Transocean Ltd.
Form S-4/A
September 14, 2016
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As filed with the Securities and Exchange Commission on September 14, 2016

Registration No. 333-213146

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

AMENDMENT NO. 1

to

FORM S-4

REGISTRATION STATEMENT

UNDER THE SECURITIES ACT OF 1933

TRANSOCEAN LTD.

(Exact name of registrant as specified in its charter)

		I.R.S. Employer Identification Number)
Zug, Switzerland	1381	98-0599916
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

Chemin de Blandonnet 10

CH-1214 Vernier, Switzerland

+41 (22) 930 9000

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Brady K. Long

Senior Vice President and General Counsel

Transocean Ltd.

c/o Transocean Offshore Deepwater Drilling Inc.

4 Greenway Plaza

Houston, Texas 77046

(713) 232-7500
(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

Gene J. Oshman	Raoul F. Dias	Srinivas M. Raju
James H. Mayor	Senior Counsel and Corporate Secretary	Richards, Layton & Finger, PA
Andrew J. Ericksen	Transocean Partners LLC	One Rodney Square
Baker Botts L.L.P.	40 George Street	920 King Street
910 Louisiana Street	London, England	Wilmington, Delaware 19801
Houston, Texas 77002-4995	United Kingdom W1U 7DW	(302) 651-7701
(713) 229-1234	+ 44 (20) 3675-8410	

Approximate date of commencement of the proposed sale of the securities to the public: As soon as practicable after this registration statement becomes effective and upon completion of the merger described in the enclosed document.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

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:

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

If applicable, place an X in the box to designate the appropriate rule provision relied upon in conducting this transaction:

Exchange Act Rule 13e-4(i) (Cross-Border Issuer Tender Offer)

Exchange Act Rule 14d-1(d) (Cross-Border Third-Party Tender Offer)

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Amount to be registered(1)	Proposed maximum offering price per share	Proposed maximum aggregate offering price(2)	Amount of registration fee(3)
Shares, par value CHF 0.10 per share	22,696,505	N/A	$251,852,354	$25,362 (4)

(1)Represents the maximum number of shares, par value of CHF 0.10 per share, of Transocean Ltd. to be issuable upon the completion of the merger described herein, based upon an exchange ratio of 1.1427 Transocean Ltd. shares for each common unit of Transocean Partners LLC.

(2)Estimated solely for the purpose of calculating the registration fee required by Section 6(b) of the Securities Act and calculated pursuant to Rules 457(f) and 457(c) under the Securities Act. The proposed maximum aggregate offering price of the registrant's shares was calculated based upon the market value of Transocean Partners LLC common units (the securities to be canceled in the merger) in accordance with Rule 457(c) and 457(f)(1) and is equal to the product of (i) $12.68, the average of the high and low prices per common unit of Transocean Partners LLC on the New York Stock Exchange on August 10, 2016, multiplied by (ii) 19,862,173, the maximum number of common units of Transocean Partners LLC that may be converted in the merger as of August 10, 2016.

(3)Calculated pursuant to Section 6(b) of the Securities Act and SEC Fee Advisory #1 for Fiscal Year 2016 at a rate equal to $100.70 per $1.0 million of the proposed aggregate offering price.

(4)The amount of $25,362 was paid with the initial filing of this registration statement.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act or until this registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to Section 8(a), may determine.

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The information in this preliminary proxy statement/prospectus is not complete and may be changed. Transocean Ltd. may not distribute or issue the securities being registered pursuant to this registration statement until the registration statement, as filed with the Securities and Exchange Commission (of which this preliminary proxy statement/prospectus is a part), is effective. This preliminary proxy statement/prospectus is not an offer to sell nor should it be considered a solicitation of an offer to buy the securities described herein in any state where the offer or sale is not permitted.

PRELIMINARY—SUBJECT TO COMPLETION DATED September 14, 2016

MERGER PROPOSAL — YOUR VOTE IS VERY IMPORTANT

We cordially invite you to attend a special meeting of common unitholders of Transocean Partners LLC, which we refer to as Transocean Partners, at 40 George Street, 4th Floor, London, England W1U 7DW, United Kingdom, at [__:__ [a.m./p.m.]], local time, on [   ], 2016. As previously announced, Transocean Ltd., which we refer to as Transocean, Transocean Partners Holdings Limited, TPHL Holdings LLC and Transocean Partners have entered into an Agreement and Plan of Merger dated July 31, 2016.

Pursuant to the terms of the merger agreement, TPHL Holdings LLC will merge with and into Transocean Partners. Transocean Partners will survive the merger and become a wholly owned subsidiary of Transocean Partners Holdings Limited. Upon completion of the merger, Transocean will have indirectly acquired all of the outstanding interests in Transocean Partners that it does not already own, and the Transocean Partners common units will cease to be publicly traded.

If the merger is completed, each outstanding Transocean Partners common unit not owned by Transocean or its subsidiaries will be converted into the right to receive 1.1427 Transocean shares. Based on the closing price of Transocean shares on July 29, 2016, the last trading day before the public announcement of the merger, the aggregate value of the merger consideration was approximately $250 million. We estimate, based upon such closing price and the number of outstanding Transocean shares and Transocean Partners common units as of such date, that, as a result of the merger, the public common unitholders of Transocean Partners immediately prior to the merger will hold approximately 5.8 percent of the aggregate number of Transocean shares outstanding immediately after the merger. The exchange ratio is fixed and will not be adjusted on account of any change in price of either Transocean shares or Transocean Partners common units prior to completion of the merger. Transocean shares are listed on the NYSE under the trading symbol “RIG,” and Transocean Partners common units are listed on the NYSE under the trading symbol “RIGP.” We encourage you to obtain quotes for the Transocean shares, given that the merger consideration is payable in Transocean shares, and Transocean Partners common units. Under the terms of the merger agreement, Transocean Partners may make quarterly cash distributions not to exceed $0.3625 per unit with declaration, record and payment dates reasonably consistent with past practice; provided that the parties have agreed to coordinate the timing of the closing of the merger to facilitate the payment of the regular quarterly cash distribution on the Transocean Partners common units for the quarter ending September 30, 2016, the record date for which will be prior to the closing of the merger.

Approval of the merger and the merger agreement requires the affirmative vote of a Unit Majority (as defined in Transocean Partners’ limited liability company agreement, which we refer to as a unit majority). Under the definition of unit majority, as of the record date, the affirmative vote of the holders of a total of [31,084,637] outstanding common units of Transocean Partners will be required to approve the merger and the merger agreement. As of the record date, there were [40,914,962] common units outstanding, of which 21,254,310 were owned by Transocean

Partners Holdings Limited. Transocean Partners Holdings Limited has agreed to vote all of its common units "FOR" the merger and the merger agreement. Therefore, the affirmative vote of the holders of an additional [9,830,327] outstanding common units, or approximately 50.1% of the outstanding common units not owned by Transocean Partners Holdings Limited, is required to approve the merger and the merger agreement. Abstentions, failures to vote and broker non-votes will have the same effect as votes against the approval of the merger agreement and the merger. The affirmative vote

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of holders of at least a majority of the outstanding subordinated units and the approval of Transocean Partners Holdings Limited, in its capacity as the Transocean Member (as defined in the limited liability company agreement of Transocean Partners), is also required to approve the merger and the merger agreement. Transocean Partners Holdings Limited owns all of the outstanding subordinated units and has voted those units to approve the merger agreement and the merger. Transocean Partners Holdings Limited, in its capacity as the Transocean Member, has also approved the merger agreement and the merger. Your vote is very important, regardless of the number of common units you own. Whether or not you expect to attend the special meeting in person, please submit a proxy to vote your common units as promptly as possible so that your common units may be represented and voted at the special meeting.

The conflicts committee of the board of directors of Transocean Partners has determined unanimously that the merger agreement and the transactions contemplated thereby, including the merger, are fair and reasonable to and in the best interest of the common unitholders of Transocean Partners who are unaffiliated with Transocean, and Transocean Partners and its subsidiaries, and recommends that Transocean Partners common unitholders vote "FOR" the proposal to approve the merger agreement and the merger. The board of directors of Transocean Partners has determined unanimously that the merger agreement and the transactions contemplated thereby, including the merger, are fair and reasonable to and in the best interest of the members of Transocean Partners (including the Transocean Partners common unitholders), and Transocean Partners and its subsidiaries, and recommends that Transocean Partners common unitholders vote "FOR" the proposal to approve the merger agreement and the merger.

In considering the recommendation of the Transocean Partners conflicts committee and Transocean Partners board of directors, you should be aware that the directors and the executive officer of Transocean Partners will have interests in the merger that may be different from, or in addition to, the interests of Transocean Partners common unitholders generally. See the section entitled "The Merger—Interests of Directors and the Executive Officer of Transocean Partners in the Merger" in this proxy statement/prospectus. The obligations of Transocean Partners and Transocean to complete the merger are subject to the satisfaction or waiver of several conditions set forth in the merger agreement. More information about Transocean Partners, Transocean and the merger is contained in this proxy statement/prospectus. Before voting, we urge you to read carefully and in their entirety the accompanying proxy statement/prospectus, including the Annexes and the documents incorporated by reference.

If you have any questions regarding this proxy statement/prospectus, you may contact Innisfree M&A Incorporated, Transocean Partners' proxy solicitor, by calling toll-free at (888) 750-5834 from U.S. and Canada or +(412) 232-3651 from other countries. Thank you for your continued support of and interest in Transocean Partners. We at Transocean Partners look forward to the successful combination of Transocean Partners and Transocean.

Very truly yours,

KATHLEEN S. MCALLISTER
President, Chief Executive Officer and Chief Financial Officer
Transocean Partners LLC

See "Risk Factors" beginning on page [ ] for a discussion of risks that should be considered by common unitholders of Transocean Partners LLC before voting at the special meeting.

Neither the U.S. Securities and Exchange Commission nor any state securities commission has approved or disapproved of the securities to be issued under this proxy statement/prospectus or determined if this proxy statement/prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

This proxy statement/prospectus is dated [ ], 2016 and is first being mailed to common unitholders of Transocean Partners LLC on or about [ ], 2016.

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ADDITIONAL INFORMATION

This proxy statement/prospectus incorporates documents by reference. See “Where You Can Find More Information” beginning on page [ ] for a listing of documents incorporated by reference. This information is available to you without charge. You can obtain copies of the documents incorporated by reference into this proxy statement/prospectus through the Securities and Exchange Commission (sometimes referred to as the SEC) website at www.sec.gov or by requesting them in writing or by telephone from the appropriate company at the following addresses and telephone numbers:

Transocean Ltd.	Transocean Partners LLC
c/o Transocean Offshore Deepwater Drilling Inc.	Investor Relations
Investor Relations	40 George Street
4 Greenway Plaza	London, England
Houston, Texas 77046	United Kingdom W1U 7DW
(713) 232-7500	(713) 232-7500

In addition, you may also obtain additional copies of this proxy statement/prospectus or the documents incorporated by reference into this proxy statement/prospectus by contacting Innisfree M&A Incorporated, Transocean Partners’ proxy solicitor, at the address and telephone numbers listed below. You will not be charged for any of these documents that you request.

Innisfree M&A Incorporated
501 Madison Avenue, 20th Floor
New York, New York 10022
(888) 750-5834 (toll free from U.S. and Canada)
+(412) 232-3651 (from other countries)

To obtain timely delivery of documents, you must request them no later than five business days before the date of the special meeting. Therefore, if you would like to request documents from Transocean Partners, please do so by [ ], 2016, in order to receive them before the special meeting.

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TRANSOCEAN PARTNERS LLC

40 GEORGE STREET

LONDON, ENGLAND W1U 7DW

UNITED KINGDOM

NOTICE OF MEETING OF

TRANSOCEAN PARTNERS LLC COMMON UNITHOLDERS

To Be Held On [ ], 2016

To the holders of common units of Transocean Partners LLC:

We will hold a special meeting of common unitholders of Transocean Partners LLC, which we refer to as Transocean Partners, at 40 George Street, 4th Floor, London, England W1U 7DW, United Kingdom, at [__:__ [a.m./p.m.]], local time, on [ ], 2016, to vote on a proposal to approve the Agreement and Plan of Merger, which we refer to as the merger agreement, dated July 31, 2016, as may be amended from time to time, among Transocean Ltd. (“Transocean”), Transocean Partners Holdings Limited (“Transocean Holdings”), TPHL Holdings LLC (“Merger Sub”), and Transocean Partners, a copy of which is included as Annex A to the proxy statement/prospectus of which this notice forms a part, and the merger of Merger Sub with and into Transocean Partners, which we refer to as the merger.

These items of business, including the merger agreement and the proposed merger, are described in detail in the accompanying proxy statement/prospectus. The conflicts committee of the board of directors of Transocean Partners has determined unanimously that the merger agreement and the transactions contemplated thereby, including the merger, are fair and reasonable to and in the best interest of the common unitholders of Transocean Partners who are unaffiliated with Transocean, and Transocean Partners and its subsidiaries, and recommends that Transocean Partners common unitholders vote “FOR” the proposal to approve the merger agreement and the merger. The board of directors of Transocean Partners has determined unanimously that the merger agreement and the transactions contemplated thereby, including the merger, are fair and reasonable to and in the best interest of the members of Transocean Partners (including the Transocean Partners common unitholders), and Transocean Partners and its subsidiaries, and recommends that Transocean Partners common unitholders vote “FOR” the proposal to approve the merger agreement and the merger.

We have established the close of business on [ ], 2016, as the record date for determining the Transocean Partners common unitholders who are entitled to notice of and to vote at the special meeting or any adjournments or postponements of the special meeting. Pursuant to the merger agreement, each of Transocean and Transocean Holdings has agreed to vote all of the equity interests (including its common units, subordinated units and the Transocean Member Interest (as defined in Transocean Partners’ limited liability company agreement)) in Transocean Partners owned by it or its subsidiaries in favor of approval of the merger agreement, the merger and the approval of any actions required in furtherance thereof. As of August 10, 2016, Transocean and its subsidiaries (including Transocean Holdings) collectively held 21,254,310 Transocean Partners common units, representing approximately 52% of the Transocean Partners common units entitled to vote at the special meeting.

