

## CONSENT DECREE Q3 2016 QUARTERLY REPORT TRANSOCEAN LTD.

In February 2013, certain affiliates of Transocean Ltd. (“Transocean”) and several United States government agencies (“US”) agreed to the entry of a Consent Decree to resolve matters related to the Macondo incident. Under the terms of this Consent Decree, Transocean Ltd. Board of Directors (the “Transocean Board”) is required to receive a quarterly report. The Transocean Board has designated the Transocean Board’s Health Safety and Environment Committee (the “Transocean HSE Committee”) to receive that report on its behalf.

### **Steps Taken to Comply**

The compliance steps taken for each Consent Decree obligation have been monitored and documented. For reference and tracking purposes, the obligations are organized into seven categories. The attached chart lists each obligation and indicates whether any steps were taken toward those obligations during the quarter and the status of Transocean’s compliance. This information will also be discussed during the Q3 Transocean HSE Committee meeting.

### **Evaluation of Response/Improvements in Safety and Operational Risk Issues**

On November 2, 2016, the Transocean Offshore Deepwater Drilling Inc. Health Safety and Environment Committee (“Committee”) received a detailed report regarding the company’s compliance with the Consent Decree obligations and related issues. This presentation was made by the Transocean Chief Compliance Officer (“CCO”) and other members of the compliance team. The Committee also heard a presentation by Operations Director Americas 2 related to the company’s United States operations during the quarter, including details regarding any response and improvements in safety and operational risk identification and management, testing and maintenance of blow out preventers, downtime and other relevant process safety information. In addition, the Committee spent a considerable amount of time discussing issues of relevance to process safety, active operations and organization structure.

### **Problems or Challenges Encountered in Attempting to Comply**

A key aspect of Transocean’s compliance efforts is to address transparently and proactively any potential or actual compliance challenges that may occur from time to time given the over 500 individual Consent Decree obligations. Accordingly, Transocean continued to hold monthly update calls with the US and Independent Consent Decree and Environmental Protection Agency Administrative Agreement Compliance Auditors.

Also during Q3, Transocean undertook additional efforts to assist the US to complete certain obligations it has had since February 2014 to review a number of documents and provide feedback to Transocean. Specifically, Transocean prepared a detailed list of the documents that still require US review based on the rigs currently operating in United States waters and held a follow-up call with the US, which expressed strong appreciation for Transocean’s efforts.

In August, the Independent Consent Decree Compliance Auditor performed a mid-year review. The review included an examination of information contained in the 2015 Consent Decree Annual Report and a detailed review of year-to-date 2016 compliance efforts. The mid-year audit was successful and no non-compliances with the Consent Decree were noted, although, a few observations were identified. These observations have been fully addressed to the satisfaction of the Independent Consent Decree Compliance Auditor.

In Q3, no Consent Decree non-compliances were identified or reported.

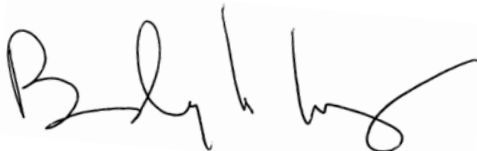
**Input/Recommendations to the Transocean Board; Request for Assistance**

For Q3, the Committee is comfortable with the information provided and the efforts being undertaken regarding compliance with the Consent Decree. The Committee is also comfortable with the information it has been provided related to Transocean's response and improvements in safety and operational risk identification and management of risk, including Transocean's compliance with the process safety related aspects of the Consent Decree, such as blow out preventer testing and maintenance, training and well control. Finally, based on the Q3 Compliance update provided by the CCO, the compliance team, and Operations Director Americas 2, the Committee is confident that each obligation under the Consent Decree has been and will be timely complied with and therefore does not seek assistance from Transocean Ltd. to help ensure compliance.

