

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

	Three months ended		
	March 31, 2022	December 31, 2021	March 31, 2021
Loss before income taxes	\$ (149)	\$ (149)	\$ (119)
Allowance for excess materials and supplies, certain items	-	28	-
(Gain) loss on disposal of assets, net	-	(3)	60
Loss on impairment of investment in unconsolidated affiliate	-	37	-
Gain on retirement of debt	-	-	(51)
Adjusted loss before income taxes	<u>\$ (149)</u>	<u>\$ (87)</u>	<u>\$ (110)</u>
Income tax expense (benefit)	\$ 26	\$ 111	\$ (21)
Allowance for excess materials and supplies, certain items	-	-	-
(Gain) loss on disposal of assets, net	-	-	-
Loss on impairment of investment in unconsolidated affiliate	-	-	-
Gain on retirement of debt	-	-	-
Changes in estimates (1)	8	(72)	27
Adjusted income tax expense	<u>\$ 34</u>	<u>\$ 39</u>	<u>\$ 6</u>
Effective Tax Rate (2)	(17.6) %	(74.0) %	17.8 %
Effective Tax Rate, excluding discrete items (3)	(22.8) %	(44.9) %	(5.7) %

- (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) 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.