Transocean Ltd.
Form 424B3
December 26, 2017

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.

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.

Because the Group's business depends on the level of activity in the offshore oil and gas industry, existing or future laws, regulations, treaties or international agreements related to greenhouse gases and climate change, including incentives to conserve energy or use alternative energy sources, could have a negative impact on the Group's business if such laws, regulations, treaties or international agreements reduce the worldwide demand for oil and gas or limit drilling opportunities. In addition, such laws, regulations, treaties or international agreements could result in increased compliance costs or additional operating restrictions, which may have a negative impact on the Group's business.

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

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

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

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

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

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

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

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

In the U.S., major tax reform is under consideration. On 16 November 2017, the U.S. House of Representatives ("House") passed the Tax Cuts and Jobs Act (H.R. 1), and on 2 December 2017, the U.S. Senate ("Senate") passed an alternative version of the Tax Cuts and Jobs Act (together with any amended versions, the "Tax Reform Bills"). Either of the Tax Reform Bills would make significant changes to U.S. federal income tax laws which could impact the Group. For example, the House bill includes a provision that, if enacted, would impose a 20% excise tax on certain deductible payments (including bareboat charter hire) made by a U.S. corporation to a foreign affiliate if such payments were subject to a reduced rate of U.S. withholding tax under a U.S. income tax treaty. The Senate bill does not include this excise tax provision, but would generally impose a minimum tax on certain deductible payments made by a U.S. corporation to a foreign affiliate. In addition, legislative tax proposals intending to eliminate some perceived tax advantages of companies that have legal domiciles outside the U.S., but have certain U.S. connections, have repeatedly been introduced in the U.S. Congress. Recent examples include, but are not limited to, legislative proposals that would broaden the circumstances in which a non-U.S. company would be considered a U.S. resident, including the use of "management and control" provisions to determine corporate residency, and proposals that could override certain tax treaties and limit treaty benefits on certain payments by U.S. subsidiaries to non-U.S. affiliates. Whether a Tax Reform Bill as currently written or as subsequently amended, or any other U.S. tax legislation, will be enacted and its impact on the Group is uncertain. Any material change in tax laws or policies, or their interpretation, resulting from such legislative proposals could result in a higher effective tax rate on the Group's worldwide earnings and such change could have a material adverse effect on the Group's consolidated statement of financial position, results of operations or cash flows.

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

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

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

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

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

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

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

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

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The Company is subject to anti-takeover provisions

The Company's Articles of Association and Swiss law contain provisions that could prevent or delay an acquisition of the Company by means of a tender offer, a proxy contest or otherwise. These provisions may also adversely affect prevailing market prices for the Company's shares. These provisions, among other things:

- provide that the Board of Directors is authorized, subject to obtaining shareholder approval every two years, at any time during a maximum two-year period, which under the current authorized share capital of the Company will expire on 12 May 2018, to issue a specified number of shares, which under the current authorized share capital of the Company is approximately 5.6% of the share capital registered in the commercial register, and to limit or withdraw the pre-emptive rights of existing shareholders in various circumstances;
- provide for a conditional share capital that authorizes the issuance of additional shares up to a maximum amount of approximately 36% of the share capital currently registered in the commercial register without obtaining additional shareholder approval through: (1) the exercise of conversion, exchange, option, warrant or similar rights for the subscription of shares granted in connection with bonds, options, warrants or other securities newly or already issued in national or international capital markets or new or already existing contractual obligations by or of any of the Company's subsidiaries; or (2) in connection with the issuance of shares, options or other share-based awards;
- provide that any shareholder who wishes to propose any business or to nominate a person or persons for election as director at any annual meeting may only do so if advance notice is given to the Company;
- provide that directors can be removed from office only by the affirmative vote of the holders of at least two-thirds of the shares entitled to vote;
- provide that a merger or demerger transaction requires the affirmative vote of the holders of at least two-thirds of the shares represented at the meeting and provide for the possibility of a so-called "cash-out" or "squeeze-out" merger if the acquirer controls 90% of the outstanding shares entitled to vote at the meeting;
- provide that any action required or permitted to be taken by the holders of shares must be taken at a duly called annual or extraordinary general meeting of shareholders;
- limit the ability of the Company's shareholders to amend or repeal some provisions of the Company's Articles of Association; and
- limit transactions between the Company and an "interested shareholder," which is generally defined as a shareholder that, together with its affiliates and associates, beneficially, directly or indirectly, owns 15% or more of the Company's shares entitled to vote at a general meeting.

2.2Risks related to the industry in which the Group operates

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

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

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

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- repudiation or nationalization of contracts;
- imposition of trade or immigration barriers;
- import-export quotas;
- wage and price controls;
- changes in law and regulatory requirements, including changes in interpretation and enforcement;
- involvement in judicial proceedings in unfavourable jurisdictions;
- damage to the Group's equipment or violence directed at the Group's employees, including kidnappings;
- complications associated with supplying, repairing and replacing equipment in remote locations;
- the inability to move income or capital; and
- currency exchange fluctuations and currency exchange restrictions, including exchange or similar controls that may limit the Group's ability to convert local currency into U.S. dollars and transfer funds out of a local jurisdiction.

The Group's non-U.S. contract drilling operations are subject to various laws and regulations in certain countries in which the Group operates, including laws and regulations relating to the import and export, equipment and operation of drilling units, currency conversions and repatriation, oil and gas exploration and development, taxation and social contributions of offshore earnings and earnings of expatriate personnel. The Group is also subject to the U.S. Treasury Department's Office of Foreign Assets Control ("OFAC") and other U.S. laws and regulations governing the Group's international operations. In addition, various state and municipal governments, universities and other investors have proposed or adopted divestment and other initiatives regarding investments including, with respect to state governments, by state retirement systems in companies that do business with countries that have been designated as state sponsors of terrorism by the U.S. State Department. Failure to comply with applicable laws and regulations, including those relating to sanctions and export restrictions, may subject the Group to criminal sanctions or civil remedies, including fines, denial of export privileges, injunctions or seizures of assets. Investors could view any potential violations of OFAC regulations negatively, which could adversely affect the Group's reputation and the market for the Company's shares.

Governments in some countries have become increasingly active in regulating and controlling the ownership of concessions and companies holding concessions, the exploration for oil and gas and other aspects of the oil and gas industries in their countries, including local content requirements for participating in tenders for certain drilling contracts. Many governments favour or effectively require the awarding of drilling contracts to local contractors or require non-local contractors to employ citizens of, or purchase supplies from, a particular jurisdiction or require use of a local agent. In addition, government action, including initiatives by the Organisation of the Petroleum Exporting Countries ("OPEC"), may continue to cause oil or gas price volatility. In some areas of the world, this governmental activity has adversely affected the amount of exploration and development work by major oil companies and may continue to do so.

A substantial portion of the Group's drilling contracts are partially payable in local currency. Those amounts may exceed the Group's local currency needs, leading to the accumulation of excess local currency, which, in certain instances, may be subject to either temporary blocking or other difficulties converting to U.S. dollars, the Group's functional currency, or to other currencies in which the Group operates. Excess amounts of local currency may be exposed to the risk of currency exchange losses.

The shipment of goods, services and technology across international borders subjects the Group to extensive trade laws and regulations. The Group's import and export activities are governed by unique customs laws and regulations in each of the countries where the Group operates. Moreover, many countries, including the U.S., control the import and export of

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certain goods, services and technology and impose related import and export recordkeeping and reporting obligations. Governments also may impose economic sanctions against certain countries, persons and other entities that may restrict or prohibit transactions involving such countries, persons and entities, and the Group is also subject to the U.S. anti-boycott law.

