

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
Date of report (date of earliest event reported): **February 23, 2026**



TRANSOCEAN LTD.

(Exact name of registrant as specified in its charter)

Switzerland
(State or other jurisdiction of incorporation or organization)

001-38373
(Commission file number)

98-0599916
(I.R.S. Employer Identification No.)

Turmstrasse 30
Steinhausen, Switzerland
(Address of principal executive offices)

CH-6312
(Zip Code)

+41 (41) 749-0500
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Securities Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading symbol	Name of each exchange on which registered
Shares, \$0.10 par value	RIG	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 7.01. Regulation FD Disclosure

Furnished as Exhibit 99.1 to this Current Report on Form 8-K are the Company's statutory consolidated financial statements, which comprise the consolidated balance sheets as of December 31, 2025 and 2024, and the related consolidated statements of operations, comprehensive loss, equity, and cash flows for each of the three years in the period ended December 31, 2025 and the related notes, which financial statements and report thereon is incorporated herein by reference.

Furnished as Exhibit 99.2 to this Current Report on Form 8-K are the Company's statutory financial statements, which comprise the balance sheet as at December 31, 2025, the statement of operations for the year then ended and notes to the financial statements, which financial statements and report thereon is incorporated herein by reference.

The information in this Current Report on Form 8-K is being "furnished" pursuant to Item 7.01 and shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section, and is not incorporated by reference into any Company filing, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

Item 9.01. Financial Statements and Exhibits

(d) Exhibits

The exhibits to this report furnished pursuant to Item 9.01 are as follows:

Number	Description
99.1	<u>Statutory consolidated financial statements of Transocean Ltd. and its subsidiaries, which comprise the consolidated balance sheets as of December 31, 2025 and 2024, and the related consolidated statements of operations, comprehensive loss, equity, and cash flows for each of the three years in the period ended December 31, 2025, together with the related notes</u>
99.2	<u>Statutory financial statements of Transocean Ltd., which comprise the balance sheet as at December 31, 2025, the statement of operations for the year then ended and notes to the financial statements</u>
101	Interactive data files pursuant to Rule 405 of Regulation S-T formatted in Inline Extensible Business Reporting Language
104	Cover Page Interactive Data File (formatted as inline XBRL)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, hereunto duly authorized.

TRANSOCEAN LTD.

Date: February 23, 2026

By /s/ Debra Kupferman
Debra Kupferman
Authorized Person

TRANSOCEAN LTD.

**STATUTORY CONSOLIDATED FINANCIAL
STATEMENTS**

For the years ended December 31, 2025, 2024 and 2023

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To the General Meeting of
Transocean Ltd., Steinhausen

Zurich, February 23, 2025

Report of the statutory auditor

Report on the audit of the consolidated financial statements



Opinion

We have audited the accompanying consolidated financial statements of Transocean Ltd. and its subsidiaries (the Company), which comprise the consolidated balance sheets as of December 31, 2025 and 2024, and the related consolidated statements of operations, comprehensive loss, equity, and cash flows for each of the three years in the period ended December 31, 2025, and the related notes, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2025, in conformity with U.S. generally accepted accounting principles (US GAAP) and comply with Swiss law.



Basis for opinion

We conducted our audit in accordance with Swiss law, Swiss Standards on Auditing (SA-CH) and the standards of the Public Company Accounting Oversight Board (United States) (PCAOB standards). Our responsibility is to express an opinion on these consolidated financial statements based on our audit and our responsibilities under those provisions and standards are further described in the “Auditor’s responsibilities for the audit of the consolidated financial statements” section of our report. We are a public accounting firm and are independent of the Company in accordance with the provisions of Swiss law, U.S. federal securities law, as well as the requirements of the Swiss audit profession that are relevant to audits of the financial statements of public interest entities, the U.S. Securities and Exchange Commission and the PCAOB. We have also fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our opinion.



Critical audit matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the account or disclosures to which it relates.

Income Taxes

Description of the Matter

As discussed in Notes 2 and 10 to the consolidated financial statements, the Company operates in multiple jurisdictions through a complex operating structure and is subject to applicable tax laws or regulations in each jurisdiction where it operates. The Company’s provision for income taxes is based on the tax laws and rates applicable in each jurisdiction.

Auditing management’s provision for income taxes and related deferred taxes was complex because of the Company’s multi-national operating structure. In particular, a higher degree of auditor judgment was required to evaluate the completeness of the Company’s deferred tax provision as a result of the Company’s interpretation of tax law in certain jurisdictions across its multiple subsidiaries.

How We Addressed the Matter in Our Audit We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the Company's income tax provision process, including controls over management's review of the identification of deferred income taxes and changes in the tax structure and tax laws and regulations that may impact the completeness of the Company's deferred income tax provision.

Our audit procedures also included, among others, (i) obtaining an understanding of the Company's overall tax structure, evaluating changes in the Company's tax structure that occurred during the year as well as changes in tax law, and assessing the interpretation of those changes under the relevant jurisdiction's tax law; (ii) utilizing tax resources with appropriate knowledge of local jurisdictional laws and regulations; and (iii) evaluating the completeness of deferred income taxes.



Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements, the compensation report and our auditor's reports thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.



Board of Directors' responsibilities for the consolidated financial statements

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with US GAAP and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.



Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law, SA-CH and PCAOB standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Swiss law, SA-CH and PCAOB standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- „ Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- „ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- „ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- „ Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up

to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- » Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- » Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Company's audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors and the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors and the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters arising from the audit of the consolidated financial statements that were communicated or required to be communicated to the Board of Directors and the Audit Committee, we determine those matters that related to accounts or disclosures that are material to the consolidated financial statements and involved especially challenging, subjective, or complex auditor judgment in the current period and are therefore critical audit matters.

Report on other legal and regulatory requirements



In accordance with Art. 728a para. 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of the consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

We have served as the Company's auditor since 2008.

Ernst & Young Ltd

/s/ Reto Hofer
Licensed audit expert
(Auditor in charge)

/s/ Ralph Petermann
U.S. certified public accountant

Enclosures

- » Consolidated financial statements (consolidated balance sheets, consolidated statements of operations, comprehensive loss, equity, cash flows and notes)

TRANSOCEAN LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(in millions, except per share data)

	<u>Years ended December 31,</u>		
	<u>2025</u>	<u>2024</u>	<u>2023</u>
Contract drilling revenues	\$ 3,965	\$ 3,524	\$ 2,832
Costs and expenses			
Operating and maintenance	2,406	2,199	1,986
Depreciation and amortization	659	739	744
General and administrative	195	214	187
	3,260	3,152	2,917
Loss on impairment of assets	(3,049)	(772)	(57)
Gain (loss) on disposal of assets, net	7	(17)	(183)
Operating loss	(2,337)	(417)	(325)
Other income (expense), net			
Interest income	40	50	52
Interest expense, net of amounts capitalized	(555)	(362)	(646)
Gain (loss) on retirement of debt	3	161	(31)
Other, net	(99)	45	9
	(611)	(106)	(616)
Loss before income taxes	(2,948)	(523)	(941)
Income tax expense (benefit)	(33)	(11)	13
Net loss	(2,915)	(512)	(954)
Net income attributable to noncontrolling interest	—	—	—
Net loss attributable to controlling interest	\$ (2,915)	\$ (512)	\$ (954)
Loss per share			
Basic	\$ (3.04)	\$ (0.60)	\$ (1.24)
Diluted	\$ (3.04)	\$ (0.76)	\$ (1.24)
Weighted-average shares outstanding			
Basic	960	850	768
Diluted	960	925	768

See accompanying notes.

TRANSOCEAN LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(in millions)

	<u>Years ended December 31,</u>		
	<u>2025</u>	<u>2024</u>	<u>2023</u>
Net loss	\$ (2,915)	\$ (512)	\$ (954)
Net income attributable to noncontrolling interest	—	—	—
Net loss attributable to controlling interest	(2,915)	(512)	(954)
Components of net periodic benefit costs before reclassifications	(9)	37	6
Components of net periodic benefit costs reclassified to net loss	1	2	—
Other comprehensive income (loss) before income taxes	(8)	39	6
Income taxes related to other comprehensive income (loss)	—	—	2
Other comprehensive income (loss)	(8)	39	8
Other comprehensive income attributable to noncontrolling interest	—	—	—
Other comprehensive income (loss) attributable to controlling interest	(8)	39	8
Total comprehensive loss	(2,923)	(473)	(946)
Total comprehensive income attributable to noncontrolling interest	—	—	—
Total comprehensive loss attributable to controlling interest	\$ (2,923)	\$ (473)	\$ (946)

See accompanying notes.

TRANSOCEAN LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(in millions, except share data)

	December 31,	
	2025	2024
Assets		
Cash and cash equivalents	\$ 620	\$ 560
Accounts receivable, net	540	564
Materials and supplies, net	378	439
Assets held for sale	24	343
Restricted cash and cash equivalents	377	381
Other current assets	142	165
Total current assets	2,081	2,452
Property and equipment	17,451	22,417
Less accumulated depreciation	(4,874)	(6,586)
Property and equipment, net	12,577	15,831
Deferred tax assets, net	61	45
Other assets	923	1,043
Total assets	\$ 15,642	\$ 19,371
Liabilities and equity		
Accounts payable	\$ 242	\$ 255
Accrued income taxes	22	31
Debt due within one year	445	686
Other current liabilities	627	691
Total current liabilities	1,336	1,663
Long-term debt	5,212	6,195
Deferred tax liabilities, net	404	499
Other long-term liabilities	582	729
Total long-term liabilities	6,198	7,423
Commitments and contingencies		
Shares, \$0.10 par value, 1,204,009,681 authorized, 141,262,093 conditionally authorized, 1,204,009,681 issued and 1,101,528,481 outstanding at December 31, 2025, and 1,057,879,029 authorized, 141,262,093 conditionally authorized, 940,828,901 issued and 875,830,772 outstanding at December 31, 2024	110	87
Additional paid-in capital	15,604	14,880
Accumulated deficit	(7,460)	(4,545)
Accumulated other comprehensive loss	(146)	(138)
Total controlling interest shareholders' equity	8,108	10,284
Noncontrolling interest	—	1
Total equity	8,108	10,285
Total liabilities and equity	\$ 15,642	\$ 19,371

See accompanying notes.

TRANSOCEAN LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EQUITY
(in millions)

	Years ended December 31,			Years ended December 31,		
	2025	2024	2023	2025	2024	2023
	Quantity			Amount		
Shares						
Balance, beginning of period	876	809	722	\$ 87	\$ 81	\$ 71
Issuance of shares	226	67	87	23	6	10
Balance, end of period	1,102	876	809	\$ 110	\$ 87	\$ 81
Additional paid-in capital						
Balance, beginning of period				\$14,880	\$14,544	\$13,984
Share-based compensation				35	47	40
Issuance of shares				689	289	520
Balance, end of period				\$15,604	\$14,880	\$14,544
Accumulated deficit						
Balance, beginning of period				\$(4,545)	\$(4,033)	\$(3,079)
Net loss attributable to controlling interest				(2,915)	(512)	(954)
Balance, end of period				\$(7,460)	\$(4,545)	\$(4,033)
Accumulated other comprehensive loss						
Balance, beginning of period				\$ (138)	\$ (177)	\$ (185)
Other comprehensive income (loss) attributable to controlling interest				(8)	39	8
Balance, end of period				\$ (146)	\$ (138)	\$ (177)
Total controlling interest shareholders' equity						
Balance, beginning of period				\$10,284	\$10,415	\$10,791
Total comprehensive loss attributable to controlling interest				(2,923)	(473)	(946)
Share-based compensation				35	47	40
Issuance of shares				712	295	530
Balance, end of period				\$ 8,108	\$10,284	\$10,415
Noncontrolling interest						
Balance, beginning of period				\$ 1	\$ 1	\$ 1
Distribution to holder of noncontrolling interest				(1)	—	—
Balance, end of period				\$ —	\$ 1	\$ 1
Total equity						
Balance, beginning of period				\$10,285	\$10,416	\$10,792
Total comprehensive loss				(2,923)	(473)	(946)
Share-based compensation				35	47	40
Issuance of shares				712	295	530
Distribution to holder of noncontrolling interest				(1)	—	—
Balance, end of period				\$ 8,108	\$10,285	\$10,416

See accompanying notes.

TRANSOCEAN LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in millions)

	<u>Years ended December 31,</u>		
	<u>2025</u>	<u>2024</u>	<u>2023</u>
Cash flows from operating activities			
Net loss	\$ (2,915)	\$ (512)	\$ (954)
Adjustments to reconcile to net cash provided by operating activities:			
Amortization of contract intangible asset	—	4	52
Depreciation and amortization	659	739	744
Share-based compensation expense	35	47	40
Loss on impairment of assets	3,049	772	57
(Gain) loss on disposal of assets, net	(7)	17	183
Amortization of debt-related balances, net	48	53	51
(Gain) loss on adjustment to bifurcated compound exchange feature	(10)	(214)	127
(Gain) loss on retirement of debt	(3)	(161)	31
Loss on conversion of debt to equity	99	—	27
Loss on impairment of investment in unconsolidated affiliate	—	5	5
Deferred income tax expense (benefit)	(111)	(42)	18
Other, net	14	(19)	(1)
Changes in contract liabilities, net	(170)	45	70
Changes in deferred costs, net	86	(2)	(190)
Changes in other operating assets and liabilities, net	(25)	(285)	(96)
Net cash provided by operating activities	749	447	164
Cash flows from investing activities			
Capital expenditures	(123)	(254)	(427)
Investment in loans to unconsolidated affiliates	—	(3)	(3)
Investment in equity of unconsolidated affiliates	—	—	(10)
Proceeds from disposal of assets, net of costs to sell	84	101	10
Proceeds from disposal of equity investment in unconsolidated affiliate	6	—	—
Cash acquired in acquisition of unconsolidated affiliates	—	5	7
Net cash used in investing activities	(33)	(151)	(423)
Cash flows from financing activities			
Repayments of debt	(1,556)	(2,103)	(1,717)
Proceeds from issuance of debt, net of issue costs	492	1,770	1,983
Proceeds from issuance of shares, net of issue costs	421	—	—
Other, net	(17)	(17)	(3)
Net cash provided by (used in) financing activities	(660)	(350)	263
Net increase (decrease) in unrestricted and restricted cash and cash equivalents	56	(54)	4
Unrestricted and restricted cash and cash equivalents, beginning of period	941	995	991
Unrestricted and restricted cash and cash equivalents, end of period	\$ 997	\$ 941	\$ 995

See accompanying notes.

TRANSOCEAN LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1—BUSINESS

Overview

Transocean Ltd. (together with its subsidiaries and predecessors, unless the context requires otherwise, “Transocean,” “we,” “us” or “our”) is a leading international provider of offshore contract drilling services for oil and gas wells. As of December 31, 2025, we owned or had partial ownership interests in and operated a fleet of 27 mobile offshore drilling units, consisting of 20 ultra-deepwater drillships and seven harsh environment semisubmersibles.

We provide, as our primary business, contract drilling services in a single operating segment, which involves contracting our mobile offshore drilling rigs, related equipment and work crews to drill oil and gas wells. We specialize in technically demanding regions of the global offshore drilling business with a particular focus on ultra-deepwater and harsh environment drilling services. Our drilling fleet is one of the most versatile fleets in the world, consisting of drillships and semisubmersible floaters used in support of offshore drilling activities and offshore support services on a worldwide basis.

We perform contract drilling services by deploying our high-specification fleet in a single, global market that is geographically dispersed in oil and gas exploration and development areas throughout the world. The location of our rigs and the allocation of our resources to build or upgrade rigs are determined by the activities and needs of our customers. See [Note 15—Supplemental Segment Information](#).

Agreement to acquire Valaris Limited

On February 9, 2026, we and Valaris Limited, an exempted company limited by shares incorporated under the laws of Bermuda (“Valaris”), entered into a Business Combination Agreement (the “Agreement”) providing for the combination of Transocean and Valaris (the “Business Combination”). Pursuant to the Agreement, and on the terms and subject to the conditions thereof, we will acquire all of the issued and outstanding common shares, par value \$0.01 each, of Valaris (the “Valaris Shares”) in exchange for Transocean Ltd. shares, par value \$0.10 each, at an exchange ratio of 15.235 Transocean Ltd. shares for each Valaris Share. Pursuant to the Agreement, and on the terms and subject to the conditions thereof, at the time on which the order of the Supreme Court of Bermuda providing for its sanction of the Scheme of Arrangement is filed with the Registrar of Companies of Bermuda, the Business Combination will become effective and Valaris will become our wholly owned subsidiary. The board of directors of Transocean and Valaris each unanimously approved and declared advisable the Agreement and the transactions contemplated thereby, including the Business Combination.

NOTE 2—SIGNIFICANT ACCOUNTING POLICIES

Accounting estimates—To prepare financial statements in accordance with accounting principles generally accepted in the United States (“U.S.”), we must make judgments by applying estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosures of contingent assets and liabilities. On an ongoing basis, we evaluate our estimates and assumptions, including those related to our income taxes, property and equipment, equity investments, contingencies, allowance for excess materials and supplies, assets held for sale, postemployment benefit plans and share-based compensation. We base our estimates and assumptions on historical experience and other factors that we believe are reasonable. Actual results could differ from such estimates.

Fair value measurements—We estimate fair value at an exchange price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants. Our valuation techniques require inputs that we categorize using a three-level hierarchy, from highest to lowest level of observable inputs, as follows: (1) significant observable inputs, including unadjusted quoted prices for identical assets or liabilities in active markets (“Level 1”), (2) significant other observable inputs, including direct or indirect market data for similar assets or liabilities in active markets or identical assets or liabilities in less active markets (“Level 2”) and (3) significant unobservable inputs, including those that require considerable judgment for which there is little or no market data (“Level 3”). When a valuation requires multiple input levels, we categorize the entire fair value measurement according to the lowest level of input that is significant to the measurement even though we may have also utilized significant inputs that are more readily observable.

Consolidation—We consolidate entities in which we have a majority voting interest and entities that meet the criteria for variable interest entities for which we are deemed to be the primary beneficiary for accounting purposes. We eliminate intercompany transactions and accounts in consolidation. We apply the equity method of accounting for an equity investment in an unconsolidated entity if we have the ability to exercise significant influence over the entity that (a) does not meet the variable interest entity criteria or (b) meets the variable interest entity criteria, but for which we are not deemed to be the primary beneficiary. We measure other equity investments at fair value if the investment has a fair value that is readily determinable; otherwise, we measure the investment at cost, less any impairment. We separately present within equity on our consolidated balance sheets the ownership interests attributable to parties with noncontrolling interests in our consolidated subsidiaries, and we separately present net income attributable to such parties on our consolidated statements of operations. See [Note 4—Unconsolidated Affiliates](#) and [Note 13—Equity](#).

Functional currency—We consider the U.S. dollar to be the functional currency for all of our operations since the majority of our revenues and expenditures are denominated in U.S. dollars. Consequently, our exposure to currency exchange rate fluctuations is limited.

TRANSOCEAN LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—continued

We recognize currency exchange rate gains and losses in other, net. In the years ended December 31, 2025, 2024 and 2023, we recognized a net loss of \$13 million, a net gain of \$16 million and a net gain of \$10 million, respectively, related to currency exchange rates.