Approval of the merger and the merger agreement requires the affirmative vote of a Unit Majority (as defined in Transocean Partners' limited liability company agreement, which we refer to as unit majority). Under the definition of unit majority, as of the record date, the affirmative vote of the holders of a total of [31,084,637] outstanding common units of Transocean Partners will be required to approve the merger and the merger agreement. As of the record date, there were [40,914,962] common units outstanding, of which 21,254,310 were owned by Transocean Holdings. Transocean Holdings has agreed to vote all of its common units "FOR" the merger and the merger agreement. Therefore, the affirmative vote of the holders of an additional [9,830,327] outstanding common units, or approximately 50.1% of the outstanding common units not owned by Transocean Holdings, is required to approve the merger and the merger agreement. As a result, your vote is very important. To ensure your common units are represented at the special meeting,

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you should complete, sign and date the enclosed proxy and return it promptly in the enclosed envelope, or submit your proxy by Internet or telephone, whether or not you expect to attend the special meeting. You may revoke your proxy and vote in person if you decide to attend the special meeting. A failure to vote your common units, a broker non-vote or an abstention will have the same effect as a vote "AGAINST" the approval of the merger agreement and the merger.

Your vote is very important. Whether or not you plan to attend the special meeting in person, we urge you to submit your proxy by Internet, telephone or mail to ensure that your common units are represented at the special meeting. If you are a common unitholder of record, you must be present, or represented by proxy, at the special meeting in order to vote your common units. Because many common unitholders are unable to attend the special meeting in person, you may submit your proxy in the following ways: (1) through the Internet by visiting the website listed on the enclosed proxy card and following the on-screen instructions; (2) by telephone using the number listed on the enclosed proxy card and following the instructions; or (3) by mail by completing, signing, dating and returning the enclosed proxy card in the pre-addressed, postage-paid envelope provided. If your common units are held by a broker, bank or other nominee, you will receive from that nominee a voting instructions form to vote your common units.

You will need to bring proof of ownership of the common units to enter the special meeting. If you hold common units directly in your name as a common unitholder of record, you will need to bring your proxy card. If you plan to attend the special meeting, we ask that you submit your proxy by telephone, Internet or mail but keep your proxy card and bring it with you to the special meeting.

If your common units are registered or held in the name of your broker, bank or other nominee, you will need to bring proof of your ownership of the common units as of the record date, such as a copy of a bank or brokerage statement, and check in at the registration desk at the special meeting. Please note that you also may be asked to present valid picture identification, such as a driver's license or passport.

The enclosed proxy statement/prospectus provides a detailed description of the merger and the merger agreement. We urge you to read this proxy statement/prospectus, including any documents incorporated by reference, and the Annexes carefully and in their entirety. If you have any questions regarding the accompanying proxy statement/prospectus, you may contact Innisfree M&A Incorporated, Transocean Partners' proxy solicitor, by calling toll-free at (888) 750-5834 from U.S. and Canada or +(412) 232-3651 from other countries.

RAOUL F. DIAS
Senior Counsel and Corporate Secretary

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QUESTIONS AND ANSWERS ABOUT THE MERGER AND THE SPECIAL MEETING

Set forth below are questions that you, as a common unitholder of Transocean Partners, may have regarding the merger and the special meeting, and brief answers to those questions. You are urged to read carefully this proxy statement/prospectus and the other documents referred to in this proxy statement/prospectus in their entirety, including the merger agreement, which is attached as Annex A to this proxy statement/prospectus, and the documents incorporated by reference into this proxy statement/prospectus, because this section may not provide all of the information that is important to you with respect to the merger and the special meeting. The documents incorporated by reference into this proxy statement/prospectus are listed in the section titled "Where You Can Find More Information."

Q. What is the proposed transaction and why am I receiving this proxy statement/prospectus?

A. Transocean and Transocean Partners have agreed to combine by merging Merger Sub, a recently formed subsidiary of Transocean, with and into Transocean Partners under the terms of the merger agreement that is described in this proxy statement/prospectus and attached as Annex A. You are receiving this proxy statement/prospectus because the merger cannot be completed without the approval of the Transocean Partners common unitholders.

This proxy statement/prospectus serves as the proxy statement through which Transocean Partners will solicit proxies to obtain the necessary common unitholder approval for the merger and the merger agreement. It also serves as the prospectus by which Transocean will issue shares constituting the merger consideration.

This document contains important information about the merger, the merger agreement and the special meeting, and you should read it carefully. The voting materials allow you to submit your proxy and cause your common units to be voted without attending the special meeting.

Q. Who is soliciting my proxy?

A. Your proxy is being solicited by Transocean Partners.

Q. Why are Transocean and Transocean Partners proposing the merger?

A. Transocean and Transocean Partners believe that the merger will benefit Transocean Partners common unitholders and Transocean shareholders. See "The Merger—Transocean's Reasons for the Merger" and "The Merger—Transocean Partners Conflicts Committee and Transocean Partners Board Reasons for the Merger."

Q. What will Transocean Partners common unitholders receive in the merger?

A. If the merger is completed, each outstanding Transocean Partners common unit not owned by Transocean or its subsidiaries will be converted into the right to receive 1.1427 Transocean shares (such consideration, the "Merger Consideration" and such ratio, the "Exchange Ratio"). Based on the closing price of Transocean shares on July 29, 2016, the last trading day before the public announcement of the merger, the aggregate value of the Merger Consideration was approximately $250 million. We estimate, based upon such closing price and the number of outstanding Transocean shares and Transocean Partners common units as of such date, that, as a result of the merger, the public common unitholders of Transocean Partners immediately prior to the merger will hold approximately 5.8 percent of the aggregate number of Transocean shares outstanding immediately after the merger. The Exchange Ratio is fixed and will not be adjusted on account of any change in price of either Transocean shares or Transocean Partners common units prior to completion of the merger. If the Exchange Ratio would result in a Transocean Partners common unitholder being entitled to receive a fraction of a Transocean share, such fractional interest will be rounded up to the nearest whole Transocean share. However, with respect to common units held in street name, DTC participants will not be required to round up fractional share and such participants may make certain adjustments to account for fractional shares, which could result in the payment of cash in lieu of such fractional shares.

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Q. Where will the Transocean shares and Transocean Partners common units be traded after the merger?

A. Transocean shares will continue to trade on the New York Stock Exchange under the ticker symbol “RIG.” Transocean Partners common units will no longer be publicly traded after the completion of the merger.

Q. What happens to the third quarter and other distributions of former Transocean Partners common unitholders?

A. Once the merger is completed and Transocean Partners common units are exchanged for Transocean shares, when and if distributions are approved by Transocean’s shareholders and paid by Transocean, former Transocean Partners common unitholders who become and remain Transocean shareholders will receive distributions on the Transocean shares they receive in the merger in accordance with Transocean’s then current distribution policy. Transocean has not paid any distributions on Transocean shares since September 2015 and provides no assurance as to whether it will pay any distributions in the future. Transocean Partners common unitholders will receive distributions on their Transocean Partners common units for the quarter ended June 30, 2016 and for any future quarter for which the record date with respect to a distribution approved by the board of directors or Transocean Partners (the “Transocean Partners Board”) in accordance with the terms of the merger agreement occurs prior to the effective time of the merger. Under the merger agreement, the parties have agreed to coordinate the timing of the closing of the merger to facilitate the payment of the regular quarterly cash distribution on the Transocean Partners common units for the quarter ending September 30, 2016, the record date for which will occur prior to the closing of the merger. See “Summary—Comparative Per Share and Per Unit Market Price and Dividend Information.”

As soon as practicable after September 30, 2016, the Transocean Partners Board will determine and declare the regular quarterly distribution for the third quarter of 2016 in accordance with its limited liability company agreement and the merger agreement; provided, however, that such distribution will not be less than $0.3625 per Transocean Partners common unit without the separate determination and approval of the conflicts committee of the Transocean Partners Board (the “Transocean Partners Conflicts Committee”).

Q. When and where will be the Transocean Partners special meeting be held?

A. The Transocean Partners special meeting will be held at 40 George Street, 4th Floor, London, England W1U 7DW, United Kingdom.

Q. Who is entitled to vote at the Transocean Partners special meeting?

A. Holders of Transocean Partners common units as of the close of business on [ ], 2016, the record date, will be entitled to vote at the special meeting.

Q. What will constitute a quorum at the special meeting?

A. Pursuant to the Transocean Partners limited liability company agreement, a quorum for the special meeting will be constituted by the presence in person or by proxy at the special meeting of holders of the same number of Transocean Partners common units needed to approve the merger and the merger agreement, which is a number of outstanding Transocean Partners common units equal to or exceeding the sum of:

- a majority of the outstanding Transocean Partners common units, plus
- 50% of the number of outstanding Transocean Partners common units owned by Transocean Holdings.

Under the above calculation, as of the record date, presence in person or by proxy of the holders of a total of [31,084,637] outstanding common units will constitute a quorum. As of the record date, there were [40,914,962] common units outstanding, of which 21,254,310 were owned by Transocean Holdings. Transocean Holdings has agreed to vote all of its common units “FOR” the merger and the merger agreement. Therefore, the presence in

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person or by proxy of holders of an additional [9,830,327] common units, or approximately 50.1% of the outstanding common units not owned by Transocean Holdings, will be necessary for a quorum. Abstentions are counted for the purpose of determining the presence of a quorum. Broker non-votes will not be counted as represented in person or by proxy at the special meeting for the purpose of determining the presence of a quorum.

Q. What is the vote required to approve the merger and the merger agreement?

A. Approval of the merger and the merger agreement requires the affirmative vote of a unit majority. Under the definition of unit majority, as of the record date, the holders of a total of [31,084,637] outstanding common units will be required to approve the merger and the merger agreement. As of the record date, there were [40,914,962] common units outstanding, of which 21,254,310 were owned by Transocean Holdings. Transocean Holdings has agreed to vote all of its common units "FOR" the merger and the merger agreement. Therefore, the affirmative vote of the holders of an additional [9,830,327] outstanding common units, or approximately 50.1% of the outstanding common units not owned by Transocean Holdings, is required to approve the proposal.

Abstentions, failures to vote and broker non-votes will have the same effect as votes against the merger proposal.

The affirmative vote of holders of at least a majority of the outstanding subordinated units and the approval of Transocean Holdings, in its capacity as the Transocean Member (as defined in Transocean Partners' limited liability company agreement), is also required to approve the merger and the merger agreement. Transocean Holdings owns all of the outstanding subordinated units and has voted those units to approve the merger agreement and the merger. Transocean Holdings, in its capacity as the Transocean Member, has also approved the merger agreement and the merger.

Q. Does my vote matter?

A. Yes, your vote is very important. We encourage you to vote as soon as possible.

The merger cannot be completed unless the holders of at least a unit majority vote to approve the merger and the merger agreement. Transocean does not own enough common units to approve the merger and the merger agreement.

If you fail to submit a proxy or vote in person at the special meeting, or vote to abstain, or you do not provide your broker, bank or other nominee with instructions, as applicable, this will have the same effect as a vote "AGAINST" the proposal to approve the merger and the merger agreement.

Q. What vote does the Transocean Partners Board and Transocean Partners Conflicts Committee recommend?

A. The Transocean Partners Board and the Transocean Partners Conflicts Committee unanimously recommend that Transocean Partners common unitholders vote "FOR" the approval of the merger and the merger agreement.

On July 31, 2016, the Transocean Partners Conflicts Committee determined unanimously that the merger agreement and the transactions contemplated thereby, including the merger, are fair and reasonable to and in the best interest of Transocean Partners common unitholders not affiliated with Transocean, and Transocean Partners and its subsidiaries, approved the merger agreement and the transactions contemplated thereby, including the merger, and recommended that the merger and the merger agreement be approved by the Transocean Partners common unitholders. Also on July 31, 2016, the Transocean Partners Board determined unanimously that the merger agreement and the transactions contemplated thereby, including the merger, are fair and reasonable to and in the best interest of the members of Transocean Partners (including the Transocean Partners common unitholders) and Transocean Partners and its subsidiaries, approved the merger agreement and the transactions contemplated thereby, including the merger, and recommended that the merger and the merger agreement be approved by Transocean Partners common unitholders.

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For more information regarding the recommendation of the Transocean Partners Conflicts Committee and the Transocean Partners Board, see "The Merger—Recommendation of the Transocean Partners Conflicts Committee and Transocean Partners Board."

Some directors and the executive officer of Transocean Partners may have interests in the merger that are different from, or in addition to, the interests they may have as Transocean Partners common unitholders. See "The Merger—Interests of Directors and the Executive Officer of Transocean Partners in the Merger."

Q. How do Transocean and the directors and the executive officer of Transocean Partners intend to vote?

A. As of [ ], 2016, the record date, Transocean and its subsidiaries held and were entitled to vote, in the aggregate, 21,254,310 Transocean Partners common units, representing approximately [52.0]% of the outstanding Transocean Partners common units. The directors and the executive officer of Transocean Partners held and were entitled to vote, in the aggregate, Transocean Partners common units representing less than one percent of the outstanding Transocean Partners common units. We believe that the directors and the executive officer of Transocean Partners intend to vote all of their Transocean Partners common units "FOR" the proposal to approve the merger agreement and the merger. Pursuant to the merger agreement, each of Transocean and Transocean Holdings has agreed to vote the Transocean Partners common units owned by it or any of its subsidiaries "FOR" the proposal to approve the merger agreement and the merger. Accordingly, we believe approximately [ ] of the outstanding Transocean Partners common units will be voted "FOR" the merger proposal by Transocean and its subsidiaries and the directors and the executive officer of Transocean Partners.

Q. When do you expect the merger to be completed?

A. We currently expect the merger to close in the fourth quarter of 2016. Pursuant to the merger agreement, the parties have agreed to coordinate the timing of the closing of the merger to facilitate the payment of the regular quarterly distribution on the Transocean Partners common units for the quarter ending September 30, 2016, the record date for which will be prior to the closing of the merger. A number of conditions must be satisfied before Transocean and Transocean Partners can complete the merger, including the approval of the merger agreement and the merger by the Transocean Partners common unitholders. Although Transocean and Transocean Partners cannot be sure when or if all of the conditions to the merger will be satisfied, Transocean and Transocean Partners expect to complete the merger as soon as practicable following the Transocean Partners special meeting (assuming the proposal to approve the merger agreement and the merger is approved by the Transocean Partners common unitholders), which will be held on [ ], 2016. See "The Merger Agreement—Conditions to Completion of the Merger" and "Risk Factors—Risks Relating to the Merger—Failure to complete, or delays in completing, the merger could negatively impact the market price of Transocean shares and Transocean Partners common units and financial results of Transocean and Transocean Partners."