The laws and regulations concerning import and export activity, recordkeeping and reporting, import and export control and economic sanctions are complex and constantly changing. These laws and regulations may be enacted, amended, enforced or interpreted in a manner materially impacting the Group’s operations. Ongoing economic challenges may increase some governments’ efforts to enact, enforce, amend or interpret laws and regulations as a method to increase revenue. Shipments can be delayed and denied import or export for a variety of reasons, some of which are outside the Group’s control and some of which may result from failure to comply with existing legal and regulatory regimes. Shipping delays or denials could cause unscheduled operational downtime.

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

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

The Group’s business in the offshore drilling industry is affected by laws and regulations relating to the energy industry and the environment, including international conventions and treaties, and regional, national, state, and local laws and regulations. The offshore drilling industry depends on demand for services from the oil and gas exploration and production industry, and, accordingly, the Group is directly affected by the adoption of laws and regulations that, for economic, environmental or other policy reasons, curtail exploration and development drilling for oil and gas. Compliance with such laws, regulations and standards, where applicable, may require the Group to make significant capital expenditures, such as the installation of costly equipment or operational changes, and may affect the resale values or useful lives of the Group’s rigs.

The Group may also incur additional costs in order to comply with other existing and future regulatory obligations, including, but not limited to, costs relating to air emissions, including greenhouse gases, the management of ballast waters, maintenance and inspection, development and implementation of emergency procedures and insurance coverage or other financial assurance of the Group’s ability to address pollution incidents. Offshore drilling in certain areas has been curtailed and, in certain cases, prohibited because of concerns over protection of the environment. These costs could have a material adverse effect on the Group’s consolidated statement of financial position, results of operations or cash flows. A failure to comply with applicable laws and regulations may result in administrative and civil penalties, criminal sanctions or the suspension or termination of the Group’s operations.

To the extent new laws are enacted or other governmental actions are taken that prohibit or restrict offshore drilling or impose additional environmental protection requirements that result in increased costs to the oil and gas industry, in general, or the offshore drilling industry, in particular, the Group’s business or prospects could be materially adversely affected. The operation of the Group's drilling rigs will require certain governmental approvals. These governmental approvals may involve public hearings and costly undertakings on the Group's part. The Group may not obtain such approvals or such approvals may not be obtained in a timely manner. If the Group fails to timely secure the necessary approvals or permits, the Group's customers may have the right to terminate or seek to renegotiate their drilling contracts to the Group's detriment. The amendment or modification of existing laws and regulations or the adoption of new laws and regulations curtailing or further regulating exploratory or development drilling and production of oil and gas could have a material adverse effect on the Group's business, operating results or financial condition. Compliance with any such new legislation or regulations could have an adverse effect on the Group's statements of operations and cash flows.

As an operator of mobile offshore drilling units in some offshore areas, the Group may be liable for damages and costs incurred in connection with oil spills or waste disposals related to those operations, and the Group may also be subject to significant fines in connection with spills. For example, an oil spill could result in significant liability, including fines, penalties and criminal liability and remediation costs for natural resource damages, as well as third-party damages, to the extent that the contractual indemnification provisions in the Group's drilling contracts are not enforceable or otherwise sufficient, or if the Group's customers are unwilling or unable to contractually indemnify the Group from these risks. Additionally, the Group may not be able to obtain such indemnities in the Group's future drilling contracts, and the Group's customers may not have the financial capability to fulfill their contractual obligations to the Company. Also, these indemnities may be held to be unenforceable in certain jurisdictions, as a result of public policy or for other reasons. For example, one of the courts in the litigation related to the Macondo well incident has refused to enforce aspects of the Group's indemnity with respect to certain environmental-related liabilities. Laws and regulations protecting the environment have become more stringent in recent years, and may in some cases impose strict liability, rendering a person liable for environmental damage without regard to negligence. These laws and regulations may expose the Group to liability for the conduct of or conditions caused by others or for acts that were in compliance with all applicable laws at the time they were performed. The application of these requirements or the adoption of new requirements or measures could have a material adverse effect on the Group's consolidated statement of financial position, results of operations or cash flows. In addition, the Consent Decree (as defined below) and probation arising out of certain Group subsidiaries' cooperation guilty plea agreement by and among the U.S. Department of Justice (the "DOJ") and certain of the Group's affiliates (the "Plea Agreement"), add to these regulations, requirements and liabilities. One Group subsidiary's guilty plea to negligently discharging oil into the U.S. Gulf of Mexico, in violation of the Clean Water Act, in connection with the Macondo well incident caused the Company to incur liabilities under the environmental laws relating to the Macondo well incident. The Company may be subject to additional liabilities and penalties.

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

Following the Macondo well incident, enhanced governmental safety and environmental requirements applicable to both deepwater and shallow water operations were adopted for drilling in the U.S. Gulf of Mexico. In order to obtain drilling permits, operators must submit applications that demonstrate compliance with the enhanced regulations, which require independent third-party inspections, certification of well design and well control equipment and emergency response plans in the event of a blowout, among other requirements. Operators have previously had, and may in the future have, difficulties obtaining drilling permits in the U.S. Gulf of Mexico. In addition, the oil and gas industry has adopted new equipment and operating standards, such as the American Petroleum Institute Standard 53 related to the installation and testing of well control equipment. These new safety and environmental guidelines and standards and any further new guidelines or standards the U.S. government or industry may issue or any other steps the U.S. government or industry may take, could disrupt or delay operations, increase the cost of operations, increase out-of-service time or reduce the area of operations for drilling rigs in the U.S. and non-U.S. offshore areas.

Other governments could take similar actions related to implementing new safety and environmental regulations in the future. Additionally, some of the Group's customers have elected to voluntarily comply with some or all of the new inspections, certification requirements and safety and environmental guidelines on rigs operating outside of the U.S. Gulf of Mexico. Additional governmental regulations and requirements concerning licensing, taxation, equipment specifications and training requirements or the voluntary adoption of such requirements or guidelines by the Group's customers could increase the costs of the Group's operations, increase certification and permitting requirements, increase review periods and impose increased liability on offshore operations. The requirements applicable to the Group under the Group's settlement with the DOJ cover safety, environmental, reporting, operational and other matters (the "Consent Decree") and are in addition to the regulations applicable to other industry participants and may require additional agreements and corporate compliance resources that, together with the Plea Agreement could cause the Group to incur additional costs and liabilities. The continuing effects of the enhanced regulations may also decrease the demand for

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

The offshore drilling industry is highly competitive and cyclical, with intense price competition

The offshore contract drilling industry is highly competitive with numerous industry participants, none of which has a dominant market share. Drilling contracts are traditionally awarded on a competitive bid basis. Although rig availability, service quality and technical capability are drivers of customer contract awards, bid pricing and intense price competition are often key determinants for which a qualified contractor is awarded a job.

The offshore drilling industry has historically been cyclical and is impacted by oil and natural gas price levels and volatility. There have been periods of high customer demand, limited rig supply and high day rates, followed by periods of low customer demand, excess rig supply and low day rates. Changes in commodity prices can have a dramatic effect on rig demand, and periods of excess rig supply may intensify competition in the industry and result in the idling of older and less technologically advanced equipment. The Group has idled and stacked rigs, and may in the future idle or stack additional rigs or enter into lower day rate drilling contracts in response to market conditions. The Group cannot predict when or if any idled or stacked rigs will return to service.

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

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

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

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

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

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

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

The Group's business depends on the level of activity in the offshore oil and gas industry, which is significantly affected by volatile oil and gas prices and other factors

The Group's business depends on the level of activity in oil and gas exploration, development and production in offshore areas worldwide. Demand for the Group's services depends on oil and natural gas industry activity and expenditure levels that are directly affected by trends in oil and, to a lesser extent, natural gas prices. Oil and gas prices are extremely volatile and are affected by numerous factors, including the following:

- worldwide demand for oil and gas, including economic activity in the U.S. and other large energy-consuming markets;
- the ability of OPEC to set and maintain production levels, productive spare capacity and pricing;
- the level of production in non-OPEC countries;
- the policies of various governments regarding exploration and development of their oil and gas reserves;
- international sanctions on oil-producing countries, or the lifting of such sanctions;
- advances in exploration, development and production technology;
- the further development of shale technology to exploit oil and gas reserves;
- the discovery rate of new oil and gas reserves;
- the rate of decline of existing oil and gas reserves;
- laws and regulations related to environmental matters, including those addressing alternative energy sources and the risks of global climate change;
- the development and exploitation of alternative fuels;
- accidents, adverse weather conditions, natural disasters and other similar incidents relating to the oil and gas industry; and
- the worldwide security and political environment, including uncertainty or instability resulting from an escalation or outbreak of armed hostilities, civil unrest or other crises in the Middle East or other geographic areas or acts of terrorism.

