

SECURITIES AND EXCHANGE COMMISSION

FORM 8-K

Current report filing

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FILER

TRANSOCEAN OFFSHORE INC /NEW/

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SIC: **1381** Drilling oil & gas wells

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7138717500

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (date of earliest event reported): July 12, 1999

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

CAYMAN ISLANDS	1-7746	N/A
(State or other jurisdiction of incorporation or organization)	(Commission File Number)	(I.R.S. Employer Identification No.)

4 GREENWAY PLAZA
HOUSTON, TEXAS 77046
(Address of principal executive offices and zip code)

Registrant's telephone number, including area code: (713) 232-7500

ITEM 5. OTHER EVENTS.

On July 12, 1999, Transocean Offshore Inc. ("Transocean") issued a press release (the "Press Release") announcing the signing of a definitive merger agreement (the "Merger Agreement") among Transocean, Sedco Forex Merger Subsidiary, Ltd., a wholly owned subsidiary of Transocean ("Merger Sub"), Schlumberger Limited ("Schlumberger") and Sedco Forex Holdings Limited, a wholly owned subsidiary of Schlumberger ("Sedco Forex"). On the same date, Schlumberger and Sedco Forex separately entered into a definitive distribution agreement (the "Distribution Agreement"). Pursuant to the Merger Agreement and the Distribution Agreement, Sedco Forex, which constitutes or will constitute a substantial portion of the offshore contract drilling business of Schlumberger, will be spun off to the stockholders of Schlumberger (the "Distribution"), and promptly

merged with and into Merger Sub (the "Merger"), thereby becoming a wholly-owned subsidiary of Transocean. The Distribution and the Merger are expected to be free of U.S. federal income taxes.

Following the Distribution and the Merger, Schlumberger stockholders will own 52 percent of the diluted shares in the combined company, which will be renamed "Transocean Sedco Forex Inc." The diluted ratio of ownership in the share capital of the resulting company is fixed by the Merger Agreement and not subject to adjustment. Based on the outstanding diluted share count of Transocean on June 30, 1999 (approximately 101 million shares), Schlumberger stockholders would receive approximately 109 million shares in the combined company. Using the Schlumberger shares outstanding on June 30, 1999, Schlumberger stockholders would receive approximately one newly issued Transocean Sedco Forex share for every five Schlumberger shares held. The 109 million shares to be issued in the Merger would be valued at approximately \$3.2 billion using the closing price of Transocean shares on July 9, 1999. At the effective time of the Merger, Sedco Forex will have approximately \$435 million in debt, subject to adjustment based on agreed levels of working capital and capital expenditures, among other matters. The Merger will be accounted for as a purchase, with Sedco Forex as the accounting acquiror.

The transactions described above have been approved by the board of directors of each of Transocean and Schlumberger and are expected to close by December 31, 1999, subject to the approval of the shareholders of both companies, various regulatory approvals, including expiration or termination of the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act and registration of the shares to be issued in the Merger with the Securities and Exchange Commission, and other customary closing conditions.

The Press Release is included as an exhibit to this Current Report on Form 8-K and is incorporated herein by reference.

ITEM 7. FINANCIAL STATEMENTS AND EXHIBITS.

The following exhibits are filed herewith:

99.1 Press Release of Transocean Offshore Inc. dated July 12, 1999.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

TRANSOCEAN OFFSHORE INC.

Date: July 26, 1999

By: /s/ ROBERT L. LONG
Robert L. Long
Senior Vice President, Chief
Financial Officer and
Treasurer

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EXHIBIT INDEX

ITEM NO.

