

MASTER SETTLEMENT AGREEMENT

This Master Settlement Agreement (“Agreement”) is entered into by Transocean Offshore Deepwater Drilling Inc., Transocean Deepwater Inc., Transocean Holdings LLC, and Triton Asset Leasing GmbH (collectively “Transocean”), the State of Alabama, the State of Florida, the State of Louisiana, the State of Mississippi, and the State of Texas (collectively, the “States”). Where applicable, the States and Transocean will be referred to collectively as the “Parties” and individually as a “Party.”

For and in consideration of the mutual promises and releases set forth in this Agreement and the State Releases, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties stipulate and agree as set forth herein below.

I. RECITALS AND ACKNOWLEDGEMENTS

1.1. The States and Transocean are parties in lawsuits arising out of or related to the *Deepwater Horizon* Incident, including lawsuits that have been consolidated in the multidistrict litigation pending before Judge Carl J. Barbier in the United States District Court for the Eastern District of Louisiana (“MDL 2179”). Transocean may also be sued, have claims made against it, or be subject to investigation in future lawsuits, administrative or regulatory proceedings, or government investigations or prosecutions related to and arising out of the *Deepwater Horizon* Incident. The present and future claims, administrative or regulatory proceedings, or investigations related to or arising out of the *Deepwater Horizon* Incident to the extent the releasing States have Control, consistent with how Control is defined in paragraph 2.1, over such proceedings in which Transocean is or becomes a party or is otherwise involved shall be referred to collectively and individually as “the Litigation.”

1.2. The States and Transocean desire to resolve any and all disputes between them as to any alleged liability Transocean may have related to or arising out of the *Deepwater Horizon* Incident, whether such disputes sound in contract, tort, statutory law, or any other law.

1.3. The States and Transocean each have determined independently that it is in their best interests to reach a global settlement regarding the Litigation. This Agreement is not an admission of any liability by Transocean regarding the *Deepwater Horizon* Incident. The Parties agree and acknowledge that this Agreement has been reached after arm’s length negotiations, with each Party compromising its claims and defenses for value that it considers to be fair and reasonable in view of the risks and costs associated with litigation.

II. DEFINITIONS

In addition to the terms defined elsewhere in the Agreement, the following terms shall be defined as follows for the purposes of this Agreement, including all of its exhibits:

2.1. “Affiliate” of a Person shall mean a Person that directly or indirectly through one or more intermediaries controls, is controlled by, or is under common control with, the first Person. “Control” (including the terms “controlled by” and “under common control with”) means the possession, directly or indirectly, of the power to direct or cause the direction of the

management policies of a Person, whether through the ownership of voting securities, by contract or credit arrangement, as trustee or executor, or otherwise.

2.2. The “*Deepwater Horizon Incident*” shall, for purposes of this Agreement, refer to the design, planning, preparation or drilling of the MC252 Well; the services contracted for or provided by Transocean, its Affiliates or by any other Person with respect to the MC252 Well, the *Deepwater Horizon* rig, and any appurtenances or drilling equipment on or attached to the rig, including the BOP and its associated controls equipment, whether deployed subsea or on the rig; the blowout and explosion on the *Deepwater Horizon* rig that occurred on April 20, 2010; the ensuing fire and loss of life, personal injury, and bodily injury; the sinking of the rig and the release of hydrocarbons and other pollutants from the MC252 Well site or the *Deepwater Horizon* rig; any damages to any reservoir, aquifer, geological formation or underground strata; the relief well efforts; the subsequent clean up and remediation efforts; and all other responsive actions taken in connection with the blowout of the MC252 Well.

2.3. (a) Unless Transocean, in its discretion, elects to make an Early Payment as described in paragraph 2.3(b), the “Effective Date” of this Agreement for every State shall be the date upon which the last State executes its State Release such that all States have executed this Agreement and their respective State Releases. If every State other than Texas does not execute both this Agreement and its State Release on or before September 1, 2015, the Effective Date shall not occur and this Agreement and the State Releases of all States including Texas shall be null and void and have no force or effect. If Texas does not execute both this Agreement and its State Release on or before November 1, 2015, the Effective Date shall not occur and this Agreement and the State Releases of all States including Texas shall be null and void and have no force or effect.