Demand for the Group's services is particularly sensitive to the level of exploration, development and production activity of, and the corresponding capital spending by, oil and natural gas companies, including national oil companies. Any prolonged reduction in oil and natural gas prices could depress the immediate levels of exploration, development and production activity. Perceptions of longer term lower oil and natural gas prices by oil and gas companies could similarly reduce or defer major expenditures given the long-term nature of many large-scale development projects. Lower levels of activity result in a corresponding decline in the demand for the Group's services, which could have a material adverse effect on the Group's revenue and profitability. Oil and gas prices and market expectations of potential changes in these prices significantly affect this level of activity. However, increases in near-term commodity prices do not necessarily translate into increased offshore drilling activity since customers' expectations of longer-term future commodity prices

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typically drive demand for the Group's rigs. The current commodity pricing environment has had a negative impact on demand for the Group's services, and it could continue. The price of crude oil as reported on the New York Mercantile Exchange has weakened significantly and, despite recent price improvements, has not returned to the higher levels experienced prior to 31 December 2014. Consequently, customers have delayed or cancelled many exploration and development programs, resulting in reduced demand for the Group's services. Also, increased competition for customers' drilling budgets could come from, among other areas, land-based energy markets worldwide. The availability of quality drilling prospects, exploration success, relative production costs, the stage of reservoir development and political and regulatory environments also affect customers' drilling campaigns. Worldwide military, political and economic events have contributed to oil and gas price volatility and are likely to do so in the future.

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

Acts of terrorism and social unrest, brought about by world political events or otherwise, have caused instability in the world's financial and insurance markets in the past and may occur in the future. Such acts could be directed against companies of the Group. In addition, acts of terrorism, piracy and social unrest could lead to increased volatility in prices for crude oil and natural gas and could affect the markets for drilling services. Insurance premiums could increase and coverage may be unavailable in the future. Government regulations may effectively preclude the Group from engaging in business activities in certain countries. These regulations could be amended to cover countries where the Group currently operates or where the Group may wish to operate in the future. The Group's drilling contracts do not generally provide indemnification against loss of capital assets or loss of revenues resulting from acts of terrorism, piracy or political or social unrest. The Group has limited insurance for the Group's assets providing coverage for physical damage losses resulting from risks, such as terrorist acts, piracy, vandalism, sabotage, civil unrest, expropriation and acts of war, and the Group does not carry insurance for loss of revenues resulting from such risks.

2.3Financial risks

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

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

In the course of the external audit of the consolidated financial statements for the year ended 31 December 2016 the Group identified a material weakness in the Group's controls over income tax accounting. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Group's annual or interim financial statements will not be prevented or detected on a timely basis. A more complete description of the recently identified errors and the resulting material weakness is included in Section 11.6 "Internal Controls and Procedures." Although the Group is evaluating certain measures in order to remediate this material weakness, the Group can provide no assurance that the Group's remediation efforts will be effective or that additional material weaknesses in the Group's internal control over financial reporting will not be identified in the future.

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

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

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

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

As of 30 September 2017, the Group had three ultra-deepwater floater newbuild rigs under construction. The Group also has a variety of other more limited shipyard projects at any given time. These shipyard projects are subject to the risks of delay or cost overruns inherent in any such construction project resulting from numerous factors, including the following:

- shipyard availability, failures and difficulties;
- shortages of equipment, materials or skilled labour;
- unscheduled delays in the delivery of ordered materials and equipment;
- design and engineering problems, including those relating to the commissioning of newly designed equipment;
- latent damages or deterioration to hull, equipment and machinery in excess of engineering estimates and assumptions;
- unanticipated actual or purported change orders;
- disputes with shipyards and suppliers;
- failure or delay of third-party vendors or service providers;
- availability of suppliers to recertify equipment for enhanced regulations;
- strikes, labour disputes and work stoppages;
- customer acceptance delays;
- adverse weather conditions, including damage caused by such conditions;
- terrorist acts, war, piracy and civil unrest;
- unanticipated cost increases; and
- difficulty in obtaining necessary permits or approvals.

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These factors may contribute to cost variations and delays in the delivery of the Group's newbuild units and other rigs undergoing shipyard projects. Delays in the delivery of these units would impact contract commencement, resulting in a loss of revenue to the Group, and may also cause customers to terminate or shorten the term of the drilling contract for the rig pursuant to applicable late delivery clauses. In the event of termination of any of these drilling contracts, the Group may not be able to secure a replacement contract on as favorable terms, if at all.

The Group's operations also rely on a significant supply of capital and consumable spare parts and equipment to maintain and repair the Group's fleet. The Group also relies on the supply of ancillary services, including supply boats and helicopters. Shortages in materials, manufacturing defects, delays in the delivery of necessary spare parts, equipment or other materials, or the unavailability of ancillary services could negatively impact the Group's future operations and result in increases in rig downtime and delays in the repair and maintenance of the Group's fleet.

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

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

The world economy is currently facing a number of challenges. An extended period of negative outlook for the world economy could reduce the overall demand for oil and natural gas and for the Group's services. These potential developments, or market perceptions concerning these and related issues, could affect the Group's consolidated statement of financial position, results of operations or cash flows. In addition, turmoil and hostilities in the Middle East, North Africa and other geographic areas and countries are adding to overall risk. An extended period of negative outlook for the world economy could further reduce the overall demand for oil and natural gas and for the Group's services. Such changes could adversely affect the Group's business and the Group's consolidated statement of financial position, results of operations or cash flows.

The Group relies heavily on a relatively small number of customers and the loss of a significant customer or a dispute that leads to the loss of a customer could have a material adverse impact on the Group's consolidated statement of financial position, results of operations or cash flows

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

In addition, the Group's drilling contracts subject the Group to counterparty risks. The ability of each of the Group's counterparties to perform its obligations under a contract with the Group will depend on a number of factors that are beyond the Group's control and may include, among other things, general economic conditions, the condition of the offshore drilling industry, prevailing prices for oil and natural gas, the overall financial condition of the counterparty, the day rates received and the level of expenses necessary to maintain drilling activities. In addition, in depressed market

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conditions, such as the Group is currently experiencing, the Group's customers may no longer need a drilling rig that is currently under contract or may be able to obtain a comparable drilling rig at a lower day rate. Should counterparty fail to honour its obligations under an agreement with the Group, the Group could sustain losses, which could have a material adverse effect on the Group's business and on the Group's consolidated statement of financial condition results of operations or cash flows.

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

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

· limit the Group's ability to access debt markets, including for the purpose of refinancing the Group's existing debt;
· cause the Group to refinance or issue debt with less favourable terms and conditions, which debt may require collateral and restrict, among other things, the Group's ability to pay distributions or repurchase shares;
· increase certain fees under the Group's credit facilities and interest rates under indentures governing certain of the Group's senior notes;
· negatively impact current and prospective customers' willingness to transact business with the Group;
· impose additional insurance, guarantee and collateral requirements;
· limit the Group's access to bank and third-party guarantees, surety bonds and letters of credit; and
· suppliers and financial institutions may lower or eliminate the level of credit provided through payment terms or intraday funding when dealing with the Group thereby increasing the need for higher levels of cash on hand, which would decrease the Group's ability to repay debt balances.

