

Transocean Ltd. and Subsidiaries
Supplemental Effective Tax Rate Analysis
(In millions)

	Three months ended		
	Mar. 31, 2009	Dec. 31, 2008	Mar. 31, 2008
	<u>(As adjusted)</u>		
Income before income taxes	\$ 1,190	\$ 963	\$ 1,368
Add back (subtract):			
Impairment loss	221	326	-
Change to estimated useful lives of certain GSF rigs	-	46	-
Sedco 712 bad debt provision	-	23	-
Inventory obsolescence provision	-	21	-
GSF Merger related costs	6	2	-
Contract termination fee - Transocean Nordic	-	(17)	-
Income from TODCO tax sharing agreement	-	(4)	-
Loss on retirement of debt	2	-	-
Adjusted income before income taxes	<u>1,419</u>	<u>1,360</u>	<u>1,368</u>
Income tax expense	251	210	218
Add back (subtract):			
GSF Merger related costs	1	-	-
Impairment loss	-	17	-
Sedco 712 bad debt provision	-	6	-
Materials and supplies obsolescence provision	-	3	-
Changes in estimates (1)	(37)	(14)	(27)
Adjusted income tax expense (2)	<u>\$ 215</u>	<u>\$ 222</u>	<u>\$ 191</u>
Effective Tax Rate (3)	21.1%	21.8%	15.9%
Annual Effective Tax Rate (4)	15.2%	16.3%	14.0%

- (1) Our estimates change as we file tax returns, settle disputes with tax authorities or become aware of other events and include changes in deferred taxes valuation allowances on deferred taxes and other tax liabilities.
- (2) The three months ended Dec. 31, 2008 include \$28 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) Effective Tax Rate is income tax expense divided by income before income taxes.
- (4) Annual Effective Tax Rate is 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 taxes excluding gains on sales and similar items pursuant to Financial Accounting Standards Board Interpretation No. 18.