

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

(in US\$ millions)

	Three months ended		
	March 31, 2013	December 31, 2012	March 31, 2012
Income from continuing operations before income taxes	\$ 332	\$ 358	\$ 188
Add back (subtract):			
Litigation matters	74	-	-
Acquisition costs	-	-	1
Loss on impairment of goodwill and other assets	-	-	140
Loss on redeemed noncontrolling interest	-	-	11
Gain on retirement of debt	1	-	-
<b>Adjusted income from continuing operations before income taxes</b>	<b>407</b>	<b>358</b>	<b>340</b>
Income tax (benefit) expense from continuing operations	19	(74)	33
Add back (subtract):			
Litigation matters	26	-	-
Loss on impairment of goodwill and other assets	-	-	6
Changes in estimates (1)	33	102	28
<b>Adjusted income tax expense from continuing operations (2)</b>	<b>\$ 78</b>	<b>\$ 28</b>	<b>\$ 67</b>
<b>Effective Tax Rate (3)</b>	<b>5.7%</b>	<b>-20.7%</b>	<b>17.6%</b>
<b>Annual Effective Tax Rate (4)</b>	<b>19.2%</b>	<b>7.8%</b>	<b>19.7%</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 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.