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

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

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

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

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

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

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

- the cost of labour and materials;
- customer requirements;
- fleet size;
- the cost of replacement parts for existing drilling rigs;
- the geographic location of the drilling rigs;
- length of drilling contracts;
- governmental regulations and maritime self-regulatory organization and technical standards relating to safety, security or the environment; and
- industry standards.

Changes in offshore drilling technology, customer requirements for new or upgraded equipment and competition within the Group's industry may require the Group to make significant capital expenditures in order to maintain its competitiveness. In addition, changes in governmental regulations, safety or other equipment standards, as well as compliance with standards imposed by maritime self-regulatory organizations, may require the Group to make additional unforeseen capital expenditures. As a result, the Group may be required to take its rigs out of service for extended periods of time, with corresponding losses of revenues, in order to make such alterations or to add such equipment. In the future, market conditions may not justify these expenditures or enable the Group to operate its older rigs profitably during the remainder of their economic lives.

In addition, the Group may require additional capital in the future. If the Group is unable to fund capital expenditures with its cash flow from operations or sales of non-strategic assets, the Group may be required to either incur additional borrowings or raise capital through the sale of debt or equity securities. The Group's ability to access the capital markets may be limited by the Group's financial condition at the time, by changes in laws and regulations or interpretation thereof and by adverse market conditions resulting from, among other things, general economic conditions and contingencies and uncertainties that are beyond the Group's control. If the Group raises funds by issuing equity securities, existing

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

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

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

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

A foreign corporation will be treated as a passive foreign investment company ("PFIC") for U.S. federal income tax purposes if either (1) at least 75% of its gross income for any taxable year consists of certain types of passive income or (2) at least 50% of the average value of the corporation's assets produce or are held for the production of those types of passive income. For purposes of these tests, passive income includes dividends, interest and gains from the sale or exchange of investment property and certain rents and royalties, but does not include income derived from the performance of services.

The Company believes that it has not been and will not be a PFIC with respect to any taxable year. The Company's income from offshore contract drilling services should be treated as services income for purposes of determining whether the Company is a PFIC. Accordingly, the Company believes that the Company's income from the Company's offshore contract drilling services should not constitute "passive income," and the assets that the Company's owns and operates in connection with the production of that income should not constitute passive assets.

There is significant legal authority supporting this position, including statutory provisions, legislative history, case law and IRS pronouncements concerning the characterization, for other tax purposes, of income derived from services where a substantial component of such income is attributable to the value of the property or equipment used in connection with providing such services. It should be noted, however, that a prior case and an IRS pronouncement, which relies on the case, characterize income from time chartering of vessels as rental income rather than services income for other tax purposes. However, the IRS subsequently has formally announced that it does not agree with the decision in that case. Moreover, the Company believes that the terms of the time charters in the recent case differ in material respects from the terms of the Company's drilling contracts with customers. No assurance can be given that the IRS or a court will accept the Company's position, and there is a risk that the IRS or a court could determine that the Company is a PFIC.

If the Company was to be treated as a PFIC for any taxable year, the Company's U.S. shareholders would face adverse U.S. tax consequences. Under the PFIC rules, unless a shareholder makes certain elections available under the Internal

Revenue Code of 1986, as amended (the "Internal Revenue Code"), and such elections could themselves have adverse consequences for such shareholder, the shareholder generally would be liable to pay U.S. federal income tax at the highest applicable income tax rates on ordinary income upon the receipt of excess distributions, as defined for U.S. tax purposes, and upon any gain from the disposition of the Company's shares, plus interest on such amounts, as if such excess distribution or gain had been recognized rateably over the shareholder's holding period of the Group's shares. In addition, under applicable statutory provisions, the preferential tax rate on "qualified dividend income," which applies to dividends

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paid to non-corporate shareholders does not apply to dividends paid by a foreign corporation if the foreign corporation is a PFIC for the taxable year in which the dividend is paid or the preceding taxable year.

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

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

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

Under Swiss law, the Company's shareholders may approve an authorized share capital that allows the Board of Directors to issue new shares without additional shareholder approval. As a matter of Swiss law, authorized share capital is limited to a maximum of 50% of a company's registered share capital and is subject to re-approval by shareholders every two years. At the Company's 2016 annual general meeting, the Company's shareholders approved an authorized share capital, which will expire on 12 May 2018. The Company's current authorized share capital is limited to approximately 5.6% of the Company's registered share capital. Additionally, subject to specified exceptions, Swiss law grants pre-emptive rights to existing shareholders to subscribe for new issuances of shares. Further, Swiss law does not provide as much flexibility in the various terms that can attach to different classes of shares as the laws of some other jurisdictions. Swiss law also reserves for shareholder approval certain corporate actions over which a board of directors would have authority in some other jurisdictions. For example, dividends must be approved by shareholders. These Swiss law requirements relating to the Company's capital management may limit the Group's flexibility, and situations may arise where greater flexibility would have provided substantial benefits to the Group's shareholders.

Distributions to shareholders in the form of a par value reduction and dividend distributions out of qualifying additional paid-in capital are not currently subject to the 35% Swiss federal withholding tax. However, the Swiss withholding tax rules could also be changed in the future, and any such change may adversely affect the Company or the Company's shareholders. In addition, over the long-term, the amount of par value available for the Company to use for par value reductions or the amount of qualifying additional paid-in capital available for the Company to pay out as distributions is limited. If the Company is unable to make a distribution through a reduction in par value, or out of qualifying additional paid-in capital as shown on the Company's standalone Swiss statutory financial statements, the Company may not be able to make distributions without subjecting the Company's shareholders to Swiss withholding taxes.

Under present Swiss tax law, repurchases of shares for the purposes of capital reduction are treated as a partial liquidation subject to a 35% Swiss withholding tax on the repurchase price less the par value, and since 1 January 2011, to the extent attributable to qualifying additional paid-in capital, if any. At the Company's 2009 annual general meeting, the Company's shareholders approved the repurchase of up to CHF 3.5 billion of the Company's shares for cancellation under the share repurchase program. The Company may repurchase shares under the share repurchase program using a procedure pursuant to which the Company can repurchase shares via a "virtual second trading line" from market players, in particular, banks and institutional investors, who are generally entitled to receive a full refund of the Swiss withholding tax. The Company's ability to use the "virtual second trading line" is limited to the share repurchase program currently approved by the Company's shareholders, and any use of the "virtual second trading line" with respect to future share repurchase programs will require the approval of the competent Swiss tax authorities. The Company may not be able to repurchase as many shares as the Company would like for purposes of capital reduction on the "virtual second trading line" without subjecting the selling shareholders to Swiss withholding taxes.

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

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

2.4Risks related to the Shares

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

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

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

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

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

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

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

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

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2.5Risks related to the Exchangeable Bonds

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

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

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

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

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

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

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

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

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

The Exchangeable Bonds are not protected by restrictive covenants

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2.6Risks related to the Offer

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

From time to time, political and public sentiment in connection with a proposed combination may result in a significant amount of adverse press coverage and other adverse public statements affecting Transocean and Songa Offshore. Adverse press coverage and public statements, whether or not driven by political or popular sentiment, may also result in legal claims or in investigations by regulators, legislators and law enforcement officials. Responding to these investigations and lawsuits, regardless of the ultimate outcome of the proceedings, can divert the time and effort of senior management from operating their businesses. Addressing any adverse publicity, governmental scrutiny or enforcement or other legal proceedings is time-consuming and expensive and, regardless of the factual basis for the assertions being made, could have a negative impact on the reputation of Transocean and Songa Offshore, on the morale of their employees and on their relationships with regulators. It may also have a negative impact on their ability to take timely advantage of various business and market opportunities. The direct and indirect effects of negative publicity, and the demands of responding to and addressing it, may have a material adverse effect on Songa Offshore's and Transocean's respective business and cash flows, financial condition and results of operations.

