



Transocean Ltd. and Subsidiaries
Supplemental Effective Tax Rate Analysis

(In millions)

	Three months ended			Nine months ended	
	Sept 30, 2009	June 30, 2009	Sept 30, 2008 (As adjusted)	Sept 30, 2009	Sept 30, 2008 (As adjusted)
Income before income taxes and minority interest	\$ 844	\$ 992	\$ 1,235	\$ 3,026	\$ 3,807
Add back (subtract):					
Litigation matters	132	-	-	132	-
GSF merger related costs	4	2	1	12	5
Impairment loss	46	67	16	334	16
Loss on sale of CDC interest	-	4	-	4	-
Gain on sale of <i>Sedco 135-D</i>	(1)	(1)	-	(2)	-
Loss on retirement of debt	7	8	-	17	3
Income from TODCO tax sharing agreement	(11)	-	(14)	(11)	(14)
Adjusted income before income tax expense	<u>1,021</u>	<u>1,072</u>	<u>1,238</u>	<u>3,512</u>	<u>3,817</u>
Income tax expense	138	184	175	573	533
Add back (subtract):					
GSF merger related costs	1	-	1	2	1
Impairment loss	-	-	2	-	2
Changes in estimates (1)	28	(16)	15	(24)	(10)
Adjusted income tax expense (2)	<u>\$ 167</u>	<u>\$ 168</u>	<u>\$ 193</u>	<u>\$ 551</u>	<u>\$ 526</u>
Effective Tax Rate (3)	16.4%	18.5%	14.2%	18.9%	14.0%
Annual Effective Tax Rate (4)	16.4%	15.7%	15.6%	15.7%	13.8%

- (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 September 30, 2009 include \$7 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 tax expense.
- (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 tax expense) divided by income before income tax expense excluding gains and losses on sales and similar items pursuant to the accounting standards for income taxes and estimating the annual effective tax rate.