Revenues and related pre-operating costs—We recognize revenues earned under our drilling contracts based on variable dayrates, which range from a full operating dayrate to lower rates or zero rates for periods when drilling operations are interrupted or restricted, based on the specific activities we perform during the contract on an hourly, or more frequent, basis. Such dayrate consideration is attributed to the distinct time period to which it relates within the contract term, and therefore, is recognized as we perform the services. When the operating dayrate declines over the contract term, we recognize revenues on a straight-line basis over the estimated contract period. We recognize reimbursement revenues and the corresponding costs as we provide the customer-requested goods and services, when such reimbursable costs are incurred while performing drilling operations. Prior to performing drilling operations, we may receive pre-operating revenues, on either a fixed lump-sum or variable dayrate basis, for mobilization, contract preparation, customer-requested goods and services or capital upgrades, for which we record a contract liability and recognize as revenues on a straight-line basis over the estimated contract period. We recognize losses for loss contracts as such losses are incurred. We recognize revenues for demobilization over the contract period unless otherwise constrained. We recognize revenues from contract terminations as we fulfill our obligations and all contingencies have been resolved. We apply the optional exemption that permits us to exclude disclosure of the estimated transaction price related to the variable portion of unsatisfied performance obligations at the end of the reporting period, as our transaction price is typically based on a single performance obligation consisting of a series of distinct hourly, or more frequent, periods, the variability of which will be resolved at the time of the future services.

To obtain contracts with our customers, we incur pre-operating costs to prepare a rig for contract and mobilize a rig to the drilling location. We defer such pre-operating contract preparation and mobilization costs for recognition in operating and maintenance costs over the estimated contract period on a straight-line basis, consistent with the general pace of activity. See [Note 5—Revenues](#).

Income taxes—We provide for income taxes based on expected taxable income, statutory rates and tax laws in the jurisdictions in which we operate or have a taxable presence. We recognize the effect of changes in tax laws as of the date of enactment. We recognize potential global intangible low-taxed income inclusions as a period cost.

We establish liabilities for estimated tax exposures, and we recognize the provisions and benefits resulting from changes to those liabilities, together with related interest and penalties, in income tax expense or benefit. Income tax exposure items include potential challenges to permanent establishment positions, intercompany pricing, disposition transactions, and withholding tax rates and their applicability. Such tax exposures may be affected by changes in applicable tax law or other factors, which could cause us to revise our prior estimates, and are generally resolved through the settlement of audits within the tax jurisdictions or by judicial means.

We measure deferred tax assets and liabilities using enacted tax rates that will apply in the years in which the deferred tax assets and liabilities are expected to be recovered or paid. To evaluate our ability to realize deferred tax assets, we consider all available positive and negative evidence, including projected future taxable income and the existence of cumulative losses in recent years. We record a valuation allowance for deferred tax assets when it is more likely than not that some or all of the benefit from the deferred tax asset will not be realized. For example, we may record a valuation allowance for deferred tax assets resulting from net operating losses incurred during the year in certain jurisdictions for which the benefit of the losses will not be realized or for foreign tax credit carryforwards that may expire prior to their utilization. See [Note 10—Income Taxes](#).

Cash and cash equivalents—We consider cash equivalents to include highly liquid debt instruments with original maturities of three months or less, such as time deposits with commercial banks that have high credit ratings, U.S. Treasury and government securities, Eurodollar time deposits, certificates of deposit and commercial paper. We may also invest excess funds in no-load, open-ended, management investment trusts. Such management trusts invest exclusively in high-quality money market instruments.

Restricted cash and cash equivalents—We maintain restricted cash and cash equivalents that are either pledged for debt service under certain bond indentures, as required under certain bank credit arrangements, or held in accounts that are subject to restrictions due to legislation, regulation or court order. We classify such restricted cash and cash equivalents in current assets if the restriction is expected to expire or otherwise be resolved within one year or if such funds are considered to correspond to liabilities that are properly classified as current liabilities. See [Note 8—Debt](#).

Materials and supplies—We record materials and supplies at their average cost less an allowance for excess items. We estimate the allowance for excess items based on historical experience and expectations for future use of the materials and supplies. At December 31, 2025 and 2024, our allowance for excess items was \$140 million and \$178 million, respectively. The decrease was primarily due to the disposal of materials and supplies associated with rigs and related assets sold or classified as held for sale.

Assets held for sale—We classify an asset as held for sale when the facts and circumstances meet the criteria for such classification, including the following: (a) we have committed to a plan to sell the asset, (b) the asset is available for immediate sale, (c) we have initiated actions to complete the sale, including locating a buyer, (d) the sale is expected to be completed within one year, (e) the asset is being actively marketed at a price that is reasonable relative to its fair value, and (f) the plan to sell is unlikely to be subject to significant changes or termination. The carrying amount of our assets held for sale is measured at the lower of its carrying amount or fair value less

TRANSOCEAN LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—continued

cost to sell. We consider a held-for-sale asset to be impaired to the extent its carrying amount exceeds its estimated fair value less cost to sell. See [Note 6—Long-Lived Assets](#).

Property and equipment—We apply judgment to account for our property and equipment, consisting primarily of offshore drilling rigs and related equipment, related to estimates and assumptions for cost capitalization, useful lives and salvage values. We base our estimates and assumptions on historical experience and expectations regarding future industry conditions and operations. At December 31, 2025, the aggregate carrying amount of our property and equipment represented 80 percent of our total assets.

We capitalize expenditures for newbuilds, renewals, replacements and improvements, including capitalized interest, if applicable, and we recognize the expense for maintenance and repair costs as incurred. For newbuild construction projects, we also capitalize the initial preparation, mobilization and commissioning costs incurred until the drilling unit is placed into service. Upon sale or other disposition of an asset, we recognize a net gain or loss on disposal of the asset, which is measured as the difference between the net carrying amount of the asset and the net proceeds received. We compute depreciation using the straight-line method after allowing for salvage values.

The estimated original useful life of our drilling units is 35 years, our buildings and improvements range from three to 30 years and our machinery and equipment range from four to 20 years. We reevaluate the remaining useful lives and salvage values of our rigs when certain events occur that directly impact the useful lives and salvage values of the rigs, including changes in operating condition, functional capability and market and economic factors. When evaluating the remaining useful lives of rigs, we also consider major capital upgrades required to perform certain contracts and the long-term impact of those upgrades on future marketability.

Long-lived asset impairment—We review the carrying amounts of long-lived assets, including property and equipment and right-of-use assets, for potential impairment when events occur or circumstances change that indicate that the carrying amount of such assets may not be recoverable. For assets classified as held and used, we determine recoverability by evaluating the estimated undiscounted future net cash flows based on projected dayrates and utilization of the asset group under review. We consider our asset groups to be ultra-deepwater floaters and harsh environment floaters. When an impairment of an asset group is indicated, we measure an impairment as the amount by which the carrying amount of the asset group exceeds its estimated fair value. We estimate the fair value of an asset group by applying a variety of valuation methods, incorporating a combination of income, market and cost approaches, using projected discounted cash flows and estimates of the exchange price that would be received for the assets in the principal or most advantageous market for the assets in an orderly transaction between market participants as of the measurement date. See [Note 6—Long-Lived Assets](#).

Equity investments and impairment—We review our equity-method investments, and other equity investments for which a readily determinable fair value is not available, for potential impairment when events or changes in circumstances indicate that the carrying amount of the investment might not be recoverable in the near term. If we determine that an impairment that is other than temporary exists, we recognize an impairment loss, measured as the amount by which the carrying amount of the investment exceeds its estimated fair value. To estimate the fair value of the investment, we apply valuation methods that rely primarily on the income and market approaches. We amortize the basis difference caused by such impairments using the straight-line method over the estimated life of the asset. See [Note 4—Unconsolidated Affiliates](#).

Pension and other postemployment benefit plans—We use a measurement date of January 1 to determine net periodic benefit costs and December 31 to determine plan benefit obligations and the fair values of plan assets. We determine our net periodic benefit costs based on a market-related value of assets that reduces year-to-year volatility by including investment gains or losses subject to amortization over a five-year period from the year in which they occur. We calculate investment gains or losses for this purpose as the difference between the expected return calculated using the market-related value of assets and the actual return based on the market-related value of assets. If gains or losses exceed 10 percent of the greater of plan assets or plan liabilities, we amortize such gains or losses over the average expected future lifetime of the participants.

We measure the actuarially determined obligations and related costs for our defined benefit pension and other postemployment benefit plans, retiree life insurance and medical benefits, by applying assumptions, the most significant of which include long-term rate of return on plan assets, discount rates and mortality rates. For the long-term rate of return, we develop our assumptions regarding the expected rate of return on plan assets based on projected long-term investment returns, and we weight the assumptions based on each plan's asset allocation. For the discount rate, we base our assumptions on a yield curve approach using Aa-rated corporate bonds and the expected timing of future benefit payments. At December 31, 2025 and 2024, the funded status of our pension and other postemployment benefit plans represented an aggregate liability of \$105 million and \$104 million, respectively, and an aggregate asset of \$78 million and \$73 million, respectively. See [Note 9—Benefit Plans](#).

Share-based compensation—To measure the fair values of granted or modified service-based restricted share units, we use the market price of our shares on the grant date or modification date. To measure the fair values of granted or modified performance-based restricted share units subject to market factors, we use an average price at the performance start date and project performance based on a Monte Carlo simulation model under a risk-neutral approach and apply assumptions for the expected life, risk-free interest rate, expected volatility and dividend yield. To measure the fair values of granted or modified performance-based restricted share units that are subject to performance targets, we use the market price of our shares on the grant date or modification date and adjust the value for the projected performance rate expected to be achieved at the end of the measurement period. We recognize share-based compensation expense in the

TRANSOCEAN LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—continued

same financial statement line item as cash compensation paid to the respective employees or non-employee directors. We recognize such compensation expense on a straight-line basis over the service period through the date the employee or non-employee director is no longer required to provide service to earn the award. See [Note 14—Share-Based Compensation](#).

Contingencies—We assess our contingencies on an ongoing basis to evaluate the appropriateness of our liabilities and disclosures for such contingencies. We establish liabilities for estimated loss contingencies when we believe a loss is probable and the amount of the probable loss can be reasonably estimated. Once established, we adjust the carrying amount of a contingent liability upon the occurrence of a recognizable event when facts and circumstances change, altering our previous assumptions with respect to the likelihood or amount of loss. We recognize corresponding assets for those loss contingencies that we believe are probable of being recovered through insurance. We recognize expense for legal costs as they are incurred, and we recognize a corresponding asset for such legal costs only if we expect such legal costs to be recovered through insurance.

NOTE 3—ACCOUNTING STANDARDS UPDATES

Recently adopted accounting standards

Income taxes—Effective for the year ended December 31, 2025, we adopted the accounting standards update that requires significant incremental disclosures intended to enhance the transparency and decision-usefulness of income tax disclosures, particularly with regard to the effective tax rate reconciliation table and income taxes paid. We have provided new disclosures, as required, presented on a prospective basis in our notes to consolidated financial statements. See [Note 10—Income Taxes](#).

Recently issued accounting standards updates not yet adopted

Disaggregated income statement expenses—Effective for the year ending December 31, 2027, we will adopt the accounting standards update that requires, in the notes to consolidated financial statements, disaggregated disclosures of certain categories of expenses that are included in expense line items on the face of the consolidated statements of operations. The disclosures will be required on an annual and interim basis. We will provide the new disclosures, as required, for annual periods beginning with our annual report on Form 10-K for the year ending December 31, 2027, and subsequently, for interim periods beginning with our quarterly report on Form 10-Q for the quarterly period ending March 31, 2028. We continue to evaluate the requirements. Although our adoption will require us to augment certain disclosures in the notes to consolidated financial statements, we do not expect such adoption to have a material effect on our consolidated statements of financial position, operations or cash flows.

NOTE 4—UNCONSOLIDATED AFFILIATES

Equity investments

Overview—At December 31, 2025, we hold equity investments in certain unconsolidated companies, including (a) our 16 percent ownership interest in Global Sea Mineral Resources NV (together with its subsidiaries, “GSR”), a Belgian company and leading developer of nodule collection technology, which is engaged in the development and exploration of deep-sea polymetallic nodules that contain metals critical to the growing renewable energy market, (b) our 19 percent ownership interest in Ocean Minerals LLC, the parent company of Moana Minerals Ltd., a Cook Islands subsea resource development company that intends to explore and collect polymetallic nodules, and (c) our ownership interests in other companies involved in researching and developing technology to improve efficiency, reliability, sustainability and safety for drilling and other activities. In the years ended December 31, 2025, 2024 and 2023, we recognized income of \$1 million, income of \$4 million and a loss of \$14 million, respectively, recorded in other, net, associated with equity in earnings or losses of our equity investments. At December 31, 2025 and 2024, the aggregate carrying amount of our equity investments was \$121 million and \$123 million, respectively, recorded in other assets.

Contributions—In February 2023, we acquired a noncontrolling interest in GSR in exchange for a cash contribution of \$10 million and a non-cash contribution of the ultra-deepwater floater *Ocean Rig Olympia*, which had been cold stacked, and related assets, with an estimated fair value of \$85 million (see [Note 6—Long-Lived Assets](#)). We estimated the fair value of the rig using projected discounted cash flows, and our estimate required us to use significant unobservable inputs, representative of Level 3 fair value measurements, including assumptions related to future performance of the rig, projected demand for its services, rig availability and dayrates.

Acquisition—In June 2024, we acquired the outstanding 67.0 percent ownership interest in Orion Holdings (Cayman) Limited (together with its subsidiary, “Orion”), the Cayman Islands company that owned the harsh environment floater *Transocean Norge*, in a noncash transaction. Prior to this transaction, we held a 33.0 percent noncontrolling interest in Orion and the aggregate carrying amount of our investment was \$86 million. To acquire Orion, we issued 55.5 million Transocean Ltd. shares and \$130 million aggregate principal amount of 8.00% senior notes due February 2027 (the “8.00% Senior Notes”) with an aggregate fair value of \$431 million. As a result, Orion became our wholly owned subsidiary. We recorded the transaction using the asset acquisition method of accounting. See [Note 6—Long Lived Assets](#), [Note 8—Debt](#) and [Note 13—Equity](#).

Impairments—In the year ended December 31, 2024, we recognized a loss of \$5 million, which had no tax effect, recorded in other, net, associated with the other-than-temporary impairment of the carrying amount of certain equity investments.

TRANSOCEAN LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—continued

Related party transactions

Acquisition—In September 2023, we acquired the outstanding ownership interest in Liquila Ventures Ltd. (together with its subsidiaries, “Liquila”), a previously unconsolidated Bermuda company, that was constructing the ultra-deepwater floater *Deepwater Aquila*. Prior to this transaction, we and Perestroika (Cyprus) Ltd (together with its subsidiaries, “Perestroika”), an entity affiliated with one of our directors that beneficially owns approximately nine percent of our shares, held a noncontrolling interest of 20 percent and 13 percent, respectively, in Liquila. To acquire the outstanding 80 percent ownership interest in Liquila, we issued 11.9 million Transocean Ltd. shares with an aggregate value of \$99 million, including 2.0 million Transocean Ltd. shares with an aggregate value of \$16 million issued to Perestroika. As a result, Liquila became our wholly owned subsidiary. We recorded the transaction using the asset acquisition method of accounting. See [Note 6—Long Lived Assets](#) and [Note 13—Equity](#).

Operating and lending activities—We procure and provide services and equipment from and to our unconsolidated affiliates for technological innovation and subsea minerals exploration, and we occasionally provide loans to our unconsolidated affiliates. In the years ended December 31, 2025, 2024 and 2023, we made an aggregate cash payment of \$12 million, \$14 million and \$12 million, respectively, to our unconsolidated affiliates primarily for equipment and for research and development. At December 31, 2025 and 2024, the aggregate carrying amount of balances due to us under certain financing arrangements with our unconsolidated affiliates was \$8 million and \$10 million, respectively, recorded in other assets.

In the years ended December 31, 2024 and 2023, we received an aggregate cash payment of \$11 million and \$49 million, respectively, for services and equipment provided to, and prior to our acquisition of, Orion. In the years ended December 31, 2024, and 2023, we recognized rent expense of \$25 million and \$26 million, respectively, recorded in operating and maintenance costs, and made an aggregate cash payment of \$25 million and \$27 million, respectively, to charter the rig and rent other equipment from, and prior to our acquisition of, Orion. Additionally, in the year ended December 31, 2023, we and Orion agreed to the non-cash net settlement of a balance of \$25 million of accounts receivable and payable.

NOTE 5—REVENUES

Overview—We earn revenues primarily by performing the following activities: (i) providing our drilling rig, together with the work crews, related equipment and services necessary to operate the rig, (ii) providing certain pre-operating activities, including rig preparation and equipment modifications required for the contract, and (iii) delivering the drilling rig by mobilizing to and demobilizing from the drill location. For most of our contracts with customers, our drilling services represent a single performance obligation that is satisfied over time, the duration of which varies by contract. As of December 31, 2025, the drilling contract with the longest expected remaining duration, excluding unexercised options, extends through May 2030.

Disaggregation—Our contract drilling revenues, disaggregated by asset group and by country in which they were earned, were as follows (in millions):

	Year ended December 31, 2025			Year ended December 31, 2024			Year ended December 31, 2023		
	Ultra-deepwater floaters	Harsh environment floaters	Total	Ultra-deepwater floaters	Harsh environment floaters	Total	Ultra-deepwater floaters	Harsh environment floaters	Total
	U.S.	\$ 1,635	\$ —	\$ 1,635	\$ 1,566	\$ —	\$ 1,566	\$ 1,433	\$ —
Brazil	872	—	872	727	—	727	298	—	298
Norway	—	639	639	—	654	654	—	603	603
Other countries (a)	270	549	819	225	352	577	341	157	498
Total contract drilling revenues	\$ 2,777	\$ 1,188	\$ 3,965	\$ 2,518	\$ 1,006	\$ 3,524	\$ 2,072	\$ 760	\$ 2,832

(a) The aggregate contract drilling revenues earned in other countries that individually represented less than 10 percent of total contract drilling revenues.

Major customers—For the year ended December 31, 2025, Petróleo Brasileiro S.A. (together with its affiliates, “Petrobras”), Shell plc (together with its affiliates, “Shell”), and Equinor ASA (together with its affiliates, “Equinor”) represented 22 percent, 22 percent and 12 percent, respectively, of our consolidated operating revenues. For the year ended December 31, 2024, Shell, Petrobras and Equinor represented 27 percent, 21 percent and 13 percent, respectively, of our consolidated operating revenues. For the year ended December 31, 2023, Shell, Equinor, TotalEnergies SE and Petrobras represented 27 percent, 16 percent, 12 percent and 11 percent, respectively, of our consolidated operating revenues.

Contract liabilities—Contract liabilities for our contracts with customers were as follows (in millions):

	December 31,	
	2025	2024
Deferred contract revenues, recorded in other current liabilities	\$ 181	\$ 231
Deferred contract revenues, recorded in other long-term liabilities	92	212
Total contract liabilities	\$ 273	\$ 443

TRANSOCEAN LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—continued

Significant changes in contract liabilities were as follows (in millions):

	<u>Years ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
Total contract liabilities, beginning of period	\$ 443	\$ 398
Decrease due to recognition of revenues for goods and services	(260)	(243)
Increase due to goods and services transferred over time	90	288
Total contract liabilities, end of period	<u>\$ 273</u>	<u>\$ 443</u>

Pre-operating costs—In the years ended December 31, 2025, 2024 and 2023, we recognized pre-operating costs of \$158 million, \$138 million and \$69 million, respectively, recorded in operating and maintenance costs. Recognition increased in each of the two years in the period ended December 31, 2025, primarily as a result of the commencement of operations for one rig that mobilized to Brazil, two rigs that mobilized to Australia, one rig that mobilized to Romania and one rig that we reactivated for a contract in Brazil in the years ended December 31, 2024 and 2023. At December 31, 2025 and 2024, the carrying amount of our unrecognized pre-operating costs to obtain contracts was \$136 million and \$224 million, respectively, recorded in other assets.