99.1 Press Release of Transocean Offshore Inc. dated July 12, 1999

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TRANSOCEAN OFFSHORE INC.
Post Office Box 2765
Houston TX 77252 2765

[TRANSOCEAN LOGO]

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NEWS RELEASE

CONTACT: Jeffrey L. Chastain
713 232 7551

FOR RELEASE: July 12, 1999

TRANSOCEAN OFFSHORE AND SCHLUMBERGER
COMBINE FORCES TO CREATE THE LEADING
OFFSHORE DRILLING COMPANY

HOUSTON--Transocean Offshore Inc. (NYSE: RIG) and Schlumberger Limited (NYSE: SLB) today announced the signing of a definitive merger agreement under which the offshore contract drilling business of Schlumberger (Sedco Forex Offshore) will be spun off and promptly combined with Transocean Offshore in a merger of equals. The resulting company, Transocean Sedco Forex, will be the world's largest offshore drilling company and is projected to become the fourth largest oilfield service company in terms of market capitalization. The transaction, which should close by December 31, 1999, is anticipated to be modestly dilutive to Transocean Offshore's current earnings expectations for 2000 and accretive thereafter.

Under the proposed agreement, Schlumberger stockholders will own 52 percent of the fully diluted stock in the resulting company, Transocean Sedco Forex. Based on the outstanding fully diluted share count of Transocean Offshore on June 30, 1999 (approximately 101 million shares), Schlumberger stockholders would receive approximately 109 million shares in the resulting company. Using the Schlumberger shares outstanding on June 30, 1999, Schlumberger stockholders would receive approximately 1 newly issued Transocean Sedco Forex share for every 5 Schlumberger shares held. The 109 million shares to be issued for the transaction would be valued at \$3.2 billion using the closing price of Transocean Offshore stock on July 9, 1999. The fully diluted ratio of ownership in the stock of the resulting company is fixed and not subject to adjustment. The spin-off and the merger transactions are expected to be free of US federal income taxes and will be accounted for as a purchase with Sedco Forex Offshore as the accounting acquirer.

The agreement has been approved by the Boards of Directors of Transocean Offshore and Schlumberger, and is subject to the approval of the stockholders of both companies as well as regulatory approvals and other customary closing conditions. Following the closing of the transaction, the shares of Transocean Sedco Forex will be traded on the New York Stock Exchange under the symbol RIG.

The merger of Transocean Offshore and Sedco Forex Offshore will bring together two of the most modern and versatile fleets in the offshore drilling industry and create a truly global offshore drilling company. The company will have operations in all of the world's major offshore drilling regions including the North Sea, the Gulf of Mexico, Southeast Asia, West Africa and Brazil. Transocean Sedco Forex will have the world's largest offshore rig fleet with 75 units. Sedco Forex Offshore will bring a fleet of 44 mobile offshore drilling rigs, including 27 semisubmersibles, 2 deepwater drillships, 11 jackups and 4 tender rigs. The rig numbers include 3 semisubmersibles under bareboat charter, and 2 semisubmersibles and 1 drillship under management contract.

Transocean Offshore's fleet of 31 rigs consists of 20 semisubmersibles, 5 deepwater drillships and 6 jackups. The combined fleet totals include 7 rigs under construction including, for Sedco Forex Offshore, 3 Sedco Express-design semisubmersibles and 1 jackup and, for Transocean Offshore, 3 Discoverer Enterprise-class drillships. The combined worldwide work force will consist of approximately 7500 people.

Schlumberger indicated that in 1998, Sedco Forex Offshore revenue and net income included in the consolidated Schlumberger results were \$1.1 billion and \$390 million, respectively. In 1999, net income from Sedco Forex Offshore is expected to represent around 15% of the annual net income of Schlumberger.

Victor E. Grijalva, Vice Chairman of Schlumberger, will become Chairman of Transocean Sedco Forex, while J. Michael Talbert will be President and Chief Executive Officer. The Board of Directors of Transocean Sedco Forex will be composed of 10 persons, 5 designated by Schlumberger and 5 by Transocean Offshore.

