

**Transocean Ltd. and Subsidiaries**  
**Supplemental Effective Tax Rate Analysis**

(In US\$ millions)

	Three months ended			Year ended	
	December 31, 2012	September 30, 2012	December 31, 2011	December 31, 2012	December 31, 2011
Income (loss) from continuing operations before income taxes	\$ 358	\$ 638	\$ (5,975)	\$ 866	\$ (5,438)
Add back (subtract):					
Litigation matters	-	8	1,000	758	1,000
Acquisition costs	-	-	17	1	22
Gain on disposal of other assets, net	-	(51)	-	(51)	-
Loss on impairment of goodwill and other assets	-	-	5,201	140	5,201
Loss on redeemed noncontrolling interest	-	-	-	25	-
Loss on forward exchange contract	-	-	-	-	78
Loss on marketable security	-	-	13	-	13
Gain on retirement of debt	-	(2)	-	(2)	-
Other, net	-	-	-	-	6
<b>Adjusted income from continuing operations before income taxes</b>	<b>358</b>	<b>593</b>	<b>256</b>	<b>1,737</b>	<b>882</b>
Income tax (benefit) expense from continuing operations	(74)	105	119	50	324
Add back (subtract):					
Litigation matters	-	2	-	2	-
Gain on disposal of other assets, net	-	(3)	-	(3)	-
Loss on impairment of goodwill and other assets	-	-	-	5	-
Changes in estimates (1)	102	(14)	7	256	(14)
Other, net	-	-	-	-	2
<b>Adjusted income tax expense from continuing operations (2)</b>	<b>28</b>	<b>90</b>	<b>126</b>	<b>310</b>	<b>312</b>
<b>Effective Tax Rate (3)</b>	<b>-20.7%</b>	<b>16.5%</b>	<b>-2.0%</b>	<b>5.8%</b>	<b>-6.0%</b>
<b>Annual Effective Tax Rate (4)</b>	<b>7.8%</b>	<b>15.2%</b>	<b>49.2%</b>	<b>17.8%</b>	<b>35.4%</b>

- (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 months and year ended December 31, 2012 includes \$(37) 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.