would or might contravene local securities laws or

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regulations. Any failure to comply with these restrictions may constitute a violation of the securities laws of such jurisdictions. Transocean, TINC and the Financial Advisor do not accept or assume any responsibility or liability for any violation by any person of any such restriction.

By accepting the Offer by delivery of a duly executed Acceptance Form to the Settlement Agent, the accepting Songa Offshore shareholder certifies that it:

(i) has not received the Offer Document, the Acceptance Form or any other document relating to the Offer in any jurisdiction in which it may not lawfully do so, nor has it mailed, transmitted or otherwise distributed any such document in any jurisdiction in which it may not lawfully do so;
(ii) has not utilised, directly or indirectly, mail, or any means or instrumentality of commerce, or the facilities of any national securities exchange, of any jurisdiction in which it may not lawfully do so in connection with the Offer;
(iii) is not and was not located in any jurisdiction at the time of accepting the terms of the Offer or returning the Acceptance Form in which such shareholder may not lawfully accept the Offer or return the Acceptance Form in accordance with the local securities laws in such jurisdiction; and
(iv) if acting in a fiduciary, agency or other capacity as an intermediary, (i) has full investment discretion with respect to the securities covered by the Acceptance Form or (ii) the person on whose behalf it is acting was located outside any jurisdiction in which the acceptance of the Offer or return the Acceptance Form would not be in accordance with the local securities laws in such jurisdiction.

7.2Selling Restrictions

7.2.1Belgium

The offer of securities pursuant to this Offer Document is exclusively conducted under applicable private placement exemptions and therefore it has not been and will not be notified to, and this document or any other offering material relating to the units has not been and will not be approved by, the Belgian Banking, Finance and Insurance Commission (Commission bancaire, financière et des assurances/Commissie voor het Bank, Financie en Assurantiewezen). Any representation to the contrary is unlawful.

7.2.2Cayman Islands

The Offer and this Offer Document does not constitute a public offer of Shares or Exchangeable Bonds, whether by way of sale or subscription, in the Cayman Islands.

7.2.3European Economic Area

In relation to each Relevant Member State, with effect from and including the date on which the EU Prospectus Directive is implemented in that Relevant Member State (the "Relevant Implementation Date"), an offer to the public of any Consideration Shares and Exchangeable Bonds, which are the subject of the offering contemplated by this Offer Document may not be made in that Relevant Member State, other than the offering in Norway as described in this Offer Document, once the Offer Document has been approved by the competent authority in Norway and published in accordance with the EU Prospectus Directive (as implemented in Norway), except that an offer to the public in that Relevant Member State of any Consideration Shares and Exchangeable Bonds may be made at any time with effect from and including the Relevant Implementation Date under the following exemptions under the EU Prospectus Directive, if they have been implemented in that Relevant Member State:

a) to legal entities that are qualified investors as defined in the EU Prospectus Directive;

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b) to fewer than 150, natural or legal persons (other than qualified investors as defined in the EU Prospectus Directive), as permitted under the EU Prospectus Directive, subject to obtaining the prior consent of the Financial Advisor for any such offer; or

c) in any other circumstances falling within Article 3(2) of the EU Prospectus Directive;

provided that no such offer of Consideration Shares and Exchangeable Bonds shall require the Company or the Financial Adviser to publish a prospectus pursuant to Article 3 of the EU Prospectus Directive or supplement a prospectus pursuant to Article 16 of the EU Prospectus Directive or any measure implementing the Prospectus Directive in a Relevant Member State and each person who initially acquires any Consideration Shares and Exchangeable Bonds or to whom any offer is made under the Offer will be deemed to have represented, acknowledged and agreed that it is a "qualified investor" within the meaning of Article 2(1)I of the Prospectus Directive.

For the purposes of this provision, the expression an "offer to the public" in relation to any Consideration Shares and Exchangeable Bonds in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any Securities to be offered, so as to enable an investor to decide to purchase any Consideration Shares and Exchangeable Bonds, as the same may be varied in that Member State by any measure implementing the EU Prospectus Directive in that Member State.

This EEA selling restriction is in addition to any other selling restrictions set out in this Offer Document.

7.2.4Sweden

This Offer Document is not a prospectus and has not been prepared in accordance with the prospectus requirements laid down in the Swedish Financial Instruments Trading Act (lag (1991:980) om handel med finansiella instrument) nor any other Swedish Enactment. Neither the Swedish Financial Supervisory Authority nor any other Swedish regulatory body has examined, approved or registered this Offer Document.

No securities will be offered or sold pursuant to the Offer to any investor in Sweden except in circumstances that will not result in a requirement to prepare a prospectus pursuant to the provisions of the Swedish Financial Instruments Trading Act.

7.2.5United States

The Consideration that will be issued in connection with the Offer will be registered under the U.S. Securities Act, and will not be subject to any restrictions on transfer arising under the U.S. Securities Act and the U.S. Securities Exchange Act of 1934, as amended (the "U.S. Exchange Act"), except for Consideration issued to any Songa Offshore shareholder who may be deemed to be an "affiliate" of Transocean for purposes of Rule 144 under the U.S. Securities Act after the completion of the Offer. If you are an affiliate of Songa Offshore, you should consult your legal advisor regarding requirements applicable to the transfer of "control" securities under U.S. law. For these purposes, an affiliate is defined as a person who directly or indirectly controls, is controlled by or is under common control with an issuer. The SEC views a person's status as an officer, director or 10% shareholder as a fact that must be considered when determining whether such person is an affiliate. Restricted securities and control securities cannot be resold in the United States without registration or an exemption therefrom under the U.S. Securities Act.

7.2.6United Kingdom

This Offer Document and any other material in relation to the Offer described herein are only being distributed to and are only directed to the UK Relevant Persons. The Consideration Shares and Exchangeable Bonds are only available to, and any investment or investment activity to which this Offer Document relates is available only to, and will be engaged in only with, UK Relevant Persons. This Offer Document and its contents are confidential and should not be

distributed, published or reproduced (in whole or in part) or disclosed by recipients to any other person in the United Kingdom. Persons who are not UK Relevant Persons should not take any action on the basis of this Offer Document and should not rely on it.

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7.2.7Other jurisdictions

The Consideration Shares and Exchangeable Bonds may not be offered, sold, resold, transferred or delivered, directly or indirectly, in or into, Canada, Japan, Hong Kong, Australia or any jurisdiction in which it would not be permissible to offer the Consideration Shares and Exchangeable Bonds.

In jurisdictions outside the United States and the European Economic Area where the Offer would be permissible, the Consideration Shares and Exchangeable Bonds will only be offered pursuant to applicable exceptions from prospectus requirements in such jurisdictions.

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8INDUSTRY AND MARKET OVERVIEW

8.1Demand for offshore drilling rigs

The Company and Songa Offshore operate in the offshore drilling services market. The fundamental driver for oilfield service and drilling activity is the level of investments and the oil companies' activity within exploration, development and production ("E&P") of crude oil and natural gas. There is a strong correlation between oil prices and the level of capital expenditure oil companies allocate to the exploration and development of oil prospects. Thereby, the demand for offshore oil and gas drilling and production activity is mainly driven by prices for these commodities along with other factors such as available capital, political and other macroeconomic factors.

The market for offshore drilling services turned dramatically down in the latter part of 2014 and continued its negative development in 2016 and the beginning of 2017. The rig market has now undergone more than two years of a generally weakening trend in demand, rates and utilisation. Despite a slight recovery in the oil price, oil companies are continuing to take a cautious approach to capital expenditure and other cost commitments given the severity of the overall oil price decline. In order to manage this downturn, with little new fixture activity at lower dayrates, rig owners have been stacking or scrapping older units and newbuild deliveries have been delayed.

Amidst this picture, however, there have been a few encouraging signs. The market is still very weak, but the rate of decline in utilisation has slowed and in some sectors turned flat.

Y-O-Y change in global offshore E&P CAPEX spending

Source: Clarksons Research – Offshore Review & Outlook, Spring 2017

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Offshore oil market

Activity levels of E&P companies and their associated capital expenditures are largely driven by the worldwide demand for energy, including crude oil and natural gas. Worldwide energy supply and demand drives oil and natural gas prices, which, in turn, impact E&P companies' ability to fund investments in exploration, development and production activities. The industry is presently experiencing a cyclical downturn. Sustained weak commodity pricing has resulted in E&P companies delaying investment decisions and postponing exploration and production programs. Prior to the downturn, Brazil, the U.S. Gulf of Mexico, and West Africa emerged as key ultra deepwater market sectors, and licensing activity demonstrated an increased interest in deepwater fields as E&P companies looked to explore new prospects. A number of new deepwater and ultra deepwater development opportunities have been identified globally (Source: the Group's annual report on Form 10-K for the year ended 31 December 2016).

In the latter part of 2016 and beginning of 2017, oil prices have firmed up reaching the highest level since summer 2015. At the start of the year, Brent Prompt traded in the mid USD 55's/bbl, representing an improvement from the low USD 40's/bbl levels seen in mid-2016. In the end of 2016, OPEC members, and some non-OPEC nations, agreed a production cut that helped supported global prices. Non-OECD demand in particular helped support global consumption levels, where the growth in Indian transportation and Chinese refinery activity underwrote this expansion.

Global oil production is ~96m bpd. The global offshore oil production is ~26 bpd, thus representing ~29% of total global oil production. The Middle East is the largest offshore oil producer followed by West Africa, North America and North-West Europe and the largest producing countries of offshore oil are Saudi Arabia, Brazil and Norway, respectively.

Offshore production, supply and demand

Offshore Oil	,000 bpd oil		
Production	2014	2015 e	2016 e
North America	3,512	3,511	3,733
South & Central America	2,843	3,000	3,038
West Africa	4,255	4,348	4,050
North-West Europe	2,896	8,103	3,156
Med, Black Sea & Casplan	1,563	1,559	1,530
Middle East/ISC	7,399	7,418	7,234
Asia Pacific	2,786	2.858	2,783
Offshore Oil Production	25,254	25,797	25,519
% Growth	2.2%	2.2%	1.1%
% Offshore	28.6%	28.5%	28.1%

Source: Clarksons Research - Offshore Review & Outlook, Spring 2017 and Clarksons Research - Offshore Intelligence Monthly, May 2017

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8.2Classification of offshore drilling rigs

The industry commonly classifies mobile offshore drilling units (the "MODUs") into main categories based on water depth capacity and basic design. The four main water depth categories are: shallow water up to 450 ft, midwater ("MW") up to 3,000 ft, deepwater ("DW") up to 7,500 ft and ultra-deepwater ("UDW") beyond 7,500 ft. The three main basic design categories are: jackups, semisubmersibles and drillships (the last two together are commonly referred to as floaters). In addition, the drilling market consists of several types of specialized rig designs, including tender rigs, barges and more.

The largest drilling rig category is jackups, with operation in shallow waters accounting for ~56.4% of the total offshore drilling rig supply. The semisubmersible category, where midwater depths are the most common area of operation, accounts for ~16.8% of the supply. Drillships operate in deepwater and ultra-deepwater category and account for ~12.1% of the total offshore drilling supply. The remaining ~14.7% of supply is covered by the specialized rig designs. The total rig fleet as of June 2017 consists of 988 units.

Offshore drilling rig categories

Jackups	Semisubmersibles	Drillships
A self-contained combination drilling rig and floating barge, fitted with long support legs that can be raised or lowered independently of each other. Upon arrival at the drilling location, the legs are jacked down onto the seafloor, preloaded to securely drive them into the sea bottom, and then further jacked down. A jackup rig can naturally only work in water depths that are less than the length of its legs, and typically this limits operations to less than 450 feet of water depth.	A particular type of floating vessel that is supported primarily on large pontoon-like structures submerged below the sea surface. The operating decks are elevated perhaps 100 or more feet above the pontoons on large steel columns. This design has the advantage of submerging most of the area of components in contact with the sea and minimizing loading from waves and wind. Semisubmersibles can operate in a wide range of water depths, including deepwater.	A maritime vessel modified to include a drilling rig and using station-keeping equipment similar to semisubmersibles. The vessel is typically capable of operating in deepwater. A drillship must stay relatively stationary on location in the water for extended periods of time. Drillships typically carry larger payloads than semisubmersible drilling vessels, but their motion characteristics are usually inferior.

Source: Clarksons Research - Offshore Review & Outlook, Spring 2017

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8.2.1Harsh environment

Harsh environment drilling assets are units capable of operating in locations with severe weather, often characterized by low temperatures, rough seas, strong winds and limited daylight – areas such as the Arctic, west coast of Australia and the Falkland Islands. Rigs built for harsh environment operations need to comply with extensive regulatory requirements and are of higher specification and build-cost than assets intended for non-harsh environment operations. To facilitate for work during all seasons, the rigs are often winterized meaning areas on deck are covered and sheltered for safer working environment and the rigs are usually semi-submersibles due to their superior stability in rough seas. The combined effect of these technical and regulatory hurdles, demanding operations and high-cost assets is that the harsh environment fleet exists as a niche subset with higher barriers to entry than the wider drilling sector. Suppliers in the harsh environment market have therefore tended to enjoy higher utilisation rates, longer contracts and a premium dayrate compared to other offshore drilling markets.

Among the harsh environment sectors, the Norwegian Continental Shelf has some of the most rigorous regulatory and technical requirements as well as higher tax levels and stricter crew rotation policies. These requirements further increase costs and barriers to entry, thus limit the supply of new rigs into the Norwegian waters. Nevertheless, offshore Norway is the most important area for harsh floaters by number of active units the assets operating in Norway tend to have the highest contract utilization and visibility of the harsh environment drilling markets.

Of a total floater fleet of 286 units, 219 rigs are currently marketable, of which 41 are rated for harsh environments. Current utilisation of harsh environment units remains low at 63% and is comparable to that of the wider floater fleet, which remains distinctly under pressure. On the supply side, there is a sense that the harsh fleet is experiencing a lesser degree of oversupply than the wider floater sector and the industry sentiment has appeared to warm on the harsh floater sector due to exploration campaigns underway in the Barents Sea. Despite industry sentiment warming there is still a need for caution as removals from the harsh floater fleet have been fairly slow since the beginning of the downturn and it has been slower than the floater fleet as a whole. The harsh marketable fleet size has shrunk by 20% since January 2014, while the marketable floater fleet as a whole has shrunk by 27%.

8.3Global floater fleet evolution

In the mid-1970s and early 1980s, a large number of floaters were ordered and delivered due to several factors, including supportive commodity prices. Between 1979 and 1988 in particular, 74 floaters were delivered, which led to an oversupply of rigs in the offshore drilling market until the middle of the 1990s. Consequently, few floating rigs were built during the period from the mid-1990s to the late 1990s. A new construction cycle commenced in 2005-06, however this cycle did not exceed the building output of the mid-1970s and mid-1980s.

Global floater fleet by year of delivery (# rigs)
Note: Slippage and cancellations expected to affect units in the order book

Source: Clarksons Research - Offshore Drilling Rig Monthly, June 2017

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8.3.1Jackup fleet

The global jackup supply currently consists of 557 units, 484 of which are active supply. In addition, there are 94 units under construction or on order, bringing the total known supply side to 651 units (assuming all units under construction are delivered). Forty-four of the newbuilds are scheduled for delivery in the remainder of 2017, 38 for 2018 and 12 for 2019 and onwards.

Twenty-three new jackups were delivered in 2016, ensuring that the total fleet grew by 2.0% during the year to 560 rigs. Twelve jackups were permanently removed from the fleet in 2016, down slightly on the 17 removed in 2015. Despite weak utilisation, this decline demonstrates the difficulty in removing rigs given the need to hire anchor handlers to mobilize rigs to scrap yards, and the relatively low scrap value. The number of jack-ups in cold-stacking also remained steady year-on-year (“Y-O-Y”) at around 73 units, and the number of ready-stacked units has increased to 171 units. In terms of newbuilds, many of the 94 jackup rigs on order are speculative and there are few concrete signs these are close to finding new buyers.

8.3.2Floater fleet

The size of the floater fleet has continued to decline in 2017, with the total worldwide fleet now consisting of 286 units, 219 of which are in active supply. In addition, there are 54 units under construction or on order, bringing the total known supply side to 340 units (assuming all units under construction are delivered). Twenty-one of the newbuilds are scheduled for delivery during the remainder of 2017, 18 for delivery in 2018 and 15 for delivery in 2019 and onwards.

Scrapping and newbuild delays have helped to control supply, and produce a Y-O-Y decline of 18% in the fleet size. The lack of floater demand has necessitated this level of removal. However, the 28 floaters removed in 2016 represented a slight Y-O-Y drop in pace compared to 2015.

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Global drilling fleet overview, existing and order book (# of units)

Total Rig Fleet	No. of Units, end		01 Jun 17		Orderbook & Delivery Schedule					
	2015	2016	No.	,000 GT	No.	.000 GT	% Fleet^	2017	2018	2018+
Jack-Up <=300’	312	299	296	1.670.9	12	92.5	4.1%	6	5	1
Jack-Up >300’	241	257	261	2.8844	82	1,031.6	31.4%	38	33	11
Semi-Submersible <=5.000’	97	83	79	1.366.2	4	89.5	5.1%	3	1	0
Semi-Submersible >5.990’	92	88	87	2.564.6	14	795.2	16.1%	7	4	3
Drillship	126	120	120	6452.8	36	1,876.1	30.0%	11	13	12
Drill Barge/Tender	151	146	145	694.8	9	102.9	6.2%	4	3	2
RIGS TOTAL	1,019	993	988	15,634	157	3,988	15.9%	69	59	29

^Orderbook as % of fleet in numbers. *Excluding barges/tenders.

Source: Clarksons Research - Offshore Drilling Rig Monthly, June 2017

Source: Clarksons Research - Offshore Review & Outlook, Spring 2017

Historically, there have been significant delays for units built outside the most experienced yards in Korea and Singapore. It is expected that this will repeat itself during the current newbuilding cycle. Hence, it should be expected that deliveries will be pushed out somewhat, contributing to a tightening of the supply/demand balance.

8.4Current market sentiment

8.4.1Day rates

Day rates for both jackups and floaters declined through 2016, and so far in 2017, in the majority of offshore regions. On average, jackup day rates fell by a further 5% during 2016, following a 44% decline in 2015. The pace of the downturn in the floater market continued rapidly in 2016: on average, rate assessments were down by an additional 29%, after a 35%

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decline in 2015. Assessed day rate levels have been somewhat theoretical given reduced demand. Since the start of 2017, however, day rate assessments seem to have stabilised, albeit at bottom of market levels.

Jackup and floater day rates

Source: Clarksons Research - Offshore Review & Outlook, Spring 2017

8.4.2Utilization

At the start of May 2017, the working utilization of the jackup and floater fleet was 63% and the number of working rigs stood at 446 units. Utilization of the jack-up fleet was at 65%, the semisubmersible utilization was at 57% while drillship utilization was at 65%. Market sentiment towards the jackup market has been slightly less negative than that of the floater market, as the lower cost of drilling in shallow water environments has allowed a number of projects to move forward, even with depressed oil prices.

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Utilization

Source: Clarksons Research - Offshore Review & Outlook, Spring 2017

Jack-Ups	Demand No., start				Demand No., start				Month-on-Month	
	2014	2015	2016	2017	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Trend
North America	85	65	39	37	37	37	37	37	37	STEADY…
Sth & Cent America	12	12	12	10	10	10	10	10	10	STEADY…
West Africa	25	22	13	5	5	5	5	6	6	STEADY…
NW Europe	47	54	44	29	29	27	29	30	30	STEADY…
Mediterranean	32	31	25	26	26	26	25	25	25	STEADY…
Middle East/ISC	153	149	148	141	141	141	142	141	141	STEADY…
Asia Pacific	104	100	71	60	60	62	63	64	64	STEADY…
Total Demand	460	435	352	308	308	308	311	313	313	STEADY…
Total Availability*	487	502	475	483	483	486	484	483	484	STEADY…
% Utilisation	94%	87%	74%	64%	64%	63%	64%	65%	65%	

Semi-Subs	Demand No., start				Demand No., start				Month-on-Month	
	2014	2015	2016	2017	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Trend
North America	32	31	21	9	9	8	9	9	8	DOWN!.. -11%
Sth & Cent America	47	36	28	15	15	15	15	15	16	UP…. 7%
West Africa	18	16	7	1	1	1	1	1	1	STEADY…
NW Europe	46	44	32	22	22	22	23	22	22	STEADY…
Mediterranean	14	11	9	6	6	6	6	6	6	STEADY…
Middle East/ISC	4	3	0	2	2	2	2	2	2	STEADY…
Asia Pacific	33	34	22	14	14	14	14	15	15	STEADY…
Total Demand	194	175	119	69	69	68	70	70	70	STEADY…
Total Availability*	198	190	162	124	124	123	122	122	122	STEADY…
% Utilisation	98%	92%	73%	56%	56%	55%	57%	57%	57%	

Drillships	Demand No., start				Demand No., start				Month-on-Month	
	2014	2015	2016	2017	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Trend
North America	21	34	34	23	23	23	22	20	20	STEADY…
Sth & Cent America	27	26	20	19	19	18	18	19	18	DOWN….-5%
West Africa	21	22	21	12	12	13	13	13	13	STEADY…
NW Europe	2	1	2	1	1	1	2	1	1	STEADY…
Mediterranean	1	3	3	4	4	4	4	4	4	STEADY…
	12	8	3	6	6	5	3	3	3	STEADY…

Middle East/ISC										
Asia Pacific	8	9	8	3	3	3	4	4	4	STEADY…
Total Demand	92	103	91	68	68	67	66	64	63	STEADY…-2%
Total Availability*	96	117	113	99	99	99	99	98	97	STEADY…-1%
% Utilisation	96%	88%	81%	69%	69%	68%	67%	65%	65%	

Analysis does not include Barges & Tenders. * Total availability excludes MODUs in long-term cold stacking. Not generally considered marketable supply.

Source: Clarksons Research - Offshore Intelligence Monthly, May 2017

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8.4.3Supply and demand

In terms of the supply-demand balance, the two main sectors face slightly different challenges. For the jack-ups, although the demand side is weak, it is the supply side that is the real issue. There remain 94 jack-ups on the order book, predominantly substantially built, although their delivery timing remains uncertain. At the same time, it has proved more difficult to remove jack-ups from the existing fleet. Floaters have made up the larger share of demolitions, while there was no net increase in the number of cold stacked jack-ups in 2016. Even if there were to be a small improvement in fixture liquidity levels Y-O-Y in 2017, day rate levels are likely to struggle to increase given the supply overhang.

In the floater market, the issues on the supply side, although present, are a little more controlled. There remain 54 floaters on the order book. In general, owners have managed to defer newbuild orders into the medium-term or exercise cancellation clauses, leaving rigs for yards to attempt to resell. Scrapping and stacking have also been easier for floater owners in 2016, given slightly more resellable steel in the ageing second/third generation fleet. However, demand represents the largest problem for the floater market. Amongst the 40 new fixtures recorded during 2016, only 11 were for more than a year’s duration, and the majority of those only just exceeded that mark. The modal duration was two months, or no more than a couple of wells. Demand for floating rig contracts was essentially absent in 2016.

Overview of historical and recent fixtures

Source: Clarksons Research - Offshore Drilling Rig Monthly, June 2017, * H1 2017

erm Jack-Up Drilling Contracts*

Rig Name	Type^	Env.	Water Depth’	Year Built	Rig Owner	Operator	Country
UMW Naga 3	IC		350	2010	UMW Standard	Petronas Carigali	Malaysia
Soehanah	IC		375	2007	PT Apexindo Pratama	PHE ONWJ	Indonesia
West Elara	IC	Harsh	492	2011	North Atlantic	ConocoPhillips Skand	Norway
Sapphire Driller	IC		375	2009	Vantage Drilling	Eni Congo	Congo
Prospector 1	IC	Harsh	400	2013	Prospector Offshore	Oranje NL	Netherlands
Noble Regina Allen	IC		400	2013	Noble Corp	ExxonMobil Canada	Canada
Perro Negro 4	IC		150	1977	Saipem	Petrobel	Egypt
ENSCO 80	IC		225	1978	Ensco Offshore UK	Repsol Sinopec UK	United Kingd
ENSCO 106	IC		400	2005	Ensco Offshore	BP Indonesia	Indonesia
Atwood OrCa	IC		400	2013	Atwood Malaysia	Mubadala Pet	Thailand
UMW Naga 7	IC		375	2015	UMW Standard	Pelronas Cangali	Malaysia
UMW Naga 8	IC		400	2015	UMW Standard	Hess Oil and Gas	Malaysia
ENSCO 84	IC		250	1981	Ensco Offshore	Saudi Aramco	Saudi Arabia
Senusiel	IC		250	1981	Egyptian Dnlling	Saudi Aramco	Saudi Arabia
West Castor	IC		400	2013	Seadnll	Ent	Mexico

^Where IC= Independent Leg Cantilever; IS= Independent Leg Slot; MC= Mat Supported Cantilever; MS= Mat Supported Slot; ER=Extended Reach.

* Long-term contracts >=12 months. Short-term contracts <12 months.

Source: Clarksons Research - Offshore Drilling Rig Monthly, June 2017

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Latest Short-Term Jack-Up Drilling Contracts*

Reported	Rig Name	Type^	Env.	Water Depth’	Year Built	Rig Owner	Operator	Country	Period/Rate Mths.	$
4 May	West Cressida	IC		375	2009	Seadrill	PCPP JOC	Malaysia	3	
4 May	West Freedom	IC		350	2009	Seadrill	Ecopetrol	Colombia	3	1
5-May	UMW Naga 4	IC		400	2013	UMW Standard	Petronas Carigali	Malaysia	7	
3-Apr	ENSCO 68	IC		400	1976	Ensco Offshore	ANKOR Energy	United States	1	
3-Apr	ENSCO 106	IC		400	2005	Ensco Offshore	Sapura Energy	Malaysia	5	
3-Apr	ENSCO 121	IC	Harsh	400	2013	Ensco Offshore	Ineos UK SNS	United Kingdom	8	
5-Apr	Deep Driller 8	IC		350	2009	Deep Drilling Invest	Vietsovpetro	Vietnam	2	
1-Apr	GSP Uranus	IC		335	1980	GVC Drilling	Black Sea O&G	Romania	4	
3-Apr	KS Java Star 2	IC		300	2014	KS Energy Services		Vietnam	2	$
1-Mar	PV Drilling 1	IC		300	2007	PV Drilling	Cuu Long JOC	Vietnam	4	
3-Mar	Noble Tom Prosser	IC		400	2014	Noble Corp	PTTEP Ashmore	Australia	2	1
4-Mar	UMW Naga 5	IC		400	2014	UMW Standard	Petrofac Resources	Malaysia	2	
0-Mar	COSL 937	IC		350	2009	COSL	Saka Energi	Indonesia	4	
0-Mar	Paragon B 391	IC		290	1982	Paragon Offshore	Centrica	United Kingdom	3	5
0-Mar	UMW Naga 2	IC		350	2009	UMW Standard	Vestigo Petroleum	Malaysia	1	

Source: Clarksons Research - Offshore Drilling Rig Monthly, June 2017

Source: Clarksons Research - Offshore Drilling Rig Monthly, June 2017

g-Term Floater Drilling Contracts*

Rig Name	Type	Water Depth’	Year Built	Rig Owner	Operator	Country
Saipem 12000	Drillship	12,000	2010	Saipem	Eni	Mozambique
Ocean Patriot	Semi Sub <=5000’	1,500	1982	Diamond Offshore	Apache North Sea	United Kingdo

Transocean Spitsbergen	Semi-Sub >5000’	10,000	2009	Transocean	Statoil	Norway
Aban Ice	Drillship	2,000	1975	Aban Offshore	ONGC	India
Atwood Condor	Semi-Sub >5000’	10,000	2012	Atwood Oceanics	Woodside Energy	Australia
Sedco 712	Semi-Sub <=5000’	1,600	1983	Transocean	Fairfield Energy	United Kingdo
Transocean Barents	Semi-Sub >5000’	10,000	2009	Transocean	Suncor Energy	Canada
Ocean Valiant	Semi-Sub >5000’	5,250	1988	Diamond Offshore	Maersk Oil North Sea	United Kingdo
Jack Bates	Semi-Sub >5000’	5,400	1986	Transocean	ONGC	India
Aban Abraham	Drillship	6,600	1976	Aban Offshore	ONGC	India
Actinia	Semi-Sub <=5000’	1,500	1982	Transocean	ONGC	India
Essar Wildcat	Semi-Sub <=5000’	1,640	1977	Essar Oilfields	ONGC	India
Leiv Eiriksson	Semi-Sub >5000’	7,500	2001	Ocean Rig	Lundin Norway	Norway
West Eclipse	Semi-Sub >5000’	10,000	2011	Seadrill	ExxonMobil	Angola
Stena Carron	Drillship	10,000	2008	Stena Drilling	ExxonMobil	Guyana

* Long-term contracts >=12 months. Short-term contracts <12 months.

Source: Clarksons Research - Offshore Drilling Rig Monthly, June 2017

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st Short-Term Floater Drilling Contracts*

rted	Rig Name	Type	Water Depth’	Year Built	Rig Owner	Operator	Country	Per Mt
ay	Saipem 12000	Drillship	12,000	2010	Saipem	Eni	Cyprus	3
ay	Scarabeo 9	Semi Sub >5000’	12,000	2011	Saipem			4
ay	Deepsea Bergen	Semi Sub <=5000’	1,500	1983	Odfjell Drilling	Statoil	Norway	3
ay	West Capella	Drillship	10,000	2008	Seadrill Partners	Petronas Carigali	Gabon	4
ay	Paragon MSS 1	Semi-Sub <=5000’	1,500	1981	Paragon Offshore	Centrica North Sea	United Kingdom	3
ay	Ocean Guardian	Semi-Sub <=5000’	1,500	1985	Diamond Offshore	AziNor Catalyst	United Kingdom	2
or	Ocean Monarch	Semi-Sub >5000’	10,000	1974	Diamond Offshore	Cooper Energy	Australia	3
or	Ocean Monarch	Semi-Sub >5000’	10,000	1974	Diamond Offshore	Origin Energy	Australia	5
or	West Aquarius	Semi-Sub >5000’	10,000	2008	Seadrill Partners	BP Canada	Canada	2
or	Transocean Spitsbergen	Semi-Sub >5000’	10,000	2009	Transocean	Statoil (UK) Ltd	United Kingdom	3
or	Deepsea Bergen	Semi-Sub <=5000’	1,500	1983	Odfjell Drilling		Norway	3
ar	Deepsea Metro I	Drillship	10,000	2011	Odfjell Offshore		Vietnam	5
ar	Stena Spey	Semi-Sub <=5000’	1,500	1983	Stena Drilling	Repsol Sinopec UK	United Kingdom	4
ar	West Capella	Drillship	10,000	2008	Seadrill Partners	Total	Cyprus	2
ar	Pacific Bora	Drillship	10,000	2010	Pacific Drilling	Erin Energy	Nigeria	1

Source: Clarksons Research - Offshore Drilling Monthly, June 2017

8.5Asset values

There have been no offshore rig newbuild contracts lately, meaning that the only orders in 2016 were five Iranian-ordered jack-ups at Astrakhan-based Krasnye Barrikady. Given the logistical complications of getting these units out of the Caspian, and the relative lack of firm details about the order in the public domain, it remains to be seen if these units are actually constructed. Current newbuild price assessments for a high specification jack-up are USD 130-180m. For a floater, the equivalent assessment is USD 400-500m. However, the absence of demand make these figures difficult to benchmark.

Overview of historical and recent asset sales

Source: Clarksons Research - Offshore Drilling Monthly, June 2017, * H1 2017

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Jack-Up Asset Prices	Asset Price, $m, end^ 2010	2011	2012	2013	2014	2015	2016	Asset May 17	Price Trends This Year		
NB Jack-Up High-Spec	193	193	193	208	200	145	155	130-180	STEADY...	0	%
SH Jack-Up High-Spec	215	215	218	225	190	110	75	50-80	WEAKER...	13	%
SH Jack-Up Standard	48	50	45	50	40	13	10	0-10	WEAKER!!...	50	%

Floater Asset Prices	Asset Price, $m, end^ 2010	2011	2012	2013	2014	2015	2016	Asset May 17	Price Trends This Year		
NB Semi-Sub Harsh	540	570	580	615	595	510	450	400-500	STEADY...	0	%
NB Drillship Ultra-Deep	530	560	560	555	530	470	450	400-500	STEADY...	0	%
SH Floater 6th Gen	635	715	755	745	605	360	250	150-350	STEADY...	0	%
SH Floater 5th Gen	500	520	630	570	405	200	100	50-120	WEAKER...	15	%
SH Floater 4th Gen	320	350	375	350	265	120	50	20-80	STEADY...	0	%
SH Floater 3rd Gen	200	250	235	190	135	35	10	1.5-10	WEAKER!!...	44	%
SH Floater 2nd Gen	145	145	125	90	60	20	2	1-3	FIRMER...	14	%
NB Asset Index	83.6	87.6	88.2	91.2	87.7	74.5	69.9	69.9	STEADY...	0	%
SH Asset Index	76.4	83.1	88.2	82.2	63.0	31.8	18.4	17.1	SOFTER...	7	%

Recently Reported Rig Sales

Date	Type	Name at Sale	Seller	Buyer	Price, m	WD ft.	Design	Built
May 17 2017	Jack-Up	Transocean Circinus*	Transocean	Borr Drilling	USD 1,350	400	KFELS B	2020
May 17	Jack-Up	Transocean Siam Driller*	Transocean	Borr Drilling	#	350	KFELS B	2013
May 17	Jack-Up	Transocean Cetus*	Transocean	Borr Drilling	#	400	KFELS B	2020
May 17	Jack-Up	Transocean Centaurus*	Transocean	Borr Drilling	#	400	KFELS B	2019
May 17	Jack-Up	Transocean Cassiopeia*	Transocean	Borr Drilling	#	400	KFELS B	2018
May 17	Jack-Up	Transocean Andaman*	Transocean	Borr Drilling	#	350	KFELS B	2013
May 17	Jack-Up		Transocean		#	350	KFELS B	2013

		Transocean Ao Thai*		Borr Drilling				
May 17	Jack-Up	Transocean Honor*	Transocean	Borr Drilling	#	400	Baker Marine Pacific Class	2011
May/7	Jack-Up	GSF Monarch*	Transocean	Borr Drilling	#	361	F & G L 780 MOD V	1986
May 17	Jack-Up	Transocean Cepheus*	Transocean	Borr Drilling	#	400	KFELS B	2018
May 17	Jack-Up	GSF Constellation II*	Transocean	Borr Drilling	#	400	F & G JU 2000	2004
May 17	Jack-Up	GSF Galaxy I*	Transocean	Borr Drilling	#	400	F & G L 780 MOD VI	1991
May 17	Jack-Up	GSF Galaxy II*	Transocean	Borr Drilling	#	395	F & G L 780 MOD VI	1998
May 17	Jack-Up	GSF Galaxy III*	Transocean	Borr Drilling	#	394	F & G L 780 MOD VI	1999
May 17	Jack-Up	GSF Constellation I*	Transocean	Borr Drilling	#	400	F & G JU 2000	2003
May 17	Jack-Up	West Resolute	Seadrill	Clients of Shelf Drilling	USD 225	350	Le Tourneau Super 1 l6 E	2008
May 17	Jack-Up	West Mischief	Seadrill	Clients of Shelf Drilling	#	350	Le Tourneau Super 1 16 E	2010
May 17	Jack-Up	West Triton	Seadrill	Clients of Shelf Drilling	#	375	Baker Marine Pacific Class	2008
Apr 17	Jack-Up	Paragon L 783	Paragon Offshore	Perenco	USD 1	300	F & G L 780 MOD II	1982

NB = Newbuild. SH = Secondhand. ^ Annual MODU prices end year mid-point. ‘Denotes en-bloc sale. # En bloc price shown under first ship of bloc.

Source: Clarksons Research - Offshore Drilling Monthly, June 2017

8.6Fleet by company

Offshore drilling markets are driven by supply and demand with a low degree of differentiation. The various types of offshore drilling rigs are relatively similar in function (after adjusting for differences in water depth capabilities – the

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primary differentiating factor among various rig types). Offshore drilling has witnessed consolidation since the industry's early days and this trend is expected to continue.

Overview of largest rig owners

Source: Clarksons Research - Offshore Drilling Rig Monthly, June 2017

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9BUSINESS OF THE GROUP

9.1Introduction

The Company is a corporation incorporated under the laws of Switzerland, in particular under Swiss corporate law as contained in the Swiss Code of Obligations. The legal and commercial name of the Company is Transocean Ltd. The Company was established on 18 August 2008 and is registered in the commercial register of the Canton of Zug with enterprise identification number (UID) CHE-114.461.224. The company's registered office is Turmstrasse 30, 6300 Zug, Switzerland. The telephone number is +41 41 749 0500.

TINC is a corporation incorporated under the The Companies Law of the Cayman Islands. The legal and commercial name of TINC is Transocean Inc. TINC was established on 14 May 1999 and registered in the Cayman Islands under the business registration number 89645. TINC's principal executive offices are located at P.O. Box 10342, 70 Harbour Drive, 4th Floor, Grand Cayman, KY1-1003. The telephone number is +1 345 745 4500.

Transocean Ltd. is the parent company of the Group, which operates its business in the offshore drilling industry. The Company's primary business is to contract the Company's drilling rigs, related equipment and work crews predominantly on a day rate basis to drill oil and gas wells. The Company specializes in technically demanding regions of the global offshore drilling business with a particular focus on ultra-deepwater and harsh environment drilling services. As of 30 November 2017, the Group's offshore drilling fleet consists of 26 ultra-deepwater floaters, seven harsh environment floaters, two deepwater floaters, and four midwater floaters. As of 30 November 2017, the Company also had three ultra-deepwater drillships under construction or under contract to be constructed. The Company also operates two jackups that were under contract at the time of sale and will continue to operate such jackups until completion or novation of their respective drilling contracts.

TINC is a directly, wholly owned subsidiary of Transocean, and operates the same business as Transocean. The business of Transocean and TINC will be described jointly in this chapter 9 as both entities are part of the Transocean Group.

9.2Legal structure of the Group

The Group's operations are carried out by its various operating subsidiaries, including the material subsidiaries described further below. The following chart shows the legal structure of the Group:

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Information regarding the Group's material subsidiaries as of 31 December 2016 is set forth below. All of the Group's material subsidiaries are operating subsidiaries.