(b) If the States of Alabama, Florida, Louisiana, and Mississippi execute both this Agreement and their respective State Releases before September 1, 2015, Transocean may, in its sole discretion, elect to make the payments to those States as set forth in their respective States Releases at any time after all four of those States execute this Agreement and their respective State Releases and before November 1, 2015 (an “Early Payment”). If Transocean makes this Early Payment, notwithstanding paragraph 2.3(a), the “Effective Date” for Alabama, Florida, Louisiana, and Mississippi shall be the date upon which the Early Payment is made, and the “Effective Date” for Texas shall be the date upon which Texas executes this Agreement and its State Release. If Transocean makes an Early Payment, this Agreement shall be effective and binding as to Alabama, Florida, Louisiana, and Mississippi, regardless whether Texas executes this Agreement and its State Release. If Texas does not execute both this Agreement and its State Release on or before November 1, 2015, the Effective Date for Texas shall not occur, Texas may not become a party to this Agreement, and the State Release of Texas shall be null and void and have no force or effect.

2.4. The term “including” means “including without limitation” and the term “includes” means “includes without limitation.”

2.5. The “MC252 Well” shall refer to the exploratory well that was being drilled on and before April 20, 2010 in Block 252 of the Mississippi Canyon protraction area of the Gulf of Mexico, commonly called the Macondo Prospect.

2.6. "Person" shall mean any individual, estate, corporation, company, general or limited partnership, association, limited liability company, body corporate, business trust, unincorporated organization or similar organization or other entity, whether domestic or foreign.

2.7. "Released Claims" shall mean all claims arising out of, due to, resulting from, or relating in any way to, directly or indirectly, the *Deepwater Horizon* Incident, including any and all claims in law or in equity, past, present or future, including Unknown Claims, whether or not such claims were or could have been raised or asserted before the Court, and including claims for compensatory damages, punitive damages, exemplary damages, multiple damages, non-compensatory damages, fines, penalties, sanctions, natural resource damages, response costs, clean-up costs, pain and suffering, interest, and attorneys' fees, or any form of injunctive, declaratory, or other equitable relief, regardless of whether such claims arise under state, federal or local statutory law, common law, codal law, regulation, or ordinance. "Released Claims" shall not include claims or causes of action arising from or related to the interpretation or enforcement of this Master Settlement Agreement or the related State releases or any claims arising from any discharge or release of oil after the Effective Date from any one of the eight aliquots within Block 252, Mississippi Canyon, OCS Official Protraction Diagram, NH 16-10.

2.8. "State Releases" shall mean the Release of Transocean by the State of Alabama, the Release of Transocean by the State of Florida, the Release of Transocean by the State of Louisiana, the Release of Transocean by the State of Mississippi, and the Release of Transocean by the State of Texas, each of which will be executed by the respective State pursuant to Article IV. The State Releases are subject to all definitions and terms and conditions set forth in this Agreement.

2.9. "States" do not include "Local Governmental Entities" where "Local Governmental Entities" means counties, parishes, municipalities, or any other local governmental or local political subdivisions authorized by law to perform local governmental functions.

2.10. The "Transocean Released Parties" shall mean Transocean Ltd. and each of its past and present Affiliates, and each of their respective business units, predecessors, and successors, and each of their respective agents, servants, representatives, officers, directors (or Persons performing similar functions), employees, attorneys and administrators, all and only in their capacities as such. For the avoidance of doubt, the "Transocean Released Parties" shall not include BP p.l.c., BP Exploration & Production, Inc., BP America Production Company, Inc., BP Corporation North America, Inc., BP America, Inc., Halliburton Company, Halliburton Energy Services, Inc., Halliburton Division Sperry Drilling Services, or Sperry Drilling Services, or any Affiliate of such entities.

2.11. "Unknown Claims" shall mean all past, present and future claims, including claims for fraud or fraudulent inducement, and damages arising out of facts, including new facts or facts found hereafter to be other than or different from the facts now believed to be true, arising out of, due to, resulting from, or relating in any way to, directly or indirectly, the *Deepwater Horizon* Incident.

