

Transocean Ltd.
Form 10-Q
May 04, 2011

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

FORM 10-Q

(Mark one)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2011

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 000-53533

TRANSOCEAN LTD.
(Exact name of registrant as specified in its charter)

Zug, Switzerland
(State or other jurisdiction of
incorporation or organization)

98-0599916
(I.R.S. Employer Identification No.)

Chemin de Blandonnet 10
Vernier, Switzerland
(Address of principal executive
offices)

1214
(Zip Code)

+41 (22) 930-9000
(Registrant's telephone number, including area code)

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Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer (do not check if a smaller reporting company) Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of April 26, 2011, 319,567,451 shares were outstanding.

TRANSOCEAN LTD. AND SUBSIDIARIES
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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

TRANSOCEAN LTD. AND SUBSIDIARIES
 CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
 (In millions, except per share data)
 (Unaudited)

| | Three months ended March 31, | |
|---|---------------------------------|--------------------------|
| | 2011 | 2010 (As adjusted) |
| Operating revenues | | |
| Contract drilling revenues | \$ 1,950 | \$ 2,425 |
| Contract drilling intangible revenues | 10 | 33 |
| Other revenues | 184 | 121 |
| | 2,144 | 2,579 |
| Costs and expenses | | |
| Operating and maintenance | 1,359 | 1,186 |
| Depreciation and amortization | 354 | 374 |
| General and administrative | 67 | 63 |
| | 1,780 | 1,623 |
| Gain (loss) on disposal of assets, net | 8 | (14) |
| Operating income | 372 | 942 |
| Other income (expense), net | | |
| Interest income | 15 | 5 |
| Interest expense, net of amounts capitalized | (145) | (132) |
| Other, net | 3 | 15 |
| | (127) | (112) |
| Income from continuing operations before income tax expense | 245 | 830 |
| Income tax expense | 81 | 147 |
| Income from continuing operations | 164 | 683 |
| Income from discontinued operations, net of tax | 176 | 2 |
| Net income | 340 | 685 |
| Net income attributable to noncontrolling interest | 30 | 8 |
| Net income attributable to controlling interest | \$ 310 | \$ 677 |
| Earnings per share-basic | | |
| Earnings from continuing operations | \$ 0.42 | \$ 2.09 |
| Earnings from discontinued operations | 0.54 | 0.01 |

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| | | |
|---------------------------------------|---------|---------|
| Earnings per share | 0.96 | 2.10 |
| Earnings per share-diluted | | |
| Earnings from continuing operations | \$ 0.42 | \$ 2.08 |
| Earnings from discontinued operations | 0.54 | 0.01 |
| Earnings per share | 0.96 | 2.09 |
| Weighted-average shares outstanding | | |
| Basic | 319 | 321 |
| Diluted | 320 | 322 |

See accompanying notes.

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TRANSOCEAN LTD. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In millions)
(Unaudited)

| | Three months ended | |
|---|--------------------|--------|
| | March 31, | |
| | 2011 | 2010 |
| Net income | \$ 340 | \$ 685 |
| Other comprehensive income (loss) before income taxes | | |
| Unrecognized components of net periodic benefit costs | (6) | (10) |
| Recognized components of net periodic benefit costs | 6 | 6 |
| Unrecognized gain (loss) on derivative instruments | 1 | (10) |
| Recognized loss on derivative instruments | 2 | 4 |
| Other comprehensive income (loss) before income taxes | 3 | (10) |
| Income taxes related to other comprehensive income (loss) | (2) | — |
| Other comprehensive income (loss), net of income taxes | 1 | (10) |
| Total comprehensive income | 341 | 675 |
| Total comprehensive income (loss) attributable to noncontrolling interest | | |