

Transocean Ltd. and Subsidiaries
Supplemental Effective Tax Rate Analysis

(In US\$ millions)

	Three months ended			Six months ended	
	June 30, 2012	Mar 31, 2012	June 30, 2011	June 30, 2012	June 30, 2011
Income (loss) from continuing operations before income taxes	\$ (339)	\$ 36	\$ 208	\$ (303)	\$ 435
Add back (subtract):					
Litigation matters	750	-	-	750	-
Gain on disposal of other assets, net	(64)	-	-	(64)	(9)
Loss on impairment of goodwill and other assets	12	227	25	239	25
Loss on redeemed noncontrolling interest	14	11	-	25	-
Other, net	-	1	-	1	5
Adjusted income from continuing operations before income taxes	<u>373</u>	<u>275</u>	<u>233</u>	<u>648</u>	<u>456</u>
Income tax (benefit) expense from continuing operations	(29)	17	77	(12)	143
Add back (subtract):					
Loss on impairment	-	30	-	30	-
Changes in estimates (1)	145	29	(13)	174	(33)
Other, net	-	-	-	-	2
Adjusted income tax expense from continuing operations (2)	<u>\$ 116</u>	<u>\$ 76</u>	<u>\$ 64</u>	<u>\$ 192</u>	<u>\$ 112</u>
Effective Tax Rate (3)	8.6%	47.2%	37.0%	4.0%	32.9%
Annual Effective Tax Rate (4)	31.1%	27.6%	27.5%	29.6%	24.6%

- (1) Our estimates change as we file tax returns, settle disputes with tax authorities or become aware of other events and include changes in (a) deferred taxes, (b) valuation allowances on deferred taxes and (c) other tax liabilities.
- (2) The three and six months ended June 30, 2012 includes \$5 million of additional tax expense (benefit) reflecting the catch-up effect of an increase (decrease) in the annual effective tax rate from the previous quarter estimate.
- (3) Effective Tax Rate is income tax expense divided by income before income taxes.
- (4) Annual Effective Tax Rate is income tax expense excluding various discrete items (such as changes in estimates and tax on items excluded from income before income taxes) divided by income before income taxes excluding gains and losses on sales and similar items pursuant to the accounting standards for income taxes and estimating the annual effective tax rate.