III. PAYMENT

3.1. Within 15 days of the Effective Date for each State, Transocean shall make the payments to each State set forth in the State Releases by wire transfer of same day funds to one or more accounts designated by each State.

IV. RELEASES

4.1. In consideration of the promise of payment identified in paragraph 3.1, the State of Alabama shall execute the Release of Transocean by the State of Alabama.

4.2. In consideration of the promise of payment identified in paragraph 3.1, the State of Florida shall execute the Release of Transocean by the State of Florida.

4.3. In consideration of the promise of payment identified in paragraph 3.1, the State of Louisiana shall execute the Release of Transocean by the State of Louisiana.

4.4. In consideration of the promise of payment identified in paragraph 3.1, the State of Mississippi shall execute the Release of Transocean by the State of Mississippi.

4.5. In consideration of the promise of payment identified in paragraph 3.1, the State of Texas shall execute the Release of Transocean by the State of Texas.

V. MISCELLANEOUS PROVISIONS

5.1. **Notice.** Notice to the State of Alabama pursuant to this Agreement shall be sent by electronic mail, certified mail or overnight delivery to:

Corey L. Maze, Special Deputy AG
Office of the Attorney General
501 Washington Avenue
Montgomery, AL 36130
Tel: (334) 353-4336
Email: cmaze@ago.state.al.us

R. Cooper Shattuck
Office of Counsel, University of Alabama System
500 University Blvd. East
Tuscaloosa, AL 35401
Tel: (205) 348-7380
Email: chsattuck@uasystem.ua.edu

Governor of Alabama
Attn: BP Litigation
State Capitol
600 Dexter Avenue
Montgomery, AL 36130
Tel: (334) 242-7100

Notice to the State of Florida pursuant to this Agreement shall be sent by electronic mail, certified mail or overnight delivery to:

Office of the Attorney General
Attn: Russell Kent, Special Counsel for Litigation
PL-01, The Capitol
Tallahassee, FL 32399-1050
Phone: (850) 414-3854
Email: russell.kent@myfloridalegal.com

Or to the following street address:

Office of the Attorney General
107 W. Gaines St.
Tallahassee, FL 32301-2301

Notice to the State of Louisiana pursuant to this Agreement shall be sent by electronic mail, certified mail or overnight delivery to:

Office of Attorney General
State of Louisiana

ATTN: Megan K. Terrell
Assistant Attorney General
Section Chief –Environmental
State of Louisiana
P.O. Box 94005
Baton Rouge, LA 70804-9005
Telephone: (225) 326-6708

Or to the following street address:

1885 N. Third Street
6th Floor
Baton Rouge, Louisiana 70802-5159

Notice to the State of Mississippi pursuant to this Agreement shall be sent by electronic mail, certified mail or overnight delivery to:

Attorney General Jim Hood
State of Mississippi
P.O. Box 220
Jackson, MS 39205

Notice to the State of Texas pursuant to this Agreement shall be sent by electronic mail, certified mail or overnight delivery to:

Chief, Environmental Protection Division
(Attn: Thomas Edwards, AAG)
Office of the Attorney General (MC-066)
P.O. Box 12548
Austin, TX 78711-2548

Or to the following street address:
Wm. P. Clements State Office Building
300 W. 15th St., Floor 10
Austin, TX 78701-1649

Phone: (512) 463-2012
Email: Thomas.Edwards@TexasAttorneyGeneral.gov

Notice to Transocean pursuant to this Agreement shall be sent by electronic mail, certified mail or overnight delivery to:

Lars Sjöbring
Senior Vice President and General Counsel
Transocean Ltd.
Chemin de Blandonnet 10
1214 Vernier
Switzerland
Tel: 41 22 930 90 37
E-mail: Lars.Sjobring@deepwater.com

and

Robyn Goldstein
Legal Manager
Transocean Offshore Deepwater Drilling Inc.
4 Greenway Plaza
Houston, TX 77046
Tel: (713) 232-7708
E-mail: Robyn.Goldstein@deepwater.com

5.2. **Unknown Facts.** The Parties acknowledge that they may hereafter discover facts different from or in addition to those that they now know to be or believe to be true with respect to the claims being made in the Litigation and agree that this Agreement and the releases and indemnities contained herein shall be and remain effective in all respects, notwithstanding such different or additional facts and subsequent discovery thereof.

