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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APPENDICES

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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.

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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.

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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

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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;