

**Transocean Ltd. and Subsidiaries**  
**Supplemental Effective Tax Rate Analysis**

(In millions)

	Three months ended			Twelve months ended	
	Dec. 31, 2008	Sept. 30, 2008	Dec. 31, 2007	Dec. 31, 2008	Dec. 31, 2007
Income (Loss) before income taxes and minority interest	\$ 1,011	\$ 1,278	\$ 1,079	\$ 4,943	\$ 3,384
Add back (subtract):					
Impairment loss	326	-	-	326	-
Change to estimated useful lives of certain LGSF rigs	46	-	-	46	-
<i>Sedco 712</i> bad debt provision	23	-	-	23	-
Materials and supplies obsolescence provision	21	-	-	21	-
GSF Merger related costs	2	1	82	6	82
Contract termination fee - <i>Transocean Nordic</i>	(17)	-	-	(17)	-
Income from TODCO tax sharing agreement	(4)	(14)	(1)	(18)	(277)
Gain on disposal of assets, net	-	-	(233)	-	(264)
Loss on The Reserve Funds	-	16	-	16	-
Loss on retirement of debt	-	-	8	3	8
<b>Adjusted income before income taxes</b>	<b>1,408</b>	<b>1,281</b>	<b>935</b>	<b>5,349</b>	<b>2,933</b>
Income tax expense	210	175	23	743	253
Add back (subtract):					
Impairment loss	17	-	-	17	-
<i>Sedco 712</i> bad debt provision	6	-	-	6	-
Materials and supplies obsolescence provision	3	-	-	3	-
GSF Merger related costs	-	1	15	1	15
Loss on The Reserve Funds	-	2	-	2	-
Gain on disposal of assets, net	-	-	-	-	(3)
Changes in estimates (1)	(14)	15	36	(24)	101
<b>Adjusted income tax expense (2)</b>	<b>\$ 222</b>	<b>\$ 193</b>	<b>\$ 74</b>	<b>\$ 748</b>	<b>\$ 366</b>
<b>Effective Tax Rate (3)</b>	<b>20.8%</b>	<b>13.7%</b>	<b>2.1%</b>	<b>15.0%</b>	<b>7.5%</b>
<b>Annual Effective Tax Rate (4)</b>	<b>15.8%</b>	<b>15.1%</b>	<b>7.9%</b>	<b>14.0%</b>	<b>12.5%</b>

- (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.