

Transocean Ltd.
Form DEF 14A
April 06, 2012

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material under §240.14a-12

Transocean Ltd.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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(1) Amount Previously Paid:

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April 6, 2012

Dear Shareholder:

The 2012 annual general meeting of Transocean Ltd. will be held on Friday, May 18, 2012 at 4:00 p.m., Swiss time, at the Lorzensaal Cham, Dorfplatz 3, CH-6330 Cham, Switzerland. The invitation to the annual general meeting, the proxy statement and a proxy card are enclosed and describe the matters to be acted upon at the meeting.

It is important that your shares be represented and voted at the meeting, whether you plan to attend or not. Please read the enclosed invitation and proxy statement and date, sign and promptly return the proxy card in the enclosed self-addressed envelope.

A note to Swiss and other European investors:

Transocean Ltd. is incorporated in Switzerland, has issued registered shares and trades on both the New York Stock Exchange and the SIX Swiss Exchange; however, unlike many Swiss incorporated or SIX Swiss Exchange-listed companies, ***share blocking and re-registration are not requirements for any Transocean shares to be voted at the meeting and all shares may be traded after the record date.***

Sincerely,

J. Michael Talbert
Chairman of the Board

Steven L. Newman
President and Chief Executive Officer

This invitation, proxy statement and the accompanying proxy card are first being mailed to our shareholders on or about April 6, 2012.

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INVITATION TO ANNUAL GENERAL MEETING OF TRANSOCEAN LTD.
Friday, May 18, 2012
4:00 p.m., Swiss time,
at the Lorzensaal Cham, Dorfplatz 3, CH-6330 Cham, Switzerland

Agenda Items

(1)

Approval of the 2011 Annual Report, including the Consolidated Financial Statements of Transocean Ltd. for Fiscal Year 2011 and the Statutory Financial Statements of Transocean Ltd. for Fiscal Year 2011.

Proposal of the Board of Directors

The Board of Directors proposes that the 2011 Annual Report, including the consolidated financial statements for fiscal year 2011 and the statutory financial statements for fiscal year 2011, be approved.

(2)

Appropriation of the Available Earnings for Fiscal Year 2011.
Proposal of the Board of Directors

The Board of Directors proposes that all available earnings of the Company be carried forward.

	in CHF thousands
Balance brought forward from previous years	261,689
Net profit of the year	(100,198)
Total available earnings	161,491
Appropriation of available earnings	
Balance to be carried forward on this account	161,491

(3)

Election of Three Directors as Follows; Reelection of Two Directors as Follows:

3.1

Election of Glyn Barker, Vanessa C.L. Chang and Chad Deaton as Directors.
Proposal of the Board of Directors

The Board of Directors proposes that the nominees set forth below be elected as Class I Directors for a three-year term:

Glyn Barker;

Vanessa C.L. Chang; and

Chad Deaton.

3.2

Reelection of Edward R. Muller and Tan Ek Kia as Directors.
Proposal of the Board of Directors

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The Board of Directors further proposes that the directors set forth below be reelected as Class I Directors for a three-year term:

Edward R. Muller; and

Tan Ek Kia.

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(4)

Appointment of Ernst & Young LLP as the Company's Independent Registered Public Accounting Firm for Fiscal Year 2012 and Reelection of Ernst & Young Ltd., Zurich, as the Company's Auditor for a Further One-Year Term.

Proposal of the Board of Directors

The Board of Directors proposes that Ernst & Young LLP be appointed as Transocean Ltd.'s independent registered public accounting firm for the fiscal year 2012 and that Ernst & Young Ltd., Zurich, be reelected as Transocean Ltd.'s auditor pursuant to the Swiss Code of Obligations for a further one-year term, commencing on the day of election at the 2012 annual general meeting and terminating on the day of the 2013 annual general meeting.

(5)

Advisory Vote on Executive Compensation.

Proposal of the Board of Directors

The Board of Directors proposes that shareholders be provided with an advisory vote on the compensation of the Company's Named Executive Officers, as disclosed in the Compensation Discussion and Analysis, the accompanying compensation tables and the related narrative disclosure in this proxy statement.

Organizational Matters

A copy of the proxy materials, including a proxy and admission card, has been sent to each shareholder registered in Transocean Ltd.'s share register as of March 21, 2012. Any additional shareholders who are registered in Transocean Ltd.'s share register on May 1, 2012 will receive a copy of the proxy materials after May 1, 2012. Shareholders not registered in Transocean Ltd.'s share register as of May 1, 2012 will not be entitled to attend, vote or grant proxies to vote at, the 2012 annual general meeting.

While no shareholder will be entered in Transocean Ltd.'s share register as a shareholder with voting rights between the close of business on May 1, 2012 and the opening of business on the day following the annual general meeting, **share blocking and re-registration are not requirements for any Transocean Ltd. shares to be voted at the meeting and all shares may be traded after the record date.** Computershare, which maintains Transocean Ltd.'s share register, will continue to register transfers of Transocean Ltd. shares in the share register in its capacity as transfer agent during this period.

Shareholders registered in Transocean Ltd.'s share register as of May 1, 2012 have the right to attend the annual general meeting and vote their shares (in person or by proxy), or may grant a proxy to vote on each of the proposals in this invitation and any other matter properly presented at the meeting for consideration. Shareholders may deliver proxies to either Transocean Ltd. (as corporate proxy) or the independent representative, Rainer Hager, by marking the proxy card appropriately, executing it in the space provided, dating it and returning it either to:

Transocean Ltd.
Vote Processing
c/o Broadridge
51 Mercedes Way
Edgewood, NY 11717
USA

or, if granting a proxy to the independent representative
Rainer Hager
Attorney at Law and Notary
Schweiger, Advokatur/Notariat
Dammstrasse 19
CH-6300 Zug
Switzerland

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We urge you to return your proxy card by 4:00 p.m. Eastern Daylight Time (EDT), 10:00 p.m. Swiss time, on May 17, 2012 to ensure that your proxy card is timely submitted.

