

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

	Three months ended			Years ended	
	December 31, 2025	September 30, 2025	December 31, 2024	December 31, 2025	December 31, 2024
Income (loss) before income taxes	\$ 82	\$ (1,897)	\$ 62	\$ (2,948)	\$ (523)
Restructuring costs	-	3	-	3	-
Loss on impairment of assets	-	1,913	-	3,049	772
Gain on disposal of assets, net	(4)	-	-	(4)	-
Loss on impairment of investment in unconsolidated affiliates	-	-	-	-	5
Loss on conversion of debt to equity	-	75	-	99	-
Gain on retirement of debt	(3)	-	-	(3)	(161)
Adjusted income before income taxes	<u>\$ 75</u>	<u>\$ 94</u>	<u>\$ 62</u>	<u>\$ 196</u>	<u>\$ 93</u>
Income tax expense (benefit)	\$ 57	\$ 26	\$ 55	\$ (33)	\$ (11)
Restructuring costs	-	-	-	-	-
Loss on impairment of assets	-	5	-	13	17
Gain on disposal of assets, net	-	-	-	-	-
Loss on impairment of investment in unconsolidated affiliates	-	-	-	-	-
Loss on conversion of debt to equity	-	-	-	-	-
Gain on retirement of debt	-	-	-	-	-
Changes in estimates ⁽¹⁾	(3)	1	(20)	179	141
Adjusted income tax expense	<u>\$ 54</u>	<u>\$ 32</u>	<u>\$ 35</u>	<u>\$ 159</u>	<u>\$ 147</u>
Effective Tax Rate⁽²⁾	68.8 %	(1.4) %	89.0 %	1.1 %	2.2 %
Effective Tax Rate, excluding discrete items⁽³⁾	72.3 %	34.8 %	56.7 %	81.2 %	159.1 %

(1) Our estimates change as we file tax returns, settle disputes with tax authorities, or become aware of changes in laws, operational changes and rig movements 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 or benefit divided by income or loss before income taxes.

(3) 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.