Company name	Registered office	Field of activity	Proportion of capital held
Sedco Forex Holdings Limited	Cayman Islands	Rig operating company	100 %
Sedco Forex International Inc.	Cayman Islands	Rig owning and operating company	100 %
Transocean Drilling U.K. Limited	Scotland	Rig owning and operating company	100 %
Transocean Financing GmbH	Switzerland	Finance company	100 %
Transocean Inc.	Cayman Islands	Holding company	100 %
Transocean Offshore Holdings Limited	Cayman Islands	Holding company	100 %
Transocean Partners Holdings Limited	Cayman Islands	Holding company	100 %
Transocean Worldwide Inc.	Cayman Islands	Holding company	100 %
Triton Asset Leasing GmbH	Switzerland	Rig owning and leasing company	100 %
Triton Nautilus Asset Leasing GmbH	Switzerland	Rig owning and leasing company	100 %

If and when Songa Offshore is acquired by the Group in connection with the Offer, Songa Offshore and its subsidiaries are expected to become direct or indirect subsidiaries of Transocean or TINC.

Transocean has not yet determined how the operations of Songa Offshore will be managed after completion of the contemplated acquisition, and whether it will operate as an intact business unit resembling the Songa Offshore group as it operates today. The Company will organise the Group in the manner most efficient for its shareholders following completion of the transaction. Delisting of Songa Offshore, if sought, is subject to approval by the Oslo Stock Exchange.

9.3History and important events

Transocean traces its origins back to the 1920s ahead of being established in its present form in December 2008 when the Company redomesticated from the Cayman Islands to Switzerland. Transocean's registered office is Turmstrasse 30, 6300 Zug, Switzerland. The Group's remaining offices and land bases are located in various countries throughout North America, South America, Europe, Africa, India and the Far East.

The table below provides an overview of key events in the Company's history since 2011:

Year	Event
2011	Transocean acquired Aker Drilling AS.
2012	Transocean announced plans to construct four, high-specification, ultra-deepwater drillships, backed by drilling contracts for the four rigs, each with a 10-year term. The new drillships, two of which began operations in 2016, provide the most advanced offshore drilling technology available. The Company closed on the sale of 38 shallow-water drilling rigs to Shelf Drilling Holdings Ltd., further repositioning the Company as a more focused operator of high-specification drilling rigs.
2014	Transocean conducted initial offering of Transocean Partners LLC, a limited liability company originally formed by Transocean to own, operate and acquire modern, technologically advanced offshore drilling rigs. Transocean Partners LLC became a publicly traded company in the United States, with Transocean holding a 71.3% interest as of 30 September 2016.

2016	Transocean acquired all outstanding units in Transocean Partners LLC.
2017	In May 2017, Transocean completed the sale of its jackup fleet to Borr Drilling Limited for a total consideration of approximately USD 1.35 billion. The sale included the Company's 10 high-specification jackups and five jackups under construction at Keppel FELS Limited's shipyard in Singapore.

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9.4Competitive strengths[6]

The offshore drilling market has for the past few years experienced weakening demand, rates and utilization due to an unfavorable supply/demand balance. The Group believes that offshore deepwater drilling rates and utilization may remain low for the foreseeable future, and that the soft market is likely to persist in the near term. The Group furthermore believes that it has a number of competitive strengths, which provide it with the capacity to weather the soft market and position itself for a recovery.

The world's largest floater operator. The Group is the world's largest owner and operator of floaters based on number of units in the fleet. The scale and composition of the fleet, coupled with over 60 years of offshore drilling experience, provide the Group with unmatched capacity and flexibility to offer timely and reliable services anywhere in the world.

High-specification fleet focused on ultra-deepwater and harsh environment floaters. The Group's current fleet mainly comprises high specification ultra-deepwater and harsh environment floaters and includes 17 newbuilds added since 2008. In addition to 26 ultra-deepwater floaters and seven harsh environment floaters, the fleet includes two deepwater floaters and four midwater floaters as of 30 November 2017. With an increasingly targeted fleet, the Group is able to meet the needs of its customers in some of the world's most challenging offshore environments.

Strong operational track record. With more than 60 years of operations in the offshore drilling industry, the Group has obtained unsurpassed experience that allows it to meet the geographical and technical requirements of its customers in some of the world's most challenging offshore environments. Having worked with most of the leading international oil companies, as well as government-controlled and independents, throughout its long history of operations the Group has built a reputation as a leading provider of reliable and efficient offshore drilling services. The Group has access to a large pool of experienced employees with an extensive track-record within the industry. Access to experienced officers and crew is a competitive advantage in a market where customers not only value, but often require, significant combined time in-company and in-industry among senior crew.

Technological innovation. The Group has a history of developing and deploying industry-leading technology. Since launching the offshore industry's first jackup drilling rig in 1954, the Group has achieved a long list of technological innovations, including the first dynamically positioned drillship, the first rig to drill year-round in the North Sea, the first semisubmersible rig for year-round sub-Arctic operations, as well as repeatedly setting water depth world records. The Group develops technology internally, and equips several of its drilling units with proprietary drilling technology. Making use of continued improvements in technology to address the Group's customers' requirements is critical to maintaining the Group's competitive position within the contract drilling services industry.

Strong balance sheet and backlog. The Group maintains a strong financial position with an industry leading contract revenue backlog and substantial available liquidity. This provides the Group with ample resources to weather and even take advantage of the current downturn in the offshore drilling industry. Despite challenging market conditions, the Group has been able to secure new financing at competitive terms, which is a testament to the Group's credit standing and reputation with lenders. The Group maintains additional balance sheet flexibility with capability to refinance and take on additional debt.

Strong customer relationships. Supported by its operational track record, the Group has built and maintained strong relationships with leading oil companies. The Group intends to leverage the advantages afforded by the strength of the Group through ongoing close and cooperative relationships with existing customers and emerging participants in the energy space. This strategy is already reflected in the Group's existing customer base.

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6 The Company is the source of the statements in this Section on the Group's competitive position.

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Collaboration with original equipment manufacturers (“OEMs”). The Group has entered into arrangements collaborating with leading OEMs to the offshore drilling industry in a reliability-centered approach, focusing on improving uptime for the Group’s customers. These collaborations allow the Group to reduce the total cost of ownership and further improve the operational performance of its drilling units.

Experienced management team and Board of Directors with strong credentials in governance and strategy. The Group’s management team consists of seasoned executives with strong industry relationships that have demonstrated their ability to manage the commercial, technical and financial areas of the Group’s business. The Group’s Management has an extensive network of relationships with major oil and gas companies, shipyards, global financial institutions and other key participants in the energy space. The Group’s management is complemented by a Board of Directors with extensive collective international experience in offshore drilling, energy and capital markets; as well as a broad range of complementary competencies.

In sum, the Group believes that these competitive strengths collectively enhance the Company’s ability to develop and implement strategies that build upon customer satisfaction and help sustain the Company’s leading position as a preferred supplier of offshore deepwater drilling services worldwide.

9.5Business strategy

The Group is leveraging its competitive strengths to realize the following strategic goals:

Focus on the harsh environment and ultra-deepwater markets. The Group’s strategic goal is to be the undisputed leader in providing drilling services in the ultra-deepwater and harsh environment markets. By focusing its fleet and service offering on the ultra-deepwater and harsh environment market, the Group will be able to increasingly specialize its service offering. By tailoring its services to these core market sectors, the Group aims to realize a premium multiple versus its peer group of competitors.

Fleet expansion and continued market leadership. As part of its long-term strategic goal, the Group aims to expand its existing fleet in all targeted operating regions to further strengthen its global presence. Through upgrades and rig acquisitions, the Group intends to grow by executing well-timed, value-accretive investments and gaining access to those opportunities through its continued leadership in the offshore deepwater drilling space. The acquisition of Songa Offshore is consistent with Transocean’s strategy to grow its ultra-deepwater and harsh environment fleet, and will allow Transocean to expand its harsh environment fleet in Norway and UK markets and increases Transocean’s contract backlog with investment grade counterparts.

Maintaining and developing customer relationships. The Group will continue to pursue quality customers while seeking to develop, realign and expand its strategic relationships by consistently anticipating and exceeding customer expectations. Through long-standing customer and industry stakeholder relationships, the Group has developed insights into evolving customer and industry requirements. The Group plans to leverage these relationships by acting early in developing concepts and solutions. By maintaining active dialogue with a wide range of relevant stakeholders, the Group aims to remain ahead of the curve in the offshore drilling industry, and leverage the Group’s expertise in accessing the most attractive growth opportunities.

Focus on safety, cost reductions and efficiency improvements. The Group aims to constantly identify efficiencies that lead to cost reductions, while working to maximize revenue from its contract revenue backlog in order to improve margins. To improve safety, the Group will maintain its focus on safety-related performance measures, and introduce equipment and rig layouts that enhance efficiency and safety.

Maximize asset utilization. Long-term planning is essential in achieving sustained attractive returns in a capital intensive industry, such as offshore drilling. Maintaining strong utilization is a key element of the Group’s long-term planning, and requires constant evaluation of the existing fleet’s quality and composition. This includes considering rigs for recycling and identifying acquisition targets with associated backlog in order to ensure maximum utilization of the Group’s assets.

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9.6Business description

9.6.1Overview

The Group is a leading international provider of offshore contract drilling services for oil and gas wells.7 As of 30 November 2017, the Group's offshore drilling fleet consists of 26 ultra-deepwater floaters, seven harsh environment floaters, two deepwater floaters and four midwater floaters. As of 30 November 2017, the Group also had three ultra-deepwater drillships under construction or under contract to be constructed. The Company also operates two jackups that were under contract at the time of sale and will continue to operate such jackups until completion or novation of their respective drilling contracts.

The Group's primary business is to contract its drilling rigs, related equipment and work crews predominantly on a day rate basis to drill oil and gas wells. The Group specializes in technically demanding regions of the global offshore drilling business with a particular focus on ultra-deepwater and harsh environment drilling services. The Group believes its mobile offshore drilling fleet is one of the most versatile fleets in the world, consisting of floaters used in support of offshore drilling activities and offshore support services on a worldwide basis.

The Group operates in a single, global market for the provision of contract drilling services to its customers. The locations of the Group's rigs and the allocation of its resources to operate, build or upgrade rigs are determined by the activities and needs of its customers.

The Group does not outsource significant portions of its business. The Group requires highly skilled personnel to operate its drilling units. Consequently, the Group conducts extensive personnel recruiting, training and safety programs and most of its workforce is directly employed. At 31 December 2016, the Group had approximately 5,400 employees, including approximately 400 persons engaged through contract labor providers.

9.6.2Recent Developments

Transocean Partners—On 9 December 2016, Transocean Partners LLC completed a merger with one of the Company's subsidiaries as contemplated under the Agreement and Plan of Merger, dated 31 July 2016, and as amended on 21 November 2016. Following the completion of the merger, Transocean Partners LLC became a wholly owned indirect subsidiary of Transocean. Each Transocean Partners LLC common unit that was issued and outstanding immediately prior to the closing, other than the units held by Transocean and its subsidiaries, was converted into the right to receive 1.20 of Transocean's shares. To complete the merger, the Company issued 23.8 million shares from its conditional capital.

Markets for the Company's shares—The Company's shares were previously listed on the SIX Swiss Exchange ("SIX") under the symbol "RIGN." Effective 31 March 2016, at the Company's request, its shares were delisted from SIX.

Disposal of jackups—On 30 May 2017, in connection with the Company's efforts to dispose of non strategic assets, the Company completed the sale of 10 high specification jackups, including GSF Constellation I, GSF Constellation II, GSF Galaxy I, GSF Galaxy II, GSF Galaxy III, GSF Monarch, Transocean Andaman, Transocean Ao Thai, Transocean Honor and Transocean Siam Driller, along with related assets, and novated the contracts relating to the construction of five high specification jackups, together with related assets. In the nine months ended 30 September 2017, the Company received aggregate net cash proceeds of USD 319 million and recognized an aggregate net loss of USD 1.6 billion (USD 4.08 per diluted share), which had no tax effect, associated with the disposal of these assets. Following the completion of the sale, the Company agreed to continue to operate three of these high specification jackups through completion or novation of the drilling contracts, one of which was completed as of 30 September 2017. In the three and nine months ended 30 September 2017, excluding the Company's loss on the

disposal of these assets, the Company's operating results included income of USD 19 million and USD 46 million, respectively, before taxes, associated with the high specification jackup asset group. In the three and nine months ended 30 September 2016, the Company's operating results included income of USD 25 million and USD 47 million, respectively, before taxes, associated with the high specification jackup asset group.

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7 Source: the Company.

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Tender offers—On 11 July 2017, the Company completed cash tender offers to purchase up to USD 1.5 billion aggregate principal amount of certain notes. The Company received valid tenders from holders of aggregate principal amounts of said notes as follows (in millions):

	Nine months ended 30 September 2017
2.50% Senior Notes due October 2017	$ 271
6.00% Senior Notes due March 2018	400
7.375% Senior Notes due April 2018	128
6.50% Senior Notes due November 2020	207
6.375% Senior Notes due December 2021	213
Aggregate principal amount retired	$ 1,219
Aggregate cash payment	$ 1,269

In the three and nine months ended 30 September 2017, the Company recognized an aggregate net loss of USD 1 million and USD 48 million, respectively, associated with the retirement of such validly tendered debt.

Retirement of rigs—On 22 September 2017, the Company announced its intent to retire the ultra-deepwater floaters GSF Jack Ryan, Sedco Energy, Sedco Express, Cajun Express, and Deepwater Pathfinder, and the deepwater floater Transocean Marianas. The rigs will be classified as held for sale and will be recycled in an environmentally responsible manner. All six rigs were previously cold stacked. The Company recognized an impairment charge of USD 1.4 billion during the third quarter of 2017 associated with these actions.

Debt offering—In October 2017, the Company completed an offering of an aggregate principal amount of USD 750 million of the 7.50% Senior Notes due January 2026. The Company received aggregate cash proceeds of USD 742 million, net of estimated issue costs. The Company intends to use the majority of the net proceeds from the debt offering to repay or redeem certain maturing debt.

Contract for Deepwater Invictus—On 17 October 2017, the Company announced that the ultra-deepwater drillship Deepwater Invictus had been awarded a two-year contract plus three one-year priced options with a subsidiary of BHP Billiton. The backlog associated with the firm contract is approximately USD 106 million. The contract is expected to commence in the second quarter of 2018.

Global Marine Litigation—On 28 November 2017, Wilmington Trust Company, in its capacity as trustee, filed a lawsuit against Global Marine, an indirect subsidiary of the Company, seeking a declaratory judgment that Global Marine is in default under the indenture governing its USD 300 million of outstanding 7.00% Notes due June 2028. See Section 9.11.2.5 “Global Marine litigation” for further information.

9.7The fleet

9.7.1Fleet overview

The Group's drilling fleet consists of floaters, which include drillships and semisubmersibles. Most of the Group's drilling equipment is suitable for both exploration and development, and the Group normally engages in both types of drilling activity. All of the Group's drilling rigs are mobile and can be moved to new locations in response to customer demand. All of the Group's 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 drill pipe, riser and drilling supplies.

Drillships are generally self-propelled vessels, shaped like conventional ships, and are the most mobile of the major rig types. All of the Group's drillships are ultra-deepwater capable and equipped with a computer-controlled dynamic positioning thruster system, which allows them to maintain position without anchors through the use of their on-board

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propulsion and station-keeping systems. These rigs typically have greater deck load and storage capacity than early generation semisubmersible rigs, providing logistical and resupply efficiency benefits for customers. Drillships are generally better suited to operations in calmer sea conditions and typically do not operate in areas considered to be harsh environments. The Group has 16 ultra-deepwater drillships that are, and three ultra-deepwater drillships under construction that will be, equipped with the Group's patented dual-activity technology. Dual-activity technology employs structures, equipment and techniques using two drilling stations within a dual derrick to allow these drillships to perform simultaneous drilling tasks in a parallel, rather than a 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[8] hoisting capacity and a second blowout preventer system, the Group's drillship placed into service in October 2017 is, and the three 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 partially submerged by means of a water ballast system such that the lower column sections and pontoons 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 capable of operating in rougher sea conditions than drillships. The Group has two custom-designed, high-capacity, dual-activity semisubmersible drilling rigs, equipped for year-round operations in harsh environments, including those of the Norwegian continental shelf and sub-Arctic waters. The Group has three semisubmersibles that are designed for mild environments and are equipped with the tri-act derrick. The tri-act derrick, which was designed to reduce overall well construction costs since 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. Five of the Group's 17 semisubmersibles are equipped with the Group's patented dual-activity technology.

9.7.2Fleet categories

The Group further categorizes the drilling units of the fleet as follows: (1) "ultra-deepwater floaters," (2) "harsh environment floaters," (3) "deepwater floaters" and (4) "midwater floaters."

Ultra-deepwater floaters are equipped with high-pressure mud pumps and are capable of drilling in water depths of 7,500 feet or greater. 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. Deepwater floaters are generally those other semisubmersible rigs and drillships capable of drilling in water depths between 4,500 and 7,500 feet. Midwater floaters are generally comprised of those non-high-specification semisubmersibles that have a water depth capacity of less than 4,500 feet.

9.7.3Fleet status

The Group provides contract drilling services in a single, global operating segment, which involves contracting the Group's mobile offshore drilling fleet, related equipment and work crews primarily on a day rate basis to drill oil and gas wells. The Group specializes in technically demanding regions of the offshore drilling business with a particular focus on ultra-deepwater and harsh environment drilling services. The Group believes its drilling fleet is one of the most versatile fleets in the world, consisting of floaters used in support of offshore drilling activities and offshore support services on a worldwide basis.

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8 Source: the Company.

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The Group's 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. The location of the Group's rigs and the allocation of resources to operate, build or upgrade its rigs are determined by the activities and needs of the Group's customers.

Depending on market conditions, the Group 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 approximately 30 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 shipyard availability and cost of equipment and materials and the extent of repairs and maintenance that may ultimately be required. The Group considers these factors, together with market conditions, length of contract, day rate and other contract terms, when deciding whether to return a stacked rig to service. The contract lengths for the Group's rigs vary in duration from months to years, depending on the counterparty, region and market conditions. As of 26 October 2017, the Group had 13 contracts with a remaining contract duration of less than one year, six contracts with a remaining contract duration comprised between one and five years and 4 contracts with a remaining contract duration of greater than five years. The Group may, from time to time, consider marketing stacked rigs as accommodation units or for other alternative uses until drilling activity increases and it obtains drilling contracts for these units.

9.7.4Drilling units

The following tables, presented as of 26 October 2017, provide certain specifications for the Group's 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 26 October 2017, the Group owned all of the drilling rigs in the fleet noted in the tables below, except for the following: (1) those specifically described as being owned through the

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Group's interests in consolidated entities that were less than wholly owned and (2) Petrobras 10000, which is subject to a capital lease through August 2029.

9.7.4.1Rigs under construction

The table below sets out an overview of the Group's rigs under construction, which are owned directly or indirectly by the Group as of 26 October 2017:

Name	Type	Expected completion	Water depth capacity (in feet)	Drilling depth capacity (in feet)	Contracted location or contracted status
Ultra-deepwater floaters					
Deepwater Poseidon (a) (b) (c) (d) (e)	HSD	1Q 2018	12,000	40,000	To be determined
Ultra-deepwater drillship TBN1 (a) (b) (d) (e)	HSD	2Q 2020	12,000	40,000	Uncontracted
Ultra-deepwater drillship TBN2 (a) (b) (d) (e)	HSD	4Q 2020	12,000	40,000	Uncontracted

"HSD" means high-specification drillship.

(a) To be dynamically positioned.
(b) To be equipped with dual-activity.
(c) To be an Enterprise-class or Enhanced Enterprise-class rig.
(d) Designed to accommodate a future upgrade to a 20,000 pounds psi blowout preventer.
(e) To be equipped with two blowout preventers.

9.7.4.2Ultra-deepwater floaters

The table below sets out an overview of the Group's ultra-deepwater floaters, which are owned directly or indirectly by the Group as of the date of 26 October 2017:

Name	Type	Year entered service/ upgraded (a)	Water depth capacity (in feet)	Drilling depth capacity (in feet)	Contracted location or standby status
Deepwater Pontus (b) (c) (d) (e) (f)	HSD	2017	12,000	40,000	U.S. Gulf
Deepwater Conqueror (b) (c) (d) (e) (f)	HSD	2016	12,000	40,000	U.S. Gulf
Deepwater Proteus (b) (c) (d) (e) (f)	HSD	2016	12,000	40,000	U.S. Gulf
Deepwater Thalassa (b) (c) (d) (e) (f)	HSD	2016	12,000	40,000	U.S. Gulf
Deepwater Asgard (b) (c) (d) (f)	HSD	2014	12,000	40,000	U.S. Gulf
Deepwater Invictus (b) (c) (d) (f)	HSD	2014	12,000	40,000	U.S. Gulf
Deepwater Champion (b) (c)	HSD	2011	12,000	40,000	Stacked
Discoverer Inspiration (b) (c) (d) (f)	HSD	2010	12,000	40,000	U.S. Gulf
Discoverer India (b) (c) (d)	HSD	2010	12,000	40,000	Idle
Discoverer Americas (b) (c) (d)	HSD	2009	12,000	40,000	Stacked
Discoverer Clear Leader (b) (c) (d) (f)	HSD	2009	12,000	40,000	U.S. Gulf

Petrobras 10000 (b) (c)	HSD	2009	12,000	37,500	U.S. Gulf
Dhirubhai Deepwater KG2 (b)	HSD	2010	12,000	35,000	Idle
Dhirubhai Deepwater KG1 (b)	HSD	2009	12,000	35,000	Brazil
Discoverer Deep Seas (b) (c) (d)	HSD	2001	10,000	35,000	Stacked
Discoverer Spirit (b) (c) (d)	HSD	2000	10,000	35,000	Stacked
GSF C.R. Luigs (b)	HSD	2000	10,000	35,000	Stacked
Discoverer Enterprise (b) (c) (d)	HSD	1999	10,000	35,000	Stacked
Deepwater Discovery (b)	HSD	2000	10,000	30,000	Stacked
Deepwater Frontier (b)	HSD	1999	10,000	30,000	Stacked
Deepwater Millennium (b)	HSD	1999	10,000	30,000	Stacked
Deepwater Nautilus (g)	HSS	2000	8,000	30,000	Malaysia
Discoverer Luanda (b) (c) (d) (h)	HSD	2010	7,500	40,000	Malaysia
Development Driller III (b) (c)	HSS	2009	7,500	37,500	Idle
GSF Development Driller II (b) (c)	HSS	2005	7,500	37,500	Stacked
GSF Development Driller I (b) (c)	HSS	2005	7,500	37,500	Australia

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"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)Designed to accommodate a future upgrade to a 20,0000 pounds psi blowout preventer.
(f)Two blowout preventers.
(g)Moored floater.
(h)Owned through the Group's 65% interest in Angola Deepwater Drilling Company Limited ("ADDCL")

9.7.4.3Harsh environment floaters

The table below sets out an overview of the Group's harsh environment floaters, which are owned directly or indirectly by the Group as of the date of 26 October 2017:

Name	Type	Year entered service/ upgraded (a)	Water depth capacity (in feet)	Drilling depth capacity (in feet)	Contracted location or standby status
Transocean Spitsbergen (b) (c)	HSS	2010	10,000	30,000	Norwegian N. Sea
Transocean Barents (b) (c)	HSS	2009	10,000	30,000	Canada
Henry Goodrich (d)	HSS	1985/2007	5,000	30,000	Canada
Transocean Leader (d)	HSS	1987/1997	4,500	25,000	U.K. N. Sea
Paul B, Loyd, Jr.(d)	HSS	1990	2,000	25,000	U.K. N. Sea
Transocean Arctic (d)	HSS	1986	1,650	25,000	Norwegian N. Sea
Polar Pioneer (d)	HSS	1985	1,500	25,000	Stacked

"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)Moored floater.

9.7.4.4Deepwater floaters

The table below sets out an overview of the Group's deepwater floaters, which are owned directly or indirectly by the Group as of the date of 26 October 2017:

Name	Type	Year entered service/ upgraded (a)	Water depth capacity (in feet)	Drilling depth capacity (in feet)	Contracted location or standby status
Transocean 706 (b)	HSS	1976/2008	6,500	25,000	Brazil
Jack Bates (c)	HSS	1986/1997	5,400	30,000	India

"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)Moored floater.

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9.7.4.5Midwater floaters

The table below sets out an overview of the Group's midwater floaters, which are owned directly or indirectly by the Group as of the date of 26 October 2017:

Name	Type	Year entered service/ upgraded (a)	Water depth capacity (in feet)	Drilling depth capacity (in feet)	Contracted location or standby status
Sedco 711	OS	1982	1,800	25,000	Stacked
Sedco 714	OS	1983/1997	1,600	25,000	Stacked
Transocean 712	OS	1983	1,600	25,000	U.K. N. Sea
Actinia	OS	1982	1,500	25,000	India

"OS" means other semisubmersible.
(a)Dates shown are the original service date and the date of the most recent upgrade, if any.

9.8Customers

The Group engages 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. At 26 October 2017, the Group's contract backlog was approximately USD 9.4 billion. For the year ended 31 December 2016, the Group's most significant customers were Chevron, BP, Shell and Petrobras, representing approximately 24%, 12%, 12% and 11%, respectively, of the Group's consolidated operating revenues for the year ended 31 December 2016. No other customers accounted for 10% or more of the Group's consolidated operating revenues in the year ended 31 December 2016. Additionally, as of 26 October 2017, the customers with the most significant aggregate amount of contract backlog associated with the Group's drilling contracts were Shell and Chevron, representing approximately 72% and 15%, respectively, of the Group's total contract backlog. See Section 2.3 "Financial Risks—The Group relies 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 the Group's consolidated statement of financial position, results of operations or cash flows."

9.9Competitors

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. Although rig availability, service quality and technical capability are drivers of customer contract awards, bid pricing and intense price competition are often key determinants for which a qualified contractor is awarded a job.

9.10Technological Innovation

Since launching the offshore industry's first jackup drilling rig in 1954, the Group has 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. The Group has repeatedly achieved water depth world records in the past. Twenty drillships and semisubmersibles in the Group's existing fleet are, and its four drillships that are under construction will be, equipped with the Group's patented dual-activity technology, which allows the Group's 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 the Group's existing fleet are equipped with the tri-act derrick, which allows offline tubular and riser activities during normal drilling operations and is patented in certain market sectors in which the Group operates.

The Group continues to develop and deploy industry-leading[9] technology. In addition to its patented dual-activity drilling technology, some of the Group's most recent newbuild drillships include industry-leading hookload capability,

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9 Source: the Company

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compensated cranes for performing subsea installations, hybrid power systems and reduced emissions and advanced generator protection. Seven drillships in the Group's existing fleet are, and the Group's four drillships that are under construction will be, outfitted with two blowout preventers and triple liquid mud systems. Three drillships in the Group's existing fleet are, and the Group's four drillships that are under construction will be, designed to accept 20,000 psi blowout preventers in the future. The effective use of and continued improvements in technology to address the requirements of the Group's customers are critical to maintaining its competitive position within the contract drilling services industry. The Group continues to develop technology internally, such as its digital transformation program focused on utilizing analytics and data science to continuously improve operational integrity and efficiency while optimizing cost.

9.11Litigation and disputes

9.11.1Macondo well incident

9.11.1.1Overview

On 22 April 2010, the ultra-deepwater floater Deepwater Horizon sank after a blowout of the Macondo well caused a fire and explosion on the rig off the coast of Louisiana. At the time of the explosion, Deepwater Horizon was contracted to BP. Following the incident, the Company has been subject to civil and criminal claims, as well as causes of action, fines and penalties by local, state and federal governments. Litigation commenced shortly after the incident, and most claims against the Company were consolidated by the U.S. Judicial Panel on Multidistrict Litigation and transferred to the U.S. District Court for the Eastern District of Louisiana (the "MDL Court"). A significant portion of the contingencies arising from the Macondo well incident have now been resolved as a result of settlements with DOJ, BP and the states of Alabama, Florida, Louisiana, Mississippi, and Texas (collectively, the "States"). Additionally, the Company and the Plaintiff Steering Committee ("PSC") entered into a settlement agreement (the "PSC Settlement Agreement"), which was approved by the MDL Court on 15 February 2017.

The Company has recognized a liability for the remaining estimated loss contingencies associated with litigation resulting from the Macondo well incident that the Company believes are probable and for which a reasonable estimate can be made. At 30 September 2017 and 31 December 2016, the liability for estimated loss contingencies that the Company believes are probable and for which a reasonable estimate can be made was USD 244 million and USD 250 million, respectively, recorded in other current liabilities. The remaining litigation could result in certain loss contingencies that the Company believes are reasonably possible. Although the Company has not recognized a liability for such loss contingencies, these contingencies could result in liabilities that the Company ultimately recognizes.

The Company recognizes an asset associated with the portion of its estimated losses that it believes is probable of recovery from insurance and for which it had received from underwriters' confirmation of expected payment. Although the Company has available policy limits that could result in additional amounts recoverable from insurance, recovery of such additional amounts is not probable and the Company is not currently able to estimate such amounts (see Section 9.11.1.8 "Insurance coverage"). The Company's estimates involve a significant amount of judgment.

9.11.1.2Plea Agreement

Pursuant to the Plea Agreement, one of the Company's 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 the Company for certain matters arising from the Macondo well incident. The Company also agreed to make an aggregate cash payment of USD 400 million, including a criminal fine and cash contributions to the

National Fish & Wildlife Foundation and the National Academy of Sciences, payable in scheduled installments. In the nine months ended 30 September 2017, the Company made a cash payment of USD 60 million, representing the final installment for its obligations under the Plea Agreement.

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9.11.1.3Environmental Protection Agency Administrative Agreement

On 25 February 2013, the Group and the EPA entered into an administrative agreement (the "EPA Agreement") related to the Macondo well incident, which had a five-year term. Subject to the Group's compliance with the terms of the EPA Agreement, the EPA agreed that it would not suspend, debar or statutorily disqualify the Group and would lift any existing suspension, debarment or statutory disqualification. In 2016, the Group approached the EPA Suspension and Debarment Division ("EPA SDD") to request the early termination of the EPA Agreement in light of the Group's successful performance of its obligations under the EPA Agreement. After discussions between the Group and the EPA SDD in 2016 and early 2017, the EPA Suspension and Debarment Official granted the Group's request. The EPA Agreement was terminated effective as of 21 June 2017.

9.11.1.4Consent Decree

Under the Consent Decree, the Company agreed to undertake certain actions, including enhanced safety and compliance actions when operating in U.S. waters. The Consent Decree also requires the Company to submit certain plans, reports and submissions and also requires the Company to make such submittals available publicly. One of the required plans is a performance plan approved on 2 January 2014, which contains, among other things, interim milestones for actions in specified areas and schedules for reports required under the Consent Decree. Additionally, in compliance with the requirements of the Consent Decree and upon approval by the DOJ, the Company retained an independent auditor to review and report to the DOJ the Company's 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. The Company may request termination of the Consent Decree after 2 January 2019, provided it meets certain conditions. The Consent Decree resolved the claim by the U.S. for civil penalties under the CWA. The Company also agreed to pay civil penalties of USD 1.0 billion plus interest. In the year ended 31 December 2015, the Company paid USD 204 million, including interest, representing the final installment due under the Consent Decree.

9.11.1.5PSC Settlement Agreement

On 29 May 2015, together with the PSC, the Company filed the PSC Settlement Agreement with the MDL Court for approval. Through the PSC Settlement Agreement, the Company agreed to pay a total of USD 212 million, plus up to USD 25 million for partial reimbursement of attorneys' fees, to be allocated between two classes of plaintiffs, as follows: (1) private plaintiffs, businesses, and local governments who could have asserted punitive damages claims against the Company under general maritime law (the "Punitive Damages Class"); and (2) private plaintiffs who previously settled economic damages claims against BP and were assigned certain claims BP had made against the Company (the "Assigned Claims Class"). A court-appointed neutral representative established the allocation of the settlement payment to be 72.8% paid to the Punitive Damages Class and 27.2% paid to the Assigned Claims Class. In exchange for these payments, each of the classes agreed to release all respective claims it has against the Company. Members of the Punitive Damages Class were given the opportunity to opt out, and 30 claimants have elected to opt out, of the PSC Settlement Agreement. In June 2016 and August 2015, the Company made a cash deposit of USD 25 million and USD 212 million, respectively, into escrow accounts pending approval of the settlement by the MDL Court. On 15 February 2017, the MDL Court entered a final order and judgment approving the PSC Settlement Agreement, which is no longer subject to appeal. At 30 September 2017 and 31 December 2016, the aggregate cash balance in escrow accounts was USD 237 million, recorded in restricted cash.

9.11.1.6Federal Securities claims

On 30 September 2010, a proposed federal securities class action was filed against the Company in the U.S. District Court for the Southern District of New York. In the action, a former shareholder of the acquired company alleged that the joint proxy statement related to the Company's shareholder meeting in connection with the merger with the acquired company violated various securities laws and that the acquired company's shareholders received inadequate consideration for their shares as a result of the alleged violations and sought compensatory and rescissory damages and attorneys' fees. On 11 March 2014, the District Court for the Southern District of New York dismissed the claims as time-barred. Plaintiffs appealed to the U.S. Court of Appeals for the Second Circuit (the "Second Circuit"), but on 17 March 2016, the Second

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Circuit affirmed the dismissal. Plaintiffs filed a petition for writ of certiorari with the U.S. Supreme Court on 12 August 2016. On 27 June 2017, the petition was denied and the dismissal is now final.

9.11.1.7Pending claims

As of the date of this Prospectus, numerous complaints remain pending against the Company, along with other unaffiliated defendants in the MDL Court. The Company believes its settlement with the PSC resolves many of these pending actions. As for any actions not resolved by these settlements, including any claims by individuals who opted out of the PSC Settlement Agreement, claims by the Mexican government under the Oil Pollution Act and maritime law actions, the Company is vigorously defending those claims and pursuing any and all defenses available. See Section 9.11.1.5 “PSC Settlement Agreement”.

9.11.1.8Insurance coverage

At the time of the Macondo well incident, the Company’s excess liability insurance program offered aggregate insurance coverage of USD 950 million, excluding a USD 15 million deductible and a USD 50 million self-insured layer through the Company’s wholly owned captive insurance subsidiary. This excess liability insurance coverage consisted of a first and a second layer of USD 150 million each, a third and fourth layer of USD 200 million each and a fifth layer of USD 250 million. The Company has recovered costs under the first four excess layers, the limits of which are now fully exhausted. The Company has submitted claims to the USD 250 million fifth layer, which is comprised of Bermuda market insurers (the “Bermuda Insurers”). In the nine months ended 30 September 2017 and the year ended 31 December 2016, the Company received cash proceeds of USD 10 million and USD 20 million, respectively, associated with settlements with two of the Bermuda Insurers. The Company is in the early stages of arbitration with one of the Bermuda Insurers. The Company cannot provide assurance that it will successfully recover additional proceeds under the policy limits with the Bermuda Insurers.

9.11.2Other legal proceedings

9.11.2.1Asbestos litigation

In 2004, several of the Company’s 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 in 2014, a group of similar complaints were filed in Louisiana. The plaintiffs, former employees of some of the defendants, generally allege that the defendants used or manufactured asbestos containing drilling mud additives for use in connection with drilling operations, claiming 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, but the court appointed special master has ruled that a Jones Act employer defendant, such as the Company, cannot be sued for punitive damages. As of 30 September 2017, 15 plaintiffs have claims pending in Mississippi and eight plaintiffs have claims pending in Louisiana in which the Company has or may have an interest. The Company intends to defend these lawsuits vigorously, although it can provide no assurance as to the outcome. The Company historically has maintained broad liability insurance, although it is not certain whether insurance will cover the liabilities, if any, arising out of these claims. Based on the Company’s evaluation of the exposure to date, it does not expect the liability, if any, resulting from these claims to have a material adverse effect on the Company’s consolidated statement of financial position, results of operations or cash flows.

One of the Company’s subsidiaries has been named as a defendant, along with numerous other companies, in lawsuits arising out of the subsidiary’s manufacture and sale of heat exchangers, and involvement in the construction and refurbishment of major industrial complexes alleging bodily injury or personal injury as a result of exposure to asbestos. As of 30 September 2017, the subsidiary was a defendant in approximately 123 lawsuits with a

corresponding number of plaintiffs. For many of these lawsuits, the Company has 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 operating assets of the subsidiary were sold and its operations were discontinued in 1989, and the subsidiary has no remaining assets other than insurance policies, rights and proceeds, including (i) certain policies subject to litigation and (ii) certain rights and proceeds held directly or indirectly through a qualified settlement fund. The subsidiary has in excess of USD 1.0 billion in insurance limits potentially available to the subsidiary. Although

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not all of the policies may be fully available due to the insolvency of certain insurers, the Company believes that the subsidiary will have sufficient funding directly or indirectly from settlements and payments from insurers, assigned rights from insurers and coverage-in-place settlement agreements with insurers to respond to these claims. While the Company cannot predict or provide assurance as to the outcome of these matters, the Company does not expect the ultimate liability, if any, resulting from these claims to have a material adverse effect on its consolidated statement of financial position, results of operations or cash flows.

9.11.2.2Rio de Janeiro tax assessment

In the year ended 31 December 2006, the state tax authorities of Rio de Janeiro in Brazil issued to one of the Company's subsidiaries tax assessments on equipment imported into the state in connection with the Group's operations, resulting from a preliminary finding by these authorities that the Group's record keeping practices were deficient. At 30 September 2017, the aggregate tax assessment was for BRL 525 million, equivalent to approximately USD 166 million, including interest and penalties. In September 2006, the Company filed an initial response refuting these tax assessments, and, in September 2007, the state tax authorities confirmed that they believe the tax assessments are valid. On 27 September 2007, the Company filed an appeal with the state Taxpayer's Council contesting the assessments. While the Company cannot predict or provide assurance as the final outcome of these proceedings, it does not expect it to have a material adverse effect on its condensed consolidated statement of financial position, results of operations or cash flows.

9.11.2.3Nigerian Cabotage Act litigation

In October 2007, three of the Company's subsidiaries were each served a Notice and Demand from the Nigeria Maritime Administration and Safety Agency, imposing a 2% surcharge on the value of all contracts performed by the Company's subsidiaries in Nigeria pursuant to the Coastal and Inland Shipping (Cabotage) Act 2003 (the "Cabotage Act"). The Company's subsidiaries each filed an originating summons in the Federal High Court in Lagos challenging the imposition of this surcharge on the basis that the Cabotage Act and associated levy is not applicable to drilling rigs. The respondents challenged the competence of the suits on several procedural grounds. The court upheld the objections and dismissed the suits. In December 2010, the Company's subsidiaries filed a new joint Cabotage Act suit. While the Company cannot predict or provide assurance as to the outcome of these proceedings, it does not expect the proceedings to have a material adverse effect on its consolidated statement of financial position, results of operations or cash flows.

