

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

(In US\$ millions)

	Three months ended		
	Mar 31, 2012	Dec 31, 2011	Mar 31, 2011
Income (loss) from continuing operations before income taxes	\$ 98	\$ (5,970)	\$ 245
Add back (subtract):			
Litigation matters	-	1,000	8
Acquisition costs	1	17	-
Gain on disposal of other assets, net	-	(11)	(9)
Loss on impairment of goodwill and other assets	227	5,201	-
Loss on marketable security	-	13	-
Other, net	-	-	5
Adjusted income from continuing operations before income taxes	<u>326</u>	<u>250</u>	<u>249</u>
Income tax expense from continuing operations	24	132	81
Add back (subtract):			
Loss on impairment	30	-	-
Changes in estimates (1)	29	18	(35)
Other, net	-	-	2
Adjusted income tax expense from continuing operations (2)	<u>\$ 83</u>	<u>\$ 150</u>	<u>\$ 48</u>
Effective Tax Rate (3)	24.7%	-2.2%	33.1%
Annual Effective Tax Rate (4)	25.5%	59.6%	19.3%

- (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, 2011 include \$46 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.