

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

	Three months ended			Nine months ended	
	September 30, 2013	June 30, 2013	September 30, 2012	September 30, 2013	September 30, 2012
Income from continuing operations before income taxes	\$ 607	\$ 451	\$ 638	\$ 1,390	\$ 508
Add back (subtract):					
Litigation matters	29	-	8	103	758
One-time termination benefits	16	10	-	26	-
Acquisition costs	-	-	-	-	1
Gain on disposal of assets, net	(34)	-	(51)	(34)	(51)
Loss on financial instruments	-	19	-	19	-
(Gain) loss on retirement of debt	-	1	(2)	2	(2)
Loss on impairment of goodwill and other assets	-	37	-	37	140
Loss on redeemed noncontrolling interest	-	-	-	-	25
Adjusted income from continuing operations before income taxes	<u>618</u>	<u>518</u>	<u>593</u>	<u>1,543</u>	<u>1,379</u>
Income tax expense for continuing operations	63	130	105	212	124
Add back (subtract):					
Litigation matters	10	-	2	36	2
One-time termination benefits	1	3	-	4	-
Gain on disposal of assets, net	(12)	-	(3)	(12)	(3)
Loss on impairment of goodwill and other assets	-	-	-	-	6
Changes in estimates (1)	55	(11)	(14)	77	154
Other, net	-	-	-	-	-
Adjusted income tax expense for continuing operations (2)	<u>\$ 117</u>	<u>\$ 122</u>	<u>\$ 90</u>	<u>\$ 317</u>	<u>\$ 283</u>
Effective Tax Rate (3)	10.4%	28.8%	16.5%	15.3%	24.4%
Annual Effective Tax Rate (4)	19.0%	23.5%	15.2%	20.6%	20.5%

- (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 nine months ended September 30, 2013 includes (\$9) 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 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.