9.11.2.4Norway tax investigations and trial

Norwegian civil tax authorities have challenged certain transactions undertaken by the Company's subsidiaries in 1999, 2001 and 2002. On 26 June 2014, the Norwegian district court in Oslo ruled that the Company's subsidiary was liable for the civil tax assessment but waived all penalties and penalty interest. On 9 January 2017, the Norwegian appeal court in Oslo ruled entirely in favor of the Company's subsidiaries and overturned the district court with respect to the remaining question of principal tax obligations. On 10 February 2017, the tax authorities filed an appeal with the Norwegian Supreme Court. On 16 June 2017, the Norwegian Supreme Court rejected the appeal, formally closing the dispute in the Company's favor.

9.11.2.5Global Marine litigation

On 28 November 2017, Wilmington Trust Company, in its capacity as trustee, filed a lawsuit against Global Marine Inc. ("Global Marine"), an indirect subsidiary of the Company, seeking a declaratory judgment that Global Marine is in default under the indenture governing its USD 300 million of outstanding 7.00% Notes due June 2028. The Group disagrees with the assertions in the lawsuit and believes that Global Marine is in compliance with the indenture and

has meritorious defenses against these allegations, although it can make no assurance regarding the outcome of the lawsuit, including the actual amount that would be due in the event that the lawsuit is successful. The notes are neither guaranteed by, nor recourse to, the Company or other subsidiaries of the Company. However, should the court ultimately determine that an event of default had occurred, Global Marine could potentially be obligated to pay prior to scheduled maturity the principal amount of notes outstanding as well as other amounts under the indenture. In addition, the acceleration of the amounts due under

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the indenture could, absent a waiver from the requisite lenders, result in an event of default under the Group's currently undrawn USD 3 billion revolving credit facility. Any requirement to pay all of the Global Marine notes prior to scheduled maturity or the inability of the Group to access the Group's revolving credit facility, prior to their respective scheduled maturity dates, could have an adverse effect on the Group's liquidity position. The Group intends to vigorously defend the lawsuit.

9.11.2.6Other environmental matters

The Company has certain potential liabilities under the Comprehensive Environmental Response, Compensation and Liability Act ("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.

The Company has been named as a PRP in connection with a site located in Santa Fe Springs, California, known as the Waste Disposal, Inc. site. The Company and other PRPs have agreed with the EPA and the DOJ to settle its potential liabilities for this site by agreeing to perform the remaining remediation required by the EPA. The parties to the settlement have entered into a participation agreement, which makes the Company liable for approximately 8% of the remediation and related costs. The remediation is complete, and the Company believes its 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 the Company has no reason at this time to believe that they will be material.

One of the Company's 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, which is now a part of the San Gabriel Valley, Area 3, Superfund site. The Company was also advised that one or more of its subsidiaries that formerly owned and operated the site would likely be named by the EPA as PRPs. The current property owner, an unrelated party, performed the required testing and detected no contaminants. In discussions with CRWQCB staff, the Company was advised of the CRWQCB's intent to issue a "no further action" letter, but it has not yet been received by the Company. Based on the test results, the Company would contest any potential liability. The Company has 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 the Company's subsidiaries are responsible parties. The subsidiaries in question do not own any operating assets and have limited ability to respond to any liabilities.

Resolutions of other claims by the EPA, the involved state agency or PRPs are at various stages of investigation. These investigations involve determinations of (a) the actual responsibility attributed to the Company and the other PRPs at the site, (b) appropriate investigatory or remedial actions and (c) allocation of the costs of such activities among the PRPs and other site users. The Company's ultimate financial responsibility in connection with those sites may depend on many factors, including (i) the volume and nature of material, if any, contributed to the site for which the Company is responsible, (ii) the number of other PRPs and their financial viability and (iii) 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, the Company believes that its 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 its consolidated statement of financial position or results of operations.

9.11.2.7Other matters

The Company is involved in various tax matters, various regulatory matters, and a number of claims and lawsuits, asserted and unasserted, all of which have arisen in the ordinary course of business. The Company cannot predict with certainty the outcome or effect of any of the litigation matters specifically described above or of any such other pending, threatened, or possible litigation or liability. The Company can provide no assurance that its 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.

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In addition to the legal proceedings described above, the Company may from time to time identify other matters that it monitors through its compliance program and in response to events arising generally within its industry and in the markets where the Company does business. For example, in the year ended 31 December 2015, the Company began investigating statements made by a former employee of Petróleo Brasileiro S.A. (“Petrobras”) related to the award to the Company of a drilling services contract in Brazil. These statements were made in connection with an ongoing criminal investigation by the Brazilian authorities into Petrobras and certain other companies and individuals. The Company has completed its internal investigation and has not identified any wrongdoing by any of the Company’s employees or agents in connection with its business. The Company has voluntarily met with governmental authorities in the U.S. to discuss the statements made by the former Petrobras employee and its internal investigation as well as its findings. The Company will continue to investigate these types of allegations and cooperate with governmental authorities.

Other than as set out in this Section 9.11, neither the Company nor any other company in the Group is, nor has been, during the course of the preceding twelve months involved in any legal, governmental or arbitration proceedings which may have, or have had in the recent past, significant effects on the Company’s and/or the Group’s financial position or profitability, and the Company is not aware of any such proceedings which are pending or threatened.

9.12Material contracts

Other than as set out below and contracts entered into in the ordinary course of business; there are no contracts that are material to the Group.

Dispositions—On 31 May 2017, the Company completed the sale of 10 high-specification jackups and novated the contracts relating to the construction of five high-specification jackups, together with related assets. In the nine months ended 30 September 2017, as a result of the transaction, the Company received aggregate net cash proceeds of USD 319 million and recognized an aggregate net loss of USD 1.6 billion associated with the disposal of these assets. See Section 12.5 “Consolidated Results of Operations” and Section 9.7 “The fleet.”

Transocean Partners—On 9 December 2016, Transocean Partners LLC completed a merger with one of the Company’s subsidiaries as contemplated under the Agreement and Plan of Merger, dated 31 July 2016 and as amended on 21 November 2016. Following the completion of the merger, Transocean Partners LLC became a wholly owned indirect subsidiary of the Company. Each Transocean Partners LLC common unit that was issued and outstanding immediately prior to the closing, other than the units held by the Company and its subsidiaries, was converted into the right to receive 1.20 of the Company’s shares. To complete the merger, the Company issued 23.8 million shares from conditional capital.

Songa Offshore SE—On 13 August 2017, the Company entered into a Transaction Agreement with Songa Offshore and TINC, as amended, pursuant to which the Company will offer to acquire all of the Songa Shares, as described in this Offer Document. See Section 5 “The terms of the Offer.”

9.13Property, plants and equipment

The Group’s most important assets are the vessels currently in operation. A description of the Group’s existing fleet is provided in Section 9.7 “The fleet.”

9.14Environmental, Health and Safety Matters

The Company’s operations are subject to a variety of global environmental regulations. The Company monitors its compliance with environmental regulation in each country of operation and, while it sees an increase in general environmental regulation, the Company has made and will continue to make the required expenditures to comply with

current and future environmental requirements. The Company makes expenditures to further its commitment to environmental improvement and the setting of a global environmental standard. The Company assesses the environmental impacts of its business, focusing on the areas of greenhouse gas emissions, climate change, discharges and waste management. The Company's actions are designed to reduce risk in its current and future operations, to promote sound environmental management and to create a proactive environmental program. To date, the Company has not incurred material costs in order to comply with recent environmental legislation, and does not believe that its compliance with such

requirements will have a material adverse effect on its competitive position, consolidated results of operations or cash flows. For a discussion of the effects of environmental regulation, see Section 2.2 “Risks related to the industry in which the Group operates—Compliance with or breach of environmental laws can be costly and/or expose the Group to liability and could limit the Group’s operations.” For certain material environmental claims pending against the Group, see Section 9.11 “Litigation and disputes.”

9.15Insurance

The Company has two main types of insurance coverage: (1) hull and machinery coverage for physical damage to the Company’s 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. The Company generally has no hull and machinery insurance coverage for damages caused by named storms in the U.S. Gulf of Mexico. The Company maintains per occurrence deductibles that generally range up to USD 10 million for various third-party liabilities and an additional aggregate annual deductible of USD 50 million, which is self-insured through the Company’s wholly-owned captive insurance company. The Company also retains the risk for any liability in excess of its USD 750 million excess liability coverage. However, pollution and environmental risks generally are not completely insurable. For a discussion of the risks of the Groups insurance coverage, see Section 2.1 Risks related to the business of the Group—The Group’s business involves numerous operating hazards, and the Group’s insurance and indemnities from its customers may not be adequate to cover potential losses from the Group’s operations.”

In addition, directors’ and officers’ (“D&O”) liability insurance is in force for the members of the Board of Directors and the management. The Company considers the Group to be adequately covered with regard to the nature of the business activities of the Group and the related risks in the context of available insurance offerings and premiums. The Management regularly reviews the adequacy of the insurance coverage. However, no assurance can be given that the Group will not incur any damages that are not covered by its insurance policies or that exceed the coverage limits of such insurance policies.

9.16Joint 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. The Group may or may not control these joint ventures. The Group is 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, the Group enters into agency or sponsorship agreements. At 30 September 2017, joint ventures in which the Group participated were as follows:

- The Group holds a 65% interest in ADDCL, a consolidated Cayman Islands joint venture company formed to own Discoverer Luanda, which operates in Angola. The Group’s local partner, Angco Cayman Limited, a Cayman Islands company, holds the remaining 35% interest in ADDCL. Angco Cayman Limited has 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.
- The Group holds a 24% direct interest and a 36% indirect interest in Indigo Drilling Limited (“Indigo”), a consolidated Nigerian joint venture company formed to engage in drilling operations offshore Nigeria. The Group’s local partners, Mr. Fidelis Oditah and Mr. Chima Ibeneche, each hold a 12.5% direct interest, and the Group’s other partners, Mr. Joseph Obi and Mr. Ben Osuno, together own a 15% indirect interest, in Indigo.

Additionally, the Group holds interests in certain joint venture companies in Angola, Indonesia, Malaysia, Nigeria and other countries that have been formed to perform certain management services and other onshore support services for the Group’s operations.

9.17Dependency on contracts, patents, licenses etc.

It is the Company's opinion that the Group's existing business or profitability is not dependent upon any material contracts, patents or licenses.

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10CAPITALIZATION AND INDEBTEDNESS

The information presented below should be read in conjunction with the other parts of this Prospectus, in particular Section 11 "Selected Financial and Other Information" and Section 12 "Operating and Financial Review," and the Financial Statements and Interim Financial Information and the notes related thereto, incorporated by reference in this Prospectus.

10.1Capitalization

The following table sets forth information derived from the Group's unaudited consolidated financial statements with respect to its capitalization as of 30 September 2017 on a historical basis and on an as adjusted basis to reflect the contemplated Combination as if it had been completed on 30 September 2017. The Group will account for the contemplated Combination using the acquisition method of accounting, pursuant to which it will record the consideration transferred, assets acquired and liabilities assumed at fair value, measured as of the acquisition date. The adjustments for the Songa Offshore acquisition are based on Songa Offshore's financial position and will change based on actual balances of the assets and liabilities outstanding as of the acquisition date.

(In USD million)	As of 30 September 2017 (unaudited)		Adjustments for the Songa Offshore acquisition (unaudited)	As adjusted (unaudited)
Indebtedness†				
Total current debt	799		1,771	2,570
Guaranteed	—		—	—
Secured	219		1,738	1,957
Unguaranteed/unsecured	580		33	613
Total non-current debt	6,501		515	7,016
Guaranteed	—		—	—
Secured	1,319		—	1,319
Unguaranteed/unsecured	5,182		515	5,697
Total indebtedness	7,300		2,286	9,586
Equity				
Share capital	37		7	44
Additional paid-in capital	11,020		1,059	12,079
Other reserve	—		—	—
Retained earnings	2,040		—	2,040
Noncontrolling interests	4		—	4
Total shareholders' equity	12,803	††	1,066	13,869
Total capitalization	21,103		3,352	23,455

† Carrying amount.

†† Please note that the equity components above do not sum to this total because the table does not include accumulated other comprehensive income, which is a component of equity.

Certain of the Company's wholly owned subsidiaries have issued notes that are secured by the assets and earnings of the subsidiary issuers, including the assets and earnings associated with the ultra deepwater floaters Deepwater Thalassa, Deepwater Proteus and Deepwater Conqueror and certain related assets.

Additionally, the Group has certain cash accounts and investments that were subject to restrictions due to collateral requirements, legislation, regulation or court order. At 30 September 2017, the carrying amount of such restricted cash accounts and investments was USD 503 million.

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The following adjustments have been made in the table above:

· Indebtedness: adjustment of USD 2.29 billion

oIncrease of USD 1.77 billion related to the assumption of Songa Offshore indebtedness, measured at fair value, as if the contemplated Combination were completed on 30 September 2017. Approximately USD 1.70 billion of such indebtedness includes change of control provisions, which provide for acceleration of the maturity, for which Songa Offshore, subject to certain conditions, has received waivers. Approximately USD 65 million of such indebtedness is expected to be repaid and retired in separate transactions following the completion of the contemplated Combination.

oIncrease of USD 515 million related to the estimated debt component resulting from the issuance of USD 857 million aggregate principal amount of the Exchangeable Bonds as if the contemplated Combination were completed on 30 September 2017. Approximately USD 576 million aggregate principal amount of such Exchangeable Bonds are expected to be issued in the Offer, assuming that (i) all outstanding SONG07 convertible bonds and Songa Offshore warrants are converted to and exercised for Songa Shares and tendered in the Offer, (ii) the acceleration of vesting and settlement of all restricted stock units issued under the Songa Offshore Long-Term Incentive Plan in Songa Shares that are subsequently tendered in the Offer, (iii) 100% of Songa Offshore shareholders accept the Offer and (iv) no Songa shareholder elects the Cash Election. Approximately USD 281 million aggregate principal amount of such Exchangeable Bonds are expected to be issued to purchase certain outstanding Songa Offshore indebtedness in connection with the Combination as described in Section 5.11 “Refinancing of certain Songa Offshore indebtedness.”

· Equity: adjustment of USD 1.07 billion

oIncrease of USD 738 million related to the issuance of 68.6 million Consideration Shares as if the contemplated Combination had been completed on 30 September 2017, assuming that (i) all outstanding SONG07 convertible bonds and Songa Offshore warrants are converted to and exercised for Songa Shares and tendered in the Offer, (ii) the acceleration of vesting and settlement of all restricted stock units issued under the Songa Offshore Long-Term Incentive Plan in Songa Shares that are subsequently tendered in the Offer, (iii) 100% of Songa Offshore shareholders accept the Offer and (iv) no Songa shareholder elects the Cash Election.

oIncrease of USD 328 million related to the estimated equity component resulting from the issuance of the Exchangeable Bonds as if the contemplated Combination were completed on 30 September 2017.

10.2Indebtedness

The following table sets forth information about the Group’s unaudited net indebtedness as of 30 September 2017 on a historical basis and on an as adjusted basis to reflect the contemplated Combination as if it had been completed on 30 September 2017. The Group will account for the contemplated Combination using the acquisition method of accounting, pursuant to which it will record the consideration transferred, assets acquired and liabilities assumed at fair value, measured as of the acquisition date. The adjustments for the Songa Offshore acquisition are based on Songa Offshore’s financial position and will change based on actual balances of the assets and liabilities outstanding as of the acquisition date.

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Net indebtedness†

(In USD million)	As of 30 September 2017 (unaudited)	Adjustments for the Songa Offshore acquisition (unaudited)	As adjusted (unaudited)
(A) Cash	484	81	565
(B) Cash equivalents	2,233	—	2,233
(C) Trading securities	—	—	—
(D) Liquidity (A)+(B)+(C)	2,717	81	2,798
(E) Current financial receivables	663	119	782
(F) Current bank debt	27	1,738	1,765
(G) Current portion of non-current debt	219	—	219
(H) Other current financial debt	553	33	586
(I) Current financial debt (F)+(G)+(H)	799	1,771	2,570
(J) Net current financial indebtedness (I)-(E)-(D)	(2,581)	1,571	(1,010)
(K) Non-current bank loans	—	—	—
(L) Bonds issued	5,983	515	6,498
(M) Other non-current loans	518	—	518
(N) Non-current financial indebtedness (K)+(L)+(M)	6,501	515	7,016
(O) Net financial indebtedness (J)+(N)	3,920	2,086	6,006

† Carrying amount.

The following adjustments have been made in the table above:

· Net current financial indebtedness: adjustment of USD 1.57 billion
oIncrease of USD 85 million related to acquisition of cash and cash equivalents, net of estimated transaction costs, as if the contemplated Combination were completed on 30 September 2017.

oIncrease of USD 119 million related to acquisition of Songa Offshore accounts receivable as if the contemplated Combination were completed on 30 September 2017.

oIncrease of USD 1.77 billion related to the assumption of Songa Offshore indebtedness, measured at estimated fair value, as if the contemplated Combination were completed on 30 September 2017. Approximately USD 1.70 billion of such indebtedness include change of control provisions, which provide for acceleration of the maturity, for which Songa Offshore, subject to certain conditions, has received waivers. Approximately USD 65 million of such indebtedness is expected to be repaid and retired in separate transactions following the completion of the contemplated transaction.

· Noncurrent financial indebtedness: adjustment of USD 515 million

oIncrease of USD 515 million related to the estimated debt component resulting from the issuance of the Exchangeable Bonds as if the contemplated Combination were completed on 30 September 2017.

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10.3Contingent and indirect indebtedness

As at 30 September 2017 and as at the date of the Prospectus, with the exception of the following, the Company did not have any material contingent or indirect indebtedness:

Macondo well incident

The Company recognized a liability for the remaining estimated loss contingencies associated with litigation resulting from the Macondo well incident (see Section 9.11.1 “Macondo well incident”) that the Company believes are probable and for which a reasonable estimate can be made. At 30 September 2017 and 31 December 2016, the liability for estimated loss contingencies that the Company believed were probable and for which a reasonable estimate could be made was USD 244 million and USD 250 million, respectively, recorded in other current liabilities. The remaining litigation could result in certain loss contingencies that the Company believes are reasonably possible. Although the Company has not recognized a liability for such loss contingencies, these contingencies could result in liabilities that the Company ultimately recognizes.

10.4Working capital statement

The Company is of the opinion that the working capital available to the Group is sufficient for the Group’s present requirements, for the period covering at least 12 months from the date of this Offer Document.

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11SELECTED FINANCIAL AND OTHER INFORMATION

11.1Introduction and basis for preparation

The following selected financial information for the Group should be read in conjunction with the information contained in Section 2 “Risk Factors,” Section 9 “Business of the Group,” and the audited consolidated financial statements and the notes thereto included under “Item 8. Financial Statements and Supplementary Data” of the Group’s annual report on Form 10 K for the year ended 31 December 2016 filed on 7 March 2017 and the unaudited condensed consolidated financial statements and the notes thereto included under “Item 1. Financial Information” of the Group’s quarterly report on Form 10-Q for the quarterly period ended 30 September 2017, which are incorporated by reference in this Prospectus.

The selected consolidated financial data for the Group set forth in this Section has been derived from the Company’s consolidated financial statements as of 31 December 2016 and 2015 and for each of the three years in the period ended 31 December 2016, and the Company’s condensed consolidated interim financial statements as of 30 September 2017 and for the three and nine months ended 30 September 2017 and 2016. The selected consolidated financial data set forth in this Section should be read in conjunction with the financial statements as incorporated by reference in this Prospectus. See Section 19.3 “Incorporation by reference.” The Group’s financial statements may also be inspected at the Company’s website: www.deepwater.com, or be obtained, free of charge, at the registered offices of the Company at Turmstrasse 30, 6300 Zug, Switzerland. Except as specifically incorporated by reference in this Prospectus, information contained in or otherwise accessible through this website is not part of this document.

The Company’s consolidated financial statements as of 31 December 2016 and 2015 and for each of the three years in the period ended 31 December 2016, and the Company’s condensed consolidated interim financial statements as of 30 September 2017 and for the three and nine months ended 30 September 2017 and 2016, have been prepared in accordance with U.S. GAAP.

The Group’s auditors are Ernst & Young LLP, at 1401 McKinney Street, Suite 1200 in Houston, Texas, 77010 (“EY Houston”) and Ernst & Young Ltd, Zurich, Switzerland (“EY Zurich”). EY Houston and its auditors are registered with the Public Company Accounting Oversight Board. EY Zurich is registered with the Swiss Federal Audit Oversight Authority. The consolidated financial statements as of 31 December 2016 and 2015 and the three years in the period ended 31 December 2016, 2015, and 2014, have been audited by EY Houston and EY Zurich. The condensed consolidated financial statements as of 30 September 2017 and for the three and nine month periods ended 30 September 2017 and 2016, are unaudited.

The Group’s consolidated balance sheet as of 31 December 2014 has not been included in the Prospectus. In 2016, Transocean discovered an error in its accounting for deferred income tax. This error was not material for any of the previously issued financial statements for the interim and annual periods, but due to the cumulative nature of the error, the correction of this error would have been material to the 2016 financial results. Under the applicable SEC guidance, such prior-year misstatements which, if corrected in the current year would be material to the current year, must be corrected by adjusting the prior-year financial statements. However, correcting prior-year financial statements for such immaterial misstatements does not require previously filed reports to be amended. In application of these requirements, Transocean presented the adjusted financials in the Note 4 (Correction of Errors in previously Reported Consolidated Financial Statements) of its 2016 form 10-K. In accordance with the standard, Transocean presented the adjusted consolidated statements of operations and comprehensive income (loss) for the year ended 31 December 2015 and 2014. However, under the standard, Transocean only had to present an adjusted balance sheet for the year ended 31 December 2015, and did not prepare and audit an adjusted balance sheet for the year ended 31 December 2014. In relation with the error, the Group identified a material weakness in its internal control over financial reporting under Section 404 of the Sarbanes-Oxley Act of 2002, as further described in Section 11.6 “Internal Controls

and Procedures."

The amounts from the financial statements are presented in U.S. dollars, rounded to the nearest million, unless otherwise stated.

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The selected consolidated financial data set forth below may not contain all of the information that is important to a potential purchaser of shares in the Company, and the data should be read in conjunction with the relevant consolidated financial statements and the notes to those statements.

11.2Summary of accounting policies

The consolidated financial statements have been prepared in accordance with U.S. GAAP. The U.S. GAAP principles have been applied consistently for 2014, 2015, 2016, and the nine-month period ending 30 September 2017. For further information on the Group's accounting policies, see Section 12.2.1 "Critical accounting policies and estimates." For a discussion of the Group's significant accounting policies, refer to the Notes to Consolidated Financial Statements—Note 2—Significant Accounting Policies in the Financial Statements and the Notes to Condensed Consolidated Financial Statements—Note 2—Significant Accounting Policies in the Interim Financial Statements incorporated by reference to this Prospectus. The Group's accounting policies and notes are incorporated by reference to this Prospectus (see Section 19.3 "Incorporation by reference").

11.3Consolidated historical financial information

11.3.1Selected data from consolidated statements of operations

The table below sets out selected data derived from the Group's audited consolidated statements of operations for the years ended 31 December 2016, 2015 and 2014 and the Group's unaudited condensed consolidated statements of operations for the nine months ended 30 September 2017 and 2016.

	Nine months ended 30 September		Years ended 31 December		
(In millions of U.S. dollars, except per share data)	2017	2016	2016	2015	2014
Operating revenues	$ 2,344	$ 3,187	$ 4,161	$ 7,386	$ 9,185
Operating income (loss)	(2,516)	816	1,132	1,365	(1,347)
Income (loss) from continuing operations	(2,995)	570	827	895	(1,880)
Net income (loss)	(2,995)	570	827	897	(1,900)
Net income (loss) attributable to controlling interest	(3,016)	535	778	865	(1,839)
Per share earnings (loss) from continuing operations					
Basic	$ (7.72)	$ 1.44	$ 2.08	$ 2.36	$ (5.02)
Diluted	$ (7.72)	$ 1.44	$ 2.08	$ 2.36	$ (5.02)

11.3.2Selected data from consolidated balance sheets

The table below sets out selected data derived from the Group's audited consolidated balance sheets as of 31 December 2016 and 2015 and the Group's unaudited condensed consolidated balance sheet as of 30 September 2017.

	As of 30 September	As of 31 December	
(In millions of U.S. dollars)	2017	2016	2015
Total assets	$ 22,441	$ 26,889	$ 26,431
Debt due within one year	799	724	1,093

Long-term debt	6,501	7,740	7,397
Total equity	12,803	15,805	15,000

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11.3.3Selected data from consolidated statements of cash flows

The table below sets out selected data derived from the Group's audited consolidated statements of cash flows for the years ended 31 December 2016, 2015 and 2014, and the Group's unaudited condensed consolidated statements of cash flows for the nine months ended 30 September 2017 and 2016.

	Nine months ended 30 September		Years ended 31 December		
(In millions of U.S. dollars, except per share data)	2017	2016	2016	2015	2014
Cash provided by operating activities	$ 887	$ 1,278	$ 1,911	$ 3,445	$ 2,220
Cash used in investing activities	(46)	(1,056)	(1,313)	(1,932)	(1,828)
Cash provided by (used in) financing activities	(1,176)	(27)	115	(1,809)	(1,000)
Capital expenditures	386	1,072	1,344	2,001	2,165
Distributions of qualifying additional paid-in capital	—	—	—	381	1,018
Per share distributions of qualifying additional paid-in capital	$ —	$ —	$ —	$ 1.05	$ 2.81

11.4Segment and geographic information

The Group operates in a single, global market for the provision of contract drilling services to its customers. The location of the Group's rigs and the allocation of its resources to operate, build or upgrade rigs are determined by the activities and needs of its customers.

The following table presents the geographic areas in which the Group's operating revenues were earned (presented in millions of U.S. dollars) for the years ended 31 December 2016, 2015 and 2014.

	Years ended 31 December		
	2016	2015	2014
Operating revenues			
U.S.	$ 1,977	$ 2,416	$ 2,410
U.K.	551	1,139	1,194
Brazil	453	673	651
Norway	214	650	1,036
Other countries (a)	966	2,508	3,894
Total operating revenues	$ 4,161	$ 7,386	$ 9,185

(a) Other countries represent countries in which the Group operates that individually had operating revenues representing less than 10% of total operating revenues earned.

The following table presents the geographic areas in which the Group's long-lived assets were located (presented in millions of U.S. dollars) as of 31 December 2016 and 2015.

	31 December	
	2016	2015
Long-lived assets		

U.S.	$ 6,181	$ 7,451
Trinidad	3,977	1,766
Korea	1,459	2,048
Other countries (a)	9,476	9,544
Total long-lived assets	$ 21,093	$ 20,809

(a) Other countries represents countries in which the Group operates that individually had long-lived assets representing less than 10% of total long-lived assets.

As further discussed in Section 9.5 and 12.1, the Group specializes in technically demanding regions of the offshore drilling business with a particular focus on ultra-deepwater and harsh environment drilling services. This covers North Europe, North America, South America, Africa, Asia and the Pacific. The above table shows the regions in which the Group is predominantly present today, but all of the above markets are of importance for the Group.

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11.5Auditor

The Group's auditors are EY Houston and EY Zurich. EY Houston and its auditors are registered with the Public Company Accounting Oversight Board. EY Zurich is registered with the Swiss Federal Audit Oversight Authority.

EY Houston and EY Zurich have audited the historical financial information for the years 2016, 2015 and 2014.

In its latest audit report, EY Houston stated that the Company's management had identified a material weakness in the controls related to the Company's income tax process and, because of the effect of this material weakness, the Company and its subsidiaries had not maintained effective internal control over financial reporting as of 31 December 2016, based on the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework). The identification of this material weakness and related remedial actions is described in Section 11.6 "Internal Controls and Procedures." Neither EY Houston nor EY Zurich have audited, reviewed or produced any report on any other information provided in this Prospectus.

11.6Internal Controls and Procedures

In the course of the external audit of the Company's consolidated financial statements for the year ended 31 December 2016, and of its related control over financial reporting, errors resulting from the deficient controls described below were identified for which correction of the cumulative error would have been material to the 2016 financial statements, but which was not material to any of the Company's previously issued consolidated financial statements. The errors did not result in a material misstatement in the Company's prior financial statements, and therefore did not require its previously filed reports to be amended. However, as a result of the significance of the cumulative accounting errors resulting from the deficient controls, the Company revised its financial statements for 2014 and 2015, and the interim financial statements in 2016 and 2015. The corrections of prior year financial statements for 2014 and 2015 are included in the Company's consolidated financial statements for the year ended 31 December 2016, which are incorporated by reference into this Offer Document.

In connection with the errors, the Company evaluated the deficiencies in its internal controls over financial reporting and determined its internal control over financial reporting as of 31 December 2016, was not effective due to a material weakness in its controls over income tax accounting. Specifically, the execution of the controls over the application of the accounting literature to the measurement of deferred taxes did not operate effectively in relation to: (1) the remeasurement of certain nonmonetary assets in Norway, (2) the analysis of the Company's U.S. defined benefit pension plans and effect on other comprehensive income and (3) the assessment of the realizability of the Company's deferred tax assets, and the need for valuation allowances. The matters were discovered during the course of the Company's 2016 external audit of the accounts and related controls.

Notwithstanding the material weakness described above, and after having performed additional procedures, the Company's management concluded that the Financial Statements and the Interim Financial Statement incorporated by reference into this Offer Document fairly present, in all material respects, the Company's financial position, results of operations and cash flows for all periods and dates presented.

The Company's management is committed to the planning and implementation of remediation efforts to address this material weakness. These remediation efforts, summarized below, which are either implemented or in process, are intended to both address the identified material weakness and to enhance the Company's overall financial control environment. In this regard, the Company's initiatives include:

- add additional personnel and resources with the appropriate level of tax accounting experience;
- invest in additional technical tax accounting training; and

- enhance integration and documentation standards within and between tax and other key departments.

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The Company is in the process of remediating this material weakness by executing upon the above actions. The Company's management believes the ongoing efforts will effectively remediate the material weakness. The actions that the Company is taking are subject to ongoing senior management review, as well as oversight by the audit committee of the Board of Directors (the "Audit Committee"). As the Company continues to monitor the effectiveness of its internal control over financial reporting in the area affected by the material weakness, the Company is performing additional procedures, including the use of manual mitigating control procedures, where necessary, and has employed any additional resources deemed necessary to provide assurance that its financial statements continue to be fairly stated in all material respects. As the Company continues to evaluate and work to improve its internal control over financial reporting, the Company's management may execute additional measures to address potential control deficiencies or modify the remediation plan described above. The Company's management will continue to review and make necessary changes to the overall design of the Company's internal controls.

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12OPERATING AND FINANCIAL REVIEW

This operating and financial review should be read together with Section 11 “Selected Financial and Other Information” and the Financial Statements and Interim Financial Statements and related notes incorporated by reference into this Prospectus. See Section 19.3 “Incorporation by reference.” This operating and financial review contains forward-looking statements. These forward-looking statements are not historical facts, but are based on the Group’s current expectations, estimates, assumptions and projections about the Group’s industry, business and future financial results. Actual results could differ materially from the results contemplated by these forward-looking statements because of a number of factors, including those discussed in Section 2 “Risk Factors” and Section 4.3 “Cautionary note regarding forward-looking statements,” as well as other Sections of this Prospectus.

12.1Business

The Group is a leading international provider of offshore contract drilling services for oil and gas wells.10 As of 30 November 2017, the Group’s offshore drilling fleet consists of 26 ultra-deepwater floaters, seven harsh environment floaters, two deepwater floaters and four midwater floaters. As of 30 November 2017, the Company also had three ultra-deepwater drillships under construction or under contract to be constructed. The Company also operates two high-specification jackups that were under drilling contracts when the rigs were sold, and the Company will continue to operate these jackups until completion or novation of their respective drilling contracts. For further information on the Group’s operations, see Section 9 “Business of the Group.”

12.2Basis for preparation of financial information

12.2.1Critical accounting policies and estimates

The Company considers the following to be its critical accounting policies and estimates since they are very important to the portrayal of the Company’s financial condition and results, requiring its most subjective and complex judgments. The Company has discussed the development, selection and disclosure of such policies and estimates with the Audit Committee. For a discussion of the Group’s significant accounting policies, refer to the Notes to Consolidated Financial Statements—Note 2—Significant Accounting Policies in the Financial Statements and the Notes to Condensed Consolidated Financial Statements—Note 2—Significant Accounting Policies in the Interim Financial Statements incorporated by reference to this Prospectus.

The Company prepares its consolidated financial statements in accordance with U.S. GAAP, which requires the Company to make estimates that affect the reported amounts of assets, liabilities, revenues, expenses and related disclosures of contingent assets and liabilities. These estimates require significant judgments and assumptions. The Company bases its estimates on historical experience and on various other assumptions that its believes 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.

Income taxes—The Company is a Swiss corporation, operating through various subsidiaries in a number of countries throughout the world. The Company provides for income taxes based upon the tax laws and rates in the countries in which it operates and earns income. The relationship between the provision for or benefit from income taxes and income or loss before income taxes can vary significantly from period to period because the countries in which the Company operates have taxation regimes that vary with respect to the nominal tax rate and the availability of deductions, credits and other benefits. Generally, the Company’s annual marginal tax rate is lower than its annual effective tax rate. Consequently, the Company’s income tax expense does not change proportionally with its income before income taxes. Variations also arise when income earned and taxed in a particular country or countries fluctuates from year to year.

10 Source: the Company.

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The Company's annual tax provision is based on expected taxable income, statutory rates and tax planning opportunities available to it in the various jurisdictions in which it operates. The determination of the Company's annual tax provision and evaluation of its 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. The Company's tax liability in any given year could be affected by changes in tax laws, regulations, agreements, and treaties, currency exchange restrictions or its level of operations or profitability in each jurisdiction. Additionally, the Company operates in many jurisdictions where the tax laws relating to the offshore drilling industry are not well developed. Although the Company's annual tax provision is based on the best information available at the time, a number of years may elapse before the tax liabilities in the various jurisdictions are ultimately determined.

The Company maintains liabilities for estimated tax exposures in its jurisdictions of operation, and the provisions and benefits resulting from changes to those liabilities are included in its 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 the Company to revise past estimates. At 31 December 2016, the liability for estimated tax exposures in the Company's jurisdictions of operation was approximately USD 370 million.

The Company is currently undergoing examinations in a number of taxing jurisdictions for various fiscal years. The Company reviews its liabilities on an ongoing basis and, to the extent audits or other events cause it to adjust the liabilities accrued in prior periods, the Company recognizes those adjustments in the period of the event. The Company does not believe it is possible to reasonably estimate the future impact of changes to the assumptions and estimates related to the Company's annual tax provision because changes to its 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.

The Company does not provide for taxes on unremitted earnings of subsidiaries when it considers such earnings to be indefinitely reinvested. The Company recognizes deferred taxes related to the earnings of certain subsidiaries that it does not consider to be indefinitely reinvested or that will not be permanently reinvested in the future. If facts and circumstances cause the Company to change its expectations regarding future tax consequences, the resulting adjustments to the Company's deferred tax balances could have a material effect on its consolidated statement of financial position, results of operations or cash flows. At 31 December 2016, the amount of indefinitely reinvested earnings was approximately USD 2.5 billion. Should the Company make a distribution from the unremitted earnings of these subsidiaries, the Company could be subject to taxes payable to various jurisdictions. The Company estimates taxes in the range of USD 200 million to USD 250 million would be payable upon distribution of all previously unremitted earnings at 31 December 2016.

Estimates, judgments and assumptions are required in determining whether deferred tax assets will be fully or partially realized. In evaluating the ability to realize deferred tax assets, the Company considers all available positive and negative evidence, including projected future taxable income and the existence of cumulative losses in recent years. 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, the Company establishes a valuation allowance for the amount of the deferred tax assets that is considered to be unrealizable. The Company continually evaluates strategies that could allow for the future utilization of its deferred tax assets. During the year ended 31 December 2016, in evaluating its projected realizability of deferred tax assets, the Company took into account plans to

combine certain subsidiaries. During the year ended 31 December 2015, in evaluating its future realization of deferred tax assets, the Company took into account plans to centralize ownership of certain rigs among its subsidiaries, which resulted in utilization of additional deferred tax assets against income from operations. During the year ended 31 December 2014, the Company did not make any significant changes to its valuation allowance against deferred tax assets.

See Note 7 to the Financial Statements incorporated by reference to this Prospectus.

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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. At 31 December 2016 and 2015, the carrying amount of the Company's property and equipment was USD 21.1 billion and USD 20.8 billion, representing 78% and 79%, respectively, of the Company's total assets.

Capitalized costs—The Company capitalizes costs incurred to enhance, improve and extend the useful lives of its property and equipment and expense costs incurred to repair and maintain the existing condition of its rigs. For newbuild construction projects, the Company also capitalizes the initial preparation, mobilization and commissioning costs incurred until the drilling unit is placed into service. Capitalized costs increase the carrying amounts and depreciation expense of the related assets, which also impact the Company's results of operations.

Useful lives and salvage values—The Company depreciates its assets using the straight-line method over their estimated useful lives after allowing for salvage values. The Company estimates useful lives and salvage values by applying judgments and assumptions that reflect both historical experience and expectations regarding future operations, rig utilization and asset performance. Useful lives and salvage values 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 and salvage values would likely result in materially different net carrying amounts and depreciation expense for the Company's assets. The Company reevaluates the remaining useful lives and salvage values of its rigs when certain events occur that directly impact the useful lives and salvage values of the rigs, including changes in operating condition, functional capability and market and economic factors. When evaluating the remaining useful lives of rigs, the Company also considers major capital upgrades required to perform certain contracts and the long-term impact of those upgrades on future marketability. At 31 December 2016, a hypothetical one-year increase in the useful lives of all of the Company's rigs would cause a decrease in the Company's annual depreciation expense of approximately USD 49 million and a hypothetical one-year decrease would cause an increase in the Company's annual depreciation expense of approximately USD 53 million.

Long-lived asset impairment—The Company reviews its property and equipment for impairment when events or changes in circumstances indicate that the carrying amounts of its 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 day rates or utilization, cancellations of contracts or credit concerns of multiple customers. During periods of oversupply, the Company may idle or stack rigs for extended periods of time or it may elect to sell certain rigs for scrap, which could be an indication that an asset group may be impaired since supply and demand are the key drivers of rig utilization and the Company's ability to contract its rigs at economical rates. The Company's rigs are mobile units, equipped to operate in geographic regions throughout the world and, consequently, the Company 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 the Company's contracts generally allow the Company's customers to relocate its rigs from one geographic region to another, subject to certain conditions, and the Company's customers utilize this capability to meet their worldwide drilling requirements. Accordingly, the Company's rigs are considered to be interchangeable within classes or asset groups, and the Company evaluates impairment by asset group. The Company considers its asset groups to be ultra-deepwater floaters, harsh environment floaters, deepwater floaters and midwater floaters.

