

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

	<b>Three months ended</b>			<b>Nine months ended</b>	
	<b>September 30, 2019</b>	<b>June 30, 2019</b>	<b>September 30, 2018</b>	<b>September 30, 2019</b>	<b>September 30, 2018</b>
Loss before income taxes	\$ (771)	\$ (169)	\$ (439)	\$ (1,119)	\$ (1,642)
Acquisition and restructuring costs	-	1	4	1	22
Gain on bargain purchase	-	(9)	-	(11)	-
Loss on impairment of goodwill and other assets	583	1	432	584	1,446
(Gain) loss on disposal of assets, net	6	2	1	7	(6)
Loss on retirement of debt	12	9	1	39	3
Adjusted loss before income taxes	<u>\$ (170)</u>	<u>\$ (165)</u>	<u>\$ (1)</u>	<u>\$ (499)</u>	<u>\$ (177)</u>
Income tax expense (benefit)	\$ 54	\$ 37	\$ (30)	\$ 83	\$ 118
Acquisition and restructuring costs	-	-	-	-	-
Gain on bargain purchase	-	-	-	-	-
Loss on impairment of goodwill and other assets	-	-	-	-	-
(Gain) loss on disposal of assets, net	-	-	-	-	-
Loss on retirement of debt	-	-	-	-	-
Changes in estimates (1)	10	5	(1)	40	(91)
Adjusted income tax expense (benefit) (2)	<u>\$ 64</u>	<u>\$ 42</u>	<u>\$ (31)</u>	<u>\$ 123</u>	<u>\$ 27</u>
<b>Effective Tax Rate (3)</b>	<b>(6.9) %</b>	<b>(21.9) %</b>	<b>6.7 %</b>	<b>(7.4) %</b>	<b>(7.2) %</b>
<b>Effective Tax Rate, excluding discrete items (4)</b>	<b>(37.5) %</b>	<b>(25.4) %</b>	<b>2,757.6 %</b>	<b>(24.7) %</b>	<b>(15.6) %</b>

(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 ended September 30, 2019 included \$22 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.