



December 4, 2007

NOTICE TO TRANSOCEAN SHAREHOLDERS RELATED TO MERGER

A number of Transocean shareholders and former GlobalSantaFe shareholders have inquired about the U.S. federal income tax consequences of the recent reclassification of Transocean shares and the merger of GlobalSantaFe into a subsidiary of Transocean. This notice discusses several situations which may apply to certain shareholders by way of examples. Unless specifically indicated otherwise, references to "tax" are to U.S. federal income tax.

A joint proxy statement dated October 2, 2007, which may be found at www.deepwater.com/ProxyMaterials.cfm, was mailed to shareholders of Transocean and of GlobalSantaFe in connection with the reclassification and merger. The joint proxy statement contains a detailed discussion of U.S. federal income tax consequences at "The Transactions -- Material U.S. Federal Income Tax Consequences," which begins on page 96. That discussion will here be called the "Proxy Tax Discussion."

This notice is subject to all of the qualifications and limitations in the Proxy Tax Discussion. It applies only to Transocean shareholders and former GlobalSantaFe shareholders who, at the time of the reclassification and the merger, were U.S. holders (as defined in the Proxy Tax Discussion) and held their shares as capital assets. In addition, the notice does not take into account the particular circumstances of specific shareholders and does not apply to Transocean shareholders and former GlobalSantaFe shareholders who may be subject to special treatment under U.S. federal income tax laws. Transocean shareholders and former GlobalSantaFe shareholders are strongly urged to review the full Proxy Tax Discussion and to consult their own tax advisor regarding the particular federal, state, local and foreign tax consequences of the reclassification and the merger to them.

TRANSOCEAN SHAREHOLDERS

The Proxy Tax Discussion outlines certain circumstances under which Transocean would expect a Transocean shareholder to recognize capital gain or loss on the cash payment in the reclassification and discusses how Transocean would expect that gain or loss to be calculated. The Proxy Tax Discussion indicates that these conclusions are subject to some uncertainty and discusses possible alternative treatments. In addition, the Proxy Tax Discussion indicates that, even if the reclassification is treated in the manner which Transocean expects, not all shareholders will be subject to capital gain or loss treatment.

In the remainder of this discussion, it is assumed that the cash payment in the reclassification will be treated for U.S. federal income tax purposes as made in a redemption of approximately 30.04% of each Transocean share. The 30.04% number represents the portion of each Transocean share which, under the terms of the reclassification, was converted into cash. In addition, it is assumed that each shareholder should allocate his or her basis pro rata between the portion of the Transocean stock which is treated as redeemed and the remaining stock, which Transocean would generally expect to be the case. It is further assumed the shareholder will recognize capital gain or loss on the redemption. More generally, again, this notice is subject to all of the qualifications and limitations in the Proxy Tax Discussion.

Subject to the foregoing, the following are examples (which are not all-inclusive) of the calculation of capital gain or loss on the cash payment in the reclassification for a Transocean shareholder who is subject to such treatment. The examples take into account that fractional shares have been valued at \$119.97 per share, pursuant to the terms of the Merger Agreement.

Example 1 -- Single Block of Transocean Stock with a Capital Gain

Shareholder A owns 100 Transocean shares and has a tax basis of \$50.00 in each share. In the reclassification, before taking account of a fractional share, she will be treated as surrendering 30.04% of each share for a cash payment of \$33.03.

In the absence of an adjustment for a fractional share, A would be left with 69.96 shares. However, those shares will be rounded downward to 69 shares, and A will receive a cash payment for 0.96 of a share. Thus, A will be treated as surrendering 31% of her stock for cash in the reclassification. A's basis in the portion of her stock treated as surrendered for cash is \$1,550.00 (31% X \$50.00 basis per share X 100 shares).

A will receive cash of \$3,418.17 for the stock treated as surrendered for cash. This payment is equal to \$3,303.00 (100 shares X \$33.03) plus \$115.17 (fractional share payment [0.96 X \$119.97]).

Thus, A will receive total cash of \$3,418.17 and will have a basis of \$1,550.00 in the stock treated as surrendered for cash. Accordingly, A will have a capital gain of \$1,868.17. A should consult with her tax advisor as to the proper tax treatment of and tax rate for a capital gain.

In this example, A was treated as surrendering 31% of her stock when the cash payment in lieu of a fractional share was taken into account. It should be noted that this percentage will vary, depending upon the number of shares of Transocean stock that A owns. If, for example, A owned 1,000 shares, the percentage of her stock treated as surrendered for cash when the cash payment in lieu of a fractional share is included would be 30.1%.

In this example and in Example 2, below, the shareholder owned only one block of stock (that is, stock acquired at the same time for the same price). If the shareholder owned more than one block of stock, gain or loss must be computed separately for each block.