The Company assesses 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, the Company recognizes an impairment loss, measured as the amount by which the carrying amount of the asset group exceeds its estimated fair value. To estimate the fair value of each asset group, the Company applies a variety of valuation methods, incorporating income, market and cost approaches. The Company may weigh the approaches, under certain

circumstances, when relevant data is limited, when results are inconclusive or when results deviate significantly. The Company's estimate of fair value generally requires it to use significant unobservable inputs, representative of a Level 3 fair value measurement, including assumptions related to the long-term future performance of the Company's asset groups, such as projected revenues and costs, day rates, rig utilization and revenue efficiency. These projections involve uncertainties that rely on assumptions about demand for the Company's services, future market conditions and technological developments. Because the Company's business is cyclical in nature, the results of its impairment testing are expected to vary significantly depending

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on the timing of the assessment relative to the business cycle. Altering either the timing of or the assumptions used to estimate fair value and significant unanticipated changes to the 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.

In the year ended 31 December 2016, the Company recognized a loss of USD 52 million, which had no tax effect, associated with the impairment of the deepwater floater asset group. In the year ended 31 December 2015, the Company recognized losses of USD 507 million (USD 481 million, net of tax) and USD 668 million (USD 654 million, net of tax) associated with the impairment of the deepwater floater asset group and the midwater floater asset group, respectively. In the year ended 31 December 2014, the Company recognized a loss of USD 788 million (USD 693 million, net of tax) associated with the impairment of the deepwater floater asset group.

See Note 6 to the Financial Statements incorporated by reference to this Prospectus.

Revenue recognition—The Company's contracts to provide offshore drilling services are individually negotiated and vary in their terms and provisions. The Company obtains most of its drilling contracts through competitive bidding against other contractors and direct negotiations with operators. Drilling contracts generally provide for payment on a day rate 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 the Company's control. A day rate 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. The Company recognizes operating revenues as they are realized and earned and can be reasonably measured, based on contractual day rates, and when collectability is reasonably assured. For contractual daily rate contracts, the Company recognizes the losses for loss contracts as such losses are incurred.

Certain of the Company's drilling contracts may be cancelled for the convenience of the customer upon payment of an early termination payment. The Company recognizes revenues, presented in other revenues, associated with cancellations or early terminations over the period in which the Company satisfies its performance obligations based on the negotiated or contractual terms, which are typically specific to the contractual arrangement. In the years ended 31 December 2016 and 2015, the Company recognized revenues of USD 471 million and USD 505 million, respectively, associated with cancellations and early terminations.

Contingencies—The Company performs assessments of its contingencies on an ongoing basis to evaluate the appropriateness of its liabilities and disclosures for such contingencies. The Company establishes liabilities for estimated loss contingencies when it believes a loss is probable and the amount of the probable loss can be reasonably estimated. The Company recognizes corresponding assets for loss contingencies that it believes are probable of being recovered through insurance. Once established, the Company adjusts the carrying amount of a contingent liability upon the occurrence of a recognizable event when facts and circumstances change, altering its previous assumptions with respect to the likelihood or amount of loss. The Company recognizes liabilities for legal costs as they are incurred, and the Company recognizes a corresponding asset for those legal costs only if it expects such legal costs to be recovered through insurance. The Company's estimates involve a significant amount of judgement. Actual results may differ from the Company's estimates.

The Company has recognized a liability for estimated loss contingencies associated with litigation and investigations resulting from the Macondo well incident that it believes are probable and for which a reasonable estimate can be made. The litigation and investigations also give rise to certain loss contingencies that it believes are reasonably possible. Although the Company has not recognized a liability for such loss contingencies, these contingencies could increase the liabilities the Company ultimately recognizes. As of 31 December 2016 and 2015, the liability for

estimated loss contingencies that the Company believes are probable and for which a reasonable estimate can be made was USD 250 million, recorded in other current liabilities.

See Note 13 to the Financial Statements incorporated by reference to this Prospectus.

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Pension and other postretirement benefits—The Company uses a 1 January measurement date for net periodic benefit costs and a 31 December measurement date for projected benefit obligations and plan assets. The Company measures its 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, the Company recognizes 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% of the greater of plan assets or plan liabilities, the Company amortizes 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 the Company's future pension obligations and net periodic benefit costs.

Additionally, the pension obligations and related net periodic benefit costs for the Company's defined benefit pension and other postretirement benefit plans are actuarially determined and are affected by assumptions, including long-term rate of return, discount rates, mortality rates and employee turnover rates. Because the Company's defined benefit plans have ceased accruing benefits, certain assumptions, including compensation increases and health care cost trend rates no longer apply. The two most critical assumptions are the long-term rate of return and the discount rate. For the long-term rate of return of plan assets, the Company develops its assumptions based on historical experience and projected returns for the investments considering each plan's target asset allocation and long-term asset class expected returns. For the discount rate, the Company develops its assumptions utilizing a yield curve approach based on Aa-rated corporate bonds and the expected timing of future benefit payments. The Company periodically evaluates its assumptions and, when appropriate, adjusts the recorded liabilities and expense. Changes in these and other assumptions used in the actuarial computations could impact the Company's projected benefit obligations, pension liabilities, net periodic benefit costs and other comprehensive income.

See Note 12 to the Financial Statements incorporated by reference to this Prospectus.

12.2.2New and amended accounting standards

For a discussion of the new accounting pronouncements that have had or are expected to have an effect on the Company's consolidated financial statements, see Note 3 to the Financial Statements incorporated by reference to this Prospectus.

12.3Significant factors affecting the Group's results of operation and financial performance

The Group's results of operations have been, and will continue to be, affected by a range of factors, many of which are beyond the Group's control. The key factors that Management believes have had a material effect on the Group's results of operations during the periods under review, as well as those considered likely to have a material effect on its results of operations in the future, are described below.

Business combination—On 13 August 2017, Transocean entered into the Transaction Agreement with Songa Offshore pursuant to which it will offer to acquire all of the issued and outstanding shares of Songa Offshore, subject to certain conditions, through the Offer. As of the date of this Prospectus, Songa Offshore owned and operated seven mobile offshore drillings units, including four harsh environment floaters and three midwater floaters.

Transocean Partners—On 9 December 2016, Transocean Partners LLC completed a merger with one of the Company's subsidiaries as contemplated under the Agreement and Plan of Merger, dated 31 July 2016 and as amended on 21 November 2016. Following the completion of the merger, Transocean Partners LLC became a wholly owned indirect subsidiary of the Company. Each Transocean Partners LLC common unit that was issued and outstanding

immediately prior to the closing, other than the units held by the Company and its subsidiaries, was converted into the right to receive 1.20 of the Company's shares. To complete the merger, the Company issued 23.8 million shares from conditional capital.

Dispositions—On 31 May 2017, the Company completed the sale of 10 high-specification jackups and novated the contracts relating to the construction of five high-specification jackups, together with related assets. In the nine months

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ended 30 September 2017, as a result of the transaction, the Company received aggregate net cash proceeds of USD 319 million and recognized an aggregate net loss of USD 1.6 billion associated with the disposal of these assets.

During the year ended 31 December 2016, the Company completed the sale for scrap value of three deepwater floaters and eight midwater floaters, along with related assets, for which the Company received net cash proceeds of USD 22 million, and recognized an aggregate net gain of USD 13 million.

Impairments— During the nine months ended 30 September 2017, the Company recognized a loss of USD 1.4 billion associated with the impairment of five ultra deepwater floaters, one deepwater floater and two midwater floaters, along with related assets, which were classified as held for sale at the time of impairment.

During the three months ended 30 June 2017, the Company identified indicators that the asset groups in its contract drilling services reporting unit may not be recoverable. Such indicators included recent significant declines in commodity prices and the market value of the Company's stock, a reduction of projected dayrates and a further extension of currently low utilization rates. As a result of the Company's testing, the Company determined that the carrying amount of the midwater floater asset group was impaired. In the nine months ended 30 September 2017, the Company recognized a loss of USD 94 million, which had no tax effect, associated with the impairment of the midwater floater asset group.

During the year ended 31 December 2016, the Company identified indicators that the asset groups in its contract drilling services reporting unit may not be recoverable. Such indicators included a reduction of projected dayrates and an extension to the currently low utilization rates. In the year ended 31 December 2016, as a result of impairment testing, the Company determined that its deepwater asset group was impaired, and the Company recognized a loss of USD 52 million, which had no tax effect, associated with the impairment of these held and used assets. In the year ended 31 December 2016, the Company committed to a plan to sell for scrap value three deepwater floaters and eight midwater floaters, along with assets. As a result, the Company recognized an aggregate loss of USD 41 million (USD 39 million, net of tax), associated with the impairment of these held for sale assets.

Debt issuance— On 17 October 2017, the Company completed an offering of an aggregate principal amount of USD 750 million of 7.50% senior unsecured notes due January 2026, and received aggregate cash proceeds of USD 742 million, net of issue costs. The Company intends to use the majority of the net proceeds from the debt offering to repay or redeem certain maturing debt.

On 5 May 2017, the Company's wholly owned subsidiary completed an offering of an aggregate principal amount of USD 410 million of 5.52% Senior Secured Notes due May 2022, and the Company's subsidiary received aggregate cash proceeds of USD 403 million, net of issue costs.

On 21 July 2016, the Company completed an offering of an aggregate principal amount of USD 1.25 billion of 9.00% senior unsecured notes due 15 July 2023, and the Company received aggregate cash proceeds of USD 1.21 billion, net of initial discount and costs payable by the Company. On 19 October 2016, the Company completed an offering of an aggregate principal amount of USD 600 million of 7.75% senior secured notes due 15 October 2024, and the Company received aggregate cash proceeds of USD 583 million, net of initial discount and costs payable by the Company. On 8 December 2016, the Company completed an offering of an aggregate principal amount of USD 625 million of 6.25% senior secured notes due 1 December 2024, and the Company received aggregate cash proceeds of USD 609 million, net of initial discount and costs payable by the Company.

Debt retirements—On 11 July 2017, the Company completed cash offers to purchase (the "2017 Debt Tender Offers") up to USD 1.5 billion aggregate principal amount of certain of the Company's debt securities (the "2017 Tendered Notes"). The Company received valid tenders from holders of USD 1.2 billion aggregate principal amount of the 2017

Tendered Notes. As a result, the Company made an aggregate cash payment of USD 1.3 billion and recognized or expect to recognize an aggregate net loss of USD 48 million associated with the retirement of such debt, validly tendered on or before the expiration date of the 2017 Debt Tender Offers.

During the nine months ended 30 September 2017, the Company completed transactions to repurchase in the open market an aggregate principal amount of USD 147 million of the Company's debt securities for an aggregate cash payment of

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USD 147 million. As a result, in the nine months ended 30 September 2017, the Company recognized an aggregate net loss of USD 1 million associated with the retirement of such repurchased debt.

During the year ended 31 December 2016, the Company completed transactions to repurchase in the open market an aggregate principal amount of USD 399 million of the Company's debt securities for an aggregate cash payment of USD 354 million. As a result, the Company recognized an aggregate gain of USD 44 million associated with the retirement of debt.

On 1 August 2016, the Company completed a tender offer (the "2016 Debt Tender Offers") to purchase for cash up to USD 1.0 billion aggregate principal amount of certain of the Company's outstanding senior notes (collectively, the "2016 Tendered Notes"). In connection with the 2016 Debt Tender Offers, the Company received valid tenders from holders of an aggregate principal amount of USD 981 million of the 2016 Tendered Notes, and the Company made an aggregate cash payment of USD 876 million to settle the 2016 Tendered Notes. In the year ended 31 December 2016, as a result of the retirement of the 2016 Tendered Notes, the Company recognized an aggregate gain of USD 104 million associated with the retirement of debt.

Fleet expansion— In October 2017, the Company completed construction of and placed into service the ultra deepwater floater Deepwater Pontus. During the year ended 31 December 2016, the Company completed construction of and placed into service the ultra-deepwater floaters Deepwater Thalassa, Deepwater Proteus and Deepwater Conqueror.

Drilling contract terminations—As a result of recent market conditions, the Company has observed an unprecedented level of early drilling contract terminations in the contract drilling industry. In September 2017, the Company received notice from one of its customers that it elected to exercise its contractual option to terminate the drilling contract for the ultra deepwater drillship Discoverer Clear Leader, effective November 2017, prior to its previously agreed expiration in October 2018. As a result of the early termination, the Company expects to receive approximately USD 148 million in termination fees. In the year ended 31 December 2016, the Company recognized revenues of USD 471 million and received aggregate cash proceeds of USD 453 million associated with early terminated or cancelled drilling contracts.

Markets for the Company's shares—The Company's shares are listed on the NYSE under the ticker symbol "RIG" and were previously listed on the SIX Swiss Exchange ("SIX") under the symbol "RIGN." Effective 31 March 2016, at the Company's request, the shares were delisted from the SIX.

Par value reduction—On 29 October 2015, at the Company's extraordinary general meeting, the Company's shareholders approved the reduction of the par value of each of the Company's shares to CHF 0.10 from the original par value of CHF 15.00. The reduction of the par value became effective as of 7 January 2016 upon registration in the commercial register.

12.4Performance and other key indicators

12.4.1Contract backlog

Contract backlog is defined as the maximum contractual operating day rate 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 the Company's contract drilling revenues. Average contractual day rate relative to the Company's contract backlog is defined as the maximum contractual operating day rate 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 day rate during the firm contract period after commencement of operations.

The contract backlog represents the maximum contract drilling revenues that can be earned considering the contractual operating day rate in effect during the firm contract period and represents the basis for the maximum revenues in the Company's revenue efficiency measurement. To determine maximum revenues for purposes of calculating revenue efficiency, however, the Company includes the revenues earned for mobilization, demobilization and contract preparation, other incentive provisions or cost escalation provisions which are excluded from the amounts presented for contract backlog.

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The Company's contract backlog includes only firm commitments, which are represented by signed drilling contracts or, in some cases, by other definitive agreements awaiting contract execution. The Company's contract backlog includes amounts associated with the Company's newbuild units that are currently under construction. The contractual operating day rate may be higher than the actual day rate the Company ultimately receives or an alternative contractual day rate, such as a waiting-on-weather rate, repair rate, standby rate or force majeure rate, may apply under certain circumstances. The contractual operating day rate may also be higher than the actual day rate the Company ultimately receives because of a number of factors, including rig downtime or suspension of operations. In certain contracts, the day rate may be reduced to zero if, for example, repairs extend beyond a stated period of time.

In September 2017, one of the Company's customers notified the Company of its election to early terminate the drilling contract for the ultra deepwater drillship Discoverer Clear Leader, effective November 2017, prior to its expiration in October 2018. The Company's contract backlog for ultra deepwater floaters presented as of 26 October 2017, reflects a reduction of approximately USD 206 million of backlog related to the early termination of this contract.

In December 2016, a subsidiary of Chevron issued a notice of early termination of the drilling contract for Deepwater Asgard, effective 3 February 2017. In January 2017, Chevron adjusted the termination date to be 13 January 2017. As a result of the termination, the Company's contract backlog for ultra-deepwater floaters reflects a reduction of approximately USD 110 million to remove the backlog related to this contract. During the year ended 31 December 2016, the Company's customers early terminated or cancelled drilling contracts for Deepwater Champion, Deepwater Millennium, Discoverer Deep Seas, Discoverer India, GSF Constellation II, GSF Development Driller I and Transocean John Shaw.

On 31 May 2017, the Company completed the sale of 10 high-specification jackups and novated the contracts relating to the construction of five high-specification jackups, together with related assets. At 26 October 2017, the contract backlog for the high-specification jackups represents the contract backlog associated with the two high-specification jackups that the Company continues to operate following the sale.

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 day rates than the full contractual operating day rate. 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 the Company's customers under certain circumstances.

12.4.2Average daily revenue

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 day rate during the firm contract period after commencement of operations. The Company's average daily revenue fluctuates relative to market conditions and the Company's revenue efficiency. The average daily revenue may also be affected by revenues for lump sum bonuses or demobilization fees received from the Company's customers. The Company's total fleet average daily revenue is also affected by the mix of rig classes being operated, as deepwater floaters, midwater floaters and high-specification jackups are typically contracted at lower day rates compared to ultra-deepwater floaters and harsh environment floaters. The Company includes newbuilds in the calculation when the rigs commence operations upon acceptance by the customer. The Company removes rigs from the calculation upon disposal or classification as held for sale, except when the Company continues to operate rigs subsequent to sale, as the Company does with two of the high-specification jackups sold in May 2017.

12.4.3Revenue efficiency

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. The Company's revenue efficiency rate varies due to revenues earned under alternative contractual day rates, such as a waiting-on-weather rate, repair rate, standby rate, force majeure rate or zero rate, that may apply under certain circumstances. The Company includes newbuilds in the calculation when the rigs commence operations upon

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acceptance by the customer. The Company excludes rigs that are not operating under contract, such as those that are stacked.

12.4.4Rig utilization

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. The Company's 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. The Company includes newbuilds in the calculation when the rigs commence operations upon acceptance by the customer. The Company removes rigs from the calculation upon disposal, classification as held for sale or classification as discontinued operations. Accordingly, the Company's rig utilization can increase when idle or stacked units are removed from the Company's drilling fleet.

12.5Consolidated results of operations

The following information should be read in conjunction with the information contained in Section 2 "Risk Factors," Section 9 "Business of the Group" and the audited consolidated financial statements and the notes thereto included under "Item 8. Financial Statements and Supplementary Data" of the Group's annual report on Form 10 K for the year ended 31 December 2016 filed on 7 March 2017 and the unaudited condensed consolidated financial statements and the notes thereto included under "Item 1. Financial Information" of the Group's quarterly report on Form 10-Q for the quarterly period ended 30 September 2017, which are incorporated by reference in this Prospectus.

12.5.1Nine month period ended 30 September 2017 compared to the nine month period ended 30 September 2016

The following is an analysis of the Company's operating results. See Section 12.4 "Performance and other key indicators" for definitions of operating days, average daily revenue, revenue efficiency and rig utilization.

	Nine months ended 30 September				
	2017 (unaudited)	2016 (unaudited)	Change	% Change	
	(In millions, except day amounts and percentages)				
Operating days	6,513	8,042	(1,529)	(19)	%
Average daily revenue	$ 328,800	$ 360,700	$ (31,900)	(9)	%
Revenue efficiency	97 %	98 %			
Rig utilization	46 %	49 %			
Contract drilling revenues	$ 2,142	$ 2,912	$ (770)	(26)	%
Other revenues	202	275	(73)	(27)	%
	2,344	3,187	(843)	(26)	%
Operating and maintenance expense	(999)	(1,561)	562	36	%
Depreciation expense	(648)	(667)	19	3	%
General and administrative expense	(113)	(125)	12	10	%
Loss on impairment	(1,498)	(26)	(1,472)	nm	
Gain (loss) on disposal of assets, net	(1,602)	8	(1,610)	nm	
Operating income (loss)	(2,516)	816	(3,332)	nm	
Other income (expense), net					
Interest income	34	15	19	nm	

Interest expense, net of amounts capitalized	(368)	(296)	(72)	(24)	%
Gain (loss) on retirement of debt	(49)	148	(197)	nm	
Other, net	7	9	(2)	(22)	%
Income (loss) before income tax expense	(2,892)	692	(3,584)	nm	
Income tax expense	(103)	(122)	19	16	%
Net income (loss)	$ (2,995)	$ 570	$ (3,565)	nm	

"nm" means not meaningful.

Operating revenues—Contract drilling revenues decreased for the nine months ended 30 September 2017, compared to the nine months ended 30 September 2016, primarily due to the following: (a) approximately USD 440 million resulting

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from additional rigs idle or stacked, (b) approximately USD 395 million resulting from rigs sold or classified as held for sale and (c) approximately USD 195 million resulting from lower dayrates. These decreases were partially offset by increased revenues as follows: (a) approximately USD 235 million resulting from the Company's three newbuild ultra deepwater drillships that commenced operations during the year ended 31 December 2016, and (b) approximately USD 40 million resulting from rigs reactivated since 1 January 2016.

Other revenues decreased for the nine months ended 30 September 2017, compared to the nine months ended 30 September 2016, due to the recognition of USD 138 million resulting from drilling contracts early terminated or cancelled by the Company's customers and approximately USD 21 million resulting from reimbursable items. These decreases were partially offset by the recognition of USD 87 million of revenues awarded to the Company in connection with a drilling contract terminated by a customer in the year ended 31 December 2015.

Costs and expenses—Operating and maintenance costs and expenses decreased for the nine months ended 30 September 2017, compared to the nine months ended 30 September 2016, primarily due to the following: (a) approximately USD 230 million resulting from rigs sold or classified as held for sale, (b) approximately USD 225 million resulting from a greater number of rigs idle or stacked, (c) approximately USD 85 million resulting from reduced onshore costs and (d) approximately USD 80 million resulting from reduced offshore costs. These decreases were partially offset by approximately USD 55 million of increased costs resulting from the Company's three newbuild ultra deepwater drillships that commenced operations in the year ended 31 December 2016.

Depreciation expense decreased for the nine months ended 30 September 2017, compared to the nine months ended 30 September 2016, primarily due to the following: (a) approximately USD 39 million of decreased depreciation resulting from rigs sold or classified as held for sale and (b) approximately USD 15 million of decreased depreciation primarily resulting from the impairment of the Company's midwater floater asset group and the retirement of other assets subsequent to 30 September 2016. These decreases were partially offset by approximately USD 35 million of increased depreciation associated with the Company's newbuild ultra deepwater drillships placed into service in the year ended 31 December 2016.

General and administrative expense decreased for the nine months ended 30 September 2017, compared to the nine months ended 30 September 2016, primarily due to the following: (a) approximately USD 5 million of reduced professional fees and (b) approximately USD 3 million of reduced personnel costs.

Loss on impairment or disposal of assets—In the nine months ended 30 September 2017, the Company recognized a loss on impairment related to the following: (a) a loss of USD 1.4 billion associated with the impairment of certain assets to be sold for scrap value or for alternative use, which were classified as held for sale at the time of impairment and (b) a loss of USD 94 million associated with the impairment of the Company's midwater floater asset group. In the nine months ended 30 September 2016, the Company recognized a loss of USD 26 million associated with the impairment of certain assets classified as held for sale.

Loss on disposal of assets in the nine months ended 30 September 2017 was primarily the result of the completion of the sale of 10 high specification jackups and novation of the contracts relating to the construction of five high specification jackups, together with related assets.

Other income and expense—Interest expense, net of amounts capitalized, increased in the nine months ended 30 September 2017, compared to the nine months ended 30 September 2016, primarily due to the following: (a) approximately USD 142 million of increased interest expense resulting from debt issued subsequent to 30 September 2016, (b) approximately USD 50 million of increased interest expense resulting from reduced interest costs capitalized for the Company's newbuild ultra deepwater drillships that commenced operations during the year ended 31 December 2016 and (c) approximately USD 12 million of increased interest expense resulting from downgrades to the

credit ratings for the Company's senior unsecured long term debt. Partially offsetting these increases was approximately USD 120 million of decreased interest expense resulting from the retirement of debt.

Loss on retirement of debt in the nine months ended 30 September 2017, resulted primarily from the retirement of notes validly tendered in the 2017 Tender Offers. Gain on retirement of debt in the nine months ended 30 September 2016,

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resulted primarily from the following: (a) an aggregate net gain of USD 104 million associated with the retirement of notes validly tendered in the 2016 Debt Tender Offers and (b) an aggregate gain of USD 44 million resulting from the retirement of notes repurchased in the open market.

Income tax expense—The Company operates internationally and provides for income taxes based on the tax laws and rates in the countries in which it operates and earns income. In the nine months ended 30 September 2017 and 2016, the Company's effective tax rate, excluding discrete items, was 64.2 percent and 25.9 percent, respectively, based on income from continuing operations before income tax expense, after excluding certain items, such as losses on impairment and gains and losses on certain asset disposals. The Company's effective tax rate increased in the nine months ended 30 September 2017 compared to the nine months ended 30 September 2016, primarily due to (a) changes in the relative blend of income from operations in certain jurisdictions and (b) valuation allowances on deferred tax assets for losses not expected to be realized. The Company considers the tax effect, if any, of the excluded items as well as settlements of prior year tax estimates to be discrete period tax expenses or benefits. In the nine months ended 30 September 2017 and 2016, the effect of the various discrete period tax items was a net tax benefit of USD 57 million and USD 24 million, respectively. In the nine months ended 30 September 2017, such discrete items were primarily related to tax benefit of changes in unrecognized tax benefit associated with tax positions taken in prior years, valuation allowances on deferred tax assets for foreign tax credits not expected to be realized, release of a valuation allowance on deferred tax assets for losses expected to be realized, and deductions related to resolution of certain litigation matters related to Macondo well incident. In the nine months ended 30 September 2016, such discrete items were primarily related to tax benefit of changes in unrecognized tax benefit associated with tax positions taken in prior years and valuation allowances on deferred tax assets for losses not expected to be realized. For the nine months ended 30 September 2017 and 2016, these discrete tax items, coupled with the excluded income and expense items noted above, resulted in an effective tax rate of (3.6) percent and 17.8 percent, respectively, based on income from continuing operations before income tax expense. The Company's effective tax rate, after including the discrete tax items noted above, and excluding the income and expense items noted above, decreased mainly due to loss on impairment and disposal of assets with no tax benefit and valuation allowances recorded on U.S. deferred tax assets not expected to be realized.

In evaluating the Company's ability to realize deferred tax assets, the Company considers all available positive and negative evidence, including projected future taxable income and the existence of cumulative losses in recent years. As of 30 September 2017, the Company's consolidated cumulative loss incurred over the recent three year period, primarily due to losses on impairment and disposal of assets, represented significant objective negative evidence for the Company's evaluation. Such evidence, together with potential organizational changes that could alter the Company's ability to realize certain deferred tax assets, has limited its ability to consider other subjective evidence, such as projected future contract activity. As a result, the Company recorded a valuation allowance of USD 144 million to recognize only a portion of its U.S. deferred tax assets that are more likely than not to be recognized. If estimated future taxable income changes during the carryforward periods or if the cumulative loss is no longer present, the Company may adjust the amount of deferred tax assets that it expects to realize.

For the nine months ended 30 September 2017 and 2016, in accordance with accounting standards for the provision of income taxes, the Company calculated its annual estimated effective income tax rate of 64.2 percent and 25.9 percent, respectively, by excluding certain operating losses in taxable jurisdictions for which it does not expect to realize a tax benefit. For the nine months ended 30 September 2017 and 2016, if the Company had included all jurisdictions without regard to its expectations for such realization, the Company's estimated effective income tax rate would have been 89.3 percent and 22.7 percent, respectively.

The relationship between the Company's provision for or benefit from income taxes and its 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) the Company's rig operating structures. Generally, the Company's marginal tax rate is lower than its effective tax rate. Consequently, the Company's income tax expense does not change proportionally with its income before income taxes. Significant decreases in the Company's 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. With respect to the effective tax rate calculation for the nine months ended 30 September 2017, a significant portion of the Company's income tax expense

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was generated in countries in which income taxes are imposed on gross revenues, with the most significant of these countries being Angola. Conversely, the countries in which the Company incurred the most significant income taxes during this period that were based on income before income tax include Brazil, Switzerland, Norway, the U.K. and the U.S.

The Company's rig operating structures further complicate its tax calculations, especially in instances where the Company has 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.

12.5.2Three month period ended 30 September 2017 compared to the three month period ended 30 September 2016

The following is an analysis of the Company's operating results. See Section 12.4 "Performance and other key indicators" for definitions of operating days, average daily revenue, revenue efficiency and rig utilization.

	Three months ended 30 September 2017 (unaudited)	2016 (unaudited)	Change	% Change
	(In millions, except day amounts and percentages)			
Operating days	2,189	2,657	(468)	(18) %
Average daily revenue	$ 319,000	$ 332,100	$ (13,100)	(4) %
Revenue efficiency	97 %	100 %		
Rig utilization	52 %	49 %		
Contract drilling revenues	$ 699	$ 886	$ (187)	(21) %
Other revenues	109	20	89	nm
	808	906	(98)	(11) %
Operating and maintenance expense	(323)	(409)	86	21 %
Depreciation expense	(197)	(225)	28	12 %
General and administrative expense	(39)	(41)	2	5 %
Loss on impairment	(1,385)	(11)	(1,374)	nm
Gain (loss) on disposal of assets, net	(9)	9	(18)	nm
Operating income (loss)	(1,145)	229	(1,374)	nm
Other income (expense), net				
Interest income	21	5	16	nm
Interest expense, net of amounts capitalized	(112)	(109)	(3)	(3) %
Gain (loss) on retirement of debt	(1)	110	(111)	nm
Other, net	6	7	(1)	(14)
Income (loss) before income tax expense	(1,231)	242	(1,473)	nm
Income tax expense	(180)	(6)	(174)	nm
Net income (loss)	$ (1,411)	$ 236	$ (1,647)	nm

"nm" means not meaningful.

Operating revenues—Contract drilling revenues decreased for the three months ended 30 September 2017, compared to the three months ended 30 September 2016, primarily due to the following: (a) approximately USD 100 million resulting from lower dayrates, (b) approximately USD 95 million resulting from rigs sold or classified as held for sale, (c) approximately USD 25 million resulting from lower revenue efficiency and (d) approximately USD 20 million resulting from lower activity across the fleet. These decreases were partially offset by approximately USD 55 million of increased revenues associated with the Company's newbuild ultra deepwater drillships that commenced operations during the year ended 31 December 2016.

Other revenues increased for the three months ended 30 September 2017, compared to the three months ended 30 September 2016, primarily due to the recognition of USD 87 million of revenues awarded to the Company in connection with a drilling contract terminated by a customer in the year ended 31 December 2015.

Costs and expenses—Operating and maintenance costs and expenses decreased for the three months ended 30 September 2017, compared to the three months ended 30 September 2016, primarily due to the following:

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(a) approximately USD 60 million resulting from rigs sold or classified as held for sale, (b) approximately USD 40 million resulting from decreased offshore costs and (c) approximately USD 10 million resulting from reduced onshore costs. These decreases were partially offset by increased costs and expenses as follows: (a) approximately USD 15 million resulting from the Company's newbuild ultra deepwater drillships that commenced operations in the year ended 31 December 2016 and (b) approximately USD 10 million resulting from rig reactivations.

Depreciation expense decreased for the three months ended 30 September 2017, compared to the three months ended 30 September 2016, primarily resulting from rigs sold or classified as held for sale.

Loss on impairment—In the three months ended 30 September 2017 and 2016, the Company recognized a loss of USD 1.4 billion and USD 11 million, respectively, associated with the impairment of certain assets to be sold for scrap value or for alternative use, which were classified as held for sale at the time of impairment.

Other income and expense—Interest expense, net of amounts capitalized, increased in the three months ended 30 September 2017, compared to the three months ended 30 September 2016, primarily due to the following: (a) approximately USD 35 million of increased interest expense resulting from debt issued subsequent to 30 September 2016 and (b) approximately USD 12 million of increased interest expense resulting from reduced interest costs capitalized for the Company's newbuild ultra deepwater drillships that commenced operations during the year ended 31 December 2016. Partially offsetting these increases was approximately USD 45 million of decreased interest expense resulting from the retirement of debt.

Loss on retirement of debt in the three months ended 30 September 2017, resulted primarily from the retirement of notes validly tendered after the early tender date of the 2017 Tender Offers. Gain on retirement of debt in the three months ended 30 September 2016, resulted primarily from the retirement of notes validly tendered in cash in the 2016 Debt Tender Offers.

Income tax expense—The Company operates internationally and provides for income taxes based on the tax laws and rates in the countries in which it operates and earns income. In the three months ended 30 September 2017 and 2016, the Company's effective tax rate, excluding discrete items, was 56.5 percent and 26.6 percent, respectively, based on income from continuing operations before income tax expense, after excluding certain items, such as losses on impairment and gains and losses on certain asset disposals. The Company's effective tax rate increased in the three months ended 30 September 2017, compared to the three months ended 30 September 2016, primarily due to (a) changes in the relative blend of income from operations in certain jurisdictions and (b) valuation allowances on deferred tax assets for losses not expected to be realized. The Company considers the tax effect, if any, of the excluded items as well as settlements of prior year tax estimates to be discrete period tax expenses or benefits. In the three months ended 30 September 2017 and 2016, the effect of the various discrete period tax items was a net tax expense of USD 90 million and a net tax benefit of USD 32 million, respectively. In the three months ended 30 September 2017, such discrete items were primarily related to tax benefit of changes in unrecognized tax benefit associated with tax positions taken in prior years and valuation allowances on deferred tax assets not expected to be realized. In the three months ended 30 September 2016, such discrete items were primarily related to tax benefit of changes in unrecognized tax benefit associated with tax positions taken in prior years and valuation allowances on deferred tax assets for losses not expected to be realized. For the three months ended 30 September 2017 and 2016, these discrete tax items, coupled with the excluded income and expense items noted above, resulted in an effective tax rate of (14.7) percent and 2.5 percent, respectively, based on income from continuing operations before income tax expense. The Company's effective tax rate, after including discrete tax items noted above, excluding the income and expense items noted above, decreased mainly due to loss on impairment and disposal of assets with no tax benefit and valuation allowances recorded on U.S. deferred tax assets not expected to be realized.

In evaluating the Company's ability to realize deferred tax assets, the Company considers all available positive and negative evidence, including projected future taxable income and the existence of cumulative losses in recent years. As of 30 September 2017, the Company's consolidated cumulative loss incurred over the recent three year period, primarily due to losses on impairment and disposal of assets, represented significant objective negative evidence for the Company's evaluation. Such evidence, together with potential organizational changes that could alter the Company's ability to realize certain deferred tax assets, has limited the Company's ability to consider other subjective evidence, such as projected future contract activity. As a result, the Company recorded a valuation allowance of USD 144 million to recognize only a

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portion of its U.S. deferred tax assets that are more likely than not to be recognized. If estimated future taxable income changes during the carryforward periods or if the cumulative loss is no longer present, the Company may adjust the amount of deferred tax assets that it expects to realize.

The relationship between the Company's provision for or benefit from income taxes and its 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) the Company's rig operating structures. Generally, the Company's marginal tax rate is lower than its effective tax rate. Consequently, the Company's income tax expense does not change proportionally with its income before income taxes. Significant decreases in the Company's 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. With respect to the effective tax rate calculation for the three months ended 30 September 2017, a significant portion of the Company's 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 and India. Conversely, the countries in which the Company incurred the most significant income taxes during this period that were based on income before income tax include Brazil, Switzerland, Norway, the U.K. and the U.S.

The Company's rig operating structures further complicate its tax calculations, especially in instances where it has 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.

12.5.3Year ended 31 December 2016 compared to the year ended 31 December 2015

The following is an analysis of the Company's operating results. See Section 12.4 "Performance and other key indicators" for definitions of operating days, average daily revenue, revenue efficiency and rig utilization.

	Years ended 31 December 2016	2015	Change	% Change
	(In millions, except day amounts and percentages)			
Operating days	10,443	16,948	(6,505)	(38) %
Average daily revenue	$ 353,500	$ 400,500	$ (47,000)	(12) %
Revenue efficiency	98 %	96 %		
Rig utilization	48 %	71 %		
Contract drilling revenues	$ 3,705	$ 6,802	$ (3,097)	(46) %
Other revenues	456	584	(128)	(22) %
	4,161	7,386	(3,225)	(44) %
Operating and maintenance expense	(1,875)	(2,955)	1,080	37 %
Depreciation expense	(893)	(963)	70	7 %
General and administrative expense	(172)	(192)	20	10 %
Loss on impairment	(93)	(1,875)	1,782	95 %
Gain (loss) on disposal of assets, net	4	(36)	40	nm
Operating income	1,132	1,365	(233)	(17) %
Other income (expense), net				

Interest income	20	22	(2)	(9)	%
Interest expense, net of amounts capitalized	(409)	(432)	23	5	%
Gain on retirement of debt	148	23	125	nm	
Other, net	43	37	6	16	%
Income from continuing operations before income tax expense	934	1,015	(81)	(8)	%
Income tax expense	(107)	(120)	13	11	%
Income from continuing operations	$ 827	$ 895	$ (68)	(8)	%

"nm" means not meaningful.

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Operating revenues

Contract drilling revenues decreased for the year ended 31 December 2016 compared to the year ended 31 December 2015 primarily due to the following: (a) approximately USD 2.2 billion of decreased revenues resulting from a greater number of rigs idle or stacked, (b) approximately USD 860 million of decreased revenues resulting from rigs sold or classified as held for sale and (c) approximately USD 365 million of decreased revenues resulting from lower day rates. These decreases were partially offset by (a) approximately USD 270 million of increased revenues associated with the Group's newbuild ultra-deepwater drillships that commenced operations in the year ended 31 December 2016 and (b) approximately USD 70 million of increased revenues resulting from improved revenue efficiency.

Other revenues decreased for the year ended 31 December 2016 compared to the year ended 31 December 2015, primarily due to approximately USD 91 million of decreased revenues for reimbursable items and approximately USD 37 million of decreased revenues resulting from drilling contracts early terminated or cancelled by the Group's customers.

Costs and expenses

Excluding the income effect of USD 30 million and USD 788 million of cost reimbursements from settlements, recoveries from insurance and net adjustments to contingent liabilities associated with the Macondo well incident in the years ended 2016 and 2015, respectively, operating and maintenance expense decreased for the year ended 31 December 2016 compared to the year ended 31 December 2015, by approximately USD 1.8 billion. This decrease was primarily due to the following: (a) approximately USD 1.04 billion of decreased costs and expenses resulting from a greater number of rigs idle or stacked, (b) approximately USD 355 million of decreased costs and expenses resulting from rigs sold or classified as held for sale, (c) approximately USD 315 million of decreased costs and expenses primarily related to optimized maintenance and shipyard expenses and reduced personnel costs associated with the Group's active fleet and (d) approximately USD 195 million of decreased costs and expenses resulting from reduced onshore costs. These decreases were partially offset by approximately USD 75 million of increased costs and expenses associated with the Group's newbuild ultra-deepwater drillships that commenced operations in the year ended 31 December 2016.

Depreciation expense decreased for the year ended 31 December 2016, compared to the year ended 31 December 2015, primarily due to the following: (a) approximately USD 87 million of decreased depreciation primarily resulting from the impairment of the Group's deepwater floater and midwater floater asset groups in the prior year and (b) approximately USD 40 million of decreased depreciation resulting from rigs sold or classified as held for sale, partially offset by (c) approximately USD 66 million of increased depreciation associated with the Group's newbuild ultra-deepwater drillships and other property and equipment placed into service in the year ended 31 December 2016.

General and administrative expense decreased for the year ended 31 December 2016 compared to the year ended 31 December 2015 primarily due to the following: (a) approximately USD 22 million of reduced personnel costs, (b) approximately USD 8 million of reduced rental expenses, partially offset by (c) approximately USD 9 million of increased professional fees.