NOTE 6—LONG-LIVED ASSETS

Disaggregation—The aggregate carrying amount of our long-lived assets, including our property and equipment and our right-of-use assets, measured net of accumulated depreciation or amortization, disaggregated by country in which they were located, was as follows (in millions):

	<u>December 31,</u>	
	<u>2025</u>	<u>2024</u>
Long-lived assets		
U.S.	\$ 6,487	\$ 6,727
Norway	1,941	2,017
Brazil	1,914	1,993
Greece	611	2,531
Other countries (a)	2,050	3,008
Total long-lived assets	<u>\$ 13,003</u>	<u>\$ 16,276</u>

(a) The aggregate net carrying amount of long-lived assets located in other countries that individually represented less than 10 percent of total long-lived assets on both dates.

Because the majority of our assets are mobile, the geographic locations of such assets at the end of the periods are not necessarily indicative of the geographic distribution of the operating revenues generated by such assets during the periods presented. Our international operations are subject to certain political and other uncertainties, including risks of war and civil disturbances or other market disrupting events, expropriation of equipment, repatriation of income or capital, taxation policies, and the general hazards associated with certain areas in which we operate. Although we are organized under the laws of Switzerland, we have minimal assets located in Switzerland, and we do not conduct any operations or earn operating revenues in Switzerland.

Property and equipment—At December 31, 2025 and 2024, our rigs and related equipment, measured at cost, had a carrying amount of \$17.1 billion and \$22.0 billion, respectively, representing 98 percent of our total property and equipment, measured at cost. In the years ended December 31, 2024 and 2023, we capitalized interest costs of \$15 million and \$39 million, respectively, for our construction work in progress.

Acquisitions—In June 2024 we acquired \$517 million of property and equipment associated with *Transocean Norge*, together with \$5 million of cash and cash equivalents and \$4 million of accounts receivable from us. In September 2023, we acquired \$126 million of property and equipment associated with *Deepwater Aquila*, together with \$7 million of cash and cash equivalents, and we assumed \$19 million of accounts payable. See [Note 4—Unconsolidated Affiliates](#), [Note 8—Debt](#) and [Note 13—Equity](#).

Impairments—In the year ended December 31, 2025, we recognized an aggregate loss of \$3.05 billion (\$3.04 billion, or \$3.16 per diluted share, net of tax), respectively, associated with the impairment of the ultra-deepwater floaters *Deepwater Champion*, *Discoverer Americas*, *Discoverer Clear Leader*, *Discoverer India*, *Discoverer Luanda*, *GSF Development Driller I* and the harsh environment semisubmersible *Henry Goodrich*, together with related assets, which we determined were impaired at the time that we classified the assets as held for sale, and the ultra-deepwater floaters *Development Driller III* and *Discoverer Inspiration*, together with related assets, which were previously classified as held for sale and we determined were further impaired. In the year ended December 31, 2024, we recognized a loss of \$772 million (\$755 million or \$0.82 per diluted share, net of tax) associated with the impairment of the ultra-deepwater floaters *Deepwater Nautilus*, *Development Driller III* and *Discoverer Inspiration*, together with related assets, which we determined were impaired at the time that we classified the assets as held for sale. In the year ended December 31, 2023, we recognized a loss of \$57 million (\$0.07 per diluted share), which had no tax effect, associated with the impairment of the harsh environment floaters *Paul B. Loyd, Jr.* and *Transocean Leader*, together with related assets, which we determined were impaired at the time that we classified the assets as held for sale.

TRANSOCEAN LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—continued

We measured the impairment of the rigs and related assets as the amount by which the carrying amount exceeded the estimated fair value less costs to sell. We estimated the fair value of the assets using significant other observable inputs, representative of Level 2 fair value measurements, including binding contracts for the sale of the rigs and related assets or indicative market values for the assets to be sold for recycling or scrap.

Assets held for sale—At December 31, 2025, the aggregate carrying amount of our assets held for sale, including *Deepwater Champion*, *Discoverer India* and *Henry Goodrich*, together with related assets, was \$24 million, and in the year ended December 31, 2025, we received an aggregate cash deposit of \$3 million for the sale of the two drillships. At December 31, 2024, the aggregate carrying amount of our assets held for sale, including *Development Driller III* and *Discoverer Inspiration*, together with related assets, was \$343 million.

Disposals—In the year ended December 31, 2025, we completed the sale of *Development Driller III*, *Discoverer Americas*, *Discoverer Clear Leader*, *Discoverer Inspiration*, *Discoverer Luanda* and *GSF Development Driller I*, together with related assets, for aggregate net cash proceeds of \$71 million, and we recognized an aggregate net gain of \$4 million, which had no tax effect, associated with the disposal of the rigs and related assets. In the year ended December 31, 2024, we completed the sale of *Deepwater Nautilus*, *Paul B. Loyd, Jr.* and *Transocean Leader*, together with related assets, for aggregate net cash proceeds of \$102 million, including \$6 million received as a deposit in the year ended December 31, 2023. In the year ended December 31, 2023, we made a non-cash contribution of *Ocean Rig Olympia* and related assets in connection with our investment in a partial ownership interest in GSR, and we recognized a loss of \$169 million (\$0.22 per diluted share), which had no tax effect, associated with the disposal of the rig and related assets (see [Note 4—Unconsolidated Affiliates](#)). In the years ended December 31, 2025, 2024 and 2023, we received aggregate net cash proceeds of \$10 million, \$5 million and \$4 million, respectively and recognized an aggregate net gain of \$3 million, an aggregate net loss of \$17 million and an aggregate net loss of \$14 million, respectively, associated with the disposal of assets unrelated to rig sales.

Subsequent event— In January 2026, we completed the sale of *Discoverer India*, together with related assets, for aggregate net cash proceeds of \$14 million, including \$1 million received as a deposit in the year ended December 31, 2025.

NOTE 7—LEASES

Overview—Our operating leases are principally for office space, storage facilities, land and operating equipment. At December 31, 2025, our operating leases had a weighted-average discount rate of 7.3 percent and a weighted-average remaining lease term of 9.9 years.

Our finance lease for the ultra-deepwater drillship *Petrobras 10000* has an implicit interest rate of 7.8 percent and requires scheduled monthly installments through the lease expiration in August 2029, after which we are obligated to acquire the drillship from the lessor for one dollar. We recognize expense for the amortization of the right-of-use asset in depreciation and amortization. See [Note 16—Supplemental Balance Sheet Information](#).

Lease costs—The components of our lease costs were as follows (in millions):

Lease costs	Years ended December 31,		
	2025	2024	2023
Short-term lease costs	\$ 15	\$ 10	\$ 4
Operating lease costs	10	16	14
Finance lease costs, amortization of right-of-use asset	20	20	20
Finance lease costs, interest on lease liability	20	24	27
Total lease costs	\$ 65	\$ 70	\$ 65

Lease payments—Supplemental cash flow information for our leases was as follows (in millions):

Cash paid for amounts included in the measurement of lease liabilities:	Years ended December 31,		
	2025	2024	2023
Operating cash flows from operating leases	\$ 14	\$ 20	\$ 17
Operating cash flows from finance lease	6	4	—
Financing cash flows from finance lease	12	7	—

TRANSOCEAN LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—continued

At December 31, 2025, the aggregate future minimum lease payments were as follows (in millions):

	<u>Operating leases</u>	<u>Finance lease</u>
Years ending December 31,		
2026	\$ 15	\$ 65
2027	14	70
2028	14	71
2029	14	47
2030	13	—
Thereafter	64	—
Total future minimum rental payment	134	253
Less amount representing imputed interest	(40)	(33)
Present value of future minimum rental payments	94	220
Current portion, recorded in other current liabilities	8	51
Long-term lease liabilities, recorded in other long-term liabilities	<u>\$ 86</u>	<u>\$ 169</u>

NOTE 8—DEBT

Overview

Outstanding debt—The aggregate principal amounts and aggregate carrying amounts, including a bifurcated compound exchange feature and unamortized debt-related balances, such as discounts, premiums and issue costs, were as follows (in millions):

		<u>Principal amount</u>		<u>Carrying amount</u>	
		<u>December 31, 2025</u>	<u>December 31, 2024</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
4.00% Senior Guaranteed Exchangeable Bonds due December 2025	(a)	\$ —	\$ 234	\$ —	\$ 227
6.875% Senior Secured Notes due February 2027	(b)	—	330	—	328
8.00% Senior Notes due February 2027	(c)	—	655	—	653
7.45% Notes due April 2027	(d)	52	52	52	52
8.00% Debentures due April 2027	(d)	22	22	22	22
4.50% Shipyard Loans due September 2027	(e)	209	329	202	310
8.375% Senior Secured Notes due February 2028	(b)	425	525	421	518
7.00% Notes due June 2028	(e)	209	261	210	263
8.00% Senior Secured Notes due September 2028	(b)	235	295	233	292
8.25% Senior Notes due May 2029	(c)	900	900	889	887
4.625% Senior Guaranteed Exchangeable Bonds due September 2029	(c)	259	259	292	286
8.75% Senior Secured Notes due February 2030	(f)	881	999	868	981
7.50% Notes due April 2031	(d)	396	396	395	395
8.50% Senior Notes due May 2031	(c)	900	900	888	886
7.875% Senior Guaranteed Notes due October 2032	(a)	500	—	493	—
6.80% Senior Notes due March 2038	(d)	610	610	605	605
7.35% Senior Notes due December 2041	(d)	88	177	87	176
Total debt		<u>5,686</u>	<u>6,944</u>	<u>5,657</u>	<u>6,881</u>
Less debt due within one year					
4.00% Senior Guaranteed Exchangeable Bonds due December 2025	(a)	—	234	—	227
6.875% Senior Secured Notes due February 2027	(b)	—	83	—	82
4.50% Shipyard Loans due September 2027	(e)	136	120	129	108
8.375% Senior Secured Notes due February 2028	(b)	135	100	133	97
8.00% Senior Secured Notes due September 2028	(b)	70	60	69	59
8.75% Senior Secured Notes due February 2030	(f)	117	117	114	113
Total debt due within one year		<u>458</u>	<u>714</u>	<u>445</u>	<u>686</u>
Total long-term debt		<u>\$ 5,228</u>	<u>\$ 6,230</u>	<u>\$ 5,212</u>	<u>\$ 6,195</u>

- (a) Transocean International Limited, a wholly owned direct subsidiary of Transocean Ltd., is the issuer of the unregistered notes (together, the “Senior Priority Guaranteed Notes”). The priority guaranteed senior unsecured notes are fully and unconditionally, jointly and severally, guaranteed by Transocean Ltd. and certain wholly owned indirect subsidiaries of Transocean International Limited and rank equal in right of payment of all of our existing and future unsecured unsubordinated obligations. Such notes are structurally senior to the Priority Guaranteed Notes, as defined below, to the extent of the value of the assets of the subsidiaries guaranteeing the notes.
- (b) Each subsidiary issuer of the respective unregistered notes is a wholly owned indirect subsidiary of Transocean International Limited. The senior secured notes are fully and unconditionally, jointly and severally, guaranteed by Transocean Ltd., Transocean International Limited and, in each case, the owner of the respective collateral rig or rigs.
- (c) Transocean International Limited is the issuer of the unregistered notes (collectively, the “Priority Guaranteed Notes”). The guaranteed senior unsecured notes are fully and unconditionally, jointly and severally, guaranteed by Transocean Ltd. and certain wholly owned indirect subsidiaries of Transocean International Limited and rank equal in right of payment of all our existing and future unsecured unsubordinated obligations. Such notes are structurally senior

TRANSOCEAN LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—continued

to the Legacy Guaranteed Notes, as defined below, the 4.50% shipyard loans due September 2027 (each, a “Shipyard Loan”, and together, the “Shipyard Loans”) and the 7.00% notes due June 2028 and structurally subordinate to the Senior Priority Guaranteed Notes to the extent of the value of the assets of the subsidiaries guaranteeing the notes.

- (d) Transocean International Limited is the issuer of the notes and debentures (the “Legacy Guaranteed Notes”). The Legacy Guaranteed Notes are fully and unconditionally, jointly and severally, guaranteed by Transocean Ltd.
- (e) The subsidiary borrowers under the Shipyard Loans and the subsidiary issuer of the registered notes are wholly owned indirect subsidiaries of Transocean International Limited. The loans and notes are fully and unconditionally guaranteed by Transocean International Limited.
- (f) Transocean International Limited is the issuer of the unregistered notes. The senior secured notes are fully and unconditionally guaranteed on an unsecured basis by Transocean Ltd. and on a limited senior secured basis by each of the wholly owned subsidiary owners of the collateral rigs.

Indentures—The indentures that govern our debt generally contain covenants that, among other things, limit our ability to incur certain liens on our drilling units without equally and ratably securing the notes, to engage in certain sale and lease back transactions covering any of our drilling units, to allow our subsidiaries to incur certain additional debt, or to engage in certain merger, consolidation or reorganization transactions or to enter into a scheme of arrangement qualifying as an amalgamation. Transocean Ltd. and Transocean International Limited are not subject to any significant restrictions on their ability to obtain funds from their consolidated subsidiaries by dividends, loans or capital distributions.

The indenture that governs the 4.625% senior guaranteed exchangeable bonds due September 2029 (the “4.625% Exchangeable Bonds”) requires such bonds to be repurchased upon the occurrence of certain fundamental changes and events, at specified prices depending on the particular fundamental change or event, which include changes and events related to certain (i) change of control events applicable to Transocean Ltd. or Transocean International Limited, (ii) the failure of our shares to be listed or quoted on a national securities exchange and (iii) specified tax matters.

The indentures that govern the 8.375% senior secured notes due February 2028 (the “8.375% Senior Secured Notes”), the 8.00% senior secured notes due September 2028 (the “8.00% Senior Secured Notes”) and the 8.75% senior secured notes due February 2030 (the “8.75% Senior Secured Notes”) contain certain covenants, among others, related to the debt and earnings attributable to the collateral rigs and the ability of our subsidiaries that own or operate the collateral rigs to declare or pay dividends to their affiliates. We will be required to redeem the senior secured notes at a price equal to 100 percent of the aggregate principal amount without a make-whole premium, upon the occurrence of certain events related to the respective collateral rigs and related drilling contracts. The indentures that govern our senior secured notes contain certain lien requirements, including the maintenance of certain balances in a restricted cash account to satisfy debt service requirements.

Assets encumbered for outstanding debt—At December 31, 2025, the rigs encumbered for the senior secured notes and our Shipyard Loans include the ultra-deepwater drillships *Deepwater Aquila*, *Deepwater Atlas*, *Deepwater Pontus*, *Deepwater Proteus*, *Deepwater Thalassa*, *Deepwater Titan*, and the harsh environment semisubmersibles *Transocean Enabler* and *Transocean Encourage*, the aggregate carrying amount of which was \$5.19 billion. At December 31, 2025, we had restricted cash and cash equivalents of \$358 million deposited in restricted accounts to satisfy debt service and reserve requirements for the senior secured notes.

Interest rate adjustments—At December 31, 2025, the interest rate in effect for the 7.35% senior notes due December 2041 was 9.35 percent, which is subject to adjustment from time to time upon a change to the credit rating of our non-credit enhanced senior unsecured long-term debt.

Scheduled maturities and installments—At December 31, 2025, the scheduled repayments were as follows (in millions):

Years ending December 31,	Total
2026	\$ 458
2027	435
2028	612
2029	1,277
2030	411
Thereafter	2,493
Total principal amount of debt	5,686
Total unamortized debt-related balances, net	(155)
Bifurcated compound exchange feature, at estimated fair value	126
Total carrying amount of debt	<u>\$ 5,657</u>

Credit agreements

Secured Credit Facility—As of December 31, 2025, we have a secured revolving credit facility established under a bank credit agreement (as amended from time to time, the “Secured Credit Facility”), which has a borrowing capacity of \$510 million through its maturity on June 22, 2028. Throughout the term of the Secured Credit Facility, we pay a facility fee on the amount of the underlying commitment, which ranges from 0.375 percent to 1.00 percent based on the credit rating of the Secured Credit Facility. We may borrow under the Secured Credit Facility at a forward-looking term rate based on the secured overnight financing rate (“Term SOFR”) plus a margin and a Term SOFR spread adjustment of 0.10 percent. The Secured Credit Facility is subject to permitted extensions and certain early maturity triggers, including

TRANSOCEAN LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—continued

if on any date the aggregate amount of scheduled principal repayments of indebtedness, with certain exceptions, due within 91 days thereof is equal to or in excess of \$325 million and available cash is less than \$250 million. The Secured Credit Facility permits us to increase the aggregate amount of commitments by up to \$250 million. The Secured Credit Facility is guaranteed by Transocean Ltd. and certain wholly owned subsidiaries. The Secured Credit Facility is secured by, among other things, a lien on the ultra-deepwater drillships *Deepwater Asgard*, *Deepwater Conqueror*, *Deepwater Corcovado*, *Deepwater Invictus*, *Deepwater Mykonos*, *Deepwater Orion*, *Deepwater Skyros* and *Dhirubhai Deepwater KG2* and the harsh environment semisubmersibles *Transocean Barents* and *Transocean Spitsbergen*, and at December 31, 2025, the aggregate carrying amount of which was \$4.18 billion.

The Secured Credit Facility contains covenants that, among other things, include maintenance of a minimum guarantee coverage ratio of 3.0 to 1.0, a minimum collateral coverage ratio of 2.1 to 1.0, a maximum debt to capitalization ratio of 0.60 to 1.00 and minimum liquidity of \$200 million. The Secured Credit Facility also restricts the ability of Transocean Ltd. and certain of our subsidiaries to, among other things, merge, consolidate or otherwise make changes to the corporate structure, incur liens, incur additional indebtedness, enter into transactions with affiliates and permits, subject to certain conditions, the ability to pay dividends and repurchase our shares. In order to utilize the Secured Credit Facility, we must, at the time of the borrowing request, be in full compliance with the terms and conditions of the Secured Credit Facility and make certain representations and warranties, including with respect to compliance with laws and solvency, to the lenders. Repayment of borrowings under the Secured Credit Facility are subject to acceleration upon the occurrence of an event of default. Under the agreements governing certain of our debt and finance lease, we are also subject to various covenants, including restrictions on creating liens, engaging in sale/leaseback transactions and engaging in certain merger, consolidation or reorganization transactions. A default under our public debt indentures, the agreements governing our senior secured notes, our finance lease contract or any other debt owed to unaffiliated entities that exceeds \$125 million could trigger a default under the Secured Credit Facility and, if not waived by the lenders or otherwise cured, could cause us to lose access to the Secured Credit Facility.

At December 31, 2025, based on the credit rating of the Secured Credit Facility as of that date, the Secured Credit Facility Margin was 2.875 percent and the facility fee was 0.625 percent. At December 31, 2025, we had no borrowings outstanding, \$48 million of letters of credit issued, and we had \$462 million of available borrowing capacity under the Secured Credit Facility.

Shipyards financing arrangement—We have credit agreements that established the Shipyards Loans to finance all or a portion of the final payments owed to the shipyard when we took delivery of *Deepwater Atlas* and *Deepwater Titan* in the year ended December 31, 2022. The Shipyards Loans contain covenants that, among other things, limit the ability of the subsidiary owners of the drilling rigs to incur certain types of additional indebtedness or make certain additional commitments or investments. We have the right to prepay outstanding borrowings, in full or in part, without penalty. At December 31, 2025, the Shipyards Loan for *Deepwater Atlas* had outstanding borrowings of \$159 million, which are secured by, among other security, a lien on the rig, and the Shipyards Loan for *Deepwater Titan* had outstanding borrowings of \$50 million, which are unsecured.