5.3. **Representations And Warranties.**

- (a) Each Party represents and warrants that: (i) it is a corporation, limited liability company or State, as the case may be, duly organized, validly existing, and in good standing under the laws of its jurisdiction of incorporation or formation; (ii)

it has all the power and authority to enter into this Agreement; (iii) the execution, delivery and performance of this Agreement has been duly authorized by all necessary corporate, limited liability company, or State action, does not violate any applicable law or regulation to which any Party is subject, and does not conflict with, or result in a breach of, any provision of the organizational documents of such Party; (iv) this Agreement has been duly executed and delivered by such Party and constitutes a valid and binding agreement of such Party, enforceable in accordance with its terms; and (v) it has not assigned, transferred, or conveyed, or purported to have assigned, transferred or conveyed, to any Person or entity any property, interest, claim, demand, debt, liability, account, obligation, or cause of action herein transferred, released or assigned.

- (b) Transocean represents and warrants that it is authorized to act on behalf of the Transocean Releasing Parties in all respects pertinent to this Agreement.
- (c) EXCEPT FOR THE EXPRESS WARRANTIES IN THIS AGREEMENT, EACH PARTY DISCLAIMS ALL REPRESENTATIONS AND WARRANTIES, EXPRESS OR IMPLIED.

5.4. Assignment; Binding On Successors And Assigns. Neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by Transocean or any State without the prior written consent of the Parties. Any attempt to make an assignment hereunder without the approval of the Parties shall be null and void with no force or effect. No assignment by any Party without prior written consent of the Parties shall relieve either Transocean or the States of any of their obligations hereunder. Subject to the foregoing, this Agreement shall be binding upon and inure to the benefit of and be enforceable by the Parties, their respective successors, permitted assigns, predecessors, parents and Affiliates, and legal representatives.

5.5. Construction. This Agreement shall be interpreted as if jointly written by all Parties, and the rule of construction providing that any ambiguities are to be resolved against the drafting party shall not be used in interpreting this Agreement. Prior drafts of this Agreement may not be used to construe this Agreement. No term of this Agreement may be released, discharged, abandoned, changed, or modified except by a written instrument duly signed by an officer of each Party.

5.6. Independent Investigation. The Parties acknowledge, represent and warrant that, in entering this Agreement, each Party has made an independent investigation of the facts and is not relying upon any statements or representations, other than those contained herein, made by the other Party, its agents, employees, attorneys or representatives, and that no one, including any of the Parties' agents, employees, attorneys or representatives, has made any promise, representation or warranty relating to this Agreement, or offered any further consideration to enter into this Agreement, except as recited herein.

5.7. Entire Agreement. This Agreement contains the entire agreement between the Parties concerning the subject matter hereof and supersedes and cancels all previous agreements, negotiations, communications, and commitments, whether oral or in writing, with respect to the subject matter of this Agreement.

5.8. **Enforceability.** The illegality, invalidity or unenforceability of any other provision of this Agreement shall not operate to invalidate the whole Agreement and shall not affect the validity or enforceability of any other provisions of this Agreement.

5.9. **No Waiver of Privileges.** Nothing in this Agreement shall be deemed a waiver by any State or Transocean or any of their respective Affiliates of any privilege (including attorney-client-privilege) or protection (including the work product doctrine). Similarly, nothing in this Agreement shall require any State or Transocean or any of their respective Affiliates to violate the terms of any applicable joint defense agreement, confidentiality agreement or protective order.

5.10. **Choice of Law.** The Parties agree that general maritime law shall control the construction, interpretation, enforcement or validity of this Agreement, without regard to any conflicts-of-law rules.

5.11. **Venue and Jurisdiction.** Any dispute, claim, controversy or proceeding arising out of or relating to this Agreement that cannot be resolved between the Parties shall be brought before the United States District Court for the Eastern District of Louisiana. The Parties hereby consent to venue and jurisdiction of the United States District Court for the Eastern District of Louisiana and waive any objections they may have thereto.