Euan Baird, Chairman and CEO of Schlumberger commented: "The transaction between Sedco Forex Offshore and Transocean Offshore will create the largest and most technically advanced offshore drilling company in the world. This is also a strategic move for Schlumberger that will permit our Oilfield Services GeoMarkets to focus our resources on further extending our leadership in value-added reservoir optimization services. Furthermore, the transaction includes a provision for a global alliance between Schlumberger and Transocean Sedco Forex to address, proactively, integrated services opportunities."

J. Michael Talbert, Chairman and Chief Executive Officer of Transocean Offshore added, "The merger of Transocean Offshore with Sedco Forex Offshore is advantageous due to the rising capital costs for new rig construction, the increasing size and needs of our customers, the expanding geographic diversity

of offshore drilling and the technical challenges posed by new deepwater drilling activities. Transocean Sedco Forex will be uniquely positioned to address these challenges due to its technical leadership, financial strength and global presence. Both Transocean Offshore and Sedco Forex Offshore have been leaders in offshore drilling for several decades. This position of leadership is the result of technical innovation and operational expertise, particularly in deepwater locations. Two strong operations will now become one, forming what I believe will be the offshore drilling company of choice for customers, employees and investors."

The senior management of Transocean Offshore and Schlumberger will host a conference call on Monday, July 12, 1999 at 10:00am Eastern Time to give investors and the press further insight into today's announcement and respond to questions. All individuals interested in participating in the conference call should contact (1-800) 819-9193 toll free in the US and Canada, or (1-913) 981-4911 direct worldwide. A replay will be available for one week beginning at 4pm Eastern Time today at (1-888) 203-1112 toll free in the US and Canada, or (1-719) 457-0820 direct worldwide. Passcode 728124 should be used to access the recording for both replay numbers.

This press release and any oral statements made in connection herewith contain forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934. These forward-looking statements include, among other things, statements regarding the prospects for and development of the combined operations of Sedco Forex Offshore and Transocean Offshore, the integration of their business and operations, accretion and dilution to earnings from the transaction and resulting market capitalization, all of which are subject to certain risks, uncertainties and assumptions. These risks and uncertainties, which are more fully described in the Annual, Quarterly and Current Reports of Schlumberger and Transocean Offshore and other filings with the Securities and Exchange Commission, include changes in industry and market conditions and the price of oil and gas, and the impact of such changes on Schlumberger and Transocean Offshore. Should one or more of these risks or uncertainties materialize, or should the assumptions prove incorrect, actual results from the business of the combined company may vary in material aspects from those currently anticipated.

Schlumberger is a worldwide leader in technical services with 60,000 employees and operations in over 100 countries. In 1998, revenue was \$11.82 billion.

Transocean Offshore is an international offshore drilling company engaged in contract drilling of oil and gas wells. The Company specializes in technically demanding segments of the offshore drilling business, including industry-leading positions in deepwater and harsh environment drilling services. The Company also provides international turnkey, coiled tubing and integrated drilling services to customers worldwide.

