



 **Transocean**

2021 Annual General Meeting
and Proxy Statement
2020 Annual Report

LETTER TO SHAREHOLDERS

NOTICE OF 2021 ANNUAL GENERAL MEETING AND PROXY STATEMENT

COMPENSATION REPORT

2020 ANNUAL REPORT TO SHAREHOLDERS

ABOUT TRANSOCEAN LTD.

Transocean is a leading international provider of offshore contract drilling services for oil and gas wells. The company specializes in technically demanding sectors of the global offshore drilling business with a particular focus on ultra-deepwater and harsh environment drilling services, and operates one of the most versatile offshore drilling fleets in the world. Transocean owns or has partial ownership interests in, and operates a fleet of 37 mobile offshore drilling units consisting of 27 ultra-deepwater floaters and 10 harsh environment floaters. In addition, Transocean is constructing two ultra-deepwater drillships. Our shares are traded on the New York Stock Exchange under the symbol RIG.



The symbols in the map above represent the company's global market presence as of the February 12, 2021 Fleet Status Report.

ABOUT THE COVER

The front cover features two of our crewmembers onboard the *Deepwater Conqueror* in the Gulf of Mexico and was taken prior to the COVID-19 pandemic. During the pandemic, our priorities remain keeping our employees, customers, contractors and their families healthy and safe, and delivering incident-free operations to our customers worldwide.

FORWARD-LOOKING STATEMENTS

Any statements included in this Proxy Statement and 2020 Annual Report that are not historical facts, including, without limitation, statements regarding future market trends and results of operations are forward-looking statements within the meaning of applicable securities law. Such statements are subject to numerous risks and uncertainties beyond our control and our actual results may differ materially from our forward-looking statements.



TO THE OWNERS OF OUR COMPANY:

Adversity provides unique opportunities for us all to challenge the status quo, innovate and galvanize positive change. Since the start of 2020, COVID-19 and other events have offered more than their share of adversity. Throughout this time, our team of professionals has kept our core values as guiding principles for our direction and we have collectively risen to the occasion. In 2020, Transocean changed in ways that we believe will serve as the foundation for future success, delivering exceptional results in the face of a global pandemic. We enter 2021 in a strong position, more committed than ever to continuing to deliver the superior level of performance all of our stakeholders expect and deserve.

While we remain pragmatic as we continue to respond and adapt to the effects of the ongoing pandemic, we recognize the tireless dedication and incredible creativity of our employees who keep our rigs operating on behalf of our customers. As we continue to develop and innovate, we also continue to take the necessary actions to preserve and enhance liquidity as we have done in the past, including delivering best-in-class backlog conversion, further improving our cost structure to fit our evolving active fleet, quickly cold-stacking or scrapping unmarketable assets, and executing timely and opportunistic capital markets transactions.

In recent years, our disciplined approach to preserving and enhancing liquidity has allowed us to transform our ultra-deepwater and harsh environment fleet, dropping the average age of our floaters to nine years from 21 years through strategic additions and subtractions. In 2020 alone, we retired or sold seven older, less competitive rigs. These ongoing efforts have resulted in Transocean continuing to maintain our leadership position among offshore drillers.

THIS NEWER, YOUNGER, HIGHER-SPECIFICATION FLEET OF 37 FLOATERS, WITH TWO MORE STILL UNDER CONSTRUCTION, OFFERS OUR CUSTOMERS SAFER, CLEANER, MORE EFFICIENT OPERATIONS AND ALLOWED TRANSOCEAN, IN 2020, TO DELIVER UPTIME PERFORMANCE TO OUR CUSTOMERS THAT EXCEEDED 97%.

While we own and operate some of the industry's most advanced rigs, we continued to make strategic technology upgrades during 2020, including the addition of Smart Equipment Analytics ("SEA") on 19 of our rigs. SEA provides us with real-time equipment and operating data, enabling us to quickly evaluate rig performance and respond as necessary to keep our rigs operating at optimal levels. SEA also provides fleet-wide awareness of power consumption and emissions, allowing us to deliver our vital services, while reducing our impact on the environment. Furthermore, during 2020, we deployed the offshore drilling industry's first safety system, HaloGuardSM, that integrates a wearable locating device with drill floor equipment and machine stoppage controls. HaloGuardSM combines a wearable alarm and a real-time location transmitter together with a machine vision system that is designed to track the position of personnel on the drill floor and key drill floor equipment while operating and, if needed, stop the equipment from operating. This system provides an advanced layer of individual protection on the drill floor for our crew. We have fully installed the system on one rig operating in the Gulf of Mexico, and we plan to install HaloGuardSM systems on six more rigs during 2021. This system is an example of how we have prioritized providing a safe and healthy work environment for our people by utilizing the most advanced technologies available.

In 2020, we were able to deliver a total recordable incident rate of 0.24, the second lowest in our company's 60-plus year history. And remarkably, amid the pandemic, due to our employees' professionalism, dedication, flexibility and resilience, we delivered adjusted revenue of approximately \$3.4 billion and adjusted EBITDA of approximately \$1.2 billion, all without a single lost time incident.

OUR RESILIENCE AND CREATIVITY THROUGHOUT 2020 IS ALSO EVIDENCED BY OUR LIQUIDITY IMPROVEMENT THROUGH THE REDUCTION IN OUR DEBT AND INTEREST COST TO MATURITY BY MORE THAN \$1 BILLION AND \$100 MILLION, RESPECTIVELY, RESULTING FROM A SERIES OF HIGHLY SUCCESSFUL AND STRATEGIC LIABILITY MANAGEMENT TRANSACTIONS.

LETTER TO SHAREHOLDERS

As we have demonstrated over the last several years, our finance and legal teams have proven we can successfully execute fiscally responsible transactions to further our strategic goals. In 2021, we will continue to be proactive in managing our balance sheet in a way that enables us to continue to invest in our people, our assets and the development of new and differentiating technologies. While we take some comfort in our approximately \$7.8 billion backlog, we remain pragmatic, recognizing the challenges to the industry and, specifically, those that Transocean will continue to face in the near-term. Transocean remains in an advantageous position relative to other offshore drillers, many of whom are in, or have recently emerged from, bankruptcy. Instead, we believe we have the liquidity to continue to prudently invest in our business; and importantly, we are able to maintain a singular focus on delivering best-in-class operations to our customers. We expect that a full-scale recovery in the deepwater offshore market will not likely begin before the middle of this year, at the earliest. However, as the commodity markets have begun to stabilize, we have confidence that our customers will be ready to increase their offshore activity in the years to come. We remain encouraged by the emergence of multiple opportunities for work in offshore markets across the globe in 2021 and beyond. And, we are pleased to be entering the year with some meaningful contracts and extensions signed in 2020:

- We signed a conditional agreement with Beacon Offshore Energy to drill the Shenandoah prospect in the Gulf of Mexico with the newbuild *Deepwater Atlas*. Upon sanctioning, the project will require a 20,000 psi well control system, making the *Deepwater Atlas* our second 20,000 psi capable drillship.
- We extended the contracts with Petrobras for the *Deepwater Mykonos* and *Deepwater Corcovado* by 680 days and 815 days, respectively.

AS AN INTEGRAL PARTICIPANT IN THE PRODUCTION AND DEVELOPMENT OF ENERGY, WE MUST CONTINUE TO OPERATE WITH INTEGRITY, DISCIPLINE AND AN UNCONDITIONAL RESPECT FOR OUR PEOPLE, OUR COMMUNITIES AND OUR PLANET.

We must continue to adapt and sharpen our focus on responsible operations that help meet the cyclical and dynamic energy demands of global and regional economies. As part of this focus, we continue to formally integrate our sustainability efforts into our corporate strategy and business execution plans. At the end of 2020, we introduced our Human Rights Policy and published our third sustainability report.

At our 2020 Annual General Meeting, our shareholders approved the addition of a second woman to our Board of Directors, and at this year's 2021 Annual General Meeting, we are nominating a third woman to our Board of Directors. These individuals join a Board that is highly experienced, well-credentialed and sharply focused on shareholder value.

In closing, we are exceptionally grateful for and proud of our employees' dedication, flexibility, strength and resilience during this challenging time. We will continue to overcome the challenges before us and use adversity to change for the better. On behalf of our entire team at Transocean, we thank our shareholders for your continued support and trust. We look forward to continuing our leadership role in fulfilling the world's energy needs.



A stylized, handwritten signature in dark ink.

CHADWICK C. DEATON
Chair of the Board of
Directors



A stylized, handwritten signature in dark ink.

JEREMY D. THIGPEN
President and Chief Executive
Officer

April 7, 2021

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NOTICE TO SHAREHOLDERS

The 2021 Annual General Meeting of the shareholders (the “2021 Annual General Meeting”) of Transocean Ltd. (the “Company”) will be held:



WHEN

Thursday, May 27, 2021
6:30 p.m., Swiss time



WHERE

Transocean Ltd.
Turmstrasse 30
6312 Steinhausen, Switzerland

Information regarding the matters to be acted upon at the meeting is set forth in the attached invitation to the 2021 Annual General Meeting and the proxy statement, which is available at: www.deepwater.com by selecting Financial Reports, then Annual and Quarterly Reports in the dropdown menu of the Investors section.

At the 2021 Annual General Meeting, we will ask you to vote on the following items:

AGENDA ITEM	DESCRIPTION	BOARD RECOMMENDATION	FOR MORE INFORMATION, SEE PAGE
1	Approval of the 2020 Annual Report, Including the Audited Consolidated Financial Statements of Transocean Ltd. for Fiscal Year 2020 and the Audited Statutory Financial Statements of Transocean Ltd. for Fiscal Year 2020	✓ FOR	P-12
2	Discharge of the Members of the Board of Directors and Executive Management Team from Liability for Activities During Fiscal Year 2020	✓ FOR	P-14
3	Appropriation of the Accumulated Loss for Fiscal Year 2020 And Release of CHF 8.0 Billion of Statutory Capital Reserves from Capital Contribution and Allocation to Free Capital Reserves from Capital Contribution	✓ FOR	P-15
4	Renewal of Shares Authorized for Issuance	✓ FOR	P-16
5	Election of 11 Directors, Each for a Term Extending Until Completion of the Next Annual General Meeting	✓ FOR	P-18
6	Election of the Chair of the Board of Directors for a Term Extending Until Completion of the Next Annual General Meeting	✓ FOR	P-35
7	Election of the Members of the Compensation Committee, Each for a Term Extending Until Completion of the Next Annual General Meeting	✓ FOR	P-36
8	Election of the Independent Proxy for a Term Extending Until Completion of the Next Annual General Meeting	✓ FOR	P-37
9	Appointment of Ernst & Young LLP as the Company's Independent Registered Public Accounting Firm for Fiscal Year 2021 and Election of Ernst & Young Ltd, Zurich, as the Company's Auditor for a Further One-Year Term	✓ FOR	P-38
10	Advisory Vote to Approve Named Executive Officer Compensation	✓ FOR	P-40

11	Prospective Votes on the Maximum Compensation of the Board of Directors and the Executive Management Team	✓ FOR	P-42
12	Approval of Amendment and Restatement of the Transocean Ltd. 2015 Long-Term Incentive Plan	✓ FOR	P-47

It is important that your shares be represented and voted at the meeting. If you are a shareholder registered in our share register, you may submit voting instructions electronically over the internet, by telephone or, if you request that the proxy materials be mailed to you, by completing, signing and returning the proxy card enclosed with those materials. If you hold your shares in the name of a bank, broker or other nominee, please follow the instructions provided by your bank, broker or nominee for submitting voting instructions, including whether you may submit voting instructions by mail, telephone or over the internet.

Under rules of the U.S. Securities and Exchange Commission ("SEC"), we have elected to provide access to our proxy materials over the internet. Accordingly, we are sending a Notice of Internet Availability of Proxy Materials (the "Notice") to our shareholders as of the close of business on April 1, 2021. All shareholders will have the ability to access the proxy materials on the website referred to in the Notice or to request to receive a printed set of the proxy materials. Instructions on how to access the proxy materials over the internet or to request a printed copy may be found in the Notice. The Notice also instructs you on how you may submit your proxy over the internet, by telephone or via mail. If you receive the Notice, you will not receive a printed copy of the proxy materials unless you request one in the manner set forth in the Notice or as otherwise described in the proxy statement.

A copy of the proxy materials, including a proxy card or voting instruction form, will also be sent to any additional shareholders who are registered in our share register as shareholders with voting rights, or who become beneficial owners through a nominee registered in our share register as a shareholder with voting rights, as of the close of business on May 10, 2021, and who were not registered as of April 1, 2021. The Notice or proxy statement and form of proxy, as appropriate, are first being mailed or sent, as appropriate, to shareholders on or about April 7, 2021.

A note to Swiss and other European investors: Transocean Ltd. is incorporated in Switzerland, has issued registered shares and trades on the New York Stock Exchange; however, unlike some Swiss incorporated companies, **share blocking and re-registration are not requirements for any shares of Transocean Ltd. to be voted at the meeting, and all shares may be traded after the record date.**

Due to the extraordinary situation in connection with the COVID-19 pandemic, the 2021 Annual General Meeting will not take place in the usual format. In accordance with the Swiss Federal Council Ordinance 3 of June 19, 2020 on Measures to Combat the Coronavirus, as amended (the "COVID-19 Ordinance 3"), shareholders will not be permitted to attend the meeting in person. Shareholders and beneficial owners of our shares must therefore exercise their voting rights only by giving voting instructions to the independent proxy or its substitute by internet, telephone or mail, as described above, or by giving the independent proxy or its substitute proxy card voting instruction, as further described in this proxy statement. We look forward to welcoming shareholders in person at general meetings of shareholders that take place following the 2021 Annual General Meeting, consistent with our long-standing practice.

Thank you in advance for your vote.

Sincerely,



CHADWICK C. DEATON
Chair of the Board of
Directors



JEREMY D. THIGPEN
President and Chief Executive
Officer

April 7, 2021

PROXY STATEMENT SUMMARY

2021 ANNUAL GENERAL MEETING DETAILS



WHEN

Thursday, May 27, 2021
6:30 p.m., Swiss time



WHERE

Transocean Ltd.
Turmstrasse 30
6312 Steinhausen, Switzerland



RECORD DATE

May 10, 2021

VOTING INFORMATION



BY PHONE

Registered Holders
(shares are registered in your own name)

On a touch-tone telephone, call toll-free: +1 (800) 690-6903 24/7, and follow the instructions.

You will need the 12-digit control number that is included in the voting instructions form that is sent to you.

You will be able to confirm that the telephonic system has properly recorded your votes.



BY INTERNET

Go to www.proxyvote.com 24/7, and follow the instructions.

You will need the 12-digit control number that is included in the voting instructions form that is sent to you.

The internet system allows you to confirm that the system has properly recorded your voting instructions.



BY MAIL

Complete, date, sign and return your proxy card in the postage-paid envelope.

Do not mail the proxy card if you are submitting voting instructions over the internet.



BY MOBILE DEVICE

Scan the QR code, which can be found on your voting instructions form that is sent to you.



Beneficial Owners
(shares are held "in street name" in a stock brokerage account or by a bank, nominee or other holder of record)

On a touch-tone telephone, call toll-free: +1 (800) 690-6903 24/7, and follow the instructions.

You will need the 12-digit control number that is included in the voting instructions form that is sent to you.

You will be able to confirm that the telephonic system has properly recorded your votes.

Go to www.proxyvote.com 24/7, and follow the instructions.

You will need the 12-digit control number that is included in the voting instruction form that is sent to you.

The internet system allows you to confirm that the system has properly recorded your voting instructions.

Complete, date, sign and return your voting information form.

Do not mail the voting instruction form if you are submitting voting instructions over the internet or by telephone.

Scan the QR code, which can be found on your voting instructions form that is sent to you.



YOUR VOTE IS IMPORTANT

While shareholders will not attend the 2021 Annual General Meeting in person, as explained below, we encourage you to vote as soon as possible.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE 2021 ANNUAL GENERAL MEETING TO BE HELD ON MAY 27, 2021

Our proxy statement and 2020 Annual Report are available at www.proxyvote.com or on our website investor.deepwater.com under “Financial Reports — Annual and Quarterly Reports.” Information contained on or accessible from our website is not incorporated by reference into this proxy statement and should not be considered a part of this report or any other filing that we make with the SEC. Furthermore, references to our website URLs are intended to be inactive textual references only.

Shareholders registered in our share register on the record date have the right to vote their shares at the 2021 Annual General Meeting. Such shareholders may designate proxies to vote their shares by submitting their proxy electronically over the internet, by telephone or, if they request that the proxy materials be mailed to them, by completing, signing and returning the proxy card enclosed with those materials. Please review the voting instructions in the proxy statement for each of these methods.

Shareholders who hold their shares in the name of a bank, broker or other nominee should follow the instructions provided by their bank, broker or nominee for voting their shares, including whether they may submit voting instructions by mail, telephone or over the internet.

All dollar figures in this proxy statement are in U.S. dollars unless otherwise denoted.

COMPANY OVERVIEW AND 2020 STRATEGY AND PERFORMANCE

Transocean is a leading international provider of offshore contract drilling services for oil and gas wells. The company specializes in technically demanding sectors of the global offshore drilling business with a particular focus on ultra-deepwater and harsh environment drilling services, and believes that it operates the highest specification floating offshore drilling fleet in the world.

Transocean's fleet of 37 mobile offshore drilling units consists of 27 ultra-deepwater floaters and 10 harsh environment floaters. In addition, Transocean is constructing two ultra-deepwater drillships. The below graphic shows the global market presence of our fleet as of our Fleet Status Report issued on February 12, 2021.