Shares of holders who have timely submitted a properly executed proxy card and specifically indicated their votes will be voted as indicated. Shares of holders who have timely submitted a properly executed proxy card and have not specifically indicated their votes (irrespective of whether a proxy has been granted to Transocean Ltd. or the independent representative or neither is specified) will be voted in the manner recommended by the Board of Directors and Transocean Ltd. will act as such holders' proxy. Any proxy card marked to grant a proxy to both Transocean Ltd. (as corporate proxy) and the independent representative will be counted as a proxy granted to Transocean Ltd. only.

If any other matters are properly presented at the meeting for consideration, Transocean Ltd. and the independent representative, as applicable, will, in the absence of specific instructions to the contrary, have the discretion to vote on these matters in the manner recommended by the Board of Directors in the name and on behalf of shareholders who have timely submitted a properly executed proxy card.

Shareholders who hold their shares in the name of a bank, broker or other nominee should follow the instructions provided by their bank, broker or nominee when voting their shares. Shareholders who hold their shares in the name of a bank, broker or other nominee and wish to vote in person at the meeting must obtain a valid proxy from the organization that holds their shares.

We may accept a proxy by any form of communication permitted by Swiss law and our Articles of Association.

Please note that shareholders attending the annual general meeting in person or by proxy are required to show their admission card on the day of the annual general meeting. In order to determine attendance correctly, any shareholder leaving the annual general meeting early or temporarily is requested to present such shareholder's admission card upon exit.

Proxy Holders of Deposited Shares

Institutions subject to the Swiss Federal Law on Banks and Savings Banks and professional asset managers who hold proxies for beneficial owners who did not grant proxies to Transocean Ltd. or the independent representative are kindly asked to inform Transocean Ltd. of the number and par value of the registered shares they represent as soon as possible, but no later than May 18, 2012, 6:00 a.m. EDT, 12:00 p.m. Swiss time, at the admission office for the annual general meeting.

Annual Report, Consolidated Financial Statements, Statutory Financial Statements

A copy of the 2011 Annual Report (including the consolidated financial statements for fiscal year 2011, the statutory financial statements of Transocean Ltd. for fiscal year 2011 and the audit reports on such consolidated and statutory financial statements) is available for physical inspection at Transocean Ltd.'s registered office, Turmstrasse 30, CH-6300 Zug, Switzerland. Copies of these materials may be obtained without charge by contacting our Corporate Secretary at our registered office, Turmstrasse 30, CH-6300 Zug, Switzerland, telephone number +41 (041) 749 0500, or Investor Relations at our offices in the United States, at 4 Greenway Plaza, Houston, Texas 77046, telephone number (713) 232-7500.

On behalf of the Board of Directors,

J. Michael Talbert
Chairman of the Board

Zug, Switzerland
April 6, 2012

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YOUR VOTE IS IMPORTANT

You may designate proxies to vote your shares by mailing the enclosed proxy card. Please review the instructions in the proxy statement and on your proxy card regarding voting.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL GENERAL MEETING TO BE HELD ON MAY 18, 2012.

**Our proxy statement and 2011 Annual Report are available at
*<http://www.deepwater.com/proxymaterials.cfm>.***

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PROXY STATEMENT

**FOR ANNUAL GENERAL MEETING OF TRANSOCEAN LTD.
MAY 18, 2012**

INFORMATION ABOUT THE MEETING AND VOTING

This proxy statement is furnished in connection with the solicitation of proxies by Transocean Ltd., on behalf of our Board of Directors, to be voted at our annual general meeting to be held on May 18, 2012 at 4:00 p.m., Swiss time, at the Lorzensaal Cham, Dorfplatz 3, CH-6330 Cham, Switzerland.

Agenda Items

At the annual general meeting, shareholders will be asked to vote upon the following agenda items:

Approval of the 2011 Annual Report, including the consolidated financial statements of Transocean Ltd. for fiscal year 2011 and the statutory financial statements of Transocean Ltd. for fiscal year 2011.

Appropriation of the available earnings for fiscal year 2011.

Election of three directors as follows; reelection of two directors as follows:

Election of Glyn Barker, Vanessa C.L. Chang and Chad Deaton as Class I Directors, each for a three-year term;
and

Reelection of Edward R. Muller and Tan Ek Kia as Class I Directors, each for a three-year term.

Appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for fiscal year 2012 and reelection of Ernst & Young Ltd., Zurich, as the Company's auditor pursuant to the Swiss Code of Obligations for a further one-year term.

Advisory vote on the compensation of the Company's Named Executive Officers as disclosed in the Compensation Discussion and Analysis, the accompanying compensation tables, and the related narrative disclosure in this proxy statement.

Quorum

Our Articles of Association provide that the presence of shareholders, in person or by proxy, holding at least a majority of the shares entitled to vote at the meeting constitutes a quorum for purposes of this annual general meeting. Abstentions and "broker nonvotes" will be counted as present for purposes of determining whether there is a quorum at the meeting.

Record Date

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Only shareholders of record on May 1, 2012 are entitled to notice of, to attend, and to vote or to grant proxies to vote at, the annual general meeting. No shareholder will be entered in Transocean Ltd.'s share register with voting rights between the close of business on May 1, 2012 and the opening of business on the day following the annual general meeting.