5.12. **No Third Party Beneficiaries.** This Agreement shall not confer any rights or remedies upon any entity other than the States and Transocean, except as expressly provided herein. Without limitation and for the avoidance of doubt, the Transocean Released Parties shall be entitled to the benefit of releases and indemnities as set forth herein, even if they are not signatories to this Agreement.

5.13. **No Indemnity.** The release of the various Released Claims by the States does not constitute an indemnification of the Transocean Released Parties against the same or similar claims brought by any other party, including claims by local governments or prosecutors.

5.14. **Counterparts.** This Agreement may be executed in one or more counterparts, each of which shall have the same force and effect as an original. The Parties hereto also agree that facsimile or email signatures are effective as original signatures.

5.15. **Headings.** The section captions contained in this Agreement are provided only as matter of convenience and for reference and in no way define, limit, extend or describe the scope of this Agreement or the intent of any provision, and shall not affect the construction, interpretation, performance or validity of this Agreement.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed in their representative corporate capacity by their duly authorized officers, as of the dates reflected below and in the respective State Releases.

The State of Alabama

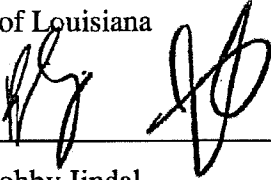
By: _____
Name: Dr. Robert Bentley
Title: Governor of Alabama
Date:

By: _____
Name: Luther Strange
Title: Attorney General of Alabama
Date:

The State of Florida

By: _____
Name: Russell S. Kent
Title: Special Counsel for Litigation
Date:

The State of Louisiana

By:  _____
Name: Bobby Jindal
Title: Governor
Date: September 1, 2015

By: _____
Name: James "Buddy" Caldwell
Title: Attorney General
Date:

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By: _____
Name: Russell S. Kent
Title: Special Counsel for Litigation
Date:

The State of Louisiana

By: _____
Name: Bobby Jindal
Title: Governor
Date:

By: 
Name: James "Buddy" Caldwell
Title: Attorney General
Date: 9/01/15

The State of Mississippi

By: _____

Name: Jim Hood

Title: Attorney General

Date:

The State of Texas

By: _____

Name:

Title:

Date:

TRANSOCEAN OFFSHORE DEEPWATER DRILLING INC., TRANSOCEAN
DEEPWATER INC., TRANSOCEAN HOLDINGS LLC, AND TRITON ASSET LEASING
GmbH

By: _____

Name:

Title:

Date:

RELEASE OF TRANSOCEAN BY THE STATE OF LOUISIANA

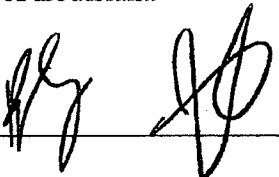
1.1. This State Release is subject to the definitions and terms and conditions set forth in the attached Master Settlement Agreement.

1.2. The State of Louisiana, by and through its counsel, the Attorney General of Louisiana, hereby releases and forever discharges with prejudice, and covenants not to sue, the Transocean Released Parties for any and all Released Claims.

1.3. In consideration for this release, Transocean shall pay to the State of Louisiana a sum of \$4,000,000 (four million dollars) pursuant to the terms set forth in paragraph 3.1 of the Agreement.

1.4. Within 15 days of the State of Louisiana receiving the payment set forth in paragraph 1.3 of this State Release, the State of Louisiana shall move to dismiss with prejudice all claims brought against the Transocean Released Parties in any state or federal court, including claims pending in the United States District Court for the Eastern District of Louisiana, arising out of or relating to the *Deepwater Horizon* Incident.

The State of Louisiana

By:  _____

Name: Bobby Jindal

Title: Governor

Date: September 1, 2015

By: _____

Name: James "Buddy" Caldwell

Title: Attorney General

Date:

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The State of Louisiana

By: _____

Name: Bobby Jindal

Title: Governor

Date:

By: 

Name: James "Buddy" Caldwell

Title: Attorney General

Date: 9/01/15