With the offshore industry's highest specification floating fleet, and a steadfast focus on incident-free operations and superior well construction, we believe that we are best-positioned to support our customers in the delivery of their operational and business objectives, which will ultimately translate into solid returns for our shareholders.

We are proud of our employees' resolve as we have overcome the challenges of 2020. By any measure, we have delivered industry-leading results throughout some of the most difficult days of the offshore drilling industry's history. As a result of the constraints and challenges imposed on our business by the global pandemic during this past year, we have innovated, adapted and delivered meaningful change across our organization. In 2020, we delivered the best overall operational performance for any single year in the history of Transocean. Importantly, we also delivered a total recordable incident rate of 0.24, the second lowest in our company's history. Even more remarkably, we achieved this with no lost time incidents. We also delivered over 97% uptime across our global fleet, which marked a new best for Transocean. Importantly, we delivered this result with a fleet of floaters that are focused exclusively on ultra-deepwater and harsh operations, which present the most challenging operational conditions. We believe demand for hydrocarbons will increase as vaccine distribution continues and the global economy recovers from the pandemic. Our priorities are unchanged: keep our

employees, customers, contractors and their families healthy and safe, and deliver incident-free operations to our customers worldwide. Our team's dedication is truly remarkable.

NOMINEES TO THE BOARD OF DIRECTORS

As the market leader in offshore drilling, Transocean has proven that it attracts the most qualified leadership and management team in the industry. The current terms of all of our directors will expire at the annual meeting, including Tan Ek Kia, a current director who is not a nominee for re-election. Mr. Tan has decided not to stand for re-election and will retire from the Board when his term expires at the 2021 Annual General Meeting. The Board of Directors extends its sincere thanks to Mr. Tan for his ten years of service and many contributions to the Company's success.

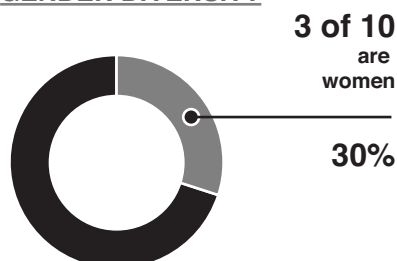
At our 2020 Annual General Meeting, our shareholders elected Diane de Saint Victor to our Board of Directors, and as described in our proxy statement, we are pleased to nominate Ms. de Saint Victor for re-election to the Board. We are also pleased to nominate a new candidate to the Board of Directors for election at the 2021 Annual General Meeting: Margareth Øvrum, who has nearly 40 years of experience in the energy industry and most recently served as Executive Vice President of Equinor ASA, Development and Production Brazil. If elected, Ms. Øvrum will be the third new member added to our Board since 2018 and will contribute to the diversity of experience, background and tenure of our directors. Each of our director nominees has a proven record of success and high integrity, and is committed to advancing the interests of shareholders and increasing the Company's sustainability efforts.

During 2020, each of our current directors attended 100% of the Board of Directors' meetings and committee meetings on which he or she served during his or her elected term, except for Mr. Mohn, whose attendance at one Board Meeting was excused due to a potential conflict of interest associated with his ownership of debt securities issued by a subsidiary of the Company, as further described in this proxy statement.

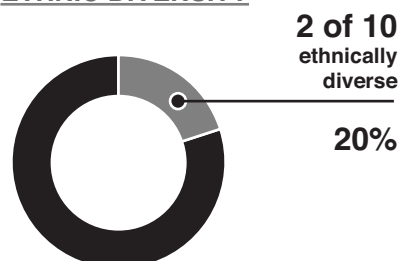
Additional information regarding the director nominees for election is provided below and under Agenda Item 5.



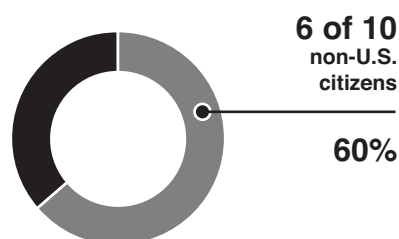
GENDER DIVERSITY































ETHNIC DIVERSITY



GLOBAL CITIZENSHIP



PROXY STATEMENT SUMMARY

DIRECTORS FOR ELECTION					COMMITTEES					OTHER CURRENT PUBLIC COMPANY BOARDS
		AGE	DIRECTOR SINCE	INDEPENDENT	AUDIT	COMPENSATION	FINANCE	CORPORATE GOVERNANCE	HEALTH, SAFETY, ENVIRONMENTAL AND SUSTAINABILITY	
	Glyn A. Barker Former Vice Chair-U.K., PwC LLP	67	2012	✓						2
	Vanessa C.L. Chang Former Director and Shareholder of EL & EL Investments	68	2012	✓						2
	Frederico F. Curado CEO, Ultrapar S.A.	59	2013	✓						1
	Chadwick C. Deaton Former Executive Chair and CEO, Baker Hughes Incorporated	68	2012	✓						2
	Vincent J. Intrieri Founder and CEO, VDA Capital Management LLC	64	2014	✓						2
	Samuel J. Merksamer Partner, Caligan Partners, L.P.	40	2013	✓						0
	Frederik W. Mohn Owner and Managing Director, Perestroika; former Director and Chair, Songa Offshore SE	44	2018	✓						0
	Edward R. Muller Former Chair and CEO, GenOn Energy, Inc.; former Vice Chair, NRG Energy, Inc.	69	2008	✓						1
	Margareth Øvrum Former Executive Vice President for Equinor Development and Production Brazil	62	Nominee	✓						3
	Diane de Saint Victor Former Company Secretary of ABB Ltd, Switzerland	66	2020	✓						1
	Jeremy D. Thigpen President and CEO, Transocean Ltd.	46	2015							0
MEETINGS IN 2020: BOARD: 5 BOARD AND COMMITTEES: 30					8	4	5	4	4	



Committee
Chair



Committee
Member



Audit Committee
financial expert (SEC
and NYSE)



Independent, as determined by the
Board of Directors in accordance
with applicable rules and regulations

SWISS MINDER ORDINANCE

Under the Swiss Ordinance Against Excessive Compensation At Public Companies (the “Minder Ordinance”) and our Articles of Association, the authority to elect the Chair of the Board of Directors and the members of the Compensation Committee is vested in the general meeting of shareholders. The Board of Directors recommends that you elect Chadwick C. Deaton as Chair of the Board of Directors (Agenda Item 6) and Glyn A. Barker, Vanessa C.L. Chang and Samuel J. Merksamer as members of the Compensation Committee (Agenda Item 7) to serve until completion of the 2022 Annual General Meeting of the shareholders (the “2022 Annual General Meeting”). Note that under the Minder Ordinance and our Articles of Association, if any of these individuals were to resign or there were vacancies in the office of the Chair or the Compensation Committee for other reasons, the Board of Directors would have the authority to replace him or her with another member of the Board of Directors for a term expiring at the next annual general meeting.

Pursuant to the Minder Ordinance, the Company is not permitted to appoint a corporate representative to act as the proxy for purposes of voting at the 2021 Annual General Meeting. Swiss companies may only appoint an independent proxy for these purposes. At the 2020 Annual General Meeting, shareholders elected Schweiger Advokatur / Notariat to serve as our independent proxy for a term extending until the completion of the 2021 Annual General Meeting. Agenda Item 8 asks that you again elect this firm to act as the independent proxy for the 2022 Annual General Meeting and any extraordinary general meeting of shareholders of the Company that may be held prior to the 2022 Annual General Meeting.

The Minder Ordinance and our Articles of Association also require that shareholders ratify the maximum aggregate amount of compensation of the Board of Directors for the period between the 2021 Annual General Meeting and the 2022 Annual General Meeting (Agenda Item 11A) and the maximum aggregate amount of compensation of the Executive Management Team for fiscal year 2022 (Agenda Item 11B). The shareholder vote is binding.

GOVERNANCE HIGHLIGHTS

Our Board is committed to strong corporate governance in order to promote long-term shareholder interests and strengthen Board and management accountability. The Board continues to monitor evolving governance standards and enhance our governance practices to serve Transocean shareholders. Key features of the Company’s corporate governance program include:

- Independent Board Chair
- Highly independent Board and Committees
- Annual director elections
- One share, one vote – no dual-class stock
- Shareholder right to call special meetings
- Shareholder proxy access
- Annual performance evaluations of the Board, the Committees and individual directors
- Retirement age and term limits
- No poison pill
- No hedging or pledging company stock by directors or executives
- No blank check preferred stock

ACTIVE SHAREHOLDER ENGAGEMENT PROGRAM

As part of our ongoing shareholder engagement program, our Board of Directors and Management team are committed to meeting with our shareholders and incorporating their feedback into our decision-making processes. We began 2020 with our regular cadence of investor outreach that included in-person conferences, meetings, and phone calls, while we monitored the development of the COVID-19 pandemic. Consistent with appropriate safety protocols, our management team quickly adjusted our engagement with shareholders to utilize virtual platforms that included video meetings and calls. During 2020, we attended more than 12 virtual conferences or sell side events, which allowed us to engage and maintain a dialogue with our shareholders on topics, including environment, social and governance-focused (“ESG”) outreach and engagement, in a meaningful and substantive way, and with a frequency that is generally consistent with pre-COVID-19 levels. Participants in many of the engagements included our Chief Executive Officer and Independent Chair of the Board, and members of executive management. In late 2020, we engaged with shareholders representing approximately 20% of our outstanding shares to discuss recent developments and to solicit investor feedback on our corporate governance and sustainability practices. All feedback received during our engagements has been shared directly with the Board and has helped inform material governance, compensation, sustainability and information security considerations.

KEY FEATURES OF EXECUTIVE COMPENSATION PROGRAM

Our executive compensation program reflects our commitment to retain and attract highly qualified executives and align our executives’ pay with performance. The elements of our program are designed to motivate our executives to achieve our overall business objectives and create sustainable shareholder value in a cost-effective manner and reward our management team for delivering superior financial, safety and operational performance, each of which is important to the long-term success of the Company. Our executive compensation

program includes features that align the interests of our senior management with those of our shareholders and excludes features that may result in misalignment.

WHAT WE DO

- ✓ Conduct an annual review of our compensation strategy, including a review of our compensation-related risk profile
- ✓ Mandate meaningful share ownership requirements for our executives
- ✓ Maintain a clawback policy that allows for the forfeiture, recovery or adjustment of incentive compensation (cash and equity)
- ✓ Base annual and long-term incentive payments on quantitative, formulaic metrics
- ✓ Maintain compensation plans that are weighted significantly toward variable pay to align our executive compensation with long-term shareholder interests
- ✓ Link long-term incentive compensation to relative performance metrics to motivate strong performance
- ✓ Deliver at least 50% of long-term incentives in performance-based awards
- ✓ Retain an independent consultant who is retained by and reports only to our Compensation Committee (not management)
- ✓ Maintain double trigger change-in-control provisions

WHAT WE DON'T DO

- ✗ Allow our executives to hedge, sell short or hold derivative instruments tied to our shares (other than derivative instruments issued by us)
- ✗ Allow our executives or directors to pledge Company shares
- ✗ Have pre-arranged individual severance agreements or special change-in-control compensation agreements with any Executive Officers; however, to the extent permitted under Swiss law, our executives are eligible for severance and change-in-control provisions pursuant to our policies, in exchange for covenants that protect the Company
- ✗ Provide gross-ups for severance payments
- ✗ Guarantee salary increases, non-performance based bonuses or unrestricted equity compensation
- ✗ Provide any payments or reimbursements for tax equalization
- ✗ Pay dividends or dividend equivalents on performance-based equity that has not vested
- ✗ Offer executive perquisites

SUSTAINABILITY HIGHLIGHTS

Despite challenges presented by the COVID-19 pandemic and declines in the energy sector, Transocean has continued to focus on responsibly fulfilling our role in meeting the world's energy needs while protecting our employees, safely operating our rigs and delivering value to our stakeholders. Our approach to managing environmental impact is driven by our pursuit of ever-greater operational efficiency to reduce our carbon footprint. To read more about sustainability at Transocean, please visit our website, www.deepwater.com, where you can access our latest sustainability report and other ESG materials.

- Our **Board of Directors oversees our sustainability** program and monitors our progress through regular updates from management.
- We are **working to align our ESG reporting with the Sustainability Accounting Standards Board (SASB)** standard, and are focused on how we can come into alignment with global initiatives, such as the Paris Climate Accord.
- We have leveraged **our proprietary performance dashboard** to improve the safety, reliability and efficiency of our **operations**. This includes best practices to reduce fuel usage and lower emissions.
- We continue to identify, develop and implement **technologies that enhance personnel safety**, such as our patented HaloGuardSM system, which tracks personnel and moving equipment on the drill floor, providing alerts when individuals are positioned in the path of the moving equipment and stopping the equipment, when necessary, if individuals do not move out of its path.
- We implemented the Smart Equipment Analytics tool to provide real time insights into our equipment and processes to **improve energy management and optimize equipment maintenance**.
- We launched **a new offshore development program aimed at training women and underrepresented populations** for technical leadership positions.
- We continue to offer **industry-leading benefits** that cover the physical, emotional, social and financial well-being of our employees, and we are partnering with our customer to **pilot a Mental Health Ambassador Program offshore to expand employees' knowledge and understanding of the benefits available to them**.
- In response to COVID-19 challenges for our workforce, we have issued a wide range of **measures to protect the health and safety of employees** while avoiding disruptions to our operations.

INVITATION TO 2021 ANNUAL GENERAL MEETING OF TRANSOCEAN LTD.



WHEN

Thursday, May 27, 2021
6:30 p.m., Swiss time



WHERE

Transocean Ltd.
Turmstrasse 30
6312 Steinhausen, Switzerland

AGENDA ITEMS

ITEM	DESCRIPTION	PROPOSAL OF THE BOARD OF DIRECTORS	BOARD RECOMMENDATION
1	Approval of the 2020 Annual Report, including the Audited Consolidated Financial Statements of Transocean Ltd. for Fiscal Year 2020 and the Audited Statutory Financial Statements of Transocean Ltd. for Fiscal Year 2020.	The Board of Directors proposes that the 2020 Annual Report, including the audited consolidated financial statements for the year ended December 31 ("fiscal year") 2020, and the audited statutory financial statements for fiscal year 2020, be approved.	✓ FOR
2	Discharge of the Members of the Board of Directors and the Executive Management Team from Liability for Activities During Fiscal Year 2020.	The Board of Directors proposes that the members of the Board of Directors and Messrs. Jeremy D. Thigpen, Mark L. Mey and Keelan I. Adamson, who served as members of our Executive Management Team in 2020, be discharged from liability for activities during fiscal year 2020.	✓ FOR
3	Appropriation of Accumulated Loss for Fiscal Year 2020 and Release of CHF 8.0 Billion of Statutory Capital Reserves from Capital Contribution and Allocation to Free Capital Reserves from Capital Contribution.	The Board of Directors proposes that the accumulated loss of the Company be carried forward and 8.0 billion of statutory capital reserves from capital contribution be released and allocated to free capital reserves from capital contribution.	✓ FOR

APPROPRIATION OF ACCUMULATED LOSS

	IN CHF THOUSANDS
Balance brought forward from previous years	(7,274,826)
Net loss of the year	(3,840,209)
Total accumulated loss	(11,115,035)

APPROPRIATION OF ACCUMULATED LOSS

Balance to be carried forward on this account	(11,115,035)
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INVITATION TO 2021 ANNUAL GENERAL MEETING OF TRANSOCEAN LTD.