While no shareholder will be entered in Transocean Ltd.'s share register as a shareholder with voting rights between the close of business on May 1, 2012 and the opening of business on the day following the annual general meeting, ***share blocking and re-registration are not requirements for any Transocean Ltd. shares to be voted at the meeting and all shares may be traded after the record date.*** Computershare, which maintains Transocean Ltd.'s share register, will continue to register transfers of Transocean Ltd. shares in the share register in its capacity as transfer agent during this period.

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Votes Required

Approval of the proposal with respect to the 2011 Annual Report and the 2011 consolidated financial statements and 2011 statutory financial statements of Transocean Ltd. requires the affirmative vote of a majority of the votes cast in person or by proxy at the annual general meeting, not counting abstentions or blank or invalid ballots.

Approval of the proposal for the appropriation of available earnings for fiscal year 2011 to be carried forward requires the affirmative vote of a majority of the votes cast in person or by proxy at the annual general meeting, not counting abstentions or blank or invalid ballots.

Approval of the proposal to elect three nominees and reelect two nominees named in the proxy statement as directors requires the affirmative vote of a plurality of the votes cast in person or by proxy at the annual general meeting. The plurality requirement means that the director nominee with the most votes for a board seat is elected to that board seat. You may vote "for" or "against" or "abstain" with respect to the election of each director. Only votes "for" are counted in determining whether a plurality has been cast in favor of a director. Abstentions and broker non-votes are not counted for purposes of the election of directors. As described later in this proxy statement, our Corporate Governance Guidelines set forth our procedures if a director nominee is elected but does not receive more votes cast "for" than "against" the nominee's election.

Approval of the proposal to appoint Ernst & Young LLP as the Company's independent registered public accounting firm for 2012 and to reelect Ernst & Young Ltd. as the Company's auditor pursuant to the Swiss Code of Obligations for a further one-year term requires the affirmative vote of holders of a majority of the votes cast in person or by proxy at the annual general meeting on the proposal. Abstentions and blank or invalid ballots are not counted for purposes of this proposal.

Approval of the advisory vote on the compensation of the Company's Named Executive Officers as disclosed in the Compensation Discussion and Analysis, the accompanying compensation tables, and the related narrative disclosure in this proxy statement requires the affirmative vote of a majority of the votes cast in person or by proxy at the annual general meeting, not counting abstentions, broker non-votes or blank or invalid ballots. The vote is advisory and therefore not binding on the Company.

As of March 21, 2012, there were 350,447,610 shares outstanding. Only registered holders of our shares on May 1, 2012, the record date established for the annual general meeting, are entitled to notice of, to attend and to vote at, the meeting. Holders of shares on the record date are entitled to one vote for each share held.

Proxies

A proxy card is being sent to each record holder of shares as of March 21, 2012. In addition, a proxy card will be sent to each additional record holder of shares as of the record date, May 1, 2012. If you are registered as a shareholder in Transocean Ltd.'s share register as of May 1, 2012, you may grant a proxy to vote on each of the proposals and any other matter properly presented at the meeting for consideration. Shareholders may deliver proxies to either Transocean Ltd. or the independent representative, Rainer Hager, by marking your proxy card appropriately, executing it in the space provided, dating it and returning it either to:

Transocean Ltd.
Vote Processing
c/o Broadridge
51 Mercedes Way
Edgewood, NY 11717
USA

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or, if granting a proxy to the independent representative
Rainer Hager
Attorney at Law and Notary
Schweiger, Advokatur/Notariat
Dammstrasse 19
CH-6300
Zug, Switzerland

We urge you to return your proxy card by 4:00 p.m. Eastern Daylight Time (EDT), 10:00 p.m. Swiss time, on May 17, 2012 to ensure that your proxy card is timely submitted. Proxies granted to Transocean Ltd. will be exercised by a non-executive officer of Transocean Ltd. at the annual general meeting.

Please sign, date and mail your proxy card in the envelope provided. If you hold your shares in the name of a bank, broker or other nominee, you should follow the instructions provided by your bank, broker or nominee when voting your shares.

Under New York Stock Exchange rules, brokers who hold shares in street name for customers, such that the shares are registered on the books of the Company as being held by the brokers, have the authority to vote on "routine" proposals when they have not received instructions from beneficial owners, but are precluded from exercising their voting discretion with respect to proposals for "non-routine" matters. Proxies submitted by brokers without instructions from customers for these non-routine matters are referred to as "broker non-votes." Agenda Item 3 for the election of directors, as well as Agenda Item 5, are non-routine matters under New York Stock Exchange rules. If you hold your shares in "street name," your broker may not be able to vote your shares in the election of directors unless the broker receives appropriate instructions from you. We recommend that you contact your broker to exercise your right to vote your shares.

If you were a holder on the record date and have timely submitted a properly executed proxy card and specifically indicated your votes, your shares will be voted as indicated. If you were a holder on the record date and you have timely submitted a properly executed proxy card and have not specifically indicated your votes (irrespective of whether a proxy has been granted to Transocean Ltd. or the independent representative or neither is specified), your shares will be voted in the manner recommended by the Board of Directors and Transocean Ltd. will act as your proxy. Any proxy card marked to grant a proxy to both Transocean Ltd. (as corporate proxy) and the independent representative will be counted as a proxy granted to Transocean Ltd. only.

There are no other matters that the Board of Directors intends to present, or has received proper notice that others will present, at the annual general meeting. If any other matters are properly presented at the meeting for consideration, Transocean Ltd. and the independent representative, as applicable, will, in the absence of specific instructions to the contrary, vote any proxies submitted to them on these matters in the manner recommended by the Board of Directors.