Q. Is completion of the merger contingent upon approval by holders of Transocean shares?

A. No. A vote of holders of Transocean's shares is not required to complete the merger.

Q. What happens if I sell my Transocean Partners common units after the record date for the special meeting but before the date of the special meeting?

A. If you transfer your Transocean Partners common units after the record date for the special meeting but before the date of the special meeting, you will retain your right to vote at the special meeting, but you will not have the right to receive the merger consideration. In order to receive the merger consideration, you must hold your Transocean Partners common units through the completion of the merger.

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Q. What do I need to do to vote if I hold my common units in my own name?

A. You must be present, or represented by proxy, at the special meeting in order to vote your units. Because many common unitholders are unable to attend the special meeting in person, you may submit your proxy in the following ways:

- By Internet. To submit your proxy over the Internet, please visit the website listed on the proxy card and follow the on-screen instructions;
- By Telephone. To submit your proxy by telephone, please call the phone number listed on the proxy card, and follow the instructions;
- By Mail. To submit your proxy by mail, please complete, sign and date your proxy card and mail it in the pre-addressed, postage-paid envelope. If you do not sign your proxy card, your votes cannot be counted; or
- In Person. To ensure your common units are represented at the special meeting, you are asked to submit your proxy by telephone, Internet or mail, even if you plan to attend the special meeting.

If you plan to attend the special meeting in person and need directions to the meeting site, please contact Transocean Partners at: info@deepwater.com.

If your common units are held by a broker, bank or other nominee, you will receive from that nominee a voting instructions form to vote your common units. Your broker, bank or other nominee may permit you to provide voting instructions by telephone or by Internet.

Q. If my common units are held in "street name" by my broker, will my broker vote my common units for me without my instructions?

A. We recommend that you contact your broker. Your broker can give you directions on how to instruct the broker to vote your common units. Your broker will not be able to vote your common units unless the broker receives appropriate instructions from you. If your common units are held by a broker, bank or other nominee, you will receive from that broker, bank or nominee a voting instructions form to vote your common units. Your broker, bank or other nominee may permit you to provide voting instructions by telephone or by Internet. Under NYSE rules, the proposal to approve the merger and the merger agreement is not considered a routine matter for which the broker, bank or other nominee would have discretionary authority. Therefore, if you do not instruct your broker, bank or other nominee how to vote, your broker, bank or other nominee cannot vote your common units, which will have the same effect as a vote against the merger and the merger agreement. You are urged to respond to your broker, bank or other nominee so that your common units will be voted.

Q. What if I do not vote?

A. If you do not vote in person or by proxy or if you abstain from voting, or a broker non-vote is made, it will have the same effect as a vote "AGAINST" the proposal to approve the merger agreement and the merger for purposes of the vote required under Transocean Partners' limited liability company agreement. If you sign and return your proxy card but do not indicate how you want to vote, your proxy will be counted as a vote "FOR" the merger proposal.

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Q. What should I do if I want to change my vote?

A. If you are a common unitholder of record, you may change or revoke your proxy instructions at any time before the special meeting by:

- notifying Raoul F. Dias, Corporate Secretary, in writing at 40 George Street, London W1U 7DW, United Kingdom that you are changing or revoking your proxy instructions;
- providing subsequent Internet or telephone proxy instructions;
- completing and sending in another proxy card with a later date; or
- attending the special meeting and voting in person.

If you hold your common units through a broker, bank or other nominee, you should contact your broker, bank or other nominee for instructions on how to change or revoke your proxy instructions.

Q. What if I plan to attend the special meeting in person?

A. We recommend that you submit your proxy anyway. If you are a holder of record, you may still attend the special meeting and vote in person. Your common units will not be voted if you do not submit your proxy or do not vote in person at the special meeting.

Q. What should I do if I receive more than one set of voting materials for the special meeting?

A. You may receive more than one set of voting materials for the special meeting of Transocean Partners and the materials may include multiple proxy cards or voting instruction cards. For example, you will receive a separate voting instruction card for each brokerage account in which you hold common units. If you are a holder of record registered in more than one name, you will receive more than one proxy card. Please complete, sign, date and return each proxy card and voting instruction card that you receive according to the instructions on it.

Q. What are the U.S. federal income tax consequences of the merger?

A. Except in certain circumstances described in “The Merger—Material U.S. Federal Income Tax Consequences,” a U.S. Holder (as defined below) generally will not recognize any gain or loss for U.S. federal income tax purposes upon the exchange of Transocean Partners common units for Transocean shares in the merger. A Non-U.S. Holder (as defined below) generally will not recognize any gain or loss for U.S. federal income tax purposes upon the exchange of Transocean Partners common units for Transocean shares in the merger.

Please refer to “The Merger—Material U.S. Federal Income Tax Consequences” beginning on page [ ] of this proxy statement/prospectus for a description of the material U.S. federal income tax consequences of the merger. Determining the actual tax consequences of the merger to you may be complex and will depend on your specific situation. You should consult your tax advisor for a full understanding of the tax consequences of the merger to you.

Q. Do Transocean Partners common unitholders have appraisal rights?

A. Under applicable law and Transocean Partners’ limited liability company agreement, common unitholders of Transocean Partners do not have any right to receive an appraisal of the value of their common units in connection with the merger.

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Q. Are there any risks in the merger that I should consider?

A. Yes. There are risks associated with all business combinations, including the merger. These risks are discussed in more detail in the section "Risk Factors."

Q. Whom do I call if I have questions about the special meeting or the merger?

A. You should contact one of the following:

Corporate Secretary
Transocean Partners LLC
40 George Street
London, England, W1U 7DW
United Kingdom
Phone: +44 (20) 3675-8410

the proxy solicitor:

Innisfree M&A Incorporated
501 Madison Avenue, 20th Floor
New York, New York 10022
(888) 750-5834 (toll free from U.S. and Canada)
+(412) 232-3651 (from other countries)

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SUMMARY

This summary highlights selected information from this proxy statement/prospectus. You are urged to read carefully the entire proxy statement/prospectus and the other documents referred to in this proxy statement/prospectus to understand fully the merger agreement and the merger and for a more complete description of the terms of the merger agreement. A copy of the merger agreement is attached as Annex A to this proxy statement/prospectus and is incorporated by reference into this proxy statement/prospectus. See "Where You Can Find More Information." Where appropriate, the items in this summary refer to the page of this proxy statement/prospectus on which the applicable subject is discussed in more detail. This proxy statement/prospectus refers to Transocean Ltd. as "Transocean," and Transocean Partners LLC as "Transocean Partners." Unless the context indicates otherwise, "Transocean" means Transocean Ltd. and its subsidiaries (other than Transocean Partners) and "Transocean Partners" means Transocean Partners LLC and its subsidiaries.

The Companies

Transocean Ltd.
10 Chemin de Blandonnet
Vernier, Switzerland 1214
Phone: +41 (22) 930-9000

Transocean is a leading international provider of offshore contract drilling services for oil and gas wells. As of August 10, 2016, Transocean owned or had partial ownership interests in and operated 60 mobile offshore drilling units, including 29 ultra-deepwater floaters, seven harsh environment floaters, four deepwater floaters, 10 midwater floaters, and 10 high-specification jackups. At August 10, 2016, Transocean also had five ultra-deepwater drillships and five high-specification jackups under construction or under contract to be constructed.

Transocean provides contract drilling services in a single, global operating segment, which involves contracting its mobile offshore drilling fleet, related equipment and work crews primarily on a dayrate basis to drill oil and gas wells. Transocean specializes in technically demanding regions of the offshore drilling business with a particular focus on deepwater and harsh environment drilling services. Transocean believes its drilling fleet is one of the most versatile fleets in the world, consisting of floaters and high specification jackups used in support of offshore drilling activities and offshore support services on a worldwide basis.

Transocean's contract drilling services operations are geographically dispersed in oil and gas exploration and development areas throughout the world. Although rigs can be moved from one region to another, the cost of moving rigs and the availability of rig-moving vessels may cause the supply and demand balance to fluctuate somewhat between regions. Still, significant variations between regions do not tend to persist long term because of rig mobility. Transocean's fleet operates in a single, global market for the provision of contract drilling services. The location of Transocean's rigs and the allocation of resources to operate, build or upgrade its rigs are determined by the activities and needs of its customers.

For further information on Transocean, see "Business of Transocean" on page [ ].

Transocean Partners LLC
40 George Street
London, England, W1U 7DW
United Kingdom
Phone: +44 (20) 3675-8410

Transocean Partners is a limited liability company formed by Transocean to own, operate and acquire modern, technologically advanced offshore drilling rigs. The drilling units in Transocean Partners' fleet are the ultra deepwater drillships Discoverer Inspiration and Discoverer Clear Leader and the ultra deepwater semisubmersible Development Driller III, which are located in the United States ("U.S.") Gulf of Mexico. Transocean Partners generates revenues through contract drilling services.

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Transocean Partners owns a 51 percent interest in each of the entities that owns and/or operates the drilling units in its fleet (each individually, a "RigCo", and collectively, the "RigCos"). Transocean Holdings, an indirect wholly owned subsidiary of Transocean, owns the remaining 49 percent noncontrolling interest in each of the RigCos. Transocean Partners controls each RigCo through its ownership of the majority of each RigCo's shares or limited liability company interests. Transocean Partners is entitled to only 51 percent of the RigCos' distributions, if any. Transocean Partners' interest in the RigCos represents its only cash generating asset. Transocean Partners depends on Transocean affiliates to operate its drilling units, manage its customer relationships, renew existing and obtain new drilling contracts and to perform other administrative support activities.

For further information on Transocean Partners, see "Business of Transocean Partners" on page [ ].

Transocean Partners Holdings Limited
70 Harbour Drive, Floor 4
P.O. Box 10342
George Town, Grand Cayman
Cayman Islands, KY-1003
Phone: (345)-745-4500

Transocean Holdings is an indirect wholly owned subsidiary of Transocean that holds common units, subordinated units and incentive distribution rights of Transocean Partners and, as the Transocean Member (as such term is defined in Transocean Partners' limited liability company agreement), the Transocean Member Interest. Transocean Holdings also holds a 49 percent noncontrolling interest in each RigCo.

TPHL Holdings LLC
Deepwater House
Kingswells Causeway
Prime Four Business Park
Aberdeen AB15 8PU
Scotland, U.K.
Phone: +44 20 3675 8410

Merger Sub is a direct wholly owned subsidiary of Transocean Holdings recently formed for the sole purpose of effecting the merger.

Relationship of Transocean and Transocean Partners (page [ ])

Transocean formed Transocean Partners in 2014 and following Transocean Partners' initial public offering, which closed on August 5, 2014, Transocean retained a significant interest in Transocean Partners through its indirect ownership of common and subordinated units, representing an aggregate 71.3 percent limited liability company interest in Transocean Partners, as of August 10, 2016, and all of the Transocean Partners incentive distribution rights. These interests are wholly owned by a subsidiary of Transocean, Transocean Holdings, which also holds the Transocean Member Interest in Transocean Partners, a non-economic interest that includes the right to appoint three of the seven members of the Transocean Partners Board.

Transocean Partners entered into various agreements with Transocean in relation to its initial public offering on August 5, 2014, including an omnibus agreement, master services agreements and support and secondment agreements. These agreements were not the result of arm's-length negotiations and neither the agreements nor any of the transactions that they provide for were effected on terms at least as favorable to the parties to these agreements as they could have obtained from unaffiliated third parties. See "Relationship of the Parties to the Merger" for more information on these agreements and related transactions.

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The Merger (page [ ])

Subject to the terms and conditions of the merger agreement and in accordance with Marshall Islands law, the merger agreement provides for the merger of Transocean Partners with Merger Sub. Transocean Partners will survive the merger and become a wholly owned subsidiary of Transocean Holdings. Upon completion of the merger, Transocean will have indirectly acquired all of the outstanding interests in Transocean Partners that it does not already own, and the Transocean Partners common units will cease to be publicly traded.

The Merger Agreement (page [ ])

Transocean, Transocean Holdings, Merger Sub and Transocean Partners have entered into an Agreement and Plan of Merger dated as of July 31, 2016, which, as it may be amended from time to time, we refer to as the merger agreement. Pursuant to the terms and subject to the conditions of the merger agreement, at the effective time of the merger, Merger Sub will merge with and into Transocean Partners, with Transocean Partners surviving the merger. Transocean Partners as the surviving entity of the merger is sometimes referred to as the surviving entity. Upon completion of the merger, Transocean Partners will be an indirect wholly owned subsidiary of Transocean, and Transocean Partners' common units will no longer be publicly traded. You should read the entire merger agreement carefully before making any decisions regarding the merger, including approval of the merger and the merger agreement, because it is the legal document that governs the merger.

The Merger Consideration (page [ ])

At the effective time of the merger, each Transocean Partners common unit issued and outstanding will be converted into the right to receive 1.1427 Transocean shares, other than the Transocean Partners common units that are held by Transocean Partners, Transocean, Transocean Holdings or Merger Sub or by any subsidiary of Transocean immediately prior to the effective time, which will remain outstanding as limited liability company interests in Transocean Partners, unaffected by the merger.

Transocean will not issue any fractional shares in the merger. Instead all fractional Transocean shares that a Transocean Partners common unitholder would otherwise be entitled to receive will be aggregated and then, if a fractional share results from that aggregation, will be rounded up to the nearest whole share of Transocean. However, with respect to common units held in street name, DTC participants will not be required to round up fractional shares and such participants may make certain adjustments to account for fractional shares, which could result in the payment of cash in lieu of such fractional shares.

Because the Exchange Ratio was fixed at the time the merger agreement was executed and because the market value of Transocean shares and Transocean Partners common units will fluctuate during the pendency of the merger, Transocean Partners common unitholders cannot be sure of the value of the merger consideration they receive relative to the value of the Transocean Partners common units that they are exchanging. See "Risk Factors—Risks Relating to the Merger—The value of the Transocean shares to be received in the merger will fluctuate."

Treatment of Subordinated Units, Transocean Member Interest and Incentive Distribution Rights (page [ ])

The Transocean Partners subordinated units, the Transocean Member Interest and the Transocean Partners incentive distribution rights will all remain outstanding as membership interests in Transocean Partners, unaffected by the merger.