Note: Offshore Rig details for Sedco Forex Offshore and Transocean

TRANSOCEAN OFFSHORE INC. FLEET

TYPE AND NAME	YEAR ENTERED SERVICE/UPGRADED (1)	LOCATION
SEMISUBMERSIBLES		
Polar Pioneer	1985	Norwegian North Sea
Transocean Arctic (2)	1986	Norwegian North Sea
Henry Goodrich (3)	1985	U.K. North Sea
Paul B. Loyd, Jr. (3)	1991/1993	U.K. North Sea
Transocean Leader	1987/1997	Norwegian North Sea
Transocean Rather	1988	U.S. Gulf of Mexico
Transocean Richardson	1988	U.S. Gulf of Mexico
Transocean Explorer	1976	U.K. North Sea
Transocean Discoverer	1977/1985	U.K. North Sea
Transocean Wildcat (2)	1977/1985	Norwegian North Sea
Transocean Winner (2)	1983	Norwegian North Sea
Transocean Searcher (2)	1983/1988	Norwegian North Sea
Transocean Prospect (2)	1983/1992	Norwegian North Sea
Transocean John Shaw	1982	U.K. North Sea
Transocean 96	1975/1997	U.S. Gulf of Mexico
Transocean 97	1977/1997	U.S. Gulf of Mexico
Transocean Driller	1991	Brazil
Transocean Legend	1983	Brazil
Transocean Amirante	1978/1997	U.S. Gulf of Mexico
Transocean Marianas	1979/1998	U.S. Gulf of Mexico
DRILLSHIPS		
Discoverer Seven Seas	1976/1997	U.S. Gulf of Mexico
Discoverer 534	1975/1991	U.S. Gulf of Mexico
Discoverer Enterprise	1999	U.S. Gulf of Mexico
Discoverer Spirit	2000	Astano Shipyard
Discoverer Deep Seas	2000	Astano Shipyard
JACKUP RIGS		
Transocean Jupiter	1981/1997	UAE
Transocean Comet	1980	Gulf of Suez, Egypt
Transocean Mercury	1969/1998	Gulf of Suez, Egypt
Transocean III	1978/1993	UAE
Shelf Explorer	1982	Danish North Sea
Transocean Nordic	1984	Holland

(1) Dates shown are the original service date and the date of the most recent upgrade, if any.

- (2) Participating in a cooperation agreement with Statoil.
 (3) Owned by Arcade Drilling as, a Norwegian company in which the Company has a 25% interest and which is controlled by another contract drilling company.

SEDCO FOREX OFFSHORE FLEET

TYPE AND NAME	YEAR ENTERED SERVICE/UPGRADED (1)	LOCATION
SEMISUBMERSIBLES		
Cajun Express	Newbuild	Shipyard (Singapore)
Sedco Energy	Newbuild	Shipyard (France)
Sedco Express	Newbuild	Shipyard (France)
Sedco 600	1983	Malaysia
Sedco 601	1983	Indonesia
Sedco 602	1983	Singapore
Sedco 700	1973/1994	Turkey (in route)
Sedco 702	1973/1992	Australia
Sedco 703	1973/1995	Australia
Sedco 704	1974/1992	U.K. North Sea
Sedco 706	1976/1994	U.K. North Sea
Sedco 707	1976/1997	Brazil
Sedco 708	1976	Angola
Sedco 709	1977/1998	Nigeria
Sedco 710	1983	Brazil
Sedco 711	1982	U.K. North Sea
Sedco 712	1983	U.K. North Sea
Sedco 714	1983	U.K. North Sea
Sedneth 701	1972/1993	U.K. North Sea
Sovereign Explorer	1984	U.K. North Sea
Actinia	1982	Spain
Sedco 135D	1966	Brazil
Drillstar (2)	1982	U.K. North Sea
Sedco Explorer (2)	1975/1995	U.K. North Sea
Omega (3)		S. Africa
FPS Bill Shoemaker (4)		Canada
Sedco I-Orca (4)		S. Africa
DRILLSHIPS		
Sagar Vijay (4)		India
Joides Resolution (5)		Research Project
JACKUPS		
Trident 2	1977	India
Trident 4	1980/1998	Angola
Trident 6	1981	Nigeria
Trident 8	1981	Nigeria
Trident 9	1982	Vietnam
Trident 12	1982	Brunei

Trident 14	1982	Angola
Trident 15	1982	Vietnam
Trident 16	1982	Thailand
Trident 17	1983	Vietnam
Trident 20 (6)	Newbuild	Singapore/Baku

TENDER RIGS

Searex 10	1983	Congo
Searex 5	1983	Malaysia
Searex 11	1983	Indonesia
Searex 9	1981	Congo

- (1) Dates shown are the original service date and the date of the most recent upgrade, if any.
- (2) 25% owned and bareboat chartered.
- (3) Bareboat chartered.
- (4) Management contract.
- (5) 50% owned.
- (6) 75% owned.