**Officer Certification**

*I certify under penalty of law that this document and any attachments were prepared under my direction or supervision in accordance with a system designed to assure that qualified personnel properly gather and evaluate the information submitted. Based on my inquiry of the person or persons who manage the system, or those persons directly responsible for gathering the information, the information submitted is, to the best of my knowledge and belief, true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment for knowing violations.*

Dated: November 4, 2016



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Brady K. Long  
Senior Vice President and General Counsel

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**List of Each Consent Decree Obligation**

<b>COMPLIANCE OBLIGATIONS (<i>Consent Decree paragraph reference</i>)</b>	<b>Steps Taken in Q1</b>	<b>In Full Compliance/ On Track *</b>
<b>Operational Processes and Competencies.</b>		
<i>SEMS based Management System (15.a.1)</i>	<i>Yes</i>	<i>Yes</i>
<i>Competence Assessment Management System (15.d.5)</i>	<i>Yes</i>	<i>Yes</i>
<i>Competence Assessment Program (15.d.6)</i>	<i>Yes</i>	<i>Yes</i>
<i>Hazard Identification Training (15.d.9)</i>	<i>Yes</i>	<i>Yes</i>
<b>Operational Response and Audit.</b>		
<i>Annual Report on safety and other key issues (15.g.)</i>	<i>Yes</i>	<i>Yes</i>
<i>Stop Work Authority Procedures (15.a.2)</i>	<i>Yes</i>	<i>Yes</i>
<i>Global Management System (“GMS”) to be used for Operational Alerts (15.d.8)</i>	<i>Yes</i>	<i>Yes</i>
<i>Audit-Review-Closeout Process (15.a.1)</i>	<i>Yes</i>	<i>Yes</i>
<b>Well Control and Blow Out Preventer.</b>		
<i>Well Control Competency Assessment Plan (15.d.1)</i>	<i>Yes</i>	<i>Yes</i>
<i>40 hours Annual Training (15.d.3)</i>	<i>Yes</i>	<i>Yes</i>
<i>Blow Out Preventer (BOP) Certification (15.b.)</i>	<i>Yes</i>	<i>Yes</i>
<i>Gap Analysis between BOP maintenance and OEM recommendations (15.c.2)</i>	<i>Yes</i>	<i>Yes</i>
<b>Emergency Preparedness and Response.</b>		
<i>Emergency Response Team Training (16.a-b.)</i>	<i>Yes</i>	<i>Yes</i>
<i>Oil Spill Exercises including simulated and actual notices (17.b.)</i>	<i>Yes</i>	<i>Yes</i>
<i>Operator Table-top Exercise Participation (17.c.)</i>	<i>Yes</i>	<i>Yes</i>
<i>Weekly Emergency Response Drills (17.d.)</i>	<i>Yes</i>	<i>Yes</i>
<i>Oil Spill Response Plans Addendum to Operators OSRP (18.)</i>	<i>Yes</i>	<i>Yes</i>
<i>Emergency Response Plans provided to Operators (19.a.)</i>	<i>Yes</i>	<i>Yes</i>
<i>Record of inhibits of Fire and Gas Alarm Systems (19.b.)</i>	<i>Yes</i>	<i>Yes</i>
<b>Technology and Equipment.</b>		
<i>State-of-art BOP and Pipe Shearing Technology evaluation (15.c.)</i>	<i>Yes</i>	<i>Yes</i>
<i>Commercially Available Real-time Monitoring Technology evaluation (15.e.)</i>	<i>Yes</i>	<i>Yes</i>
<i>Records of Equipment drilling and production tests (15.f.)</i>	<i>Yes</i>	<i>Yes</i>
<i>Input well control and spill response equipment on National Response Resource Inventory (21.c.)</i>	<i>Yes</i>	<i>Yes</i>
<i>New Technology evaluation; Technology Innovation Group (“TIG”) (20.)</i>	<i>Yes</i>	<i>Yes</i>
<b>Transparency, Oversight and Third Party Involvement.</b>		
<i>Post Information on Public Website (21.b.)</i>	<i>Yes</i>	<i>Yes</i>
<i>Document Retention (58.)</i>	<i>Yes</i>	<i>Yes</i>
<i>TODDI HSE Board Committee (21.a., 23.a.)</i>	<i>Yes</i>	<i>Yes</i>
<i>Independent Consent Decree Compliance Auditor appointed (22.)</i>	<i>Yes</i>	<i>Yes</i>
<i>An Independent Process Safety Consultant shall be retained (23.b.)</i>	<i>Yes</i>	<i>Yes</i>
<b>Training Center and Other</b>		
<i>Training Center certification (15.d.4)</i>	<i>Yes</i>	<i>Yes</i>
<i>Training Center sessions available to US (15.d.4.2)</i>	<i>Yes</i>	<i>Yes</i>
<i>Performance Plan (14.e.)</i>	<i>Yes</i>	<i>Yes</i>
<i>Prompt Reporting of non-compliance (32.)</i>	<i>Yes</i>	<i>Yes</i>

\*If “No,” a detailed explanation will be provided.