You may revoke your proxy card at any time prior to its exercise by:

giving written notice of the revocation to our Corporate Secretary at Transocean Ltd., Turmstrasse 30, CH-6300 Zug, Switzerland, with respect to proxies granted to Transocean Ltd., or to the independent representative at the address set forth above, with respect to proxies granted to the independent representative;

appearing at the meeting, notifying our Corporate Secretary, with respect to proxies granted to Transocean Ltd., or the independent representative, with respect to proxies granted to the independent representative, and voting in person; or

properly completing and executing a later-dated proxy and timely delivering it to our Corporate Secretary or the independent representative.

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Your presence without voting at the meeting will not automatically revoke your proxy, and any revocation during the meeting will not affect votes already taken. If you hold your shares in the name of a bank, broker or other nominee, you should follow the instructions provided by your bank, broker or nominee in revoking your previously granted proxy.

We may accept a proxy by any form of communication permitted by Swiss law and our Articles of Association. Please note that shareholders attending the annual general meeting in person or by proxy are required to show their admission card on the day of the annual general meeting. In order to determine attendance correctly, any shareholder leaving the annual general meeting early or temporarily is requested to present such shareholder's admission card upon exit.

References to "Transocean," the "Company," "we," "us" or "our" include Transocean Ltd. together with its subsidiaries and predecessors, unless the context requires otherwise.

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AGENDA ITEM 1.

Approval of the 2011 Annual Report, including the Consolidated Financial Statements of Transocean Ltd. for Fiscal Year 2011 and the Statutory Financial Statements of Transocean Ltd. for Fiscal Year 2011

Proposal

The Board of Directors proposes that the 2011 Annual Report, including the consolidated financial statements of Transocean Ltd. for fiscal year 2011 and the statutory financial statements for fiscal year 2011, be approved.

Explanation

The consolidated financial statements of Transocean Ltd. for fiscal year 2011 and the Swiss statutory financials for fiscal year 2011 are contained in the 2011 Annual Report, which was made available to all registered shareholders with this invitation and proxy statement. In addition, these materials will be available for physical inspection at the Company's registered office, Turmstrasse 30, CH-6300 Zug, Switzerland. The 2011 Annual Report also contains information on the Company's business activities and our business and financial situation, information relating to corporate governance as required by the SIX Swiss Exchange directive on corporate governance, and the reports of Ernst & Young Ltd., Zurich, the Company's auditors pursuant to the Swiss Code of Obligations, on the Company's consolidated financial statements for fiscal year 2011 and statutory financial statements for fiscal year 2011. In its reports, Ernst & Young Ltd., the Company's auditors pursuant to the Swiss Code of Obligations, recommended without qualification that the Company's consolidated financial statements and statutory financial statements for the year ended December 31, 2011 be approved. Ernst & Young Ltd. expresses its opinion that the "consolidated financial statements for the years ended December 31, 2011 and 2010 present fairly in all material respects, the consolidated financial position of Transocean Ltd. and subsidiaries at December 31, 2011 and 2010, and the consolidated results of operations and cash flows for each of the three years in the period ended December 31, 2011 in accordance with accounting principles generally accepted in the United States and comply with Swiss law." Ernst & Young Ltd. further expresses its opinion and confirms that the statutory financial statements for the year ended December 31, 2011 and the proposed appropriation of available earnings comply with Swiss law and the Articles of Association of the Company.

Under Swiss law, the prior year's Annual Report and the consolidated financial statements and Swiss statutory financials must be submitted to shareholders for approval at each annual general meeting.

If the shareholders do not approve this proposal, the Board of Directors may call an extraordinary general meeting of shareholders for reconsideration of this proposal by shareholders.

Voting Requirement to Approve Proposal

The affirmative "FOR" vote of a majority of the votes cast in person or by proxy at the annual general meeting, not counting abstentions or blank or invalid ballots.

Recommendation

The Board of Directors recommends a vote "FOR" approval of the 2011 Annual Report, the consolidated financial statements and the Swiss statutory financials.

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AGENDA ITEM 2.

Appropriation of the Available Earnings for Fiscal Year 2011

Proposal of the Board of Directors

The Board of Directors proposes that all available earnings of the Company be carried forward.

	in CHF thousands
Appropriation of the Company's Available Earnings	
Balance brought forward from previous years	261,689
Net profit of the year	(100,198)
Total available earnings	161,491
Appropriation of Available Earnings	
Balance to be carried forward on this account	161,491

Explanation

Under Swiss law, the appropriation of available earnings as set forth in the Swiss statutory financial statements must be submitted to shareholders for approval at each Annual General Meeting. The available earnings at the disposal of the Company's shareholders at the 2012 Annual General Meeting are the earnings of Transocean Ltd., on a stand-alone basis.

The Board of Directors proposes that CHF 161,491 (the entire available earnings balance, in thousands) be carried forward in available earnings.

Voting Requirement to Approve Proposal

The affirmative "FOR" vote of a majority of the votes cast in person or by proxy at the annual general meeting, not counting abstentions or blank or invalid ballots.

Recommendation

The Board of Directors recommends a vote "FOR" this proposal.

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AGENDA ITEM 3.

Election of Three Directors as Follows; Reelection of Two Directors as Follows:

Agenda Item 3.1 Election of Glyn Barker, Vanessa C.L. Chang and Chad Deaton as Directors

Agenda Item 3.2 Reelection of Edward R. Muller and Tan Ek Kia as Directors

Our Articles of Association divide our Board of Directors into three classes: Class I, Class II and Class III. Five Class I directors are to be elected at our 2012 annual general meeting to serve for three-year terms expiring at the annual general meeting in 2015. W. Richard Anderson and Richard L. George, formerly Class I directors, resigned from the Board in June 2011 and February 2011, respectively.