Loss on impairment and disposals

In the year ended 31 December 2016, the Group recognized a loss on impairment related to the following: (a) a loss of USD 52 million associated with the impairment of the Group's deepwater floater asset group and (b) a loss of USD 41 million associated with the impairment of certain assets classified as held for sale. In the year ended 31 December 2015, the Group recognized a loss on impairment related to the following: (a) an aggregate loss of USD 700 million associated with the impairment of certain assets classified as held for sale, (b) a loss of USD 668 million associated

with the impairment of the Group's midwater floater asset group and (c) a loss of USD 507 million associated with the impairment of the Group's deepwater floater asset group.

In the year ended 31 December 2016, the Group recognized an aggregate net loss associated with the disposal of three deepwater floaters and eight midwater floaters, along with related equipment, and other assets. In the year ended 31 December 2015, the Group recognized an aggregate net loss associated with the disposal of two ultra-deepwater floaters, six deepwater floaters and nine midwater floaters, along with related equipment, and other assets.

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Other income and expense

Interest expense, net of amounts capitalized, decreased in the year ended 31 December 2016, compared to the year ended 31 December 2015, primarily due to the following: (a) approximately USD 98 million of decreased interest expense resulting from the Group's debt repurchases and redemptions and (b) approximately USD 36 million of increased interest capitalized resulting from the Group's newbuild construction program, partially offset by (c) approximately USD 64 million of increased interest resulting from new debt issued in the year ended 31 December 2016, and (d) approximately USD 37 million of increased interest expense resulting from downgrades to the credit rating for the Group's senior unsecured long-term debt.

In the year ended 31 December 2016, the Group recognized net gains due to the following: (a) an aggregate gain of USD 104 million resulting from the completion of the Group's tender offer of certain of the Group's debt securities and (b) an aggregate net gain of USD 44 million resulting from the Group's repurchases of USD 399 million aggregate principal amount of the Group's debt securities. In the year ended 31 December 2015, the Group recognized a net gain due to the following: (a) an aggregate net gain of USD 33 million resulting from the Group's repurchases of USD 503 million aggregate principal amount of the Group's debt securities partially offset by (b) an aggregate loss of USD 10 million resulting from the redemption of USD 893 million aggregate principal amount of the 4.95% senior notes due November 2015.

Income tax expense

The Group operates internationally and provides for income taxes based on the tax laws and rates in the countries in which the Group operates and earns income. For the years ended 31 December 2016 and 2015, the Group's effective tax rate, excluding discrete items, was 18.5% and 14.4%, respectively, based on income from continuing operations before income tax expense, after excluding certain items, such as losses on impairment, and gains and losses on certain asset disposals. The Group's effective tax rate increased in the year ended 31 December 2016, compared to the year ended 31 December 2015, primarily due to (a) changes in the relative blend of income from operations in certain jurisdictions and (b) valuation allowances on deferred tax assets for losses not expected to be realized. The Group considers the tax effect, if any, of the excluded items, as well as settlements of prior-year tax estimates to be discrete period tax expenses or benefits. In the years ended 31 December 2016 and 2015, the effect of the various discrete period tax items was a net tax benefit of USD 50 million and USD 75 million, respectively. For the years ended 31 December 2016 and 2015, these discrete tax items, coupled with the excluded income and expense items noted above, resulted in an effective tax rate of 11.5% and 11.9%, respectively, based on income from continuing operations before income tax expense.

The relationship between the Group's provision for or benefit from income taxes and the Group's 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) the Group's rig operating structures. Generally, the Group's marginal tax rate is lower than its effective tax rate. Consequently, the Group's income tax expense does not change proportionally with its income before income taxes. Significant decreases in the Group's 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. With respect to the effective tax rate calculation for the year ended 31 December 2016, a significant portion of the Group's 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. Conversely, the countries in which the Group incurred the most significant income taxes during this period that were based on income before income tax include Norway, Switzerland, the United Kingdom and the United States.

The Group's rig operating structures further complicate the Group's tax calculations, especially in instances where the Group has 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.

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12.5.4Year ended 31 December 2015 compared to the year ended 31 December 2014

The following is an analysis of the Company's operating results. See Section 12.4 "Performance and other key indicators" for definitions of operating days, average daily revenue, revenue efficiency and rig utilization.

	Years ended 31 December			
	2015	2014	Change	% Change
	(In millions, except day amounts and percentages)			
Operating days	16,948	21,893	(4,945)	(23) %
Average daily revenue	$ 400,500	$ 408,200	$ (7,700)	(2) %
Revenue efficiency	96 %	95 %		
Rig utilization	71 %	76 %		
Contract drilling revenues	$ 6,802	$ 8,963	$ (2,161)	(24) %
Other revenues	584	222	362	nm
	7,386	9,185	(1,799)	(20) %
Operating and maintenance expense	(2,955)	(5,100)	2,145	42 %
Depreciation expense	(963)	(1,129)	166	15 %
General and administrative expense	(192)	(234)	42	18 %
Loss on impairment	(1,875)	(4,043)	2,168	54 %
Loss on disposal of assets, net	(36)	(26)	(10)	(38) %
Operating income (loss)	1,365	(1,347)	2,712	nm
Other income (expense), net				
Interest income	22	20	2	10 %
Interest expense, net of amounts capitalized	(432)	(483)	51	11 %
Gain (loss) on retirement of debt	23	(13)	36	nm
Other, net	37	35	2	6 %
Income (loss) from continuing operations before income tax expense	1,015	(1,788)	2,803	nm
Income tax expense	(120)	(92)	(28)	(30) %
Income (loss) from continuing operations	$ 895	$ (1,880)	$ 2,775	nm

"nm" means not meaningful.

Operating revenues

Contract drilling revenues decreased for the year ended 31 December 2015, compared to the year ended 31 December 2014, primarily due to the following: (a) approximately USD 1.7 billion of decreased revenues resulting from a greater number of rigs idle or stacked, (b) approximately USD 945 million of decreased revenues resulting from rigs sold or classified as held for sale and (c) approximately USD 120 million of decreased revenues resulting from lower day rates. These decreases were partially offset by the following: (a) approximately USD 280 million of increased revenues associated with the Group's two newbuild ultra-deepwater drillships that commenced operations in the year ended 31 December 2014, (b) approximately USD 240 million of increased revenues resulting from fewer shipyard and mobilization days for the active fleet, (c) approximately USD 105 million of increased revenues resulting from improved revenue efficiency and (d) approximately USD 90 million of increased revenues resulting from demobilization fees.

Other revenues increased for the year ended 31 December 2015, compared to the year ended 31 December 2014, primarily due to USD 433 million of revenues resulting from drilling contracts early terminated or cancelled by the Group's customers.

Costs and expenses

Excluding the favorable effect of USD 788 million resulting from cost reimbursements from settlements, recoveries from insurance and net adjustments to contingent liabilities associated with the Macondo well incident in the year ended 31 December 2015, operating and maintenance expense decreased for the year ended 31 December 2015, compared to the year ended 31 December 2014, primarily due to the following: (a) approximately USD 545 million of decreased costs and expenses resulting from rigs sold or classified as held for sale, (b) approximately USD 395 million of decreased costs and expenses resulting from cost reductions for the Group's idle or stacked rigs, (c) approximately USD 345 million of decreased costs and expenses resulting fewer shipyard and mobilization costs and reduced personnel expenses associated

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with the Group's active fleet and (d) approximately USD 135 million of decreased costs and expenses resulting from reduced onshore costs. These decreases were partially offset by approximately USD 70 million of increased costs and expenses associated with the Group's two newbuild ultra-deepwater drillships that commenced operations in the year ended 31 December 2014.

Depreciation expense decreased for the year ended 31 December 2015, compared to the year ended 31 December 2014, primarily due to the following: (a) approximately USD 198 million of decreased depreciation resulting from rigs sold or classified as held for sale and (b) approximately USD 94 million of decreased depreciation resulting from the impairment of the Group's deepwater floater and midwater floater asset groups. These decreases were partially offset by the following: (a) approximately USD 51 million of increased depreciation resulting from the reduction of the salvage values for certain drilling units and (b) approximately USD 30 million of increased depreciation resulting from the Group's two newbuild ultra-deepwater drillships that commenced operations in the year ended 31 December 2014, and (c) approximately USD 45 million of increased depreciation resulting from the Group's completion of other construction projects.

Loss on impairment

In the year ended 31 December 2015, the Group recognized a loss on impairment related to the following: (a) an aggregate loss of USD 700 million associated with the impairment of certain assets classified as held for sale, (b) a loss of USD 668 million associated with the impairment of the Group's midwater floater asset group and (c) a loss of USD 507 million associated with the impairment of the Group's deepwater floater asset group. In the year ended 31 December 2014, the Group recognized a loss on impairment related to the following: (a) a loss of USD 3.0 billion associated with the full impairment of the carrying amount of the Group's goodwill, (b) a loss of USD 788 million associated with the impairment of the Group's deepwater floater asset group and (c) an aggregate loss of USD 268 million associated with the impairment of certain assets classified as held for sale.

Income tax expense

The Group operates internationally and provide for income taxes based on the tax laws and rates in the countries in which the Group operates and earns income. For the years ended 31 December 2015 and 2014, the Group's effective tax rate, excluding discrete items, was 14.4% and 16.4%, respectively, based on income from continuing operations before income tax expense, after excluding certain items, such as losses on impairment, and gains and losses on certain asset disposals. The Group considers 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 to be discrete period tax expenses or benefits. In the years ended 31 December 2015 and 2014, the effect of the various discrete period tax items was a net tax benefit of USD 75 million and USD 143 million, respectively. For the years ended 31 December 2015 and 2014, these discrete tax items, coupled with the excluded income and expense items noted above, resulted in an effective tax rate of 11.9% and (5.0)%, respectively, based on income from continuing operations before income taxes.

The relationship between the Group's provision for or benefit from income taxes and the Group's 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) the Group's rig operating structures. Generally, the Group's marginal tax rate is lower than its effective tax rate. Consequently, the Group's income tax expense does not change proportionally with its income before income taxes. Significant decreases in the Group's 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. With respect to the effective tax rate calculation for the year ended 31 December 2015, a significant portion of the Group's 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 the Republic of Congo. Conversely, the countries in which the Group incurred the most significant income taxes during this period that were based on income before income tax include Norway, the United Kingdom, Switzerland, Brazil and the United States.

The Group's rig operating structures further complicate its tax calculations, especially in instances where the Group has 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.

12.6Consolidated balance sheet information

12.6.1As at 30 September2017 compared with as of 31 December 2016

The carrying amount of the Group's total assets at 30 September 2017 was USD 22.4 billion compared to USD 26.9 billion at 31 December 2016. The differences primarily related to (a) the completion of the sale of 10 high-specification jackups and novation of the contracts to construct five high-specification jackups, together with related assets, which resulted in a loss of USD 1.6 billion associated with disposal of these assets, (b) the reclassification to held for sale of five ultra-deepwater floaters, one deepwater floater and two midwater floaters, which resulted in a loss of USD 1.4 billion associated with the impairment of these assets, and (c) the use of cash to repay debt.

The carrying amount of the Group's total equity at 30 September 2017 was USD 12.8 billion compared to USD 15.8 billion at 31 December 2016. The Group's equity ratio was 57% at 30 September 2017, compared to 59% at 31 December 2016. The differences primarily related to the Group's consolidated total comprehensive loss for the nine months ended 30 September 2017.

The carrying amount of the Group's total liabilities at 30 September 2017 was USD 9.6 billion, of which USD 7.3 billion consisted of total consolidated debt and USD 2.3 billion consisted of other liabilities, compared to total liabilities of USD 11.1 billion at 31 December 2016, of which USD 8.5 billion consisted of total consolidated debt and USD 2.6 billion consisted of other liabilities. The differences primarily related to a net reduction of total consolidated debt.

12.6.2As at 31 December 2016 compared with as at 31 December 2015

The carrying amount of the Group's total assets at 31 December 2016 amounted to USD 26.9 billion compared to USD 26.4 billion at 31 December 2015. The differences primarily related to a net increase of consolidated cash and cash equivalents.

The carrying amount of the Group's total equity at 31 December 2016 amounted to USD 15.8 billion compared to USD 15.0 billion at 31 December 2015. The Group's equity ratio was 59% at 31 December 2016, compared to 57% at 31 December 2015. The differences primarily related to the Group's consolidated total comprehensive income for the year ended 31 December 2016.

The carrying amount of the Group's total liabilities as at 31 December 2016 was USD 11.1 billion, of which USD 8.5 billion consisted of total consolidated debt and USD 2.6 billion consisted of other liabilities, compared to total liabilities of USD 11.4 billion at 31 December 2015, of which USD 8.5 billion consisted of total consolidated debt and USD 2.9 billion consisted of other liabilities. The differences primarily related to a net reduction of accounts payable and other current liabilities.

12.7Liquidity and capital resources

12.7.1Sources and uses of cash

At 30 September 2017, the Company had USD 2.7 billion in cash and cash equivalents. In the nine months ended 30 September 2017, the Company's primary sources of cash were cash flows from operating activities, including cash proceeds from customers for early terminations or cancellations of drilling contracts, net proceeds from the issuance of debt and net proceeds from the sale of the high specification jackups. The Company's primary uses of cash were the

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repayment of debt, primarily related to the 2017 Debt Tender Offers and repurchases of debt in the open market, and capital expenditures, primarily associated with the Company's newbuild construction projects.

	Nine months ended 30 September		
	2017 (unaudited)	2016 (unaudited)	Change
	(In millions)		
Cash flows from operating activities			
Net income	$ (2,995)	$ 570	$ (3,565)
Depreciation	648	667	(19)
Loss on impairment	1,498	26	1,472
Loss on disposal of assets, net	1,602	(8)	1,610
(Gain) loss on retirement of debt	49	(148)	197
Deferred income tax expense	32	44	(12)
Other non-cash items, net	59	42	17
Changes in deferred revenues and costs, net	(67)	34	(101)
Changes in other operating assets and liabilities, net	61	51	10
	$ $ 887	$ 1,278	$ (391)

Net cash provided by operating activities decreased primarily due to a decrease of USD 90 million cash received from customers for early terminations or cancellations of drilling contracts and reduced operating activities.

	Nine months ended 30 September		
	2017 (unaudited)	2016 (unaudited)	Change
	(In millions)		
Cash flows from investing activities			
Capital expenditures	$ (386)	$ (1,072)	$ 686
Proceeds from disposal of assets, net	330	16	314
Other, net	10	—	10
	$ (46)	$ (1,056)	$ 1,010

Net cash used in investing activities decreased primarily due to reduced capital expenditures, primarily associated with the Company's major construction projects, partially offset by increased proceeds from asset disposals, primarily related to the sale of 10 high specification jackups and the novation of contracts relating to the construction of five high specification jackups, together with related assets, in the current year period with no comparable activity in the prior year period.

	Nine months ended 30 September		
	2017 (unaudited)	2016 (unaudited)	Change

	(In millions)		
Cash flows from financing activities			
Proceeds from debt issuance, net of issue costs	$ 403	$ 1,210	$ (807)
Repayments of debt	(1,629)	(1,316)	(313)
Proceeds from cash accounts and investments restricted for financing activities, net of deposits	53	100	(47)
Distributions to holders of noncontrolling interest	—	(23)	23
Other, net	(3)	2	(5)
	$ (1,176)	$ (27)	$ (1,149)

Net cash used in financing activities increased primarily due to (a) reduced cash proceeds from the issuance of the 5.52% Senior Secured Notes in the current year period compared to the cash proceeds from the issuance of the 9.00% Senior Notes due July 2023 in the prior year period, and (b) increased cash used to repay debt, primarily related to the Company's cash tender offers in each period.

At 31 December 2016, the Company had USD 3.1 billion in cash and cash equivalents. In the year ended 31 December 2016, the Company's primary sources of cash were cash flows from operating activities, including cash proceeds from customers that executed early terminations or cancellations of drilling contracts; net proceeds from the issuance of debt and net proceeds from restricted cash investments. The Company's primary uses of cash were capital expenditures,

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primarily associated with the Company's newbuild construction projects, repayment of debt at scheduled maturities, settlement of the Tendered Notes, debt repurchased in the open market and payment of scheduled installments for the Company's Macondo well incident settlement obligations.

	Years ended 31 December		
	2016	2015	Change
	(In millions)		
Cash flows from operating activities			
Net income	$ 827	$ 897	$ (70)
Depreciation	893	963	(70)
Loss on impairment	93	1,875	(1,782)
Gain on retirement of debt	(148)	(23)	(125)
Deferred income tax expense (benefit)	68	(134)	202
Other non-cash items, net	52	173	(121)
Changes in deferred revenues and costs, net	291	89	202
Changes in other operating assets and liabilities, net	(165)	(395)	230
	$ 1,911	$ 3,445	$ (1,534)

Net cash provided by operating activities decreased primarily due to reduced operating activities and a decrease of USD 633 million associated with cash proceeds from insurance recoveries and cost reimbursements related to the Macondo well incident, partially offset by a decrease of USD 200 million of cash paid for scheduled installments under the Company's Macondo well incident settlement obligations and increase of USD 53 million received from customers for early terminations or cancellations of drilling contracts.

	Years ended 31 December		
	2016	2015	Change
	(In millions)		
Cash flows from investing activities			
Capital expenditures	$ (1,344)	$ (2,001)	$ 657
Proceeds from disposal of assets, net	30	54	(24)
Proceeds from repayment of notes receivable	—	15	(15)
Other, net	1	—	1
	$ (1,313)	$ (1,932)	$ 619

Net cash used in investing activities decreased primarily due to reduced capital expenditures, primarily associated with the timing of milestone payments for the Company's major construction projects and other shipyard projects.

	Years ended 31 December		
	2016	2015	Change
	(In millions)		
Cash flows from financing activities			

Proceeds from issuance of debt, net of discounts and costs	$ 2,401	$ —	$ 2,401
Repayments of debt	(2,295)	(1,506)	(789)
Proceeds from cash and investments restricted for financing activities, net of deposits	39	110	(71)
Distributions of qualifying additional paid-in capital	—	(381)	381
Other, net	(30)	(32)	2
	$ 115	$ (1,809)	$ 1,924

Net cash provided by financing activities increased primarily due to the following: (a) cash proceeds from the issuance of the 9.00% Senior Notes, the 7.75% Senior Secured Notes and the 6.25% Senior Secured Notes in the current year with no comparable activity in the prior year and (b) cash used to pay the Company's shareholders installments of distributions of qualifying additional paid in capital in the prior year with no comparable activity in the current year, partially offset by (c) increased cash used to repay debt in connection with scheduled maturities, the Company's tender offer, open market repurchases and redemption and (d) cash deposited into cash accounts restricted for financing activities, primarily for the payment of principal amounts of the Company's senior secured notes in the current year with no comparable activity in the prior year.

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12.7.2Sources and uses of liquidity

The Group expects to use existing cash balances, internally generated cash flows, borrowings under the Group's existing bank credit agreement, proceeds from the disposal of assets or proceeds from the issuance of additional debt to fulfill anticipated obligations, which may include business combinations, capital expenditures, working capital and other operational requirements, scheduled debt maturities or other payments. The Group may also consider establishing additional financing arrangements with banks or other capital providers. Subject to market conditions and other factors, the Group may also be required to provide collateral for future financing arrangements. In each case subject to the then existing market conditions and to the Group's then expected liquidity needs, among other factors, the Group may continue to use a portion of its internally generated cash flows and proceeds from asset sales to reduce debt prior to scheduled maturities through debt repurchases, either in the open market or in privately negotiated transactions, or through debt redemptions or tender offers.

The Group's access to debt and equity markets may be limited due to a variety of events, including, among others, credit rating agency downgrades of its Debt Ratings, industry conditions, general economic conditions, market conditions and market perceptions of the Group and its industry. During the year ended 31 December 2016 and in January and October 2017, three credit rating agencies downgraded the Group's Debt Rating. Such downgrades have caused and will cause the Group to experience increased fees under its credit facility and interest rates under agreements governing certain of its senior notes. Further downgrades may affect or limit the Group's ability to access debt markets in the future. The Group's ability to access such markets may be severely restricted at a time when it would like, or need, to access such markets, which could have an impact on its flexibility to react to changing economic and business conditions. An economic downturn could have an impact on the lenders participating in the Group's credit facilities or on its customers, causing them to fail to meet their obligations to the Group.

The Group's internally generated cash flow is directly related to its business and the market sectors in which the Group operates. Should the drilling market deteriorate, or should the Group experience poor results in its operations, cash flow from operations may be reduced. The Group has, however, continued to generate positive cash flow from operating activities during recent years and expects that such cash flow will continue to be positive during the next year.

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Outstanding debt

As of the dates set out below, the aggregate principal amounts and aggregate carrying amounts, net of debt related balances, including unamortized discounts, premiums and issue costs, of the Group's debt were as follows (in millions):

	Principal amount		Carrying amount	
	30 September 2017	31 December 2016	30 September 2017	31 December 2016
2.50% Senior Notes due October 2017	$ 152	$ 485	$ 152	$ 484
Eksportfinans Loans due January 2018	27	123	27	123
6.00% Senior Notes due March 2018	319	754	319	757
7.375% Senior Notes due April 2018	82	211	82	211
6.50% Senior Notes due November 2020	292	508	295	513
6.375% Senior Notes due December 2021	332	552	330	549
5.52% Senior Secured Notes due May 2022	381	—	375	—
3.80% Senior Notes due October 2022	506	539	501	534
9.00% Senior Notes due July 2023	1,250	1,250	1,215	1,211
7.75% Senior Secured Notes due October 2024	570	600	556	583
6.25% Senior Secured Notes due December 2024	594	625	580	609
7.45% Notes due April 2027	88	88	86	86
8.00% Debentures due April 2027	57	57	57	57
7.00% Notes due June 2028	300	300	307	308
Capital lease contract due August 2029	545	566	545	566
7.50% Notes due April 2031	588	588	585	585
6.80% Senior Notes due March 2038	1,000	1,000	991	991
7.35% Senior Notes due December 2041	300	300	297	297
Total debt	7,383	8,546	7,300	8,464
Less debt due within one year				
2.50% Senior Notes due October 2017	152	485	152	484
Eksportfinans Loans due January 2018	27	98	27	98
6.00% Senior Notes due March 2018	319	—	319	—
7.375% Senior Notes due April 2018	82	—	82	—
5.52% Senior Secured Notes due May 2022	77	—	75	—
7.75% Senior Secured Notes due October 2024	60	60	57	57
6.25% Senior Secured Notes due December 2024	63	63	60	60
Capital lease contract due August 2029	27	25	27	25
Total debt due within one year	807	731	799	724
Total long-term debt	$ 6,576	$ 7,815	$ 6,501	$ 7,740

Scheduled maturities—At 30 September 2017, the scheduled maturities of the Group's debt were as follows (in millions):

	Total
Twelve months ending 30 September	
2018	$ 807
2019	236

2020	244
2021	543
2022	537
Thereafter	5,016
Total debt, excluding debt-related balances	7,383
Total debt-related balances, net	(83)
Total debt	$ 7,300

Recent debt issuances

The tables presented above do not include the recent issuance of an aggregate principal amount of USD 750 million of the 7.50% Senior Notes completed on 17 October 2017. The Group received aggregate cash proceeds of USD 742 million, net of estimated issue costs. The Group intends to use the majority of the net proceeds from the debt offering to repay or redeem certain maturing debt.

On 5 May 2017, one of the Group's wholly owned subsidiaries completed an offering of an aggregate principal amount of USD 410 million of the 5.52% Senior Secured Notes, and the subsidiary received aggregate cash proceeds of USD 403

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million, net of issue costs. On 29 September 2017, the subsidiary made the first of the required quarterly payments of principal and interest. The subsidiary may redeem all or a portion of the 5.52% Senior Secured Notes at any time on or prior to 31 December 2021 at a price equal to 100% of the aggregate principal amount plus, subject to certain exceptions related to the drilling contract for Deepwater Conqueror, a make whole amount. The subsidiary will be required to redeem or to offer to redeem the notes at a price equal to 100% of the aggregate principal amount, and, under certain circumstances, the payment of a make whole amount, upon the occurrence of certain events related to Deepwater Conqueror and the related drilling contract.

On 21 July 2016, the Group completed an offering of an aggregate principal amount of USD 1.25 billion of the 9.00% Senior Notes, and the Group received aggregate cash proceeds of USD 1.21 billion, net of initial discount and issue costs. The Group used the majority of the net proceeds from the debt offering to complete the 2016 Debt Tender Offers.

On 19 October 2016, and 8 December 2016, the Group completed an offering of an aggregate principal amount of USD 600 million of the 7.75% Senior Secured Notes and USD 625 million of the 6.25% Senior Secured Notes, respectively, and it received aggregate cash proceeds of USD 583 million and USD 609 million, respectively, net of initial discount and issue costs. The Group is required to make semi-annual payments of interest and principal on these notes. Additionally, the indentures that govern the 7.75% Senior Secured Notes and the 6.25% Senior Secured Notes contain covenants that limit the ability of the Group's subsidiaries that own or operate the ultra-deepwater floaters Deepwater Thalassa and Deepwater Proteus to declare or pay dividends and impose a maximum collateral rig leverage ratio ("Maximum Collateral Ratio"), represented by each rig's earnings relative to the debt balance, that changes over the terms of the notes. At 30 September 2017, the Maximum Collateral Ratio under both indentures was 5.75 to 1.00, and the collateral leverage ratio of each subsidiary was less than 5.00 to 1.00.

Debt scheduled maturities

On the scheduled maturity date of 16 October 2017, the Group made a cash payment of USD 152 million to repay the outstanding 2.50% Senior Notes due October 2017, at a price equal to 100 percent of the aggregate principal amount. On the scheduled maturity date of 15 December 2016, the Group made a cash payment of USD 938 million to repay the outstanding 5.05% Senior Notes due December 2016, at a price equal to 100% of the aggregate principal amount.

Debt tender offers

On 11 July 2017, the Group completed the 2017 Debt Tender Offers to purchase for cash up to USD 1.5 billion aggregate principal amount of the 2017 Tendered Notes. As a result, the Company received valid tenders from holders of an aggregate principal amount of USD 1.2 billion of the 2017 Tendered Notes, and the Company made an aggregate cash payment of USD 1.3 billion to settle the 2017 Tendered Notes.

On 1 August 2016, the Group completed the 2016 Debt Tender Offers to purchase for cash up to USD 1.0 billion aggregate principal amount of the 2016 Tendered Notes. As a result of the 2016 Debt Tender Offers, the Group received valid tenders from holders of an aggregate principal amount of USD 981 million of the 2016 Tendered Notes, and in the year ended 31 December 2016, the Group made an aggregate cash payment of USD 876 million to settle the 2016 Tendered Notes.

Debt repurchases and redemptions

In November 2017, Transocean redeemed the outstanding 6.00% Senior Notes due March 2018 and the 7.375% Senior Notes due April 2018 with aggregate principal amounts of USD 319 million and USD 82 million, respectively,

by making an aggregate cash payment of USD 408 million using proceeds from the issuance of the 7.50% Senior Notes.

In the nine months ended 30 September 2017, the Group repurchased in the open market an aggregate principal amount of USD 147 million of its debt securities for an aggregate cash payment of USD 147 million. In the year ended 31 December 2016, the Group repurchased in the open market an aggregate principal amount of USD 399 million of its debt securities for an aggregate cash payment of USD 354 million.

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Revolving credit facility

In June 2014, the Group entered into an amended and restated bank credit agreement, which established a USD 3.0 billion unsecured five-year revolving credit facility, which is scheduled to expire on 28 June 2019 (the "Five-Year Revolving Credit Facility"). 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. At 30 September 2017, the Group's debt to tangible capitalization ratio, as defined, was 0.36 to 1.00. In order to borrow or have letters of credit issued under the Five-Year Revolving Credit Facility, the Group 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 the Group is not required to make any representation to the lenders as to the absence of a material adverse effect. Repayment of borrowings under the Five-Year Revolving Credit Facility is subject to acceleration upon the occurrence of an event of default. The Group is also subject to various covenants under the indentures pursuant to which the Group's 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 the Group's public debt indentures, the Group's capital lease contract or any other debt owed to unaffiliated entities that exceeds USD 125 million could trigger a default under the Five-Year Revolving Credit Facility and, if not waived by the lenders, could cause the Company to lose access to the Five-Year Revolving Credit Facility.

The Group may borrow under the Five-Year Revolving Credit Facility at either (1) LIBOR plus a margin (the "Five-Year Revolving Credit Facility Margin"), which ranges from 1.125% to 2.0% based on the Debt Rating, or (2) the base rate specified in the credit agreement plus the Five-Year Revolving Credit Facility Margin, less 1% per annum. Throughout the term of the Five-Year Revolving Credit Facility, the Group pays a facility fee on the daily unused amount of the underlying commitment which ranges from 0.15% to 0.35% based on the Group's Debt Rating. As of 30 November 2017, based on the Group's Debt Rating on that date, the Five-Year Revolving Credit Facility Margin was 2.0% and the facility fee was 0.35%. As of 30 November 2017, the Group had no borrowings outstanding, no letters of credit issued, and USD 3.0 billion of available borrowing capacity under the Five-Year Revolving Credit Facility.

Business combination

On 13 August 2017, the Group entered into the Transaction Agreement with Songa Offshore pursuant to which it will offer to acquire all of the issued and outstanding shares of Songa Offshore. The consideration, as presented in the Offer, is based on an equity value of Songa Offshore on a fully diluted basis of approximately NOK 9.1 billion and an enterprise value of approximately NOK 26.4 billion, equivalent to approximately USD 1.2 billion and USD 3.4 billion, respectively, measured as of 13 August 2017 using a currency exchange ratio of NOK 7.9239 to USD 1.00. The Group also expects to (i) acquire certain outstanding bonds issued by Songa Offshore in exchange for Exchangeable Bonds, and (ii) acquire a USD 50 million loan made to Songa Offshore by one of its shareholders in exchange for Exchangeable Bonds. The consummation of the Offer is subject to the satisfaction of customary closing conditions for transactions of this type.

The Group expects to complete the transaction during the first quarter of 2018. If completed, the Group will account for the transaction using the acquisition method of accounting, pursuant to which it will record the consideration transferred, the assets acquired and the liabilities assumed at fair value, measured as of the date of the acquisition.

Litigation settlements

On 29 May 2015, together with the PSC, the Group filed the PSC Settlement Agreement in which the Group agreed to pay a total of USD 212 million, plus up to USD 25 million for partial reimbursement of attorneys' fees, to resolve (1)

punitive damages claims of private plaintiffs, businesses, and local governments and (2) certain claims that BP had made against the Group and had assigned to private plaintiffs who previously settled economic damages claims against BP. On 15 February 2017, the MDL Court entered a final order and judgement approving the PSC Settlement Agreement, which is no longer subject to appeal. In June 2016 and August 2015, the Group made a cash deposit of USD 25 million and USD 212 million, respectively, into an escrow account pending approval of the settlement by the MDL Court. As of 30 November 2017, the aggregate cash balance of the Group's escrow accounts was USD 212 million.

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Noncontrolling interest

In the year ended 31 December 2016, Transocean Partners LLC declared and paid an aggregate distribution of USD 99 million, of which USD 28 million was paid to holders of noncontrolling interest. On 9 December 2016, Transocean Partners LLC completed a merger with one of the Company's subsidiaries as contemplated under the Agreement and Plan of Merger, dated as of 31 July 2016. Following the completion of the merger, Transocean Partners LLC became a wholly owned indirect subsidiary of the Company. Each Transocean Partners LLC common unit that was issued and outstanding immediately prior to the closing, other than units held by Transocean and its subsidiaries, was converted into the right to receive 1.20 Shares. To complete the merger, the Company issued 23.8 million Shares from conditional capital.

Share repurchase program

In May 2009, at the Company's annual general meeting, the Company's shareholders approved and authorized the Company's Board of Directors, at its discretion, to repurchase an amount of Shares for cancellation with an aggregate purchase price of up to CHF 3.5 billion. On 12 February 2010, the Company's Board of Directors authorized management to implement the share repurchase program. The Group intends to fund any repurchases using available cash balances and cash from operating activities. Based upon the Group's ongoing capital requirements, the price of Shares, regulatory and tax considerations, cash flow generation, the amount and duration of the Group's contract backlog, general market conditions, Debt Ratings considerations and other factors, the Group may elect to retain cash, reduce debt, make capital investments or acquisitions or otherwise use cash for general corporate purposes, and consequently, the Group may elect not to repurchase any 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 repurchased shares under the share repurchase program would be held by the Group for cancellation by the Company's shareholders at a future general meeting of shareholders. The share repurchase program could be suspended or discontinued by the Company's Board of Directors or Company Management, as applicable, at any time. In the nine months ended 30 September 2017 and the year ended 31 December 2016, the Group did not purchase Shares under its share repurchase program. As of 30 September 2017, the authorization remaining under the share repurchase program was for the repurchase of up to CHF 3.2 billion, equivalent to approximately USD 3.3 billion of the Company's outstanding Shares.

Contractual obligations

As of 30 September 2017, with exception to the following, there have been no material changes to the contractual obligations as previously disclosed in "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Group's Annual Report for the year ended 31 December 2016 incorporated by reference in this Prospectus.

		For the twelve months ending 30 September			
	Total	2018	2019 - 2020	2021 - 2022	Thereafter
	(in millions)				
Contractual obligations					
Debt	$ 6,838	$ 780	$ 415	$ 1,003	$ 4,640
Interest on debt	4,396	471	877	762	2,286
Purchase obligations (a)	914	93	402	419	—
Service agreement obligations (b)	805	54	144	163	444
Total	$ 12,953	$ 1,398	$ 1,838	$ 2,347	$ 7,370

(a) Purchase Obligation refers to an agreement to purchase goods or services that is enforceable and legally binding on the Company and that specifies all significant terms including: fixed or minimum quantities to be purchased; fixed, minimum or variable price provisions; and the approximate timing of the transaction.

(b) In the year ended 31 December 2016, the Company entered into long term service agreements with certain original equipment manufacturers to provide services and parts related to its pressure control systems. In the nine months ended 30 September 2017, the Company entered into similar long term service agreements related to thrusters, top drives and other equipment. The future payments required under the Company's service agreements were estimated based on the Company's projected operating activity and may vary based on actual operating activity.

The contractual obligations presented above have not been adjusted to reflect the effects of the Combination or the October 2017 issuance of USD 750 million of senior unsecured notes (as further discussed in Section 12.9).

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Other commercial commitments

As of 30 September 2017, there have been no material changes to the commercial commitments as previously disclosed in "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Group's Annual Report for the year ended 31 December 2016 incorporated by reference in this Prospectus.

Drilling fleet

· Expansion. From time to time, the Group reviews possible acquisitions of businesses and drilling rigs and may make significant future capital commitments for such purposes. The Group may also consider investments related to major rig upgrades, new rig construction, or the acquisition of a rig under construction. The Group may commit to such investment without first obtaining customer contracts. Any acquisition, upgrade or new rig construction could involve the payment by the Group of a substantial amount of cash or the issuance of a substantial number of additional shares or other securities. The Group's failure to secure drilling contracts for rigs under construction could have an adverse effect on its results of operations or cash flows.

On 13 August 2017, the Group entered into the Transaction Agreement with Songa Offshore pursuant to which it will offer to acquire all of the issued and outstanding shares of Songa Offshore, subject to certain conditions, through the Offer. As of the date of this Prospectus, Songa owns and operates seven mobile offshore drilling units, including four harsh environment floaters and three midwater floaters.

In the nine months ended 30 September 2017, the Group made capital expenditures of USD 386 million, including capitalized interest of USD 91 million. The Group only capitalizes interest costs during periods in which progress for construction projects continues to be underway. As of 30 September 2017, the Group had ceased capitalization of interest costs on its two uncontracted newbuilds due to a pause in construction. The historical and projected capital expenditures and other capital additions, including capitalized interest, for its ongoing major construction projects were as follows:

	Total costs through 31 December 2016	Total costs for the nine months ended 30 September 2017	Expected costs for the three months ending 31 December 2017	For the years ending 31 December 2018	2019	2020	Total estimated costs at completion
	(In millions)						
Deepwater Pontus (a)	$ 745	$ 134	$ 21	$ —	$ —	$ —	$ 900
Deepwater Poseidon (b)	707	99	77	27	—	—	910
Ultra-Deepwater drillship TBN1 (c)	221	31	13	27	56	472	820
Ultra-Deepwater drillship TBN2 (c)	166	30	4	19	38	513	770
Total	$ 1,839	$ 294	$ 115	$ 73	$ 94	$ 985	$ 3,400

(a) In October 2017, the ultra deepwater floater Deepwater Pontus was placed into service and commenced operations.

(b) Deepwater Poseidon, 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 first quarter of 2018.

(c) The Company's two unnamed ultra deepwater drillships under construction at the Jurong Shipyard Pte Ltd. in Singapore do not yet have drilling contracts and are expected to be delivered in the second quarter of 2020 and the

fourth quarter of 2020, respectively. The delivery expectations and the cost projections presented above reflect the terms of the Company's construction agreements, as amended to delay delivery in consideration of current market conditions.

The ultimate amount of the Group's capital expenditures is partly dependent upon financial market conditions, the actual level of operational and contracting activity, the costs associated with the current regulatory environment and customer requested capital improvements and equipment for which the customer agrees to reimburse the Group. 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

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unit construction. The Group intends to fund the cash requirements relating to its capital expenditures through available cash balances, cash generated from operations, asset sales and commercial bank or capital market financings. The Group also has available credit under the Five-Year Revolving Credit Facility, which is expected to be extended or replaced with another credit facility before the expiration of the underlying bank credit agreement. Economic conditions could impact the availability of these sources of funding.

· Dispositions. From time to time, the Group may also review the possible disposition of non-strategic drilling units. Considering recent market conditions, the Group has committed to plans to sell certain lower-specification drilling units for scrap value. During the nine months ended 30 September 2017, the Group identified eight such drilling units that the Company has sold or intends to sell for scrap value. During the year ended 31 December 2016, the Group identified seven such drilling units that it has sold. The Group continues to evaluate the drilling units in its fleet and may identify additional lower specification drilling units to be sold for scrap value.

On 31 May 2017, the Company completed the sale of 10 high specification jackups and novated the contracts relating to the construction of five high specification jackups, together with related assets. In the nine months ended 30 September 2017, as a result of the transaction, the Company received aggregate net cash proceeds of USD 319 million. During the nine months ended 30 September 2017, the Group completed the sale of one midwater floater, along with related assets, and it received net cash proceeds of USD 3 million. During the year ended 31 December 2016, the Group completed the sale of three deepwater floaters and eight midwater floaters, along with related assets, and it received aggregate net cash proceeds of USD 22 million.

12.8Investments

12.8.1Historical investments

Below is a summary of the Group's principal investments carried out in 2014, 2015 and 2016 and the nine months ended 30 September 2017 (presented in millions of U.S. dollars).