ITEM	DESCRIPTION	PROPOSAL OF THE BOARD OF DIRECTORS	BOARD RECOMMENDATION																						
		<table><tr><th>PROPOSED RELEASE OF STATUTORY CAPITAL RESERVES FROM CAPITAL CONTRIBUTION TO FREE CAPITAL RESERVES FROM CAPITAL CONTRIBUTION</th><th>IN CHF THOUSANDS</th></tr><tr><td>Statutory capital reserves from capital contribution</td><td>11,953,457</td></tr><tr><td>Release to free capital reserves from capital contribution</td><td>8,000,000</td></tr><tr><td>Remaining statutory capital reserves from capital contribution</td><td>3,953,457</td></tr></table>	PROPOSED RELEASE OF STATUTORY CAPITAL RESERVES FROM CAPITAL CONTRIBUTION TO FREE CAPITAL RESERVES FROM CAPITAL CONTRIBUTION	IN CHF THOUSANDS	Statutory capital reserves from capital contribution	11,953,457	Release to free capital reserves from capital contribution	8,000,000	Remaining statutory capital reserves from capital contribution	3,953,457															
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Release to free capital reserves from capital contribution	8,000,000																								
Remaining statutory capital reserves from capital contribution	3,953,457																								
4	Renewal of Shares Authorized for Issuance.	The Board of Directors proposes to renew the total number of shares that may be issued using the Company's authorized share capital to a maximum of 205,702,850 shares, with such authorization expiring on May 27, 2023.	✓ FOR																						
5	Election of 11 Directors, Each for a Term Extending Until Completion of the Next Annual General Meeting.	<p>The Board of Directors proposes that the following candidates be elected to the Board of Directors, each for a term extending until completion of the next annual general meeting.</p> <table><tr><td>5A</td><td>Election of Glyn A. Barker as a director.</td></tr><tr><td>5B</td><td>Election of Vanessa C.L. Chang as a director.</td></tr><tr><td>5C</td><td>Election of Frederico F. Curado as a director.</td></tr><tr><td>5D</td><td>Election of Chadwick C. Deaton as a director.</td></tr><tr><td>5E</td><td>Election of Vincent J. Intrieri as a director.</td></tr><tr><td>5F</td><td>Election of Samuel J. Merksamer as a director.</td></tr><tr><td>5G</td><td>Election of Frederik W. Mohn as a director.</td></tr><tr><td>5H</td><td>Election of Edward R. Muller as a director.</td></tr><tr><td>5I</td><td>Election of Margareth Øvrum as a director.</td></tr><tr><td>5J</td><td>Election of Diane de Saint Victor as a director.</td></tr><tr><td>5K</td><td>Election of Jeremy D. Thigpen as a director.</td></tr></table>	5A	Election of Glyn A. Barker as a director.	5B	Election of Vanessa C.L. Chang as a director.	5C	Election of Frederico F. Curado as a director.	5D	Election of Chadwick C. Deaton as a director.	5E	Election of Vincent J. Intrieri as a director.	5F	Election of Samuel J. Merksamer as a director.	5G	Election of Frederik W. Mohn as a director.	5H	Election of Edward R. Muller as a director.	5I	Election of Margareth Øvrum as a director.	5J	Election of Diane de Saint Victor as a director.	5K	Election of Jeremy D. Thigpen as a director.	✓ FOR
5A	Election of Glyn A. Barker as a director.																								
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5K	Election of Jeremy D. Thigpen as a director.																								
6	Election of the Chair of the Board of Directors for a Term Extending Until Completion of the Next Annual General Meeting.	The Board of Directors proposes that Chadwick C. Deaton be elected as the Chair of the Board of Directors for a term extending until completion of the next annual general meeting, subject to his election as a member of the Board of Directors.	✓ FOR																						
7	Election of the Members of the Compensation Committee, Each for a Term Extending Until Completion of the Next Annual General Meeting.	<p>The Board of Directors proposes that the following three candidates be elected as members of the Compensation Committee, each for a term extending until completion of the next annual general meeting, subject in each case to such candidate's election as a member of the Board of Directors:</p> <table><tr><td>7A</td><td>Election of Glyn A. Barker as a member of the Compensation Committee.</td></tr><tr><td>7B</td><td>Election of Vanessa C.L. Chang as a member of the Compensation Committee.</td></tr></table>	7A	Election of Glyn A. Barker as a member of the Compensation Committee.	7B	Election of Vanessa C.L. Chang as a member of the Compensation Committee.	✓ FOR each nominee																		
7A	Election of Glyn A. Barker as a member of the Compensation Committee.																								
7B	Election of Vanessa C.L. Chang as a member of the Compensation Committee.																								

INVITATION TO 2021 ANNUAL GENERAL MEETING OF TRANSOCEAN LTD.

ITEM	DESCRIPTION	PROPOSAL OF THE BOARD OF DIRECTORS	BOARD RECOMMENDATION
		7C Election of Samuel J. Merksamer as a member of the Compensation Committee.	
8	Election of the Independent Proxy for a Term Extending Until Completion of the Next Annual General Meeting.	The Board of Directors proposes that Schweiger Advokatur / Notariat be reelected to serve as independent proxy at (and until completion of) the 2022 Annual General Meeting and at any extraordinary general meeting of shareholders of the Company that may be held prior to the 2022 Annual General Meeting.	✓ FOR
9	Appointment of Ernst & Young LLP as the Company's Independent Registered Public Accounting Firm for Fiscal Year 2021 and Election of Ernst & Young Ltd, Zurich, as the Company's Auditor for a Further One-Year Term.	The Board of Directors proposes that Ernst & Young LLP be appointed as the Company's independent registered public accounting firm for fiscal year 2021 and that Ernst & Young Ltd, Zurich, be reelected as the Company's auditor pursuant to the Swiss Code of Obligations for a further one-year term, commencing on the date of the 2021 Annual General Meeting and terminating on the date of the 2022 Annual General Meeting.	✓ FOR
10	Advisory Vote to Approve Named Executive Officer Compensation for Fiscal Year 2021.	Pursuant to Section 14A of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act"), shareholders are entitled to cast an advisory vote on the Company's executive compensation program for the Company's Named Executive Officers. Detailed information regarding the Company's compensation program for its Named Executive Officers is set forth in the Compensation Discussion and Analysis, the accompanying compensation tables and the related narrative disclosure in this proxy statement. The Board of Directors believes the Company's compensation program is designed to reward performance that creates long term value for the Company's shareholders. The Board of Directors has proposed a resolution that provides shareholders with the opportunity to endorse or not endorse the Company's Named Executive Officer compensation program as described in the proxy statement for the Company's 2021 Annual General Meeting.	✓ FOR
11	Prospective Vote on the Maximum Compensation of the Board of Directors and the Executive Management Team.		
11A	Ratification of the Maximum Aggregate Amount of Compensation of the Board of Directors for the Period Between the 2021 Annual General Meeting and the 2022 Annual General Meeting.	The Board of Directors proposes that the shareholders ratify an amount of U.S. \$4,121,000 as the maximum aggregate amount of compensation of the Board of Directors for the period between the 2021 Annual General Meeting and the 2022 Annual General Meeting.	✓ FOR
11B	Ratification of the Maximum Aggregate Amount of Compensation of the Executive Management Team for Fiscal Year 2022.	The Board of Directors proposes that the shareholders ratify an amount of U.S. \$24,000,000 as the maximum aggregate amount of compensation of the Executive Management Team for fiscal year 2022.	✓ FOR

INVITATION TO 2021 ANNUAL GENERAL MEETING OF TRANSOCEAN LTD.

ITEM	DESCRIPTION	PROPOSAL OF THE BOARD OF DIRECTORS	BOARD RECOMMENDATION
12	Approval of Amendment and Restatement of the Transocean Ltd. 2015 Long-Term Incentive Plan	The Board of Directors proposes that the shareholders approve an amendment and restatement of the Transocean Ltd. 2015 Long-Term Incentive Plan for additional reserves in the aggregate amount of 23,000,000 shares issuable pursuant to the Transocean Ltd. 2015 Long-Term Incentive Plan, as amended ("2015 LTIP"), which was originally approved by shareholders on May 15, 2015.	✓ FOR

ORGANIZATIONAL MATTERS

A copy of the Notice is being sent to each shareholder registered in Transocean Ltd.'s share register as of the close of business on April 1, 2021. Any additional shareholders who are registered in Transocean Ltd.'s share register as of the close of business on May 10, 2021, will receive after that date a copy of the proxy materials, including a proxy card. Shareholders not registered in Transocean Ltd.'s share register as of May 10, 2021, will not be entitled to vote or grant proxies to vote at the 2021 Annual General Meeting. While no shareholder will be entered in Transocean Ltd.'s share register as a shareholder with voting rights between the close of business on May 10, 2021, and the opening of business on the day following the 2021 Annual General Meeting, **share blocking and re-registration are not requirements for any shares of Transocean Ltd. to be voted at the meeting, and all shares may be traded after the record date.** Computershare, which maintains Transocean Ltd.'s share register, will continue to register transfers of Transocean Ltd. shares in the share register in its capacity as transfer agent during this period.

Shareholders registered in Transocean Ltd.'s share register as of May 10, 2021, have the right to vote their shares at the 2021 Annual General Meeting, or may grant a proxy to vote on each of the proposals in this invitation and any modification to any agenda item or proposal identified in this invitation or other matter on which voting is permissible under Swiss law and which is properly presented at the 2021 Annual General Meeting for consideration. Such shareholders may designate proxies to vote their shares electronically over the internet, by telephone or, if they request that the proxy materials be mailed to them, by completing, signing and returning the proxy card enclosed with those materials at the 2021 Annual General Meeting.

We urge you to submit your voting instructions electronically over the internet, by telephone or return the proxy card as soon as possible. All electronic voting instructions or proxy cards must be received no later than 11:59 p.m. Eastern Daylight Time on Wednesday, May 26, 2021 (5:59 a.m. Swiss time on Thursday, May 27, 2021) unless extended by the Company.

If you have timely submitted electronic voting instructions, telephone instructions or a properly executed proxy card, your shares will be voted by the independent proxy in accordance with your instructions. **Holders of shares who have timely submitted their proxy, but have not specifically indicated how to vote their shares, will be deemed to have instructed the independent proxy to vote in accordance with the recommendations of the Board of Directors with regard to the items listed in the notice of meeting. If any modifications to agenda items or proposals identified in this invitation or other matters on which voting is permissible under Swiss law are properly presented at the 2021 Annual General Meeting for consideration, you will be deemed to have instructed the independent proxy, in the absence of other specific instructions, to vote in accordance with the recommendations of the Board of Directors.**

As of the date of this proxy statement, the Board of Directors is not aware of any such modifications or other matters proposed to come before the 2021 Annual General Meeting.

Shareholders who hold their shares in the name of a bank, broker or other nominee should follow the instructions provided by their bank, broker or nominee for voting their shares, including whether they may submit voting instructions by mail, telephone or over the internet.

Shareholders may grant proxies to any third party. Such third party need not be a shareholder.

INVITATION TO 2021 ANNUAL GENERAL MEETING OF TRANSOCEAN LTD.

Information concerning the 2021 Annual General Meeting can be obtained by contacting:



OUR
CORPORATE
SECRETARY
AT OUR
REGISTERED
OFFICE

Transocean Ltd.
Attention: Corporate Secretary
Turmstrasse 30
6312 Steinhausen, Switzerland



INVESTOR
RELATIONS AT
OUR OFFICES
IN THE UNITED
STATES

Transocean Ltd.
Attention: Investor Relations
1414 Enclave Parkway
Houston, Texas 77077
USA



TELEPHONE
NUMBER

+41 (41) 749-0500



TELEPHONE
NUMBER

+1 (713) 232-7500

ANNUAL REPORT, CONSOLIDATED FINANCIAL STATEMENTS, STATUTORY FINANCIAL STATEMENTS

A copy of the 2020 Annual Report (including the consolidated financial statements for fiscal year 2020, the statutory financial statements of Transocean Ltd. for fiscal year 2020 and the audit reports on such consolidated and statutory financial statements) and the 2020 Swiss Compensation Report is available for physical inspection at our registered office:



Transocean Ltd.
Turmstrasse 30
6312 Steinhausen, Switzerland

Copies of these materials may be obtained without charge by contacting:



OUR
CORPORATE
SECRETARY
AT OUR
REGISTERED
OFFICE

Transocean Ltd.
Attention: Corporate Secretary
Turmstrasse 30
6312 Steinhausen, Switzerland



INVESTOR
RELATIONS AT
OUR OFFICES
IN THE UNITED
STATES

Transocean Ltd.
Attention: Investor Relations
1414 Enclave Parkway
Houston, Texas 77077
USA



TELEPHONE
NUMBER

+41 (41) 749-0500



TELEPHONE
NUMBER

+1 (713) 232-7500

On behalf of the Board of Directors,

CHADWICK C. DEATON
Chair of the Board of Directors

Steinhausen, Switzerland
April 7, 2021

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS

YOUR VOTE IS IMPORTANT

You may designate a proxy to vote your shares by submitting your voting instructions electronically over the internet, by calling the toll-free number or, if you requested a printed copy of the proxy materials, by completing, signing and returning by mail the proxy card you will receive in response to your request. Please review the instructions in the Notice of Internet Availability of Proxy Materials and the proxy statement.

Shareholders who hold their shares in the name of a bank, broker or other nominee should follow the instructions provided by their bank, broker or nominee for voting their shares, including whether they may submit voting instructions by mail, telephone or over the internet.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE 2021 ANNUAL GENERAL MEETING TO BE HELD ON MAY 27, 2021

Our proxy statement and 2020 Annual Report are available at www.proxyvote.com or on our website investor.deepwater.com under “Financial Reports — Annual and Quarterly Reports.” Information contained on or accessible from our website is not incorporated by reference into this proxy statement and should not be considered a part of this report or any other filing that we make with the SEC. Furthermore, references to our website URLs are intended to be inactive textual references only.

PROXY STATEMENT



WHEN

Thursday, May 27,
2021
6:30 p.m., Swiss time



WHERE

Transocean Ltd.
Turmstrasse 30
6312 Steinhausen, Switzerland



RECORD DATE

May 10, 2020

INFORMATION ABOUT THE MEETING AND VOTING

This proxy statement is furnished in connection with the solicitation of proxies by Transocean Ltd., on behalf of the Board of Directors, to be voted at our 2021 Annual General Meeting to be held on May 27, 2021 at 6:30 p.m., Swiss time, at the offices of Transocean Ltd., Turmstrasse 30, 6312 Steinhausen, Switzerland. The Notice or proxy statement and form of proxy, as appropriate, are first being mailed to shareholders on or about April 7, 2021.

RECORD DATE

Only shareholders of record on May 10, 2021, are entitled to notice of and to vote or to grant proxies to vote at, the 2021 Annual General Meeting. No shareholder will be entered in Transocean Ltd.'s share register with voting rights between the close of business on May 10, 2021, and the opening of business on the day following the 2021 Annual General Meeting.

While no shareholder will be entered in Transocean Ltd.'s share register as a shareholder with voting rights between the close of business on May 10, 2021, and the opening of business on the day following the 2021 Annual General Meeting, ***share blocking and re-registration are not requirements for any shares of Transocean Ltd. to be voted at the meeting, and all shares may be traded after the record date.*** Computershare, which maintains Transocean Ltd.'s share register, will continue to register transfers of Transocean Ltd. shares in the share register in its capacity as transfer agent during this period.

QUORUM

Our Articles of Association provide that the presence of shareholders, in person or by proxy, holding at least a majority of all the shares entitled to vote at the time the meeting proceeds to business constitutes a quorum for purposes of convening the 2021 Annual General Meeting and voting on all of the matters described in the notice of meeting. Abstentions and "broker non-votes" will be counted as present for purposes of determining whether the relevant quorums at the meeting are satisfied, so long as the broker has discretion to vote the shares on at least one matter before the 2021 Annual General Meeting.

VOTES REQUIRED

The following table sets forth the applicable vote standard required to pass each enumerated agenda item:

AGENDA ITEM	DESCRIPTION	RELATIVE MAJORITY ⁽¹⁾	TWO- THIRDS MAJORITY	PLURALITY OF VOTES
1	Approval of the 2020 Annual Report, Including the Audited Consolidated Financial Statements and Audited Statutory Financial Statements for Fiscal Year 2020 of Transocean Ltd.	✓		
2	Discharge of the Members of the Board of Directors and Executive Management Team from Liability for Activities During Fiscal Year 2020	✓ ⁽²⁾		
3	Appropriation of the Accumulated Loss and Release of CHF 8.0 Billion of Statutory Capital Reserves from Capital Contribution and Allocation to Free Capital Reserves from Capital Contribution	✓		
4	Renewal of Shares Authorized for Issuance		✓ ⁽³⁾	
5	Election of 11 Directors			✓ ⁽⁴⁾⁽⁵⁾
6	Election of Chair of the Board of Directors			✓ ⁽⁴⁾
7	Election of Members of the Compensation Committee			✓ ⁽⁴⁾
8	Election of Independent Proxy	✓		
9	Appointment of Ernst & Young as Independent Auditor	✓		
10	Advisory Vote to Approve Named Executive Officer Compensation	✓ ⁽⁶⁾		
11	Prospective Votes on the Maximum Compensation of the Board of Directors and the Executive Management Team	✓		
12	Approval of Amendment and Restatement of the Transocean Ltd. 2015 Long-Term Incentive Plan	✓		

- (1) Affirmative vote of a simple majority of the votes cast at the 2021 Annual General Meeting on the applicable agenda item. Abstentions, broker non-votes (if any) or blank or invalid ballots are not counted for such purposes and have no impact on the approval of such agenda item.
- (2) Affirmative vote of a simple majority of the votes cast at the 2021 Annual General Meeting on the applicable agenda item. Shares held by members of the Board of Directors and members of the Company's Executive Management Team are not entitled to vote on this matter and are not counted for this agenda item. Abstentions, broker non-votes (if any) or blank or invalid ballots are not counted for such purposes and have no impact on the approval of such agenda item.
- (3) The affirmative vote of at least two-thirds of the shares represented at the 2021 Annual General Meeting and entitled to vote on that agenda item. An abstention, blank or invalid ballot will have the effect of a vote "AGAINST" this proposal.
- (4) Affirmative vote of a plurality of the votes cast at the 2021 Annual General Meeting. The plurality requirement means that the nominee who receives the largest number of votes for a position as a director, or the Chair or a position on the Compensation Committee, as applicable, is elected to that position. Only votes "FOR" are counted in determining whether a plurality has been cast in favor of a nominee. Abstentions, broker non-votes, blank or invalid ballots are not counted for such purposes and shall have no impact on the election of such nominees. As described later in this proxy statement, our Corporate Governance

Guidelines set forth our procedures if a nominee for director is elected but does not receive more votes cast "FOR" than "AGAINST" the nominee's election.

- (5) Even if a nominee receives a plurality of votes that nominee may not ultimately serve as a director if the nominee does not receive more votes cast "FOR" than "AGAINST" the nominee's election, and the Company's Board of Directors accepts the resignation of the nominee pursuant to the Company's majority vote policy, as described later in this proxy statement.
- (6) The proposal is an advisory vote; as such, the vote is not binding on the Company.

OUTSTANDING SHARES

As of March 29, 2021, there were 617,288,705 Transocean Ltd. shares deemed to be outstanding, which exclude 22,387,460 treasury shares that are held by the Company or our subsidiaries as of such date and any shares issued into treasury after such date. Only registered holders of our shares on May 10, 2021, the record date established for the 2021 Annual General Meeting, are entitled to notice of and to vote at the meeting. Holders of shares on the record date are entitled to one vote for each share held.