Treatment of Transocean Partners Equity Awards (page [ ])

Generally, immediately prior to the effective time, each outstanding Transocean Partners phantom award that is subject to time-based vesting conditions and each Transocean Partners phantom award granted prior to January 1, 2016 that is subject to performance-based vesting conditions will become fully vested, and each holder of such phantom units will receive, immediately prior to the effective time, a number of Transocean Partners common units as determined in accordance with the terms of the Transocean Partners long-term incentive plan and applicable award agreement. In

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addition, immediately prior to the effective time, each outstanding Transocean Partners phantom unit granted on or after January 1, 2016 that is subject to performance-based vesting conditions will become vested at the target level, and each holder of such phantom units will receive, immediately prior to the effective time, such number of Transocean Partners common units. Such common units received will be treated, at the effective time, the same as all other Transocean Partners common units.

In certain circumstances where the settlement of Transocean Partners phantom awards as described above would result in adverse U.S. tax treatment to the holder, such award will become fully vested and assumed by Transocean, and the holder will receive a replacement award with respect to a number of Transocean shares equal to the number of vested Transocean Partners phantom units multiplied by the Exchange Ratio, rounded down to the nearest whole share. Settlement of such award of Transocean shares will be made as soon as practicable after such settlement would not result in adverse U.S. tax consequences to the holder.

The Special Meeting; Common Units Entitled to Vote; Required Vote (page [ ])

The special meeting of Transocean Partners' common unitholders will be held on [ ], 2016, at [ ]:[ ] [a.m./p.m.], local time. At the special meeting, Transocean Partners common unitholders will be asked to vote on approving the merger and the merger agreement, a copy of which is attached as Annex A to this proxy statement/prospectus.

Only Transocean Partners common unitholders of record at the close of business on [ ], 2016 will be entitled to receive notice of and to vote at the special meeting. At the close of business on the record date of [ ], 2016, there were approximately [ ] Transocean Partners common units outstanding and entitled to be voted at the meeting. Each holder of Transocean Partners common units is entitled to one vote for each common unit owned as of the record date.

Approval of the merger agreement and the merger under the Transocean Partners limited liability company agreement requires the affirmative vote of a unit majority. Under the definition of "unit majority," as of the record date, the holders of a total of [31,084,637] outstanding common units will be required to approve the merger and the merger agreement. As of the record date, there were [40,914,962] common units outstanding, of which [21,254,310] were owned by Transocean Holdings. Transocean Holdings has agreed to vote all of its common units "FOR" the merger and the merger agreement. Therefore, the affirmative vote of the holders of an additional [9,830,327] outstanding common units, or a majority of the outstanding common units not owned by Transocean Holdings, is required to approve the proposal to approve the merger agreement and the merger. Transocean Partners cannot complete the merger unless its common unitholders approve the merger agreement and the merger. A Transocean Partners common unitholder's abstention, failure to vote or the failure of a Transocean Partners common unitholder who holds his or her units in "street name" through a broker, bank or other nominee to give voting instructions to such broker, bank or other nominee will have the same effect as votes "AGAINST" approval of the merger agreement and the merger.

Pursuant to the merger agreement, Transocean and Transocean Holdings have each agreed to vote, or cause to be voted, all equity interests, including all common units, of Transocean Partners then owned beneficially or of record by it or any of its subsidiaries "FOR" the approval of the merger agreement and the merger. It is estimated that Transocean, Transocean Holdings and their subsidiaries will beneficially own approximately [52]% of the outstanding Transocean Partners common units as of the record date. The affirmative vote of holders of at least a majority of the outstanding subordinated units and the approval of Transocean Holdings, as the Transocean Member, is also required to approve the merger and the merger agreement. Transocean Holdings owns all of the outstanding subordinated units and has voted those units to approve the merger agreement and the merger. Transocean Holdings, as the Transocean Member, has also approved the merger agreement and the merger.

It is expected that Transocean Partners' directors and executive officer will vote their common units "FOR" the approval of the merger agreement and the merger, although none of them has entered into any agreement requiring them to do so. It is estimated that Transocean Partners' directors and executive officer will beneficially own approximately 0.04% of the outstanding Transocean Partners common units as of the record date.

Recommendation of the Transocean Partners Conflicts Committee and the Transocean Partners Board and Their Reasons for the Merger (page [ ])

The Transocean Partners Conflicts Committee and the Transocean Partners Board each recommend that Transocean Partners common unitholders vote "FOR" approval of the merger agreement and the merger.

In the course of reaching its decision to approve the merger agreement and the transactions contemplated thereby, including the merger, each of the Transocean Partners Conflicts Committee and the Transocean Partners Board considered a number of factors in its deliberation. For a more complete discussion of these factors, see "The Merger—Transocean Partners Conflicts Committee and Transocean Partners Board Reasons for the Merger" and "The Merger—Recommendation of the Transocean Partners Conflicts Committee and Transocean Partners Board."

No Transocean Shareholder Approval Required

Transocean shareholders are not required to approve the merger agreement or the merger or the issuance of Transocean shares in connection with the merger.

Opinion of Evercore Group L.L.C.—Financial Advisor to the Transocean Partners Conflicts Committee (page [ ])

At the request of the Transocean Partners Conflicts Committee at a meeting of the Transocean Partners Conflicts Committee held on July 31, 2016, Evercore Group L.L.C. ("Evercore") rendered its oral opinion to the Transocean Partners Conflicts Committee that, as of July 31, 2016, based upon and subject to the assumptions, qualifications, limitations and other matters considered by Evercore in connection with the preparation of its opinion, the Exchange Ratio provided for pursuant to the merger agreement is fair, from a financial point of view, to Transocean Partners Public Unitholders. Evercore subsequently confirmed its oral opinion in writing dated July 31, 2016 to the Transocean Partners Conflicts Committee (the "Written Opinion"). In the sections of this proxy statement/prospectus regarding Evercore's opinion and related analyses, references to the "Transaction" means the merger and the related transactions contemplated by the merger agreement.

Evercore's opinion was directed to the Transocean Partners Conflicts Committee (in its capacity as such), and only addressed the fairness from a financial point of view, as of the date of the opinion, to the Transocean Partners Public Unitholders of the Exchange Ratio provided for pursuant to the merger agreement. Evercore's opinion did not address any other term or aspect of the merger agreement or the Transaction. The full text of the Written Opinion, which describes the assumptions made, procedures followed, matters considered, and qualifications and limitations of the review undertaken by Evercore in rendering its opinion, is attached as Annex B to this proxy statement/prospectus. The summary of Evercore's opinion set forth in this proxy statement/prospectus is qualified in its entirety by reference to the full text of the Written Opinion. However, neither the Written Opinion nor the summary of such opinion and the related analyses set forth in this proxy statement/prospectus are intended to be, and they do not constitute, a recommendation as to how unitholders of Transocean Partners or any other person should act or vote with respect to any matter relating to the Transaction or any other matter.

Ownership of Transocean After the Merger

Based on the number of Transocean Partners common units and Transocean Partners phantom units outstanding as of August 10, 2016, Transocean expects to issue approximately 22.7 million Transocean shares to former Transocean Partners common unitholders pursuant to the merger. Based on the number of Transocean shares outstanding as of the date of this proxy statement/prospectus, immediately following the completion of the merger, Transocean expects to have approximately 388.1 million Transocean shares outstanding. Former Transocean Partners public common unitholders are therefore expected to hold approximately 5.8% of the aggregate number of Transocean shares outstanding immediately after the merger.

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Interests of Directors and the Executive Officer of Transocean Partners in the Merger (page [ ])

Transocean Partners' directors and executive officer have interests in the merger that are different from, or in addition to, the interests of Transocean Partners common unitholders generally. The members of the Transocean Partners Board and Transocean Partners Conflicts Committee were aware of and considered these interests, among other matters, in evaluating and negotiating the merger agreement and the merger, and in recommending to Transocean Partners common unitholders that the merger and the merger agreement be approved.

These interests include:

- Certain members of the Transocean Partners Board are members of the Transocean board of directors and/or are executives of Transocean.
- Some members of the Transocean Partners Board and/or the executive officer of Transocean Partners own Transocean shares or other Transocean securities.
- The directors and officers of Transocean Partners are entitled to continued indemnification and insurance coverage under the merger agreement.
- The Transocean Partners phantom units held by the Chief Executive Officer and Chief Financial Officer of Transocean Partners and the non-employee directors of Transocean Partners will vest and convert, subject to applicable tax withholding, into Transocean Partners common units immediately prior to the effective time of the merger and such Transocean Partners common units will be treated, at the effective time, the same as all other Transocean Partners common units.
- The Chief Executive Officer and Chief Financial Officer of Transocean Partners will be entitled under certain circumstances to a cash severance benefit and other severance benefits, and the vesting of certain Transocean equity awards she holds will be accelerated.

Please see "The Merger—Interests of Directors and the Executive Officer of Transocean Partners in the Merger" for more information.

Listing of Transocean Shares; Delisting and Deregistration of Transocean Partners Common Units (page [ ])

Transocean shares are currently listed on the NYSE under the ticker symbol "RIG." Transocean will apply to list the Transocean shares to be issued in the merger on the NYSE, subject to official notice of issuance.

Transocean Partners common units are currently listed on the NYSE under the ticker symbol "RIGP." If the merger is completed, Transocean Partners common units will cease to be listed on the NYSE and will be deregistered under the Exchange Act.

No Appraisal Rights

Appraisal rights are not available in connection with the merger under Marshall Islands law or under the Transocean Partners limited liability company agreement.

Conditions to Completion of the Merger (page [ ])

The respective obligations of each party to effect the merger is subject to the satisfaction or, to the extent permitted by law, waiver of certain conditions, including, but not limited to, the following:

- approval of the merger agreement and the merger by the Transocean Partners common unitholders;

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- the absence of any decree, order or injunction of a U.S. or non-U.S. court of competent jurisdiction prohibiting the consummation of the merger;
- the effectiveness of the Form S-4 registration statement, of which this proxy statement/prospectus is a part, and the absence of any stop order suspending the effectiveness of the Form S-4; and
- the approval for listing on the NYSE of Transocean shares to be delivered to Transocean Partners common unitholders pursuant to the merger agreement, subject to official notice of issuance.

In addition, Transocean Partners' obligation to effect the merger is subject to, among other things, the receipt by Transocean of an opinion of Baker Botts L.L.P., counsel to Transocean, or another nationally recognized law firm experienced in such matters, to the effect that for U.S. federal income tax purposes, the merger will be treated as a reorganization under Section 368(a) of the Internal Revenue Code of 1986, as amended.

No Solicitation by Transocean Partners (page [ ])

Under the merger agreement, Transocean Partners has agreed not to (or authorize any of its directors, officers, members, employees, representatives, agents, attorneys, consultants, contractors, accountants, financial advisors and other advisors to), among other things:

- solicit, initiate, knowingly encourage or knowingly facilitate any acquisition proposal;
- provide information regarding Transocean Partners to a third party in connection with an acquisition proposal; or
- approve or recommend an acquisition proposal.

However, before the approval of the merger and of the merger agreement by the Transocean Partners common unitholders, Transocean Partners may, under certain circumstances, engage in negotiations with and provide information regarding Transocean Partners to a third party making an unsolicited, written acquisition proposal that the Transocean Partners Board or the Transocean Partners Conflicts Committee concludes in good faith is reasonably likely to be superior to the merger and the failure to take the action would be inconsistent with the directors' duties under the Transocean Partners limited liability company agreement or applicable Marshall Islands law.

Termination of the Merger Agreement (page [ ])

Either the Transocean Partners Board (upon the recommendation of the Transocean Partners Conflicts Committee) or Transocean may terminate the merger agreement and abandon the merger at any time prior to the effective time of the merger if:

- the merger has not been consummated by January 31, 2017;
- there is a failure to obtain at a meeting of the common unitholders of Transocean Partners approval of the merger agreement and the merger; or
- a court of competent jurisdiction or governmental entity has issued an order, decree or ruling or taken any other action permanently restraining, enjoining or otherwise prohibiting the transactions contemplated by the merger agreement.

The Transocean Partners Board (upon the recommendation of the Transocean Partners Conflicts Committee) may terminate the merger agreement and abandon the merger at any time, after consultation with its outside legal counsel, if:

- Transocean, Transocean Holdings or Merger Sub has breached any representation, warranty, covenant or agreement in the merger agreement, or any representation or warranty of Transocean, Transocean Holdings or Merger Sub has become untrue, in either case such that the conditions to Transocean Partners' obligations to consummate the merger set forth in the merger agreement would not be satisfied, such breach is not curable, or, if curable, is not cured within 30 days after Transocean Partners gives written notice of the breach to Transocean, and Transocean Partners is not, at that time, in breach of any representation, warranty, covenant or agreement in the merger agreement such that the conditions to Transocean's obligation to consummate the merger set forth in the merger agreement would not be satisfied; or
- prior to the receipt of Transocean Partners common unitholder approval, Transocean Partners Board has approved, and Transocean Partners concurrently enters into, a definitive agreement providing for the implementation of a superior proposal, provided that Transocean Partners must have complied with its obligations in the merger agreement relating to solicitations and shall have paid (or shall concurrently payP>

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NATIONAL CINEMEDIA, INC. AND SUBSIDIARY

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(UNAUDITED)

Also, pursuant to the terms of the NCM LLC Operating Agreement in place since the close of the IPO, NCM LLC is required to make mandatory distributions on a proportionate basis to its members of available cash, as defined in the NCM LLC Operating Agreement, on a quarterly basis in arrears. Payments for the three and nine month periods in 2008 and 2009 are as follows (in millions):

NCM LLC Members	Quarter Ended October 1, 2009	Nine Months Ended October 1, 2009	Quarter Ended September 25, 2008	Nine Months Ended September 25, 2008
AMC	$ 7.2	$ 16.0	$ 9.0	$ 15.1
Cinemark	5.8	12.9	6.8	11.5
Regal	9.8	21.6	12.1	20.2
NCM, Inc.	16.2	35.7	20.5	34.5
Total	$ 39.0	$ 86.2	$ 48.4	$ 81.3

On January 26, 2006, AMC acquired the Loews Cineplex Entertainment Inc. (AMC Loews) theatre circuit. The Loews screen integration agreement, effective as of January 5, 2007 and amended and restated as of February 13, 2007, between NCM LLC and AMC, committed AMC to cause substantially all of the theatres it acquired as part of the Loews theatre circuit to be included in the NCM digital network in accordance with the ESAs on June 1, 2008. In accordance with the Loews screen integration agreement, prior to June 1, 2008 AMC paid the Company amounts based on an agreed-upon calculation to reflect cash amounts that approximated what NCM LLC would have generated if the Company sold on-screen advertising in the Loews theatre chain on an exclusive basis. These AMC Loews payments were made on a quarterly basis in arrears through May 31, 2008, with the exception of Star Theatres, which were paid through the end of February 2009 in accordance with certain run-out provisions. For the nine months ended October 1, 2009, the quarter ended September 25, 2008 and the nine months ended September 25, 2008, the AMC Loews payment was $0.1 million (Star Theatres), $0.4 million and $4.4 million, respectively. The AMC Loews payment was recorded directly to NCM LLC s members equity account.