	Nine months ended 30 September 2017	2016	2015	2014
Capital expenditures				
Newbuild construction projects				
Ultra-Deepwater drillship TBN2	$ 30	$ 9	$ 130	$ 27
Ultra-Deepwater drillship TBN1	31	17	172	32
Deepwater Poseidon	99	257	168	140
Deepwater Pontus	134	286	149	169
Deepwater Conqueror	-	530	75	118
Deepwater Proteus	-	68	420	64
Deepwater Thalassa	-	22	486	82
Deepwater Invictus	-	-	-	492
Deepwater Asgard	-	-	-	291
Other newbuild projects	5	17	22	21
Total newbuild construction projects	299	1,206	1,622	1,436
Other equipment and projects †	$ 87	$ 138	$ 379	$ 729
Total capital expenditures	$ 386	$ 1,344	$ 2,001	$ 2,165

† Other equipment and projects includes equipment and upgrade installed on the entire fleet and, to a lesser extent, to spare capital items purchased for the benefit of the entire fleet and information systems, networks and applications, none of which is individually significant relative to the newbuild construction projects.

The capital expenditures for Transocean's newbuild construction program presented above include capital expenditures for Transocean's ongoing projects presented in Section 12.7.2 "Sources and uses of liquidity—Drilling fleet."

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12.8.2Investments in progress and future principal investments

Principal investments of the Company that are in progress and principal future investments are set out in Section 9.7.4.1 “Rigs under construction” and Section 12.7.2 “Sources and uses of liquidity—Drilling fleet.”

In addition, Transocean, on behalf of itself and through its direct wholly owned subsidiary, TINC, is offering to acquire all issued and outstanding Songa Shares as part of the Offer. See Section 5 “The Terms of the Offer” for further information.

12.9Significant changes, trends and other factors affecting results

Other than as set out below, there have been no significant changes in the financial or trading position of the Group following 30 September 2017:

- In October 2017, the Company completed an offering of an aggregate principal amount of USD 750 million of the 7.50% Senior Notes due January 2026. The Company received aggregate cash proceeds of USD 742 million, net of estimated issue costs. The Company intends to use the majority of the net proceeds from the debt offering to repay or redeem certain indebtedness due within one year.

The Company has not experienced any trends that are considered significant to the Group since 31 December 2016 and to the date of this Prospectus.

The Company believes that the following material factors may have effects on the Group’s results:

- The offshore drilling markets in which the Group compete experiences fluctuations in the demand for drilling services and is highly competitive with numerous industry participants, none of which has a dominant market share. Demand for the Group’s 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. A number of existing drilling contracts for the Group’s drilling rigs that are currently operating are scheduled to expire before 31 December 2017.
- Presently, there are numerous recently constructed high-specification floaters and other drilling units capable of competing with the Group’s rigs that have entered the global market. The increased supply has contributed to and may continue to contribute to a reduction in day rates as rigs are absorbed into the active fleet and has led to accelerated stacking and retirement of the existing fleet.
- The Group has significant carrying amounts of long-lived assets that are subject to impairment testing. In accordance with the Group’s critical accounting policies, the Group reviews its property and equipment for impairment when events or changes in circumstances indicate that carrying amounts of the Group’s assets held and used may not be recoverable. Future expectations of lower day rates or rig utilization rates or a significant change to the composition of one or more of the Group’s asset groups could result in the recognition of additional losses on impairment if future cash flow expectations, based upon information available to management at the time of measurement, indicate that the carrying amount of the Group’s asset groups may be impaired. Likewise, if the Group commits to a plan to sell or retire additional floaters, this would result in the recognition of additional losses on impairment of the Group’s long-lived asset groups.

12.10Related Party Transactions

The Company has not engaged in related party transactions reportable under U.S. GAAP during the nine months ended 30 September 2017 or the years ended 31 December 2016, 2015 and 2014. Moreover, the Company has not

engaged in related party transactions reportable under U.S. GAAP since 30 September 2017 and to the date of this Prospectus.

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13BOARD OF DIRECTORS, MANAGEMENT AND EMPLOYEES

13.1Board of Directors

13.1.1Overview

The Company’s Articles of Association provide that the Board of Directors shall consist of a minimum of two and a maximum of 11 Board Members elected by the Company’s shareholders. The names and positions and current term of office of the Board Members as at the date of this Prospectus are set out in the table below.

Name	Position	Served since	Term expires
Merrill A. (“Pete”) Miller, Jr.	Chairman	2014	2018
Frederico F. Curado	Board Member	2013	2018
Martin B. McNamara	Board Member	1994	2018
Tan Ek Kia	Board Member	2011	2018
Glyn A. Barker	Board Member	2012	2018
Chadwick C. Deaton	Board Member	2012	2018
Samuel Merksamer	Board Member	2013	2018
Jeremy D. Thigpen	Board Member	2015	2018
Vanessa C.L. Chang	Board Member	2012	2018
Vincent J. Intrieri	Board Member	2014	2018
Edward R. Muller	Board Member	2007	2018

Other than the Company’s chief executive officer, no members of the Company’s management serve on the Board of Directors.

The Company’s registered business address at Turmstrasse 30, 6300 Zug, Switzerland, serves as the business address for the Board Members in relation to their directorship of the Company.

13.1.2Brief biographies of the Board Members

Set out below are brief biographies of the Board Members, including their relevant management expertise and experience, an indication of any significant principal activities performed by them outside the Company and names of companies and partnerships of which a Board Member is or has been a member of the administrative, management or supervisory bodies or partner in the previous five years (not including directorships and executive management positions in subsidiaries of the Company).

Merrill A. (“Pete”) Miller, Jr., Chairman

Merrill A. "Pete" Miller, Jr., age 67, U.S. citizen, has served as a director of the Company since 2014, as Vice Chairman from 2014 to 2015 and as Chairman of the Board of Directors since 2015. Mr. Miller previously served as President and Chief Executive Officer of National Oilwell Varco, Inc. (NYSE: NOV), a supplier of oilfield services and equipment to the oil and gas industry from 2001 to 2014, and as Chairman of NOV's Board from 2002 to 2014. Mr. Miller also served as Executive Chairman of NOW Inc., a spinoff of the distribution business of National Oilwell Varco, Inc. from 2014 to 2017.

Before joining NOV in 1996, Mr. Miller served as President of Anadarko Drilling Company from 1995 to 1996. Prior to that, he spent 15 years at Helmerich & Payne International Drilling Company (NYSE: HP) in Tulsa, Oklahoma, serving in various senior management positions, including Vice President, U.S. Operations. Mr. Miller currently is the chairman of the Board of Directors of Ranger Energy Services, Inc. (NYSE: RNGR) (since 2017), a provider of well service rigs and associated onshore services in the United States, and a director of Chesapeake Energy Corporation (NYSE: CHK) (since 2007), one of the largest producers of natural gas and of oil and natural gas liquids in the U.S., where he served as Lead Independent Director from 2010 to 2012. Mr. Miller is also a director of Borets International Limited (since 2016) and serves on the Board of Directors for the Offshore Energy Center, Petroleum Equipment Suppliers Association and Spindletop International. He is a member of the National Petroleum Council.

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Mr. Miller graduated from the United States Military Academy, West Point, New York in 1972 and, upon graduation, served five years in the United States Army. Mr. Miller received his Masters in Business Administration from Harvard Business School in 1980.

Current directorships and management positions:	NOW Inc. Executive Chairman (NYSE:DNOW); Chesapeake Energy Corporation Director (NYSE: CHK); Borets International Limited Director; Director Offshore Energy Center; Director Petroleum Equipment Suppliers Association and Director Spindletop International.
Previous directorships and management positions last five years:	NOV President and Chief Executive Officer (NYSE: NOV) (2001 to 2014); NOV Board Chairman (2002 to 2014);and Chesapeake Energy Corporation Lead Independent Director (2010 to 2012)

Frederico F. Curado, Board Member

Frederico F. Curado, age 56, Brazilian citizen, has served as a director of the Company since 2013. Mr. Curado is the Chief Executive Officer of Ultrapar S.A. (NYSE: UGP) since 2017 and previously served as President and Chief Executive Officer of Embraer S.A. (NYSE: ERJ) from 2007 to 2016. He joined Embraer in 1984 and 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 a director of Iochpe-Maxion S.A. (BM&F Bovespa: MYPK3) (since 2015) and ABB Ltd (since 2016). He is a member of the Executive Board of the ICC - International Chamber of Commerce (since 2013) and a director of the Board of the Smithsonian National Air and Space Museum (since 2014). Mr. Curado previously served as the President of the Brazilian Chapter of the Brazil-United States Business Council (from 2011 to 2016) and was a member of Brazil’s National Council for Industrial Development (from 2011 to 2016).

Mr. Curado received his Bachelor of Science degree in Mechanical-Aeronautical Engineering from the Instituto Tecnológico de Aeronáutica in Brazil in 1983 and an executive Masters in Business Administration from the University of São Paulo, Brazil in 1997.

Current directorships and management positions:	Iochpe-Maxion S.A. Director (BM&F Bovespa: MYPK3); ABB Ltd. Director; Member Executive Board of the International Chamber of Commerce; Director of Smithsonian National Air and Space Museum
Previous directorships and management positions last five years:	Embraer S.A. President and Chief Executive Officer (NYSE: ERJ) (2007 to 2016); President Brazilian Chapter of the Brazil-United States Business Council (2011 to 2016); and Member of Brazil’s National Council for Industrial Development (2011 to 2016)

Martin B. McNamara, Board Member

Martin B. McNamara, age 70, 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, where he 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.

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Mr. McNamara served as Ex Officio Trustee and Ex Officio Member of the Executive Committee of St. Mark's School of Texas from 2002 to 2014. Mr. McNamara also 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.

Mr. McNamara received his Bachelor of Arts degree from Providence College in 1969 and his law degree from Yale Law School in 1972.

Current directorships and management positions:	N/A
Previous directorships and management positions last five years:	St. Mark's School of Texas Ex Officio Trustee and Ex Officio Member of the Executive Committee (2002 to 2014)

Tan Ek Kia, Board Member

Tan Ek Kia, age 69, 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 also served as the Interim Chief Executive Officer of SMRT Corporation Ltd from January to October 2012.

Mr. Tan is a director of Dialog Systems Asia Pte Ltd (since 2008), Keppel Offshore & Marine Ltd (since 2009), SMRT Corporation Ltd (since 2009), Keppel Corporation Ltd (SGX: KPELY) (since 2010), PT Chandra Asri Petrochemical Tbk (IDX: TPIA) (since 2011) and Singapore LNG Corporation Pte Ltd. (since 2013). He is also a director (since 2013) and the Chairman of KrisEnergy Ltd (SGX: SK3) (since 2017), the Chairman of Star Energy Group Holdings Pte Ltd (since 2012) and a director of two of Star Energy Group Holdings' subsidiaries, Star Energy Oil and Gas Pte Ltd and Star Energy Geothermal Pte Ltd. Mr. Tan served as Chairman of City Gas Pte Ltd from 2009 to 2015 and as a director of City Spring Infrastructure Trust Pte Ltd. from 2010 to 2014, InterGlobal Offshore Pte Ltd from 2007 to 2012 and PowerSeraya Ltd and Orchard Energy Pte Ltd from 2007 to 2009.

Mr. Tan received his Bachelor of Science degree in Mechanical Engineering from the University of Nottingham in 1973. He is a Chartered Engineer with the UK Engineering Council and a Fellow of the Institution of Engineers Malaysia.

Current directorships and management positions:	Dialog Systems Asia Pte Ltd Director; Keppel Offshore & Marine Ltd. Director; SMRT Corporation Director; Keppel Corporation Ltd Director (SGX: KPELY); PT Chandra Asri Petrochemical Tbx Director (IDX: TPIA); Singapore LNG Corporation Pte Ltd. Director; Chairman KrisEnergy Ltd (SGX: SK3); Chairman Star Energy Group Holdings Pte Ltd and two subsidiaries, Star Energy Oil and gas Pte Ltd and Star Energy Geothermal Pte Ltd.
Previous directorships and management positions last five years:	Interim Chief Executive Officer of SMRT Corporation Ltd. (January 2012 to October 2012); and Chairman City Gas Pte Ltd (2009 to 2015)

Glyn A. Barker, Board Member

Glyn A. Barker, age 64, 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 United Kingdom as Head of the Assurance Practice in 2002. In 2006, he became U.K. Managing Partner and served in that role until 2008.

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Mr. Barker is a director of Berkeley Group Holdings plc (LON: BKG) (since 2012), Aviva plc (LON: AV) (since 2012), and Interserve plc (LON: IRV) (since 2016), and the Chairman of Irwin Mitchell Holdings Ltd (since 2012). He served as director (from 2014 to 2016) and the Chairman (from 2015 to 2016) of Transocean Partners LLC. Mr. Barker was Deputy Chairman of the English National Opera Company from 2009 to 2016.

Mr. Barker received his Bachelor of Science degree in Economics & Accounting from the University of Bristol in 1975 and is a Chartered Accountant.

Current directorships and management positions:	Berkeley Group Holdings plc Director (LON: BKG); Avia plc Director (LON:AV); Interserve plc Director and Irwin Mitchell Holdings Ltd. Chairman
Previous directorships and management positions last five years:	Transocean Partners LLC Chairman (2015 to 2016) and Director (2014 to 2016); and English National Opera Company Deputy Chairman (2009 to 2016)

Chadwick C. Deaton, Board Member

Chadwick C. Deaton, age 65, U.S. citizen, has served as a director of the Company since 2012. Mr. Deaton served as Executive Chairman of Baker Hughes Incorporated from 2012 to 2013, prior to which he served as Chairman and Chief Executive Officer since 2004. He 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 previously from 2004 to 2009), and Marathon Oil Corporation (NYSE: MRO) (since 2014). Mr. Deaton is a member of the Society of Petroleum Engineers (since 1980) and has served on its Industrial Advisory Council. He is also a director of the University of Wyoming Foundation and of the Houston Achievement Place. Mr. Deaton 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. He was a member of the National Petroleum Council (from 2007 to 2013).

Mr. Deaton received his Bachelor of Science degree in Geology from the University of Wyoming in 1976.

Current directorships and management positions:	Ariel Corporation Director; Air Products and Chemicals, Inc. Director (NYSE: APD); Carbo Ceramics Inc. Director (NYSE: CRR); Marathon Oil Corporation Director (NYSE: MRO); University of Wyoming Foundation Director and Houston Achievement Place Director
Previous directorships and management positions last five years:	Baker Hughes Incorporated Executive Chairman (2012 to 2013); and Baker Hughes Chairman and Chief Executive Officer (2004 to 2012)

Samuel Merksamer, Board Member

Samuel Merksamer, age 37, U.S. citizen, has served as a director of the Company since 2013. Mr. Merksamer was a Managing Director of Icahn Capital LP, a subsidiary of Icahn Enterprises L.P., from 2008 to 2016. From 2003 until 2008, Mr. Merksamer was an analyst at Airlie Opportunity Capital Management.

Mr. Merksamer is a director of Hertz Global Holdings, Inc. (NYSE: HTZ) (since 2014) and American International Group, Inc. (NYSE: AIG) (since 2016). Mr. Merksamer previously served as a director of Navistar International Corporation

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(NYSE: NAV) from 2012 to 2017, Cheniere Energy Inc. (NYSE: LNG) from 2015 to 2017, Transocean Partners LLC from 2014 to 2016, Hologic Inc. from 2013 to 2016, Talisman Energy Inc. from 2013 to 2015, Ferrous Resources Limited from 2012 to 2016, CVR Refining, GP, LLC, the general partner of CVR Refining, LP, from 2012 to 2014, CVR Energy, Inc. from 2012 to 2014, 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. Ferrous Resources Limited, CVR Refining, CVR Energy, American Railcar Industries, Federal-Mogul, Viskase Companies and PSC Metals each are indirectly controlled by Carl C. Icahn. Mr. Icahn also has or previously had a noncontrolling interest in Dynegy, Hologic and Talisman Energy, Navistar, Hertz Global Holdings, Cheniere Energy, Transocean, Transocean Partners LLC, and American International Group, Inc. through the ownership of securities.

Mr. Merksamer received an A.B. in Economics from Cornell University in 2002.

Current directorships and management positions:	Navistar International Corporation Director (NYSE: NAV); Ferrous Resources Limited Director; Hertz Global Holdings, Inc. Director (NYSE: HTZ); Cheniere Energy Inc. (NYSE: LNG); and American International Group, Inc. (NYSE: AIG).
Previous directorships and management positions last five years:	Icahn Capital LP Managing Director (2008 to 2016); Transocean Partners LLC Director (2014 to 2016); Hologic Inc. Director (2013 to 2016); Talisman Energy Inc. Director (2013 to 2015); CVR Refining, GP, LLC Director (2012 to 2014); CVR Energy, Inc. Director (2012 to 2014);American Railcar Industries, Inc. Director (2011 to 2013); Dynegy Inc. Director (2011 to 2012); Viskase Companies, Inc. Director (2010 to 2013); Federal-Mogul Corporation Director (2010 to 2014) and PSC Metals Director (2009 to 2012)

Vanessa C.L. Chang, Board Member

Vanessa C.L. Chang, age 65, Canadian and U.S. citizen, has served as a director of the Company since 2012. Ms. Chang has been a Director and shareholder of EL & EL Investments, a privately held real estate investment business, since 1998. She 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 or trustee of 16 funds advised by the Capital Group and its subsidiaries, seven of which are members of the American Funds family and nine of which are members of Capital Group’s Private Client Services (since 2000). Ms. Chang is also a director of Edison International (NYSE: EIX) and its wholly owned subsidiary, Southern California Edison Company (since 2007), and of Sykes Enterprises, Incorporated (NASDAQ: SYKES) (since 2016). She is also a director of Forest Lawn Memorial Parks Association, a non-profit organization (since 2005) and Scottish Chamber Orchestra, Americas, Inc. 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. 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.

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Ms. Chang received her Bachelor of Arts degree from the University of British Columbia in 1973 and is an inactive Certified Public Accountant.

Current directorships and management positions:	EL & EL Investments Director and shareholder; Capital Group Director or trustee of 16 funds, seven of which are members of the American Funds family and nine of which are members of Capital Group's Private Client Services; Edison International Director (NYSE: EIX) and its wholly owned subsidiary, Southern California Edison Company; Sykes Enterprises, Incorporated Director (NASDAQ: SYKES); Forest Lawn Memorial Parks Association Director; and Scottish Chamber Orchestra, Americas, Inc. Director
Previous directorships and management positions last five years:	Blue Shield of California Director (2005 to 2013)

Vincent J. Intrieri, Board Member

Vincent J. Intrieri, age 61, U.S. citizen, has served as a director of the Company since 2014. Mr. Intrieri was employed by Carl C. Icahn-related entities in various investment-related capacities from 1998 to 2016. From 2008 to 2016, Mr. Intrieri served as Senior Managing Director of Icahn Capital LP, the entity through which Carl C. Icahn manages private investment funds. In addition, from 2004 to 2016, Mr. Intrieri was 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, entities through which Mr. Icahn invests in securities.

Mr. Intrieri is a director of Conduent Incorporated (NYSE:CNDT) (since 2017), Hertz Global Holdings, Inc. (NYSE: HTZ) (since 2014) and Navistar International Corporation (NYSE:NAV) (since 2012). Mr. Intrieri previously served as a director of Chesapeake Energy Corporation from 2012 to 2016, CVR Refining, GP, LLC, the general partner of CVR Refining, LP, from 2012 to 2014, Ferrous Resources Limited from 2015 to 2016, Forest Laboratories Inc. from 2013 to 2014, CVR Energy, Inc. from 2012 to 2014, Federal-Mogul Holdings Corporation from 2007 to 2013, Icahn Enterprises L.P. from 2006 to 2012, and was Senior Vice President of Icahn Enterprises L.P. from 2011 to 2012. Mr. Intrieri was also a director of Dynegy Inc. from 2011 to 2012, and Chairman and a director of PSC Metals Inc. from 2007 to 2012. He served as a director of Motorola Solutions, Inc. from 2011 to 2012, XO Holdings from 2006 to 2011, National Energy Group, Inc. from 2006 to 2011, American Railcar Industries, Inc. from 2005 to 2011, WestPoint Home LLC from 2005 to 2011, and as Chairman and a director of Viskase Companies, Inc. from 2003 to 2011. Ferrous Resources Limited, CVR Refining, CVR Energy, American Railcar Industries, Federal-Mogul, Icahn Enterprises, XO Holdings, National Energy Group, WestPoint Home, Viskase Companies and PSC Metals each are or previously were indirectly controlled by Carl C. Icahn. Mr. Icahn also has or previously had a noncontrolling interest in Dynegy, Hertz Global Holdings, Forest Laboratories, Navistar, Chesapeake Energy, Motorola Solutions and Transocean through the ownership of securities.

Mr. Intrieri graduated, with Distinction, from The Pennsylvania State University (Erie Campus) with a B.S. in Accounting in 1984. Mr. Intrieri was a certified public accountant.

Current directorships and management positions:	Conduent Incorporated Director (NYSE: CNDT); Hertz Global Holdings, Inc. Director (NYSE: HTZ); and Navistar International Corporation Director (NYSE: NAV)

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Previous directorships and management positions last five years:	Icahn Capital LP Senior Managing Director (2008 to 2016); Icahn Onshore LP Senior Managing Director (2004 to 2016); Icahn Offshore LP Senior Managing Director (2004 to 2016); Chesapeake Energy Corporation Director (2012 to 2016); CVR Refining, GP, LLC Director (2012 to 2014); Ferrous Resources Limited Director (2015 to 2016); Forest Laboratories Inc. Director (2013 to 2014); CVR Energy, Inc. Director (2012 to 2014); Federal-Mogul Holdings Corporation (2007 to 2013); Icahn Enterprises L.P. Director (2006 to 2012); and Icahn Enterprises L.P. Senior Vice President (2011 to 2012)

Edward R. Muller, Board Member

Edward R. Muller, age 65, 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 served as Vice Chairman of NRG Energy, Inc. (NYSE: NRG) after the merger of NRG Energy, Inc. with GenOn Energy, Inc. from 2012 until 2017. Prior to the merger, he served as GenOn Energy Inc.'s Chairman and Chief Executive Officer (since 2010) and President (since 2011). Mr. Muller 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 is a director of AeroVironment, Inc. (NASDAQ: AVAV) since 2013. He was a private investor from 2000 until 2005. Mr. Muller 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. Since 2004, Mr. Muller has been a trustee of the Riverview School and is currently its chairman, a position he also held from 2008 to 2012.

Mr. Muller received his Bachelor of Arts degree in from Dartmouth College in 1973 and his law degree from Yale Law School in 1976.

Current directorships and management positions:	AeroVironment, Inc, Director (NASDAQ: AVAV); and Riverview School Trustee and Chairman
Previous directorships and management positions last five years:	NRG Energy, Inc. Vice Chairman (NYSE: NRG) (2012 to 2017); GenOn Energy Inc. Chairman and Chief Executive Officer (2010 to 2012); and GenOn Energy Inc. President (2011 to 2012)

Jeremy D. Thigpen, Board Member

Jeremy D. Thigpen, age 43, U.S. citizen, is President, Chief Executive Officer and a director of the Company since 2015. From 2012 to 2015, he served as Senior Vice President and Chief Financial Officer at National Oilwell Varco (NYSE: NOV), where he spent 18 years. During his tenure at National Oilwell Varco, Mr. Thigpen spent five years as the Company's President of Downhole and Pumping Solutions business and four years as President of its Downhole Tools group. He also served in various management and business development capacities, including Director of Business Development and Special Assistant to the Chairman.

Mr. Thigpen earned a Bachelor of Arts degree in Economics and Managerial Studies from Rice University and completed the Program for Management Development at Harvard Business School.

Current directorships and management positions:	See above.

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Previous directorships and management positions last five years:	National Oilwell Varco Senior Vice President and Chief Financial Officer (NYSE: NOV) (2012-2015); and National Oilwell Varco President of Downhole & Pumping Solutions (2007 to 2012)

13.1.3Shares held by Board Members

For information on the Board Members' shareholdings in the Company, see Section 15.4.2 "Security Ownership of Transocean Directors and Executive Officers."

The Company has equity ownership guidelines for directors that require each current non-management director to acquire and retain a number of the Company's shares, restricted share units 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, restricted share units and/or deferred units over his or her initial five years as a director. Jeremy D. Thigpen, the Company's President and Chief Executive Officer, is subject to separate officer share ownership guidelines providing for a more stringent requirement of six times his base pay. In connection with such ownership requirement, the Board of Directors currently grants restricted share units to each of the Company's non-management directors.

13.2Management

13.2.1Overview

The Group's Management team consists of six individuals. The names of the members of the Management as at the date of this Prospectus, and their respective positions, are presented in the table below:

Name	Position	Employed since
Jeremy D. Thigpen	President and Chief Executive Officer1	April 2015
Mark L. Mey	Chief Financial Officer and Executive Vice President1	May 2015
John B. Stobart	Chief Operating Officer, Executive Vice President and Chief Performance Officer 1	October 2012
Howard E. Davis	Executive Vice President, Chief Administrative Officer and Chief Information Officer	August 2015
Brady K. Long	Senior Vice President and General Counsel	November 2015
David Tonnel	Senior Vice President and Corporate Controller	March 1996

(1) Member of the Executive Management Team.

The Company's registered business address at Turmstrasse 30, 6300 Zug, Switzerland serves as the business address for the members of the Management in relation to their employment with the Company.

13.2.2Brief biographies of the members of the Management

Set out below are brief biographies of the members of the Management, including their relevant management expertise and experience, an indication of any significant principal activities performed by them outside the Company and names of companies and partnerships of which a member of the Management is or has been a member of the administrative, management or supervisory bodies or partner the previous five years (not including directorships and

executive management positions in subsidiaries of the Company).

Jeremy D. Thigpen, President and Chief Executive Officer

Mr. Thigpen is President and Chief Executive Officer, a member of the Company's Executive Management Team and a member of the Company's Board of Directors. Before joining the Company in April 2015, Mr. Thigpen served as Senior Vice President and Chief Financial Officer at National Oilwell Varco, Inc. from December 2012 to April 2015. At National Oilwell Varco, Inc., Mr. Thigpen also served as President, Downhole and Pumping Solutions from August 2007 to December 2012, as President of the Downhole Tools Group from May 2003 to August 2007 and as manager of the Downhole Tools Group from April 2002 to May 2003. From 2000 to 2002, Mr. Thigpen served as the Director of Business Development and Special Assistant to the Chairman for National Oilwell Varco, Inc.

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Mr. Thigpen earned a Bachelor of Arts degree in Economics and Managerial Studies from Rice University in 1997, and he completed the Program for Management Development at Harvard Business School in 2001.

Current directorships and management positions:	See above.
Previous directorships and management positions last five years:	National Oilwell Varco Senior Vice President and Chief Financial Officer (NYSE: NOV) (2012-2015); and National Oilwell Varco President of Downhole & Pumping Solutions (2007 to 2012)

Mark L. Mey, Chief Financial Officer and Executive Vice President

Mr. Mey is Executive Vice President, Chief Financial Officer of the Company and a member of the Company's Executive Management Team. Before joining the Company in May 2015, Mr. Mey served as Executive Vice President of Atwood Oceanics, Inc. from January 2015 to May 2015, prior to which he served as Senior Vice President and Chief Financial Officer from August 2010. Mr. Mey was director of Transocean Partners LLC from June 2015 until December 2016. He served as Director, Senior Vice President and Chief Financial Officer of Scorpion Offshore Ltd. from August 2005 to July 2010. Prior to 2005, Mr. Mey held various senior financial and other roles in the drilling and financial services industries, including 12 years with Noble Corporation. Mr. Mey earned an Advanced Diploma in Accounting and a Bachelor of Commerce degree from the University of Port Elizabeth in South Africa in 1985, and he is a chartered accountant. Additionally, Mr. Mey completed the Harvard Business School Executive Advanced Management Program in 1998.

Current directorships and management positions:	See above.
Previous directorships and management positions last five years:	Atwood Oceanics, Inc. Executive Vice President (January 2015 to May 2015); Atwood Oceanics, Inc. Senior Vice President and Chief Financial Officer (2010 to 2015); and Transocean Partners LLC Director (2015 to 2016)

John B. Stobart, Executive Vice President, Chief Operating Officer and Chief Performance Officer

Mr. Stobart is Executive Vice President, Chief Operating Officer and Chief Performance Officer of the Company and a member of the Company's Executive Management Team. 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 1998 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 earned a Bachelor of Science degree in Mechanical Engineering from the University of Calgary in 1980, and he completed the London Business School Accelerated Development Program in 2000.

Current directorships and management positions:	See above.

Previous directorships and management positions last five years:	BHP Billiton Petroleum Vice President of Global Drilling (2011 to 2012)

Howard E. Davis, Executive Vice President, Chief Administrative Officer and Chief Information Officer

Mr. Davis is Executive Vice President, Chief Administrative Officer and Chief Information Officer of the Company. Before joining the Company in August 2015, Mr. Davis served as Senior Vice President, Chief Administrative Officer and

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Chief Information Officer of National Oilwell Varco, Inc. from March 2005 to April 2015 and as Vice President, Chief Administrative Officer and Chief Information Officer from August 2002 to March 2005.

Mr. Davis earned a Bachelors degree from the University of Kentucky in 1980, and he completed the Advanced Management Program at Harvard Business School in 2005.

Current directorships and management positions:	See above.
Previous directorships and management positions last five years:	National Oilwell Varco Senior Vice President, Chief Administrative Officer and Chief Information Officer (2005 to 2015)

Brady K. Long, Senior Vice President and General Counsel

Mr. Long is Senior Vice President and General Counsel of the Company. Before joining Transocean in November 2015, Mr. Long served since 2011 as Vice President, General Counsel and Secretary of Ensco plc, which acquired Pride International, Inc. where he had served as Vice President, General Counsel and Secretary since August 2009. Mr. Long joined Pride International, Inc. in June 2005 as Assistant General Counsel and served as Chief Compliance Officer from June 2006 to February 2009. He was director of Transocean Partners LLC from May 2016 until December 2016. Mr. Long previously practiced corporate and securities law with the law firm Bracewell LLP.

Mr. Long earned a Bachelor of Arts degree from Brigham Young University in 1996 and a Juris Doctorate degree from the University of Texas School of Law in 1999.

Current directorships and management positions:	See above
Previous directorships and management positions last five years:	Ensco plc Vice President, General Counsel & Secretary (NYSE: ESV) (2011 to 2015); and Transocean Partners LLC Director (May 2016 to December 2016)

David Tonnel, Senior Vice President and Corporate Controller

Mr. Tonnel is Senior Vice President and Corporate Controller of the Company. Prior to assuming this role in April 2017, Mr. Tonnel served as Senior Vice President, Supply Chain and Corporate Controller for two years, beginning in October 2015 and previously as Senior Vice President, Finance and Controller from March 2012 to October 2015 and as Senior Vice President of the Company’s Europe and Africa Unit from June 2009 to March 2012, Vice President of Global Supply Chain from November 2008 to June 2009, Vice President of Integration and Process Improvement from November 2007 to November 2008, and 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 earned a Master of Science degree in Management from Ecole des Hautes Etudes Commerciales in Paris, France in 1991.

Current directorships and management positions:	See above.
Previous directorships and management positions last five years:	Transocean Senior Vice President, Supply Chain and Corporate Controller (NYSE: RIG) (2015 to 2017); and Transocean Senior Vice President, Finance and Controller (2012 to 2015)

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13.2.3Shares held by members of Management

For information on the members of Management's shareholdings in the Company, see Section 15.4.2 "Security Ownership of Transocean Directors and Executive Officers."

13.3Remuneration and benefits

13.3.1Remuneration of the Board of Directors

The levels of remuneration for the non-employee members of the Board of Directors for 2016 are as follows:

Name	Fees Earned or Paid in Cash (U.S.$)	Stock Awards(1) (U.S.$)	All Other Compensation	Total (U.S.$)
Glyn A. Barker	135,000	186,600	—	321,600
Vanessa C. L. Chang	100,000	186,600	—	286,600
Frederico F. Curado	100,000	186,600	—	286,600
Chadwick C. Deaton	110,000	186,600	—	296,600
Vincent J. Intrieri	100,000	186,600	—	286,600
Martin B. McNamara	110,000	186,600	—	296,600
Samuel J. Merksamer	100,000	186,600	—	286,600
Merrill A. "Pete" Miller, Jr.	325,000	288,785	—	613,785
Edward R. Muller	110,000	186,600	—	296,600
Tan Ek Kia	120,000	186,600	—	306,600

(1) This represents the aggregate grant-date fair value under accounting standards for recognition of share-based compensation expense for restricted share units granted to the Company's directors in 2016, computed in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718. For a discussion of the valuation assumptions with respect to these awards, please see Note 16 to the Group's consolidated financial statements for the year ended 31 December 2016 incorporated by reference in this Prospectus.

13.3.2Remuneration of the Management

The table below sets out the total remuneration paid to the Company's Chief Executive Officer, Chief Financial Officer and the next three most highly compensated Executive Officers as of 31 December 2016 (collectively, the "Named Executive Officers").

Year	Salary U.S.$	Bonus U.S.$	Stock Awards(1) U.S.$	Option Awards(1) U.S.$	Non-Equity Incentive Plan Compensation(2) U.S.$	Change in Pension Value and Non-Qualified Deferred Compensation Earnings(3) U.S.$	All Other Compensation(4) U.S.$
2016	1,000,000	—	4,362,658	1,190,841	1,992,000	—	557,568

2015	693,182	500,000	7,990,424	—	1,164,545	—	548,422
2016	760,000	—	1,828,164	499,019	1,072,360	—	508,751
2015	449,667	500,000	5,199,332	—	540,162	—	418,116
2016	670,000	—	1,836,467	501,289	1,112,200	369	513,909
2015	670,000	—	1,854,320	—	938,000	7,499	666,406
2014	664,167	—	2,156,353	—	658,636	202,852	687,852
2016	550,000	—	1,371,118	374,263	684,750	—	96,981
2016	525,000	—	1,090,669	297,709	610,050	—	70,624

(1) Represents the aggregate grant-date fair value 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 16 to the Company’s consolidated financial statements for the year ended 31 December 2016 incorporated by reference in this Prospectus.

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(2) 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 2016, is described in Section 13.3.3.1 "2016 Bonus Structure."
(3) There are no nonqualified deferred compensation earnings included in this column because no Named Executive Officers received above-market or preferential earnings on such compensation during 2016, 2015 or 2014.
(4) All other compensation for 2016 consists of the following:

Name	Company Contributions to Savings Plans(1) U.S.$	Life, Health and Welfare Insurance Premiums U.S.$	Dividend Equivalents on time-based Restricted Share Unit (RSU) U.S.$	Executive Expatriate Allowances and Perquisites(2) U.S.$	Expatriate Relocation U.S.$
Jeremy D. Thigpen	216,455	15,600	34,135	187,359	104,019
Mark Mey	130,016	16,493	22,086	196,837	143,319
John B. Stobart	160,800	20,387	19,270	300,080	13,372
Howard Davis	76,676	19,305	1,000	—	—
Brady Long	52,500	18,124	—	—	—

(1) Messrs. Thigpen, Mey, Stobart, Davis and Long participate in the U.S. 401(k) Savings Plan and Savings Restoration Plan.
(2) Amounts include automobile and housing allowance for Mr. Thigpen (USD 122,041), Mr. Mey (USD 122,041) and Mr. Stobart (USD 183,125); home country leave allowances for Messrs. Thigpen, Mey and Stobart; cost of living allowance for Mr. Thigpen (USD 61,508), Mr. Mey (USD 61,508) and Mr. Stobart (USD 92,295); financial planning benefits for Mr. Stobart; and club membership dues and executive physicals for Messrs. Mey and Stobart. All executive perquisites, including financial planning, annual physicals and club memberships were abolished effective 1 January 2017.

13.3.3Annual Performance Bonus

The Company's Performance Award and Cash Bonus Plan (the "Bonus Plan") is a goal-driven plan that provides participants, including the Named Executive Officers, 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 2016, each Named Executive Officer had a potential payout range of 0% to 200% of his individual target award opportunity. The Compensation Committee established a 2016 target bonus opportunity for each of the following Named Executive Officers at the same target opportunity as established for 2015, and have further maintained the same target bonus opportunities again in 2017. The 2016 target bonus opportunity for each Named Executive Officer, expressed as a percentage of base salary, is as follows:

Executive	Bonus Target	
Mr. Thigpen	120	%
Mr. Mey	85	%
Mr. Stobart	100	%
Mr. Davis	75	%
Mr. Long	70	%

13.3.3.12016 Bonus Structure

The annual cash bonus structure is designed with a focus on financial, operational and safety performance. These three focus areas have a direct line of sight to annual company operational and financial results while maintaining a strong focus on personnel, industrial and environmental safety. During the current drilling sector down cycle, driven largely by commodity pricing beyond the Company's control, this annual bonus structure is designed to focus on those areas where the Company can differentiate itself from the Group's competitors and be well-positioned for the market recovery.

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The design of each measure, relative weighting, and construction of the Group's threshold-target-maximum payout range, were derived from the Company's 2016 business plan with a focus on continuous improvement.

The Compensation Committee considered the results of key performance areas, specified at the beginning of 2016, when determining the outcomes of the variable, performance-based compensation under the Performance Award and Cash Bonus Plan for the Company's Named Executive Officers for 2016.

Each of the following performance areas is measured with a potential payout ranging from 0% to 200% achievement and is discussed in greater detail below.

Performance Measures	Weighting	
SAFETY	25	%
Total Recordable Incident Rate	(10)	%
Operational Integrity / Process Safety	(10)	%
Dropped Object Potential Severity	(5)	%
UPTIME	25	%
EBITDA	50	%

13.3.3.2Safety Performance

The Company's business involves numerous operating hazards, and the Company is strongly committed to protecting its employees, property and the environment. The Company's ultimate goal is expressed in its safety vision of "an incident-free workplace all the time, everywhere." The safety performance targets for 2016 were approved by the Compensation Committee and levels are set annually to motivate the Company's 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.

For 2016, the Compensation Committee measured the Company's safety performance through a combination of components: Total Recordable Incident Rate ("TRIR"), Dropped Object Potential Severity ("DPSR") and Operational Integrity (also referred to as Process Safety). TRIR and Process Safety were each weighted at 10%, with DPSR weighted at 5%.

The following charts shows the Group's actual performance related to the formulaic payout amounts for TRIR, DPSR and Operational Integrity.

During 2016, performance results across all three safety measures established new company records. These results reflect an outstanding commitment to safety from the Company's workforce and a relentless focus on continuous improvement toward an incident-free workplace. Together, the safety metric outcomes resulted in a formulaic payout percentage for Safety of 42% of the total target bonus opportunity for each of the Named Executive Officers in 2016.

