

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

	Three months ended			Years ended	
	December 31, 2023	September 30, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Loss before income taxes	\$ (83)	\$ (263)	\$ (315)	\$ (941)	\$ (562)
Loss on impairment of assets	(1)	5	-	57	-
Loss on disposal of assets, net	-	-	-	169	-
Loss on impairment of investment in unconsolidated affiliate	5	-	-	5	-
Loss on conversion of debt to equity	24	-	-	27	-
(Gain) loss on retirement of debt	(1)	-	(1)	31	(8)
Adjusted loss before income taxes	<u>\$ (56)</u>	<u>\$ (258)</u>	<u>\$ (316)</u>	<u>(652)</u>	<u>\$ (570)</u>
Income tax expense (benefit)	\$ 21	\$ (43)	\$ 35	\$ 13	\$ 59
Loss on impairment of assets	-	-	-	-	-
Loss on disposal of assets, net	-	-	-	-	-
Loss on impairment of investment in unconsolidated affiliate	-	-	-	-	-
Loss on conversion of debt to equity	-	-	-	-	-
(Gain) loss on retirement of debt	-	-	-	-	-
Changes in estimates (1)	(3)	65	5	74	19
Adjusted income tax expense (benefit) (2)	<u>\$ 18</u>	<u>\$ 22</u>	<u>\$ 40</u>	<u>\$ 87</u>	<u>\$ 78</u>
Effective Tax Rate (3)	(25.0) %	16.3 %	(11.0) %	(1.4) %	(10.4) %
Effective Tax Rate, excluding discrete items (4)	(30.0) %	(8.7) %	(12.6) %	(13.3) %	(13.6) %

- (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 December 31, 2023 included \$10 million of additional tax expense, reflecting the cumulative effect of a decrease in the annual effective tax rate from the previous quarter estimate.
- (3) Our effective tax rate is calculated as income tax expense or benefit divided by income or loss before income taxes.
- (4) Our effective tax rate, excluding discrete items, is calculated as income tax expense or benefit, excluding various discrete items (such as changes in estimates and tax on items excluded from income before income taxes), divided by income or loss before income taxes, 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.