On April 30, 2008, Regal acquired Consolidated Theatres and NCM issued common membership units to Regal upon the closing of its acquisition in exchange for the right to exclusive access to the theatres (see Note 5). The Consolidated Theatres had a pre-existing advertising agreement and, as a result, Regal must make integration payments pursuant to the ESAs on a quarterly basis in arrears through January 2011 in accordance with certain run-out provisions. For the quarter and nine months ended October 1, 2009 and the quarter and nine months ended September 25, 2008, the Regal Consolidated Theatres payment was $0.9 million, $2.0 million, $1.1 million, and $1.6 million, respectively, and represents a cash element of the consideration received for the common membership units issued.

Amounts due to (from) founding members at October 1, 2009 were comprised of the following (in millions):

	AMC	Cinemark	Regal	Total
Theatre access fees, net of beverage revenues	$ 0.4	$ 0.4	$ 0.5	$ 1.3
Cost and other reimbursement	(0.3)	(0.5)	(0.2)	(1.0)
Distributions payable, net	7.2	5.8	8.8	21.8
Total	$ 7.3	$ 5.7	$ 9.1	$ 22.1

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(UNAUDITED)

Amounts due to (from) founding members at January 1, 2009 were comprised of the following (in millions):

	AMC	Cinemark	Regal	Total
Theatre access fees, net of beverage revenues	$ (0.1)	$	$ 0.7	$ 0.6
Cost and other reimbursement	(1.1)	(0.5)	(0.6)	(2.2)
Distributions payable, net	8.9	7.0	11.3	27.2
Total	$ 7.7	$ 6.5	$ 11.4	$ 25.6

Other

During the quarter ended October 1, 2009, the nine months ended October 1, 2009, the quarter ended September 25, 2008 and the nine months ended September 25, 2008, AMC, Cinemark and Regal purchased $0.5 million, $1.4 million, $0.5 million and $1.3 million, respectively, of NCM LLC s advertising inventory for their own use. The value of such purchases are calculated by reference to NCM LLC s advertising rate card and is included in advertising revenue.

Included in Meetings and Events operating costs is $0.1 million, $0.3 million, $0.5 million and $1.6 million for the quarter ended October 1, 2009, the nine months ended October 1, 2009, the quarter ended September 25, 2008 and the nine months ended September 25, 2008, respectively, related to purchases of movie tickets and concession products from the founding members primarily for marketing resale to NCM LLC s customers.

3. BORROWINGS

The outstanding balance of the term loan facility at October 1, 2009 was $725.0 million. The outstanding balance under the revolving credit facility at October 1, 2009 was $74.0 million. As of October 1, 2009, the effective rate on the term loan was 5.6% including the effect of the interest rate swaps (both those accounted for as hedges and those that are not). The interest rate swaps hedged $550.0 million of the $725.0 million term loan at a fixed interest rate of 6.734% while the unhedged portion was at an interest rate of 2.05%. The weighted-average interest rate on the unhedged revolver was 2.01%. Commencing with the fourth fiscal quarter in fiscal year 2008, the applicable margin for the revolving credit facility is determined quarterly and is subject to adjustment based upon a consolidated net senior secured leverage ratio for NCM LLC and its subsidiaries (defined in the NCM LLC credit agreement as the ratio of secured funded debt less unrestricted cash and cash equivalents, over Adjusted EBITDA, as defined in the credit agreement). The senior secured credit facility also contains a number of covenants and financial ratio requirements, with which the Company was in compliance at October 1, 2009, including the consolidated net senior secured leverage ratio. As of October 1, 2009, our consolidated net senior secured leverage ratio was 4.0 times versus a covenant of 7.0 times. The debt covenants also require 50% of the term loan, or $362.5 million to be hedged at a fixed rate. As of October 1, 2009, the Company had approximately $550.0 million, or 76% hedged ($412.5 million, or 57% without considering the Lehman Brothers Special Financing (LBSF), a subsidiary of Lehman Brothers Holdings, Inc. (Lehman), portion of the hedge). Of the $550.0 million that is economically hedged, $137.5 million is with LBSF. See Note 6 for an additional discussion of the interest rate swaps.

On September 15, 2008, Lehman filed for protection under Chapter 11 of the Federal Bankruptcy Code in the United States Bankruptcy Court for the Southern District of New York. NCM LLC has an aggregate revolving credit facility commitment of $80.0 million with a consortium of banks, including $20.0 million with Lehman Commercial Paper Inc. (LCPI), a subsidiary of Lehman. As of October 1, 2009, NCM LLC has borrowed $14.0 million from LCPI under the revolving credit facility. Following the bankruptcy filing, LCPI failed to fund a borrowing request related to its undrawn commitment of $6.0 million. NCM LLC does not anticipate LCPI will fulfill its funding commitment; however this $6.0 million of liquidity is not expected to be required by the Company to operate its business. Until the LCPI issues are resolved, NCM LLC is not anticipating repaying any of its revolver borrowings as it would effectively result in a permanent reduction of its revolving credit facility, to the extent of any payments to LCPI. In addition, while the bankruptcy court has authorized LCPI to resign as the administrative agent under the revolving credit facility, to the Company s knowledge they have not yet resigned.

On March 19, 2009, the Company gave a note payable to Credit Suisse, Cayman Islands Branch (Credit Suisse) with no stated interest to settle the $10.0 million contingent put obligation (see Note 4) and to acquire the $20.7 million outstanding principal balance of debt of IdeaCast (together with all accrued interest and other lender costs required to be reimbursed by IdeaCast). Quarterly payments to Credit Suisse began on April 15, 2009 and will continue through January 15,

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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2011. At issuance the Company recorded the note at a present value of $7.0 million. At October 1, 2009, $4.0 million of the balance is recorded in current liabilities, and $1.4 million is included in non-current liabilities. Interest on the note is accreted at the Company s estimated incremental cost of debt based on then current market indicators over the term of the loan to interest expense. See Note 4 Contingent Put Obligation for additional discussion of the IdeaCast restructuring.

4. COMMITMENTS AND CONTINGENCIES

The Company is subject to claims and legal actions in the ordinary course of business. The Company believes such claims will not have a material adverse effect on its financial position or results of operations.

Contingent Put Obligation On April 29, 2008, NCM LLC, IdeaCast, the IdeaCast lender and certain of its stockholders agreed to a financial restructuring of IdeaCast. Among other things, the restructuring resulted in the lender being granted an option to put, or require NCM LLC to purchase, up to $10.0 million of the funded convertible debt at par, on or after December 31, 2010 through March 31, 2011. The put was accounted for under ASC Topic 460-10 *Guarantees* (formerly FIN No. 45 (as amended), *Guarantor s Accounting and Disclosure Requirements for Guarantees of Indebtedness of Others*). During the fourth quarter of 2008, the Company determined that the initial investment and call right in IdeaCast were other-than-temporarily impaired due to IdeaCast s defaults on its senior debt and liquidity issues and that the put obligation was probable. The Company estimated a liability at January 1, 2009 of $4.5 million, which represented the excess of a reasonably estimated probable loss on the put (net of estimated recoveries from the net assets of IdeaCast that serve as collateral for the convertible debt) obligation over the unamortized ASC Topic 460-10 liability. As discussed in Note 3, on March 19, 2009, NCM LLC, IdeaCast and IdeaCast s lender agreed to certain transactions with respect to the IdeaCast Credit Agreement. Among other things, these agreements resulted in (i) the termination of the Put and the Call; (ii) the transfer, sale and assignment by IdeaCast s lender to NCM LLC of all of its right, title and interest under the Credit Agreement, including without limitation the loans outstanding under the Credit Agreement; (iii) the resignation of IdeaCast s lender, and the appointment of NCM LLC, as administrative agent and collateral agent under the Credit Agreement; and (iv) the delivery by NCM LLC to IdeaCast s lender of a non-interest bearing promissory note in the amount of $8.5 million payable through January 2011. On June 16, 2009, NCM LLC s interest in the Credit Agreement was assigned to NCM Out-Of-Home, LLC (OOH), which was a wholly-owned subsidiary of NCM LLC. OOH was also appointed as administrative agent and collateral agent under the Credit Agreement. On June 16, 2009, OOH, as IdeaCast s senior secured lender, foreclosed on substantially all of the assets of IdeaCast, consisting of certain tangible and intangible assets (primarily equipment, business processes and contracts with health clubs and programming partners). The assets were valued at approximately $8.2 million. On June 29, 2009, NCM LLC transferred its ownership interest in OOH to RMG, a digital advertising company, in exchange for approximately 24% of the equity (excluding out-of-the-money warrants) of RMG on a fully diluted basis through a combination of convertible preferred stock, common stock and common stock warrants (refer to Note 1-Equity Method Investments). The Company s investment in RMG was valued at the fair value of the assets contributed.

Minimum Revenue Guarantees As part of the network affiliate agreements entered in the ordinary course of business under which the Company sells advertising for display in various theatre chains other than those of the founding members of NCM LLC, the Company has agreed to certain minimum revenue guarantees. If an affiliate achieves the attendance set forth in their respective agreement, the Company has guaranteed minimum revenue for the network affiliate per attendee if such amount paid under the revenue share arrangement is less than its guaranteed amount. The amount and term varies for each network affiliate. The maximum potential amount of future payments the Company could be required to make pursuant to the minimum revenue guarantees is $19.3 million over the remaining terms of the network affiliate agreements. The Company has no liabilities recorded for these obligations as of October 1, 2009 as such guarantees are less than the expected share of revenue paid to the affiliate.

5. INTANGIBLE ASSETS

During 2008, NCM LLC issued 2,544,949 common membership units to its founding members in connection with its rights of exclusive access to net new theatre screens and projected attendees added by the founding members to NCM LLC s network and 2,913,754 common membership units to Regal in connection with the closing of its acquisition of Consolidated Theatres (see Note 2). The Company recorded an intangible asset of $116.1 million representing the contractual rights over the remaining terms of the ESAs. The Company based the fair value of the intangible asset on the fair value of the common membership units issued on the date of grant. During the first quarter of 2009, NCM LLC issued 2,126,104 common membership units to its founding members in exchange for the rights to exclusive access to net new theatre screens and projected attendees added by the founding members to NCM LLC s network. As a result, NCM LLC recorded an intangible asset at fair value of $28.5 million.

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Pursuant to ASC Topic 350-10 *Intangibles Goodwill and Other* (formerly SFAS No. 142, *Goodwill and Other Intangible Assets*), the intangible asset have a finite useful life and the Company began to amortize the asset in 2008 and 2009 over the remaining useful life corresponding with the ESAs. Amortization of the asset related to Regal Consolidated Theatres will not begin until after January 2011 since the Company will not have access to on-screen advertising in the Regal Consolidated Theatres until the run-out of their existing on screen advertising agreement.

6. FAIR VALUE MEASUREMENTS AND DERIVATIVE INSTRUMENTS

Fair Value Measurements The fair values of the Company s assets and liabilities measured on a recurring basis pursuant to ASC Topic 820-10 *Fair Value Measurements and Disclosures* (formerly FAS No. 157, *Fair Value Measurements and Disclosures*) are as follows (in millions):

		Fair Value Measurements at Reporting Date Using		
	At October 1, 2009	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
ASSETS:				
Short-term Investments	$ 2.0	$ 2.0		
LIABILITIES:				
Interest Rate Swap Agreements	$ 67.9		$ 67.9	

Short-Term Investments The Company s short-term investments are classified as available-for-sale and are carried at estimated fair value with any unrealized gains, as well as losses that the Company considers to be temporary, reported net of tax in other comprehensive income within stockholders equity. For the quarter ended October 1, 2009 there was an immaterial amount of net realized gains (losses) recognized in interest income and no net unrealized holding gains (losses) included in other comprehensive income.

Derivative Instruments NCM LLC has interest rate swap agreements with four counterparties that, at their inception, qualified for and were designated as cash flow hedges against interest rate exposure on $550.0 million of the variable rate debt obligations under the senior secured credit facility. The interest rate swap agreements have the effect of converting a portion of the Company s variable rate debt to a fixed rate of 6.734%. All interest rate swaps were entered into for risk management purposes. The Company has no derivatives for other purposes.

On September 15, 2008, Lehman filed for protection under Chapter 11 of the Federal Bankruptcy Code in the United States Bankruptcy Court for the Southern District of New York. LBSF is the counterparty to a notional amount of $137.5 million of NCM LLC s interest rate swaps, and Lehman is a guarantor of LBSF s obligations under such swap. NCM LLC notified LBSF on September 18, 2008 that, as a result of the bankruptcy of Lehman, an event of default had occurred under the swap with respect to which LBSF was the defaulting party. On October 3, 2008, LBSF also filed for Chapter 11 protection, which constituted another default by LBSF under the swap. As a result, as permitted under the terms of NCM LLC s swap agreement with LBSF, the Company has withheld interest rate swap payments aggregating $5.4 million that were due to LBSF, and has further notified LBSF that the bankruptcy and insolvency of both Lehman and LBSF constitute default events under the swap. As of October 1, 2009 the interest rate swap agreement had not been terminated. To the Company s knowledge, LBSF has neither communicated its intent, nor has it taken any action in bankruptcy court, to assume or reject its swap agreement with NCM LLC. In addition, while the bankruptcy court has authorized LBSF to assign certain of its hedges that have not been terminated under certain circumstances, we have not received any notice that Lehman has assigned its swap agreement with NCM LLC. Pursuant to a letter dated

October 2, 2009, Lehman (on behalf of LBSF) demanded that NCM LLC pay the total amount of the suspended payments under the LBSF swap agreement, plus interest. We have taken the position that, under the terms of the LBSF swap agreement, these amounts should be withheld, and may be off-set against any future payments owed by LBSF should market interest rates increase. Thus, to date, we have not made any such payments, although we are continuing to work with Lehman and LBSF to negotiate a mutually agreeable settlement to resolve this ineffective swap. As of October 1, 2009, NCM LLC s interest rate swaps liability was $67.9 million, of which $17.0 million is related to the LBSF swap. As of January 1, 2009, NCM LLC s interest rate swaps liability was $87.7 million, of which $21.9 million is related to the LBSF swap.