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13.3.3.3Total Recordable Incident Rate (TRIR)

TRIR is a safety performance metric recognized by the U.S. Occupational Safety & Health Administration and is used by companies across an array of industries. The Company calculates 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: death; a physician or licensed health care professional recommending days away from work due to the injury or illness; an employee not being able to perform all of his or her routine job functions (but not resulting in days away from work); or 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 2016 of 0.39, representing further progress toward the Group's zero accident safety vision. This target represented an improvement of 8% over the 2015 actual performance which represented the best TRIR outcome to that point in the Company's history. Values above and below this target were calculated in accordance with the chart below, with outcomes falling between the two boundaries interpolated on a straight-line basis:

TRIR Outcome to Target	Bonus Payout	
Maximum = 0.35	200	%
Target = 0.39	100	%
Minimum = 0.47	0	%

Any TRIR outcome representing a result of 0.47 or greater would result in a 0% bonus payout for the TRIR metric, representing a 20% negative variance from target; however, if 2016 results did not outperform 2015 actual performance, a 10% reduction would be applied to the formulaic payout for the TRIR component. TRIR results of 0.35, reflecting top quartile IADC performance, would result in a payout of 200% for the TRIR metric.

The Company's TRIR outcome for 2016 was 0.34, exceeding maximum performance as compared to target and represents the best TRIR result in the Company's history. This resulted in a formulaic result of 200% of target for the TRIR metric and a formulaic result for this measure of 20% of the total target bonus opportunity for each of the Named Executive Officers.

13.3.3.4Dropped Object Potential Severity (DPSR)

DPSR is an internally developed safety measure that the Company utilizes to capture the potential severity of incidents over a period of time. This 2016 safety measure represents a focus on continuous improvement. In 2015, the Company measured Total Potential Severity Rate, of which DPSR represented a significant component. Dropped objects from elevated heights, including tools, parts and equipment, have the potential to cause severe personnel injury and significant structural damage to the rig. Analysis indicated dropped object incidents typically have the highest potential severity to harm people working onboard the Group's rigs. As such, the Company extracted this metric from TPSR in order to bring a more acute focus to dropped object prevention. Accordingly, the bonus measure reflects the Company's focus on accident avoidance.

The formulaic measure of DPSR evaluates the severity of all dropped objects and applies a score to each incident based on severity. This severity assessment follows prescribed guidelines defined in the Company's Health and Safety Policies and Requirements. The sum of dropped object events is then measured against the total number of working hours, to determine the quantity and severity of events as a factor of total hours worked. This measurement technique,

using total hours worked, is consistent with the methodology employed by the U.S. Occupational Safety and Health Administration and IADC in measuring work-related injuries.

The Compensation Committee approved a DPSR target for 2016 of 9.93, reflecting a 9% improvement over the Company's 2015 target and represents further progress toward the Company's safety vision. Values above and below this target were

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calculated in accordance with the chart below, with outcomes falling between two boundaries interpolated on a straight-line basis:

DPSR Outcome to Target	Bonus Payout	
20% Improvement Exceeding Target	200	%
10% Improvement Exceeding Target	150	%
Target	100	%
10% Shortfall	50	%
20% Shortfall	0	%

Any DPSR outcome representing a shortfall of more than 20% as compared to the target would result in a 0% bonus payout for the DPSR 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 DPSR metric.

The Company's DPSR outcome for 2016 of 8.33 represents the best performance in the Company's history and a significant improvement as compared to the target. This improvement resulted in a formulaic result of 180.4% of target for the DPSR metric, and a formulaic result for this measure of 9% of the total target bonus opportunity for each of the Named Executive Officers.

13.3.3.5Operational Integrity (Process Safety)

The Company believes that in addition to personnel and behavioral safety, prevention and mitigation of major accident hazards or process incidents are critical components of a comprehensive safety management program. Accordingly, Operational Integrity is an internally developed safety measure designed to prevent or mitigate a major accident or significant event.

The Company uses 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 Operational Integrity metric, the Company measures the number of process safety events that are likely predictors or leading indicators of a potentially significant major accident hazard event. The 2016 target for process safety events was established to represent an improvement over the baseline of events that occurred on the Group's installations in 2015.

The Compensation Committee approved an Operational Integrity target for 2016 of 0.42, reflecting improvement over 2015 actual results of 0.44 and representing further progress toward the Company's safety vision. Values above and below this target were calculated in accordance with the chart below, with outcomes falling between two boundaries interpolated on a straight-line basis:

Operational Integrity Outcome to Target	Bonus Payout	
20% Improvement Exceeding Target	200	%
10% Improvement Exceeding Target	150	%
Target	100	%

10% Shortfall	50	%
20% Shortfall	0	%

In 2016, the Operational Integrity measure realized an actual result of 0.09, resulting in 200% achievement of this metric and a formulaic result for this measure of 20%; however, the Operational Integrity measure calls for a one-third reduction in the formulaic payout result in the event of any Tier1 Operational Integrity event, as defined in the Company's Health

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and Safety Policies and Requirements. A Tier1 event is the most serious Operational Integrity event, requiring immediate and potentially significant company time and resources to rectify.

In August 2016, Transocean experienced a Tier1 Operational Integrity event† that resulted in a reduction of the formulaic result for the Operational Integrity measure from 20% to 13.33% of the total bonus opportunity for each of the Named Executive Officers.

†During severe weather on 8 August 2016, the tow to the Transocean Winner was lost and the rig subsequently grounded off the Western Isles of Scotland. Transocean personnel were immediately mobilized to recover the rig and mitigate impact.

13.3.3.6Financial Performance

(i) EBITDA. For the 2016 bonus plan, the Compensation Committee determined Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA"), a commonly accepted measure of financial performance, as the most appropriate measure to align with the Company's financial objectives. Weighted at 50% of the total 2016 annual bonus plan opportunity, EBITDA replaces the prior 2015 bonus plan focus on Cash Flow Value Added and Operating Costs.

The Company believes this move to EBITDA is a more holistic view of the Company's financial performance in current market conditions. The measure reflects the complete revenue and cost cycle in the Group's business. EBITDA is an objective performance measure commonly used among the Group's drilling company peers and is a financial indicator transparent and familiar to the Company's shareholders.

In establishing the EBITDA target, the Compensation Committee considered the Company's 2016 financial plan. Threshold and maximum performance outcomes were then set based on the potential for decreases or increases to financial outcomes tied to dynamic market conditions.

EBITDA Target	Achievement (MM-$)
Threshold	1,540
Target	1,876
Maximum	2,049

2016 EBITDA results were challenged by declining demand for rigs combined with depressed day rates for contracts. However, a strong focus on cost management combined with outstanding efficiency for deployed rigs, resulted in actual EBITDA results exceeding the target for this measure. EBITDA results achieved 161.3% of target and a formulaic result for this measure of 80.64% of the total target bonus opportunity for each of the Named Executive Officers.

The EBITDA achievement that was applied to the annual bonus plan performance achievement was adjusted downward to remove certain revenue associated with early contract terminations and other unanticipated events during the performance cycle; thus, EBITDA results applied to the annual bonus plan are lower than the financial results recorded in the Company's financial statements. Without such downward adjustments to the bonus plan EBITDA results, actual bonus results would have been higher, potentially leading to the unintended consequence of higher incentive awards due to lower rig activity.

(ii) Uptime. Uptime was identified as the operational performance measure that would best align with the Company's customers' interests during 2016. This measure represented 25% of the total target annual bonus opportunity to

reinforce the importance of maintaining excellence in rig operations. While similar to Revenue Efficiency, a drilling rig's measure of contract revenues used in the Company's 2015 annual bonus plan, Uptime has a more direct focus on operational efficiency.

Uptime is a common operational metric used in the drilling industry; however, there is no standard industry definition and reporting structure for this metric. The Company's definition recognizes both equipment failures and human performance errors in calculating a rig's performance.

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Uptime is measured as operating hours, minus downtime, expressed as a percentage. Operating hours are defined as the number of hours a rig is engaged in a contract. Downtime is defined as the number of hours the rig is not engaged in drilling activities, resulting from mechanical failure or human performance error. Using this formula, zero mechanical failures and human performance errors would result in the rig operating at 100% Uptime. Downtime events detract from optimal performance and have a direct negative impact on the customer's operational plan.

In setting the threshold-target-maximum range for this measure, the mathematical differential across the range may appear small (e.g., a 1.5% spread from target to maximum performance); however, this differential is significant considering the total number of operating hours during a calendar year.

The Compensation Committee approved the following uptime target for 2016:

Uptime Target	Achievement	
Threshold	94.0	%
Target	95.5	%
Maximum	97.0	%

In setting the 2016 performance range, management considered past performance and set stretch targets to focus on continuous improvement. While the Company strives for improvement year over year, consideration must be given to the Company's fleet composition and business cycle in setting this target. Reduced fleet size, shorter contract durations, change of location mobilizations and the challenge of bringing new rigs on line will all potentially apply downward pressure on a fleet's Uptime performance. The Company experienced all of these challenges in 2016 and still delivered outstanding Uptime performance for the Group's customers.

Based on this high level of operational efficiency, the actual Uptime measure achieved 96.6%. This incremental 1.1% above target performance, equates to approximately 3,300 hours, or 137.5 days, of additional operational productivity across the fleet. This achievement result represents 173.3% of target, and a formulaic result for this measure of 43.33% of the total target bonus opportunity for each of the Named Executive Officers.

13.3.3.7Actual Bonus Plan Compensation for 2016

Based on the performance measures described above and using the pre-determined weightings assigned to each measure by the Compensation Committee, the formulaic bonus outcome for each of the Company's Named Executive Officers was 166% of the targeted bonus opportunity under the Performance Award and Cash Bonus Plan for 2016. The components of this total bonus payout under the Performance Award and Cash Bonus Plan for 2016 are as follows:

Performance Measure	Threshold Payout		Target Payout		Maximum Payout		Actual Payout	
Safety	0	%	25	%	50	%	42	%
EBITDA	0	%	50	%	100	%	43	%
Uptime	0	%	25	%	50	%	81	%
Total							166	%

These outstanding annual bonus results reflect the Company's commitment to outstanding rig operations and sharp focus on financial results, while maintaining the highest standards for safety.

13.4Long-Term Incentives

The Company established competitive long-term incentive ("LTI") opportunities for its 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 share price performance.

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To provide an appropriate balance of incentives tied to performance, three types of long-term equity instruments were used in 2016, including Performance Units, Restricted Share Units and Non-Qualified Stock Options. The weighting of each instrument in the Group's long-term incentive program was as follows:

This long-term incentive mix is designed to ensure a minimum of 50% of the total weighting is applied to the Performance Units. Stock Options are included in the incentive mix to reinforce a direct relationship to the shareholder experience. Stock Options only deliver value to the executive when the Company's share price exceeds the strike price on the option. All three equity instruments are also designed to be retentive in nature through multi-year performance periods and vesting periods.

The forms of equity awards made to the Company's Named Executive Officers are discussed in greater detail below.

	2016 LTI Grant Value – U.S.$	2015 LTI Grant Value U.S.$
Mr. Thigpen	5,250,000	5,500,000
Mr. Mey	2,200,000	2,200,000
Mr. Stobart	2,210,000	1,880,000
Mr. Davis†	1,650,000	—
Mr. Long†	1,312,500	—

(†) Messrs. Davis and Long were hired in 2015 and did not receive a target annual equity award.

13.4.1Performance Units (PSU)

Each PSU represents one share and is earned based on performance over a three-year performance cycle from 1 January 2016 through 31 December 2018. Performance is determined by comparing the Company's total shareholder return ("TSR") performance relative to the Company's Performance Peer Group over the three-year performance cycle.

In constructing this performance equity plan, the Compensation Committee considered the value of including an absolute financial measure, similar to the structure of the Company's 2015 – 2018 performance plan, which included Return on Capital Employed ("ROCE") as a financial measure. After a thorough review of current market conditions and the substantial challenges in setting ROCE long-term incentive goals in an extremely volatile environment, the Committee concluded that a single measure of relative TSR using the Performance Peer Group of nine offshore drillers offered the best shareholder alignment and better supported the Company's strategic objective of becoming the undisputed leader in offshore drilling.

In further recognition of the importance of shareholder alignment, the Compensation Committee capped the earning of Performance Units at target if the Company's absolute TSR during a performance period is less than -15%. The Group set the cap at a level of -15% to ensure that management does not benefit disproportionately from shareholder returns that are more than marginally negative.

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Actual results at the completion of the three-year performance cycle will be determined by the following ordinal ranking of TSR performance:

Company Ranking	% of Target Performance Units	
1	200	%
2	175	%
3	150	%
4	125	%
5	100	%
6	83	%
7	67	%
8	50	%
9	0	%
10	0	%

Upon completion of the 2016 - 2018 PSU performance cycle, the Compensation Committee will determine final payout levels, and PSUs will be distributed to the Named Executive Officer, along with a cash payment equal to any dividends or equivalents accrued during the performance cycle for earned and vested shares.

13.4.2Restricted Share Units

The target value of the 2016 RSU grants to each of the Named Executive Officers was approximately one-quarter (25%) of each officer's total 2016 long-term incentive award target value.

Time-vested RSUs were granted to all Named Executive Officers as part of the 2016 annual long-term incentive grants. Each RSU represents one share and vests over a three-year schedule (ratably one-third each year), contingent on continued service.

13.4.3Non-Qualified Stock Options

The target value of the 2016 Non-Qualified Stock Options ("NQSO") grants to each of the Named Executive Officers was approximately one-quarter (25%) of each officer's total 2016 long-term incentive award target value.

Time-vested NQSOs were granted to all Named Executive Officers as part of the 2016 annual long-term incentive grants. Each NQSO represents one share and vests over a three-year schedule (rateably one-third each year), contingent on continued service.

13.4.4Realized Long-Term Incentive Compensation for 2016

In 2017, the Compensation Committee evaluated the Company's performance for the three-year performance period from 1 January 2014 through 31 December 2016, and determined the Company's performance to be 123.3% of target. This result represents the first payout in seven performance cycles for the Company.

This performance plan consisted of two measures, equally weighted at 50% of the total award opportunity. The two measures included relative TSR as measured against a performance peer group, and ROCE during the first year of the three year performance cycle. Final measurement for this performance cycle included ROCE results slightly below maximum performance. Actual ROCE financial results are not disclosed due to the proprietary nature of this

information in establishing the Company's competitive position in the market. With respect to relative TSR, the Company ranked 8 of 12 against performance peer companies, resulting in performance below target for this measure. The two measures combined resulted in the 123.3% of target performance outcome.

Mr. Stobart is the only Named Executive Officer eligible for this 2014 – 2016 performance plan payout. When considering the Company's share price decline during this three year period, however, the 123.3% achievement level translates to approximately 39% of target in realizable value compared to the expected target value at grant.

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13.5Post-Employment Compensation

The Company believes that the competitive marketplace for executive talent and the Company's desire to retain its Executive Officers require the Company, subject to compliance with applicable law, to provide its Executive Officers with a severance package. Each of the Company's executive officers, who are not members of the Executive Management Team, is eligible to receive severance benefits in the event the Company chooses to terminate the executive officer at its convenience. Currently, all Named Executive Officers who are not members of the Company's Executive Management Team are covered under its executive severance benefit policy, which provides for specified payments and benefits in the event of a termination at the Company's convenience.

The benefits provided in the event of an involuntary termination under the terms of the Company's 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 award under the Bonus Plan for such executive, 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; and outplacement services not to exceed 5% of the base salary of the executive.

The Company also believes that the interests of its 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, the Company believes that those executive officers who remain with the Company 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 Compensation Committee periodically reviews severance packages offered to the Group's management to ensure the benefits are aligned with 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 the Company and enter into a non-competition and confidentiality agreement covering the Group's trade secrets and proprietary information.

The Ordinance prohibits certain types of compensation payments to members of the Executive Management Team, including severance payments in any form. Therefore, members of the Executive Management Team are not eligible to participate in the executive severance benefits policy. Pursuant to their employment agreements, members of the Executive Management Team must receive at least twelve months' notice prior to a termination of employment without cause.

13.6Pensions and retirement benefits

The Company maintains three pension plans for executive officers and other employees that provide for post-retirement income based on age and years of service: the Transocean Savings Restoration Plan, the Transocean U.S. Retirement Plan and the Transocean Pension Equalization Plan.

13.6.1Transocean Savings Restoration Plan

The Company maintains the Transocean Savings Restoration Plan, a nonqualified, unfunded, defined contribution plan for key management employees who earn compensation in excess of certain limits in the Internal Revenue Code. All Named Executive Officers participate in this plan. Effective 1 January 2017, all participants in this plan are fully vested. The plan provides that eligible participants receive an annual contribution equal to 10% (or such other age as determined by the administrative committee) of the compensation earned in a particular calendar year that is in excess of the Internal Revenue Code limits. Compensation considered under this plan includes basic salary and annual

performance bonus. A participant must be employed on the last day of the calendar year in order to receive a contribution for a particular year. At 30 September 2017 and 31 December 2016, the liability for the Transocean Savings Restoration Plan was USD 3 million and USD 2 million, respectively.

13.6.2Transocean U.S. Retirement Plan

The Transocean U.S. Retirement Plan is a tax-qualified pension plan. Benefit accruals under this plan were frozen effective as of 31 December 2014. Mr. Stobart is the only Named Executive Officer who participates in this plan.

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The purpose of the plan is to provide post-retirement income benefits to employees in recognition of their long-term service to the Company. Benefits available to executives are no greater than those offered to non-executive participants. The plan is funded through cash contributions made by the Company based on actuarial valuations and regulatory requirements. Employees working for the Company in the U.S. are fully vested after completing five years of eligible employment. 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 with five years of service).

The elements of compensation included in computing the retirement benefit are basic salary and annual performance bonuses earned prior to 1 January 2015. Retirement benefits are calculated as (i) the sum of 1% of the employee's compensation for each calendar year (or partial year) of employment, divided by (ii) 12. At 30 September 2017 and 31 December 2016, the liability for the Transocean U.S. Retirement Plan was USD 243 million and USD 254 million, respectively.

13.6.3Transocean Pension Equalization Plan

The Pension Equalization Plan ("PEP") is a nonqualified, unfunded, non-contributory pension plan that was frozen effective 31 December 2014. Mr. Stobart is the only Named Executive Officer with a frozen benefit in the PEP.

Certain employees are eligible to receive a benefit under the PEP, if the level of their compensation prior to 1 January 2015 would otherwise cause them to exceed the Internal Revenue Code compensation limitations imposed on the Transocean U.S. Retirement Plan. The purpose of the PEP is to provide supplemental post-retirement income in recognition of service to the Company. Benefits are payable upon a participant's termination of employment, or six months after termination in the case of certain officers.

The plan recognizes the same forms of compensation and the same formula used to calculate the plan benefit as the Transocean U.S. Retirement Plan however, earnings are not limited to the pay cap under the Internal Revenue Code Section 401(a)(17) (USD 260,000 in 2014 when the PEP was frozen). Benefits are not earned until the individual has five years of credited service with the Company. At 30 September 2017 and 31 December 2016, the liability for the Transocean Pension Equalization Plan was USD 12 million and USD 13 million, respectively.

13.7Corporate governance committee

The Board of Directors has established a Corporate Governance Committee composed of three Board Members. The current members of the corporate governance committee are Mr. McNamara, as Chairman, and Messrs. Deaton and Intrieri.

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 of Directors' candidates to stand for election at the next general meeting of shareholders.

13.8Audit committee

The Board of Directors has established an Audit Committee. The current members of the Audit Committee are Glyn A. Barker as chair and Vanessa C.L. Chang and Frederico F. Curado as members.

The Audit Committee of the Company is appointed by the Board of Directors to assist the Board of Directors in overseeing (1) the integrity of the financial statements of the Company, (2) the compliance by the Company with legal

and regulatory requirements, (3) the independence, qualifications and performance of the Company's independent auditors and (4) the performance of the Company's internal audit function. Consistent with this oversight function, the Audit Committee encourages continuous improvement of and fosters adherence to the Company's policies, procedures and practices at all levels.

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13.9Compensation Committee

In accordance with the Articles of Association and the Ordinance, the annual general meeting of shareholders 2017 has elected, from among the Directors, the members of the Compensation Committee for a period extending to the next annual general meeting of shareholders. The Compensation Committee comprises Tan Ek Kia as chair and Frederico F. Curado, Vincent J. Intrieri and Martin B. McNamara as members.

The Compensation Committee is a committee of the Board of Directors of the Company to assist the Board of Directors in (1) developing an appropriate compensation program and benefit package 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 allow the Company to attract, retain and motivate qualified individuals in a system that aligns compensation with the Company's business performance.

13.10Conflicts of interest, etc.

During the last five years preceding the date of this Prospectus, none of the Board Members and the members of the Management have, or had, as applicable:

- any convictions in relation to indictable offences or convictions in relation to fraudulent offenses;
- received any official public incrimination and/or sanctions by any statutory or regulatory authorities (including designated professional bodies) or was disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company; or
- been declared bankrupt or been associated with any bankruptcy, receivership or liquidation in his or her capacity as a founder, director or senior manager of a company.

To the Company's knowledge, there are currently no actual or potential conflicts of interest between the Company and the private interests or other duties of any of the Board Members and the members of the Management, including any family relationships between such persons.

13.11Corporate governance guidelines

The Company has adopted and implemented a set of corporate governance guidelines that comply with the requirements for companies listed on the NYSE.

13.12Employees

As of the date of this Prospectus, the Group has a total of approximately 5,000 employees.

The table below reflects the approximately number of employees in the Group as of 31 December 2016, 2015 and 2014.

Number of employees (year end)	2016	2015	2014
Total (approximate):	5,300	9,000	13,000

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The table below reflects a breakdown of the number of employees of the Group by geographic location as of 31 December 2016, 2015 and 2014.

Location	2016	2015	2014
North America	2,114	3,151	3,997
South America	908	1,067	1,138
Africa	310	1,165	2,129
Europe	979	1,866	3,285
Australia-Asia	1,006	1,720	2,616
Total	5,317	8,969	13,165

The table below reflects a breakdown of the number of employees of the Group by category of activity as of 31 December 2016, 2015 and 2014.

Category of activity	2016	2015	2014
Offshore	4,494	7,465	11,106
Shore-based	823	1,504	2,060
Total	5,317	8,969	13,165

The table below reflects the average number of temporary employees per year for 2016, 2015 and 2014. Temporary employees are also included in approximate numbers above.

Average number of temporary employees (by year)	2016	2015	2014
Average:	405	664	975

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14DIVIDENDS AND DIVIDEND POLICY

14.1Dividend policy

In deciding whether to propose a dividend and in determining the dividend amount to propose to the general meeting of shareholders for distribution, the Board of Directors will take into account applicable legal restrictions, as set out in the Swiss Code of Obligations (see Section 14.3 "Legal constraints on the distribution of dividends"), the Company's capital requirements, including capital expenditure requirements, its financial condition, general business conditions and any restrictions that its contractual arrangements in place at the time of the dividend may place on its ability to pay dividends and the maintenance of appropriate financial flexibility.

The Board of Directors may also propose to the general meeting of shareholders a distribution through par value reductions or out of qualifying additional paid-in capital as shown on the Company's standalone Swiss statutory financial statements. The amount of par value available for the Company to use for par value reductions or the amount qualifying additional paid-in capital available for the Company to pay out as distributions is limited. If the Company is unable to make a distribution through a reduction in par value, or out of qualifying additional paid-in capital as shown on the Company's standalone Swiss statutory financial statements, the Company may not be able to make distributions without subjecting its shareholders to Swiss withholding taxes.

The Company may also make distributions by repurchasing Shares under the share repurchase program, approved by the general meeting of shareholders in 2009 and pursuant to which the Company may repurchase Shares of up to CHF 3.5 billion for cancellation (see Section 12.7.2 "Sources and uses of liquidity").

There can be no assurance that a dividend will be proposed or declared in any given period. If a dividend is proposed or declared, there can be no assurance that the dividend amount or yield will be as contemplated above.

14.2Dividend history

The Company has paid the following dividends from and including 2013 and to the date of this Prospectus:

Year	Dividends paid in USD per share	Aggregate dividends paid in USD Million
2013 (based on financial year 2012)	1.68	606
2014 (based on financial year 2013)	2.81	1,018
2015 (based on financial year 2014)	1.05	381
2016 (based on financial year 2015)	None	None
2017 (based on financial year 2016)	None	None

The dividends paid from 2013 to 2017, if any, have been paid out of the Company's capital contribution reserves (by way of a release and allocation of general legal reserves from capital contribution to dividend reserve from capital contribution).

14.3Legal constraints on the distribution of dividends

Swiss companies must maintain a separate company, standalone Swiss statutory balance sheet for the purpose of, among other things, determining the amounts available for the return of capital to shareholders, including by way of a distribution of dividends.

Under Swiss law, dividends may be paid out only if a company has sufficient distributable profits from the previous financial year, or if it has freely distributable reserves, each as will be presented on the Company's audited annual Swiss standalone statutory balance sheet. The Company's auditor must confirm that a proposal made by the Board of Directors to shareholders regarding the appropriation of available earnings confirms to the requirements of the Swiss Code of Obligations and the Articles of Association. Payments out of a company's share capital (in other words, the aggregate par value of the registered share capital of the Company) in the form of dividends are not allowed; however, payments out of registered share capital may be made by way of a capital reduction (see Section 15.10.7 "Rights of redemption and repurchase of Shares").

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Under the Swiss Code of Obligations, if a company's general reserves amount to less than 20% of the share capital recorded in the commercial register (i.e., 20% of the aggregate par value of the registered capital), then at least 5% of the annual profit must be retained as general reserves. The Swiss Code of Obligations and the Articles of Association permit to accrue additional general reserves.

In addition, companies are required to create a special reserve on the audited annual standalone Swiss statutory balance sheet in the amount of the purchase price of shares repurchased by a company or its subsidiaries or predecessors, which amount may not be used for dividends or subsequent repurchases.

Dividends are usually due and payable the day after the shareholders have passed a resolution approving the payment, but shareholders may also resolve at the annual general meeting of shareholders to pay dividends in quarterly or other installments. The Company's auditor must confirm that a proposal made by the Board of Directors to shareholders regarding the appropriation of available earnings confirms to the requirements of the Swiss Code of Obligations and the Company's Articles of Association. Dividends that have not been claimed within five years after the due date become the property of the Company and are allocated to the general reserves.

Dividends paid are subject to Swiss federal withholding tax (except if paid out of reserves from capital contributions (Reserven aus Kapitaleinlagen), all or part of which can potentially be reclaimed under the relevant tax rules in Switzerland or double taxation treaties concluded between Switzerland and foreign countries. Distributions of cash or property that are based upon a capital reduction are not subject to Swiss federal withholding tax.

Dividends, if declared by the Company, are expected to be declared, subject to applicable limitations under Swiss law, in U.S. dollars, or in Swiss francs, and shareholders may be given the right to elect to be paid any such dividends in U.S. dollars or Swiss francs. Other distributions must be declared in Swiss francs; however, shareholders may be provided with the option to elect to be paid in U.S. dollars or Swiss francs.

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15DESCRIPTION OF THE SHARES AND SHARE CAPITAL

The following is a summary of material information relating to the Shares and share capital of the Company and certain other shareholder matters, including summaries of certain provisions of the Company's Articles of Association and applicable Swiss law in effect as at the date of this Prospectus. The summary does not purport to be complete and is qualified in its entirety by the Company's Articles of Association and applicable law.

15.1Description of the Shares and share capital

As of 30 November 2017, the share capital of the Company registered in the commercial register was 39,480,199 Swiss francs, divided into 394,801,990 shares, par value CHF 0.10 each.

The Company has one class of shares. The issued Shares are fully paid, non-assessable, and rank pari passu with each other and all other Shares. Each Share has one voting right attached to it. The Company's Shares are registered in book-entry form in DTC under the ISIN CH0048265513.

As of 30 November 2017, the Company and its subsidiaries directly and indirectly owned 3,564,682 Shares in the Company.

The Company's Transfer Agent and Registrar is:

Computershare Limited

P.O. Box 30170

College Station, TX 77842-3170

United States

15.2Stock exchange listing

The Shares are listed on the NYSE under the symbol "RIG." The Consideration Shares and all shares issuable upon exchange of the Exchangeable Bonds will be listed on NYSE upon issue.

15.3Share capital history

As of 1 January 2016, the Company had a total number of 373,830,649 Shares, with a nominal value of CHF 15 each and an aggregate nominal value of CHF 5,607,459,735. In addition, the Company had, as of 1 January 2016, an authorized share capital of CHF 5,607,459,735 corresponding to 373,830,649 Shares, and a conditional share capital of CHF 2,514,264,735, corresponding to 167,617,649 Shares.

As of 31 December 2016, the Company had a total number of 370,967,382 Shares, with a nominal value of CHF 0.10 each and an aggregate nominal value of CHF 37,096,739.20. In addition, the Company had, as of 31 December 2016, an authorized share capital of 2,225,804.30, corresponding to 22,258,043 Shares, and a conditional share capital of CHF 16,761,764.90, corresponding to 167,617,649 Shares.

For a description of the authorized share capital and the conditional share capital, please refer to Sections 15.5.1 "Authorised share capital" and 15.5.2 "Conditional share capital."

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The table below shows the development in the Company's share capital for the period between 1 January 2014 and to the date of this Prospectus:

y	Type of change	Capital increase/ decrease (CHF)	Number of Shares issued/ (cancelled)	Total number of Shares	Par value (CHF)	Price per Share (CHF)	New share capital (CH
)	Capital reduction	(5,570,362,996.80)	(2,863,267)	370,967,382	0.10	n/a	37,096,738
ry)	Conditional Capital increase	2,383,460.80	23,834,608	394,801,990	0.10	13.43(3)	39,480,199

(1) On 29 October 2015, the general meeting of shareholders resolved upon a capital reduction of the Company and reduced the nominal value per Share from CHF 15 to CHF 0.10. The capital reduction was applied to reduce the balance sheet loss by an amount of CHF 3,750,000,000 and to the creation of capital reserves by an amount of CHF 1,820,076,670.10. Further, a total number of 2,863,267 treasury Shares were cancelled.
(2) Registration with the commercial register of Shares issued out of conditional capital during financial year 2016.
(3) This amount is the CHF equivalent of the original issue price of USD 13.35 per Share (by application of the USD/CHF exchange rate published by SIX Swiss Exchange Ltd on 6 December 2016).

15.4Ownership structure

15.4.1Security Ownership of Significant Shareholders

As at 30 November 2017 the Company had 6,031 shareholders of record. All Shares have the same voting rights.

If a person's, entity's or consolidated group's proportion of the total issued shares and/or rights to shares in a company listed on the NYSE reaches, exceeds or falls below the 5% threshold of the share capital or the voting rights of that company, the person, entity or group in question has an obligation under Section 13 of the U.S. Exchange Act to notify the SEC and the issuer of such change in ownership on a disclosure statement by filing the appropriate documentation with the SEC. The same applies if the disclosure threshold is passed due to other circumstances, such as a change in a company's share capital.

Listed below are the only persons who, to the knowledge of the Company, may be deemed to be beneficial owners, as of 30 November 2017, of more than 5% of the Shares:

Name and Address of Beneficial Owner	Shares Beneficially Owned		Percent of Class(1)	
The Vanguard Group 100 Vanguard Blvd. Malvern, PA 19355	39,971,930	(2)	10.18	%
BlackRock, Inc. 55 East 52nd Street New York, NY 10055	22,962,443	(3)	5.85	%
State Street Corporation State Street Financial Center One Lincoln Street Boston, MA 02111	19,714,580	(4)	5.02	%

(1) The percentage indicated is based on 392,610,159 Company shares deemed to be outstanding as of 1 March 2017.
(2) The number of shares is based on the Schedule 13G/A filed with the SEC on 10 February 2017, by The Vanguard Group. According to the filing, The Vanguard Group has sole voting power with regard to 512,455 shares, shared voting power with regard to 41,138 shares, sole dispositive power with regard to 39,438,988 shares and shared

dispositive power with regard to 532,942 shares.

(3) The number of shares is based on the Schedule 13G filed with the SEC on 30 January 2017, by BlackRock, Inc. According to the filing, BlackRock Inc. has sole voting power with regard to 20,335,270 shares, shared voting power with regard to 6,700 shares, sole dispositive power with regard to 22,955,743 shares and shared dispositive power with regard to 6,700 shares.

(4) The number of shares is based on the Schedule 13G filed with the SEC on 10 February 2017, by State Street Corporation. According to the filing, State Street Corporation has shared voting power and shared dispositive power with regard to 19,714,580 shares.

The Company is not aware of any persons or entities who, directly or indirectly, jointly or severally, will exercise or could exercise control over the Company following completion of the Offer. The Company is not aware of any arrangements the operation of which may at a subsequent date result in a change of control of the Company.

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15.4.2Security Ownership of Transocean Directors and Executive Officers

The table below shows how many shares each of Transocean's directors and nominees, each Named Executive Officer and all directors and executive officers as a group beneficially owned as of 30 November 2017.

Name	Shares Owned(1)	Shares Subject to Right to Acquire Beneficial Ownership(2)	Total Shares Beneficially Owned(3)	Percent of Class(3)
Jeremy D. Thigpen	156,784	77,984	234,768	*
Mark Mey	95,204	32,679	127,883	*
John B. Stobart	84,854	32,828	117,682	*
Howard E. Davis	59,952	24,509	84,461	*
Brady K. Long	33,994	19,496	53,490	*
David Tonnel	47,644	14,705	62,349	*
Glyn A. Barker	11,748	40,712	52,460	*
Vanessa C.L. Chang	3,700	46,454	50,154	*
Frederico F. Curado	—	40,712	40,712	*
Chadwick C. Deaton	1,000	46,454	47,454	*
Vincent J. Intrieri	—	35,952	35,952	*
Martin B. McNamara	24,651	76,122	100,773	*
Samuel J. Merksamer	—	46,688	46,688	*
Merrill A. "Pete" Miller, Jr.	—	52,882	52,882	*
Edward R. Muller	6,647	59,191	65,838	*
Tan Ek Kia	—	50,222	50,222	*
All directors and executive officers as a group (16 persons)	526,178	697,590	1,223,768	*

*Less than 1%.

(1) The business address of each director and executive officer is Turmstrasse 30, CH-6300 Zug, Switzerland. None of the shares beneficially owned by the Company's directors or executive officers are pledged as security.
(2) Includes shares that may be acquired within 60 days from 30 November 2017 through the exercise of options. Also includes (a) rights to acquire shares under the Company's deferred compensation plan held by Mr. McNamara (11,798); and (b) vested restricted share units held by Messrs. Barker, Curado, Deaton, Intrieri, McNamara (64,324), Merksamer, Miller, Muller and Tan, and Ms. Chang.
(3) As of 30 November 2017, each listed individual and the Company's directors and executive officers as a group beneficially owned less than 1% of the Company's outstanding shares.

15.5Authorization to increase the share capital and to issue Shares

15.5.1Authorized share capital

The Board of Directors is authorized to issue new shares at any time during a two-year period ending 12 May 2018 and thereby increase the share capital, without shareholder approval, by a maximum amount of 5.64% of the share capital registered in the commercial register, which is CHF 2,225,804.30 or 22,258,043 Shares. After the expiration of this initial two-year period, and each subsequent two-year period, if any, authorized share capital will be available to

the Board of Directors for issuance of additional shares only if the authorization is reapproved by the shareholders. The authorized share capital of the Company expires on 12 May 2018.

The Board of Directors determines the time of the issuance, the issuance price, the manner in which the new Shares have to be paid in, the date from which the new Shares carry the right to dividends and, subject to the provisions of the Articles of Association, the conditions for the exercise of the pre-emptive rights with respect to the issuance and the allotment of pre-emptive rights that are not exercised. The Board of Directors may allow pre-emptive rights that are not exercised to expire, or it may place such rights or Shares, the pre-emptive rights in respect of which have not been exercised, at market conditions or use them otherwise in the interest of the Company.

Under the authorized share capital, 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 is permissible.

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The Board of Directors is authorized to withdraw or limit the pre-emptive rights with respect to the issuance of Shares from authorized capital if:

- the issue price of the new Shares is determined by reference to the market price;
- the Shares are issued in connection with the acquisition of an enterprise or business or any part of an enterprise or business, the financing or refinancing of any such transactions or the financing of the Company's new investment plans;
- the Shares are issued in connection with the intended broadening of the shareholder constituency of the Company in certain financial or investor markets, for the purposes of the participation of strategic partners, or in connection with the listing of the Shares on domestic or foreign stock exchanges;
- in connection with a placement or sale of Shares, the grant of an over-allotment option of up to 20% of the total number of Shares in a placement or sale of Shares to the initial purchasers or underwriters; or
- for the participation of directors, employees, contractors, consultants and other persons performing services for the benefit of the Company.

The new Shares shall be subject to the limitations for registration in the share register pursuant to Articles 7 and 9 of the Company's Articles of Association set out in Appendix A to this Prospectus.

15.5.2Conditional share capital

The Articles of Association provide for a conditional share capital that allows the issuance by the Company of additional Shares up to a maximum amount of 36.42% of the share capital registered in the commercial register, which is CHF 14,378,304.10, or 143,783,041 Shares, without obtaining additional shareholder approval. These Shares may be issued through:

- the exercise of conversion, exchange, option, warrant or similar rights for the subscription of Shares (the "Rights") granted to third parties or shareholders 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 or any of its subsidiaries or any of its respective predecessors (the "Rights-Bearing Obligations"); or
- the issuance of Shares or Rights-Bearing Obligations to directors, employees, contractors, consultants or other persons providing services (the "Beneficiaries") to the Company or its subsidiaries or any of its respective predecessors.

The pre-emptive rights of shareholders are excluded in connection with the issuance of Rights-Bearing Obligations by the Company, one of its group companies or any of their respective predecessors.

The Board of Directors is authorized to withdraw or limit the advance subscription rights of shareholders in connection with the issuance by the Company or one of its group companies of Rights-Bearing Obligations if the issuance is for purposes of the acquisition of an enterprise or business, the financing or refinancing of any such transactions, or if the issuance occurs in national or international capital markets or through a private placement.

If the advance subscription rights are withdrawn or limited:

- the Rights-Bearing Obligations shall be issued or entered into at market conditions;
- 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 instruments or obligations are issued or entered into; and

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- the Rights-Bearing Obligations may be converted, exercised or exchanged during a maximum period of 30 years from the date of the relevant issuance or entry.

The pre-emptive rights and the advance subscription rights of shareholders shall be excluded in connection with the issuance of any Shares or Rights-Bearing Obligations to Beneficiaries. Shares or Rights-Bearing Obligations shall be issued to Beneficiaries in accordance with one or more benefit or incentive plans of the Company. Shares may be issued to any of such persons at a price lower than the current market price quoted on the stock exchange on which the Shares are traded, but at least at par value.

The new Shares acquired through the exercise of Rights in connection with Rights-Bearing Obligations and the issuance of Shares to are subject to the limitations for registration in the share register pursuant to Articles 7 and 9 of the Articles of Association set out in Appendix A to this Prospectus.

