

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

	Three months ended			Six months ended	
	June 30, 2021	March 31, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Loss before income taxes	\$ (99)	\$ (119)	\$ (465)	\$ (218)	\$ (860)
Restructuring costs	-	-	1	-	1
Loss on impairment of assets	-	-	429	-	597
Loss on disposal of assets, net	-	60	-	60	-
Loss on impairment of investment in unconsolidated affiliates	-	-	59	-	59
(Gain) loss on retirement of debt	-	(51)	(4)	(51)	53
Adjusted income (loss) before income taxes	<u>\$ (99)</u>	<u>\$ (110)</u>	<u>\$ 20</u>	<u>(209)</u>	<u>\$ (150)</u>
Revenues recognized for the settlement of disputes			(157)		(157)
Adjusted loss before income taxes for determining effective tax rate			<u>\$ (137)</u>		<u>\$ (307)</u>
Income tax expense (benefit)	\$ 4	\$ (21)	\$ 32	\$ (17)	\$ 28
Restructuring costs	-	-	-	-	-
Loss on impairment of assets	-	-	(1)	-	-
Loss on disposal of assets, net	-	-	-	-	-
Loss on impairment of investment in unconsolidated affiliates	-	-	-	-	-
(Gain) loss on retirement of debt	-	-	-	-	-
Changes in estimates (1)	6	27	(8)	33	11
Revenues recognized for the settlement of disputes	-	-	(2)	-	(2)
Adjusted income tax expense (2)	<u>\$ 10</u>	<u>\$ 6</u>	<u>\$ 21</u>	<u>\$ 16</u>	<u>\$ 37</u>
Effective Tax Rate (3)	(4.6) %	17.8 %	(6.8) %	7.7 %	(3.2) %
Effective Tax Rate, excluding discrete items (4)	(10.2) %	(5.7) %	(15.0) %	(7.8) %	(12.0) %

- (1) Our estimates change as we file tax returns, settle disputes with tax authorities, or become aware of changes in laws and other events that have an effect on our (a) deferred taxes, (b) valuation allowances on deferred taxes and (c) other tax liabilities.
- (2) The three months ended June 30, 2021 included \$2 million of additional tax expense, reflecting the cumulative effect of an increase in the annual effective tax rate from the previous quarter estimate.
- (3) Our effective tax rate is calculated as income tax expense divided by income before income taxes.
- (4) 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.