

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

	Three months ended			Years ended	
	June 30, 2017	March 31, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Income (loss) from continuing operations before income taxes	\$ (1,716)	\$ 55	\$ 110	\$ (1,661)	\$ 450
Add back (subtract):					
Litigation matters	2	(8)	-	(6)	-
Restructuring charges	2	-	8	2	13
Loss on impairment of assets	113	-	12	113	15
(Gain) loss on disposal of assets, net	1,597	(2)	(4)	1,595	(5)
(Gain) loss on retirement of debt	48	-	(38)	48	(38)
Adjusted income from continuing operations before income taxes	<u>46</u>	<u>45</u>	<u>88</u>	<u>91</u>	<u>435</u>
Income tax expense (benefit) from continuing operations	(37)	(40)	18	(77)	116
Add back (subtract):					
Litigation matters	1	-	-	1	-
Restructuring charges	-	-	1	-	2
Loss on impairment of assets	-	-	-	-	1
Changes in estimates (1)	70	77	(7)	147	(8)
Adjusted income tax expense from continuing operations (2)	<u>\$ 34</u>	<u>\$ 37</u>	<u>\$ 12</u>	<u>\$ 71</u>	<u>\$ 111</u>
<b>Effective Tax Rate (3)</b>	<b>2.2 %</b>	<b>(73.0) %</b>	<b>16.9 %</b>	<b>4.7 %</b>	<b>26.1 %</b>
<b>Effective Tax Rate, excluding discrete items (4)</b>	<b>74.0 %</b>	<b>82.1 %</b>	<b>14.1 %</b>	<b>78.0 %</b>	<b>25.7 %</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 and six months ended June 30, 2017 includes (\$2) 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) Our effective tax rate is calculated as income tax expense for continuing operations divided by income from continuing operations before income taxes.
- (4) Our effective tax rate, excluding discrete items, is calculated as 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 tax expense, excluding gains and losses on sales and similar items pursuant to the accounting standards for income taxes and estimating the annual effective tax rate.