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Both at inception and on an on-going basis the Company performs an effectiveness test using the hypothetical derivative method. The fair values of the interest rate swaps with the counterparties other than LBSF (representing notional amounts of $412.5 million associated with a like amount of the variable rate debt) are recorded on the Company s balance sheet as a liability with the change in fair value recorded in other comprehensive income since the instruments other than LBSF were determined to be perfectly effective at October 1, 2009 and September 25, 2008. There were no amounts reclassified into current earnings due to ineffectiveness during the periods presented other than as described below.

Cash flow hedge accounting was discontinued on September 15, 2008 for the swap with LBSF due to the event of default and the inability of the Company to continue to demonstrate the swap would be effective. The Company continues to record the interest rate swap with LBSF at fair value with any change in the fair value recorded in the statement of operations. There was a $2.1 million increase and $4.9 million decrease in the fair value of the liability and the Company recorded an offsetting entry to interest expense during the quarter and nine months ended October 1, 2009 compared to a $2.2 million decrease for both the quarter and nine months ended September 25, 2008. Since September 14, 2008, the net derivative loss as of that date related to the discontinued cash flow hedge with LBSF continues to be reported in accumulated other comprehensive income and is being amortized to interest expense over the remaining term of the interest rate swap through February 13, 2015. The amount amortized during the quarter and nine months ended October 1, 2009 was $0.3 million and $0.9 million, compared to $0.1 million and $0.1 million for the same periods in 2008. The Company estimates approximately $1.3 million will be amortized to interest expense in the next 12 months.

The fair value of the Company s interest rate swap is based on dealer quotes, and represents an estimate of the amount the Company would receive or pay to terminate the agreements taking into consideration various factors, including current interest rates and the forward yield curve for 3-month LIBOR.

At October 1, 2009 and January 1, 2009, the estimated fair value and line item caption of derivative instruments recorded were as follows (in millions):

	Liability Derivatives			
	As of October 1, 2009		As of January 1, 2009	
	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Derivatives designated as hedging instruments under Topic 815:				
Interest Rate Swaps	Other Liabilities	$ 50.9	Other Liabilities	$ 65.8
Derivatives not designated as hedging instruments under Topic 815:				
Interest Rate Swaps	Other Liabilities	$ 17.0	Other Liabilities	$ 21.9
Total derivatives		$ 67.9		$ 87.7

The effect of derivative instruments in cash flow hedge relationships on the unaudited condensed consolidated financial statements for the quarter and nine months ended October 1, 2009 and September 25, 2008 were as follows (in millions):

	Unrealized Gain (Loss) Recognized in OCI (Pre-tax)				Realized Gain (Loss) Recognized in Interest Expense (Pre-tax)			
	Qtr. Ended	Nine Months Ended	Qtr. Ended	Nine Months Ended	Qtr. Ended	Nine Months Ended	Qtr. Ended	Nine Months Ended

	Oct. 1, 2009	Oct. 1, 2009	Sept. 25, 2008	Sept. 25, 2008	Oct. 1, 2009	Oct. 1, 2009	Sept. 25, 2008	Sept. 25, 2008
Interest Rate Swaps	$ (9.1)	$	$ (7.9)	$ (13.3)	$ (4.6)	$ (11.8)	$ (2.3)	$ (4.7)

There was no ineffectiveness recognized for the quarter and nine months ended October 1, 2009 and September 25, 2008, respectively.

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The effect of derivative not designated as hedging instruments under Topic 815 on the unaudited condensed consolidated financial statements for the quarter and nine months ended October 1, 2009 and September 25, 2008 were as follows (in millions):

	Gain or (Loss) Recognized in Interest Expense (Pre-tax)			
	Quarter Ended Oct. 1, 2009	Nine Months Ended Oct. 1, 2009	Quarter Ended Sept. 25, 2008	Nine Months Ended Sept. 25, 2008
Borrowings	$ (1.8)	$ (4.3)	$ (0.8)	$ (1.6)
Change in fair value	(2.4)	4.0	2.1	2.1
Total	$ (4.2)	$ (0.3)	$ 1.3	$ 0.5

7. NONCONTROLLING INTERESTS

The table below presents the changes in NCM, Inc. s equity resulting from net income attributable to NCM, Inc. and transfers to or from noncontrolling interests (in millions):

	Nine Months Ended Oct. 1, 2009	Nine Months Ended Sept. 25, 2008
Net income attributable to NCM, Inc.	$ 14.9	$ 14.8
Subsidiary equity issued for purchase of intangible asset	11.8	49.2
Recovery of distribution in excess of basis		52.6
Taxes attributable to Members and impacts of subsidiary ownership changes	(0.4)	(0.2)
Change from net income attributable to NCM, Inc. and transfers from noncontrolling interests	$ 26.3	$ 116.4

8. COMPREHENSIVE INCOME

The components of comprehensive income attributable to NCM Inc. are as follows (in millions):

	Quarter Ended October 1, 2009	Nine Months Ended October 1, 2009	Quarter Ended September 25, 2008	Nine Months Ended September 25, 2008
COMPREHENSIVE INCOME:				

Net Income Attributable to NCM, Inc. (as reported on Unaudited Condensed Consolidated Statements of Operations), net of tax	$	6.6	$	14.9	$	10.9	$	14.8
Unrealized gain (loss) on cash flow hedge, net of tax		(1.5)		3.9		(1.9)		(2.9)
Total, net of tax	$	5.1	$	18.8	$	9.0	$	11.9

9. SUBSEQUENT EVENT

On November 3, 2009, the Company declared a cash dividend of $0.16 per share on each share of the Company s common stock (including outstanding restricted stock) to stockholders of record on November 19, 2009 to be paid on December 3, 2009 (approximately $6.7 million).

ASC Topic 855-10, *Subsequent Events* (formerly SFAS No. 165, *Subsequent Events*) requires the Company to disclose the date through which subsequent events have been evaluated, as well as whether that date is the date the financial statements were issued. For the three and nine months ended October 1, 2009, the Company evaluated, for potential recognition and disclosure, events that occurred prior to the filing of the Company s Quarterly Report on Form 10-Q for the quarter ended October 1, 2009 on November 4, 2009.

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Item 2. Management s Discussion and Analysis of Financial Condition and Results of Operations

Some of the information in this Quarterly Report on Form 10-Q includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934 (the Exchange Act), as amended. All statements other than statements of historical facts included in this Form 10-Q, including, without limitation, certain statements under Management s Discussion and Analysis of Financial Condition and Results of Operations , may constitute forward-looking statements. In some cases, you can identify these forward-looking statements by the specific words, including but not limited to may, should, expects, plans, anticipates, believes, estimates, predicts, potential or continue or the negative of those words and other comparable words. These forward-looking statements involve risks and uncertainties. Our actual results could differ materially from those indicated in these statements as a result of certain factors as more fully discussed under the heading Risk Factors contained in our annual report on Form 10/K-A filed with the SEC on November 5, 2009 for the Company s fiscal year ended January 1, 2009. The following discussion and analysis should be read in conjunction with the unaudited condensed consolidated financial statements and notes thereto included herein and the audited financial statements and other disclosure included in our annual report on Form 10/K-A filed with the SEC on November 5, 2009 for the Company s fiscal year ended January 1, 2009. In the following discussion and analysis, the term net income refers to net income attributable to NCM, Inc.

Overview

NCM operates the largest digital in-theatre network in North America, for the distribution of advertising, business communications, and entertainment events. Our revenue is principally derived from the sale of advertising and, to a lesser extent, from our Fathom entertainment and corporate marketing events division. We have long-term ESAs with NCM LLC s founding members through 2037 and multi-year agreements with several other non-owner theatre operators, whom we refer to as network affiliates. The ESAs with the founding members and network affiliate agreements grant us exclusive rights, subject to limited exceptions, to sell advertising and meeting services and distribute entertainment programming in those theatres. Our advertising and Fathom events are distributed via satellite or landline to theatres that are digitally equipped with our proprietary digital content network (DCN) technology. Approximately 93% of our theatre attendance is included in our digital network.

Management focuses on several measurements that we believe provide us with the necessary ratios and key performance indicators for us to manage our business and to determine how we are performing versus our internal goals and targets, and against the performance of our competitors and other benchmarks in the marketplaces in which we operate. Senior executives hold monthly meetings with managers and staff to discuss and analyze operating results and address significant variances to budget in an effort to identify trends and changes in our business. We focus on many operating metrics including changes in operating income before depreciation and amortization (OIBDA), Adjusted OIBDA and Adjusted OIBDA margin, as defined and discussed in Non-GAAP Financial Measures below, as some of our primary measurement metrics. In addition, we pay particular attention to our monthly advertising performance measurements, including advertising inventory utilization, pricing (CPM), local and total advertising revenue per attendee and the number of entertainment programming and corporate marketing event locations and revenue per location. Finally, we monitor our operating cash flow and related financial leverage (see Note 3 to the unaudited condensed consolidated financial statements) and revolving credit facility availability and cash balances to ensure that debt obligations and future declared dividends can be met and adequate cash reserves are maintained.

Our operating results may be affected by a variety of internal and external factors and trends described more fully in the section entitled Risk Factors in our Form 10/K-A filed with the SEC on November 5, 2009 for the Company s fiscal year ended January 1, 2009.

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Summary Historical Financial and Operating Data

The following table presents operating data and Adjusted OIBDA from our unaudited financial statements included elsewhere in this document. See Non-GAAP Financial Measures below for a discussion of the calculation of Adjusted OIBDA and reconciliation to operating income.

(In millions, except per share data)	Quarter Ended October 1, 2009	Nine Months Ended October 1, 2009	Quarter Ended September 25, 2008	Nine Months Ended September 25, 2008
Revenue	$ 95.7	$ 262.1	$ 107.7	$ 257.1
Operating income	$ 46.3	$ 108.5	$ 57.2	$ 114.0
Adjusted OIBDA	$ 51.8	$ 124.0	$ 62.0	$ 125.5
Adjusted OIBDA margin	54.1%	47.3%	57.6%	48.8%
Net Income	$ 6.6	$ 14.9	$ 10.9	$ 14.8
Net Income per Basic Share	$ 0.16	$ 0.35	$ 0.26	$ 0.35
Net Income per Diluted Share	$ 0.16	$ 0.35	$ 0.26	$ 0.35

The following table presents total advertising revenue and total advertising revenue per attendee for the periods presented, which will be discussed further below (in millions, except for per attendee metrics).

	Quarter Ended October 1, 2009	Nine Months Ended October 1, 2009	Quarter Ended September 25, 2008	Nine Months Ended September 25, 2008
Total advertising revenue	$ 88.3	$ 231.8	$ 100.3	$ 228.8
Total advertising revenue excluding beverage	$ 79.7	$ 204.9	$ 88.6	$ 196.3
Total theatre attendance	157.0	495.5	178.8	477.7
Total advertising revenue per attendee	$ 0.56	$ 0.47	$ 0.56	$ 0.48

Non-GAAP Financial Measures

Operating Income before Depreciation and Amortization (OIBDA), Adjusted OIBDA and Adjusted OIBDA margin are not financial measures calculated in accordance with generally accepted accounting principles (GAAP) in the United States. OIBDA represents operating income (loss) before depreciation and amortization expense. Adjusted OIBDA excludes from OIBDA non-cash severance plan costs, share based payment costs and deferred stock compensation. Adjusted OIBDA margin is calculated by dividing Adjusted OIBDA by total revenue. These non-GAAP financial measures are used by management to evaluate operating performance and to forecast future results. The Company believes these are important supplemental measures of operating performance because they eliminate items that have less bearing on its operating performance and so highlight trends in its core business that may not otherwise be apparent when relying solely on GAAP financial measures. The Company believes the presentation of these measures is relevant and useful for investors because it enables them to view performance in a manner similar to the method used by the Company s management, helps improve their ability to understand the Company s operating performance and makes it easier to compare the Company s results with other companies that may have different depreciation and amortization policies, and non-cash share based compensation programs or different interest rates or debt levels or income tax rates. A limitation of these measures, however, is that they exclude depreciation and amortization, which represent a proxy for the periodic costs of certain capitalized tangible and intangible assets used in generating revenues in the Company s business. In addition, Adjusted OIBDA has the limitation of not reflecting the effect of the Company s non-cash severance plan costs, share based payment costs and deferred stock compensation. OIBDA or Adjusted OIBDA should not be regarded as an alternative to operating income, net income or as indicators of operating performance, nor should they be considered in isolation of, or as substitutes for financial measures prepared in accordance with GAAP. The Company believes that operating income is the most directly comparable GAAP financial measure to OIBDA. Because not all companies use identical calculations, these presentations may not be comparable to other similarly titled measures of other companies.

OIBDA and Adjusted OIBDA do not reflect the AMC Loews or Regal Consolidated Theatres integration payments. The integration payments received are added to Adjusted OIBDA to determine our compliance with financial covenants under our senior secured credit facility. AMC made Loews payments to NCM LLC pursuant to the AMC Loews screen integration agreement through April 2009, which were $0.1 million, $0.4 million and $4.4 million for the nine months ended October 1, 2009, the quarter ended September 25, 2008 and the nine months ended September 25, 2008, respectively. Regal made Consolidated Theatre payments to NCM LLC pursuant to the revised ESAs, which was $0.9 million, $2.0 million, $1.1 million and $1.6 million for the quarter and nine months ended October 1, 2009 and the quarter and nine months ended September 25, 2008, respectively.