The Board has nominated Glyn Barker, Vanessa C.L. Chang and Chad Deaton for election as Class I directors and the following individuals for reelection as Class I directors: Edward R. Muller and Tan Ek Kia.

The Board does not have a specific policy regarding diversity in the selection of director nominees. However, the Board does consider diversity in the director nominee selection process. The Board takes an expansive view of the diversity of the Board with the goal of having the directors eventually reflect the global diversity of our workforce, our clients and the cultures in which we operate. With the election of the Board's nominees, we will have four different nationalities represented on the Board. We also have five different nationalities represented in our officer group and over 87 in our global workforce. We operate in 49 countries worldwide.

We have adopted a majority vote policy in the election of directors as part of our Corporate Governance Guidelines. This policy provides that the Board may nominate only those candidates for director who have submitted an irrevocable letter of resignation which would be effective upon and only in the event that (1) in an uncontested election, such nominee does not receive more votes cast "for" than "against" the nominee's election and (2) the Board accepts the resignation. If a nominee who has submitted such a letter of resignation does not receive such specified levels of votes, the Corporate Governance Committee must promptly review the letter of resignation and recommend to the Board whether to accept the tendered resignation or reject it. The Board must then act on the Corporate Governance Committee's recommendation within 90 days following the certification of the shareholder vote. The Board must promptly disclose its decision regarding whether or not to accept the nominee's resignation letter in a Form 8-K furnished to the SEC or other broadly disseminated means of communication. Full details of this policy are set out in our Corporate Governance Guidelines which are available on our website at www.deepwater.com under "Investor Relations Corporate Governance."

The Board has received from each nominee for election at the annual general meeting listed below, an executed irrevocable letter of resignation consistent with these guidelines described above. Each such letter of resignation is effective only in the event that (1) such director fails to receive a sufficient number of votes from shareholders in an uncontested election of such director and (2) the Board accepts such resignation.

Nominees for Director Class I Terms Expiring 2015

Recommendation

Election of Glyn Barker

GLYN BARKER, age 58, U.K. citizen, served as Vice Chairman U.K. of PricewaterhouseCoopers LLP (PwC) from 2008 to December 2011. He was also responsible for PwC's strategy and business development for the geographic areas of Europe, the Middle East, Africa and India. Mr. Barker joined PwC in 1975 and became an audit partner in 1987. He then established PwC's private equity-focused Transactions Services business and led it globally. He joined the Management Board of PwC in the UK as Head of the Assurance Practice in 2002. In 2006, he became UK Managing Partner and served in that role until 2008. Mr. Barker is a non-executive director of

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Berkeley Group Holdings plc (LON: BKG) (since January 2012) and Aviva plc (LON: AV) (since February 2012) and Chairman Designate of the law firm Irwin Mitchell (since January 2012). He is also director of the English National Opera Company (since 2009). Mr. Barker received his Bachelor of Science in Economics & Accounting in 1975 from the University of Bristol and is a Chartered Accountant.

The Board of Directors has concluded that Mr. Barker should be elected to the Board. Mr. Barker has significant international finance and accounting experience. This experience and the perspective it brings are expected to benefit the Board's decision making process.

The Board of Directors recommends a vote "FOR" the election of Glyn Barker.

Election of Vanessa C.L. Chang

VANESSA C.L. CHANG, age 59, Canadian and U.S. citizen, has been a Director and shareholder of El & El Investments, a privately held real estate investment business, since 1998. Ms. Chang previously served as the President and Chief Executive Officer of Resolveitnow.com from 2000 until 2002 and was the Senior Vice President of Secured Capital Corp in 1998. From 1986 until 1997, Ms. Chang was the West Coast partner in charge of Corporate Finance for KPMG Peat Marwick LLP. Ms. Chang is a director of Edison International (NYSE: EIX) and its wholly owned subsidiary, Southern California Edison Company (since 2007), Blue Shield of California (since 2005), and for individual investment funds within the American Funds family (since 2000). From 2002 until 2004, Ms. Chang served as a director of Inveresk Research Group Inc. Ms. Chang received her Bachelor of Arts in 1973 from the University of British Columbia and is an inactive Certified Public Accountant.

The Board of Directors has concluded that Ms. Chang should be elected to the Board. The Board believes that Ms. Chang's experience and background in diverse industries, along with her financial and accounting background, will enhance the Board's decision making process.

The Board of Directors recommends a vote "FOR" the election of Vanessa C.L. Chang.

Election of Chad Deaton

CHAD DEATON, age 59, U.S. citizen, has served as Executive Chairman of Baker Hughes Incorporated (NYSE: BHI) since January 2012, prior to which he served as Chairman and Chief Executive Officer since 2004. Mr. Deaton began his career with Schlumberger in 1976 and served in a variety of international capacities, including as Executive Vice President, Oilfield Services from 1998 to 1999 and as a Senior Advisor in the Oilfield Services division from 1999 until 2001. From 2002 until 2004, Mr. Deaton was the President, Chief Executive Officer and Director of Hanover Compressor Company. Mr. Deaton is a director of Air Products and Chemicals, Inc. (NYSE: APD) (since 2010), Ariel Corporation (since 2005), and previously served as a Director of Carbo Ceramics Inc. (from 2004 to 2009). Mr. Deaton is a member of the Society of Petroleum Engineers (since 1980) and has served on its Industrial Advisory Council since 2010. He also is a member of the National Petroleum Counsel (since 2007), Executive Advisory Board of the Offshore Technology Conference (since 2011) and the University of Wyoming Chemical and Petroleum Engineering Industry Advisory Board (since 2009). Mr. Deaton received his Bachelor of Science in Geology in 1976 from the University of Wyoming.