VOTING PROCEDURES

A copy of the Notice of Internet Availability of Proxy Materials is being sent to each shareholder registered in Transocean Ltd.'s share register as of the close of business on April 1, 2021. Any additional shareholders who are registered in Transocean Ltd.'s share register as of the close of business on May 10, 2021, but who were not registered in the share register as of April 1, 2021, will receive a copy of the proxy materials, including a proxy card, after May 10, 2021. Shareholders not registered in Transocean Ltd.'s share register as of May 10, 2021, will not be entitled to vote or grant proxies to vote at, the 2021 Annual General Meeting.

If you are registered as a shareholder in Transocean Ltd.'s share register as of May 10, 2021, or if you hold shares of Transocean Ltd. in "street name" as of such date, you may grant a proxy to vote on each of the proposals and any modification to any of the proposals or other matter on which voting is permissible under Swiss law and which is properly presented at the meeting for consideration in one of the following ways:



BY INTERNET

Go to www.proxyvote.com 24 hours a day, seven days a week, and follow the instructions. You will need the 12-digit control number that is included in the Notice, proxy card or voting instructions form that is sent to you. The internet system allows you to confirm that the system has properly recorded your voting instructions. This method of submitting voting instructions will be available up until 11:59 p.m. Eastern Daylight Time on Wednesday, May 26, 2021 (5:59 a.m. Swiss time on Thursday, May 27, 2021) unless extended by the Company.



BY TELEPHONE

On a touch-tone telephone, call toll-free +1 (800) 690-6903, 24 hours a day, seven days a week, and follow the instructions. You will need the 12-digit control number that is included in the Notice, proxy card or voting instructions form that is sent to you. As with the internet system, you will be able to confirm that the telephonic system has properly recorded your votes. This method of submitting voting instructions will be available up until 11:59 p.m. Eastern Daylight Time on Wednesday, May 26, 2021 (5:59 a.m. Swiss time on Thursday, May 27, 2021) unless extended by the Company. If you are a holder of record, you cannot vote by telephone.



BY MAIL

Mark, date and sign your proxy card exactly as your name appears on the card and return it by mail to:

PROXY STATEMENT | INFORMATION ABOUT THE MEETING AND VOTING



Transocean 2021 AGM
Vote Processing
c/o Broadridge
51 Mercedes Way
Edgewood, NY 11717
USA

or



Transocean 2021 AGM
Vote Processing
Schweiger Advokatur / Notariat
Dammstrasse 19
6300 Zug
Switzerland

All proxy cards must be received no later than 11:59 p.m. Eastern Daylight Time on Wednesday, May 26, 2021 (5:59 a.m. Swiss time on Thursday, May 27, 2021) unless extended by the Company. Do not mail the proxy card or voting instruction form if you are submitting voting instructions over the internet or by telephone.

YOUR VOTE IS IMPORTANT.

We encourage you to submit your voting instructions over the internet, by telephone, or by mail prior to the meeting.

If you hold your shares in the name of a bank, broker or other nominee, you should follow the instructions provided by your bank, broker or nominee for voting your shares, including whether you may submit voting instructions by mail, telephone or over the internet.

Many of our shareholders hold their shares in more than one account and may receive more than one Notice. To ensure that all of your shares are represented at the 2021 Annual General Meeting, please submit your voting instructions for each account.

Under NYSE rules, brokers who hold shares in street name for customers, such that the shares are registered on the books of the Company as being held by the brokers, have the authority to vote on “routine” proposals when they have not received instructions from beneficial owners, but are precluded from exercising their voting discretion with respect to proposals for “non-routine” matters. Proxies submitted by brokers without instructions from customers for these non-routine or contested matters are referred to as “broker non-votes.” The following matters are non-routine matters under NYSE rules:

AGENDA ITEM	DESCRIPTION
2	Discharge of the Members of the Board of Directors and the Executive Management Team from Liability for Activities During Fiscal Year 2020
5	Election of 11 Directors
6	Election of the Chair of the Board of Directors
7	Election of the Members of the Compensation Committee
10	Advisory Vote to Approve Named Executive Officer Compensation
11A	Ratification of the Maximum Aggregate Compensation of the Board of Directors for the Period Between the 2021 Annual General Meeting and the 2022 Annual General Meeting
11B	Ratification of the Maximum Aggregate Compensation of the Executive Management Team for Fiscal Year 2022
12	Approval of Amendment and Restatement of the Transocean Ltd. 2015 Long-Term Incentive Plan

If you hold your shares in “street name,” your broker will not be able to vote your shares on the agenda items set forth above and may not be able to vote your shares on other matters at the 2021 Annual General Meeting unless the broker receives appropriate instructions from you. We recommend that you contact your broker to exercise your right to vote your shares.

PROXY STATEMENT | INFORMATION ABOUT THE MEETING AND VOTING

If you have timely submitted electronic or telephonic voting instructions or a properly executed proxy card, your shares will be voted by the independent proxy according to your instructions. Holders of shares who have timely submitted their proxy but have not specifically indicated how to vote their shares will be deemed to have instructed the independent proxy to vote in accordance with the recommendations of the Board of Directors with regard to the items listed in the notice of meeting.

If any modifications to agenda items or proposals identified in this invitation or other matters on which voting is permissible under Swiss law are properly presented at the 2021 Annual General Meeting for consideration, you will be deemed to have instructed the independent proxy, in the absence of other specific instructions, to vote in accordance with the recommendations of the Board of Directors.

As of the date of this proxy statement, the Board of Directors is not aware of any such modifications or other matters to come before the 2021 Annual General Meeting.

You may revoke your proxy card at any time prior to its exercise by taking one of the following actions:

- submitting a properly completed and executed proxy card with a later date and timely delivering it either directly to the independent proxy or to Vote Processing, c/o Broadridge at the addresses indicated below
- giving written notice of the revocation prior to the meeting to:



Transocean 2021 AGM
Vote Processing
c/o Broadridge
51 Mercedes Way
Edgewood, NY 11717
USA

or



Transocean 2021 AGM
Vote Processing
Schweiger Advokatur / Notariat
Dammstrasse 19
6300 Zug
Switzerland

If you hold your shares in the name of a bank, broker or other nominee, you should follow the instructions provided by your bank, broker or nominee in revoking your previously granted proxy.

Shareholders may grant proxies to any third party. Such third party need not be a shareholder.

Due to the extraordinary situation in connection with the COVID-19 pandemic, the 2021 Annual General Meeting will not take place in the usual format. In accordance with the Swiss Federal Council Ordinance 3 of June 19, 2020 on Measures to Combat the Coronavirus, as amended (the "COVID-19 Ordinance 3"), shareholders will not be permitted to attend the meeting in person. Shareholders and beneficial owners of our shares must therefore exercise their voting rights only by giving voting instructions to the independent proxy or its substitute by internet, telephone or mail, as described above, or by giving the independent proxy or its substitute proxy card voting instructions, as further described in this proxy statement. We look forward to welcoming shareholders in person at general meetings of shareholders that take place following the 2021 Annual General Meeting, consistent with our long-standing practice.

References to "Transocean," the "Company," "we," "us" or "our" include Transocean Ltd. together with its subsidiaries and predecessors, unless the context requires otherwise.

AGENDA ITEM 1

Approval of the 2020 Annual Report, Including the Audited Consolidated Financial Statements of Transocean Ltd. for Fiscal Year 2020 and the Audited Statutory Financial Statements of Transocean Ltd. for Fiscal Year 2020

PROPOSAL OF THE BOARD OF DIRECTORS

The Board of Directors proposes that the 2020 Annual Report, including the audited consolidated financial statements of Transocean Ltd. for fiscal year 2020 and the audited statutory financial statements of Transocean Ltd. for fiscal year 2020, be approved.

EXPLANATION

The audited consolidated financial statements of Transocean Ltd. for fiscal year 2020 and the audited Swiss statutory financial statements of Transocean Ltd. for fiscal year 2020 are contained in the 2020 Annual Report, which, along with this proxy statement, are available at: www.deepwater.com by selecting Financial Reports, then Annual and Quarterly Reports in the Investors section dropdown. In addition, these materials will be available for physical inspection at



Transocean Ltd.'s registered office
Turmstrasse 30
6312 Steinhausen, Switzerland

Due to the extraordinary situation in connection with the COVID-19 pandemic, we ask you to abstain from visiting our office and instead request a copy of these materials, which may be obtained without charge by contacting our Corporate Secretary at our registered office or Investor Relations at our offices in the United States, at 1414 Enclave Parkway, Houston, Texas, 77077, USA, telephone number +1 (713) 232-7500.

The 2020 Annual Report also contains information on the Company's business activities and the Company's business and financial situation, and the reports of Ernst & Young Ltd, Zurich, the Company's auditors pursuant to the Swiss Code of Obligations, on the Company's consolidated financial statements for fiscal year 2020 and statutory financial statements for fiscal year 2020. In its reports, Ernst & Young Ltd recommended without qualification that the Company's consolidated financial statements and statutory financial statements for the year ended December 31, 2020, be approved. Ernst & Young Ltd expresses its opinion that the "consolidated financial statements for the years ended December 31, 2020 and 2019, present fairly in all material respects the consolidated financial position of Transocean Ltd. and subsidiaries at December 31, 2020 and 2019, and the consolidated results of operations and cash flows for each of the three years in the period ended December 31, 2020, in accordance with accounting principles generally accepted in the United States and comply with Swiss law." Ernst & Young Ltd further expresses its opinion and confirms that the statutory financial statements for fiscal year 2020 comply with Swiss law and the Articles of Association of the Company.

Under Swiss law, the annual report, the consolidated financial statements and Swiss statutory financial statements must be submitted to shareholders for approval at each annual general meeting.

If the shareholders do not approve this proposal, the Board of Directors may call an extraordinary general meeting of shareholders for reconsideration of this proposal by shareholders.

RECOMMENDATION

The Board of Directors recommends a vote **FOR** this Agenda Item 1.

AGENDA ITEM 2

Discharge of the Members of the Board of Directors and the Executive Management Team from Liability for Activities During Fiscal Year 2020

PROPOSAL OF THE BOARD OF DIRECTORS

The Board of Directors proposes that the members of the Board of Directors and Messrs. Jeremy D. Thigpen, Mark L. Mey, and Keelan I. Adamson, who served as members of our Executive Management Team in 2020, be discharged from liability for activities during fiscal year 2020.

EXPLANATION

As is customary for Swiss corporations and in accordance with Article 698, subsection 2, item 5 of the Swiss Code of Obligations, shareholders are requested to discharge the members of the Board of Directors and our Executive Management Team from liability for their activities during the past fiscal year.

Discharge pursuant to the proposed resolution is only effective with respect to facts that have been disclosed to shareholders (including through any publicly available information, whether or not included in our filings with the SEC) and only binds shareholders who either voted in favor of the proposal or who subsequently acquired shares with knowledge that the shareholders have approved this proposal. In addition, shareholders who vote against this proposal, abstain from voting on this proposal, do not vote on this proposal, or acquire their shares without knowledge of the approval of this proposal, may bring, as a plaintiff, any claims in a shareholder derivative suit within six months after the approval of the proposal. After the expiration of the six-month period, such shareholders will generally no longer have the right to bring, as a plaintiff, claims in shareholder derivative suits against members of the Board of Directors or Executive Management Team with respect to activities during fiscal year 2020.

RECOMMENDATION

The Board of Directors recommends a vote **FOR** this Agenda Item 2.

AGENDA ITEM 3

Appropriation of the Accumulated Loss for Fiscal Year 2020 and Release of CHF 8.0 Billion of Statutory Capital Reserves from Capital Contribution and Allocation to Free Capital Reserves from Capital Contribution

PROPOSAL OF THE BOARD OF DIRECTORS

The Board of Directors proposes that the accumulated loss of the Company be carried forward and that CHF 8.0 billion statutory capital reserves from capital contribution be released and allocated to free capital reserves from capital contribution.

APPROPRIATION OF ACCUMULATED LOSS	IN CHF THOUSANDS
Balance brought forward from previous years	(7,274,826)
Net loss of the year	(3,840,209)
Total accumulated loss	(11,115,035)

APPROPRIATION OF ACCUMULATED LOSS	
Balance to be carried forward on this account	(11,115,035)

PROPOSED RELEASE OF STATUTORY CAPITAL RESERVES FROM CAPITAL CONTRIBUTION TO FREE CAPITAL RESERVES FROM CAPITAL CONTRIBUTION

	IN CHF THOUSANDS
Statutory capital reserves from capital contribution	11,953,457
Release to free capital reserves from capital contribution	8,000,000
Remaining statutory capital reserves from capital contribution	3,953,457

EXPLANATION

Under Swiss law, the appropriation of available earnings or accumulated loss, as the case may be, as set forth in the Swiss statutory financial statements must be submitted to shareholders for approval at each annual general meeting. The accumulated loss subject to the vote of the Company's shareholders at the 2021 Annual General Meeting is the accumulated loss of Transocean Ltd., on a standalone basis.

The total accumulated loss as of December 31, 2020, has resulted in our net assets covering approximately 21% of our statutory share capital and statutory capital reserves. Under Swiss law, if assets cover less than 50% of our statutory share capital and statutory capital reserves, the Board of Directors must propose measures to address such a capital loss. The Board of Directors proposes that CHF 8.0 billion of statutory capital reserves from capital contribution be released and allocated to free capital reserves from capital contribution, thereby reducing the statutory capital reserves from capital contribution which, unlike free capital reserves, are part of the equity capital against which excess coverage is measured. The Board of Directors believes such a release and reallocation is in the best interest of shareholders.

RECOMMENDATION

The Board of Directors recommends a vote **FOR** this Agenda Item 3.

AGENDA ITEM 4

Renewal of Shares Authorized for Issuance

PROPOSAL OF THE BOARD OF DIRECTORS

The Board of Directors proposes to amend the Company's Articles of Association to renew the total number of shares that may be issued using the Company's authorized share capital to a maximum of 205,702,850 shares, representing approximately 30% of the Company's issued shares as of April 7, 2021. Within this authorization, the maximum number of shares issuable without preemptive rights would be limited to 68,567,616 shares, representing approximately 10% of the Company's issued shares as of April 7, 2021. This authorization to issue shares with or without preemptive rights would expire on May 27, 2023.

The proposed amendment to our Articles of Association, if approved, would replace the authorization to issue shares pursuant to authorized share capital that was approved by our shareholders at our 2020 Annual General Meeting.

Any issuance of additional shares could have the effect of diluting existing shareholders' existing ownership and voting interests in the Company. The Board of Directors believes, however, that providing the flexibility to issue shares quickly is a strategic benefit for the Company and that the proposal would more closely align the Company's authorized share capital with that of its peers, most of whom have received similar or higher authorizations from their respective shareholders.

The proposed amendments to the Articles of Association are included in Annex A.

EXPLANATION

As of April 7, 2021, the Company had 685,676,165 shares issued. At our 2020 Annual General Meeting, shareholders authorized us to issue up to 184,974,503 shares using the Company's authorized share capital. The current authorization would expire on May 7, 2022. The proposed amendment to our Articles of Association, if approved, would replace the authorization to issue shares pursuant to authorized share capital that was approved by shareholders at our 2020 Annual General Meeting.

Although our shares are listed on the NYSE and held predominantly by U.S. investors, we are incorporated in Switzerland and subject to Swiss corporate law. Unlike companies incorporated in U.S. jurisdictions for whom authorized share capital does not expire, our ability to issue shares using authorized share capital expires every two years under Swiss law. We have therefore traditionally sought shareholder approval at regular intervals for additional authority to issue shares without a specific purpose, using authorized share capital.

The current proposal would permit us to issue up to 205,702,850 additional shares using authorized share capital, or approximately 30% of the Company's issued shares as of April 7, 2021, until May 27, 2023. Within this authorization, the maximum number of shares issuable without preemptive rights would be limited to 68,567,616 shares, or approximately 10% of the Company's issued shares as of April 7, 2021.

We do not currently have plans to issue shares pursuant to the proposed authorization. Any issuance of additional shares could have the effect of diluting existing shareholders' ownership and voting interests in the Company. We believe, however, that it is advisable to maintain flexibility to be able to access capital markets at optimal times and market conditions, rather than being subject to the delays and costs associated with calling a special shareholders' meeting. Further, we believe the number of shares proposed for authorization is appropriate in all respects. It will allow our authorized share capital to be more closely aligned with the authorizations received by most of our peers. Further, we believe it is compliant with the policies of certain proxy advisory firms whose voting recommendations help inform the voting decisions of some of our largest shareholders. The proposed authorization is also lower than the maximum authorization permitted under Swiss law and our Articles of Association.

If the proposed increase in the total number of authorized shares is approved, the Board of Directors would determine the time of the issuance, the issuance price, the manner in which the shares will be paid, the date from which the shares carry the right to dividends and, subject to provisions of our Articles of Association and the limitations on issuing shares without preemptive rights described above, the conditions for the exercise of the preemptive rights with respect to the issuance and the allotment of preemptive rights that are not exercised. Further authorization for the issuance of the shares by a vote of our shareholders will not be solicited prior to such issuance, subject to applicable laws and regulations, including the rules of the NYSE.

The Board of Directors may allow preemptive rights that are not exercised to expire, or it may place or allocate such rights or shares, the preemptive rights of which have not been exercised at market conditions, or use them otherwise in the Company's interest. Further, under our Articles of Association, and subject to the limitations on issuing shares without preemptive rights described above, in connection with the issuance of shares using authorized share capital, the Board of Directors is authorized to limit or withdraw the preemptive rights of the existing shareholders in various circumstances, including for financing and acquisition purposes.