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

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

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

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

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

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

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

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

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

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

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

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

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

2.7Risks relating to the business of the Songa Group

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

Project risk

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

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

Insurance and uninsured risk

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

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

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

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Reliance on customers and third parties

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

Rig operation

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

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

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

Charter risk

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

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

The Songa Group's rigs are contracted to one customer, and a disruption in cooperation between the Songa Group and the customer could lead to a termination of most, or all, charter agreements. The ability of the Songa Group to renew contracts or obtain new contracts and the terms of any such contracts will depend, among other things, on market conditions, the specifications, suitability and deployment potential of its rigs, and the contractual terms, including day rates, that the Songa Group agrees to operate under. The Songa Group may be unable to renew expiring contracts or obtain new contracts for its rigs under contracts that have expired or been terminated, and the day rates under any new contracts may be substantially below existing day rates, which could materially reduce the revenues and profitability of the Songa Group. There can be no assurance that the Songa Group will be able to perform under its contracts due to events beyond its control or that the Songa Group will be able to ultimately execute a definitive agreement in cases where one does not currently exist. In addition, there can be no assurance that the Songa Group's customers will be able to or willing to fulfil their contractual commitments to the Songa Group. There can be no assurance that the contracts included in the contract revenue backlog will generate the specified revenues or that the specified revenues will in fact be generated during the periods indicated.

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

Risk of accidents

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

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

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

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

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

Service life and technical risk

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

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

Unexpected repair cost

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

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Risks related to the Songa Group's financial situation

Significant third party indebtedness

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

The Songa Group has exposure for financial covenants

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

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

Financial risks

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

Foreign exchange risk management

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

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

Interest rate risk management

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

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

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Credit risk management

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

Availability of funding

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

Borrowing and leverage

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

Value of the drilling units and market rates

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

Re-domiciliation to Cyprus in 2009 – Exit tax

Songa Offshore moved from Norway to Cyprus in May 2009.

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

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

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

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

See “Notes to Songa Offshore’s Consolidated Financial Statement—Note 4—The audited financials” for further details.

Construction project risk – DSME litigation

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

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

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

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

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

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

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

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

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3RESPONSIBILITY FOR THE PROSPECTUS

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

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

20 December 2017

The board of directors of Transocean Ltd.

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

The board of directors of Transocean Inc.

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

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4GENERAL INFORMATION

4.1Important investor information

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

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

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

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

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

SEC rules require that Transocean disclose in its Registration Statement a detailed description of the background and reasons for the Offer and Songa Offshore to proceed with the Offer, including a summary of any financial forecasts or projections on which any such report, opinion or appraisal was based. As a result of this requirement, Transocean has included in the Registration Statement (and, accordingly, in Appendix D) a summary of certain management projections (the "Management Projections") that were made available to Songa Offshore and its advisors on 28 June 2017. The Management Projections are intended solely to provide historical facts regarding the negotiation process between Transocean and Songa Offshore.

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

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

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

4.2Presentation of financial and other information

4.2.1Financial information

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

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

4.2.2Sources of industry and market data

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

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

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

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

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

4.3Cautionary note regarding forward-looking statements

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

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

Should one or more of such risks or uncertainties materialize (or the other consequences of such a development worsen), or should underlying assumptions prove incorrect, actual results may vary materially from those indicated or expressed or implied by such forward-looking statements. All subsequent written and oral forward-looking statements attributable to Transocean or to persons acting on Transocean's behalf are expressly qualified in their entirety by reference to these risks and uncertainties. You should not place undue reliance on forward-looking statements. Each forward-looking statement speaks only as of the date of the particular statement, and each of Transocean and Songa Offshore undertake no obligation to publicly update or revise any forward-looking statements to reflect events or circumstances that occur, or which either Transocean or Songa Offshore become aware of, after the date hereof, except as otherwise may be required by law.

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THE TERMS OF THE OFFER

5.1General

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

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

5.2The Offeror – Transocean Ltd.

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

5.3The Target – Songa Offshore SE

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

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

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

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

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

5.5Consideration

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

4 Source: the Company.

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

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

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

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

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

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

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

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

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

5.6Transaction Agreement

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

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

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

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

5.7Offer Period

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

5.8Conditions for completion of the Offer

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

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

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

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

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

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

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

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

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

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

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

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

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5.9Pre-acceptance undertakings

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

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

*represents < 1% of Songa Shares outstanding.

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

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

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

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

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

5.10Long Stop Date

If the Offer has not been announced unconditional by 23:59 (CET) on 15 February 2018 (the "Long Stop Date") the Offer shall lapse and any tendered shares shall be released by Transocean, provided, however, that the Long Stop Date may be extended at the election of Transocean one time for no more than a total of 25 U.S. business days to the extent deemed necessary, at Transocean's sole discretion, for the purpose of soliciting additional proxies from shareholders for the election at the Extraordinary General Meeting of the Perestroika Designee.

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

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

5.11Refinancing of certain Songa Offshore indebtedness

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

5.12Treatment of other Songa Offshore securities in the Offer

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

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

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

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

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

5.13.1Procedures for accepting the Offer

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

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

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

Clarksons Platou Securities AS

Munkedamsveien 62c

N-0270 Oslo

Norway

Tel: +47 22 01 63 00

Email: ecm.oslo@clarksons.com

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

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

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

No confirmation of receipt of Acceptance Forms or other documents will be made on behalf of Transocean. All notifications, documents and remittance that shall be delivered by or sent to or from the Songa Offshore shareholders who accept the Offer (or their representatives) will be sent to or delivered by them at their own risk.

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

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

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

5.13.2Procedures for withdrawing Songa Shares previously tendered in the Offer

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

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

Clarksons Platou Securities AS

Munkedamsveien 62c

N-0270 Oslo

Norway

Tel: +47 22 01 63 00

Email: ecm.oslo@clarksons.com

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

5.14Blocking of tendered shares and shareholder rights

By delivering a duly executed Acceptance Form, shareholders give the Settlement Agent an authorization to block the shares to which the Acceptance Form relates, in favor of the Settlement Agent. The Settlement Agent is at the same time authorized, acting in its own name but for the account of the tendering Songa Offshore shareholders, to contribute the Songa Shares tendered in the Offer in the ordinary capital increase of Transocean and to subscribe for the Consideration Shares and take such other actions to effect the exchange of the Songa Shares tendered in the Offer for Consideration Shares, Exchangeable Bonds and cash, as applicable, as the Settlement Agent, and, where applicable, the Distribution Agent deem necessary or advisable (see Section 5.13.1 “Procedures for accepting the Offer” and Section 5.17 “Settlement”). In the event that the Offer is cancelled or acceptances are validly withdrawn before the expiration of the Offer Period, the blocking will be terminated within three U.S. business days. The shareholder undertakes, from the time of delivering a duly executed Acceptance Form unless acceptances are validly withdrawn before the expiration of the Offer Period, not to, and it will not, from the time of blocking, be possible to, sell or in any other way dispose over, use as security, pledge, encumber or transfer to another VPS account, the shares covered by the Acceptance Form. The shareholder is free to dispose over any other securities registered in the same VPS account as the blocked shares.

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

5.15Amendments to the Offer

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

5.16Notices

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

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

5.17Settlement

5.17.1General

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

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

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

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

Computershare, Inc.

250 Royall Street,

Canton, Massachusetts 02021

Telephone: 800-546-5141

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

5.17.2Settlement Mechanics

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

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

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

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

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

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

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

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

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

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

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

5.17.3Restrictions on registration of the Consideration Shares

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

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5.17.4The rights of the Consideration Shares

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

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

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

5.17.5The ranking of the Exchangeable Bonds

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

5.18Expenses

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

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

5.19Tax

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

5.20Dilution

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

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

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

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

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

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

5.21 Additional information

5.21.1 Contact with Songa Offshore prior to release of the Offer

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

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

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

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

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

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5 Source: the Company.

