

IN THE MATTER OF THE SECURITIES LEGISLATION  
OF NOVA SCOTIA, NEWFOUNDLAND AND LABRADOR,  
PRINCE EDWARD ISLAND, NEW BRUNSWICK, QUEBEC,  
MANITOBA, SASKATCHEWAN AND ALBERTA

AND

IN THE MATTER OF  
THE MUTUAL RELIANCE REVIEW SYSTEM  
FOR EXEMPTIVE RELIEF APPLICATIONS

AND

IN THE MATTER OF  
TRANSOCEAN SEDCO FOREX INC.

MRRS DECISION DOCUMENT

WHEREAS the securities regulatory authority or regulator (collectively, the "Decision Makers") in each of Nova Scotia, Newfoundland and Labrador, Prince Edward Island, New Brunswick, Quebec, Manitoba, Saskatchewan and Alberta (collectively the "Jurisdictions") has received an application from Transocean Sedco Forex Inc. ("Transocean"), on its own behalf and on behalf of its indirect subsidiary, R & B Falcon Canada Co. (the "Subsidiary"), and its agents, Mellon Investor Services LLC ("Mellon") and FutureShare Financial LLC ("FutureShare"), under Transocean's employee stock purchase plan (the "ESPP"), for a decision under the applicable securities legislation of the Jurisdictions (collectively, the "Legislation") that the requirements contained in the Legislation to be registered to trade in a security (the "Registration Requirements") and to file and obtain a receipt for a preliminary prospectus and prospectus (the "Prospectus Requirements") (collectively, the "Registration and Prospectus Requirements") shall not apply to certain trades in common shares of Transocean (the "Shares") made in connection with the ESPP;

AND WHEREAS under the Mutual Reliance Review System for Exemptive Relief Applications (the "System"), the Nova Scotia Securities Commission is the principal regulator for this application;

AND WHEREAS Transocean has represented to the Decision Makers that:

1. Transocean is a Cayman Island exempted company limited by shares, and is the successor to Transocean Offshore Inc., a Delaware corporation, and Transocean Offshore (Texas) Inc., a Texas corporation.
2. Transocean's principal executive offices in the United States are located at 4 Greenway Plaza, Houston, Texas, 77046, and it carries on the business of offshore, inland marine and land drilling and related services through its affiliates, including the Subsidiary, internationally, including Canada.

3. The Subsidiary is a wholly-owned, indirect subsidiary of Transocean and was incorporated under the laws of the Province of Nova Scotia on February 18, 2000.
4. The authorized capital of Transocean consists of 800,000,000 Shares. A total of 318,651,246 Shares were issued and outstanding on August 31, 2001. The Shares are listed and posted for trading on the New York Stock Exchange (the "NYSE").
5. At the distribution date of the Shares under the ESPP, the aggregate number of Shares held by holders of record and/or owned by beneficial owners with addresses in Canada will represent less than 10% of the total number of outstanding Shares and the aggregate number of holders of record and/or beneficial owners with addresses in Canada will be less than 10% of the total number of holders of record and/or beneficial owners.
6. Transocean is currently not a reporting issuer in any jurisdiction in Canada, and it has no present intention of becoming a reporting issuer under the securities legislation of any jurisdiction in Canada.
7. Transocean is registered with the Securities and Exchange Commission ("SEC") in the United States under the *Securities Exchange Act 1934* ("Exchange Act") and is subject to the reporting requirements thereunder. Transocean is not in default of any material reporting requirement to which it is subject in the United States.
8. Transocean adopted the ESPP to provide a method whereby employees of Transocean and its affiliates, including the employees of the Subsidiary (collectively, the "Employees") would have an opportunity to acquire a proprietary interest in the growth and performance of Transocean through the purchase of its Shares, and to generate an increased incentive for employee contribution to Transocean's future success and prosperity.
9. A maximum of 1,500,000 Shares may be issued under the ESPP, representing approximately 0.5% of the total number of outstanding Shares as at August 31, 2001. The Shares subject to issuance under the ESPP shall be:
  - (a) shares of Transocean's authorized but unissued Shares;
  - (b) previously issued Shares reacquired and held by Transocean; or
  - (c) Shares purchased on the open market.
10. Transocean registered the 1,500,000 Shares, which may be issued pursuant to the ESPP, with the SEC on June 29, 1998 and January 12, 2000.
11. Mellon and FutureShare have been retained by Transocean to administer the ESPP. As plan administrator, Mellon will:
  - (a) hold Shares on behalf of Employees; and