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The following table reconciles operating income to OIBDA and Adjusted OIBDA for the periods presented (dollars in millions):

	Quarter Ended October 1, 2009	Nine Months Ended October 1, 2009	Quarter Ended September 25, 2008	Nine Months Ended September 25, 2008
Operating income	$ 46.3	$ 108.5	$ 57.2	$ 114.0
Depreciation and amortization	4.0	11.4	3.8	8.5
OIBDA	50.3	119.9	61.0	122.5
Severance plan costs			0.1	0.4
Share-based compensation costs (1)	1.5	4.1	0.9	2.6
Adjusted OIBDA	$ 51.8	$ 124.0	$ 62.0	$ 125.5
Total Revenue	$ 95.7	$ 262.1	$ 107.7	$ 257.1
Adjusted OIBDA margin	54.1%	47.3%	57.6%	48.8%

(1) Share-based payment costs are included in network operations, selling and marketing, and administrative expense in the accompanying unaudited condensed consolidated financial statements.

Basis of Presentation

The results of operations data for the quarter and nine months ended October 1, 2009 and for the quarter and nine months ended September 25, 2008 were derived from the unaudited condensed consolidated financial statements and accounting records of NCM, Inc. and should be read in conjunction with the notes thereto.

Results of Operations

Quarter ended October 1, 2009 and September 25, 2008

Revenue. Total revenue of the Company for the quarter ended October 1, 2009 was $95.7 million compared to $107.7 million during the quarter ended September 25, 2008, a decrease of $12.0 million, or 11.1%. The decrease in total revenue was the result of a decrease in advertising revenue of 12.0% (which includes revenue from our founding member beverage concessionaire agreements, or beverage revenue) offset by a slight increase of 1.4% in Meetings and Events revenue.

National advertising revenue of $70.7 million (including $8.6 million of beverage revenue) for the quarter ended October 1, 2009 decreased 13.5% compared to $81.7 million (including $11.7 million of beverage revenue) for the quarter ended September 25, 2008. The 11.4% decrease in national advertising revenue (excluding beverage revenue) was due primarily to a $3.7 million decrease in the annual content partner spending allocation for the third quarter of 2009 as compared to the third quarter of 2008 and a 12.2% decrease in attendance in our network theatres for the quarter, coupled with the shift in annual spending for certain of our advertising clients, as compared to third quarter of 2008. Third quarter revenue was also adversely impacted by a 7.1% decrease in CPM as compared to the comparable quarter of 2008 due to a soft marketplace and the mix of clients that advertised during the quarter. These negative factors were offset by a strong sales effort that resulted in an increase in national inventory utilization to 96.5% from 92.9%. The $3.1 million decrease in beverage revenue was primarily due to a reduction in the amount of beverage advertising time acquired by two of our founding members from 90 to 60 seconds as compared to the 90 seconds acquired during the quarter ended September 25, 2008, as well as a decrease in founding member attendance, offset slightly by a contractual annual 8% increase in beverage advertising CPM and the additional attendance increase associated with the Consolidated Theatres acquired by Regal in the second quarter of 2008.

Local advertising revenue decreased $1.4 million or 7.5% to $17.2 million for the quarter ended October 1, 2009 compared to $18.6 million for the quarter ended September 25, 2008. The decrease is primarily due to the current economic conditions and its effect on local and regional businesses. Local revenue per theatre attendee in the third quarter of 2009 increased 5.3% to $0.11 per attendee compared to $0.10 for the third quarter of 2008 due primarily to the overall attendance decrease noted above.

Total advertising revenue per attendee remained flat at $0.56 per attendee for the quarter ended October 1, 2009 and for the quarter ended September 25, 2008 due to the lower revenue and lower quarterly theatre attendance.

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Meetings and Events revenue increased slightly by $0.1 million, or 1.4%, to $7.4 million for the quarter ended October 1, 2009 compared to $7.3 million for the quarter ended September 25, 2008 reflecting continued growth in our Fathom entertainment programming business, offset by a decrease in our corporate marketing events which appears to be adversely impacted by the soft economy as larger corporate clients delayed their marketing and employee communication events. Our Fathom revenue benefited from the continued expansion of our network and broadening of programming distributed over our theatre network.

Operating expenses. Total operating expenses for the quarter ended October 1, 2009 were $49.4 million compared to $50.5 million for the quarter ended September 25, 2008. The decrease of 2.2% for the third quarter of 2009 versus total operating expenses for the third quarter of 2008 was primarily the result of the impact of lower advertising revenues on our advertising operations costs and lower theatre access fees due to decreases in attendance levels, offset by an increase in sales and marketing expenses during the quarter. Set forth below is a discussion of the more significant operating expenses:

Advertising operating costs. Advertising operating costs, which were $4.9 million for the quarter ended October 1, 2009, decreased 14.0% over the $5.7 million for the quarter ended September 25, 2008. This decrease was primarily the result of a 10.5% decrease in payments made to our network affiliate theatre circuits pursuant to our contractual agreements that require the payment of a specified percentage of the advertising revenue displayed in their theatres. The overall decrease was due to a combination of lower advertising revenues and the loss of one advertising affiliate circuit in early 2009.

Meetings and Events operating costs. Fathom operating costs of $4.6 million for the quarter ended October 1, 2009 decreased 4.2% compared to $4.8 million for the quarter ended September 25, 2008 due primarily to a change in the mix of event type and the associated content split for those events.

Network costs. Network costs of $4.7 million for the quarter ended October 1, 2009 increased 4.4% compared to $4.5 million for the quarter ended September 25, 2008 due to the increase in the size of our digital network and increased maintenance expenses related to aging equipment.

Theatre access fees. Theatre access fees for the quarter ended October 1, 2009 were $12.7 million compared to $13.5 million for the quarter ended September 25, 2008. The decrease for the third quarter of 2009 versus the third quarter of 2008 was primarily the result of a 10.9% decrease in founding member attendees as compared to the quarter ended September 25, 2008.

Selling and marketing costs. Selling and marketing costs increased to $12.7 million for the quarter ended October 1, 2009 compared to $11.8 million for the quarter ended September 25, 2008, an increase of 7.6%. Selling and marketing costs increased due primarily to increased costs related to our internet business, an increase in bad debt expense primarily related to our local advertising business, and an increase in advertising research costs, offset by decreases in local sales commissions associated with lower sales levels.

Administrative and other costs. Administrative and other costs decreased to $5.8 million, or 7.9% for the quarter ended October 1, 2009 versus $6.3 million for the quarter ended September 25, 2008 primarily due to certain reduced professional service fees and reduced accrued bonuses.

Depreciation and amortization. The increase of $0.2 million in depreciation and amortization expense for the quarter ended October 1, 2009 to $4.0 million as compared to $3.8 million for the quarter ended September 25, 2008 was primarily due to recognizing depreciation on capital expenditures made to support the growth of our network, including network equipment installed in network affiliate theatres and the amortization expense recognized on additional intangible assets associated with new founding member theatres added to our network in accordance with the Common Unit Adjustment agreement.

Net income. Net income generated for the quarter ended October 1, 2009 was $6.6 million compared to $10.9 million during the quarter ended September 25, 2008, a decrease of 39.4%. This decrease related to lower operating income and higher net interest expense, slightly offset by lower noncontrolling interest charges. The increase in net interest expense is primarily due to a non-cash charge of $2.4 million to interest expense in the third quarter of 2009 compared to a non-cash credit of $2.1 million for the third quarter of 2008, related to the change in the fair value of our interest rate swap with Lehman as discussed in Notes 3 and 6 to the unaudited condensed consolidated financial statements, offset by lower market interest rates on the unhedged portion of our debt. The lower net noncontrolling interest charge is primarily due to the lower operating income offset by the impact of additional common membership units issued in 2009.

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Nine Months Ended October 1, 2009 and September 25, 2008

Revenue. Total revenue of the Company for the nine months ended October 1, 2009 was $262.1 million compared to $257.1 million for the nine months ended September 25, 2008. The increase of the 2009 period over the 2008 period of 1.9% was primarily the result of an increase of 1.3% in advertising revenues (which includes beverage revenue) as discussed more fully below, and a 7.1% increase in Meetings and Events revenue.

National advertising revenues of $190.3 million (including $26.9 million of beverage revenue) for the nine months ended October 1, 2009 increased 4.2% from $182.7 million (including $32.5 million of beverage revenue) for the 2008 period. National advertising revenue (excluding beverage revenue) for the nine months ended October 1, 2009 increased 8.8% compared to the 2008 period, primarily due to an increase in national advertising inventory utilization (excluding beverage revenue) to 81.8% from 73.6% offset by a decrease in CPMs of 5.6% (excluding beverage revenue). The increase in utilization is due primarily to a broadening of our overall client base and an increase in the allocation of the annual spending commitment by our content partners for the nine month period in 2009 as compared to the same nine month period in 2008. The increase in inventory utilization was achieved despite a 6.9% increase in our salable advertising impressions in the first three quarters of 2009 compared to 2008. This revenue increase was offset by a $5.6 million decrease in beverage revenue, primarily due to a reduction in the beverage advertising time acquired by two of our founding members, as discussed above, in the nine month period of 2009 compared to 2008, partially offset by a contractual annual 8% increase in beverage CPM.

Local advertising revenue decreased $4.6 million or 10.0% to $41.5 million for the nine months ended October 1, 2009 compared to $46.1 million for the nine months ended September 25, 2008. The decrease is due to the continued difficult economic conditions and the impact on local and regional businesses. Local revenue per theatre attendee for the nine months ended October 1, 2009 declined approximately 13.2% to $0.08 per attendee compared to $0.10 for the 2008 nine month period due to lower revenue and increased attendance.

Total advertising revenue per attendee for the nine months ended October 1, 2009 was $0.47 per attendee, which represents a decrease of 2.3% compared to the 2008 period. The slight decrease in the advertising revenue per attendee was primarily due to lower local and beverage revenue and increased attendance. Excluding beverage revenue, advertising revenue per attendee was consistent at $0.41 in the 2009 nine month period and the same period in 2008.

Meetings and Events revenue increased $2.0 million, or 7.1%, to $30.2 million for the nine months ended October 1, 2009 compared to the 2008 period as a result of a 28.9% increase in the number of event sites driven by the success of the Fathom entertainment events, offsetting a decrease in our corporate marketing events, which have been impacted by the difficult economic environment and its impact on the spending of our larger corporate clients.

Operating expenses. Total operating expenses for the nine months ended October 1, 2009 were $153.6 million compared to $143.1 million for the 2008 period through September 25, 2008. The 7.3% increase in 2009 compared to the 2008 period was primarily the result of an increase in advertising operating costs and selling and marketing costs, related to the increase in the size of our network and the increase in overall advertising revenue levels, an increase in Meetings and Events operating costs which are the result of the increase in the number of events, and an increase in depreciation and amortization also due to the growth in the size of our network.

Advertising operating costs. Advertising operations costs of $13.9 million for the nine months ended October 1, 2009 increased 13.9% over the $12.2 million for the 2008 period. This increase was primarily the result of the payments made to our network affiliate theatre circuits pursuant to our contractual agreements for advertising revenue displayed in their theatres. This increase is related to the net addition of affiliate circuits to our network since 2008 as well as higher national advertising revenues (excluding beverage).

Meetings and Events operating costs. Fathom operating costs of $19.2 million for the nine months ended October 1, 2009 increased 4.3% compared to $18.4 million during the 2008 period due to a 28.9% increase in the number of events and the related increase in revenue.

Network costs. Network costs of $13.9 million for the nine months ended October 1, 2009 increased 11.2% compared to $12.5 million for the 2008 period due primarily to the increase in costs associated with aging equipment, as well as costs associated the increase in the size of our digital network and our internet initiative.

Theatre access fees. Theatre access fees were $39.1 million for the nine months ended October 1, 2009 compared to $37.1 million for the comparable 2008 period. The 5.4% increase for the first nine months of 2009 versus the 2008 period was primarily the result of an increase in the contractual rate per digital screen and acquisitions, a 3.7% increase in founding member attendees, the addition of AMC Loews acquisition to our venture and new theatre construction and acquisitions by our founding members.

Selling and marketing costs. Selling and marketing costs increased to $36.8 million for the nine months ended October 1, 2009 compared to $35.3 million for the 2008 period, or an increase of 4.2%. Selling and marketing costs have increased due primarily to increased marketing and business development expenses to support our broader client base and internet business, as well as our Fathom events business, offset by decreases in local sales commissions associated with lower local advertising sales.

Administrative and other costs. Administrative and other costs for the nine months ended October 1, 2009 were $19.3 million compared to $18.7 million for the 2008 period, an increase of 3.2% primarily due to increased professional service fees.

Depreciation and amortization. Depreciation and amortization expense increased $2.9 million for the first nine months of 2009 compared to the same period in 2008 primarily as a result of increased depreciation on prior years capital expenditures made to support the growth of our network, including network equipment installed in new network affiliate theatres and the amortization expense recognized on additional intangible assets associated with net new founding member theatres added to our network in accordance with the Common Unit Adjustment agreement.

Net income (loss). Net income generated for the nine months ended October 1, 2009 was $14.9 million compared to net income for the nine months ended September 25, 2008 of $14.8 million. The decrease in operating income as discussed above was offset by lower net interest expense and the non-operating gain discussed above. The decrease in net interest expense is primarily due to a $4.0 million credit to interest expense, net of amortization, related to the change in the fair value of our interest rate swap with Lehman as discussed in Notes 3 and 6 to the unaudited condensed consolidated financial statements and lower market interest rates on the unhedged portion of our debt.

Known Trends and Uncertainties

The current challenging macro-economic environment and current weak overall advertising environment in general, present uncertainties that could impact our future results of operations, including the timing and amount of spending from our advertising clients and collections of accounts receivable. However, in our current quarter we benefited from several factors including the growth in our advertising client base, growing recognition of the effectiveness of cinema advertising relative to other mediums, and the impact of the improving quality, national reach and geographic coverage of our national digital network and the related increase in salable impressions. In 2008 we added three large circuits to our network with the addition of Kerasotes and Hollywood, and integration of the AMC Loews circuit that had been previously part of another cinema advertising network. These additions have added nearly 100 million new attendees on a full-year pro-forma basis, representing over a billion new salable advertising impressions within our *FirstLook* preshow. Our sales force integrated these additional impressions into the advertising sales process during 2008 and they were made part of our selling process in 2009. We believe that these and other new circuits that we have added in 2009 will strengthen our selling proposition in comparison to television and other national advertising platforms. It should be noted, however, that while our local advertising business is benefiting from the expansion of screens in our network, it is expected to continue to be adversely affected by the impact of the current economic downturn on our local customers, some of which have reduced their advertising spending.