The Board of Directors has concluded that Mr. Deaton should be elected to the Board. Mr. Deaton has significant experience in the oilfield services industry. This experience and the perspective it brings are expected to benefit the Board's decision making process.

The Board of Directors recommends a vote "FOR" the election of Chad Deaton.

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Reelection of Edward R. Muller

EDWARD R. MULLER, age 60, U.S. citizen, has served as a director of the Company since November 2007 and served as a director of GlobalSantaFe Corporation from November 2001 to November 2007 and of Global Marine, Inc. from 1997 to 2001. Since the merger of Mirant Corporation with RRI Energy, Inc. to form GenOn Energy, Inc. (NYSE: GEN) in December 2010, he has served as GenOn Energy Inc.'s Chairman and Chief Executive Officer. Since August 2011, he has also served as GenOn Energy's President. Prior to the merger, Mr. Muller served as Chairman, President and Chief Executive Officer of Mirant Corporation from September 2005 to December 2010. Mr. Muller was a private investor from 2000 until 2005. Mr. Muller served as President and Chief Executive Officer of Edison Mission Energy, a wholly owned subsidiary of Edison International, from 1993 until 2000. During his tenure, Edison Mission Energy was engaged in developing, owning and operating independent power production facilities worldwide. Within the past ten years, Mr. Muller was also a director of The Keith Companies, Inc., RigNet, Inc. and Ormat Technologies, Inc. Mr. Muller received his Bachelor of Arts degree in 1973 from Dartmouth College and his law degree in 1976 from Yale Law School. Since 2004, Mr. Muller has been a trustee of the Riverview School and, since 2008, its chairman.

The Board of Directors has concluded that Mr. Muller should remain on the Board and has recommended that he serve an additional term. Mr. Muller is an attorney by education with extensive executive experience in a capital-intensive energy business. Mr. Muller is an active CEO and thus adds this helpful CEO perspective to the Board's deliberations in advising the Company's CEO. His background and education also benefit the Board's decision making process.

The Board of Directors recommends a vote "FOR" the reelection of Edward R. Muller.

Reelection of Tan Ek Kia

TAN EK KIA, age 63, Malaysian citizen, has served as a director of the Company since May 2011. Mr. Tan is the retired Vice President, Ventures and Developments, Asia Pacific and Middle East Region of Shell Chemicals, a position in which he served from 2003 to 2006. Mr. Tan joined the Shell group of companies in 1973 as an engineer and served in a variety of positions in Asia, the U.S. and Europe during his career, including as Chairman, Shell Companies, Northeast Asia from 2000 to 2003, Managing Director of Shell Nanhai from 1997 to 2000 and Managing Director of Shell Malaysia Exploration and Production from 1994 to 1997. Mr. Tan is a director of PT Chandra Asri Petrochemical Tbk (since 2011), Keppel Corporation (since 2010), Keppel Offshore & Marine (since 2009), City Spring (since 2010), SMRT Corporation (since 2009), Dialog Systems Asia (since 2008) and Chairman of City Gas (since 2009). Mr. Tan has also served as the Interim Chief Executive Officer of SMRT Corporation (Singapore Mass Rapid Transit) since January 2012. Mr. Tan received his Bachelor of Science in Mechanical Engineering in 1973 from the University of Nottingham.

The Board of Directors has concluded that Mr. Tan should remain on the Board and has recommended that he serve an additional term. Mr. Tan has significant senior management and engineering experience in the international energy sector, particularly in Asia. This international energy experience and the perspective it brings benefit the Board's decision making process.

The Board of Directors recommends a vote "FOR" the election of Tan Ek Kia.

Continuing Directors Class II Terms Expiring 2013

STEVEN L. NEWMAN, age 47, U.S. citizen, is President and Chief Executive Officer, and a member of the Board of the Company since 2010. Before being named as Chief Executive Officer in March 2010, Mr. Newman served as President and Chief Operating Officer from May 2008 to November 2009 and subsequently as President. Mr. Newman's prior senior management roles included Executive Vice President, Performance (November 2007 to May 2008), Executive Vice President and Chief Operating Officer (October 2006 to November 2007), Senior Vice President of Human Resources and

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Information Process Solutions (May 2006 to October 2006), Senior Vice President of Human Resources, Information Process Solutions and Treasury (March 2005 to May 2006), and Vice President of Performance and Technology (August 2003 to March 2005). He also has served as Regional Manager for the Asia and Australia Region and in international field and operations management positions, including Project Engineer, Rig Manager, Division Manager, Region Marketing Manager and Region Operations Manager. Mr. Newman joined the Company in 1994 in the Corporate Planning Department. Mr. Newman received his Bachelor of Science degree in Petroleum Engineering in 1989 from the Colorado School of Mines and his MBA in 1992 from the Harvard University Graduate School of Business. Mr. Newman is also a member of the Society of Petroleum Engineers.

The Board has concluded that Mr. Newman should remain on the Board. The Board of Directors believes that it is important for the Company's Chief Executive Officer to serve on the Board. The Chief Executive Officer provides a link between the Board and senior management, and the Board believes that this perspective is important in making decisions for the Company. In addition, Mr. Newman brings an industry and competitive context perspective to the Board which assists the Board in making strategic decisions.