Exchangeable bonds

Interest expense—We recognized interest expense for our exchangeable bonds as follows (in millions):

	Years ended December 31,		
	2025	2024	2023
Contractual interest	\$ 18	\$ 21	\$ 24
Amortization	20	20	19
(Gain) loss on adjustment to bifurcated compound exchange feature	(10)	(214)	127
Total	<u>\$ 28</u>	<u>\$ (173)</u>	<u>\$ 170</u>

On or after March 30, 2026, we may redeem for cash all or a portion of the 4.625% Exchangeable Bonds at a price equivalent to the aggregate principal amount to be redeemed if the closing price of our shares has been greater than 115 percent of the exchange price for a period of at least 20 trading days. If we give notice of our election to exercise the right to redeem, the indenture governing the 4.625% Exchangeable Bonds contains a compound exchange feature that, in addition to the exchange terms presented below, requires us to pay a make-whole premium of future interest through March 30, 2028 to any holders that exercise their right to exchange during the redemption notice period. Such compound exchange feature must be bifurcated from the host debt instrument since it is not considered indexed to our stock. Accordingly, we recognize changes to the liability for the estimated fair value of the bifurcated compound exchange feature with a corresponding adjustment to interest expense. At December 31, 2025 and 2024, the carrying amount of the bifurcated compound exchange feature, recorded as a component of the carrying amount of debt, was \$126 million and \$136 million, respectively.

Effective interest rate and fair value—At December 31, 2025, the 4.625% Exchangeable Bonds had an effective interest rate of 18.3% and an estimated fair value of \$355 million. We estimated the fair value of the exchangeable debt instrument, including the exchange feature, by employing a binomial lattice model using significant other observable inputs, representative of Level 2 fair value measurements, including the terms and credit spreads of our debt and the expected volatility of the market price for our shares.

Exchange terms—At December 31, 2025, the 4.625% Exchangeable Bonds had the following exchange terms: (a) an exchange rate of 290.6618 Transocean Ltd. shares per \$1,000 note, (b) an implied exchange price of \$3.44 per Transocean Ltd. share and (c) an aggregate of 75.3 million shares issuable upon exchange of our exchangeable bonds. The exchange rate is subject to adjustment upon the occurrence of certain events. The 4.625% Exchangeable Bonds may be exchanged by holders at any time prior to the close of business on

TRANSOCEAN LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—continued

the second business day immediately preceding the maturity date or redemption date and, at our election, such exchange may be settled by delivering cash, Transocean Ltd. shares or a combination of cash and shares.

Exchanges—In the year ended December 31, 2025, we entered into separate, individually negotiated agreements (as amended, the “Exchange Agreements”) with certain holders of the 4.00% senior guaranteed exchangeable bonds due December 2025 (the “4.00% Exchangeable Bonds”). In the year ended December 31, 2025, the holders exchanged \$196 million aggregate principal amount of 4.00% Exchangeable Bonds under the terms of the Exchange Agreements and received an aggregate 73.3 million Transocean Ltd. shares, which included an aggregate 35.9 million shares incremental to the number of shares issuable pursuant to the governing indenture based upon the principal amount exchanged. In the year ended December 31, 2025, we recognized a loss of \$99 million, recorded in other, net, associated with these exchanges.

In the year ended December 31, 2023, holders of the outstanding \$238 million aggregate principal amount of 2.50% senior guaranteed exchangeable bonds due January 2027 (the “2.50% Exchangeable Bonds”) exchanged such bonds under the terms of the governing indenture at the applicable exchange rate of 162.1626 Transocean Ltd. shares per \$1,000 note.

In April 2023, as part of the transactions, we delivered 34.6 million Transocean Ltd. shares, together with \$3 million cash consideration, for \$213 million aggregate principal amount of exchanged bonds in a related party transaction with Perestroika.

In the year ended December 31, 2023, we recognized a loss of \$3 million, recorded in other, net, associated with these exchanges. The director’s beneficial ownership of our shares resulting from the related party transaction did not change. In July 2023, we delivered 4.0 million Transocean Ltd. shares to holders of the remaining \$25 million aggregate principal amount of 2.50% Exchangeable Bonds.

Additionally, in October 2023, holders of \$60 million and \$41 million aggregate principal amount of 4.00% Exchangeable Bonds and 4.625% Exchangeable Bonds, respectively, exchanged such bonds under the terms of the governing indenture at the applicable exchange rate of 190.4762 and 290.6618 Transocean Ltd. shares, respectively, per \$1,000 note. As part of the transactions, we delivered an aggregate 26.5 million Transocean Ltd. shares, including an aggregate 3.1 million shares incremental to the number of shares issuable pursuant to the governing indenture. In the year ended December 31, 2023, we recognized a loss of \$24 million, recorded in other, net, associated with these transactions.

Debt issuance

Senior notes—In October 2025, we issued \$500 million aggregate principal amount of 7.875% senior guaranteed notes due October 2032 (the “7.875% Senior Guaranteed Notes”) and received \$492 million aggregate cash proceeds, net of issue costs. The 7.875% Senior Guaranteed Notes are fully and unconditionally guaranteed on a senior unsecured basis by Transocean Ltd. and certain of our wholly owned subsidiaries. Prior to October 15, 2028, we may redeem up to 40 percent of the aggregate principal amount of the 7.875% Senior Guaranteed Notes at a price equal to 107.875 percent, or we may redeem all or a portion at a price equal to 100 percent of the aggregate principal amount plus a make-whole premium. On or after October 15, 2028, we may redeem the notes at specified redemption prices.

In April 2024, we issued \$900 million aggregate principal amount of 8.25% senior notes due May 2029 (the “8.25% Senior Notes”) and \$900 million aggregate principal amount of 8.50% senior notes due May 2031 (the “8.50% Senior Notes”), and we received \$1.77 billion aggregate cash proceeds, net of issue costs. The 8.25% Senior Notes and the 8.50% Senior Notes are fully and unconditionally guaranteed on a senior unsecured basis by Transocean Ltd. and certain of our wholly owned subsidiaries. On or prior to May 15, 2026 and 2027, respectively, we may redeem all or a portion of the 8.25% Senior Notes and the 8.50% Senior Notes, respectively, at a price equal to 100 percent of the aggregate principal amount plus a make-whole premium, and subsequently, at specified redemption prices.

In June 2024, as partial consideration to acquire the outstanding 67.0 percent ownership interest in Orion, we issued \$130 million aggregate principal amount of 8.00% Senior Notes, with an equivalent aggregate fair value, as additional debt securities under the indenture governing such notes. See [Note 4—Unconsolidated Affiliates](#), [Note 6—Long-Lived Assets](#) and [Note 13—Equity](#).

Senior secured notes—In January 2023, we issued \$525 million aggregate principal amount of 8.375% Senior Secured Notes, and we received \$516 million aggregate cash proceeds, net of issue costs. The 8.375% Senior Secured Notes are secured by the assets and earnings associated with *Deepwater Titan* and the equity of the wholly owned subsidiary that owns or operates the collateral rig. We may redeem all or a portion of the 8.375% Senior Secured Notes at specified redemption prices.

In January 2023, we issued \$1.175 billion aggregate principal amount of 8.75% Senior Secured Notes, and we received \$1.148 billion aggregate cash proceeds, net of issue costs. The 8.75% Senior Secured Notes are secured by a lien on *Deepwater Pontus*, *Deepwater Proteus*, *Deepwater Thalassa*, *Transocean Enabler* and *Transocean Encourage*, together with certain related assets. We may redeem all or a portion of the 8.75% Senior Secured Notes at specified redemption prices.

In October 2023, we issued \$325 million aggregate principal amount of 8.00% Senior Secured Notes, and we received \$319 million aggregate cash proceeds, net of issue costs. The 8.00% Senior Secured Notes are secured by the assets and certain earnings associated with *Deepwater Aquila* as well as the equity of certain of the wholly owned subsidiaries that own or operate the collateral rig. We may redeem all or a portion of the 8.00% Senior Secured Notes at specified redemption prices.

TRANSOCEAN LTD. AND SUBSIDIARIES
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Debt repayment, redemption, repurchases, tenders, and retirement

Scheduled maturities and installments—On the scheduled maturity date of December 15, 2025, we made a cash payment of \$37 million to repay an equivalent aggregate principal amount of the outstanding 4.00% Exchangeable Bonds. On the scheduled maturity date of January 30, 2023, we made a cash payment of \$49 million to repay an equivalent aggregate principal amount of the outstanding 0.50% exchangeable senior bonds due January 2023.

In the years ended December 31, 2025, 2024 and 2023, we made an aggregate cash payment of \$480 million, \$355 million and \$262 million, respectively, to repay other indebtedness in scheduled installments.

Early retirement—During the three years ended December 31, 2025, we retired certain notes for which the aggregate principal amounts, cash payments and recognized gain or loss were as follows (in millions):

	2025			2024			2023
	Redeem or repurchase	Tender	Total	Redeem	Tender	Total	Redeem
5.375% Senior Secured Notes due May 2023	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 243
5.875% Senior Secured Notes due January 2024	—	—	—	—	—	—	311
7.75% Senior Secured Notes due October 2024	—	—	—	—	—	—	240
6.25% Senior Secured Notes due December 2024	—	—	—	—	—	—	250
6.125% Senior Secured Notes due August 2025	—	—	—	—	—	—	336
7.25% Senior Notes due November 2025	—	—	—	105	249	354	—
7.50% Senior Notes due January 2026	—	—	—	569	—	569	—
11.50% Senior Guaranteed Notes due January 2027	—	—	—	91	596	687	—
8.00% Senior Notes due February 2027	655	—	655	87	—	87	—
6.875% Senior Secured Notes due February 2027	248	—	248	—	—	—	—
7.00% Notes due June 2028	36	16	52	—	—	—	—
7.35% Senior Notes due December 2041	1	89	90	—	—	—	—
Aggregate principal amount of debt retired	\$ 940	\$ 105	\$ 1,045	\$ 852	\$ 845	\$ 1,697	\$ 1,380
Aggregate cash payment	\$ 939	\$ 100	\$ 1,039	\$ 862	\$ 886	\$ 1,748	\$ 1,402
Aggregate net gain (loss)	\$ (1)	\$ 4	\$ 3	\$ 17	\$ 144	\$ 161	\$ (32)

Additionally, in the year ended December 31, 2023, we recognized a net gain of \$1 million associated with the retirement of \$41 million aggregate principal amount of 4.625% Exchangeable Bonds exchanged by holders in October 2023.

NOTE 9—BENEFIT PLANS

Defined contribution plans

We sponsor defined contribution plans for our employees in most markets in which we operate worldwide, the most significant of which were as follows: (1) a qualified savings plan covering certain eligible employees working in the U.S., (2) various savings plans covering eligible employees working in Norway and (3) a non-qualified savings plan covering certain eligible expatriate employees. In the years ended December 31, 2025, 2024 and 2023, we recognized expense of \$62 million, \$63 million and \$58 million, respectively, related to our defined contribution plans and recorded in the same financial statement line item as cash compensation paid to the respective employees.

Defined benefit pension and other postemployment benefit plans

Overview—As of December 31, 2025, we had three funded and three unfunded defined benefit plans in the U.S. (the “U.S. Plans”) and one funded defined benefit plan in the United Kingdom (the “U.K. Plan”). We also maintain certain unfunded other postemployment benefit plans (collectively, the “OPEB Plans”), under which benefits to eligible participants diminish during a phase-out period ending December 31, 2026. We maintain the benefit obligations under our defined benefit plans until they are fully satisfied.

We estimated our net periodic benefit costs using the following weighted average assumptions:

	Year ended December 31, 2025			Year ended December 31, 2024			Year ended December 31, 2023		
	U.S. Plans	U.K. Plan	OPEB Plans	U.S. Plans	U.K. Plan	OPEB Plans	U.S. Plans	U.K. Plan	OPEB Plans
Discount rate	5.58 %	5.60 %	5.02 %	4.88 %	4.50 %	4.80 %	5.06 %	4.80 %	4.92 %
Expected rate of return	5.66 %	4.80 %	na	6.51 %	5.10 %	na	6.41 %	5.00 %	na

“na” means not applicable.

We estimated our benefit obligations using the following weighted-average assumptions:

	December 31, 2025			December 31, 2024		
	U.S. Plans	U.K. Plan	OPEB Plans	U.S. Plans	U.K. Plan	OPEB Plans
Discount rate	5.65 %	5.60 %	4.34 %	5.58 %	5.60 %	5.02 %

TRANSOCEAN LTD. AND SUBSIDIARIES
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Net periodic benefit costs—The components of net periodic benefit costs, recognized in other income and expense, were as follows (in millions):

	Year ended December 31, 2025				Year ended December 31, 2024				Year ended December 31, 2023			
	U.S. Plans	U.K. Plan	OPEB Plans	Total	U.S. Plans	U.K. Plan	OPEB Plans	Total	U.S. Plans	U.K. Plan	OPEB Plans	Total
Net periodic benefit costs												
Interest cost	\$ 67	\$ 10	\$ —	\$ 77	\$ 63	\$ 9	\$ —	\$ 72	\$ 65	\$ 9	\$ —	\$ 74
Expected return on plan assets	(71)	(9)	—	(80)	(86)	(11)	—	(97)	(84)	(11)	—	(95)
Special termination benefits	—	—	—	—	—	—	2	2	—	—	—	—
Settlements and curtailments	—	—	—	—	—	—	(2)	(2)	—	—	—	—
Actuarial loss, net	—	3	—	3	1	2	—	3	—	2	—	2
Prior service gain, net	—	—	(1)	(1)	—	—	(1)	(1)	—	—	(2)	(2)
Net periodic benefit costs (income)	\$ (4)	\$ 4	\$ (1)	\$ (1)	\$ (22)	\$ —	\$ (1)	\$ (23)	\$ (19)	\$ —	\$ (2)	\$ (21)

Funded status—The changes in funded status were as follows (in millions):

	Year ended December 31, 2025				Year ended December 31, 2024			
	U.S. Plans	U.K. Plan	OPEB Plans	Total	U.S. Plans	U.K. Plan	OPEB Plans	Total
Change in projected benefit obligation								
Projected benefit obligation, beginning of period	\$ 1,217	\$ 178	\$ 10	\$ 1,405	\$ 1,328	\$ 208	\$ 8	\$ 1,544
Actuarial (gain) loss, net	5	(2)	—	3	(97)	(27)	2	(122)
Interest cost	67	10	—	77	63	9	—	72
Currency exchange rate (gain) loss	—	14	—	14	—	(2)	—	(2)
Benefits paid	(78)	(11)	(1)	(90)	(77)	(10)	(2)	(89)
Settlements	(1)	—	—	(1)	—	—	—	—
Special termination benefits	—	—	—	—	—	—	2	2
Projected benefit obligation, end of period	1,210	189	9	1,408	1,217	178	10	1,405
Change in plan assets								
Fair value of plan assets, beginning of period	1,164	210	—	1,374	1,211	239	—	1,450
Actual return (loss) on plan assets	66	8	—	74	30	(16)	—	14
Currency exchange rate gain (loss)	—	16	—	16	—	(3)	—	(3)
Employer contributions	7	—	1	8	—	—	2	2
Benefits paid	(78)	(11)	(1)	(90)	(77)	(10)	(2)	(89)
Settlements	(1)	—	—	(1)	—	—	—	—
Fair value of plan assets, end of period	1,158	223	—	1,381	1,164	210	—	1,374
Funded status asset (liability), end of period	\$ (52)	\$ 34	\$ (9)	\$ (27)	\$ (53)	\$ 32	\$ (10)	\$ (31)

The balance sheet classifications and accumulated benefit obligations were as follows (in millions):

	December 31, 2025				December 31, 2024			
	U.S. Plans	U.K. Plan	OPEB Plans	Total	U.S. Plans	U.K. Plan	OPEB Plans	Total
Balance sheet classification, end of period:								
Pension asset, non-current	\$ 44	\$ 34	\$ —	\$ 78	\$ 41	\$ 32	\$ —	\$ 73
Pension liability, current	—	—	(2)	(2)	(1)	—	(3)	(4)
Pension liability, non-current	(96)	—	(7)	(103)	(93)	—	(7)	(100)
Accumulated other comprehensive loss (income), before taxes	112	84	—	196	102	88	(1)	189
Accumulated benefit obligation, end of period	\$ 1,210	\$ 189	\$ 9	\$ 1,408	\$ 1,217	\$ 178	\$ 10	\$ 1,405

Because our defined benefit plans no longer accrue benefits for participants, the projected benefit obligation is equivalent to the accumulated benefit obligation. Certain amounts related to plans with a projected benefit obligation and accumulated benefit obligation in excess of plan assets were as follows (in millions):

	December 31, 2025				December 31, 2024			
	U.S. Plans	U.K. Plan	OPEB Plans	Total	U.S. Plans	U.K. Plan	OPEB Plans	Total
Projected benefit obligation / accumulated benefit obligation	\$ 101	\$ —	\$ 9	\$ 110	\$ 100	\$ —	\$ 10	\$ 110
Fair value of plan assets	5	—	—	5	6	—	—	6

The amounts in accumulated other comprehensive loss (income) that have not been recognized were as follows (in millions):

	December 31, 2025				December 31, 2024			
	U.S. Plans	U.K. Plan	OPEB Plans	Total	U.S. Plans	U.K. Plan	OPEB Plans	Total
Actuarial (gain) loss, net	\$ 112	\$ 83	\$ —	\$ 195	\$ 102	\$ 87	\$ 2	\$ 191
Prior service cost (credit), net	—	1	—	1	—	1	(3)	(2)
Accumulated other comprehensive loss (income), before taxes	\$ 112	\$ 84	\$ —	\$ 196	\$ 102	\$ 88	\$ (1)	\$ 189

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Plan assets—The weighted-average target and actual allocations of assets for the funded defined benefit plans were as follows:

	December 31, 2025				December 31, 2024			
	Target allocation		Actual allocation		Target allocation		Actual allocation	
	U.S. Plans	U.K. Plan						
Equity securities	— %	— %	— %	— %	— %	20 %	— %	26 %
Fixed income securities	— %	95 %	— %	90 %	99 %	73 %	99 %	65 %
Other investments	100 %	5 %	100 %	10 %	1 %	7 %	1 %	9 %
Total	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %

We periodically review our investment policies, plan assets and asset allocation strategies in conjunction with asset performance relative to specified objectives. In August 2025, using trust assets for the largest of our U.S. Plans, we purchased an insurance buy-in contract as a plan asset with an initial value of \$1.107 billion. Under the buy-in contract, the insurer reimburses the plan as it continues to satisfy benefit obligations for which it remains responsible, resulting in no net cash flows in the plan. For the U.K. Plan, the plan trustees establish asset allocation strategies consistent with requirements of the United Kingdom pension regulators with guidance from financial advisors and company representatives.

Investment managers for the U.K. Plan are given established ranges within which the investments may deviate from the target allocations. The plan investment managers have discretion to select securities within each asset category. Given this discretion, the plan may occasionally hold positions in our debt or equity securities. Any such positions are expected to be immaterial relative to asset categories and total plan assets.

