

Transocean Ltd. and Subsidiaries
Supplemental Effective Tax Rate Analysis
(In US\$ millions, except percentages)

| | Three months ended | | | Nine months ended | |
|--|--------------------|------------------|-----------------------------------|-------------------|----------------------------------|
| | Sept 30, 2011 | June 30, 2011 | Sept 30, 2010 (As adjusted) | Sept 30, 2011 | Sept 30 2010 (As adjusted) |
| Income from continuing operations before income taxes | \$ 47 | \$ 244 | \$ 486 | \$ 536 | \$ 2,126 |
| Add back (subtract): | | | | | |
| Litigation matters | - | - | 14 | 8 | 26 |
| Acquisition costs | 5 | - | - | 5 | - |
| Loss on impairment of assets | 3 | 25 | - | 28 | - |
| (Gain) loss on disposal of other assets, net | - | - | 1 | (9) | 14 |
| Loss on forward exchange contract | 78 | - | - | 78 | - |
| Gain on loss of <i>Deepwater Horizon</i> | - | - | - | - | (267) |
| Gain on sale of interest in Overseas Drilling Limited | (13) | - | - | (13) | - |
| Gain on retirement of debt | - | - | 21 | - | 20 |
| Other, net | 1 | - | - | 6 | 5 |
| Adjusted income from continuing operations before income taxes | <u>121</u> | <u>269</u> | <u>522</u> | <u>639</u> | <u>1,924</u> |
| Income tax expense from continuing operations | 100 | 82 | 123 | 263 | 368 |
| Add back (subtract): | | | | | |
| Changes in estimates (1) | - | (13) | (12) | (48) | (29) |
| Other, net | - | - | (2) | 2 | (1) |
| Adjusted income tax expense from continuing operations (2) | <u>\$ 100</u> | <u>\$ 69</u> | <u>\$ 109</u> | <u>\$ 217</u> | <u>\$ 338</u> |
| Effective Tax Rate (3) | 212.8% | 33.5% | 25.3% | 49.1% | 17.3% |
| Annual Effective Tax Rate (4) | 82.6% | 25.6% | 21.0% | 34.1% | 17.6% |

- (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 and nine months ended September 30, 2011 include \$60 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.