15.6Authorisation to acquire treasury shares

The Swiss Code of Obligations limits the Company's ability to hold or repurchase Shares. The Company and its subsidiaries may only repurchase Shares if and to the extent that sufficient freely distributable reserves are available, as described above in Section 14.3 "Legal constraints on the distribution of dividends." The aggregate par value of all Shares held by the Company and its subsidiaries may not exceed 10% of the registered share capital. However, the Company may repurchase its own Shares beyond the statutory limit of 10% if the shareholders have passed a resolution at a general meeting of shareholders authorizing the Board of Directors to repurchase Shares in an amount in excess of 10% and the repurchased Shares are dedicated for cancellation. Any Shares repurchased pursuant to such an authorization will then be cancelled at the next general meeting upon the approval of shareholders holding a majority of the Shares represented at the general meeting. Repurchased Shares held by the Company or its subsidiaries do not carry any rights to vote at a general meeting of shareholders but are entitled to the economic benefits generally associated with the Shares.

15.7Other financial instruments related to Shares

Other than as described in Section 13.4 "Long-Term Incentives," neither the Company nor any of its subsidiaries has issued any options, warrants, convertible loans or other instruments that would entitle a holder of any such instrument to subscribe for any shares in the Company or the subsidiaries.

15.8Shareholder rights

The Company has one class of Shares in issue and, in accordance with the Swiss Code of Obligations, all Shares in that class provide equal rights in the Company, including the right to any dividends. Each of the Company's Shares carries one vote. The rights attaching to the Shares are described in Sections 15.9 "Summary of the Company's Articles of Association" and 15.10 "Certain aspects of Swiss corporate law." For a comparison of material differences between the rights of Songa Offshore's shareholders under Cyprus law and the rights of Transocean's shareholders under Swiss law, see Appendix D to this Prospectus.

15.9Summary of the Company's Articles of Association

The Company's Articles of Association are set out in Appendix A to this Prospectus. Below is a summary of provisions of the Articles of Association.

The Company's Articles of Association have originally been adopted on 14 August 2008 and amended twelve times (i.e., on 19 December 2008, 14 May 2010, 13 May 2011, 29 November 2011, 4 December 2011, 30 May 2012, 16 August 2013, 16 May 2014, 22 September 2014, 29 October 2015, 12 May 2016 and 8 February 2017). The version of

the Articles of Association currently in force was adopted on 8 February 2017.

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15.9.1Purpose of the Company

Pursuant to Article 2 of the Company's Articles of Association, the purpose of the Company is to acquire, hold, manage, exploit and sell, whether directly or indirectly, participations in businesses in Switzerland and abroad, in particular in businesses that are involved in offshore contract drilling services for oil and gas wells, oil and gas drilling management services, drilling engineering services and drilling project management services and oil and gas exploration and production activities, and to provide financing for this purpose. The Company may acquire, hold, manage, mortgage and sell real estate and intellectual property rights in Switzerland and abroad.

The Company may engage in all types of transactions and may take all measures that appear appropriate to promote the purpose of the Company or that are related thereto.

15.9.2Place of incorporation

The Company's place of incorporation is in Steinhausen, Canton of Zug, Switzerland.

15.9.3Shares

As of 30 November 2017, the share capital of the Company registered with the commercial register is CHF 39,480,199 and is divided into 394,801,990 fully paid shares. Each registered share has a par value of CHF 0.10. The Company has not issued any participation certificates or profit sharing certificates.

For information on the authorized and conditional share capital of the Company and the conditions under which Shares may be issued under the authorized and conditional share capital of the Company, please see Sections 15.5.1 "Authorised share capital" and 15.5.2 "Conditional share capital," respectively.

According to Swiss law, an ordinary increase in the share capital where pre-emptive rights of shareholders are safeguarded requires the affirmative vote of the majority of the shares represented and voting at the general meeting of shareholders. An ordinary increase in the share capital where pre-emptive rights of shareholders are withdrawn requires the affirmative vote of at least two-thirds of the votes attached to, and the absolute majority of the par value of, the shares, each as present or represented at a general meeting of shareholders. An (i) authorized or conditional increase in the Company's share capital, (ii) an increase in the share capital through the conversion of capital surplus, contribution in kind or for purposes of an acquisition of assets, (iii) the limitation or withdrawal of pre-emptive rights or (iv) the granting of special privileges requires the approval of at least two-thirds of the votes attached to, and the absolute majority of the par value of, the shares, each as present or represented at a general meeting of shareholders. In addition, the Articles of Association require a presence quorum for the adoption of any of the above resolutions of at least the majority of all the Shares entitled to vote at the time when the general meeting of shareholders proceeds to business.

15.9.4Variation of rights

According to the Articles of Association, the approval of at least two-thirds of the votes attached to, and the absolute majority of the par value of, the Shares, each as present or represented at a general meeting of shareholders, are required for resolutions with respect to the (i) creation and the cancelation of Shares with privileged voting rights, (ii) the restriction on the transferability of Shares and the cancelation of such restriction, (iii) the restriction on the exercise of the right to vote and the cancelation of such restriction and (iv) the conversion of Shares into bearer shares and vice versa. In addition, the adoption of any of the above-mentioned resolutions requires a quorum of at least the majority of all the Shares entitled to vote at the time when the general meeting of shareholders proceeds to business.

The above-mentioned quorum requirements and the majority required for the conversion of Shares into bearer shares (and vice versa) exceed the requirements of the Swiss Code of Obligations, pursuant to which no presence quorum is required at all and the affirmative vote of at least the majority of the Shares represented at the general meeting of shareholders is sufficient for the conversion of Shares into bearer shares (and vice versa).

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15.9.5Board of Directors

The Company's Board of Directors shall consist of no less than two and no more than 11 members.

15.9.6Transfer of Shares and restrictions on transfer

So long as and to the extent that the Shares are intermediated securities (Bucheffekten) within the meaning of the Swiss Intermediated Securities Act, (i) any transfer of Shares is effected by a corresponding entry in the securities deposit account of a bank or a depository institution, (ii) no Shares can be transferred by way of assignment, and (iii) a security interest in any Share cannot be granted by way of assignment.

The Company maintains or causes a third party to maintain the share register and enters the full name, address and nationality (in the case of legal entities, the company name and registered office) of the shareholders and usufructuaries therein. A person recorded in the share register must notify the share registrar of any changes of address. Until such notification occurs, all written communication from the Company to persons entered in the share register are deemed to have been validly made if sent to the relevant address recorded in the share register.

Any person who acquires Shares may submit a request to the Company to be entered into the share register as a shareholder with voting rights, provided such person expressly declares to the Company that it has acquired and holds such Shares in its own name for its own account. The Board of Directors may record nominees who hold Shares in their own name, but for the account of third parties, as shareholders of record with voting rights in the share register of the Company. The Board of Directors may, after having heard the concerned registered shareholder or nominee, cancel entries in the share register that were based on false or misleading information with retroactive effect as of the date of the entry. The relevant shareholder shall be informed promptly of the cancellation.

15.9.7General meetings

Notice of a general meeting of shareholders shall be given by the Board of Directors no later than 20 calendar days prior to the date of the meeting. Notice of the general meeting of shareholders shall be given by way of a one-time announcement in the Swiss Official Gazette of Commerce. Shareholders of record may, in addition, be informed by ordinary mail. In addition to being required to comply with the notice provisions under the Swiss Code of Obligations, the Company is subject to the rules and regulations of the SEC that regulate the solicitation of proxies (see Section 15.10.1 "General meetings" below).

For further information on general meetings of shareholders, including extraordinary general meetings of shareholders, and voting rights please refer to Sections 15.10.1 "General meetings" and 15.10.2 "Voting rights – amendments to Articles of Association" below.

15.9.8Compensation of Directors and members of Management

Please see Section 15.10.14.3 "Articles of Association" for a description of the compensation of Directors and members of Management.

15.9.9Disclosure of shareholder ownership

The Company's Articles of Association do not have any provisions governing thresholds for disclosure of shareholdings in the Company.

15.9.10Communications

The official means of publication of the Company is the Swiss Official Gazette of Commerce. Written communications by the Company to its shareholders shall be sent by ordinary mail to the last address of the shareholder or authorized recipient recorded in the share register.

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15.9.11Past contributions in kind

In connection with the capital increase of 19 December 2008 and in accordance with the contribution in kind agreement as of 18 December 2008, the Company acquired 319,228,632 ordinary shares of TINC. The shares of TINC were acquired for a total value of CHF 16,476,107,961.80. As consideration for this contribution, the Company issued to an exchange agent, acting for the account of the holders of ordinary shares of TINC outstanding immediately prior to the completion of the contribution in kind agreement and in the name and the account of TINC, a total of 335,228,632 fully paid shares with a total par value of CHF 5,028,429,480. The difference between the aggregate par value of the issued Shares and the total value of CHF 11,447,678,481.80 was allocated to the reserves of the Company.

15.10Certain aspects of Swiss corporate law

15.10.1General meetings

The general meeting of shareholders is the supreme corporate body of the Company. Ordinary and extraordinary general meetings of shareholders may be held. The following powers are vested exclusively in the general meeting of shareholders:

- adoption and amendment of the Articles of Association;
- election of the Directors and the auditor, whereby each Director must be elected by separate vote;
- approval of the annual report, the standalone Swiss statutory financial statements and the consolidated financial statements;
- payments of dividends and any other distributions of capital to shareholders (excluding share repurchases below 10% of the registered share capital, to the extent that sufficient freely distributable reserves are available);
- discharge of the Directors and members of Management from liability for business conduct during the previous financial year to the extent such conduct is known to the shareholders;
- subject to certain exceptions, the approval of a business combination with an interested shareholder (as such terms are defined in the Articles of Association);
- certain votes with respect to and elections in accordance with the Ordinance, such as the election of the members of the Compensation Committee and the chairman of the Board of Directors; and
- any other resolutions that are submitted to a general meeting of shareholders pursuant to law, the Articles of Association or by voluntary submission by the Board of Directors (unless a matter is within the exclusive competence of the Board of Directors pursuant to the Swiss Code of Obligations).

Under the Swiss Code of Obligations, the Company must hold an annual, ordinary general meeting of shareholders within six months after the end of its financial year for the purpose, among other things, of approving the annual report and the consolidated and standalone Swiss statutory financial statements of the Group and the Company, respectively, the annual election of the Directors, including the chairman of the Board of Directors and the members of the Compensation Committee.

The invitation to general meetings must be published in the Swiss Official Gazette of Commerce at least 20 calendar days prior to the relevant general meeting of shareholders. The notice of a meeting must state the items on the agenda and the proposals of the Board of Directors and of the shareholders who demanded that a shareholders meeting be held or that an item be included on the agenda and, in case of elections, the names of the nominated candidates. No resolutions may be passed at a shareholders meeting concerning agenda items for which proper notice was not given. This does not apply, however, to proposals made during a shareholders meeting to convene an extraordinary shareholders meeting or to initiate

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a special investigation. No previous notification will be required for proposals concerning items included on the agenda or for debates as to which no vote is taken.

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 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.

Annual general meetings of shareholders may be convened by the Board of Directors or, under certain circumstances, by the auditor. A general meeting of shareholders can be held anywhere.

The Company expects to set the record date for each general meeting of shareholders on a date not more than 20 calendar days prior to the date of each general meeting and announce the date of the general meeting of shareholders prior to the record date.

An extraordinary general meeting may be called by the Board of Directors or, under certain circumstances, by the auditor. In addition, the Board of Directors 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, or if it appears from the standalone Swiss statutory balance sheet that half of the Company's share capital and reserves are not covered by the Company's assets. In the latter case, the Board of Directors must immediately convene an extraordinary general meeting of shareholders and propose financial restructuring measures.

Under the 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 directors for election. A request for inclusion of an item on the agenda must be in writing and received by the Company at least 30 calendar days prior to the anniversary date of the proxy statement in connection with the last general meeting of shareholders; provided, however, that if the date of the general meeting of shareholders is more than 15 days before or 30 days 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 rules of the SEC.

Under the Swiss Code of Obligations, a general meeting of shareholders for which a notice of meeting has been duly published may not be adjourned without publishing a new notice of meeting.

The annual report of the Company, including the financial information, and the auditor's report must be made available for inspection by the shareholders at the Company's place of incorporation no later than 20 days prior to the meeting. Each shareholder is entitled to request immediate delivery of a copy of these documents free of charge. Shareholders of record will be notified of this in writing.

15.10.2Voting rights – amendments to the Articles of Association

Each Share carries one vote at a general meeting of shareholders.

Voting rights may be exercised by shareholders 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, up to a specific qualifying

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date designated by the Board of Directors. Shareholders may also instruct the independent voting representative to vote on their behalf, instructions that shareholders must also be able to give electronically. According to the Ordinance, the representation of shareholders by corporate and depository proxies is prohibited.

Acquirers of Shares must be entered into the share register as shareholders with the right to vote, provided that such acquirers expressly declare that they have acquired the Shares in their own name for their own account. The Articles of Association do not limit the number of Shares that may be voted by a single shareholder. Treasury shares, whether owned by the Company or one of its majority-owned subsidiaries, will not be entitled to vote at general meetings of shareholders.

Pursuant to the Articles of Association, the presence of shareholders, in person or by proxy, holding at least a majority of the Shares entitled to vote at the time when the general meeting proceeds to business is generally the required presence for a quorum for the transaction of business at a general meeting of shareholders. Provided that the general meeting of shareholders is quorate at the time when the general meeting proceeds to business and unless otherwise provided by the Articles of Association, the shareholders present at a general meeting of shareholders may continue to transact business, despite the withdrawal of shareholders from such general meeting of shareholders following announcement of the presence quorum at the meeting.

The matters set forth below require that a quorum of shareholders of record holding in person or by proxy at least two-thirds of the share capital recorded in the commercial register be present at the time when the general meeting of shareholders proceeds to business:

- the adoption of a resolution to remove a serving Director;
- the adoption of a resolution to amend, vary, suspend the operation of, disapply or cancel the provision in the Articles of Association regarding this presence quorum, the relevant majority required for resolutions and elections of the general meeting of shareholders, the approval of a business combination with an interested shareholder, the number of Directors, the term of office of the Directors and indemnification for the Board of Directors (Articles 21, 18, 19(g), 20, 22, 23 and 24, respectively, of the Articles of Association).

The shareholders generally pass resolutions by the affirmative vote of a majority of the Shares represented and voting at the general meeting of shareholders, unless otherwise provided by law or the Articles of Association.

The Articles of Association provide that directors may be elected at a general meeting of shareholders by a plurality of the votes cast by the shareholders present in person or by proxy at the meeting. A plurality of votes means that the individual who receives the largest number of votes for a board seat is elected to that board seat.

The Company's Corporate Governance Guidelines have a majority vote policy that 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. The acting chair may direct that elections be held by use of an electronic voting system. Electronic resolutions and elections are considered equal to resolutions and elections taken by way of a written ballot.

The Swiss Code of Obligations and/or the Articles of Association require the affirmative vote of at least two-thirds of the voting rights and a majority of the par value of the Shares, each as represented at a general meeting to approve the

following matters:

- the amendment to or the modification of the purpose clause in the Articles of Association;

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- 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 nominal share capital;
- an increase in the share capital through (1) the conversion of capital surplus, (2) 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 pre-emptive rights;
- a change in the registered office;
- the conversion of shares into bearer shares and vice versa;
- the dissolution of the Company; and
- resolutions in relation to transactions among corporations based on the Swiss Act on Mergers, Demergers, Transformations and the Transfer of Assets, as described below in Section 15.10.8 "Shareholder vote on certain reorganisation."

The Articles of Association require the affirmative vote of at least two-thirds of the Shares entitled to vote at a general meeting to approve the following matters:

- the removal of a Director;
- any changes to Article 14, paragraph 1 specifying advance notice of proposal requirements;
- any changes to Article 20 specifying supermajority vote requirements;
- any changes to Article 21 specifying quorum requirements;
- any changes to Article 22 specifying the number of Directors;
- any changes to Article 23 specifying the term of office of the Board of Directors; and
- any changes to Article 24 specifying the indemnification provisions for Directors and officers.

The Articles of Association require the affirmative vote of holders of the number of Shares equal to the sum of (A) two-thirds of all Shares outstanding and entitled to vote at a general meeting, plus (B) a number of Shares outstanding and entitled to vote at the general meeting that is equal to one-third of the number of Shares held by an interested shareholder, for the Company to engage in any business combination with an interested shareholder (as those terms are defined in the Articles of Association) and for the amendment of the provisions in the Articles of Association relating to this shareholder approval requirement.

Irrespective of Swiss law and the 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);

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- 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.

15.10.3Additional issuances and preferential rights

Under Swiss law, any share issue, whether for cash or non-cash consideration, is subject to the prior approval by the shareholder at a general meeting of shareholders. Shareholders have certain pre-emptive rights (Bezugsrechte) to subscribe for new shares and advance subscription rights (Vorwegzeichnungsrechte) to subscribe options, warrants, convertible loans or other instruments that would entitle a holder of any such instrument to subscribe for any shares in the Company in proportion to the nominal amount of shares held. A resolution adopted at a general meeting of shareholders by a qualified majority may limit or exclude pre-emptive rights in certain limited circumstances. According to the Articles of Association, the Board of Directors is, within certain limits, authorized to limit or withdraw pre-emptive rights and advance subscription rights in connection with share issues out of authorized and conditional share capital (see Sections 15.5.1 and 15.5.2 “Authorized share capital” and “Conditional share capital,” respectively).

Issuance of new Shares to shareholders upon the exercise of preferential rights may require the Company to file a registration statement in the United States. Should the Company in such a situation decide not to file a registration statement, the Company’s shareholders may not be able to exercise their preferential rights. If a shareholder is ineligible to participate in a rights offering, such shareholder would not receive the rights at all and the rights would be sold on the shareholder’s behalf by the Company.

15.10.4Minority rights

Swiss law sets forth a number of protections for minority shareholders of a company, including but not limited to those described in this paragraph. The description of general meetings of shareholders is set out above and the description of reorganizations is set out below.

Any of the Company’s shareholders may petition the competent Swiss court to have a decision of the Company’s shareholders made at the general meeting declared invalid on the grounds that such decision violates the Articles of Association or the law. The Company’s shareholders holding at least 10% of the Company’s capital may also petition the courts to dissolve and liquidate the Company, to the extent strong reasons are considered by the court to make necessary the dissolution of the Company.

Furthermore, extraordinary general meetings of shareholders must be convened upon resolution of a general meeting of shareholders or upon written request by one or more shareholders who represent an aggregate of at least 10% of the Company’s share capital registered in the commercial register, provided that such request specifies the agenda items and the proposals or, in case of elections, the names of the proposed candidates. One or more shareholders holding shares with an aggregate nominal value of at least CHF 1,000,000, or representing at least 10% of the Company’s share capital registered in the commercial register, whichever is lower, have the right to request that a specific proposal be put on the agenda for the next general meeting of shareholders.

15.10.5Inspection of books and records

Under the Swiss Code of Obligations, a shareholder has the right to inspect the share register with respect to his or her own shares and otherwise to the extent necessary to exercise his or her shareholder rights. The books and correspondence

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of a company may be inspected with the express authorization of the general meeting of shareholders or by resolution of the Board of Directors and subject to the safeguarding of a company's business secrets. At a general meeting of shareholders, any shareholder is entitled to request information from the Board of Directors and the Company's auditor must answer shareholders' questions to the extent necessary for the exercise of shareholders' rights and subject to prevailing business secrets or other material interests of the Company.

15.10.6Special investigation

If the shareholders' inspection and information rights outlined under Section 15.10.5 "Inspection of books and records" above prove to be insufficient, any shareholder may propose to the general meeting of shareholders that specific facts be examined by a special commissioner in a special investigation. If the general meeting of shareholders approves the proposal, the Company or any shareholder may, within 30 calendar days after the general meeting of shareholders, request the relevant court to appoint a special commissioner. If the general meeting of shareholders rejects the proposal, one or more shareholders representing at least 10% of the Company's nominal share capital or holding shares in aggregate par value of at least two million Swiss francs may request the relevant court to appoint a special commissioner. The court will issue an order to appoint a special commissioner if the petitioners can demonstrate that the Board of Directors, any director or an officer of the Company violated the law or the Articles of Association, and thereby damaged the Company or the shareholders. The costs of the investigation would generally be allocated to the Company and only in exceptional cases to the petitioners.

15.10.7Rights of redemption and repurchase of Shares

Swiss law limits the right of a company to purchase and hold its own shares in treasury. The Company or its subsidiaries may purchase shares only if and to the extent that (a) the Company has freely distributable reserves in the amount of the purchase price, and (b) the aggregate nominal value of all shares held by the Company does not exceed 10% of the Company's share capital (20% in specific circumstances). Furthermore, the Company must present the acquired shares on its statutory balance sheet as a negative item in its equity. For tax implications, in case of cancellation of own shares or exceeding thresholds, see Section 18 "Taxation."

Shares held by a company or its subsidiaries do not carry any rights to vote at general meetings of shareholders, but are entitled to the economic benefits, including dividends, pre-emptive rights (Bezugsrechte) in the case of share capital increases and advance subscription rights (Vorwegzeichnungsrechte), attached to the shares generally.

The share capital of the Company may be reduced by cancelling shares or reducing the nominal value of the shares. Such a capital reduction requires the approval of shareholders holding a majority of the votes cast at the general meeting of shareholders (not counting abstentions and blank or invalid ballots). A special audit report must confirm that claims of the Company's creditors remain fully covered despite the reduction in the share capital recorded in the commercial register. Upon approval by the general meeting of shareholders of the capital reduction, the Board of Directors must give public notice of the capital reduction resolution in the Swiss Official Gazette of Commerce three times, and notify creditors that they may request, within two months of the third publication, satisfaction of or security for their claims. The capital reduction may only be implemented after expiration of the two-month period, and it may be registered with the commercial register only upon the establishment by a notarized deed that confirms that the provisions regarding capital reduction have been complied with.

15.10.8Shareholder vote on certain reorganisations

The Swiss Act on Mergers, Demergers, Transformations and the Transfer of Assets (the "Merger Act") requires the affirmative vote of at least two-thirds of the voting rights and a majority of the par value of the shares, each as represented at a general meeting, for resolutions in relation to a merger, demerger or conversion of a corporation.

Swiss law may also impose this supermajority voting requirement in connection with the sale of all or substantially all of a company's assets by the Company.

The Merger Act also allows cash-out or certain squeeze-out mergers, in which minority shareholders of a company being acquired may be compensated in a form other than through shares of the acquiring company, for instance, through cash or

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securities of a parent company of the acquiring company or of another company. A squeeze-out merger requires the approval of at least 90% of all shareholders of the acquired company. It is unclear and controversial whether the 90% approval relates to the total number of votes represented by all outstanding shares of the target company or to the total number of shareholders of the target company entitled to vote.

A merger agreement must be signed by the Board of Directors. In addition, the Board of Directors must draw up, among other documents, a merger report describing the planned merger transaction. An authorised auditor has to review the merger agreements, the merger report and the merger balance sheet. This documentation has to be made available to the shareholders at least 30 days prior to the general meeting of shareholders to pass upon the matter.

15.10.9Mandatory bid rules

Swiss mandatory bid rules do not apply to Transocean. Pursuant to the Swiss Federal Act on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading (the "FMIA"), the scope of application of the mandatory bid rules and the cancelation of remaining equity securities pursuant to the FMIA only apply to public takeover offers to equity securities of companies with (i) registered office in Switzerland whose equity securities are at least partly listed on a stock exchange in Switzerland or (ii) registered office abroad whose equity securities are at least in part listed in Switzerland. The Company is not listed on a stock exchange located in Switzerland and accordingly, the mandatory bid rules described above are not applicable to Transocean.

15.10.10Liability of directors

Directors acting in violation of their statutory duties (whether transacting with bona fide third parties or performing any other acts on behalf of the Company) may become personally liable to the Company, its shareholders and the creditors for damages caused intentionally or negligently (article 754 et seq. of the Swiss Code of Obligations). The liability of the directors is joint and several, but the courts may apportion the liability among the directors in accordance with their degree of culpability.

According to the Swiss Code Obligations, an individual shareholder may bring an action, in its own name and for the benefit of the Company, against the Company's directors, officers or liquidators for the recovery of any losses the Company has suffered as a result of the intentional or negligent breach by such directors, officers or liquidators of their duties.

In principle, directors cannot limit their responsibility unless the shareholders have passed a resolution discharging them from personal liability (which, absent extraordinary circumstances, is a standard agenda item for the annual general meeting of shareholders of a Swiss corporation). Any discharge granted by general meeting of shareholders is only effective if (i) relating to facts and information that have been properly disclosed to the shareholders and (ii) against claims of the Company and of those shareholders who have consented to the resolution.

It does not apply to creditors' claims and direct claims of shareholders if the Company is declared bankrupt. Shareholders who have not consented to the resolution have six months after the discharge resolution to bring their claims before a court.

15.10.11Indemnification of directors

Pursuant to Article 24 of the Articles of Association, the Company shall indemnify and hold harmless, to the fullest extent permitted by law, the existing and former directors and officers, out of the assets of the Company from and against all actions, suits or proceedings which they or any of them may incur by reason of any act done or alleged to be done in execution of their duty or by reason of the fact that he or she is or was a director or officer of the Company.

This indemnity does not extend to any matter in which any of said persons is found, in a final judgment, to have committed an intentional or grossly negligent breach of his or her statutory duties as a director or officer.

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15.10.12Conflicts of interest, management transactions

Swiss law does not have a general provision on conflicts of interest. However, the Swiss Code of Obligations contains a provision that requires directors and executive officers to safeguard the interests of a company and, in this connection, imposes a duty of loyalty and duty of care on its directors and executive officers. This provision is generally understood to disqualify a director or officer of a company from participation in decisions that directly affect such director or officer. A company's directors and officers are personally liable to the Company for breach of this provision. In addition, the Swiss Code of Obligations contains provisions under which directors and officers engaged in the management are liable to the Company, each shareholder and the Company's creditors for damages caused by an intentional or negligent violation of their duties.

Further, Swiss law contains a provision under which payments made to a shareholder or a director or any person associated with them, other than payments at arm's length, must be repaid to the Company if such shareholder or director was acting in bad faith. Pursuant to the Swiss Code of Obligations, if, in connection with entering into a contract, the Company is represented by the person with whom it is entering into the contract, such contract must be in writing. This requirement does not apply to contracts relating to daily business matters if the performance of the Company does not exceed CHF 1,000.

Further, according to the Swiss Code of Obligations, a public company is obliged to disclose in each annual report the total amount of all compensation paid and loans granted during the applicable financial year to present and, to the extent such compensation and loans are related to past board or executive management service, past directors or members of executive management and persons closely related to such members. Under the Swiss Code of Obligations, the compensation paid, and loans granted, to every director must be disclosed individually (including the name and function of the member), whereas, in the case of executive management, only the compensation paid, and loans granted, to executive management in the aggregate, as well as the member of executive management that received the highest compensation (including the amount paid and his or her function within the Company) must be disclosed. In addition, the shares of the Company held by directors or members of executive management and persons closely related to such members must be disclosed. The above described disclosures must be made in the notes to the Company's standalone statutory and consolidated balance sheet for the relevant financial year.

15.10.13Distribution of assets on liquidation

The Articles of Association do not limit the duration of the Company.

Under Swiss law, a company may be dissolved at any time by a resolution of the general meeting of shareholders, which must be passed by the affirmative vote of holders of at least two-thirds of voting rights and an absolute majority of the par value of the shares, each as represented (in person or by proxy) at the general meeting.

Dissolution and liquidation by court order is possible if (1) a company becomes bankrupt or (2) shareholders holding at least 10% of the share capital so request for valid reasons. Under Swiss law, any surplus arising out of liquidation (after the settlement of all claims of all creditors) is distributed in proportion to the paid-up par value of shares held, but this surplus is subject to Swiss withholding tax of 35%. However, since 1 January 2011, new rules apply for paid-in capital surplus. The shares carry no privilege with respect to such liquidation surplus.

15.10.14The Ordinance

The below summarises certain key provisions of the Ordinance. The Articles of Association of the Company implement the respective requirements.

15.10.14.1Severance pay, advance payments and transaction bonuses

The Ordinance prohibits certain types of compensation arrangements with members of a Swiss public company's board of directors and executive management. In particular, the Ordinance broadly prohibits severance payments in any form. In addition, excessive notice periods in employment contracts exceeding one year and employment contracts for a fixed term

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of more than one year are viewed as types of prohibited severance payments. Post-employment, non-compete covenants and consultancy agreements are not subject to the Ordinance's severance pay prohibition, unless they are deemed to be disguised severance payments based on their terms. The Ordinance also restricts certain forms of advance compensation. The decisive element in distinguishing prohibited advance payments from certain types of other advance payments, such as sign-on bonuses, is the point in time at which such payment is made. Consequently, sign-on bonuses compensating for benefits and other entitlements that executives forfeit from their previous employers are permissible, whereas genuine prepayments of salary (i.e., if the contractual salary is paid in advance) are not permitted. The Ordinance also prohibits certain types of transaction bonuses and certain other types of compensation and benefits not expressly provided for in a company's articles of association.

15.10.14.2Shareholder approval of compensation for board of directors, executive management and advisory board

The Ordinance requires that the aggregate amount of compensation of the board of directors, executive management and advisory board of listed companies be submitted to the general meeting of shareholders. Such vote must be held annually, binding and separate for the directors, the members of the executive management and the members of the advisory board (if any). Companies are required to specify in their articles of association the mechanism for such say-on-pay votes.

The Ordinance requires the board of directors of listed companies to prepare an annual written compensation report disclosing the compensation and loans directly or indirectly awarded or granted to directors, the executive management and the advisory board (and, to the extent not in line with market standards, to former members of these bodies) during the past financial year. Such compensation and loans also have to be disclosed individually for each member of the board of directors (including the name and function of the member) and for the highest paid member of the executive management.

15.10.14.3Articles of Association

In implementation of the Ordinance, the principles of compensation applicable to Directors and the members of Management, including the principles applicable to performance-related pay and to the allocation of equity and other securities are described in the Company's Articles of Association.

Pursuant to Article 29b of the Articles of Association, the compensation of the Board of Directors may include (i) cash components, (ii) shares, restricted shares or similar instruments and (iii) benefits or perquisites in kind or in the form of services. Executive directors shall not receive any compensation in addition to the compensation paid to them in their roles as officers of the Company.

The compensation of the Management 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, including contributions to post-retirement benefit plans and allowances.

15.10.14.4Election of directors, the chairperson of the board of directors, the members of the compensation committee and the independent voting rights representative

The Ordinance requires that the directors, its chairperson, the members of the compensation committee (who must be directors) and one or several independent voting rights representatives be elected by the general meeting of shareholders on an individual basis for a term ending at the next annual general meeting. Re-election is permitted.

15.10.14.5Independent voting rights representative

The Ordinance requires the Board of Directors to ensure that the shareholders are able to electronically grant proxies and instruct the independent voting rights representative on both (i) agenda items included in the invitation to the general meeting of shareholders and (ii) new motions that were not disclosed in the invitation to the general meeting. The independent voting rights representative is required to exercise the voting rights granted by shareholders only in

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accordance with shareholder instructions. Further, absent express voting instructions, the independent voting rights representative is required to abstain from voting.

15.10.14.6Criminal provisions

Directors, the executive management or the advisory board who pay or receive impermissible forms of compensation and thereby act against their "better knowledge" (wider besseres Wissen) are liable to imprisonment and a fine. Directors who do not comply with certain other provisions of the Ordinance against their "better knowledge" are liable to imprisonment and/or a fine.

15.10.15Anti-takeover provisions

The Company's 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 the Company's shares. These provisions, among other things:

- provide that the Board of Directors is authorized, subject to obtaining shareholder approval every two years, at any time during a maximum two-year period, which under the current authorized share capital of the Company will expire on 12 May 2018, to issue a specified number of shares, which under the current authorized share capital of the Company is approximately 5.6% of the share capital registered in the commercial register, and to limit or withdraw the pre-emptive rights of existing shareholders in various circumstances;
- provide for a conditional share capital that authorizes the issuance of additional shares up to a maximum amount of approximately 36% of the share capital currently 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 the Company's 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 two-thirds of the shares entitled to vote;
- provide that a merger or demerger transaction requires the affirmative vote of the holders of at least two-thirds of the shares represented at the meeting and provide for the possibility of a so-called "cash-out" or "squeeze-out" merger if the acquirer controls 90% 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 the Company's shareholders to amend or repeal some provisions of the Company's Articles of Association; and
- limit transactions between the Company and an "interested shareholder," which is generally defined as a shareholder that, together with its affiliates and associates, beneficially, directly or indirectly, owns 15% or more of the Company's shares entitled to vote at a general meeting.

15.11Shareholders' agreement

As far as the Company is aware, there are no shareholders' agreements related to its Shares.

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16DESCRIPTION OF THE EXCHANGEABLE BONDS

16.1Terms of the Exchangeable Bonds

The following overview provides a summary of the main terms applicable to the Exchangeable Bonds. The full terms in respect of the Exchangeable Bonds are attached hereto in Appendix G.

Issuer	Transocean Inc.
Guarantor	Transocean Ltd.
Securities Offered	0.5% Exchangeable Senior Bonds due 2023.
Currency	USD.
ISIN/CUSIP	US893830BJ77 / 893830 BJ7.
Interest Rate/Yield	0.5% per annum. Interest on the Exchangeable Bonds will be calculated on the basis of a 360-day year consisting of twelve 30-day months.
Issue Date	On or around 30 January 2018.
Maturity Date	The date that is five years after the Issue Date.
Permitted Denominations	USD 1,000.
Amortisation	Amortisation in full on the Maturity Date.
Ranking	The Exchangeable Bonds will constitute senior unsecured debt of TINC and will rank: equally with its senior unsecured debt from time to time outstanding; senior to its subordinated debt from time to time outstanding; and effectively junior to its secured debt and to all debt and other liabilities of its subsidiaries from time to time outstanding. Transocean's guarantee will rank equally with all of its other unsecured and subordinated debt from time to time outstanding.
Rights attaching to the Exchangeable Bonds	The rights attaching to the Exchangeable Bonds are described in full in "Description of Transocean Exchangeable Bonds," attached as Appendix G to the Prospectus, including the right to call meetings (see "Meetings of Holders" and "Calls of Meetings" in Appendix G) and voting rights (see "Qualifications for Voting" in Appendix G).
Guarantee	All present and future obligations of TINC under the Exchangeable Bonds are guaranteed in full by Transocean. The guarantee is unconditional.
Principal Amount	Up to USD 575,803,000 principal amount of Exchangeable Bonds will be issued in the Offer and approximately USD 273,503,000 principal amount (assuming a NOK/USD exchange rate of 8.3719, which was the closing price at 4:00 p.m. CET as determined by Norges Bank on 13 December 2017, and settlement of the purchase on or about 30 January 2018) of Exchangeable Bonds will be issued in connection with the refinancing of certain Songa Offshore indebtedness. The actual principal amount of Exchangeable Bonds issued in connection with the purchase of certain Songa Offshore indebtedness and interest payable through the date of settlement may vary from the approximate value above based on the NOK/USD closing price, as determined by Norges Bank on the trading day immediately prior to the settlement of the purchase. Exchangeable Bonds issued in connection with the refinancing of certain Songa Offshore indebtedness will initially be issued as restricted securities for U.S. regulatory purposes and will initially

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	bear a different CUSIP securities identifier than the Exchangeable Bonds issued in the Offer. Additionally, any Exchangeable Bonds issued in exchange for Songa Shares in any compulsory acquisition following the Offer may not be fungible for trading purposes with Exchangeable Bonds issued in the Offer (in which case they would bear a different CUSIP securities identifier).
Interest Payment Dates	30 January and 30 July of each year, beginning 30 July 2018.
Exchange Rights	Unless previously exchanged, purchased or cancelled, holders may exchange their Exchangeable Bonds at the applicable exchange rate for the Shares at any time after the initial issue date and prior to the close of business on the business day immediately preceding the maturity date. The Shares are listed on the NYSE under the symbol "RIG" – the ticker symbol can be used to find historic and future stock prices on a variety of third-party sites.
Additional Amounts	Subject to specified exceptions, if the issuer or guarantor is required by law to withhold any tax from any payment in respect of the Exchangeable Bonds the amount of the payment due will be grossed up to such amount as is (after giving effect to the required withholding) equal to the payment that would have been received if no withholding had been required. If a Tax Event (as defined below) occurs and a holder of the Exchangeable Bonds does not elect to exchange, or cause repurchase of, its Exchangeable Bonds following such Tax Event, neither Transocean nor TINC will be required to pay additional amounts with respect to payments made in respect of such Exchangeable Bonds following such Tax Event, and all subsequent payments in respect of such Exchangeable Bonds will be subject to any tax required to be withheld or deducted under the laws of a relevant taxing jurisdiction.
Exchange Rate	The exchange rate will be 97.29756 Shares per USD 1,000 principal amount of Exchangeable Bonds, subject to adjustment as described below.
Exchange Settlement	Transocean will settle each USD 1,000 principal amount of Exchangeable Bonds surrendered for exchange by delivering, on the third trading day immediately following the exchange date (or, in the case of an exchange in connection with a Fundamental Change (as defined below), on the fifth trading day immediately following the exchange date), a number of Shares equal to the exchange rate in effect on the exchange date. Cash will be delivered in lieu of any fractional shares.
Adjustments to Exchange Rate	The exchange rate will be adjusted in the following circumstances: If a holder elects to exchange its Exchangeable Bonds in connection with a Fundamental Change (as defined below) or a Tax Event (as defined below), the exchange rate applied to that exchange will be increased based on the make-whole premium applicable to the Fundamental Change or Tax Event.

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For exchanges in connection with a Fundamental Change due to a Change of Control (as defined below), the increased exchange rate will be determined as follows:

COCERR=OER multiplied by (1 +(EP x (c/t))), where

COCER=Exchange Rate applicable to exchanges in connection

with the applicable Change of Control

OER=Exchange Rate otherwise applicable at such time, before

giving effect to the increase resulting from the applicable

Change of Control

EP=22.50%

c=the number of days from and including the date of the Fundamental Change to but excluding the maturity date

t=the number of days from and including the issue date to but excluding the maturity date

For exchanges in connection with a Fundamental Change due to a Listing Failure Event, the increased exchange rate will be determined as follows:

LFER=OER multiplied by (1 +(EP x (c/t))), where

LFER=Exchange Rate applicable to exchanges in connection

with the applicable Listing Failure Event

OER=Exchange Rate otherwise applicable at such time, before

giving effect to the increase resulting from the applicable

Listing Failure Event

EP=22.50%

c=the number of days from and including the date of the listing failure event to but excluding the maturity date

t=the number of days from and including the issue date to but excluding the maturity date

For exchanges in connection with a Tax Event, the increased exchange rate will be determined as follows:

TEER=OER multiplied by (1 +(EP x (c/t))), where

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TEER=Exchange Rate applicable to exchanges in connection

with the applicable