The investments for our funded defined benefit plans were categorized as follows (in millions):

	December 31, 2025								
	U.S. Plans			U.K. Plan			Total		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Mutual funds									
Non-U.S. equity funds	\$ —	\$ —	\$ —	\$ —	\$ 5	\$ —	\$ —	\$ 5	\$ —
Bond funds	—	—	—	—	201	—	—	201	—
Total mutual funds	—	—	—	—	206	—	—	206	—
Other investments									
Cash and money market funds	55	—	—	6	—	—	61	—	—
Buy-in contract	—	—	1,103	—	—	—	—	—	1,103
Synthetic leveraged credit fund	—	—	—	—	11	—	—	11	—
Total other investments	55	—	1,103	6	11	—	61	11	1,103
Total investments	\$ 55	\$ —	\$ 1,103	\$ 6	\$ 217	\$ —	\$ 61	\$ 217	\$ 1,103
	December 31, 2024								
	U.S. Plans			U.K. Plan			Total		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Mutual funds									
Non-U.S. equity funds	\$ 4	\$ —	\$ —	\$ —	\$ 55	\$ —	\$ 4	\$ 55	\$ —
Bond funds	1,149	2	—	—	136	—	1,151	136	—
Total mutual funds	1,153	2	—	—	191	—	1,155	191	—
Other investments									
Cash and money market funds	9	—	—	2	—	—	9	2	—
Synthetic leveraged credit fund	—	—	—	—	17	—	—	17	—
Total other investments	9	—	—	2	17	—	9	19	—
Total investments	\$ 1,162	\$ 2	\$ —	\$ 2	\$ 208	\$ —	\$ 1,164	\$ 210	\$ —

We estimated the fair values of the plan assets by applying the market approach, as categorized above, using either (i) significant observable inputs, representative of Level 1 fair value measurements, including market prices of actively traded funds, (ii) significant other observable inputs, representative of Level 2 fair value measurements, including the market prices of underlying securities in trust funds, or (iii) significant unobservable inputs, representative of Level 3 fair value measurements, including the demographic inputs used to develop expected future cash flows, which were discounted at prevailing market discount rates, for the actuarial valuation of the buy-in contract.

Funding contributions and benefit payments—In the years ended December 31, 2025, 2024 and 2023, we made an aggregate contribution of \$8 million, \$2 million and \$8 million, respectively, to the defined benefit pension plans and the OPEB Plans using our cash flows from operations. In the year ending December 31, 2026, we expect to make an aggregate contribution of \$5 million, including \$3 million and \$2 million to the defined benefit pension plans and the OPEB Plans, respectively.

TRANSOCEAN LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—continued

The projected benefits payments were as follows (in millions):

Years ending December 31,	U.S. Plans	U.K. Plan	OPEB Plans	Total
2026	\$ 85	\$ 8	\$ 2	\$ 95
2027	85	8	2	95
2028	85	9	1	95
2029	86	10	1	97
2030	86	11	1	98
2031 - 2035	431	67	1	499

NOTE 10—INCOME TAXES

Overview—Transocean Ltd., a holding company and Swiss resident, is subject to Swiss federal, cantonal and communal income tax. For Swiss income taxes, however, qualifying net dividend income and net capital gains on the sale of qualifying investments in subsidiaries are exempt from taxation. Consequently, there is not a direct relationship between our Swiss earnings before income taxes and our Swiss income tax expense. In the year ended December 31, 2025, the amount of our loss before income tax benefit derived in Switzerland and non-Swiss jurisdictions was \$2.01 billion and \$937 million, respectively.

Tax provision and rate—The relationship between our provision for or benefit from income taxes and our income or loss before income taxes can vary significantly from period to period considering, among other factors, (a) the overall level of income before income taxes, (b) changes in the blend of income that is taxed based on gross revenues rather than income before taxes, (c) rig movements between taxing jurisdictions and (d) our rig operating structures. In the year ended December 31, 2025, the amount of our income tax provision (benefit) derived in Switzerland, Switzerland cantons, and non-Switzerland jurisdictions was \$(21) million, \$(13) million and \$1 million, respectively. In the years ended December 31, 2025, 2024 and 2023, our effective tax rate was 1.1 percent, 2.2 percent and (1.4) percent, respectively, based on loss before income tax expense (benefit).

The components of our income tax provision (benefit) were as follows (in millions):

	Years ended December 31,		
	2025	2024	2023
Current tax expense (benefit)	\$ 78	\$ 31	\$ (5)
Deferred tax expense (benefit)	(111)	(42)	18
Income tax expense (benefit)	\$ (33)	\$ (11)	\$ 13

TRANSOCEAN LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—continued

The following is a reconciliation of the income tax benefit computed at the Swiss holding company federal effective rate and our reported income tax benefit for the year ended December 31, 2025 (in millions, except percentages):

	Year ended December 31, 2025	
Switzerland, federal statutory tax rate	\$ (220)	7.48%
Switzerland, cantonal taxes	(13)	0.44%
Switzerland, changes in valuation allowance	131	(4.46)%
Non-Switzerland tax effects		
Bermuda, changes in valuation allowance	212	(7.21)%
Bermuda, tax rate differential	(107)	3.64%
Bermuda, other, net	13	(0.42)%
United States, tax rate differential	65	(2.21)%
United States, changes in valuation allowance	20	(0.68)%
United States, other, net	(15)	0.51%
Luxembourg, changes due to operational restructuring	43	(1.46)%
Luxembourg, changes in valuation allowance	(20)	0.68%
Luxembourg, other, net	8	(0.27)%
Norway, changes in currency exchange	(17)	0.56%
Norway, other, net	24	(0.82)%
Hungary, changes in valuation allowance	26	(0.88)%
Hungary, changes in currency exchange	(25)	0.85%
Hungary, other, net	1	(0.02)%
Brazil, tax rate differential	16	(0.54)%
Brazil, other, net	(19)	0.65%
United Kingdom, changes in valuation allowance	(36)	1.22%
United Kingdom, other, net	(5)	0.15%
Other, net	9	(0.30)%
Changes in unrecognized tax benefits	(123)	4.18%
Other adjustments		
Switzerland, changes due to operational restructuring	(13)	0.44%
Switzerland, other, net	12	(0.40)%
Effective tax rate	<u>\$ (33)</u>	<u>1.13%</u>

In the year ended December 31, 2025, we recognized a net tax benefit of \$33 million, primarily resulting from a release of an uncertain tax position. For state and local income taxes, cantonal taxes in Zug, Switzerland made up the majority, greater than 50 percent, of the tax effect in this category.

The following is a reconciliation of the income tax benefit computed at the Swiss holding company federal effective rate of 7.83% and our reported consolidated income tax expense (benefit) for the years ended December 31, 2024 and 2023 (in millions):

	Years ended December 31,	
	2024	2023
Income tax benefit at Swiss federal statutory rate	\$ (40)	\$ (74)
Earnings subject to rates different than the Swiss federal statutory rate	74	129
Changes in valuation allowance	208	(23)
Tax attribute expirations	185	—
Deemed profits taxes	12	11
Withholding taxes	4	5
Changes in unrecognized tax benefits, net	(4)	(37)
Changes due to organizational restructuring	(452)	—
Other, net	2	2
Income tax expense (benefit)	<u>\$ (11)</u>	<u>\$ 13</u>

In the year ended December 31, 2024, as a result of operational and structural changes related to rig movements, we remeasured our deferred tax assets and liabilities related to Luxembourg, resulting in an increase of our net deferred tax asset from \$8 million to \$280 million, and such increase was substantially offset by an increase to our valuation allowance.

TRANSOCEAN LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—continued

Unrecognized tax benefits—The changes to unrecognized tax benefits, excluding interest and penalties that we recognize as a component of income tax expense, were as follows (in millions):

	Years ended December 31,		
	2025	2024	2023
Balance, beginning of period	\$ 407	\$ 449	\$ 444
Additions for current year tax positions	49	13	45
Additions for prior year tax positions	39	11	5
Reductions due to settlements	(203)	(30)	(5)
Reductions related to statute of limitation expirations and changes in law	(8)	(19)	(14)
Reductions for prior year tax positions	—	(17)	(26)
Balance, end of period	<u>\$ 284</u>	<u>\$ 407</u>	<u>\$ 449</u>

Our unrecognized tax benefits were as follows (in millions):

	December 31,	
	2025	2024
Unrecognized tax benefits, excluding interest and penalties	\$ 284	\$ 407
Interest and penalties	18	7
Unrecognized tax benefits, including interest and penalties	<u>\$ 302</u>	<u>\$ 414</u>

In the years ended December 31, 2025, 2024 and 2023, we recognized, as a component of our income tax provision, expense of \$11 million, benefit of \$2 million and expense of \$18 million, respectively, related to interest and penalties associated with our unrecognized tax benefits. As of December 31, 2025, we have unrecognized benefits of \$302 million, including interest and penalties, against which we have recorded net operating loss deferred tax assets of \$235 million, resulting in net unrecognized tax benefits of \$67 million, including interest and penalties, that upon reversal would favorably impact our effective tax rate.

Tax positions and returns—We conduct operations through our various subsidiaries in countries throughout the world. Each country has its own tax regimes with varying nominal rates, deductions and tax attributes that are subject to changes resulting from new legislation, interpretation or guidance. From time to time, as a result of these changes, we may revise previously evaluated tax positions, which could cause us to adjust our recorded tax assets and liabilities. Tax authorities in certain jurisdictions are examining our tax returns and, in some cases, have issued assessments. We intend to defend our tax positions vigorously. Although we can provide no assurance as to the outcome of the aforementioned changes, examinations or assessments, we do not expect the ultimate liability to have a material adverse effect on our consolidated statement of financial position or results of operations; however, it could have a material adverse effect on our consolidated statement of cash flows.

Brazil tax investigations—In December 2005, the Brazilian tax authorities began issuing tax assessments with respect to our tax returns for the years 2000 through 2004. In May 2014, the Brazilian tax authorities issued an additional tax assessment for the years 2009 and 2010. We filed protests with the Brazilian tax authorities for the assessments and are engaged in the appeals process, and a portion of two cases were favorably closed. As of December 31, 2025, the remaining aggregate tax assessment, including interest and penalties, was for corporate income tax of BRL 523 million, equivalent to \$95 million, and indirect tax of BRL 96 million, equivalent to \$17 million. We believe our returns are materially correct as filed, and we are vigorously contesting these assessments. An unfavorable outcome on these proposed assessments could have a material adverse effect on our consolidated statement of financial position, results of operations or cash flows.

Tax payments—The components of our income taxes paid, net of refunds received, disaggregated by country, were as follows (in millions):

	Year ended December 31, 2025
Switzerland, federal	\$ 2
Switzerland, cantonal	2
Total Switzerland	<u>4</u>
Brazil	17
United States	14
Angola	9
Australia	5
India	5
Hungary	4
Other countries (a)	3
Total tax payments, net of refunds received	<u>\$ 61</u>

(a) The aggregate income taxes paid, net of refunds received, in other countries that individually represented less than 5 percent of total income taxes paid, net.

TRANSOCEAN LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—continued

In the years ended December 31, 2024 and 2023, aggregate income taxes paid were \$60 million and \$41 million, respectively, before deducting refunds received.

Deferred taxes—The significant components of our deferred tax assets and liabilities were as follows (in millions):

	December 31,	
	2025	2024
Deferred tax assets		
Net operating loss carryforwards	\$ 1,985	\$ 1,541
Swiss historic depreciation and financing asset costs	1,034	1,053
Interest expense limitation	54	87
United Kingdom charter limitation	53	53
Accrued costs and expenses	33	20
Contract liabilities	6	22
Accrued payroll costs not currently deductible	11	12
Other	69	69
Valuation allowance	(2,479)	(2,089)
Total deferred tax assets, net of allowance	<u>766</u>	<u>768</u>
Deferred tax liabilities		
Depreciation	(1,068)	(1,214)
Other	(41)	(8)
Total deferred tax liabilities	<u>(1,109)</u>	<u>(1,222)</u>
Deferred tax liabilities, net	<u>\$ (343)</u>	<u>\$ (454)</u>

We include taxes related to the earnings of all of our subsidiaries since we do not consider the earnings of any of our subsidiaries to be indefinitely reinvested.

At December 31, 2025 and 2024, our deferred tax assets included U.S. tax credits of \$5 million, which will expire between 2042 and 2044. Deferred tax assets related to our net operating losses were generated in various worldwide tax jurisdictions. At December 31, 2025, our net deferred tax assets related to our net operating loss carryforwards included \$1.57 billion, which do not expire, and \$563 million, which will expire between 2026 and 2041.

As of December 31, 2025, our consolidated cumulative loss incurred over the recent three-year period represented significant objective negative evidence for the evaluation of the realizability of our deferred tax assets. Because such evidence has limited our ability to consider other subjective evidence, we evaluate each jurisdiction separately. We consider objective evidence, such as contract backlog activity, in jurisdictions in which we have profitable contracts, and the ability to carryback losses or utilize losses against potential exposures. If estimated future taxable income changes during the carryforward periods or if the cumulative loss is no longer present, we may adjust the amount of deferred tax assets that we expect to realize. At December 31, 2025 and 2024, due to uncertainty of realization, we had a valuation allowance of \$2.48 billion and \$2.09 billion, respectively, on net operating losses and other deferred tax assets due to the uncertainty of realization.

NOTE 11—LOSS PER SHARE

The computation of basic and diluted loss per share was as follows (in millions, except per share data):

	Years ended December 31,					
	2025		2024		2023	
	Basic	Diluted	Basic	Diluted	Basic	Diluted
Numerator for loss per share						
Net loss attributable to controlling interest	\$ (2,915)	\$ (2,915)	\$ (512)	\$ (512)	\$ (954)	\$ (954)
Effect of convertible debt instruments, net of tax	—	—	—	(189)	—	—
Loss for per share calculation	<u>\$ (2,915)</u>	<u>\$ (2,915)</u>	<u>\$ (512)</u>	<u>\$ (701)</u>	<u>\$ (954)</u>	<u>\$ (954)</u>
Denominator for loss per share						
Weighted-average shares outstanding	960	960	850	850	768	768
Effect of convertible debt instruments	—	—	—	75	—	—
Weighted-average shares for per share calculation	<u>960</u>	<u>960</u>	<u>850</u>	<u>925</u>	<u>768</u>	<u>768</u>
Loss per share	<u>\$ (3.04)</u>	<u>\$ (3.04)</u>	<u>\$ (0.60)</u>	<u>\$ (0.76)</u>	<u>\$ (1.24)</u>	<u>\$ (1.24)</u>

TRANSOCEAN LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—continued

We excluded from the computations certain shares issuable as follows because the effect would have been antidilutive (in millions):

	<u>Years ended December 31,</u>		
	<u>2025</u>	<u>2024</u>	<u>2023</u>
Exchangeable bonds	102	45	151
Share-based awards	8	11	19
Warrants (a)	—	6	10

(a) For the year ended December 31, 2025, the warrants were antidilutive since the exercise price was greater than the average price for our shares.

NOTE 12—COMMITMENTS AND CONTINGENCIES

Service agreement obligations

We have long-term service agreements with original equipment manufacturers to provide services and parts, primarily related to our pressure control systems and drilling systems. We estimated the commitments for our service agreements based on projected operating activity, and actual operating activity could differ from such estimates. At December 31, 2025, the aggregate future payments required under our service agreement obligations were as follows (in millions):

<u>Years ending December 31,</u>	<u>Service agreement obligations</u>
2026	\$ 140
2027	117
2028	73
2029	51
2030	31
Thereafter	66
Total	<u>\$ 478</u>

Letters of credit and surety bonds

At December 31, 2025 and 2024, we had outstanding letters of credit totaling \$51 million and \$9 million, respectively, issued under various committed and uncommitted credit lines provided by banks to guarantee certain performance activities, tax commitments and customs or other obligations. At December 31, 2025 and 2024, we also had outstanding surety bonds totaling \$128 million and \$147 million, respectively, to secure certain tax commitments and other obligations. At December 31, 2025 and 2024, the aggregate cash collateral held by institutions to secure our letters of credit and surety bonds was \$3 million and \$8 million, respectively.

Legal proceedings

Asbestos litigation—In 2014, several of our subsidiaries were named, along with numerous other unaffiliated defendants, in complaints filed in Louisiana. The plaintiffs, former employees of some of the defendants, generally allege that the defendants used or manufactured asbestos-containing drilling mud additives for use in connection with drilling operations, claiming negligence, products liability, strict liability and claims allowed under the Jones Act and general maritime law. One of our subsidiaries has been named in similar complaints filed in Illinois, Missouri and California. At December 31, 2025, two plaintiffs have claims pending in Louisiana and 30 plaintiffs in the aggregate have claims pending in Illinois, Missouri, and California, in which we have or may have an interest. We intend to defend these lawsuits vigorously, although we can provide no assurance as to the outcome. We historically have maintained broad liability insurance, although we can provide no assurance as to whether insurance will cover the liabilities, if any, arising out of these claims. Based on our evaluation of the exposure to date, we do not expect the liability, if any, resulting from these claims to have a material adverse effect on our consolidated statement of financial position, results of operations or cash flows.

One of our subsidiaries was named as a defendant, along with numerous other companies, in lawsuits arising out of the subsidiary's manufacture and sale of heat exchangers, and involvement in the construction and refurbishment of major industrial complexes alleging bodily injury or personal injury as a result of exposure to asbestos. As of December 31, 2025, the subsidiary was a defendant in approximately 405 lawsuits with a corresponding number of plaintiffs. For many of these lawsuits, we have not been provided sufficient information from the plaintiffs to determine whether all or some of the plaintiffs have claims against the subsidiary, the basis of any such claims, or the nature of their alleged injuries. The operating assets of the subsidiary were sold in 1989. We have a coverage-in-place agreement with certain insurers and additional funding from settlement agreements with other insurers. Overall, we believe the subsidiary has sufficient resources to respond to both the current lawsuits as well as future lawsuits of a similar nature. While we cannot predict or provide assurance as to the outcome of these matters, we do not expect the ultimate liability, if any, resulting from these claims to have a material adverse effect on our consolidated statement of financial position, results of operations or cash flows.

TRANSOCEAN LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—continued

Other matters—We are involved in various regulatory matters and a number of claims and lawsuits, asserted and unasserted, all of which have arisen in the ordinary course of our business. We do not expect the liability, if any, resulting from these other matters to have a material adverse effect on our consolidated statement of financial position, results of operations or cash flows. We cannot predict with certainty the outcome or effect of any of the litigation matters specifically described above or of any such other pending, threatened, or possible litigation or liability. We can provide no assurance that our beliefs or expectations as to the outcome or effect of any tax, regulatory, lawsuit or other litigation matter will prove correct and the eventual outcome of these matters could materially differ from management’s current estimates.

Environmental matters

We have certain potential liabilities under the Comprehensive Environmental Response, Compensation, and Liability Act (“CERCLA”) and similar state acts regulating cleanup of hazardous substances at various waste disposal sites, including those described below. CERCLA is intended to expedite the remediation of hazardous substances without regard to fault.

Potentially responsible parties (“PRPs”) for each site include present and former owners and operators of, transporters to and generators of the substances at the site. It is difficult to quantify the potential cost of environmental matters and remediation obligations. Liability is strict and can be joint and several.

One of our subsidiaries was named as a PRP in connection with a site located in Santa Fe Springs, California, known as the Waste Disposal, Inc. site. We and other PRPs agreed, under a participation agreement with the U.S. Environmental Protection Agency (the “EPA”) and the U.S. Department of Justice, to settle our potential liabilities by remediating the site. The remedial action for the site was completed in 2006. Our share of the ongoing operating and maintenance costs has been insignificant, and we do not expect any additional potential liabilities to be material. Resolutions of other claims by the EPA, the involved state agency or PRPs are at various stages of investigation. Nevertheless, based on available information with respect to all environmental matters, including all related pending legal proceedings, asserted legal claims and known potential legal claims that are likely to be asserted, we do not expect the ultimate liability, if any, resulting from such matters, to have a material adverse effect on our consolidated statement of financial position, results of operations or cash flows.

NOTE 13—EQUITY

Share issuance in public offering—In September 2025, we issued 143.8 million Transocean Ltd. shares in a public offering, including 4.0 million Transocean Ltd. shares issued to Perestroika. In connection with the issuance, we received \$421 million aggregate cash proceeds, net of issue costs, including \$12 million from Perestroika.

