

Transocean Ltd. and Subsidiaries
Supplemental Effective Tax Rate Analysis

(In US\$ millions)

	Three months ended		
	March 31, 2014	December 31, 2013	March 31, 2013
Income from continuing operations before income taxes	\$ 554	\$ 264	\$ 338
Add back (subtract):			
Litigation matters	3	17	74
One-time termination benefits	1	6	-
Loss on early lease termination	-	3	-
Loss on impairment of goodwill and other assets	65	27	-
(Gain) loss on retirement of debt	1	-	1
Adjusted income from continuing operations before income taxes	624	317	413
Income tax expense (benefit) for continuing operations	80	44	20
Add back (subtract):			
Litigation matters	1	6	26
One-time termination benefits	-	1	-
Changes in estimates (1)	13	5	33
Adjusted income tax expense for continuing operations (2)	\$ 94	\$ 56	\$ 79
Effective Tax Rate (3)	14.4%	16.7%	5.9%
Annual Effective Tax Rate (4)	15.1%	17.7%	19.1%

- (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, 2013 includes (\$7) 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 for continuing operations, divided by income from continuing operations before income taxes.
- (4) Annual Effective Tax Rate is income tax expense for continuing operations, excluding various discrete items, (such as changes in estimates and tax on items excluded from income before income taxes), divided by income from continuing operations before income tax expense, excluding gains and losses on sales and similar items pursuant to the accounting standards for income taxes and estimating the annual effective tax rate.