

CONSENT DECREE Q2 2014 QUARTERLY REPORT TRANSOCEAN LTD.

Under the Consent Decree dated February 19, 2013 (“Consent Decree”) entered into between certain affiliates of Transocean (“Transocean”) and applicable US government agencies (“US”) relating to the 2010 Macondo incident, the Transocean Ltd. Board of Directors (the “Transocean Board”) shall receive a quarterly report per Sections 23(a)(2), 23(a)(3) and 31(b) of the Consent Decree. The Transocean Board has designated the Transocean Board’s HSE Committee (the “Transocean HSE Committee”) to receive such reports on its behalf.

Steps Taken to Comply

The compliance steps taken for each obligation under the Consent Decree have been monitored and documented. The attached chart lists each obligation (“Obligations List”). For reference and tracking purposes, the obligations are organized under one of seven categories and the Obligations List indicates whether in Q2 steps were taken to comply with the referenced obligation. In addition, during the Q2 update presentation by the Chairman of the TODDI Board to the Transocean HSE Committee, the steps undertaken during Q2 will be discussed.

Evaluation of Response/Improvements in Safety and Operational Risk Issues

As part of the Q2 Consent Decree compliance update presentation to the TODDI HSE Committee (Committee) held on July 22, 2014, the Committee reviewed a detailed Quarterly Report and heard from the Transocean Chief Compliance Officer regarding the compliance efforts and related issues. In addition, the Senior Vice President, Americas, led a discussion using detailed information presented to the Committee on blow out preventer, downtime and other relevant process safety information. In addition to discussing blow out preventer and downtime information, the Committee spent a considerable amount of time discussing the issues associated with the Deepwater Nautilus. The Senior Vice President, Americas explained the situation in detail and importantly the formal steps being taken to address the issues identified. The Committee evaluated the response and improvements that have already occurred or are planned and agreed with those steps.

Problems or Challenges Encountered in Attempting to Comply

One submission required during Q2 was a “Stop Work Authority” policy that incorporated the requirements under new SEMS regulations effective June 1, 2014. This required many internal meetings and consultation with industry organizations. A draft policy was pilot tested during Q2 and implemented in the Gulf of Mexico operations prior to June 1. Another challenge encountered was defining “inhibits” to comply with incident tracking obligations under the Consent Decree. Through numerous meetings with Operations and corporate maintenance, an agreed to definition was finalized and is currently being communicated which will significantly increase the likelihood of consistent compliance.

Two non-compliance reports were made to the US in Q2. Both were quickly identified, corrected and disclosed. One was a BOP certification filed late by 4 days. The second involved an invitation from a customer to participate in “either or both” Table-top exercises the customer scheduled for one of its Gulf of Mexico fields. A decision was made to participate in the second Table-top exercise but that was not timely communicated to the customer and the customer expressed concern.

Input/Recommendations to the Transocean Board; Request for Assistance

For Q2, the Committee is comfortable with the information provided and the efforts being undertaken regarding compliance with the Consent Decree. The Committee is comfortable with process safety related issues and the steps being taken relating to the Nautilus. Additional information will be provided to the Transocean HSE Committee upon request.

Finally, based on the Q2 Compliance update provided, except for the minor non-compliance issues identified above, 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: July 28, 2014



Michael F. Munro
Vice President, Deputy General Counsel and
Chief Compliance Officer

List of Each Consent Decree Obligation

| COMPLIANCE OBLIGATIONS (<i>Consent Decree paragraph reference</i>) | Steps Taken in Q2 | In Full Compliance/ On Track * |
|---|--------------------------|---|
| Operational Processes and Competencies. | | |
| <i>SEMS based Management System (15.a.1)</i> | <i>No work required</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> |
| Operational Response and Audit. | | |
| <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> |
| Well Control and Blow Out Preventer. | | |
| <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> |
| Emergency Preparedness and Response. | | |
| <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>No work required</i> | <i>Yes</i> |
| <i>Record of inhibits of Fire and Gas Alarm Systems (19.b)</i> | <i>Yes</i> | <i>Yes</i> |
| Technology and Equipment. | | |
| <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>No work required</i> | <i>Yes</i> |
| <i>New Technology evaluation; Technology Innovation Group ("TIG") (20)</i> | <i>Yes</i> | <i>Yes</i> |
| Transparency, Oversight and Third Party Involvement. | | |
| <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> |
| Training Center and Other | | |
| <i>Training Center certification(15.d.4)</i> | <i>No work required</i> | <i>Yes</i> |
| <i>Training Center sessions available to US (15.d.4.2)</i> | <i>No request</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. **There was a minor non-compliance report provided to the US.