We maintain an at-the-market equity offering program (the “ATM Program”). We may use the net proceeds from our ongoing ATM Program for general corporate purposes, which may include, among other things, the repayment or refinancing of indebtedness and the funding of working capital, capital expenditures, investments and additional balance sheet liquidity. In June 2021, we entered into an equity distribution agreement with a sales agent for the offer and sale of our shares, with a maximum aggregate net offering price of up to \$400 million, under the ATM Program. In August 2022, we entered into an equity distribution agreement with a sales agent for the offer and sale of our shares, with a maximum aggregate net offering price of up to \$435 million, under the ATM Program. In the three years in the period ended December 31, 2025, we did not issue any shares under the ATM Program.

Share issuance in debt exchanges—In the year ended December 31, 2025, we issued 73.3 million Transocean Ltd. shares with an aggregate fair value of \$201 million to certain holders that elected to exchange the 4.00% Exchangeable Bonds pursuant to the Exchange Agreements. In the year ended December 31, 2023, we issued 65.1 million shares with an aggregate fair value of \$434 million to certain holders that elected to exchange the 2.50% Exchangeable Bonds, the 4.00% Exchangeable Bonds and the 4.625% Exchangeable Bonds under terms of the governing indentures. See [Note 8—Debt](#).

Share issuance in acquisitions—In June 2024, we issued 55.5 million Transocean Ltd. shares with an aggregate fair value of \$297 million as partial consideration to acquire the outstanding 67.0 percent ownership interest in Orion. In September 2023, we issued 11.9 million Transocean Ltd. shares with an aggregate fair value of \$99 million to acquire the outstanding 80.0 percent ownership interests in Liquila. See [Note 4—Unconsolidated Affiliates](#) and [Note 6—Long-Lived Assets](#).

Shares held by us—We and one of our subsidiaries hold Transocean Ltd. shares for future use to deliver shares in connection with sales under the ATM Program and in connection with awards granted under our incentive plans or other rights to acquire our shares. At December 31, 2025, we and our subsidiary held 82.9 million and 19.6 million shares, respectively, and at December 31, 2024, we and our subsidiary held 22.5 million and 42.5 million shares, respectively.

Share capital currency change—In May 2024, at our annual general meeting, shareholders approved (a) redenominating the currency of our share capital from Swiss francs to U.S. dollars and (b) reducing the par value of our shares for purposes of such redenomination. As a result of the redenomination and reduction, made effective as of January 1, 2024, the par value of each of our shares was changed to \$0.10 from CHF 0.10.

Warrants—At December 31, 2025 and 2024, we had 22.2 million outstanding warrants to purchase Transocean Ltd. shares. The warrants may be exercised by holders at any time prior to the close of business on March 13, 2026 at an exercise price equal to \$3.71 per share, subject to certain anti-dilutive adjustments, and at our election, such exercise may be settled by delivering cash, Transocean Ltd.

TRANSOCEAN LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—continued

shares or a combination of cash and shares. At December 31, 2025 and 2024, the carrying amount of the warrants, recorded as a component of additional paid-in capital, was \$16 million, net of issue costs, which represented the initial estimated fair value on the date of issuance.

NOTE 14—SHARE-BASED COMPENSATION

Overview

We have a long-term incentive plan (the “Long-Term Incentive Plan”) for executives, key employees and non-employee directors under which awards can be granted in the form of restricted share units, restricted shares, stock options, stock appreciation rights and cash performance awards. Awards may be granted as service awards that are earned over a defined service period or as performance awards that are earned based on the achievement of certain market factors or performance targets or a combination of market factors and performance targets. The compensation committee of our board of directors determines the terms and conditions of the awards granted under the Long-Term Incentive Plan. At December 31, 2025, we had 154.2 million shares authorized and 37.3 million shares available to be granted under the Long-Term Incentive Plan. At December 31, 2025, the total unrecognized compensation cost related to our unvested share-based awards was \$33 million, which we expect to recognize over a weighted-average period of 1.7 years.

Service awards typically vest either in three equal annual installments beginning on the first anniversary date of the grant or in an aggregate installment at the end of the stated vesting period. Service-based stock options, once fully vested, are typically exercisable during a seven-year period. Performance awards are typically subject to a three-year measurement period and typically vest in one aggregate installment following the ultimate determination date.

Service awards

Restricted share units—A restricted share unit subject to service requirements is a notional unit that is equivalent to one share but has no voting rights until the underlying share is issued. The following table summarizes unvested activity during the year ended December 31, 2025 for service-based units granted under our incentive plan:

	Number of units	Weighted-average grant-date fair value per unit
Unvested at January 1, 2025	7,659,028	\$ 5.44
Granted	6,852,828	3.47
Vested	(5,280,936)	4.72
Forfeited	(113,268)	4.46
Unvested at December 31, 2025	<u>9,117,652</u>	<u>\$ 4.23</u>

In the year ended December 31, 2025, the service-based units that vested had an aggregate grant-date fair value of \$25 million. In the years ended December 31, 2024 and 2023, we granted 5,116,762 and 3,744,049 service-based units, respectively, with a per unit weighted-average grant-date fair value of \$5.29 and \$7.23, respectively. In the years ended December 31, 2024 and 2023, we had 6,727,943 and 6,200,155 service-based units, respectively, that vested with an aggregate grant-date fair value of \$32 million and \$18 million, respectively.

Stock options—The following table summarizes activity during the year ended December 31, 2025 for vested service-based stock options outstanding under our incentive plan:

	Number of shares under option	Weighted-average exercise price per share	Weighted-average remaining contractual term (years)	Aggregate intrinsic value (in millions)
Outstanding at January 1, 2025	4,069,334	\$ 9.53	2.93	\$ —
Forfeited	(17,006)	8.35		
Outstanding at December 31, 2025	<u>4,052,328</u>	<u>\$ 9.54</u>	<u>1.92</u>	<u>\$ —</u>
Vested and exercisable at December 31, 2025	4,052,328	\$ 9.54	1.92	\$ —

At December 31, 2025, 2024 and 2023, there were no outstanding unvested stock options to purchase our shares.

Performance awards

Restricted share units—A restricted share unit subject to performance requirements is a notional unit for which the awarded number of shares to be issued per unit remains uncertain until quantified as of the ultimate determination date following completion of the performance period. The following table summarizes unvested activity during the year ended December 31, 2025 for performance-based units under our incentive plan:

TRANSOCEAN LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—continued

	Number of units	Weighted-average grant-date fair value per unit
Unvested at January 1, 2025	3,495,925	\$ 5.78
Granted	3,138,657	3.35
Vested	(1,439,846)	6.74
Unvested at December 31, 2025	<u>5,194,736</u>	<u>\$ 4.04</u>

In the year ended December 31, 2025, the performance-based units that vested had an aggregate grant-date fair value of \$10 million. In the years ended December 31, 2024 and 2023, we granted 2,687,268 and 1,912,292 performance-based units, respectively, with a per unit weighted-average grant-date fair value of \$5.10 and \$6.74, respectively. In the years ended December 31, 2024 and 2023 we had 4,429,028 and 3,025,512 performance-based units, respectively, that vested with an aggregate grant-date fair value of \$21 million and \$11 million, respectively.

NOTE 15—SUPPLEMENTAL SEGMENT INFORMATION

Our Chief Executive Officer serves as our chief operating decision maker (“CODM”) and assesses performance for and allocates resources for our single contract drilling services segment based on our consolidated net income or loss, as presented on our consolidated statements of operations. The significant segment expense categories regularly provided to our CODM include our operating and maintenance costs and our general and administrative costs, as presented on our consolidated statements of operations. Other segment items included in our consolidated net income or loss include depreciation and amortization, loss on impairment of assets, gain or loss on disposal of assets, interest expense and income tax expense or benefit. Additionally, our CODM reviews our segment assets, as presented on our consolidated balance sheets.

Our CODM uses our consolidated results of operations to evaluate income or loss generated from segment assets, or return on assets, to make decisions to deploy cash flows from operations for reinvestment in our contract drilling services segment or for other uses, such as for acquisitions, debt and equity investments, liability management or to pay dividends to our shareholders. Consolidated results of operations are used to monitor actual results relative to historical, budgeted and forecasted results and to assess segment performance against our peers.

NOTE 16—SUPPLEMENTAL BALANCE SHEET INFORMATION

Other current liabilities were comprised of the following (in millions):

	<u>December 31,</u>	
	<u>2025</u>	<u>2024</u>
Other current liabilities		
Accrued employee benefits and payroll-related liabilities	\$ 166	\$ 136
Accrued interest	101	134
Accrued taxes, other than income	28	39
Finance lease liability	51	47
Operating lease liabilities	8	7
Contract liabilities	181	231
Contingent liabilities	87	94
Other	5	3
Total other current liabilities	<u>\$ 627</u>	<u>\$ 691</u>

Other long-term liabilities were comprised of the following (in millions):

	<u>December 31,</u>	
	<u>2025</u>	<u>2024</u>
Other long-term liabilities		
Postemployment benefit plan obligations	\$ 103	\$ 100
Finance lease liability	169	224
Operating lease liabilities	86	88
Income taxes payable	90	65
Contract liabilities	92	212
Other	42	40
Total other long-term liabilities	<u>\$ 582</u>	<u>\$ 729</u>

TRANSOCEAN LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—continued

NOTE 17—SUPPLEMENTAL CASH FLOW INFORMATION

The reconciling adjustments of our net cash provided by operating activities that were attributable to the net change in other operating assets and liabilities were as follows (in millions):

	<u>Years ended December 31,</u>		
	<u>2025</u>	<u>2024</u>	<u>2023</u>
Changes in other operating assets and liabilities			
Increase in accounts receivable	\$ (30)	\$ (94)	\$ (99)
(Increase) decrease in other assets	7	(92)	(91)
Increase (decrease) in accounts payable and other current liabilities	(12)	(86)	144
Decrease in other long-term liabilities	(7)	(3)	(6)
Change in income taxes receivable / payable, net	17	(19)	(36)
Change in receivables from / payables to affiliates, net	—	9	(8)
	<u>\$ (25)</u>	<u>\$ (285)</u>	<u>\$ (96)</u>

Additional cash flow information was as follows (in millions):

	<u>Years ended December 31,</u>		
	<u>2025</u>	<u>2024</u>	<u>2023</u>
Certain cash operating activities			
Cash payments for interest	\$ 538	\$ 521	\$ 408
Noncash investing and financing activities			
Capital additions accrued at end of period	(a) \$ 20	\$ 23	\$ 36
Acquisition of outstanding ownership interests in exchange for shares and debt	(b) —	431	99
Debt investment exchanged for equity ownership interests	(c) 2	—	37
Finance lease installments settled with credits issued to customer	(d) 39	40	44
Shares issued in exchanges of exchangeable bonds	(e) 201	—	434

- (a) Additions to property and equipment for which we had accrued a corresponding liability in accounts payable at the end of the period. See [Note 6—Long-Lived Assets](#).
- (b) In June 2024, we issued 55.5 million Transocean Ltd. shares and \$130 million aggregate principal amount of 8.00% Senior Notes to acquire the outstanding ownership interest in Orion. In September 2023, we issued 11.9 million Transocean Ltd. shares to acquire the outstanding ownership interest in Liquila. See [Note 4—Unconsolidated Affiliates](#), [Note 6—Long-Lived Assets](#) and [Note 13—Equity](#).
- (c) In October 2025, we agreed to exchange borrowings due to us under a loan agreement with an unconsolidated affiliate for equity ownership interests. In September 2023, we agreed to exchange borrowings due to us under a financing arrangement with Orion for additional equity ownership interests in Orion. See [Note 4—Unconsolidated Affiliates](#).
- (d) In the years ended December 31, 2025, 2024 and 2023, we agreed to settle installments due to the lessor under our finance lease by issuing corresponding credits to our customer for amounts due to us under the drilling contract. See [Note 7—Leases](#).
- (e) In the year ended December 31, 2025, we issued 73.3 million Transocean Ltd. shares to certain holders that elected to exchange the 4.00% Exchangeable Bonds pursuant to the Exchange Agreements. In the year ended December 31, 2023, we issued 65.1 million Transocean Ltd. shares to certain holders that elected to exchange the 2.50% Exchangeable Bonds, the 4.00% Exchangeable Bonds and the 4.625% Exchangeable Bonds. See [Note 8—Debt](#) and [Note 13—Equity](#).

NOTE 18—FINANCIAL INSTRUMENTS

Overview—The carrying amounts and fair values of our financial instruments were as follows (in millions):

	<u>December 31, 2025</u>		<u>December 31, 2024</u>	
	<u>Carrying amount</u>	<u>Fair value</u>	<u>Carrying amount</u>	<u>Fair value</u>
Cash and cash equivalents	\$ 620	\$ 620	\$ 560	\$ 560
Restricted cash and cash equivalents	377	377	381	381
Total debt	5,657	5,755	6,881	6,888

Cash and cash equivalents—Our cash and cash equivalents are primarily invested in demand deposits, short-term time deposits and money market funds. The carrying amount of our cash and cash equivalents represents the historical cost, plus accrued interest, which approximates fair value because of the short maturities of the instruments.

Restricted cash and cash equivalents—Our restricted cash and cash equivalents, which are subject to restrictions due to collateral requirements, legislation, regulation or court order, are primarily invested in demand deposits and money market funds. The carrying amount of our restricted cash and cash equivalents represents the historical cost, plus accrued interest, which approximates fair value because of the short maturities of the instruments.

Total debt—The carrying amount of our total debt represents the principal amount, together with unamortized discounts, premiums and issue costs. The carrying amount and fair value of our total debt includes amounts related to our exchangeable bonds (see [Note 8—](#)

TRANSOCEAN LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—continued

Debt). We estimated the fair value of our total debt using significant other observable inputs, representative of Level 2 fair value measurements, including the terms and credit spreads for the instruments and, with respect to our exchangeable bonds, the expected volatility of the market price for our shares.

NOTE 19—RISK CONCENTRATION

Interest rate risk—We are exposed to interest rate risk related to our fixed-rate debt when we refinance maturing debt with new debt or when we early retire debt in open market repurchases or other market transactions. We are also exposed to interest rate risk related to our restricted and unrestricted cash equivalents, as the interest income earned on these investments is based on variable or short-term interest rates, which change with market interest rates.

Equity price risk—We are exposed to equity price risk primarily related to the bifurcated compound exchange feature contained within the indenture governing the 4.625% Exchangeable Bonds. The market price of our shares is the primary driver of the fair value of the exchange feature. An increase or decrease to the market price of our shares yields an increase or decrease to the carrying amount of the exchange feature, recorded as a component of our debt, and a corresponding change to interest expense.

Currency exchange rate risk—We are exposed to currency exchange rate risk primarily related to contract drilling revenues, employee compensation costs and purchasing costs that are denominated in currencies other than our functional currency, the U.S. dollar. To minimize the exposure to currency exchange rate risk, we use a variety of techniques, including structuring customer payment terms and occasionally entering into forward exchange contracts. We structure customer contracts, as our primary tool to manage currency exchange rate risk, to provide for payment in both U.S. dollars and local currency where the local currency portion is based on our anticipated local currency requirements over the contract term. Due to various factors, including customer acceptance, local banking laws, national content requirements, other statutory requirements, currency liquidity, local inflation and revenue efficiency, actual local currency needs may vary from those realized in the customer contracts, resulting in partial exposure to currency exchange rate risk. The currency exchange effect resulting from our international operations generally has not had a material impact on our operating results.

Credit risk—We are exposed to concentrations of credit risk primarily related to our restricted and unrestricted cash and cash equivalents and customer receivables. We generally maintain our restricted and unrestricted cash and cash equivalents in time deposits at commercial banks with high credit ratings or mutual funds, which invest exclusively in high-quality money market instruments, and because we limit the amount of exposure to any one institution, we do not believe we are exposed to any significant credit risk. Our customer receivables, dispersed across various countries, are due from integrated energy companies, government-owned or government-controlled energy companies and other independent energy companies. We occasionally require collateral or other security to support customer receivables when we have encountered isolated concerns related to the credit of independent energy companies. Additionally, in certain infrequent instances, when we determine that collection is uncertain, we may offer extended payment terms and recognize revenues associated with the contract on a cash basis. We establish an allowance for credit losses, recorded in accounts receivable, net, by applying an expected loss rate based on current, forecasted and historical experience. At December 31, 2025 and 2024, our allowance for credit losses was \$2 million.

Labor agreements—At December 31, 2025, we had a global workforce of approximately 5,600 individuals, including approximately 380 contractors. Approximately 45 percent of our total workforce, working primarily in Brazil and Norway, is represented by, and some of our contracted labor work is subject to, collective bargaining agreements, substantially all of which are subject to annual salary negotiations. Negotiations for annual salary or other labor matters could result in higher personnel or other costs or increased operational restrictions or disruptions. The outcome of any such negotiation generally affects the market for all offshore employees, not only union members. A failure to reach an agreement on certain key issues could result in strikes, lockouts or other work stoppages.

TRANSOCEAN LTD.

STATUTORY FINANCIAL STATEMENTS
For the years ended December 31, 2025 and 2024

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To the General Meeting of
Transocean Ltd., Steinhausen

Zurich, February 23, 2026

Report of the statutory auditor

Report on the audit of the financial statements



Opinion

We have audited the financial statements of Transocean Ltd. (the Company), which comprise the balance sheet as at December 31, 2025, the statement of operations for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements comply with Swiss law and the Company's articles of incorporation.



Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession that are relevant to audits of the financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the "Auditor's responsibilities for the audit of the financial statements" section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying financial statements.

Impairment assessment of investments in subsidiaries

Risk

Transocean Ltd. evaluates its investments in subsidiaries for impairment annually and records an impairment loss when the carrying amount of such assets exceeds the recoverable amount. The assessment of the existence of any indicators of impairment of the carrying amount of investments in subsidiaries is judgmental.

In the event that indicators of impairment are identified, the assessment of the recoverable amounts is also judgmental and requires estimation and the use of subjective assumptions.

Transocean Ltd. measures the recoverable amount of its investments in subsidiaries by applying a variety of valuation methods, incorporating a combination of income and market approaches and using projected discounted cash flows.

The primary risks are identifying impairment indicators, inaccurate models being used for the impairment assessment, and that the assumptions to support the value of the investments are inappropriate. The principal consideration for our determination that the impairment assessment of investments in subsidiaries is a key audit matter is the subjectivity in the assessment of the recoverable amounts which requires estimation and the use of subjective assumptions.

See Note 4 to the accompanying financial statements for Transocean Ltd.'s disclosures related to investments in subsidiaries.

Our audit response

Our audit procedures related to the key audit matter of the impairment assessment of investments in subsidiaries included the following procedures:

We performed inquiries of management about the current market conditions supporting the evaluation of potential impairment indicators, tested the key assumptions used, and performed procedures on Transocean Ltd.'s prospective financial information.

We involved valuation specialists to assist in the evaluation of management's valuation models and impairment analyses, specifically in testing key assumptions and prospective financial information.

We performed procedures to assess the valuation models for evidence of management bias considering contrary evidence from third party analyst reports and press releases.

Our audit procedures did not lead to any reservations regarding the impairment assessment of investments in subsidiaries.



Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements, the compensation report and our auditor's reports thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.



Board of Directors' responsibilities for the financial statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.



Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on EXPERTsuisse's website at: <https://www.expertsuisse.ch/en/audit-report>. This description forms an integral part of our report.

Report on other legal and regulatory requirements



In accordance with Art. 728a para. 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of the financial statements according to the instructions of the Board of Directors.

Based on our audit in accordance with Art. 728a para. 1 item 2 CO, we confirm that the proposal of the Board of Directors complies with Swiss law and the Company's articles of incorporation.

