



Transocean Ltd. and Subsidiaries
Supplemental Effective Tax Rate Analysis

(In millions)

	Three months ended			Six months ended	
	June 30, 2009	Mar. 31, 2009	June 30, 2008 <u>(As Adjusted)</u>	June 30, 2009	June 30, 2008 <u>(As Adjusted)</u>
Income before income taxes	\$ 992	\$ 1,190	\$ 1,204	\$ 2,182	\$ 2,572
Add back (subtract):					
Impairment loss	67	221	-	288	-
Loss on sale of CDC interest	4	-	-	4	-
Gain on sale of Sedco 135D rig & inventory	(1)	-	-	(1)	-
GSF Merger related costs	2	6	3	8	4
Loss on retirement of debt	8	2	1	10	3
Adjusted income before income taxes	<u>1,072</u>	<u>1,419</u>	<u>1,208</u>	<u>2,491</u>	<u>2,579</u>
Income tax expense	184	251	140	435	358
Add back (subtract):					
GSF Merger related costs	-	1	-	1	-
Changes in estimates (1)	(16)	(36)	2	(52)	(25)
Adjusted income tax expense (2)	<u>\$ 168</u>	<u>\$ 216</u>	<u>\$ 142</u>	<u>\$ 384</u>	<u>\$ 333</u>
Effective Tax Rate (3)	18.5%	21.1%	11.6%	19.9%	13.9%
Annual Effective Tax Rate (4)	15.7%	15.2%	11.8%	15.4%	12.9%

- (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 June 30, 2009 include \$3 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.