Under the ESAs, up to 90 seconds of the *FirstLook* program can be sold to our founding members to satisfy their on-screen advertising commitments under their beverage concessionaire agreements. During 2008, we sold 90 seconds to two of our founding members and 60 seconds to the third. Beginning in 2009 and for the foreseeable future, all three founding members will acquire only 60 seconds, which is likely to reduce our 2009 beverage revenue received from our founding members. Beverage revenue will benefit from the positive impact of a 6% contractual CPM increase in 2010 and 2011. After 2011 the beverage revenue CPM will increase at a rate consistent with our other national advertising CPMs. The 30 seconds of inventory previously sold to the founding members is now available for sale to our national advertising clients, which could reduce the impact in the future of the lower founding member time acquired as our inventory utilization rates increase.

Financial Condition and Liquidity

Liquidity and Capital Resources

As of October 1, 2009, our cash, cash equivalents and short-term investments balance was $87.3 million, an increase of $18.1 million compared to the balance of $69.2 million as of January 1, 2009 and an increase of $42.8 million compared to the balance at September 25, 2008 (2008 s third quarter end).

NCM LLC has an aggregate revolving credit facility commitment of $80.0 million with a consortium of banks. On September 15, 2008, Lehman filed for protection under Chapter 11 of the Federal Bankruptcy Code in the United States Bankruptcy Court for the Southern District of New York. NCM LLC s revolving credit facility includes $20.0 million with Lehman Commercial Paper Inc. (LCPI), a subsidiary of Lehman. As of October 1, 2009, NCM LLC has borrowed $14.0 million from LCPI under the revolving credit facility. Shortly after Lehman s bankruptcy filing, LCPI failed to fund a borrowing request for the remainder of the undrawn commitment of $6.0 million. NCM LLC does not anticipate LCPI will fulfill its funding commitment in the future, however, such reduced funding is not expected to be required to meet our

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liquidity needs. We are currently in discussions with the various Lehman entities with respect to their revolving credit facility as well as a swap discussed below. Until the LCPI issues are resolved, NCM LLC is not anticipating repaying any of its revolver borrowings as it would effectively result in a permanent reduction of its revolving credit facility, to the extent of the payments against LCPI borrowings. In addition, while the bankruptcy court has authorized LCPI to resign as the administrative agent under the revolving credit facility, to the Company s knowledge they have not yet done so. While our revolving credit facility is fully drawn (except for the unfunded Lehman amount), we believe we have sufficient cash balances and cash flow generated by operating activities to conduct our normal operations and do not expect the events with Lehman to have a material impact on our liquidity for the next twelve months. Refer to Notes 3 and 6 to our unaudited condensed consolidated financial statements for further discussion regarding Lehman s bankruptcy.

We have generated and used cash as follows (in millions):

	Nine Months Ended October 1, 2009	Nine Months Ended September 25, 2008
Operating cash flow	$ 101.9	$ 73.6
Investing cash flow	$ (9.7)	$ (4.4)
Financing cash flow	$ (76.1)	$ (45.5)

Operating Activities. The increase in cash provided by operating activities for the nine months ended October 1, 2009 versus the nine months ended September 25, 2008 was primarily due to an the timing of the collection of accounts receivable balances, changes in income tax payments and the timing of payments for normal operating expenditures.

Investing Activities. The change in investing cash flows for the nine months ended October 1, 2009 versus the nine months ended September 25, 2008 was primarily due to the first quarter of 2008 conversion of short-term cash investment funds into cash and 2009 investments in affiliates, partially offset by lower levels of 2009 capital expenditures. The higher 2008 capital expenditures were primarily associated with the purchases of equipment and related installation costs necessary to expand our network in network affiliate theatres.

Financing Activities. The change in financing cash flows for the nine months ended October 1, 2009 versus the nine months ended September 25, 2008 was primarily due to an increase in cash distributions to our founding members, offset by the impact of the repayment of borrowings on our revolving credit facility in the first quarter 2008.

Our cash balances will fluctuate due to the timing of collections of accounts receivable balances and operating expenditure payments, as well as available cash payments (as defined) to NCM LLC s founding members, interest payments on our term loan and principal payments on debt, income tax payments, tax sharing payments to our founding members and quarterly dividends to NCM, Inc s common shareholders.

See Note 4 to the unaudited condensed consolidated financial statements for discussion of the IdeaCast restructuring and Note 1 for discussion of the investment in RMG.

Sources of capital and capital requirements. NCM, Inc. s primary source of liquidity and capital resources are distributions from NCM LLC. NCM LLC s primary sources of liquidity and capital resources are generated by its operating activities.

Management believes that future funds generated from NCM LLC s operations and cash on hand should be sufficient to fund working capital requirements, NCM LLC s debt service requirements, and capital expenditure and other investing requirements, through the next 12 months. Cash flows generated by NCM LLC s distributions to NCM, Inc. and the founding members can be impacted by the seasonality experienced in advertising revenues and to a lesser extent theatre attendance. NCM LLC is required pursuant to the terms of its operating agreement to distribute its available cash, as defined in the operating agreement, to its members (the founding members and NCM, Inc.). The available cash distribution to the members of NCM LLC for the quarter ended October 1, 2009 was $39.0 million, of which $16.2 million was NCM, Inc. s portion, which will be paid in the fourth quarter of fiscal 2009. NCM, Inc. will use cash received from the available cash distributions to fund income taxes, payments associated with the tax sharing agreement with the founding members and current and future dividends as declared by the board of directors, including a dividend declared on November 3, 2009 of $0.16 per share (approximately $6.7 million) which will be paid on December 3, 2009. Distributions from NCM LLC and NCM, Inc. cash balances should be sufficient to fund NCM, Inc. s tax sharing payments to the founding member circuits, income taxes and its regular dividend for the forseeable future.

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Critical Accounting Policies

For a discussion of accounting policies that we consider critical to our business operations and understanding of our results of operations, and that affect the more significant judgments and estimates used in the preparation of our unaudited condensed consolidated financial statements, see Item 7. Management s Discussion and Analysis of Financial Condition and Results of Operations Critical Accounting Policies contained in our annual report on Form 10/K-A filed with the SEC on November 5, 2009 for the fiscal year ended January 1, 2009 and incorporated by reference herein. As of October 1, 2009, there were no significant changes in those critical accounting estimates.

Recent Accounting Pronouncements

For a discussion of the recent accounting pronouncements relevant to our business operations, see the information provided under Note 1 to the unaudited condensed consolidated financial statements included elsewhere in this document.

Related-Party Transactions

For a discussion of the related-party transactions, see the information provided under Note 2 to the unaudited condensed consolidated financial statements included elsewhere in this document.

Off-Balance Sheet Arrangements

Our operating lease obligations, which primarily include office leases, are not reflected on our balance sheet. See Item 7. Management s Discussion and Analysis of Financial Condition and Results of Operations Contractual and Other Obligations contained in our annual report on Form 10/K-A filed with the SEC on November 5, 2009 for the fiscal year ended January 1, 2009 and incorporated by reference herein. We do not believe these arrangements are material to our current or future financial condition, results of operations, liquidity, capital resources or capital expenditures.

Seasonality

The levels of revenue, operating income, net income, OIBDA and Adjusted OIBDA are seasonal in nature, coinciding with the timing of marketing expenditures by our advertising clients and to the quarter s film revenue and related attendance patterns within the film exhibition industry. Advertising expenditures tend to be higher during the second, third, and fourth fiscal quarters and are correlated with the marketing cycles of our advertising clients and higher theatre attendance. Theatrical attendance is generally highest during the summer and year-end holiday season coinciding with the release of blockbuster films. As a result, we typically have less revenue, operating income, net income, OIBDA and Adjusted OIBDA and our operating margins are lower in the first quarter than the other quarters of a given year. Importantly, the results of one quarter are not necessarily indicative of results for the next or any future quarter.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

The primary market risk to which we are exposed is interest rate risk. We have entered into variable-to-fixed interest rate swap arrangements economically hedging $550.0 million of the $725.0 million term loan at a fixed interest rate of 6.734%. For a discussion of market risks, see Item 7A. Quantitative and Qualitative Disclosures About Market Risk contained in our annual report on Form 10/K-A filed with the SEC on November 5, 2009 for the fiscal year ended January 1, 2009 and incorporated by reference herein. As of October 1, 2009, we are faced with uncertainty regarding the $137.5 million portion of the interest rate swap agreement with Lehman as discussed in Notes 3 and 6 to our unaudited condensed consolidated financial statements, with respect to which LBSF is in default. If that portion of the swap were terminated, there would be an additional $137.5 million of unhedged variable rate debt outstanding. While the current interest rates on that debt are lower than those implicit in the hedge, a 100 basis point fluctuation in market interest rates would have the effect of increasing or decreasing our interest expense by approximately $3.9 million for an annual period on a total of $386.5 million of unhedged debt. Because each of our interest rate swaps, including the one with LBSF, was in a liability position at October 1, 2009, we are not currently exposed to counterparty risk related to the swaps. When LBSF defaulted on their swap agreement we began suspending payments under the swap agreement due to the default. Such amounts withheld currently aggregate $5.4 million, which is included in accrued expenses in our unaudited condensed consolidated financial statements included elsewhere in this document. Pursuant to a letter dated October 2, 2009, Lehman (on behalf of LBSF) demanded that NCM LLC pay the total amount of the suspended payments under the LBSF swap agreement, plus interest. We have taken the position that, under the terms of the LBSF swap agreement, these amounts should be withheld, and may be off-set against any future payments owed by LBSF should market interest rates increase. Thus, to date, we have not made any such payments, although we are continuing to work with Lehman and LBSF to negotiate a mutually agreeable settlement to resolve this ineffective swap.

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Item 4. Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed by us in the reports that we file or submit to the SEC under the Exchange Act, as amended, is recorded, processed, summarized and reported within the time periods specified by the Commission s rules and forms, and that information is accumulated and communicated to our management, including the Chief Executive Officer (principal executive officer) and Chief Financial Officer (principal financial and accounting officer) as appropriate to allow timely decisions regarding required disclosure. As of October 1, 2009, our management evaluated, with the participation of the Chief Executive Officer and Chief Financial Officer, the effectiveness of the Company s disclosure controls and procedures pursuant to Rules 13a-15(e) and 15d-15(e) of the Exchange Act.

Based on that evaluation, the Company s management concluded that the Company s disclosure controls and procedures as of October 1, 2009 were not effective, solely due to a material weakness in our internal control over financial reporting related to our need to restate our first and second quarters of 2009 Statement of Equity/(Deficit) for the application of Topic 810, *Consolidation* (formerly SFAS No. 160, *Noncontrolling Interests in Consolidated Financial Statements an amendment of ARB No. 51)* and our need to restate our 2008 accounting for minority interest in income for the application of Emerging Issues Task Force Issued 95-7, *Implementation Issues Related to the Treatment of Minority Interests in Certain Real Estate Investment Trusts*. Simultaneously with this filing, the Company has filed an amended Form 10-Q/A for the quarters ended April 2, 2009 and July 2, 2009 to restate its Condensed Consolidated Balance Sheets and the Condensed Consolidated Statements of Equity/(Deficit) and Comprehensive Income to correct the presentation of noncontrolling interest reported therein and the Company has filed an amended Form 10-K/A for the year ended January 1, 2009, to restate the 2008 Consolidated Statement of Operations to correct the amount of minority interest reported therein.

Remediation Steps to Address Material Weakness As of October 1, 2009, the accounting required by EITF 95-7 has been superseded by Topic 810 and thus remediation of that specific accounting control issue will not be required. The focus of the Company s remediation of the material weakness will be on its future adoption of accounting standards. We plan, among other steps, to develop a formal internal implementation program for all new accounting literature, specifying the steps to be taken and the timeline for completing our analysis of the adoption.

Other than as described above, there have been no changes in the Company s internal controls over financial reporting that occurred during the quarter ended October 1, 2009 that have materially affected, or are reasonably likely to materially affect, the Company s internal controls over financial reporting.

PART II OTHER INFORMATION

Item 1. Legal Proceedings

We are sometimes involved in legal proceedings arising in the ordinary course of business. We are not aware of any litigation currently pending that would have a material adverse effect on our operating results or financial condition.

Item 1A. Risk Factors

There have been no material changes from risk factors as previously disclosed in our Annual Report on Form 10/K-A filed with the SEC on November 5, 2009 for the fiscal year ended January 1, 2009.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Issuer Purchases of Restricted Stock

Period	(a) Total Number of Shares Purchased	(b) Average Price Paid Per Share	(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum Number (or Approximate Dollar Value) of Shares that may yet be Purchased under the Plans or Programs

	(1)		
July 3, 2009 through July 30, 2009			N/A
July 31, 2009 through September 3, 2009			N/A
September 4, 2009 through October 1, 2009	360	$ 14.70	N/A

(1) Represents shares delivered to the Company from restricted stock held by Company employees upon vesting for purpose of covering the recipient s tax withholding obligations.

Item 3. Defaults Upon Senior Securities

None

Item 4. Submission of Matters to a Vote of Security Holders

None

Item 5. Other Information

None

Item 6. Exhibits

Exhibit	Reference	Description
3.1	(1)	Amended and Restated Certificate of Incorporation.
3.2	(2)	Amended and Restated Bylaws.
31.1	*	Rule 13a-14(a) Certification of Chief Executive Officer.
31.2	*	Rule 13a-14(a) Certification of Chief Financial Officer.
32.1	**	Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350.
32.2	**	Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350.

* Filed herewith.

** Furnished herewith.

(1) Incorporated by reference to Exhibit 4.1 from the Registrant s Registration Statement on Form S-8 (File No. 333-140652) filed on February 13, 2007.

(2) Incorporated by reference to Exhibit 4.2 from the Registrant s Registration Statement on Form S-8 (File No. 333-140652) filed on February 13, 2007.

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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.

NATIONAL CINEMEDIA, INC.

(Registrant)

Date: November 5, 2009

/s/ KURT C. HALL
Kurt C. Hall
President and Chief Executive Officer
(Principal Executive Officer)

Date: November 5, 2009

/s/ GARY W. FERRERA
Gary W. Ferrera
Executive Vice President and Chief Financial Officer
(Principal Accounting and Financial Officer)