(b) provide other administrative services under the ESPP.

Under the ESPP, FutureShare will:

(a) purchase Shares at the end of each purchase period under the ESPP from payroll deductions contributed by Employees;

(b) hold Shares on behalf of Employees;

(c) sell the Shares upon instructions given by Employees; and

(d) provide other administrative services under the ESPP.

12. Mellon is formed under the laws of New Jersey and FutureShare is incorporated under the laws of Delaware. Mellon and FutureShare are not registered under the Legislation, and Mellon is not registered under the applicable legislation in the United States. FutureShare is duly registered as a broker-dealer under the applicable legislation in the United States.

13. Under the ESPP, Employees are able to purchase Shares at a discount from the fair market value.

14. Participation in the ESPP is voluntary and Employees are not and will not be induced to purchase Shares under the ESPP by expectation of employment or continued employment.

15. Because there is no market in Canada for Shares and none is expected to develop, any resale of Shares acquired pursuant to the ESPP will be effected through the facilities and in accordance with the rules of the NYSE or such other stock exchange or market outside Canada on which the Shares may be listed or quoted for trading.

16. Mellon and FutureShare will not offer any advice to the Employees regarding the decision to acquire, hold or sell the Shares under the ESPP.

17. All disclosure materials related to Transocean that Transocean is required to file with the SEC will be provided to the Employees in Canada who purchase Shares, at the same time and in the same manner, as the materials are provided to shareholders of Transocean who are resident in the United States. Each Employee enrolled in the ESPP will be provided with a summary of the ESPP's provisions, and the text of the ESPP will be made available to Employees upon request.

18. As at October 30, 2001, there were approximately 100 Employees resident in Newfoundland, three Employees resident in Nova Scotia, one Employee resident in Prince Edward Island, three Employees resident in Alberta and one Employee resident in British Columbia. There are, at the current time, no Employees residing in Saskatchewan, Manitoba, Ontario, Quebec or New Brunswick, but individuals may eventually be recruited in these provinces.

19. The Legislation of certain of the Jurisdictions does not contain exemptions from the Prospectus Requirements and/or Registration Requirements for trades in Shares to or by the Employees carried out through Mellon and/or FutureShare; and

20. Where FutureShare sells Shares on behalf of Employees pursuant to the ESPP, the Employees and FutureShare are not able to rely on the exemption from the Registration Requirements contained in the Legislation for trades made by a person acting solely through a registered dealer under the Legislation.

AND WHEREAS under the System, this MRRS Decision Document evidences the decision of each of the Decision Makers (collectively, the "Decision");

AND WHEREAS each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met;

THE DECISION of the Decision Makers under the Legislation is that:

(a) the Registration and Prospectus Requirements shall not apply to the distribution by Transocean of Shares to the Employees under the ESPP, whether the distribution is directly to the Employees or to Mellon and/or FutureShare on behalf of the Employees, provided that the first trade in Shares acquired under the Decision is deemed to be a distribution or a primary distribution to the public under the Legislation unless the trade is executed through the facilities of a stock exchange or market outside of Canada and in accordance with all the laws and rules applicable to the exchange or market; and

(b) the Registration Requirements shall not apply to Mellon and FutureShare in connection with trades in the Shares under the ESPP or to the first trade in Shares acquired under the ESPP made through FutureShare.

DATED this 21st day of December, 2001.

*"H. Leslie O'Brien"*

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