THOMAS W. CASON, age 69, U.S. citizen, has served as a director of the Company since November 2007. He served as a director of GlobalSantaFe Corporation from November 2001 until November 2007 and of Global Marine, Inc. from 1995 to 2001. Mr. Cason owned and managed five agricultural equipment dealerships until his retirement in December 2006. He served as interim President and Chief Operating Officer of Key Tronic Corporation during 1994 and 1995 and was a partner in Hiller Key Tronic Partners, L.P. Mr. Cason previously held various financial and operating positions with Baker Hughes Incorporated, including senior executive positions with Baker Hughes' Drilling Group, serving most recently as Senior Vice President and Chief Financial Officer of Baker Hughes Incorporated. Mr. Cason started his career as a public accountant with Arthur Young & Company. Mr. Cason served as a member of the Board of Directors of Mirant Corporation from 2006 until December 2010 and was chairman of its audit committee from January 2006 until May 2009. Mr. Cason received his Bachelor of Science degree in Accounting in 1970 from Louisiana State University.

The Board of Directors has concluded that Mr. Cason should remain on the Board. Mr. Cason is an accountant by education with extensive professional experience in the financial services area of the oilfield services industry. Mr. Cason served as chairman of the audit committee for GlobalSantaFe Corporation and now serves as chairman of the audit committee for the Company. This overlap in experience, combined with his education, professional experience and institutional knowledge of a legacy company are assets to the Board's decision making process.

ROBERT M. SPRAGUE, age 67, U.S. citizen, has served as a director of the Company since May 2004. Mr. Sprague is the retired Regional Business Director of Shell EP International BV, a position in which he served from April 1997 until June 2003. Mr. Sprague served as Director of Strategy & Business Services for Shell EP International BV from January 1996 until March 1997 and as Exploration & Production Coordinator of Shell International Petroleum BV from May 1994 to December 1995. Mr. Sprague joined the Royal Dutch/Shell group of companies in 1967 and served in a variety of positions in the United States and Europe during his career, including as a director of Shell Canada Limited, a publicly traded company, from April 2000 to April 2003. Mr. Sprague received his Bachelor of Science degree in 1966 and his Masters in Electrical Engineering degree in 1967 from Cornell University.

The Board of Directors has concluded that Mr. Sprague should remain on the Board. Mr. Sprague is an engineer by education and spent many years serving in senior management in the energy business with one of the Company's customers and thus brings that perspective to the Board. In addition, most of his professional career was spent serving in the oil and gas industry outside the United States, thus bringing an important international perspective to the Board.

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J. MICHAEL TALBERT, age 65, U.S. citizen, has served as a director of the Company since August 1994. He has served as the non-executive Chairman of the Board since May 2011 and previously served as non-executive Vice Chairman of the Board from August 2010 to May 2011, non-executive Chairman of the Board from October 2004 to November 2007 and executive Chairman of the Board from October 2002 to October 2004. Mr. Talbert also served as Chief Executive Officer from August 1994 until October 2002, Chairman of the Board of Directors from August 1994 until December 1999, and as President from December 1999 until December 2001. Prior to assuming his duties with us, Mr. Talbert was President and Chief Executive Officer of Lone Star Gas Company, a natural gas distribution company and a division of Ensearch Corporation. He is currently a director of El Paso Corporation (NYSE: EP) (since 2003). Within the past ten years, Mr. Talbert was also a director and the chairman of TODCO. Mr. Talbert received his Bachelor of Science degree in chemical engineering in 1970 from the University of Akron and his MBA in 1975 from Loyola of the South.

The Board of Directors has concluded that Mr. Talbert should remain on the Board. Mr. Talbert holds an engineering degree and an MBA and has extensive executive experience in the energy sector including serving as a senior executive in exploration and production and as the former CEO of Transocean. As a result, he brings a necessary perspective to the Board based upon his understanding of the business. His knowledge from the customer perspective and his knowledge of the culture of the Company are helpful in analyzing the future direction of the Company. Mr. Talbert also has extensive experience in merger and acquisition activity, including negotiating transactions as well as the integration of combined companies and boards.

Continuing Directors Class III Terms Expiring 2014

JAGJEET S. BINDRA, age 64, U.S. citizen, has served as a director of the Company since May 2011. Mr. Bindra is the retired President of Chevron Global Manufacturing, a position in which he served from 2003 to 2009. Mr. Bindra joined the Chevron group of companies in 1977 as a research engineer and served in a variety of positions during his career, including as Managing Director of Caltex Australia Ltd. (50% owned by Chevron) from 2002 to 2003, President of Chevron Pipeline Company from 1997 to 2002, Senior Vice President, Pipeline & Transportation, of Chevron Overseas Petroleum from 1995 to 1997, Manager of Strategic Planning for Chevron Corporation from 1994 to 1995 and Group Manager, Projects & Engineering Technology from 1991 to 1994. Mr. Bindra is a director of LyondellBasell Industries N.V. (NYSE: LYB) (since 2011), Edison International (NYSE: EIX) and Southern California Edison Company (since 2010), Larsen & Toubro Ltd., India (NSE: LT) (since 2009) and Transfield Services Limited, Australia (ASX: TSE) (since 2009). He previously served as a director of Reliance Petroleum Ltd. from 2006 to 2007, Caltex Australia Ltd. from 2002 to 2003, GS Caltex, Korea from 2003 to 2009 and Sriya Innovations Inc. (from 2009 to 2010). Mr. Bindra received his MBA in 1979 from St. Mary's College of California, his Master of Science in Chemical Engineering in 1970 from the University of Washington and his bachelor's degree in Chemical Engineering in 1969 from the Indian Institute of Technology, Kanpur.

The Board of Directors has concluded that that Mr. Bindra should remain on the Board. Mr. Bindra has extensive energy value-chain expertise and significant senior management experience in the international energy sector, particularly in Russia/Kazakhstan, India, Australia and Southeast Asia. This international energy experience and the perspective it brings benefit the Board's decision making process.