To the extent that shares are issued in the future, the issuance may decrease the existing shareholders' percentage of equity ownership and, depending on the price at which such shares are issued, could be dilutive to the existing shareholders up to the amount of the proposed authorization above. However, we have demonstrated our commitment to prudently manage the Company's use of and access to capital during the recent market downturn and developing market recovery. Since the proposed authorization has an expiration date – May 27, 2023 – our shareholders will have the opportunity to review and vote upon additional requests for shareholder approval of our authorized share capital at regular intervals.

RECOMMENDATION

The Board of Directors recommends a vote **FOR** this Agenda Item 4.

AGENDA ITEM 5

Election of 11 Directors, Each for a Term Extending Until Completion of the Next Annual General Meeting

NOMINATIONS OF THE BOARD OF DIRECTORS

The Board of Directors has nominated the following candidates for election to the Board of Directors of the Company, each for a term extending until completion of the next annual general meeting.

Glyn A. Barker
Vanessa C.L. Chang
Frederico F. Curado
Chadwick C. Deaton
Vincent J. Intrieri
Samuel J. Merksamer

Frederik W. Mohn
Edward R. Muller
Margareth Øvrum
Diane de Saint Victor
Jeremy D. Thigpen

Director Nomination Process

The Board of Directors has designated the Corporate Governance Committee as the committee authorized to consider and recommend nominees for the Board of Directors. The Board of Directors believes that all members of the Corporate Governance Committee meet the applicable NYSE independence requirements.

Our Corporate Governance Guidelines provide that the Corporate Governance Committee should periodically assess the needs of the Company and the Board of Directors, so as to recommend candidates who will further our goals. In making that assessment, the Corporate Governance Committee has determined that a recommended nominee must have the following minimum qualifications:

- High professional and personal ethics and values
- A record of professional accomplishment in his/her chosen field
- Relevant expertise and experience
- A reputation, both personal and professional, consistent with our FIRST *Shared Values*

In addition to these minimum qualifications, the Corporate Governance Committee considers other qualities in nominees that may be desirable. In particular, the Board of Directors is committed to having a majority of independent directors and, accordingly, the Corporate Governance Committee evaluates the independence status of any potential director. The Corporate Governance Committee evaluates whether or not a candidate contributes to the Board of Directors' overall diversity, the candidate's contribution to Board's existing chemistry and collaborative culture, and whether or not the candidate can contribute positively to the Board's diverse expertise in environmental, health, safety, industry, sustainability, information security, market and financial matters. The Corporate Governance Committee also considers whether or not the candidate may have professional or personal experiences and expertise relevant to our business (such as expertise in the industry and in critical health, safety, environmental and sustainability matters) and the Company's position as the leading international provider of offshore drilling services.

As described above, in accordance with the majority vote provisions of our Corporate Governance Guidelines, the Board of Directors may nominate only those candidates for director who have submitted an irrevocable letter of resignation, which would be effective upon and only in the event that (1) such nominee fails to receive more votes cast "FOR" than "AGAINST" his or her election in an uncontested election and (2) the Board of Directors accepts the resignation. The Board of Directors will also request a statement from any person nominated as a director by anyone other than the Board of Directors as to whether that person will also submit an irrevocable letter of resignation upon the same terms as a person nominated by the Board of Directors. For

purposes of our Corporate Governance Guidelines, an uncontested election occurs in an election of directors that does not constitute a contested election, and a contested election occurs when (i) the Secretary of the Company receives a notice that a shareholder has nominated a person for election to the Board of Directors in compliance with the advance notice requirements for shareholder nominees for director set forth in our Articles of Association and (ii) such nomination has not been withdrawn by such shareholder on or prior to the day next preceding the date the Company first mails its notice of meeting for such meeting to the shareholders.

The Corporate Governance Committee has several methods of identifying Board of Directors candidates. First, the Corporate Governance Committee considers and evaluates annually whether each director nominee is qualified to be nominated for election or reelection to the Board of Directors. Second, the Corporate Governance Committee requests from time to time that its members and the other Board members identify possible candidates for any vacancies or potential vacancies. Third, the Corporate Governance Committee has the authority to retain one or more executive search firms to aid in its search for potential Board of Directors candidates, interview those candidates and conduct investigations relative to their background and qualifications.

The Corporate Governance Committee considers nominees for director who are recommended by our shareholders. Recommendations may be submitted in writing, along with:

- The name of and contact information for the candidate;
- A statement detailing the candidate's qualifications and business and educational experience;
- Information regarding the qualifications and qualities described under "Director Nomination Process" above;
- A signed statement of the proposed candidate consenting to be named as a candidate and, if nominated and elected, to serve as a director;
- A signed irrevocable letter of resignation from the proposed candidate that, in accordance with our Corporate Governance Guidelines, would be effective upon and only in the event that (1) in an uncontested election, such candidate fails to receive more votes cast "FOR" than "AGAINST" his or her election and (2) the Board of Directors accepts the resignation;
- A statement that the writer is a shareholder and is proposing a candidate for consideration by the Corporate Governance Committee;
- A statement detailing any relationship between the candidate and any customer, supplier or competitor of ours;
- Financial and accounting experience of the candidate, to enable the Corporate Governance Committee to determine whether the candidate would be suitable for Audit Committee membership; and
- Detailed information about any relationship or understanding between the proposing shareholder and the candidate.

Shareholders may submit nominations to:



Transocean Ltd.
Attention: Corporate Secretary
Turmstrasse 30
6312 Steinhausen, Switzerland

Unsolicited recommendations must contain all of the information that would be required in a proxy statement soliciting proxies for the election of the candidate as a director. The extent to which the Corporate Governance Committee dedicates time and resources to the consideration and evaluation of any potential nominee brought to its attention depends on the information available to the Corporate Governance Committee about the

AGENDA ITEM 5

qualifications and suitability of the individual, viewed in light of the needs of the Board of Directors, and is at the Corporate Governance Committee's discretion. The Corporate Governance Committee evaluates the desirability for incumbent directors to continue on the Board of Directors following the expiration of their respective terms, taking into account their contributions as Board members and the benefit that results from the increasing insight and experience developed over a period of time. Although the Corporate Governance Committee will consider candidates for director recommended by shareholders, it may determine not to recommend that the Board of Directors, and the Board of Directors may determine not to, nominate those candidates for election to the Board of Directors.

In addition to recommending director nominees to the Corporate Governance Committee, any shareholder may, in compliance with applicable requirements, nominate directors for election at annual general meetings of the shareholders. For more information on this topic, see "Other Matters."

In connection with the Board of Directors' periodic review of the skills, experience and diversity of its members, the Board also assesses the appropriateness of its size to determine whether any changes are necessary. The Board of Directors has determined that, should each of the director nominees be elected, the Company will have an appropriate combination of leadership, experience and oversight at this time.

The Board of Directors considers diversity as a key factor in the director nominee selection process. The Board of Directors takes an expansive view of the diversity of its members, with the goal of having directors who bring diverse expertise in environmental, health, safety, industry, market, sustainability, information security and financial matters and who reflect the global diversity of our workforce, our customers and the cultures in which we operate. We are a multinational company and have seven different nationalities represented in our director and executive officer group, and 56 in our global workforce. We have a presence in 25 countries worldwide.

7
NATIONALITIES
IN OUR DIRECTOR AND
EXECUTIVE OFFICER GROUP

56
NATIONALITIES
IN OUR GLOBAL
WORKFORCE

25
COUNTRIES WORLDWIDE

Board Leadership

Except during extraordinary circumstances, the Board of Directors has chosen not to combine the positions of Chief Executive Officer and Chair of the Board. The Board believes that separating these positions allows our Chief Executive Officer to focus on our day-to-day business, while our Chair of the Board presides over the Board as the Board provides advice to, and independent oversight of, management and the Company's operations. The Board recognizes the time, effort, and energy that our Chief Executive Officer is required to devote to his position and the additional commitment the position of Chair of the Board of Directors requires. The Board of Directors believes that having separate positions and having an independent outside director serve as Chair of the Board of Directors is the appropriate leadership structure for us at this time and demonstrates our commitment to good corporate governance.

Executive Sessions

Our independent directors met in executive session without management at each of the regularly scheduled Board of Directors' meetings held in 2020. During 2021, the independent directors are again scheduled to meet in executive session at each regularly scheduled Board of Directors' meeting. The independent directors generally designate the Chair of the Board of Directors to act as the presiding director for executive sessions.

Director Attendance at Annual General Meeting

In light of regulations on preventive measures to combat COVID-19 and related travel restrictions, we do not expect all of our directors to attend the 2021 Annual General Meeting. At the 2020 Annual General Meeting, none of our directors were in physical attendance due to COVID-19-related considerations.

VOTING REQUIREMENT TO ELECT NOMINEES

The election of each nominee requires the affirmative vote of a plurality of the votes cast at the 2021 Annual General Meeting. The plurality requirement means that the nominee who receives the largest number of votes for a board seat is elected. Shareholders are entitled to one vote per share for each of the directors to be elected.

We have adopted a majority vote policy in the election of directors as part of our Corporate Governance Guidelines. This policy provides that the Board of Directors may nominate only those candidates for director who have submitted an irrevocable letter of resignation, which would be effective upon and only in the event that (1) such nominee fails to receive more votes cast “FOR” than “AGAINST” his or her election in an uncontested election and (2) the Board of Directors accepts the resignation. If a nominee who has submitted such a letter of resignation does not receive more votes cast for than against the nominee’s election, the Corporate Governance Committee must promptly review the letter of resignation and recommend to the Board of Directors whether to accept the tendered resignation or reject it. The Board of Directors must then act on the Corporate Governance Committee’s recommendation within 90 days following the certification of the shareholder vote. The Board of Directors must promptly disclose its decision regarding whether or not to accept the nominee’s resignation letter in a Form 8-K filed with or furnished to the SEC or other broadly disseminated means of communication. Full details of this policy are set out in our Corporate Governance Guidelines, which are available on our website at: www.deepwater.com by selecting the Governance page in the Investors section dropdown.

The Board of Directors has received from each nominee for election as a director at the 2021 Annual General Meeting listed below an executed irrevocable letter of resignation consistent with these guidelines described above.

The information regarding the nominees presented below is as of April 1, 2021.

NOMINEES FOR DIRECTOR

**GLYN A. BARKER** | Director since 2012**CAREER HIGHLIGHTS**

Glyn A. Barker served as Vice Chair-U.K. of PricewaterhouseCoopers LLP (PwC) from 2008 to 2011. He was also responsible for PwC's strategy and business development for the geographic areas of Europe, the Middle East, Africa and India. Mr. Barker joined PwC in 1975 and became an audit partner in 1987. He then established PwC's private equity-focused Transactions Services business and led it globally. He joined the Management Board of PwC in the UK as Head of the Assurance Practice in 2002. In 2006, he became U.K. Managing Partner and served in that role until 2008. Mr. Barker is the Chair of Irwin Mitchell Holdings Ltd (since 2012) and the Chair of Tappit Technologies (UK) Ltd (since 2020). He is a director of Berkeley Group Holdings plc (LON: BKG) (since 2012) and Various Eateries Ltd. (LON: VARE) (since 2020). Mr. Barker served as director (from 2014 to 2016) and the Chair (from 2015 to 2016) of Transocean Partners LLC and as a director of Aviva plc from 2012 to 2019 and a director of Interserve plc from 2016 to 2019. Mr. Barker was Deputy Chair of the English National Opera Company from 2009 to 2016.

EDUCATION

Chartered Accountant

Bachelor of Science, Economics and Accounting, University of Bristol (1975)

KEY QUALIFICATIONS AND EXPERTISE

The Board of Directors recommends Mr. Barker should remain on the Board of Directors due to his experience and expertise in:

- Accounting & auditing
- Finance debt & capital markets
- Global international
- Information Security
- Mergers & acquisitions
- Public company governance
- Strategy

FORMER VICE CHAIR — U.K., PWC LLP**U.K. CITIZEN**

Independent

Age: 67

COMMITTEES

Audit

Compensation

Finance

OTHER CURRENT PUBLIC COMPANY BOARDS

Berkeley Group Holdings plc (LON: BKG) (since 2012)

Various Eateries Ltd. (LON: VARE) (since 2020)



VANESSA C.L. CHANG | Director since 2012

CAREER HIGHLIGHTS

Vanessa C.L. Chang previously served as a Director and shareholder of EL & EL Investments, a privately held real estate investment business, from 1998 to 2018, as the President and Chief Executive Officer of *ResolveItNow.com* from 2000 until 2002 and was the Senior Vice President of Secured Capital Corp in 1998. From 1986 until 1997, Ms. Chang was the West Coast partner in charge of Corporate Finance for KPMG Peat Marwick LLP. Ms. Chang is a director or trustee of 16 funds advised by the Capital Group and its subsidiaries, nine of which are members of the American Funds family and seven of which are members of Capital Group's Private Client Services (since 2000). Ms. Chang is also a director of Edison International (NYSE: EIX) and its wholly owned subsidiary, Southern California Edison Company (each since 2007), and of Sykes Enterprises, Incorporated (NASDAQ: SYKES) (since 2016). She was also a director of Forest Lawn Memorial Parks Association, a non-profit organization from 2005 to 2020 and SCO, America, Inc., a non-profit organization from 2013 to 2019. Ms. Chang is a member of the American Institute of Certified Public Accountants, the California State Board of Accountancy, Women Corporate Directors and the National Association of Corporate Directors.

FORMER DIRECTOR AND SHAREHOLDER OF EL & EL INVESTMENTS

CANADIAN AND U.S. CITIZEN

Independent

Age: 68

COMMITTEES

Audit

Corporate
Governance

OTHER CURRENT PUBLIC COMPANY BOARDS

Edison
International
(NYSE: EIX since
2007)
Sykes Enterprises,
Incorporated
(NASDAQ: SYKES)
(since 2016)

EDUCATION

Certified Public Accountant (inactive)

Bachelor of Arts, University of British Columbia (1973)

KEY QUALIFICATIONS AND EXPERTISE

The Board of Directors recommends Ms. Chang should remain on the Board of Directors due to her experience and expertise in:

- Accounting & auditing
- Finance, debt & capital markets
- Global international
- Human capital management
- Information Security
- Mergers & acquisitions
- Public company governance
- Strategy
- Sustainability



CEO, ULTRAPAR S.A.

BRAZILIAN AND PORTUGAL CITIZEN

Independent
Age: 59

COMMITTEES

Corporate Governance
Health, Safety, Environment and Sustainability

OTHER CURRENT PUBLIC COMPANY BOARDS

ABB Ltd (NYSE: ABB) (since 2016)

FREDERICO F. CURADO | Director since 2013

CAREER HIGHLIGHTS

Frederico F. Curado is the Chief Executive Officer of Ultrapar S.A. (NYSE: UGP) since 2017, and previously served as President and Chief Executive Officer of Embraer S.A. (NYSE: ERJ) from 2007 to 2016. He joined Embraer in 1984 and served in a variety of management positions during his career, including Executive Vice President, Airline Market from 1998 to 2007 and Executive Vice President, Planning and Organizational Development from 1995 to 1998. Mr. Curado has been a director of ABB Ltd. (NYSE: ABB) since 2016. Mr. Curado was a member of the Executive Board of the ICC—International Chamber of Commerce from 2013 to 2018, a director of Lochpe-Maxion S.A. from 2015 to 2017, the President of the Brazilian Chapter of the Brazil-United States Business Council from 2011 to 2016, a member of Brazil's National Council for Industrial Development from 2011 to 2016, and was a director of the Smithsonian National Air and Space Museum from 2014 to 2017.

EDUCATION

Executive Master's in Business Administration, University of São Paulo, Brazil (1997)
Bachelor of Science degree, Mechanical-Aeronautical Engineering, Instituto Tecnológico de Aeronáutica in Brazil (1983)

KEY QUALIFICATIONS AND EXPERTISE

The Board of Directors recommends that Mr. Curado should remain on the Board due to the following:

- His leadership as the chair of our Health, Safety, Environment and Sustainability (HSES) Committee, informed by more than 30 years in the highly regulated aerospace industry, providing critical cross-industry perspectives on ways to continue to improve our HSES practices;
- His expertise in the oil and gas industry in Brazil, which is one of our key markets;
- His exemplary preparation for, attendance at, and engagement in, Board of Directors and committee meetings;
- His commitment to best practices in governance, executive compensation, shareholder engagement, and sustainability, as evidenced by our numerous improvements in those areas since he joined the Board of Directors; and
- His experience and expertise in:
 - Accounting & auditing
 - Finance, debt & capital markets
 - Global international, especially Brazilian business and governance sectors
 - Human capital management
 - Legal & compliance
 - Mergers & acquisitions
 - Oil & gas (including oilfield services)
 - Operations & engineering
 - Public company CEO
 - Public company governance
 - Safety & environment
 - Strategy
 - Sustainability
 - Technology, research & development

Lastly, we note that, although Mr. Curado is the Chief Executive Officer of Ultrapar S.A., he is not on the board of directors of that company; accordingly, he serves on only one Board of Directors other than our own.



