

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

(In US\$ millions, except tax rates)

	Three months ended		
	March 31, 2016	December 31, 2015	March 31, 2015
Income (loss) from continuing operations before income taxes	\$ 330	\$ 683	\$ (384)
Add back (subtract):			
Restructuring charges	5	27	5
Loss on impairment of goodwill and other assets	3	28	936
Gain on disposal of other assets, net	(1)	(7)	(2)
Gain on retirement of debt	-	(16)	-
Adjusted income from continuing operations before income taxes	<u>337</u>	<u>715</u>	<u>555</u>
Income tax expense from continuing operations	74	66	83
Add back (subtract):			
Restructuring charges	1	5	-
Loss (gain) on impairment of goodwill and other assets	1	(1)	62
Gain on disposal of other assets, net	-	(2)	(1)
Changes in estimates (1)	1	26	(1)
Adjusted income tax expense from continuing operations (2)	<u>\$ 77</u>	<u>\$ 94</u>	<u>\$ 143</u>
<b>Effective Tax Rate (3)</b>	<b>22.4%</b>	<b>9.7%</b>	<b>-21.6%</b>
<b>Annual Effective Tax Rate (4)</b>	<b>22.8%</b>	<b>13.1%</b>	<b>25.8%</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 (a) deferred taxes, (b) valuation allowances on deferred taxes and (c) other tax liabilities.
- (2) The three months December 31, 2015 includes \$(6) 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 for continuing operations, divided by income from continuing operations before income taxes.
- (4) Annual Effective Tax Rate is income tax expense for continuing operations, excluding various discrete items (such as changes in estimates and tax on items excluded from income before income taxes), divided by income from continuing operations 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.