STEVE LUCAS, age 57, U.K. citizen, has served as a director of the Company since May 2011. Mr. Lucas is the retired Group Finance Director of National Grid plc, a position in which he served from 2002 to 2010. From 2004 to 2011, Mr. Lucas served as a non-executive director of Compass Group plc and from 2000 to 2002, Mr. Lucas served as Group Finance Director, Lattice Group plc. Mr. Lucas previously served as the Treasurer of BG Group plc from 1998 to 2000 and as Finance Director, Exploration & Production, of British Gas plc from 1994 to 1998. From 1983 to 1994, Mr. Lucas served in a variety of finance roles with Royal Dutch/Shell in the U.K., East Africa, Hong Kong and China. Mr. Lucas is a director of Tullow Oil plc (LON: TLW) (since March 2012) and Essar

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Infrastructure Limited (since November 2011). Mr. Lucas received his Bachelor of Arts in Geology in 1976 from Oxford University and is also a member of the Institute of Chartered Accountants in England & Wales.

The Board of Directors has concluded that Mr. Lucas should remain on the Board. Mr. Lucas has significant finance experience in the international energy sector. This finance experience and international energy experience and the perspective they bring benefit the Board's decision making process.

MARTIN B. MCNAMARA, age 64, U.S. citizen, has served as a director of the Company since November 1994. Mr. McNamara is a retired Partner of the law firm of Gibson, Dunn & Crutcher LLP and has served as a member of the firm's executive, finance, planning and compensation committees, as well as a Partner-in-Charge of the firm's Texas practice. During the past ten years and prior to his retirement in 2010, Mr. McNamara was in the private practice of law. Mr. McNamara has also served as Ex Officio Trustee and Ex Officio Member of the Executive Committee of St. Mark's School of Texas since 2002. Mr. McNamara received his Bachelor of Arts degree in 1969 from Providence College and his law degree in 1972 from Yale Law School. Mr. McNamara has served as the chair of the Corporate Counsel Section of the State Bar of Texas and is a lifetime fellow of the Texas Bar Foundation.

The Board of Directors has concluded that Mr. McNamara should remain on the Board. Mr. McNamara is an attorney by education with extensive management experience with energy companies and experience as a lawyer representing energy clients. Mr. McNamara was on the board of Transocean from 1994 until the merger with GlobalSantaFe Corporation in November 2007. His institutional knowledge combined with his professional experience aids the Board in reviewing strategic decisions for the Company.

IAN C. STRACHAN, age 68, U.K. and U.S. citizen, has served as a director of the Company since December 1999. Mr. Strachan is a director of Caithness Petroleum Ltd. (since 2008), Xstrata plc (LON: XTA) (since 2003), and Rolls Royce Group plc (LON: RR) (since 2003). He served as a director of Johnson Matthey plc from 2002 to March 2009 and as Chairman of the Board of Instinet Group Incorporated from January 2003 to December 2005. Mr. Strachan served as Chief Executive Officer of BTR plc from 1996 until 1999. From 1987 to 1995, Mr. Strachan was with Rio Tinto plc, serving as Chief Financial Officer from 1987 to 1991 and as Deputy Chief Executive Officer from 1991 to 1995. He was employed by Exxon Corporation from 1970 to 1986. Mr. Strachan received his Master of Arts in History in 1965 from Christ's College, Cambridge University, and his Master of Public Affairs in 1967 from the Woodrow Wilson School, Princeton University and was a teaching fellow and Ph.D. candidate at Harvard University from 1969 to 1970.

The Board of Directors has concluded that Mr. Strachan should remain on the Board. Mr. Strachan holds a Masters of Public Affairs degree and has significant senior management experience in the energy and other business sectors, including CEO and Chairman positions in international companies. He also brings customer expertise to the Board, along with international financial experience. This experience, combined with his educational and financial background, are helpful to the Board's decision making process.

Corporate Governance

We believe that we have had good corporate governance practices for many years, including written corporate governance guidelines, committee charters and a code of business conduct and ethics for employees in place before enactment of the Sarbanes-Oxley Act and revisions to the corporate governance rules of the New York Stock Exchange (NYSE). Furthermore, the Board held separate meetings of the non-management directors for several years before executive sessions were required by the NYSE.

In February 2011, our Board adopted a new Code of Integrity to update and replace our previous Code of Business Conduct and Ethics. We conduct on-line mandatory training for employees on our Code

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of Integrity and other relevant compliance topics. We also require all managerial and supervisory employees to certify compliance with our Code of Integrity each year.

The Corporate Governance Committee of the Board has continued to evaluate the Company's and the Board's governance practices and formally reviews all committee charters along with recommendations from the various committees of the Board and the Board's governance principles at least annually. In October 2006, the Corporate Governance Committee recommended and the Board adopted a guideline regarding the majority election of directors that is included in our Corporate Governance Guidelines. This Committee further receives updates at each meeting regarding new developments in the corporate governance arena. Our committee charters also require, among other things, that the committees and the Board annually evaluate their own performance.

In 2005, we adopted ownership guidelines for directors that require each current non-management director to acquire and retain a number of our shares and/or deferred units at least equal in value to an amount five times the annual director retainer. Each new director is required to acquire and retain such number of shares and/or deferred units over his or her initial five years as a director. In connection with such ownership requirement, the Board currently grants deferred units to each of our non-management directors. Mr. Newman is also subject to separate officer share ownership guidelines. See "Compensation Discussion and Analysis" for more information about these guidelines.

Our current governance documents may be found on our website at www.deepwater.com under "Investor Relations Corporate Governance." Among the information you can find there is the following:

Articles of Association;

Organizational Regulations;

Corporate Governance Guidelines;