CHADWICK C. DEATON | Director since 2012

CAREER HIGHLIGHTS

Mr. Deaton served as Executive Chair of Baker Hughes Incorporated from 2012 to 2013, prior to which he served as Chair and Chief Executive Officer since 2004. He began his career with Schlumberger in 1976 and served in a variety of international capacities, including as Executive Vice President, Oilfield Services from 1998 to 1999 and as a Senior Advisor from 1999 until 2001. From 2002 until 2004, Mr. Deaton was the President, Chief Executive Officer and Director of Hanover Compressor Company. Mr. Deaton is a director of Air Products and Chemicals, Inc. (NYSE: APD) (since 2010) and Marathon Oil Corporation (NYSE: MRO) (since 2014). Mr. Deaton previously was a director of Carbo Ceramics Inc. (from 2013 to 2020; and previously from 2004 to 2009). He is a member of the Society of Petroleum Engineers (since 1980) and has served on its Industrial Advisory Council. He is also a director of the University of Wyoming Foundation and of the Houston Achievement Place. Mr. Deaton served as co-chair of the Wyoming Governor's Task Force for the build out of the University of Wyoming's new Engineering and Applied Sciences Center. He was a member of the National Petroleum Council (from 2007 to 2013).

**FORMER
EXECUTIVE CHAIR
AND CEO, BAKER
HUGHES
INCORPORATED**

U.S. CITIZEN

Independent
Age 68

OTHER CURRENT PUBLIC COMPANY BOARDS

Air Products and
Chemicals, Inc.
(NYSE: APD) (since
2010)

Marathon Oil
Corporation (NYSE:
MRO) (since 2014)

EDUCATION

Bachelor of Science degree, Geology, University of Wyoming (1976)

KEY QUALIFICATIONS AND EXPERTISE

The Board of Directors recommends Mr. Deaton should remain on the Board of Directors due to his significant experience and expertise in:

- Finance, debt & capital markets
- Global international
- Human capital management
- Legal & compliance
- Mergers & acquisitions
- Oil & gas (including oilfield services)
- Operations & engineering
- Public company CEO
- Public company governance
- Safety & environment
- Strategy
- Technology, research & development



VINCENT J. INTRIERI | Director since 2014

CAREER HIGHLIGHTS

Mr. Intrieri is the Founder and CEO of VDA Capital Management LLC, a private investment fund founded in January 2017. Mr. Intrieri was previously employed by Carl C. Icahn-related entities in various investment-related capacities from 1998 to 2016. From 2008 to 2016, Mr. Intrieri served as Senior Managing Director of Icahn Capital LP, the entity through which Carl C. Icahn manages private investment funds. In addition, from 2004 to 2016, Mr. Intrieri was a Senior Managing Director of Icahn Onshore LP, the general partner of Icahn Partners LP, and Icahn Offshore LP, the general partner of Icahn Partners Master Fund LP, entities through which Mr. Icahn invests in securities. Mr. Intrieri is a director of Hertz Global Holdings, Inc. (NYSE: HTZ) (since 2014) and Navistar International Corporation (NYSE: NAV) (since 2012). Mr. Intrieri previously served as a director of Energen Corporation from March 2018 until November 2018, Conduent Incorporated from 2017 to 2018, Chesapeake Energy Corporation from 2012 to 2016, CVR Refining, GP, LLC, the general partner of CVR Refining, LP, from 2012 to 2014, Ferrous Resources Limited from 2015 to 2016, Forest Laboratories Inc. from 2013 to 2014, CVR Energy, Inc. from 2012 to 2014, Federal-Mogul Holdings Corporation from 2007 to 2013, Icahn Enterprises L.P. from 2006 to 2012, and was Senior Vice President of Icahn Enterprises L.P. from 2011 to 2012. Mr. Intrieri was also a director of Dynegy Inc. from 2011 to 2012, and Chair and a director of PSC Metals Inc. from 2007 to 2012. He served as a director of Motorola Solutions, Inc. from 2011 to 2012, XO Holdings from 2006 to 2011, National Energy Group, Inc. from 2006 to 2011, American Railcar Industries, Inc. from 2005 to 2011, WestPoint Home LLC from 2005 to 2011, and as Chair and a director of Viskase Companies, Inc. from 2003 to 2011. Ferrous Resources Limited, CVR Refining, CVR Energy, American Railcar Industries, Federal-Mogul, Icahn Enterprises, XO Holdings, National Energy Group, WestPoint Home, Viskase Companies and PSC Metals each are or previously were indirectly controlled by Carl C. Icahn. Mr. Icahn also has or previously had a noncontrolling interest in Dynegy, Hertz, Forest Laboratories, Navistar, Chesapeake Energy, Motorola Solutions and Transocean through the ownership of securities.

**FOUNDER AND
CEO, VDA CAPITAL
MANAGEMENT LLC**

U.S. CITIZEN

Independent
Age 64

COMMITTEES

Corporate
Governance
Finance

OTHER CURRENT PUBLIC COMPANY BOARDS

Hertz Global
Holdings, Inc.
(NYSE: HTZ) (since
2014)
Navistar International
Corporation (NYSE:
NAV) (since 2012)

EDUCATION

Certified Public Accountant (inactive)

Bachelor of Science degree, with Distinction, Accounting, The Pennsylvania State University (Erie Campus) (1984)

KEY QUALIFICATIONS AND EXPERTISE

The Board of Directors recommends Mr. Intrieri should remain on the Board of Directors due to his significant experience and expertise in:

- Accounting & auditing
- Finance, debt & capital markets
- Global international
- Human capital management
- Mergers & acquisitions
- Oil & gas (including oilfield services)
- Public company governance
- Safety & environment
- Strategy
- Technology, research & development



SAMUEL J. MERKSAMER | Director since 2013

CAREER HIGHLIGHTS

Mr. Merksamer is a Partner at Caligan Partners, L.P., an investment firm. He was a Managing Director of Icahn Capital LP, a subsidiary of Icahn Enterprises L.P., from 2008 to 2016. From 2003 until 2008, Mr. Merksamer was an analyst at Airlie Opportunity Capital Management. Mr. Merksamer previously served as a director of American International Group, Inc. from 2016 to 2018, Hertz Global Holdings, Inc. from 2014 to 2017, Navistar International Corporation from 2012 to 2017, Cheniere Energy Inc. from 2015 to 2017, Transocean Partners from 2014 to 2016, Hologic Inc. from 2013 to 2016, Talisman Energy Inc. from 2013 to 2015, Ferrous Resources Limited from 2012 to 2016, CVR Refining, GP, LLC, the general partner of CVR Refining, LP, from 2012 to 2014, CVR Energy, Inc. from 2012 to 2014, American Railcar Industries, Inc. from 2011 to 2013, Dynegy Inc. from 2011 to 2012, Viskase Companies, Inc. from 2010 to 2013, Federal-Mogul Holdings Corporation from 2010 to 2014, and PSC Metals Inc. from 2009 to 2012. Ferrous Resources Limited, CVR Refining, CVR Energy, American Railcar Industries, Federal-Mogul, Viskase Companies and PSC Metals are each indirectly controlled by Carl C. Icahn. Mr. Icahn also has or previously had a noncontrolling interest in Dynegy, Hologic, Talisman Energy, Navistar, Hertz, Cheniere Energy, Transocean Ltd., Transocean Partners and American International Group, Inc. through the ownership of securities.

**PARTNER,
CALIGAN
PARTNERS, L.P.**

U.S. CITIZEN

Independent
Age 40

COMMITTEES

Compensation
Finance

EDUCATION

A.B. degree, Economics, Cornell University (2002)

KEY QUALIFICATIONS AND EXPERTISE

The Board of Directors recommends Mr. Merksamer should remain on the Board of Directors due to his experience and expertise in:

- Accounting & auditing
- Finance, debt & capital markets
- Mergers & acquisitions
- Public company governance
- Strategy



FREDERIK W. MOHN | Director since 2018

CAREER HIGHLIGHTS

Mr. Mohn has served as a director of the Company since January 30, 2018, when Transocean acquired Songa Offshore SE. Previously, Mr. Mohn served as a director of Songa Offshore SE from 2013 to 2014, and as Chair of the Songa Board from 2014 to 2018. Mr. Mohn is the sole owner and managing director of Perestroika, a Norwegian investment company with investments in oil and gas, shipping, infrastructure, real estate development and financial services. Mr. Mohn previously served as a director of Dof ASA, a Norwegian shipping company, from August 2017 to October 2019 and as a director of Fjord 1, a Norwegian transport company from August 2017 to December 2019. From 2011 to 2013, Mr. Mohn served as managing director of the worldwide family business Frank Mohn AS, a supplier of pumping systems to the oil and gas industry. Mr. Mohn also currently serves on the board of directors of the following private companies: Viken Crude AS, Gjettinggrenda AS, Fornebu Sentrum AS, Fornebu Sentrum Utvikling AS and Høvik Stasjonsby AS og KS.

EDUCATION

Bachelor of Science degree, Royal Holloway, University of London (2001)

KEY QUALIFICATIONS AND EXPERTISE

Mr. Mohn served as the Chair of the Board of Songa Offshore SE prior to Transocean's acquisition of that company in 2018. The Board of Directors recommends Mr. Mohn should remain on the Board of Directors due to his previous position as Chair of the Board of Songa Offshore SE and his expertise in:

- Accounting & auditing
- Finance, debt & capital markets
- Global international
- Mergers & acquisitions
- Oil & gas (including oilfield services)
- Public company governance
- Safety & environment
- Strategy

**OWNER AND
MANAGING
DIRECTOR,
PERESTROIKA;
FORMER
DIRECTOR AND
CHAIR, SONGA
OFFSHORE SE**

**NORWEGIAN
CITIZEN**

Independent

Age 44

COMMITTEES

Audit
Health, Safety,
Environment and
Sustainability



EDWARD R. MULLER | Director since 2008

CAREER HIGHLIGHTS

Mr. Muller served as a director of GlobalSantaFe Corporation from 2001 to 2007 and of Global Marine, Inc. from 1997 to 2001. Mr. Muller served as Vice Chair of NRG Energy, Inc. (NYSE: NRG) after the merger of NRG Energy, Inc. with GenOn Energy, Inc. from 2012 until 2017. Prior to the merger, he served as GenOn Energy, Inc.'s Chair and Chief Executive Officer (since 2010) and President (since 2011). Mr. Muller previously served as Chair, President and Chief Executive Officer of Mirant Corporation from 2005 to 2010 when Mirant Corporation merged with RRI Energy, Inc. to form GenOn Energy, Inc.

**FORMER CHAIR
AND CEO, GENON
ENERGY, INC.;
AND FORMER VICE
CHAIR, NRG
ENERGY, INC.**

U.S. CITIZEN

Independent

Age 69

COMMITTEES

Audit

Finance

OTHER CURRENT PUBLIC COMPANY BOARDS

AeroVironment, Inc.
(NASDAQ: AVAV)
(since 2013)

Mr. Muller has served as a director of AeroVironment, Inc. (NASDAQ: AVAV) since 2013. Mr. Muller was a private investor from 2000 until 2005. Mr. Muller served as President and Chief Executive Officer of Edison Mission Energy, a wholly owned subsidiary of Edison International, from 1993 until 2000. During his tenure, Edison Mission Energy was engaged in developing, owning and operating independent power production facilities worldwide. Since 2004, Mr. Muller has been a trustee of the Riverview School and twice served as its Chair, a position he held from 2008 to 2012 and from 2015 to 2018. Since 2019, Mr. Muller has served as the Chair of the advisory board of the UCLA Institute for Carbon Management.

EDUCATION

Law degree, Yale Law School (1976)

Bachelor of Arts degree, Dartmouth College (1973)

KEY QUALIFICATIONS AND EXPERTISE

The Board of Directors recommends Mr. Muller, an attorney by education, should remain on the Board of Directors due to his extensive experience and expertise in:

- Accounting & auditing
- Finance, debt & capital markets
- Global international
- Legal & compliance
- Mergers & acquisitions
- Public company CEO
- Public company governance
- Safety & environment
- Strategy



MARGARETH ØVRUM | Director nominee

CAREER HIGHLIGHTS

Ms. Øvrum served as Executive Vice President of Equinor ASA, Development and Production Brazil until earlier this year when she retired after nearly 40 years with Equinor. Her tenure at Equinor included working as President, Equinor Brazil from 2018 to 2020; Executive Vice President of Technology, Projects and Drilling from 2011 to 2018; Executive Vice President, Technology and New Energy for Statoil Hydro from 2007 to 2011; Executive Vice President of Technology and Projects from 2004 to 2007 and Executive Vice President of Health, Safety and the Environment during 2004. Ms. Øvrum began her career in 1982 at Equinor in Strategic Analysis, Production and Maintenance and within a decade became the first female platform manager of the company's oldest fields in the North Sea. Ms. Øvrum currently serves on the board of directors of Harbour Energy (OTCPK: ENGH) since 2021, Technip FMC (NYSE: FTI) (PARIS: FTI) since 2020 and FMC Corporation (NYSE: FMC) since 2016. She previously served as a director of Alfa Laval AB from 2015 to 2019, Atlas Copco AB from 2008 to 2017 and Ratos AB from 2009 to 2014.

**FORMER
EXECUTIVE VICE
PRESIDENT FOR
EQUINOR
DEVELOPMENT
AND PRODUCTION
BRAZIL**

**NORWEGIAN
CITIZEN**

Independent

Age 62

**OTHER CURRENT
PUBLIC COMPANY
BOARDS**

FMC Corporation
(NYSE: FMC) (since
2016)

Harbour Energy
(OTCPK: ENGH)
(since 2021)

Technip FMC
(NYSE: FTI) (Paris:
FTI) (since 2020)

EDUCATION

Master of Science Technical Physics, Norwegian Technical University (1981)

KEY QUALIFICATIONS AND EXPERTISE

The Board of Directors recommends Ms. Øvrum should be elected to the Board of Directors due to her experience and expertise in:

- Global international
- Human capital management
- Information Security
- Mergers & acquisitions
- Oil & gas (including oilfield services)
- Operations & engineering
- Public company governance
- Safety & environment
- Strategy
- Sustainability
- Technology, research & development



DIANE DE SAINT VICTOR | Director since 2020

CAREER HIGHLIGHTS

Ms. de Saint Victor previously served as ABB Ltd.'s Company Secretary, a position she vacated in March 2020, and as ABB Ltd.'s General Counsel and Company Secretary from 2007 to 2019. During this time, Ms. de Saint Victor also served as the vice Chair of the Board of Directors of ABB Asea Brown Boveri Ltd. Prior to joining ABB, she served as a Senior Vice President and General Counsel of Airbus Group from 2004 to 2006 and from 2003 to 2004 as a Vice President and General Counsel at SCA Hygiene Products. She spent a decade working at Honeywell, beginning in 1993 as the General Counsel Europe for the company. Her final two years with Honeywell were spent working as the company's Vice President and General Counsel International. Earlier in her career, Ms. de Saint Victor worked for General Electric and as counsel for a law firm. She currently serves on the board of Natixis, SA (ENX: KN Paris) and previously served on the boards of ABB India Limited from 2019 to 2020, Altran Technologies SA France from 2019 to 2020 and Barclays PLC, where she was a member of the audit and reputation committees from 2013 to 2017, and the American Chamber of Commerce in France from 2017 to 2019. Ms. de Saint Victor is a member of Women Corporate Directors, the American Bar Association, the American Corporate Counsel Association and the International Bar Association.

FORMER GENERAL COUNSEL, ABB LTD.

FRENCH CITIZEN

Independent
Age 66

COMMITTEES

Audit
Health, Safety,
Environment and
Sustainability

OTHER CURRENT PUBLIC COMPANY BOARDS

Natixis S.A., France
(ENX: KN Paris)

EDUCATION

D.E.A. (L.L.M. equivalent) in Business Law from Paris Law School (1977)
D.E.A. (L.L.M. equivalent) in International Law from Paris Law School (1976)
Admitted to the Paris Bar in 1975

KEY QUALIFICATIONS AND EXPERTISE

The Board of Directors recommends Ms. De Saint Victor should remain on the Board of Directors due to her experience and expertise in:

Global international
Information Security
Legal & compliance
Mergers & acquisitions
Public company governance
Strategy
Sustainability



**PRESIDENT AND
CHIEF EXECUTIVE
OFFICER,
TRANSOCEAN LTD.**

U.S. CITIZEN

Age 46

JEREMY D. THIGPEN | Director since 2015

CAREER HIGHLIGHTS

Mr. Thigpen is President and Chief Executive Officer and a director of the Company since 2015. Mr. Thigpen served as Senior Vice President and Chief Financial Officer at National Oilwell Varco, Inc. (NYSE: NOV) from 2012 to 2015. During his tenure at National Oilwell Varco, Mr. Thigpen spent five years from 2007 to 2012 as the company's President of Downhole and Pumping Solutions business, and four years from 2003 to 2007 as President of its Downhole Tools group. He also served in various management and business development capacities, including Director of Business Development and Special Assistant to the Chair for National Oilwell Varco.

EDUCATION

Program for Management Development, Harvard Business School (2001)

Bachelor of Arts degree, Economics and Managerial Studies, Rice University (1997)
















KEY QUALIFICATIONS AND EXPERTISE

The Board of Directors recommends Mr. Thigpen should serve an additional term. The Board of Directors believes that it is important for the Chief Executive Officer of the Company to serve on the Board of Directors, as it ensures an efficient flow of information between the Board of Directors and executive management. In addition, Mr. Thigpen has substantial industry experience and a competitive perspective, which assists the Board of Directors in considering strategic decisions for the Company.

RECOMMENDATION

The Board of Directors recommends you vote **FOR** the election of these candidates as directors.

