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Transocean Cites Safety in Bonuses

By DANIEL GILBERT And TENNILLE TRACY

Transocean Ltd. had its "best year in safety performance" despite the explosion of its Deepwater Horizon rig that left 11 dead and oil gushing into the Gulf of Mexico, **the world's largest offshore-rig company said in a securities filing Friday.**

Accordingly, Transocean's executives received two-thirds of their target safety bonus. Safety accounts for 25% of the equation that determines the yearly cash bonuses, along with financial factors including new rig contracts.



Associated Press

Deepwater Horizon site, two months after the explosion in 2010.

The payout contrasts with that for 2009, when the company withheld all executive bonuses after incurring four fatalities that year "to underscore the company's commitment to safety."

In a filing on executive pay, Transocean said, "Notwithstanding the tragic loss of life in the Gulf of Mexico, we achieved an exemplary statistical safety record." Based on the total rate of incidents and their severity, "we recorded the best year in safety performance in our company's history."

A spokesman for Transocean said, "The statements of fact in the proxy speak for themselves, but they do not and can not adequately convey the extent to which everyone at Transocean is keeping the families of the men who lost their lives at Macondo

in their thoughts and prayers as we approach the first anniversary of the incident." Nine of the 11 dead worked for Transocean.

Transocean uses two safety criteria to calculate executive bonuses: the rate of incidents per 200,000 hours that employees work, and the potential severity of those incidents. In 2010, the rate of incidents dropped by 4% from 2009. A number that measures potential severity of those incidents fell nearly 15% from last year.

Mark Lanier, a Houston lawyer who is representing clients who have claims in the spill, expressed his disgust with the bonuses. "Some things are just gross," he said.

Arleen Weise, who lost her son Adam in the April 20 Deepwater Horizon explosion, said she believed the company was "safety-conscious" and it didn't bother her that Transocean paid bonuses. "Transocean is still being good to us," Ms. Weise said.

Federal investigators are still probing what caused the explosion of the Deepwater Horizon—which was leased by **BP PLC**—and why a crucial piece of equipment failed to stop the flow of oil into the Gulf. Transocean has largely blamed BP, saying that as the operator, BP had final responsibility for all decisions on the rig. BP, in turn, has said its contractors, including Transocean, made critical errors.

Also on Friday, Transocean remained at odds with federal regulators seeking to compel its employees to testify next week at a hearing into the causes of the oil spill.

The U.S. Interior Department and Coast Guard issued subpoenas to three Transocean employees more than two weeks ago.

The goal of the hearings is to examine the design and performance of the drilling rig's blowout preventer, a mammoth set of valves that is the last line of defense against an oil spill.

Attorneys for two of the Transocean employees, both of whom were involved in the maintenance of the blowout preventer, said they advised their clients to ignore the subpoenas because the hearings had been conducted poorly. The attorneys also said the Interior Department's subpoenas have geographic limits and so their clients, who live hundreds of miles away from the hearing location, aren't required to attend.

The refusal of the Transocean employees to testify at the hearing has prompted a heated back-and-forth between the Interior Department and the drilling company. Transocean has cooperated with the investigation, company spokesman Brian Kennedy said. "But our cooperation does not and will not include efforts to pressure employees into sacrificing their constitutional rights or their right to personal legal counsel."

In a letter Friday, Michael Bromwich, the head of the federal agency that regulates offshore drilling, pressed Transocean Chief Executive Steven Newman to urge his employees to appear at the hearing. Earlier, Mr. Bromwich had said it would be "unacceptable" for the employees not to testify.

—Dionne Searcey contributed to this article.

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