Example 2 -- Single Block of Transocean Stock with a Capital Loss

Shareholder B owns 100 Transocean shares and has a tax basis of \$115.00 in each share. The calculations are the same as in Example 1, except that B's basis in the stock treated as surrendered for cash is \$3,565.00 (31% X \$115.00 basis per share X 100 shares).

Thus, B will receive total cash of \$3,418.17 and will have a basis of \$3,565.00 in the stock treated as surrendered for cash. Accordingly, B will have a capital loss of \$146.83. B should consult with his tax advisor as to whether there are any limitations on the deductibility of the loss.

GlobalSantaFe Shareholders

The Proxy Tax Discussion discusses the material tax consequences to holders of GlobalSanteFe shares of the receipt of Transocean shares and cash in the merger based on the assumption that the merger will qualify as a "reorganization" within the meaning of Section 368(a) of the Internal

Revenue Code. The Proxy Tax Discussion discusses the opinions of counsel that were conditions to the closing of the reclassification and the merger and which relate to the qualification of the merger as a reorganization under Section 368(a) of the Internal Revenue Code and states that those opinions may provide that the conclusions expressed therein are not entirely free from doubt. In addition, the Proxy Tax Discussion discusses the treatment to holders of GlobalSanteFe shares if the merger were not treated as a reorganization under this section of the Internal Revenue Code. In the remainder of this discussion, it is assumed that the merger qualified as a reorganization under Section 368(a) of the Internal Revenue Code.

Subject to the foregoing, the following is an example (which is not all-inclusive) of the tax treatment to a former GlobalSanteFe shareholder of the receipt of Transocean shares and cash in the merger. While this example discusses the manner in which gain will be computed for a former GlobalSanteFe shareholder, it does not consider whether that gain will be capital gain. Former GlobalSanteFe shareholders are urged to review the Proxy Tax Discussion and to consult their own tax advisor regarding whether gain, if any, recognized by them will be treated as capital gain.

In the following example, one component for determining the amount of gain that is realized by a former GlobalSanteFe shareholder in the merger is the value of the Transocean shares which such shareholder receives in the merger. For this purpose, Transocean expects its shares to be valued at \$133.82 per share, which was the mean between the high and low trading prices of the Transocean stock on November 27, 2007, the date the reclassification and merger were closed. As indicated, fractional Transocean shares have been valued at \$119.97 per share. As discussed above, this notice is subject to all of the qualifications and limitations in the Proxy Tax Discussion.

Example 3 -- Single Block of GlobalSantaFe Stock -- Gain Limited to Cash Received

Shareholder C owns 100 shares of GlobalSantaFe and has a tax basis of \$30.00 in each share. In the merger, C receives the following:

- 47 Transocean shares (100 GlobalSantaFe shares X .4757, rounded downward to eliminate a 0.57 fractional share). These shares are valued at \$6,289.54 (47 X \$133.82).
- Cash of \$2,314.38, consisting of:
 - a cash payment of \$2,246.00 (100 GlobalSantaFe shares X \$22.46) as part of the merger consideration; and
 - a cash payment of \$68.38 for a fractional share (0.57 X 119.97).

Thus, C receives total consideration valued at \$8,603.92. C's realized gain in the merger is \$5,603.92 (\$8,603.92 [total consideration] minus \$3,000.00 [basis in the GlobalSantaFe shares]). However, C will be required to recognize gain of only \$2,246.00, the amount of cash which C received as part of the merger consideration. C should review the Proxy Tax Discussion and consult his tax advisor as to whether this recognized gain is treated as capital gain. As discussed below, additional gain will be recognized with respect to the fractional share.

C's basis in all of the Transocean shares (including the fractional share) is equal to \$3,000.00 (\$3,000.00 [basis in GlobalSantaFe shares] minus \$2,246.00 [cash received as part of the merger consideration] plus \$2,246.00 [gain recognized]). C's allocable basis in the fractional share is \$35.95 ((0.57 divided by 47.57) X \$3,000.00).

As indicated, C will receive a cash payment of \$68.38 for a fractional share. Thus, C will recognize capital gain of \$32.43 on the fractional share (\$68.38 minus \$35.95). C's basis in the 47 Transocean shares which C actually received is \$2,964.05 (\$3,000.00 minus \$35.95).

In this example, before taking into account the effect of the cash payment for a fractional share, C's recognized gain was equal to the amount of cash received as part of the merger consideration. If the amount of such cash had exceeded the amount of gain realized (computed as described above), only the gain realized would be recognized.

In this example, C owned only one block of stock (that is, stock acquired at the same time for the same price). If C owned more than one block of stock, gain must be calculated separately for each block.

Except with respect to a fractional share, a GlobalSantaFe shareholder cannot recognize a loss in the merger. If the shareholder has gain on one block of stock but a loss on another, gain must be recognized on the first block without any offset for loss on the second block.

IRS Circular 230 Disclaimer: Under applicable Treasury regulations, this notice is not intended or written to be used, and cannot be used, for the purpose of avoiding any penalties.