We recommend that the financial statements submitted to you be approved.

Ernst & Young Ltd

/s/ Reto Hofer
Licensed audit expert
(Auditor in charge)

/s/ Ralph Petermann
U.S. certified public accountant

Enclosures

- .. Financial statements (balance sheet, statement of operations, notes)
- .. Proposal of the Board of Directors

TRANSOCEAN LTD.
STATEMENTS OF OPERATIONS
(In thousands)

	Years ended December 31,							
	2025				2024			
Income								
Guarantee fee income	USD	598	CHF	474	USD	755	CHF	685
Financial income		323		256		2,432		2,207
Administrative services income		933		739		785		713
Total income		1,854		1,469		3,972		3,605
Costs and expenses								
General and administrative		35,168		27,874		15,955		14,478
Financial expense		47,419		37,584		56,754		51,499
Currency exchange loss		174		138		598		543
Total costs and expenses		82,761		65,596		73,307		66,520
Unrealized gain from financial instruments		7,318		5,800		51,670		46,886
Translation gain upon redenomination of reporting currency		—		—		281,057		255,031
Direct taxes benefit (expense)		27		22		(10)		(9)
Net income (loss) for the year	USD	(73,562)	CHF	(58,305)	USD	263,382	CHF	238,993

See accompanying notes.

TRANSOCEAN LTD.
BALANCE SHEETS
(In thousands)

	December 31,							
	2025				2024			
Assets								
Cash	USD	470	CHF	373	USD	410	CHF	372
Receivables from subsidiaries		867		687		1,357		1,231
Other current assets		1,648		1,305		1,373		1,246
Total current assets		2,985		2,365		3,140		2,849
Investments in subsidiaries		6,251,942		4,955,289		6,246,935		5,668,469
Property and equipment		1,233		978		1,233		1,119
Less accumulated depreciation		1,233		978		1,233		1,119
Property and equipment, net		—		—		—		—
Other non-current assets		575		456		698		633
Total non-current assets		6,252,517		4,955,745		6,247,633		5,669,102
Total assets	USD	6,255,502	CHF	4,958,110	USD	6,250,773	CHF	5,671,951
Liabilities and shareholders' equity								
Accounts payable to subsidiaries	USD	5,554	CHF	4,402	USD	17,017	CHF	15,441
Interest payable to subsidiaries		99,414		78,796		73,638		66,819
Other current liabilities		1,903		1,508		294		267
Total current liabilities		106,871		84,706		90,949		82,527
Non-current interest bearing notes payable to subsidiary		611,808		484,918		1,202,646		1,091,281
Non-current lease liabilities		250		198		296		269
Other non-current liabilities		14,415		11,425		21,732		19,720
Total non-current liabilities		626,473		496,541		1,224,674		1,111,270
Share capital		120,401		95,430		94,083		85,371
Statutory capital reserves from capital contribution		17,981,625		14,252,236		17,341,331		15,735,524
Statutory capital reserves from other capital reserves		48,481		38,426		48,481		43,991
Statutory capital reserves from capital contribution for shares held by subsidiaries		95,052		75,338		95,052		86,250
Own shares		(8,292)		(6,572)		(2,250)		(2,042)
Accumulated losses brought forward from previous years		(12,641,547)		(10,019,690)		(12,904,929)		(11,709,933)
Net income (loss) for the year		(73,562)		(58,305)		263,382		238,993
Total shareholders' equity		5,522,158		4,376,863		4,935,150		4,478,154
Total liabilities and shareholders' equity	USD	6,255,502	CHF	4,958,110	USD	6,250,773	CHF	5,671,951

See accompanying notes.

TRANSOCEAN LTD.
NOTES TO STATUTORY FINANCIAL STATEMENTS

NOTE 1—GENERAL

Overview

Transocean Ltd. (“we,” “us,” or “our”) is the parent company to the following direct wholly owned subsidiaries: (1) Transocean International Limited (“Transocean International”), (2) Transocean Management Services GmbH (“TMSG”), and (3) Triton Quantum I GmbH (“TQ1G”). Transocean Ltd. is registered with the commercial register in the canton of Zug, and its shares are listed in the United States (“U.S.”) on the New York Stock Exchange. At December 31, 2025 and 2024, we had fewer than 10 full-time employees.

Agreement to acquire Valaris Limited

On February 9, 2026, we and Valaris Limited, an exempted company limited by shares incorporated under the laws of Bermuda (“Valaris”), entered into a Business Combination Agreement (the “Agreement”) providing for the combination of Transocean and Valaris (the “Business Combination”). Pursuant to the Agreement, and on the terms and subject to the conditions thereof, we will acquire all of the issued and outstanding common shares, par value USD 0.01 each, of Valaris (the “Valaris Shares”) in exchange for Transocean Ltd. shares, par value USD 0.10 each, at an exchange ratio of 15.235 Transocean Ltd. shares for each Valaris Share. Pursuant to the Agreement, and on the terms and subject to the conditions thereof, at the time on which the order of the Supreme Court of Bermuda providing for its sanction of the Scheme of Arrangement is filed with the Registrar of Companies of Bermuda, the Business Combination will become effective and Valaris will become our wholly owned subsidiary. The board of directors of Transocean and Valaris each unanimously approved and declared advisable the Agreement and the transactions contemplated thereby, including the Business Combination.

NOTE 2—SIGNIFICANT ACCOUNTING POLICIES

Presentation—We have prepared our unconsolidated statutory financial statements in accordance with the accounting principles set forth under Art. 957 to Art. 963b of the Swiss Code of Obligations (the “SCO”). We have prepared our consolidated financial statements in accordance with accounting standards generally accepted in the U.S., a recognized accounting standard framework, and in accordance with the SCO, we have elected to forego presenting the statement of cash flows, the additional disclosures and the management report otherwise required by the SCO. Our financial statements may be influenced by the creation and release of excess reserves.

Cash—We hold cash balances, denominated in Swiss francs (“CHF”) and U.S. dollars (“USD”), which include cash deposited in demand bank accounts, money market investment accounts and other liquid investments and interest earned on such cash balances.

Current assets and liabilities—We record current assets at historical cost less adjustments for impairment of value and current liabilities at historical cost.

Investments in subsidiaries—We record our investments in subsidiaries at acquisition cost less adjustments for impairment of value. We evaluate our investments in subsidiaries for impairment annually and record an impairment loss when the carrying amount of such assets exceeds the fair value. We estimate fair value of our investments using a variety of valuation methods, including the income and market approaches. Our estimates of fair value represent a price that would be received to sell the asset in an orderly transaction between market participants in the principal market for the asset.

Own shares—We recognize own shares at acquisition cost, which we present as a deduction from shareholders’ equity at the time of acquisition. For own shares held by subsidiaries, we build a reserve for shares in equity at the respective acquisition costs.

Related parties—As defined in the SCO, we consider related parties to be only shareholders, direct and indirect subsidiaries, and the board of directors.

NOTE 3—CURRENCY

For all periods preceding January 1, 2024, we maintained our accounting records in U.S. dollars and translated them into Swiss francs for statutory reporting purposes. In May 2024, at our annual general meeting, shareholders approved the redenomination of the currency of our share capital from Swiss francs to U.S. dollars, effective as of January 1, 2024. Accordingly, we present our share capital and our financial statements in U.S. dollars, our functional currency, as set out in Art. 621 para. 2 SCO in connection with Art. 958d para. 3 SCO (see Note 5—Shareholders’ Equity). In the year ended December 31, 2024, as part of our adoption of change in reporting currency, we recognized the previously deferred translation gain related to the currency translation and presented as a translation gain upon redenomination of reporting currency on our statement of operations.

As required by Art. 958d para. 3 SCO, we have presented the indicative Swiss franc value in a separate column on our financial statements using the exchange rate in effect on December 31 of each year. Each column is presented for reference only and is not intended to represent a basis of presentation for the financial statements. Transactions recorded during the year in currencies other than USD were converted at average rates during the year, and we recognize currency exchange gains and losses arising from business transactions in current period earnings. At December 31, 2025 and 2024, our principal exchange rates were USD 1 to CHF 0.79 and CHF 0.91, respectively.

TRANSOCEAN LTD.
NOTES TO STATUTORY FINANCIAL STATEMENTS—continued

NOTE 4—INVESTMENTS IN SUBSIDIARIES

Direct investments

Overview—Our direct investments in subsidiaries were as follows (in thousands, except percentages):

Company name	Purpose	Domicile	Ownership and voting interest	Share capital	Carrying amount as of December 31,	
					2025	2024
Transocean Financing GmbH	Finance	Switzerland	—%	USD —	USD —	7,682
Transocean International Limited	Holding	Bermuda	100%	USD 3,192	USD 6,239,082	6,239,082
Transocean Management Services GmbH	Management and administration	Switzerland	100%	USD 28	USD 12,817	128
Triton Quantum I GmbH	Holding	Switzerland	100%	CHF 20	USD 43	43

In January 2025, TMSG merged with Transocean Financing GmbH (“TFIN”), formerly our direct wholly owned subsidiary, in a combination under common control, such that TMSG was the surviving entity and TFIN ceased to exist. In June 2025, we made a cash payment of USD 5 million to our indirect subsidiary, Transocean Offshore Deepwater Drilling Inc. (“TODDI”), to acquire the remaining one quota of TMSG, and, as a result, TMSG became our direct wholly owned subsidiary. In December 2025, we contributed USD 7,000 to TMSG for the redenomination of TMSG’s share capital to U.S. dollars from Swiss francs.

In June 2024, we acquired Orion Holdings (Cayman) Limited (“OHCL” and together with its subsidiaries, “Orion”) and contributed our acquired ownership interests to Transocean International, which increased our investment in Transocean International by USD 297 million (see Note 5—Shareholders’ Equity). In June 2024, we contributed our ownership interests in Transocean Quantum Holdings Limited (“TQHL”) to Transocean International, which increased our investment in Transocean International by USD 105 million, and as a result, TQHL was no longer our direct investment.

Impairment evaluation—In the years ended December 31, 2025 and 2024, as a result of our annual impairment evaluation, we concluded that the carrying amount of our investments in subsidiaries was not impaired.

Release of excess reserves—In the year ended December 31, 2025, we released excess reserves of USD 555 million.

Principal indirect investments

Our principal indirect investments in subsidiaries were as follows:

December 31, 2025			December 31, 2024		
Company name	Domicile	Ownership and voting interest	Company name	Domicile	Ownership and voting interest
Deepwater Pacific 1 Limited	Bermuda	100%	Deepwater Pacific 1 Limited	Bermuda	100%
Global Marine Inc.	United States	100%	Global Marine Inc.	United States	100%
GSF Leasing Services GmbH	Switzerland	100%	GSF Leasing Services GmbH	Switzerland	100%
Sedco Forex International Limited	Bermuda	100%	Sedco Forex International Limited	Bermuda	100%
Transocean Aquila Limited	Bermuda	100%	Transocean Aquila Limited	Bermuda	100%
Transocean Asset Holdings 1 Limited	Bermuda	100%	Transocean Asset Holdings 1 Limited	Bermuda	100%
Transocean Asset Holdings 2 Limited	Bermuda	100%	Transocean Asset Holdings 2 Limited	Bermuda	100%
Transocean Asset Holdings 3 Limited	Bermuda	100%	Transocean Asset Holdings 3 Limited	Bermuda	100%
Transocean Atlas Limited	Bermuda	100%	Transocean Atlas Limited	Bermuda	100%
Transocean Deepwater Drilling Services Limited	Bermuda	100%	Transocean Deepwater Drilling Services Limited	Bermuda	100%
Transocean Drilling Offshore S.a.r.l	Luxembourg	100%	Transocean Drilling Offshore S.a.r.l	Luxembourg	100%
Transocean Drilling U.K. Limited	Scotland	100%	Transocean Drilling U.K. Limited	Scotland	100%
Transocean Entities Holdings GmbH	Switzerland	100%	Transocean Entities Holdings GmbH	Switzerland	100%
Transocean Explorer Services, LLC	United States	100%			
Transocean Guardian Limited	Bermuda	100%	Transocean Guardian Limited	Bermuda	100%
Transocean Holdings 1 Limited	Bermuda	100%	Transocean Holdings 1 Limited	Bermuda	100%
Transocean Holdings 2 Limited	Bermuda	100%	Transocean Holdings 2 Limited	Bermuda	100%
Transocean Holdings 3 Limited	Bermuda	100%	Transocean Holdings 3 Limited	Bermuda	100%
Transocean Hungary Holdings LLC	Hungary	100%	Transocean Hungary Holdings LLC	Hungary	100%
Transocean Offshore Deepwater Drilling Inc.	United States	100%	Transocean Offshore Deepwater Drilling Inc.	United States	100%
Transocean Offshore Deepwater Holdings Limited	Bermuda	100%	Transocean Offshore Deepwater Holdings Limited	Bermuda	100%
Transocean Offshore International Ventures Limited	Bermuda	100%	Transocean Offshore International Ventures Limited	Bermuda	100%
Transocean Pontus Limited	Bermuda	100%	Transocean Pontus Limited	Bermuda	100%
Transocean Poseidon Limited	Bermuda	100%	Transocean Poseidon Limited	Bermuda	100%
Transocean Proteus Limited	Bermuda	100%	Transocean Proteus Limited	Bermuda	100%
Transocean Quantum Management Limited	Bermuda	100%	Transocean Quantum Management Limited	Bermuda	100%
Transocean Sentry Limited	Bermuda	100%	Transocean Sentry Limited	Bermuda	100%
Transocean Sub Asset Holdings 1 Limited	Bermuda	100%	Transocean Sub Asset Holdings 1 Limited	Bermuda	100%
Transocean Sub Asset Holdings 2 Limited	Bermuda	100%	Transocean Sub Asset Holdings 2 Limited	Bermuda	100%
Transocean Sub Asset Holdings 3 Limited	Bermuda	100%	Transocean Sub Asset Holdings 3 Limited	Bermuda	100%

TRANSOCEAN LTD.
NOTES TO STATUTORY FINANCIAL STATEMENTS—continued

December 31, 2025			December 31, 2024		
Company name	Domicile	Ownership and voting interest	Company name	Domicile	Ownership and voting interest
Transocean Titan Financing Limited	Bermuda	100%	Transocean Titan Financing Limited	Bermuda	100%
Transocean Worldwide Limited	Bermuda	100%	Transocean Worldwide Limited	Bermuda	100%
Triton Atlas GmbH	Switzerland	100%	Triton Asset Leasing GmbH	Switzerland	100%
Triton Hungary Investments 1 LLC	Hungary	100%	Triton Atlas GmbH	Switzerland	100%
Triton Nautilus Asset Leasing GmbH	Switzerland	100%	Triton Hungary Investments 1 LLC	Hungary	100%
Triton Quantum Rig Holdings GmbH	Switzerland	100%	Triton Nautilus Asset Leasing GmbH	Switzerland	100%
Triton Titan GmbH	Switzerland	100%	Triton Quantum Rig Holdings GmbH	Switzerland	100%
Triton Voyager Asset Leasing GmbH	Switzerland	100%	Triton Titan GmbH	Switzerland	100%
			Triton Voyager Asset Leasing GmbH	Switzerland	100%

In the year ended December 31, 2025, we formed Transocean Explorer Services, LLC. (“TESL”), our principal indirect subsidiary, to host seconded U.S. executive employees, and we removed Triton Asset Leasing GmbH (“TALG”) from the schedule of principal indirect investments following the merger of Transocean Entities Holdings GmbH (“TEHG”) with TALG, for which TEHG was the surviving entity.

In the year ended December 31, 2024, our direct and indirect subsidiaries previously domiciled in the Cayman Islands migrated to Bermuda, except for the subsidiaries required to remain in the Cayman Islands for administrative purposes or the subsidiaries that are expected to be liquidated. In the year ended December 31, 2024, we did not form any new subsidiary that we considered to be a principal indirect investment, and we removed from the schedule of principal indirect investments subsidiaries that were liquidated during the year.

NOTE 5—SHAREHOLDERS’ EQUITY

Overview

Changes in our shareholders’ equity were as follows (in thousands):

	Share capital		Statutory capital reserves (a)			Own shares	Accumulated losses	Total shareholders’ equity
	Shares	Amount	from capital contribution	from other capital reserves	from capital contribution for shares held by subsidiaries (b)			
Balance at December 31, 2023	843,716	USD 100,275	USD 16,991,889	USD 33,256	USD 95,052	USD —	USD (12,904,929)	USD 4,315,543
Shares issued to Transocean International Limited from option agreement	1,100	131	5,622	—	—	—	—	5,753
Shares issued to Transocean International Limited	18,000	2,139	—	—	—	—	—	2,139
Capital reduction due to redenomination (c)	—	(16,263)	16,263	—	—	—	—	—
Shares issued to Transocean International Limited for Orion Holdings (Cayman) Limited acquisition	55,513	5,551	291,444	—	—	—	—	296,995
Own shares issued for long-term incentive plans	22,500	2,250	—	—	—	(2,250)	—	—
Shares issued for long-term incentive plans	—	—	51,338	—	—	—	—	51,338
Non-qualifying for Swiss withholding purposes	—	—	(15,225)	15,225	—	—	—	—
Net income for the year	—	—	—	—	—	—	263,382	263,382
Balance at December 31, 2024	940,829	USD 94,083	USD 17,341,331	USD 48,481	USD 95,052	USD (2,250)	USD (12,641,547)	USD 4,935,150
Balance at December 31, 2024	940,829	CHF 85,371	CHF 15,735,524	CHF 43,991	CHF 86,250	CHF (2,042)	CHF (11,470,940)	CHF 4,478,154
Shares issued to Transocean International Limited	59,015	5,901	—	—	—	—	—	5,901
Own shares issued for long-term incentive plans	16,000	1,600	—	—	—	(1,600)	—	—
Own shares issued for general purposes	188,166	18,817	—	—	—	(18,817)	—	—
Share issued for 4% bond conversion	—	—	189,127	—	—	—	—	189,127
Transocean Ltd. offering of shares	—	—	424,062	—	—	14,375	—	438,437
Shares issued for long-term incentive plans	—	—	27,105	—	—	—	—	27,105
Net loss for the year	—	—	—	—	—	—	(73,562)	(73,562)
Balance at December 31, 2025	1,204,010	USD 120,401	USD 17,981,625	USD 48,481	USD 95,052	USD (8,292)	USD (12,715,109)	USD 5,522,158
Balance at December 31, 2025	1,204,010	CHF 95,430	CHF 14,252,236	CHF 38,426	CHF 75,338	CHF (6,572)	CHF (10,077,995)	CHF 4,376,863

- As of December 31, 2025, the Swiss Federal Tax Administration (“SFTA”) had approved, as of December 31, 2022, CHF 13.9 billion of statutory capital reserves from capital contribution for distribution without any Swiss withholding tax consequences. As of December 31, 2025, the statutory capital reserves from capital contribution pending approval by SFTA represented an increase of USD 634 million and USD 362 million, equivalent to CHF 503 million and CHF 329 million, respectively, for years ended December 31, 2025 and 2024, respectively.
- The statutory capital reserve from capital contribution for shares held by subsidiaries represents the aggregate cost of own shares held indirectly through Transocean International. See Note 6—Own Shares.
- In May 2024, at our annual general meeting, shareholders approved (i) redenominating the currency of our share capital from Swiss francs to U.S. dollars and (ii) reducing the par value of our shares for purposes of such redenomination. As a result of the redenomination and reduction, made effective as of January 1, 2024, the par value

TRANSOCEAN LTD.
NOTES TO STATUTORY FINANCIAL STATEMENTS—continued

of each of our shares was changed to USD 0.10 from CHF 0.10. We allocated the resulting aggregate reduction of USD 16 million to statutory capital reserves from capital contribution.