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5.21.2Financing of the Offer

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

5.21.3Impact on employees

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

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

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

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

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

5.21.4Legal implications

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

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

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

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

5.21.5Statement by the board of directors of Songa Offshore

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

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

5.21.6Mandatory offer

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

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

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

5.21.7Compulsory acquisition

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

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

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

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

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

5.21.8Delisting from Oslo Stock Exchange

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

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

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

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

5.21.9Advisors

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

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

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

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

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

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

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Shares

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

Options Granted

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

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

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

5.21.12Interest of natural and legal persons involved in the Offer

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

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

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

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

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

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

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

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

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

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

5.21.13Choice of law and legal venue

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

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

5.21.14Miscellaneous

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

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

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6ABOUT THE SONGA GROUP

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

6.1Corporate information

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

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

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

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

6.2Legal structure

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

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

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

Active companies in the Songa Group:

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

Dormant companies in the Songa Group:

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

6.3The business of the Songa Group

6.3.1General

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

6.3.2Overview of rigs and contracts

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

Songa Dee

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

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

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Songa Delta

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

Songa Trym

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

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Songa Equinox

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

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

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

Songa Endurance

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

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

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

Songa Encourage

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

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

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

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Songa Enabler

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

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

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

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

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

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

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

6.3.3Offshore drilling contracts in general

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

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

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

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

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

6.3.4Contract overview

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

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

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6.4Board of directors, management and employees

6.4.1Board of directors

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

6.4.2Senior management

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

6.4.3Employees

The Songa Group has approximately 934 employees worldwide.

6.5Share capital

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

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

6.6Auditor

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

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

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

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

6.7.1Overview

6.7.1.1Business overview and industry trends

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

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

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

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

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

6.7.1.2Corporate objective and business strategy

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

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

The Songa Group intends to accomplish this vision by:

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

6.7.1.3Key Events

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

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

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

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

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

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

May 2019 and December 2019.

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

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

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

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

6.7.1.4Performance and Other Key Indicators

Contract backlog

Contract backlog is defined as the maximum contractual operating day rate multiplied by the number of days remaining in the firm contract period, excluding revenues for mobilization, demobilization and contract preparation or other incentive provisions, which are not expected to be significant to Songa Offshore's contract drilling revenues. Average contractual day rate relative to Songa Offshore's contract backlog is defined as the maximum contractual operating day rate to be earned per operating day in the measurement period. An operating day is defined as a day for which a rig is contracted to earn a day rate during the firm contract period after commencement of operations.

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

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

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

NCS.

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

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

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

Operating and earnings efficiency

The operating efficiency ratio is defined as the total number of operating days divided by the total number of rig calendar days in the measurement period, expressed as a percentage.

The earnings efficiency ratio is defined as actual contract drilling revenues for the measurement period divided by the maximum revenue calculated for the measurement period, expressed as a percentage. Maximum revenue is defined as the greatest amount of contract drilling revenues the drilling unit could earn for the measurement period, excluding amounts related to incentive provisions.

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

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

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

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

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

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

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

Adjusted EBITDA

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

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

6.7.2Operating Results

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

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

'nm' means not meaningful

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

'nm' means not meaningful

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

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

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

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

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

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

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

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

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

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

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

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

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

'nm' means not meaningful

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

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

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

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

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

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

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

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

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

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

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

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

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

6.7.2.4Management Performance Measures

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

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

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

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

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

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

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

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

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

6.7.3Financial condition, liquidity and capital resources

6.7.3.1Financing developments

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

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

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

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

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

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

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

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

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

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

Refinancing

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

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

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

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

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

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

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Changes in debt

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

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

Reverse share split

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

6.7.3.2Cash Flow

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

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

The following table summarizes cash flows:

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

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

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

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

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

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

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

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

‘nm’ means not meaningful

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

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

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

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

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

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

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

‘nm’ means not meaningful

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6.7.3.3Contractual Obligations

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

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

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

6.7.3.4Contingencies

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

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

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

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

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

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

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

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

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

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

DSME Arbitration Case

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

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

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

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

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

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

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

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

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

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

6.7.4Critical and Significant Accounting Policies and New Accounting Pronouncements

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

6.7.5Quantitative and Qualitative Disclosures About Market Risk

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

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

Currency risk

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

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

Interest rate risk

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

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

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

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6.8Borrowings of the Songa Group

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

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

*Certain tranches have longer maturities

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

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

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

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

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

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

7SELLING AND TRANSFER RESTRICTIONS

7.1General

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

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

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

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

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

7.2Selling Restrictions

7.2.1Belgium

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

7.2.2Cayman Islands

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

7.2.3European Economic Area

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

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

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

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

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

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

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

7.2.4Sweden

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

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

7.2.5United States

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

7.2.6United Kingdom

This Offer Document and any other material in relation to the Offer described herein are only being distributed to and are only directed to the UK Relevant Persons. The Consideration Shares and Exchangeable Bonds are only available to, and any investment or investment activity to which this Offer Document relates is available only to, and will be engaged in only with, UK Relevant Persons. This Offer Document and its contents are confidential and should not be distributed, published or reproduced (in whole or in part) or disclosed by recipients to any other person in the United Kingdom. Persons who are not UK Relevant Persons should not take any action on the basis of this Offer Document and should not rely on it.

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7.2.7Other jurisdictions

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

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

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8INDUSTRY AND MARKET OVERVIEW

8.1Demand for offshore drilling rigs

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

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

Amidst this picture, however, there have been a few encouraging signs. The market is still very weak, but the rate of decline in utilisation has slowed and in some sectors turned flat.

Y-O-Y change in global offshore E&P CAPEX spending

Source: Clarksons Research – Offshore Review & Outlook, Spring 2017

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Offshore oil market

Activity levels of E&P companies and their associated capital expenditures are largely driven by the worldwide demand for energy, including crude oil and natural gas. Worldwide energy supply and demand drives oil and natural gas prices, which, in turn, impact E&P companies' ability to fund investments in exploration, development and production activities. The industry is presently experiencing a cyclical downturn. Sustained weak commodity pricing has resulted in E&P companies delaying investment decisions and postponing exploration and production programs. Prior to the downturn, Brazil, the U.S. Gulf of Mexico, and West Africa emerged as key ultra deepwater market sectors, and licensing activity demonstrated an increased interest in deepwater fields as E&P companies looked to explore new prospects. A number of new deepwater and ultra deepwater development opportunities have been identified globally (Source: the Group's annual report on Form 10-K for the year ended 31 December 2016).

In the latter part of 2016 and beginning of 2017, oil prices have firmed up reaching the highest level since summer 2015. At the start of the year, Brent Prompt traded in the mid USD 55's/bbl, representing an improvement from the low USD 40's/bbl levels seen in mid-2016. In the end of 2016, OPEC members, and some non-OPEC nations, agreed a production cut that helped supported global prices. Non-OECD demand in particular helped support global consumption levels, where the growth in Indian transportation and Chinese refinery activity underwrote this expansion.

Global oil production is ~96m bpd. The global offshore oil production is ~26 bpd, thus representing ~29% of total global oil production. The Middle East is the largest offshore oil producer followed by West Africa, North America and North-West Europe and the largest producing countries of offshore oil are Saudi Arabia, Brazil and Norway, respectively.

Offshore production, supply and demand

Offshore Oil	,000 bpd oil		
Production	2014	2015 e	2016 e
North America	3,512	3,511	3,733
South & Central America	2,843	3,000	3,038
West Africa	4,255	4,348	4,050
North-West Europe	2,896	8,103	3,156
Med, Black Sea & Casplan	1,563	1,559	1,530
Middle East/ISC	7,399	7,418	7,234
Asia Pacific	2,786	2.858	2,783
Offshore Oil Production	25,254	25,797	25,519
% Growth	2.2%	2.2%	1.1%
% Offshore	28.6%	28.5%	28.1%

Source: Clarksons Research - Offshore Review & Outlook, Spring 2017 and Clarksons Research - Offshore Intelligence Monthly, May 2017

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8.2Classification of offshore drilling rigs

The industry commonly classifies mobile offshore drilling units (the “MODUs”) into main categories based on water depth capacity and basic design. The four main water depth categories are: shallow water up to 450 ft, midwater (“MW”) up to 3,000 ft, deepwater (“DW”) up to 7,500 ft and ultra-deepwater (“UDW”) beyond 7,500 ft. The three main basic design categories are: jackups, semisubmersibles and drillships (the last two together are commonly referred to as floaters). In addition, the drilling market consists of several types of specialized rig designs, including tender rigs, barges and more.

