

Transocean Ltd. and subsidiaries
Supplemental Effective Tax Rate Analysis
(in millions, except tax rates)

	Three months ended		
	March 31, 2019	December 31, 2018	March 31, 2018
Loss before income taxes	\$ (179)	\$ (133)	\$ (149)
Acquisition and restructuring costs	-	12	7
Gain on bargain purchase	(2)	(10)	-
Loss on impairment of goodwill and other assets	-	18	-
Gain on disposal of assets, net	(1)	(1)	(6)
Loss on retirement of debt	18	-	-
Adjusted loss before income taxes	<u>\$ (164)</u>	<u>\$ (114)</u>	<u>\$ (148)</u>
Income tax expense (benefit)	\$ (8)	\$ 110	\$ 63
Acquisition and restructuring costs	-	-	-
Gain on bargain purchase	-	-	-
Loss on impairment of goodwill and other assets	-	-	-
Gain on disposal of assets, net	-	-	-
Loss on retirement of debt	-	-	-
Changes in estimates (1)	25	(52)	1
Adjusted income tax expense	<u>\$ 17</u>	<u>\$ 58</u>	<u>\$ 64</u>
Effective Tax Rate (2)	4.5 %	(82.6) %	(42.2) %
Effective Tax Rate, excluding discrete items (3)	(10.6) %	(50.5) %	(42.8) %

(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) Our effective tax rate is calculated as income tax expense divided by income before income taxes.

(3) Our effective tax rate, excluding discrete items, is calculated as 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 tax expense, excluding gains and losses on sales and similar items pursuant to the accounting standards for income taxes related to estimating the annual effective tax rate.