Authorized share capital (Kapitalband)

General capital authorization—The general capital authorization may be used for purposes as described under the provisions of Article 5 of our articles of association. In May 2025, at our annual general meeting, shareholders approved a general capital authorization to issue up to 188.2 million shares, thereby replacing the general capital authorization that was previously approved by shareholders at our 2024 annual general meeting. In May 2025, our board of directors approved the issuance of 188.2 million of our shares for an aggregate value of USD 19 million, equivalent to CHF 15 million, by conversion of freely available equity, using the general capital authorization. At December 31, 2025, the authority of our board of directors to issue shares out of general capital authorization was fully exhausted.

In May 2024, at our annual general meeting, shareholders approved a general capital authorization to issue up to 172.6 million shares, thereby replacing the general capital authorization that was previously approved by shareholders at our 2023 annual general meeting. In June 2024, our board of directors approved the issuance of 55.5 million of our shares, for an aggregate value of USD 6 million, equivalent to CHF 5 million, to Transocean International, using the general capital authorization. At December 31, 2024, the remaining authority of our board of directors to issue shares out of general capital authorization was limited to a maximum of 117.1 million shares. In May 2025, our board of directors approved the issuance of 59.0 million shares at par value to Transocean International, using the general capital authorization. Authorization for the remaining 58.1 million shares expired in May 2025.

Incentive plan authorization—The incentive plan authorization may be used solely for the purposes of granting shares under our incentive plans. In May 2025, at our annual general meeting, shareholders approved an incentive plan authorization to issue up to 16.0 million shares. In June 2025, our board of directors approved the issuance of 16.0 million shares for our incentive plans by conversion of freely available equity. At December 31, 2025, the incentive plan authorization was exhausted.

In May 2024, at our annual general meeting, shareholders approved an incentive plan authorization to issue up to 22.5 million shares. In June 2024, our board of directors approved the issuance of 22.5 million shares for our incentive plans by conversion of freely available equity. At December 31, 2024, the incentive plan authorization was exhausted.

Conditional share capital

Our articles of association provide for a conditional share capital that permits us to issue up to 141.3 million additional shares, under either of the following two circumstances, without obtaining additional shareholder approval: (1) through the exercise of conversion, exchange, option, warrant or similar rights for the subscription of shares granted in connection with bonds, options, warrants or other securities newly or already issued in national or international capital markets or new or already existing contractual obligations convertible into or exercisable or exchangeable for our shares or the shares of one of our group companies or any of their respective predecessors; or (2) in connection with the issuance of shares, options or other share-based awards to directors, employees, contractors, consultants or other persons providing services to us.

In connection with the issuance of bonds, notes, warrants or other financial instruments or contractual obligations that are convertible into, exercisable for or exchangeable for our registered shares, our board of directors is authorized to withdraw or limit the advance subscription rights of shareholders under certain circumstances. In connection with the issuance of shares, options or other share-based awards to directors, employees, contractors, consultants or other persons providing services to us, the preemptive rights and the advance subscription rights of shareholders are excluded. In March 2019, we and Transocean International entered into an option agreement, pursuant to which we granted Transocean International the right to acquire 12.0 million shares from us to satisfy obligations under our share-based compensation plans. In February 2024, we issued 1.1 million shares out of conditional share capital to Transocean International upon partial exercise of its right to acquire our shares under the option agreement in exchange for USD 5.8 million, equivalent to CHF 5.1 million. At December 31, 2025 and 2024, Transocean International had the right to acquire from us 9.5 million shares under the option agreement.

At December 31, 2025 and 2024, our board of directors were authorized to issue up to a maximum of 141.3 million shares, out of conditional share capital.

Share issuance

In September 2025, we issued 143.8 million shares with an aggregate value of USD 438 million, equivalent to CHF 348 million, in an equity offering using shares issued under our general capital authorization.

In June 2024, we issued 55.5 million shares with an aggregate value of USD 297 million, equivalent to CHF 269 million, to acquire the outstanding equity ownership interests of OHCL, an entity in which we previously held a noncontrolling ownership interest, and as a result, Orion became our wholly owned subsidiary. In June 2024, we contributed to Transocean International the acquired OHCL shares, which Transocean International subsequently contributed to Transocean Orion Limited, a wholly owned subsidiary of Transocean International.

TRANSOCEAN LTD.
NOTES TO STATUTORY FINANCIAL STATEMENTS—continued

In September 2023, we issued 11.9 million shares with an aggregate value of USD 99 million, equivalent to CHF 88 million, to acquire the outstanding equity ownership interests of Liquila Ventures Ltd. (together with its subsidiaries, “Liquila”), an entity in which we previously held a noncontrolling ownership interest, and as a result, Liquila became our wholly owned subsidiary. In November 2023, we contributed the acquired Liquila shares to TQHL, which TQHL subsequently contributed to TQRHL, a company partially owned and controlled by a wholly owned subsidiary of Transocean International. In June 2024, we contributed our ownership interests in TQHL to Transocean International.

We maintain an at-the-market equity offering program (the “ATM Program”). We intend to use the net proceeds from our ongoing ATM Program for general corporate purposes, which may include, among other things, the repayment or refinancing of indebtedness and the funding of working capital, capital expenditures, investments and additional balance sheet liquidity. In the year ended December 31, 2025 and 2024, we did not issue any shares under the ATM Program.

NOTE 6—OWN SHARES

Overview—The following is a summary of changes in the registered shares held by (i) us and (ii) Transocean International to satisfy obligations under our incentive plans or other rights to acquire our shares through equity offerings (in thousands, except percentages):

	Own shares held by us	Own shares held by our subsidiary	Total shares issued	Percentage of shares issued
Balance at December 31, 2023	—	34,685	843,716	4.11%
Shares issued to Transocean International from option agreement	—	1,100		
Shares issued to Transocean International	—	18,000		
Transfers under share-based compensation plans	—	(11,287)		
Issued for share-based compensation plans	22,500	—		
Balance at December 31, 2024	22,500	42,498	940,829	6.91%
Shares issued to Transocean International	—	59,015		
Issued for share-based compensation plans	16,000	—		
Issued for general purposes	188,166	—		
Transfers under share-based compensation plans	—	(8,622)		
Transfers for 4% bond conversion	—	(73,326)		
Transfers for equity offering	(143,750)	—		
	82,916	19,565	1,204,010	8.51%

Own shares held by us—At December 31, 2025 and 2024, we held 38.5 million and 22.5 million own shares, respectively, to satisfy our obligations to deliver shares in connection with awards granted under our incentive plans, and we held 44.4 million own shares for general purposes.

Own shares held by subsidiary—Transocean International holds our shares to satisfy our obligations to deliver shares in connection with awards granted under our incentive plans or other rights to acquire our shares through equity offerings. In the years ended December 31, 2025 and 2024, we transferred 8.7 million and 11.3 million shares, respectively, at historical cost, from the own shares held by Transocean International to satisfy obligations under our share-based compensation plans. At December 31, 2025 and 2024, Transocean International held 3.8 million and 12.4 million own shares, respectively, to satisfy obligations under our incentive plans.

Transocean International also holds our shares to satisfy our obligations to deliver shares in connection with the convertible notes and the ATM Program, and upon transfer to satisfy our obligations, we pay Transocean International a fee of 5 percent on the par value of transferred shares. In the year ended December 31, 2025, we transferred to Transocean International 59.0 million shares at par value. In the year ended December 31, 2025, in connection with the conversion of the 4.0% note, Transocean International transferred 73.3 million shares at par value and earned the corresponding fee. At December 31, 2025 and 2024, Transocean International held 15.8 million and 30.1 million own shares, respectively, for issuance to satisfy note conversions or issuance under the ATM program.

Share repurchase program—In May 2009, at our annual general meeting, shareholders approved and authorized our board of directors, at its discretion, to repurchase an amount of our shares for cancellation with an aggregate purchase price of up to CHF 3.50 billion. At December 31, 2025 and 2024, the authorization remaining under the share repurchase program was for the repurchase of our outstanding shares for an aggregate cost of up to USD 3.57 billion, equivalent to CHF 3.24 billion.

The share repurchase program may be suspended or discontinued by our board of directors or company management, as applicable, at any time.

TRANSOCEAN LTD.
NOTES TO STATUTORY FINANCIAL STATEMENTS—continued

NOTE 7—SHARE OWNERSHIP

Shares held by members of our board of directors—The members of our board of directors held shares, including shares held privately, as follows:

Name	December 31, 2025		December 31, 2024	
	Vested shares and unvested share units	Stock options and conversion rights	Vested shares and unvested share units	Stock options and conversion rights
Jeremy D. Thigpen (a)	5,255,052	1,212,621	9,217,731	1,212,621
Chadwick C. Deaton (b)	674,901	—	592,548	—
Keelan I. Adamson (c)	4,150,192	264,856	—	—
Glyn A. Barker	466,609	—	384,256	—
Vanessa C.L. Chang	538,567	—	436,214	—
Frederico F. Curado	463,625	—	381,272	—
Domenic J. Dell’Osso, Jr.	154,152	—	71,799	—
Vincent J. Intriери	478,865	—	396,512	—
William F. Lacey (d)	82,353	—	—	—
Samuel J. Merksamer	469,601	—	387,248	—
Frederick W. Mohn	97,000,654	—	91,418,301	—
Margareth Øvrum (e)	—	—	180,751	—
Total	109,734,571	1,477,477	103,466,632	1,212,621

- a) Mr. Thigpen was elected to the position of Executive Chair of the board of directors, effective May 30, 2025.
b) Mr. Chadwick was elected to the position of Lead Independent Director of the board, effective May 30, 2025.
c) Mr. Adamson was elected to the board of directors, effective May 30, 2025.
d) Mr. Lacey was elected to the board of directors, effective May 30, 2025.
e) Ms. Øvrum departed from the board of directors, effective May 30, 2025.

Shares held by members of our executive management team—Our executive management team consists of the President and Chief Executive Officer, the Executive Vice President and Chief Financial Officer and the Executive Chair. The members of our executive management team held shares, including shares held privately, and conditional rights to receive shares under our share-based compensation plans as follows:

Name	December 31, 2025					December 31, 2024				
	Number of shares held	Number of granted share units vesting in 2026	Number of granted share units vesting in 2027	Number of granted share units vesting in 2028	Total shares and share units	Number of shares held	Number of granted share units vesting in 2025	Number of granted share units vesting in 2026	Number of granted share units vesting in 2027	Total shares and share units
Keelan I. Adamson	1,303,715	838,455	1,471,775	326,979	3,940,924	1,020,952	516,271	511,476	104,397	2,153,096
R. Thaddeus Vayda	235,245	301,051	424,256	93,965	1,054,517	168,406	146,112	207,087	44,717	566,322
Jeremy D. Thigpen	2,136,223	1,409,446	939,654	171,822	4,657,145	5,178,900	1,422,421	1,237,625	245,640	8,084,586
Total	3,675,183	2,548,952	2,835,685	592,766	9,652,586	6,368,258	2,084,804	1,956,188	394,754	10,804,004

The number of granted share units vesting in future years represents the vesting of previously granted service awards and performance awards in the form of share units. Total shares and share units exclude vested but unissued shares for share units granted in 2023 with a performance requirement through 2025, and such shares are expected to be issued in the first quarter of 2026.

Stock options held by members of the executive management team—The members of our executive management team held vested and unvested stock options as follows:

Name	December 31, 2025					December 31, 2024				
	Number of granted stock options vested and outstanding	Number of granted stock options vesting in 2026	Number of granted stock options vesting in 2027	Number of granted stock options vesting in 2028	Total vested and unvested stock options	Number of granted stock options vested and outstanding	Number of granted stock options vesting in 2025	Number of granted stock options vesting in 2026	Number of granted stock options vesting in 2027	Total vested and unvested stock options
Keelan I. Adamson	264,856	—	—	—	264,856	264,856	—	—	—	264,856
R. Thaddeus Vayda	90,289	—	—	—	90,289	90,289	—	—	—	90,289
Jeremy D. Thigpen	1,212,621	—	—	—	1,212,621	1,212,621	—	—	—	1,212,621
Total	1,567,766	—	—	—	1,567,766	1,567,766	—	—	—	1,567,766

TRANSOCEAN LTD.
NOTES TO STATUTORY FINANCIAL STATEMENTS—continued

Shares granted—We granted the following service awards and performance awards to members of our board, members of our executive management team and employees:

Name	December 31, 2025		December 31, 2024	
	Number of share units granted	Value of share units	Number of share units granted	Value of share units
Non-executive board members	741,177	USD 1,845,531	326,165	USD 1,966,775
Executive management team	3,626,461	11,557,930	2,841,905	14,729,310
Employees	66,803	250,511	32,197	168,390
Total	4,434,441	USD 13,653,972	3,200,267	USD 16,864,475

NOTE 8—GUARANTEES, CONTINGENCIES AND COMMITMENTS

Debt obligations—Transocean International, Transocean Poseidon Limited, Transocean Aquila Limited and Transocean Titan Financing Limited have each issued certain debt securities or entered into other credit arrangements, including notes, bank credit agreements, debentures, surety bonds and letters of credit. We agreed to guarantee certain of these debt securities or other credit arrangements in exchange for a guarantee fee from our subsidiaries. With certain exceptions under the indentures of the debt securities issued by our subsidiaries, we are not subject to significant restrictions on our ability to obtain funds from our consolidated subsidiaries by dividends, loans or return of capital distributions. At December 31, 2025 and 2024, the aggregate carrying amount of debt that we have guaranteed was USD 5.25 billion and USD 6.31 billion, respectively, equivalent to CHF 4.16 billion and CHF 5.72 billion, respectively. In the years ended December 31, 2025 and 2024, we recognized guarantee fee income of USD 1 million, equivalent to less than CHF 1 million and CHF 1 million, respectively. In the year ended December 31, 2025, Transocean Poseidon Limited repaid its remaining debt obligation, and we terminated the corresponding guarantee arrangement.

Surety bond performance obligations—In August 2020, we provided a guarantee in favor of our subsidiaries issuing or reinsuring or procuring the issue or reinsurance of surety bonds in Brazil. In the year ended December 31, 2025, we terminated all surety bonds requiring such guarantee and terminated the corresponding guarantee agreement. At December 31, 2024, our guarantee provided support for outstanding surety bonds with a notional amount of USD 25 million, equivalent to CHF 23 million.

Swiss group value added tax obligations—We are one of a group of Swiss entities that are jointly and severally liable for the entire Swiss value added tax amount due to the Swiss tax authorities by this group.

NOTE 9—RELATED PARTY TRANSACTIONS

Credit agreements—In October 2024, we and TFIN, as the borrower and lender, respectively, entered into a credit agreement establishing a USD 10 million revolving credit facility. Under the terms of the agreement, as amended, interest is incurred on outstanding borrowings at a variable rate based on the Swiss Safe Harbor Rate and payable at maturity. Pursuant to TFIN’s merger with TMSG, TFIN assigned the credit agreement to TMSG and TMSG became the new lender. At December 31, 2025 and 2024, we had borrowings of USD 7 million, equivalent to CHF 6 million and CHF 7 million, respectively, outstanding under the credit facility at an interest rate of 4.25 percent.

In November 2018, we and Transocean International, as the borrower and lender, respectively, entered into a credit agreement establishing a USD 1.20 billion revolving credit facility, which is scheduled to expire on December 5, 2029. Under the terms of the agreement, as amended, interest is incurred on outstanding borrowings at a variable rate based on the Swiss Safe Harbor Rate and payable at maturity. At December 31, 2025 and 2024, we had borrowings of USD 346 million and USD 830 million, respectively, equivalent to CHF 274 million and CHF 753 million, respectively, outstanding under the credit facility at an interest rate of 4.25 percent.

In June 2011, we and Transocean International, as the borrower and lender, respectively, entered into a credit agreement establishing a USD 2.00 billion revolving credit facility. Under the terms of the agreement, as amended, interest is incurred on outstanding borrowings at a variable rate based on the Swiss Safe Harbor Rate and payable at maturity. At December 31, 2025 and 2024, we had no borrowings and borrowings of less than USD 1 million, respectively, outstanding under the revolving credit facility.

Exchangeable notes—In September 2022, we issued to Transocean International USD 300 million aggregate principal amount of an exchangeable loan note due in 2029 (the “4.625% note”) with interest payable semiannually at a rate of 4.625 percent per annum in a non-cash exchange for USD 73 million aggregate principal amount of the 0.5 percent loan note and USD 227 million aggregate principal amount of the USD 1.2 billion revolving credit facility. The 4.625% note may be converted at any time prior to the maturity date at an exchange rate of 290.6618 shares per USD 1,000 note, which implies a conversion price of USD 3.44 per share, subject to adjustment upon the occurrence of certain events. Transocean International may require us to repurchase all or a portion of the 4.625% note upon the occurrence of certain events. At December 31, 2025 and 2024, the outstanding principal amount of the 4.625% note was USD 259 million and USD 132 million, respectively, equivalent to CHF 205 million and CHF 119 million, respectively.

TRANSOCEAN LTD.
NOTES TO STATUTORY FINANCIAL STATEMENTS—continued

In February 2021, we issued to Transocean International USD 294 million aggregate principal amount of an exchangeable loan note due in 2025 (the “4.0% note”) with interest payable semiannually at a rate of 4.0 percent per annum. The 4.0% note could be converted at any time prior to the maturity date at an exchange rate of 190.4762 shares per USD 1,000 note, which implied a conversion price of USD 5.25 per share. In the year ended December 31, 2025, the holder of USD 196 million, equivalent to CHF 156 million, aggregate principal amount of the 4.0% note exchanged such note at the applicable exchange rate in our shares. As part of the transaction, we delivered an aggregate 73.3 million of our shares. In December 2025, we made a cash payment of USD 38 million, equivalent to CHF 30 million, to Transocean International to repay the remaining notes. At December 31, 2024, we had an outstanding principal amount of USD 234 million, equivalent to CHF 212 million.

Warrants—At December 31, 2025 and 2024, Transocean International had 22.2 million outstanding warrants, which holders may exercise to purchase our shares, and Transocean International held 22.2 million warrants, which it may exercise to purchase our shares. Transocean International is expected to exercise its right to purchase our shares in connection with its obligation to deliver our shares upon the exercise of the outstanding warrants to purchase our shares. Transocean International may exercise, in whole or in part, its right to acquire the warrant shares issuable upon exercise of such warrants by delivering to us an amount equal to the aggregate exercise price for the net share amount. In the years ended December 31, 2025 and 2024, we recognized an unrealized gain of USD 7 million and USD 52 million, respectively, equivalent to CHF 6 million and CHF 46 million, respectively, recorded in financial expense, with a corresponding adjustment to the liability, to reflect the estimated aggregate fair value of the warrants. At December 31, 2025 and 2024, the carrying amount of our liability to issue shares upon exercise of the warrants was USD 14 million and USD 22 million, respectively, equivalent to CHF 11 million and CHF 19 million, respectively, recorded in other non-current liabilities.

General and administrative services—We perform administrative services for our Swiss subsidiaries, for which we earn income based on the cost of such services, together with a markup of 7 percent.

TRANSOCEAN LTD.
PROPOSED APPROPRIATION OF THE ACCUMULATED LOSSES
(in thousands)

The board of directors proposes that shareholders at the annual general meeting in 2026 approve the following appropriation:

	December 31,	
	2025	2024
Accumulated losses brought forward from previous years	USD(12,641,547)	USD (12,904,929)
Net income (loss) for the year	(73,562)	263,382
Accumulated losses to be brought forward	<u>USD(12,715,109)</u>	<u>USD (12,641,547)</u>

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