The largest drilling rig category is jackups, with operation in shallow waters accounting for ~56.4% of the total offshore drilling rig supply. The semisubmersible category, where midwater depths are the most common area of operation, accounts for ~16.8% of the supply. Drillships operate in deepwater and ultra-deepwater category and account for ~12.1% of the total offshore drilling supply. The remaining ~14.7% of supply is covered by the specialized rig designs. The total rig fleet as of June 2017 consists of 988 units.

Offshore drilling rig categories

Jackups	Semisubmersibles	Drillships
A self-contained combination drilling rig and floating barge, fitted with long support legs that can be raised or lowered independently of each other. Upon arrival at the drilling location, the legs are jacked down onto the seafloor, preloaded to securely drive them into the sea bottom, and then further jacked down. A jackup rig can naturally only work in water depths that are less than the length of its legs, and typically this limits operations to less than 450 feet of water depth.	A particular type of floating vessel that is supported primarily on large pontoon-like structures submerged below the sea surface. The operating decks are elevated perhaps 100 or more feet above the pontoons on large steel columns. This design has the advantage of submerging most of the area of components in contact with the sea and minimizing loading from waves and wind. Semisubmersibles can operate in a wide range of water depths, including deepwater.	A maritime vessel modified to include a drilling rig and using station-keeping equipment similar to semisubmersibles. The vessel is typically capable of operating in deepwater. A drillship must stay relatively stationary on location in the water for extended periods of time. Drillships typically carry larger payloads than semisubmersible drilling vessels, but their motion characteristics are usually inferior.

Source: Clarksons Research - Offshore Review & Outlook, Spring 2017

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8.2.1Harsh environment

Harsh environment drilling assets are units capable of operating in locations with severe weather, often characterized by low temperatures, rough seas, strong winds and limited daylight – areas such as the Arctic, west coast of Australia and the Falkland Islands. Rigs built for harsh environment operations need to comply with extensive regulatory requirements and are of higher specification and build-cost than assets intended for non-harsh environment operations. To facilitate for work during all seasons, the rigs are often winterized meaning areas on deck are covered and sheltered for safer working environment and the rigs are usually semi-submersibles due to their superior stability in rough seas. The combined effect of these technical and regulatory hurdles, demanding operations and high-cost assets is that the harsh environment fleet exists as a niche subset with higher barriers to entry than the wider drilling sector. Suppliers in the harsh environment market have therefore tended to enjoy higher utilisation rates, longer contracts and a premium dayrate compared to other offshore drilling markets.

Among the harsh environment sectors, the Norwegian Continental Shelf has some of the most rigorous regulatory and technical requirements as well as higher tax levels and stricter crew rotation policies. These requirements further increase costs and barriers to entry, thus limit the supply of new rigs into the Norwegian waters. Nevertheless, offshore Norway is the most important area for harsh floaters by number of active units the assets operating in Norway tend to have the highest contract utilization and visibility of the harsh environment drilling markets.

Of a total floater fleet of 286 units, 219 rigs are currently marketable, of which 41 are rated for harsh environments. Current utilisation of harsh environment units remains low at 63% and is comparable to that of the wider floater fleet, which remains distinctly under pressure. On the supply side, there is a sense that the harsh fleet is experiencing a lesser degree of oversupply than the wider floater sector and the industry sentiment has appeared to warm on the harsh floater sector due to exploration campaigns underway in the Barents Sea. Despite industry sentiment warming there is still a need for caution as removals from the harsh floater fleet have been fairly slow since the beginning of the downturn and it has been slower than the floater fleet as a whole. The harsh marketable fleet size has shrunk by 20% since January 2014, while the marketable floater fleet as a whole has shrunk by 27%.

8.3Global floater fleet evolution

In the mid-1970s and early 1980s, a large number of floaters were ordered and delivered due to several factors, including supportive commodity prices. Between 1979 and 1988 in particular, 74 floaters were delivered, which led to an oversupply of rigs in the offshore drilling market until the middle of the 1990s. Consequently, few floating rigs were built during the period from the mid-1990s to the late 1990s. A new construction cycle commenced in 2005-06, however this cycle did not exceed the building output of the mid-1970s and mid-1980s.

Global floater fleet by year of delivery (# rigs)
Note: Slippage and cancellations expected to affect units in the order book

Source: Clarksons Research - Offshore Drilling Rig Monthly, June 2017

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8.3.1Jackup fleet

The global jackup supply currently consists of 557 units, 484 of which are active supply. In addition, there are 94 units under construction or on order, bringing the total known supply side to 651 units (assuming all units under construction are delivered). Forty-four of the newbuilds are scheduled for delivery in the remainder of 2017, 38 for 2018 and 12 for 2019 and onwards.

Twenty-three new jackups were delivered in 2016, ensuring that the total fleet grew by 2.0% during the year to 560 rigs. Twelve jackups were permanently removed from the fleet in 2016, down slightly on the 17 removed in 2015. Despite weak utilisation, this decline demonstrates the difficulty in removing rigs given the need to hire anchor handlers to mobilize rigs to scrap yards, and the relatively low scrap value. The number of jack-ups in cold-stacking also remained steady year-on-year (“Y-O-Y”) at around 73 units, and the number of ready-stacked units has increased to 171 units. In terms of newbuilds, many of the 94 jackup rigs on order are speculative and there are few concrete signs these are close to finding new buyers.

8.3.2Floater fleet

The size of the floater fleet has continued to decline in 2017, with the total worldwide fleet now consisting of 286 units, 219 of which are in active supply. In addition, there are 54 units under construction or on order, bringing the total known supply side to 340 units (assuming all units under construction are delivered). Twenty-one of the newbuilds are scheduled for delivery during the remainder of 2017, 18 for delivery in 2018 and 15 for delivery in 2019 and onwards.

Scrapping and newbuild delays have helped to control supply, and produce a Y-O-Y decline of 18% in the fleet size. The lack of floater demand has necessitated this level of removal. However, the 28 floaters removed in 2016 represented a slight Y-O-Y drop in pace compared to 2015.

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Global drilling fleet overview, existing and order book (# of units)

Total Rig Fleet	No. of Units, end 2015	2016	01 Jun 17 No.	,000 GT	Orderbook & Delivery Schedule No.	.000 GT	% Fleet^	2017	2018	2018+
Jack-Up <=300’	312	299	296	1.670.9	12	92.5	4.1%	6	5	1
Jack-Up >300’	241	257	261	2.8844	82	1,031.6	31.4%	38	33	11
Semi-Submersible <=5.000’	97	83	79	1.366.2	4	89.5	5.1%	3	1	0
Semi-Submersible >5.990’	92	88	87	2.564.6	14	795.2	16.1%	7	4	3
Drillship	126	120	120	6452.8	36	1,876.1	30.0%	11	13	12
Drill Barge/Tender	151	146	145	694.8	9	102.9	6.2%	4	3	2
RIGS TOTAL	1,019	993	988	15,634	157	3,988	15.9%	69	59	29

^Orderbook as % of fleet in numbers. *Excluding barges/tenders.

Source: Clarksons Research - Offshore Drilling Rig Monthly, June 2017

Source: Clarksons Research - Offshore Review & Outlook, Spring 2017

Historically, there have been significant delays for units built outside the most experienced yards in Korea and Singapore. It is expected that this will repeat itself during the current newbuilding cycle. Hence, it should be expected that deliveries will be pushed out somewhat, contributing to a tightening of the supply/demand balance.