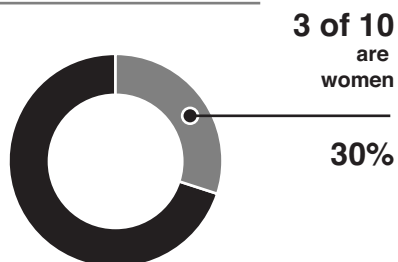
SKILLS AND EXPERIENCE MATRIX FOR INDEPENDENT DIRECTOR NOMINEES

BUSINESS OR PROFESSIONAL EXPERIENCE AND SKILLS	Glyn A. Barker	Vanessa C.L. Chang	Frederico F. Curado	Chadwick C. Deaton	Vincent J. Intrieri	Samuel Merksamer	Frederik W. Mohn	Edward R. Muller	Margareth Øvrum	Diane de Saint Victor	# OUT OF 10
 Accounting & auditing	✓	✓	✓		✓	✓	✓	✓			7
 Finance, debt & capital markets	✓	✓	✓	✓	✓	✓	✓	✓			8
 Global international	✓	✓	✓	✓	✓		✓	✓	✓	✓	9
 Human capital management		✓	✓	✓	✓				✓		5
 Information Security	✓	✓							✓	✓	4
 Legal & Compliance			✓	✓				✓		✓	4
 Mergers & acquisitions	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	10
 Oil & gas (including oilfield services)			✓	✓	✓		✓		✓		5
 Operations & engineering			✓	✓					✓		3
 Public company CEO			✓	✓				✓			3
 Public company governance	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	10
 Safety & environment			✓	✓	✓		✓	✓	✓		6
 Strategy	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	10
 Sustainability		✓	✓						✓	✓	4
 Technology, research & development			✓	✓	✓				✓		4

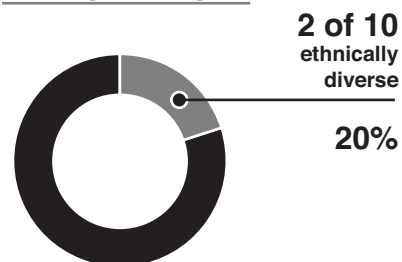
Other Attributes of Our Independent Director Nominees



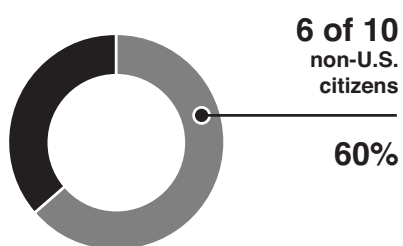
GENDER DIVERSITY



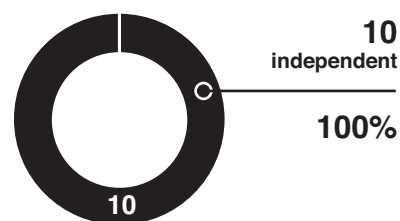
ETHNIC DIVERSITY



GLOBAL CITIZENSHIP



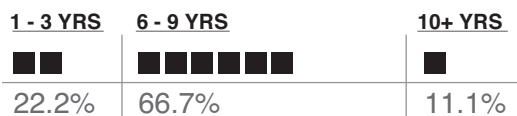
INDEPENDENCE (NYSE STANDARDS)



TENURE OF CURRENT DIRECTORS

Average tenure **7.44 years**

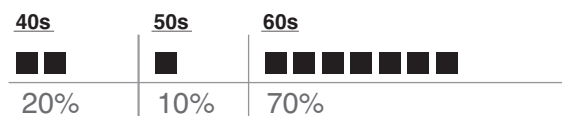
Median tenure **8 years**



AGE OF DIRECTORS AND NOMINEES

Average age **60.7 years**

Median age **64 years**



AGENDA ITEM 6

Election of the Chair of the Board of Directors for a Term Extending Until Completion of the Next Annual General Meeting

NOMINATION OF THE BOARD OF DIRECTORS

Pursuant to the Minder Ordinance and our Articles of Association, the authority to elect the Chair of the Board of Directors is vested with the general meeting of shareholders. The term of office of the Chair of the Board of Directors is the same as the other directors' terms and extends until completion of the next annual general meeting. The Chair elected at the 2021 Annual General Meeting will have the powers and duties as provided for in our Articles of Association and organizational regulations.

Upon the recommendation of the Corporate Governance Committee, the Board of Directors nominates Chadwick C. Deaton for reelection by the shareholders as the Chair of the Board of Directors. Mr. Deaton has served on the Board since May 2012 and as Board Chair since 2019. Prior to his election as Chair of the Board of Directors by our shareholders at the 2019 Annual General Meeting, Mr. Deaton served as Chair of the Board's Health Safety Environment and Sustainability Committee and as a member of the Corporate Governance Committee. Mr. Deaton's biographical information may be found above under Agenda Item 5.

RECOMMENDATION

The Board of Directors recommends a vote **FOR** the election of the nominee for the Chair of the Board of Directors.

AGENDA ITEM 7

Election of the Members of the Compensation Committee, Each for a Term Extending Until Completion of the Next Annual General Meeting

NOMINATIONS OF THE BOARD OF DIRECTORS

Pursuant to the Minder Ordinance and our Articles of Association, the authority to elect the members of the Compensation Committee of the Board of Directors is vested with the general meeting of shareholders. The term of office of the members of the Compensation Committee is the same as the other directors' term and extends until completion of the next annual general meeting.

Upon the recommendation of the Corporate Governance Committee, the Board of Directors has nominated for election by the shareholders at the 2021 Annual General Meeting

Glyn A. Barker

Vanessa C.L. Chang

Samuel J. Merksamer

as members of the Compensation Committee of the Board of Directors. Biographical information regarding the nominees may be found above under Agenda Item 5.

RECOMMENDATION

The Board of Directors recommends a vote **FOR** the election of the nominees of the Compensation Committee of the Board of Directors.

AGENDA ITEM 8

Election of the Independent Proxy for a Term Extending Until Completion of the Next Annual General Meeting

Pursuant to the Minder Ordinance and our Articles of Association, the authority to elect the independent proxy is vested with the general meeting of shareholders. The independent proxy elected at the 2021 Annual General Meeting will serve as independent proxy at the 2022 Annual General Meeting and at any extraordinary general meeting of shareholders of the Company that may be held prior to the 2022 Annual General Meeting.

The Board of Directors has nominated for election as independent proxy Schweiger Advokatur / Notariat, Dammstrasse 19, 6300 Zug, Switzerland. Schweiger Advokatur / Notariat was elected at the 2020 Annual General Meeting to serve as independent proxy at the 2021 Annual General Meeting and any extraordinary general meeting of shareholders of the Company held prior to the 2021 Annual General Meeting. Schweiger Advokatur/Notariat confirmed to the Company that it possesses the required independence to fulfill its mandate.

RECOMMENDATION

The Board of Directors recommends a vote **FOR** this Agenda Item 8.

AGENDA ITEM 9

Appointment of Ernst & Young LLP as the Company's Independent Registered Public Accounting Firm for Fiscal Year 2021 and Election of Ernst & Young Ltd, Zurich, as the Company's Auditor for a Further One-Year Term

PROPOSAL OF THE BOARD OF DIRECTORS

The Board of Directors proposes that Ernst & Young LLP be appointed as Transocean Ltd.'s independent registered public accounting firm for the fiscal year 2021 and that Ernst & Young Ltd, Zurich, be elected as Transocean Ltd.'s auditor pursuant to the Swiss Code of Obligations for a further one-year term, commencing on the day of election at the 2021 Annual General Meeting and terminating on the day of the 2022 Annual General Meeting.

Representatives of Ernst & Young Ltd will participate in the 2021 Annual General Meeting, will have the opportunity to make a statement and will be available to respond to questions you may ask. Due to limited participation at the Annual General Meeting resulting from COVID-19 precautions, please submit any questions you may have to the Corporate Secretary prior to the 2021 Annual General Meeting. Information regarding the fees paid by the Company to Ernst & Young appears below.

RECOMMENDATION

The Board of Directors recommends a vote **FOR** this Agenda Item 9.

FEES PAID TO ERNST & YOUNG

Audit fees for Ernst & Young LLP and its affiliates for each of the fiscal years 2020 and 2019 and audit-related fees, tax fees and total of all other fees for services rendered in 2020 and 2019 are as follows:

	AUDIT FEES ⁽¹⁾	AUDIT-RELATED FEES ⁽²⁾	TAX FEES	TOTAL OF ALL OTHER FEES ⁽³⁾
	U.S. \$	U.S. \$	U.S. \$	U.S. \$
Fiscal year 2020	4,996,805	429,771	-	2,138
Fiscal year 2019	5,023,982	462,876		2,154

(1) The audit fees include those associated with our annual audit, reviews of our quarterly reports on Form 10-Q, statutory audits of our subsidiaries, services associated with documents filed with the SEC and audit consultations.

(2) The audit-related fees include services in connection with accounting consultations, employee benefit plan audits and attest services related to financial reporting.

(3) All other fees were for other publications and subscription services.

AUDIT COMMITTEE PRE-APPROVAL OF AUDIT AND NON-AUDIT SERVICES

The Audit Committee pre-approves all auditing services, review or attest engagements and permitted non-audit services to be performed by our independent registered public accounting firm. The Audit Committee has considered whether the provision of services rendered in 2020 other than the audit of our financial statements and reviews of quarterly financial statements was compatible with maintaining the independence of Ernst & Young LLP and determined that the provision of such services was compatible with maintaining such independence.

The Audit Committee has adopted policies and procedures for pre-approving all audit and non-audit services performed by the independent registered public accounting firm. The policy requires advance approval by the Audit Committee of all audit and non-audit work; provided, that the Chair of the Audit Committee may grant pre-approvals of audit or non-audit work, so long as such pre-approvals are presented to the full Audit Committee at its next scheduled meeting. Unless the specific service has been previously pre-approved with respect to the 12-month period following the advance approval, the Audit Committee must approve a service before the independent registered public accounting firm is engaged to perform the service. The Audit Committee has given advance approval for specified audit, audit-related, tax and other services for 2021. Requests for services that have received this pre-approval are subject to specified fee or budget restrictions, as well as internal management controls.

AGENDA ITEM 10

Advisory Vote to Approve Named Executive Officer Compensation

PROPOSAL OF THE BOARD OF DIRECTORS

At the Company's 2017 Annual General Meeting, the Company's shareholders supported the Board of Directors' recommendation to hold an advisory vote on executive compensation every year for the Company's Named Executive Officers. As a result, the Board of Directors determined that the Company will hold an advisory vote on executive compensation once every year until the next required vote on the frequency of shareholder votes on compensation of Named Executive Officers of the Company, which in accordance with applicable law, will occur no later than the Company's annual general meeting of shareholders in 2023. Accordingly, and as required by Section 14A of the Exchange Act, the Company is providing its shareholders the opportunity to vote on an advisory basis to approve the compensation of the Company's Named Executive Officers.

The Board of Directors recommends that you vote for the approval of the compensation of the Named Executive Officers as described in this proxy statement.

Accordingly, you may vote on the following resolution:

RESOLVED, that the compensation of the Company's Named Executive Officers, as disclosed pursuant to the compensation disclosure rules of the SEC, including the Compensation Discussion and Analysis, the compensation tables, and the narrative disclosure in the proxy statement for the Company's 2021 Annual General Meeting is hereby APPROVED.

Our compensation program for our Named Executive Officers is designed to reward performance that creates long-term value for the Company's shareholders through the following features, which are discussed in more detail in our Compensation Discussion and Analysis:

- Annual cash bonuses based on performance as measured against pre-determined performance goals;
- A compensation mix weighted toward long-term incentives to allow our Named Executive Officers to participate in the long-term growth and profitability of the Company;
- Long-term incentives include performance share units that vest based upon (1) the Company's EBITDA margin; and (2) the Company's total shareholder return compared to the companies in our performance peer groups;
- Median pay positioning for target performance, above median pay for above target performance, and below median pay for below target performance;
- A share ownership policy that requires our executive officers to build and maintain an appropriate equity stake in the Company to further align our executive officers' interests with the long-term interests of our shareholders;
- Hedging and pledging policies that prohibit any of our executive officers from hedging or pledging our shares or holding derivative instruments tied to our shares, other than derivative instruments issued by us; and
- The Incentive Compensation Recoupment Policy, a clawback policy that allows the Company to recover or adjust incentive compensation to the extent the Compensation Committee determines that payments or awards have exceeded the amount that would otherwise have been received due to a restatement of our financial results or if the Compensation Committee determines that an executive has engaged in, or has knowledge of and fails to prevent or disclose, fraud or intentional misconduct pertaining to any financial reporting requirements.

The vote on this proposal is advisory and therefore not binding on the Company, the Compensation Committee or the Board of Directors. The Board of Directors and the Compensation Committee value the opinions of our shareholders. Following the 2021 Annual General Meeting, we will consider our shareholders' feedback and the Compensation Committee will evaluate whether any actions are necessary to address this feedback.

RECOMMENDATION

The Board of Directors recommends that you vote **FOR** approval of the compensation of the Company's Named Executive Officers, as disclosed pursuant to the compensation disclosure rules of the SEC, including the Compensation Discussion and Analysis, the compensation tables, and the narrative disclosure in this proxy statement.

AGENDA ITEM 11

Prospective Vote on the Maximum Compensation of the Board of Directors and the Executive Management Team

- 11A** Ratification of the Maximum Aggregate Amount of Compensation of the Board of Directors for the Period Between the 2021 Annual General Meeting and the 2022 Annual General Meeting.

PROPOSAL OF THE BOARD OF DIRECTORS

The Board of Directors proposes that the shareholders ratify an amount of U.S. \$4,121,000 as the maximum aggregate amount of compensation of the Board of Directors for the period between the 2021 Annual General Meeting and the 2022 Annual General Meeting.

EXPLANATION

As required by our Articles of Association and the Minder Ordinance, the shareholders are provided the opportunity to vote on the maximum aggregate amount of compensation that can be paid or granted to the members of the Board of Directors for the period between the 2021 Annual General Meeting and the 2022 Annual General Meeting (the “2021/2022 Term”). The shareholder vote is of binding nature.

DIRECTORS’ COMPENSATION PRINCIPLES

The general principles of the compensation for our Board of Directors are described in article 29b of our Articles of Association.

We use a combination of cash and equity compensation to attract and retain qualified candidates to serve on our Board of Directors. Our directors’ compensation consists of:

- cash retainers and
- grants of restricted share units

Set forth below is an overview of the non-employee director compensation elements for the term of office between the 2019 Annual General Meeting and the 2020 Annual General Meeting (the “2019/2020 Term”), and the term of office between the 2020 Annual General Meeting and the 2021 Annual General Meeting (the

“2020/2021 Term”). Additionally, the compensation elements currently contemplated for the 2021/2022 Term are also provided:

	2019/2020 Term (U.S.\$)	TERM OF OFFICE 2020/2021 Term (U.S.\$)	2021/2022 Term (U.S.\$)
CASH RETAINERS			
Non-employee chair	325,000	275,000	275,000
Non-employee vice chair	250,000	250,000	250,000
Non-employee directors (other than the chair and the vice chair)	100,000	100,000	100,000
Additional retainer for committee chair:			
Audit Committee	35,000	35,000	35,000
Compensation Committee	20,000	20,000	20,000
Corporate Governance Committee, Finance Committee, and Health, Safety, Environment and Sustainability Committee	10,000	10,000	10,000
TARGET VALUE OF RESTRICTED SHARE UNITS			
Non-employee chair	325,000	275,000	275,000
Non-employee vice chair	210,000	210,000	210,000
Non-employee directors (other than the chair and the vice chair)	210,000	210,000	210,000

A more detailed description of the compensation principles currently in effect for our Board of Directors can be found under “Board Meetings and Committees—Director Compensation Strategy.” The actual amounts paid to each member of the Board of Directors for fiscal year 2020 are disclosed under “2020 Director Compensation” and in our Swiss Compensation Report under the caption “Board of Directors’ Compensation.”

PROPOSAL FOR RATIFICATION OF MAXIMUM AGGREGATE AMOUNT

The Board of Directors proposes that the shareholders ratify an amount of U.S. \$4,121,000 as the maximum aggregate amount of compensation that the Company may pay to the Board of Directors for the 2021/2022 Term.

The proposed aggregate maximum amount has been calculated based on the directors’ compensation elements as outlined above and represents no change from the maximum aggregate amount of compensation for the 2020/2021 Term, which was approved by shareholders at last year’s annual general meeting.

In consideration of 2020 economic conditions, and in an effort to align with the reductions to equity compensation for management and employees, the Board of Directors elected to reduce their actual 2020 award of restricted share units by 28% of target. The total compensation paid to the Board of Directors for the 2020/2021 Term was U.S. \$2,726,394, which is below the U.S. \$4,121,000 previously approved by shareholders at the 2020 Annual General Meeting.

RECOMMENDATION

The Board of Directors recommends that you vote **FOR** this Agenda Item 11A.

11B Ratification of the Maximum Aggregate Amount of Compensation of the Executive Management Team for Fiscal Year 2022.

PROPOSAL OF THE BOARD OF DIRECTORS

The Board of Directors proposes that the shareholders ratify an amount of U.S. \$24,000,000 as the maximum aggregate amount of compensation of the Executive Management Team for fiscal year 2022.

EXPLANATION

As required by our Articles of Association and the Minder Ordinance, our shareholders are provided the opportunity to vote on the maximum aggregate amount of compensation that can be paid or granted to the members of the Executive Management Team for fiscal year 2022. The shareholder vote is of binding nature.

EXECUTIVE MANAGEMENT TEAM COMPENSATION PRINCIPLES

The general principles of the compensation for the Executive Management Team are described in article 29b of our Articles of Association.

