

Transocean Ltd. and subsidiaries
Non-GAAP Financial Measures and Reconciliations
Earnings Before Interest, Taxes, Depreciation and Amortization and Related Margins
(in millions, except percentages)

	YTD 12/31/18	QTD 12/31/18	YTD 09/30/18	QTD 09/30/18	YTD 06/30/18	QTD 06/30/18	YTD 03/31/18
Contract drilling revenues	\$ 3,018	\$ 748	\$ 2,270	\$ 816	\$ 1,454	\$ 790	\$ 664
Contract intangible amortization	112	34	78	29	49	30	19
Contract drilling revenues before amortization	3,130	782	2,348	845	1,503	820	683
Drilling contract termination fees	(124)	(12)	(112)	(37)	(75)	(37)	(38)
Adjusted Normalized Revenues	\$ 3,006	\$ 770	\$ 2,236	\$ 808	\$ 1,428	\$ 783	\$ 645
Net loss	\$ (2,003)	\$ (243)	\$ (1,760)	\$ (409)	\$ (1,351)	\$ (1,139)	\$ (212)
Interest expense, net of interest income	567	148	419	149	270	135	135
Income tax expense (benefit)	228	110	118	(30)	148	85	63
Depreciation expense	818	204	614	201	413	211	202
Contract intangible amortization	112	34	78	29	49	30	19
EBITDA	(278)	253	(531)	(60)	(471)	(678)	207
Acquisition and restructuring costs	34	12	22	4	18	11	7
Loss on impairment of goodwill and other assets	1,464	18	1,446	432	1,014	1,014	-
Bargain purchase gain	(10)	(10)	-	-	-	-	-
(Gain) loss on disposal of assets, net	(7)	(1)	(6)	1	(7)	(1)	(6)
Loss on retirement of debt	3	-	3	1	2	2	-
Adjusted EBITDA	1,206	272	934	378	556	348	208
Drilling contract termination fees	(124)	(12)	(112)	(37)	(75)	(37)	(38)
Adjusted Normalized EBITDA	\$ 1,082	\$ 260	\$ 822	\$ 341	\$ 481	\$ 311	\$ 170
EBITDA margin	(9) %	32 %	(23) %	(7) %	(31) %	(83) %	30 %
Adjusted EBITDA margin	39 %	35 %	40 %	45 %	37 %	42 %	30 %
Adjusted Normalized EBITDA margin	36 %	34 %	37 %	42 %	34 %	40 %	26 %

	YTD 12/31/17	QTD 12/31/17	YTD 09/30/17	QTD 09/30/17	YTD 06/30/17	QTD 06/30/17	YTD 03/31/17
Contract drilling revenues	\$ 2,973	\$ 629	\$ 2,344	\$ 808	\$ 1,536	\$ 751	\$ 785
Drilling contract termination fees	(201)	(25)	(176)	(99)	(77)	(40)	(37)
Adjusted Normalized Revenues	\$ 2,772	\$ 604	\$ 2,168	\$ 709	\$ 1,459	\$ 711	\$ 748
Net income (loss)	\$ (3,097)	\$ (102)	\$ (2,995)	\$ (1,411)	\$ (1,584)	\$ (1,679)	\$ 95
Interest expense, net of interest income	448	114	334	91	243	122	121
Income tax expense (benefit)	94	(9)	103	180	(77)	(37)	(40)
Depreciation expense	832	184	648	197	451	219	232
EBITDA	(1,723)	187	(1,910)	(943)	(967)	(1,375)	408
Litigation matters	(8)	(2)	(6)	-	(6)	2	(8)
Acquisition and restructuring costs	7	1	6	4	2	2	-
Loss on impairment of assets	1,498	-	1,498	1,385	113	113	-
(Gain) loss on disposal of assets, net	1,590	(6)	1,596	1	1,595	1,597	(2)
Loss on retirement of debt	55	6	49	1	48	48	-
Adjusted EBITDA	1,419	186	1,233	448	785	387	398
Drilling contract termination fees	(201)	(25)	(176)	(99)	(77)	(40)	(37)
Adjusted Normalized EBITDA	\$ 1,218	\$ 161	\$ 1,057	\$ 349	\$ 708	\$ 347	\$ 361
EBITDA margin	(58) %	30 %	(81) %	(117) %	(63) %	(183) %	52 %
Adjusted EBITDA margin	48 %	30 %	53 %	55 %	51 %	52 %	51 %
Adjusted Normalized EBITDA margin	44 %	27 %	49 %	49 %	49 %	49 %	48 %

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	YTD 12/31/16	QTD 12/31/16	YTD 09/30/16	QTD 09/30/16	YTD 06/30/16	QTD 06/30/16	YTD 03/31/16
Contract drilling revenues	\$ 4,161	\$ 974	\$ 3,187	\$ 906	\$ 2,281	\$ 940	\$ 1,341
Drilling contract termination fees	(396)	(169)	(227)	(9)	(218)	(9)	(209)
Adjusted Normalized Revenues	<u>\$ 3,765</u>	<u>\$ 805</u>	<u>\$ 2,960</u>	<u>\$ 897</u>	<u>\$ 2,063</u>	<u>\$ 931</u>	<u>\$ 1,132</u>
Net income	\$ 827	\$ 257	\$ 570	\$ 236	\$ 334	\$ 93	\$ 241
Interest expense, net of interest income	389	108	281	104	177	94	83
Income tax expense (benefit)	107	(15)	122	6	116	18	98
Depreciation expense	893	226	667	225	442	225	217
EBITDA	<u>2,216</u>	<u>576</u>	<u>1,640</u>	<u>571</u>	<u>1,069</u>	<u>430</u>	<u>639</u>
Acquisition and restructuring costs	28	11	17	4	13	8	5
Litigation matters	(30)	(30)	-	-	-	-	-
Loss on impairment of assets	93	67	26	11	15	12	3
Gain on disposal of assets, net	(13)	(5)	(8)	(3)	(5)	(4)	(1)
Gain on retirement of debt	(148)	-	(148)	(110)	(38)	(38)	-
(Income) loss from discontinued operations, net of tax	-	-	-	-	-	(1)	1
Adjusted EBITDA	<u>2,146</u>	<u>619</u>	<u>1,527</u>	<u>473</u>	<u>1,054</u>	<u>407</u>	<u>647</u>
Drilling contract termination fees	(396)	(169)	(227)	(9)	(218)	(9)	(209)
Adjusted Normalized EBITDA	<u>\$ 1,750</u>	<u>\$ 450</u>	<u>\$ 1,300</u>	<u>\$ 464</u>	<u>\$ 836</u>	<u>\$ 398</u>	<u>\$ 438</u>
EBITDA margin	53%	59%	51%	63%	47%	46%	48%
Adjusted EBITDA margin	52%	64%	48%	52%	46%	43%	48%
Adjusted Normalized EBITDA margin	46%	56%	44%	52%	41%	43%	39%