8.4Current market sentiment

8.4.1Day rates

Day rates for both jackups and floaters declined through 2016, and so far in 2017, in the majority of offshore regions. On average, jackup day rates fell by a further 5% during 2016, following a 44% decline in 2015. The pace of the downturn in the floater market continued rapidly in 2016: on average, rate assessments were down by an additional 29%, after a 35%

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decline in 2015. Assessed day rate levels have been somewhat theoretical given reduced demand. Since the start of 2017, however, day rate assessments seem to have stabilised, albeit at bottom of market levels.

Jackup and floater day rates

Source: Clarksons Research - Offshore Review & Outlook, Spring 2017

8.4.2Utilization

At the start of May 2017, the working utilization of the jackup and floater fleet was 63% and the number of working rigs stood at 446 units. Utilization of the jack-up fleet was at 65%, the semisubmersible utilization was at 57% while drillship utilization was at 65%. Market sentiment towards the jackup market has been slightly less negative than that of the floater market, as the lower cost of drilling in shallow water environments has allowed a number of projects to move forward, even with depressed oil prices.

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Utilization

Source: Clarksons Research - Offshore Review & Outlook, Spring 2017

Jack-Ups	Demand No., start				Demand No., start				Month-on-Month	
	2014	2015	2016	2017	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Trend
North America	85	65	39	37	37	37	37	37	37	STEADY…
Sth & Cent America	12	12	12	10	10	10	10	10	10	STEADY…
West Africa	25	22	13	5	5	5	5	6	6	STEADY…
NW Europe	47	54	44	29	29	27	29	30	30	STEADY…
Mediterranean	32	31	25	26	26	26	25	25	25	STEADY…
Middle East/ISC	153	149	148	141	141	141	142	141	141	STEADY…
Asia Pacific	104	100	71	60	60	62	63	64	64	STEADY…
Total Demand	460	435	352	308	308	308	311	313	313	STEADY…
Total Availability*	487	502	475	483	483	486	484	483	484	STEADY…
% Utilisation	94%	87%	74%	64%	64%	63%	64%	65%	65%	

Semi-Subs	Demand No., start				Demand No., start				Month-on-Month	
	2014	2015	2016	2017	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Trend
North America	32	31	21	9	9	8	9	9	8	DOWN!.. -11%
Sth & Cent America	47	36	28	15	15	15	15	15	16	UP…. 7%
West Africa	18	16	7	1	1	1	1	1	1	STEADY…
NW Europe	46	44	32	22	22	22	23	22	22	STEADY…
Mediterranean	14	11	9	6	6	6	6	6	6	STEADY…
Middle East/ISC	4	3	0	2	2	2	2	2	2	STEADY…
Asia Pacific	33	34	22	14	14	14	14	15	15	STEADY…
Total Demand	194	175	119	69	69	68	70	70	70	STEADY…
Total Availability*	198	190	162	124	124	123	122	122	122	STEADY…
% Utilisation	98%	92%	73%	56%	56%	55%	57%	57%	57%	

Drillships	Demand No., start				Demand No., start				Month-on-Month	
	2014	2015	2016	2017	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Trend
North America	21	34	34	23	23	23	22	20	20	STEADY…
Sth & Cent America	27	26	20	19	19	18	18	19	18	DOWN….-5%
West Africa	21	22	21	12	12	13	13	13	13	STEADY…
NW Europe	2	1	2	1	1	1	2	1	1	STEADY…
Mediterranean	1	3	3	4	4	4	4	4	4	STEADY…
	12	8	3	6	6	5	3	3	3	STEADY…

Middle East/ISC										
Asia Pacific	8	9	8	3	3	3	4	4	4	STEADY…
Total Demand	92	103	91	68	68	67	66	64	63	STEADY…-2%
Total Availability*	96	117	113	99	99	99	99	98	97	STEADY…-1%
% Utilisation	96%	88%	81%	69%	69%	68%	67%	65%	65%	

Analysis does not include Barges & Tenders. * Total availability excludes MODUs in long-term cold stacking. Not generally considered marketable supply.

Source: Clarksons Research - Offshore Intelligence Monthly, May 2017

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8.4.3Supply and demand

In terms of the supply-demand balance, the two main sectors face slightly different challenges. For the jack-ups, although the demand side is weak, it is the supply side that is the real issue. There remain 94 jack-ups on the order book, predominantly substantially built, although their delivery timing remains uncertain. At the same time, it has proved more difficult to remove jack-ups from the existing fleet. Floaters have made up the larger share of demolitions, while there was no net increase in the number of cold stacked jack-ups in 2016. Even if there were to be a small improvement in fixture liquidity levels Y-O-Y in 2017, day rate levels are likely to struggle to increase given the supply overhang.

In the floater market, the issues on the supply side, although present, are a little more controlled. There remain 54 floaters on the order book. In general, owners have managed to defer newbuild orders into the medium-term or exercise cancellation clauses, leaving rigs for yards to attempt to resell. Scrapping and stacking have also been easier for floater owners in 2016, given slightly more resellable steel in the ageing second/third generation fleet. However, demand represents the largest problem for the floater market. Amongst the 40 new fixtures recorded during 2016, only 11 were for more than a year’s duration, and the majority of those only just exceeded that mark. The modal duration was two months, or no more than a couple of wells. Demand for floating rig contracts was essentially absent in 2016.

Overview of historical and recent fixtures

Source: Clarksons Research - Offshore Drilling Rig Monthly, June 2017, * H1 2017

Term Jack-Up Drilling Contracts*

Rig Name	Type^	Env.	Water Depth’	Year Built	Rig Owner	Operator	Country
UMW Naga 3	IC		350	2010	UMW Standard	Petronas Carigali	Malaysia
Soehanah	IC		375	2007	PT Apexindo Pratama	PHE ONWJ	Indonesia
West Elara	IC	Harsh	492	2011	North Atlantic	ConocoPhillips Skand	Norway
Sapphire Driller	IC		375	2009	Vantage Drilling	Eni Congo	Congo
Prospector 1	IC	Harsh	400	2013	Prospector Offshore	Oranje NL	Netherlands
Noble Regina Allen	IC		400	2013	Noble Corp	ExxonMobil Canada	Canada
Perro Negro 4	IC		150	1977	Saipem	Petrobel	Egypt
ENSCO 80	IC		225	1978	Ensco Offshore UK	Repsol Sinopec UK	United Kingd
ENSCO 106	IC		400	2005	Ensco Offshore	BP Indonesia	Indonesia
Atwood OrCa	IC		400	2013	Atwood Malaysia	Mubadala Pet	Thailand
UMW Naga 7	IC		375	2015	UMW Standard	Pelronas Cangali	Malaysia
UMW Naga 8	IC		400	2015	UMW Standard	Hess Oil and Gas	Malaysia
ENSCO 84	IC		250	1981	Ensco Offshore	Saudi Aramco	Saudi Arabia
Senusiel	IC		250	1981	Egyptian Dnlling	Saudi Aramco	Saudi Arabia
West Castor	IC		400	2013	Seadnll	Ent	Mexico

^Where IC= Independent Leg Cantilever; IS= Independent Leg Slot; MC= Mat Supported Cantilever; MS= Mat Supported Slot; ER=Extended Reach.

* Long-term contracts >=12 months. Short-term contracts <12 months.

Source: Clarksons Research - Offshore Drilling Rig Monthly, June 2017

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Latest Short-Term Jack-Up Drilling Contracts*

	Reported	Rig Name	Type^	Env.	Water Depth’	Year Built	Rig Owner	Operator	Country	Period/Rate* Mths.	$/day
17	24 May	West Cressida	IC		375	2009	Seadrill	PCPP JOC	Malaysia	3	
	24 May	West Freedom	IC		350	2009	Seadrill	Ecopetrol	Colombia	3	109,0
	15-May	U									