



Transocean Inc. and Subsidiaries
Supplemental Effective Tax Rate Analysis

(In millions)

	Three months ended			Nine months ended		Years ended Dec. 31,	
	Sept. 30, 2008	June 30, 2008	Sept. 30, 2007	Sept. 30, 2008	Sept. 30, 2007	2007	2006
Income (Loss) before income taxes and minority interest	\$ 1,278	\$ 1,246	\$ 1,024	\$ 3,932	\$ 2,305	\$ 3,384	\$ 1,607
Add back (subtract):							
(Gain) loss on disposal of assets, net	-	-	(9)	-	(31)	(264)	(410)
Income from TODCO tax sharing agreement	(14)	-	(276)	(14)	(276)	(277)	(51)
Loss on The Reserve Funds	16	-	-	16	-	-	-
(Gain) loss on retirement of debt	-	1	-	3	-	8	-
GSF Merger related costs	1	3	-	5	-	82	-
	1,281	1,250	739	3,942	1,998	2,933	1,146
Income tax expense	175	140	52	533	230	253	222
Add back (subtract):							
(Gain) loss on disposal of assets, net	-	-	-	-	(3)	(3)	(24)
Loss on The Reserve Funds	2	-	-	2	-	-	-
GSF Merger related costs	1	-	-	1	-	15	-
Changes in estimates (1)	15	2	52	(10)	65	101	14
Adjusted income tax expense (2)	\$ 193	\$ 142	\$ 104	\$ 526	\$ 292	\$ 366	\$ 212
Effective Tax Rate (3)	13.7%	11.2%	5.1%	13.6%	10.0%	7.5%	13.8%
Annual Effective Tax Rate (4)	15.1%	11.4%	14.0%	13.3%	14.6%	12.5%	18.5%

- (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 Sept. 30, 2008 include \$21 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.