We use a combination of cash and equity compensation to attract, motivate and retain leaders from the global executive talent market within and outside our highly competitive industry and to achieve our objective of pay and performance alignment by delivering the vast majority of our Executive Management Team's compensation opportunity as performance-based, 'at-risk' compensation. Our Executive Management Team's compensation consists of:

- base salary,
- annual performance bonus,
- long-term incentives, which may be comprised of grants of restricted share units, performance share units, performance cash and stock options, and
- other compensation, including Company contributions to savings plans, pension plans, and life insurance premiums.

Our Executive Management Team is comprised of our President and Chief Executive Officer, our Executive Vice President and Chief Financial Officer, and our Executive Vice President and Chief Operations Officer.

For a detailed description of our compensation principles currently in effect for the Executive Management Team (and our other Named Executive Officers who are not members of the Executive Management Team), please refer to the section of this proxy statement under the caption: "Compensation Discussion and Analysis." We recommend that our shareholders read our Articles of Association and the Compensation Discussion and Analysis to understand our Executive Management Team compensation principles and process when considering this proposal. The actual amounts paid to each member of the Executive Management Team for fiscal years 2018-2020 are disclosed in this proxy statement under the caption: "Executive Compensation—Summary Compensation Table," and in our Swiss Compensation Report under the caption: "Executive Management Team Compensation."

In addition to this binding prospective vote on maximum Executive Management Team compensation, shareholders have had the opportunity since 2011 under U.S. law, subject to an advisory vote by shareholders and a determination by the Board of Directors as to the frequency of such opportunity, to cast a retrospective advisory vote to approve the compensation paid to our Named Executive Officers (including our Executive Management Team members) for the fiscal year preceding the annual general meeting. Since 2011, our shareholders have consistently expressed their support for the Company's executive compensation principles.

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For fiscal years 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, and 2019, the shareholder approval levels have been 86%, 81%, 92%, 80%, 87%, 96%, 97%, 97% and 96%, respectively. Our shareholders are again provided the opportunity to cast a retrospective advisory vote to approve the compensation paid to our Named Executive Officers (including our Executive Management Team members) for fiscal year 2020, as is explained in detail in Agenda Item 10.

The proposed maximum aggregate amount of compensation for the Executive Management Team for fiscal year 2022 is derived substantially from the Company's executive compensation principles receiving strong historical shareholder support as noted above. Consistent with the Company's historical practice in setting executive compensation, as reflected in the Compensation Discussion and Analysis, we do not anticipate that the aggregate amount actually paid to our Executive Management Team members for fiscal year 2022 will be at the proposed maximum aggregate amount.

PROPOSAL FOR RATIFICATION OF MAXIMUM AGGREGATE AMOUNT

The Board of Directors proposes that the shareholders ratify an amount of U.S. \$24,000,000, excluding employer-paid social taxes, as the maximum aggregate amount of compensation of the Executive Management Team for fiscal year 2022. This amount is unchanged from the approved maximum aggregate amount of compensation for fiscal year 2021, and is the maximum amount that the Company can pay or grant to its members of the Executive Management Team for fiscal year 2022, subject to the authority of the Board of Directors to grant or pay a "supplementary amount" pursuant to article 29c of our Articles of Association without additional shareholder ratification to persons who newly assume an Executive Management Team function after the prospective vote at the 2021 Annual General Meeting.

The proposed maximum aggregate amount of compensation for fiscal year 2022 is based on our estimated compensation levels and represents no change from the maximum aggregate amount of compensation for fiscal year 2021, which was approved by shareholders at last year's annual general meeting.

Shareholder approval is based on the maximum aggregate amounts that could be payable in accordance with our compensation principles as set out in the Compensation Discussion and Analysis. Therefore, actual aggregate amounts paid to our Executive Management Team members for fiscal year 2022 will fall within the range that may be payable. Although historical compensation paid to our Executive Management Team, as disclosed in the Swiss Compensation Report, has been substantially less (2020: U.S. \$12,312,947) than the maximum amount payable (2020: U.S. \$24,000,000), we request our shareholders approve the proposed maximum aggregate amount in order to comply with our Articles of Association and to ensure that the authorized compensation is set at a level that allows us to honor our compensation obligations and promises under our compensation principles and plans if the Executive Management Team or its individual members deliver superior performance and achieve all of the performance objectives at maximum performance level.

The 2022 Executive Management Team compensation will be disclosed in the proxy statement for our 2023 Annual General Meeting and the Swiss Compensation Report for fiscal year 2022.

RECOMMENDATION

The Board of Directors recommends that you vote
FOR this Agenda Item 11B.

AGENDA ITEM 12

Approval of Amendment and Restatement of the Transocean Ltd. 2015 Long-Term Incentive Plan

PROPOSAL OF THE BOARD OF DIRECTORS

The Board of Directors proposes that the shareholders approve the amendment and restatement of the Transocean Ltd. 2015 Long-Term Incentive Plan as amended (the “2015 LTIP”), which would increase the number of shares available for issuance as long-term incentive compensation under the 2015 LTIP by 23,000,000 shares. Our Board, based on the recommendation of the Compensation Committee, has approved the amendment and restatement of the 2015 LTIP, subject to shareholder approval. The 2015 LTIP became effective as of May 15, 2015, when approved by our shareholders at the 2015 Annual General Meeting, and replaced our previous incentive compensation plan. Since the adoption of the 2015 LTIP, our shareholders have approved the addition of 12,000,000 shares and 30,000,000 shares that could be issued as long-term incentive compensation to our employees at our 2018 and 2020 annual meetings, respectively.

EXPLANATION

In order to effectively execute our business strategy, it is essential for us to manage our talent in an industry where there is intense competition for qualified individuals. We need to (i) attract highly qualified new industry professionals and (ii) reward and retain our experienced professionals. We believe that the issuance of equity-based incentive compensation is a key component of our comprehensive human resource strategy, and that equity-based incentives promote and sustain the progress, growth and profitability of the Company by:

- attracting, motivating and retaining individuals of high ability;
- reinforcing a pay-for-performance culture;
- aligning the interests of our employees with that of the Company; and
- providing incentives and rewards to employees who are in a position to contribute to the success and long-term objectives of the Company.

The competition for highly-qualified talent has increased the importance of equity-based compensation as a key component for employee recruitment and retention and the need for available shares under an equity compensation plan. The Company granted awards under the 2015 LTIP to 140 individuals in 2020; six of whom were Executive Officers and ten of whom were non-employee directors.

We believe we have demonstrated our commitment to sound equity compensation practices. Management and our Board are cognizant of the expense attributable to compensatory share awards, as well as dilution, and strive to maintain both at appropriate levels in order to realize the significant motivational and performance benefits that may be achieved from making such awards.

As of January 31, 2021, dilution attributed to the 2015 LTIP was approximately 6.62% and would increase by approximately 2.49% upon approval of 23,000,000 additional reserves. The three-year average annual percentage of the Company’s outstanding shares issued under equity incentive plans or the Company’s “burn rate” was 1.18%, well below the Institutional Shareholder Services benchmark for our industry of 3.24%. However, when annual grants are made in periods of depressed share prices such as those that resulted from the economic impact of the COVID-19 outbreak, dilution may increase significantly from the rate implied by our average “burn rate.” Nonetheless, we believe that it is important that meaningful equity-based long-term incentives remain a significant element of our compensation program throughout the business cycle of our

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industry. We may also increase cash compensation during such periods relative to our historical practices to limit the amount of dilution from equity awards.

The table below shows information as of February 28, 2021, with regard to all of our share-settled equity plans:

Total Stock Options Outstanding	4,327,526
Total Restricted Share Awards/Units Outstanding	14,343,466
Total Performance Share Awards/Units Outstanding	6,586,396
Total Common Shares Outstanding	615,996,717
Weighted-Average Exercise Price of Stock Options Outstanding	\$11.43
Weighted-Average Remaining Duration of Stock Options Outstanding	6.54 years
Total Shares Available for Grant Under the 2015 LTIP	7,849,025

DESCRIPTION OF THE 2015 LTIP

The Company believes that the 2015 LTIP incorporates state-of-the-art governance best practices, and a summary description of the material features of the 2015 LTIP is set forth below.

The 2015 LTIP plan document is attached to this proxy statement as Appendix B and is incorporated by reference into this proposal. As further described below, the 2015 LTIP will be amended to provide for an increase of 23,000,000 shares available for issuance as long-term incentive awards.

Highlights of the 2015 LTIP include:

- **Fungible share pool.** The 2015 LTIP uses a fungible share pool under which each share issued pursuant to a restricted share award or restricted share unit (including performance awards) will reduce the number of shares available under the 2015 LTIP by 1.68 shares, and each share issued pursuant to awards other than restricted share awards and restricted share units will reduce the number of shares available by 1.0 share.
- **No liberal share counting.** The 2015 LTIP prohibits the reuse of shares withheld or delivered to satisfy the exercise price of, or to satisfy tax withholding requirements for any awards under the 2015 LTIP. The 2015 LTIP also prohibits “net share counting” upon the exercise of options or stock appreciation rights (or SARs) and the use of shares reacquired in the open market or otherwise using cash proceeds from the exercise of stock options.
- **No repricing or reloading of stock options or SARs; no cash outs.** The 2015 LTIP prohibits the direct or indirect repricing of stock options or SARs without shareholder approval and also prohibits the repurchase by the Company of outstanding stock options or SARs with an exercise price higher than the current fair market value.
- **Clawback.** All equity awards allow for the cancellation of outstanding awards for actions that are inconsistent with our Code of Integrity.
- **No discounted stock options or SARs.** All stock options and SARs must have an exercise price or base price equal to or greater than the fair market value of the underlying shares on the date of grant.
- **Definition of change of control.** The 2015 LTIP defines “change of control” in a manner such that a change of control would not be deemed to occur until the actual consummation of the event that results in the change of control.
- **No automatic vesting on a change of control.** The terms of the 2015 LTIP do not provide for automatic single-trigger vesting upon the occurrence of a change of control. The 2015 LTIP was

further amended in 2020 to remove broad Compensation Committee discretion to treat a change of control as a specific vesting event.

- *Minimum vesting.* All awards shall have a minimum vesting period or restriction period of one year from grant date; provided, however, that awards with respect to up to five percent (5%) of the shares available for awards may be issued without regard to this limitation.
- *No dividends or dividend equivalents on options, SARs or unvested awards.* The terms of the 2015 LTIP do not permit dividends or dividend equivalents to be made a part of an award of stock options or SARs and do not permit payment of dividends or dividend equivalents with respect to any awards that are unvested.
- *No dividend or dividend equivalents on unvested restricted shares, restricted share units or performance units.* The terms of the 2015 LTIP, as amended in 2020, clarified that no dividends shall be paid with respect to unvested restricted shares and no dividend equivalents shall be paid with respect to unvested restricted share units or performance unit awards.
- *Administered by an independent committee.* The Compensation Committee, which is made up entirely of independent directors, has ultimate administration authority for the 2015 LTIP.

Shares Available for Award and Share Counting

When originally adopted, the 2015 LTIP reserved a total of 19,500,000 shares for awards, plus the remaining shares from a prior long-term incentive plan that had not been granted. In 2018 and 2020, amendments to the plan were approved for additional reserves in the aggregate amount of 12,000,000 and 30,000,000 shares, respectively. Subject to shareholders' approval of the proposed amendment to the 2015 LTIP, an additional 23,000,000 shares will be reserved for awards under the 2015 LTIP.

Awards under the 2015 LTIP will reduce the shares available for grant under the 2015 LTIP as follows: each share issued pursuant to a restricted share award or restricted share unit will reduce the number of shares available under the 2015 LTIP by 1.68 shares, and each share issued pursuant to awards other than restricted share awards and restricted share units will reduce the number of shares available by 1.0 share.

Any of the authorized shares may be used for any of the types of awards described in the 2015 LTIP. Shares related to performance awards that are payable solely in cash, which include performance share units to be awarded under the 2015 LTIP, will not be counted against the aggregate number of shares available under the 2015 LTIP. The aggregate fair market value of awards of options and SARs that may be granted to any employee in any calendar year each may not exceed \$10,000,000 taking into account the grant date value of the shares subject to such awards without regard to the exercise price associated with such awards. No employee may be granted restricted shares, restricted share units or other share-based awards with an aggregate fair market value in excess of \$10,000,000, taking into account the grant date value of the shares subject to such awards. In addition, the maximum amount that may be granted to an employee pursuant to awards that may be settled in cash in any calendar year may not exceed grant date value of \$5,000,000. The maximum award value that may be granted to a non-employee director in any calendar year may not exceed \$1,000,000.

If any shares subject to an award under the 2015 LTIP are forfeited, expire, are settled for cash or otherwise cancelled, then, in each case, the shares subject to the award may be used again for awards under the 2015 LTIP to the extent of the forfeiture, expiration, cash settlement or cancellation. The shares will be added back as (a) 1.68 shares for every share if the shares were subject to restricted share awards, restricted share units or performance units granted and (b) as 1.0 share for every share if the shares were subject to awards other than restricted share awards, restricted share units or performance unit granted.

The following shares will not be added to the shares authorized for grant as described above:

- (i) shares tendered by the participant or withheld by us in payment of the purchase price of an option;

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- (ii) shares tendered by the participant or withheld by us to satisfy any tax withholding obligation with respect to an award;
- (iii) shares that are not issued due to net settlement of an award; and
- (iv) shares reacquired by the Company on the open market or otherwise using cash proceeds from the exercise of options.

The 2015 LTIP provides for appropriate adjustments in the event of a merger, demerger, consolidation, recapitalization, stock split, combination of shares, plan of exchange, share dividend or similar transaction involving the Company.

Administration

The Compensation Committee of the Board has overall authority to administer the 2015 LTIP. The Board may designate another committee or committees to administer the 2015 LTIP.

Eligible Participants

Employees, Executive Officers and non-employee directors are eligible to participate in the 2015 LTIP.

Types of Awards

The 2015 LTIP authorizes the issuance of the following types of awards:

- *Nonqualified and Incentive Stock Options.* Nonqualified stock options and incentive stock options may be granted under the 2015 LTIP. The exercise price of options may not be less than the fair market value of our shares on the date of grant and no option may be exercised after the expiration of ten years from the date of grant. The fair market value of our shares is determined by reference to the reported closing price on the NYSE. An option may be exercised only to the extent that the option is vested in accordance with a schedule determined by the Compensation Committee in its sole discretion.
- *Stock appreciation rights or SARs.* SARs may be granted to participants under the 2015 LTIP. The exercise price of a SAR may not be less than the fair market value of our shares on the date of grant and no SAR may be exercised after the expiration of ten years from the date of grant. The payment of the appreciation associated with the exercise of a SAR will be made by the Company in shares of our common stock or in cash as determined by the Compensation Committee. A SAR may be exercised only to the extent that the SAR is vested in accordance with a schedule determined by the Compensation Committee in its sole discretion.
- *Restricted share awards and restricted share units.* Restricted share awards and restricted share units, or RSUs, may be granted under the 2015 LTIP. Restricted share awards and RSUs granted under the 2015 LTIP will vest in accordance with a schedule or achievement of certain performance or other criteria as determined by the Compensation Committee. Upon termination of service or employment prior to vesting, the restricted shares or RSUs will be forfeited, unless otherwise determined by the Compensation Committee. The Compensation Committee has the discretion to grant a holder of restricted shares the right to vote such shares and to receive dividends, provided that no dividends may be paid with respect to unvested restricted shares. RSUs do not entitle a holder to any of the rights of a shareholder with respect to the shares; however, the Compensation Committee has the discretion to grant dividends or dividend equivalents with respect to the RSUs provided that no dividends or dividend equivalents may be paid with respect to an RSU that has not vested.
- *Performance awards.* Performance awards may be granted under the 2015 LTIP. Performance awards issued under the 2015 LTIP will become payable in accordance with the achievement of certain performance or other criteria as determined by the Compensation Committee, provided that a performance period may be no less than one year in duration. Performance measures may be based

on the achievement of one or more of the following: (1) increased revenue; (2) net income measures (including but not limited to income after capital costs and income before or after taxes); (3) share price measures (including but not limited to growth measures and total shareholder return); price per share; market share; earnings per share (actual or targeted growth); (4) earnings before interest, taxes, depreciation, and amortization ("EBITDA"); (5) economic value added (or an equivalent metric); (6) market value added; (7) debt to equity ratio; (8) cash flow measures (including but not limited to cash flow return on capital, cash flow return on tangible capital, net cash flow and net cash flow before financing activities, cash flow value added, cash flow return on market capitalization); (9) return measures (including but not limited to return on equity, return on average assets, return on capital, risk-adjusted return on capital, return on investors' capital and return on average equity); (10) operating measures (including operating income, funds from operations, cash from operations, after-tax operating income; sales volumes, production volumes and production efficiency); (11) expense measures (including but not limited to overhead cost and general and administrative expense cost control and project management); (12) margins; (13) shareholder value; (14) total shareholder return; (15) proceeds from dispositions; (16) total market value and corporate values measures (including ethics compliance, environmental, human resources development and safety); and (17) any other measure as determined by the Compensation Committee.

- **Cash awards.** Cash awards may be granted under the 2015 LTIP and may be made subject to a vesting schedule or other performance measures as determined by Compensation Committee.

Minimum Vesting Requirements

All awards shall have a minimum vesting period or restriction period of one year from the grant date; provided, however, that awards with respect to up to five percent (5%) of the shares available for awards may be issued without regard to such limitations.

Prohibitions Related to Stock Options and SARs

Unless the approval of shareholders is obtained first, the 2015 LTIP does not permit (a) repricing of stock options or SARs after the grant date, (b) accepting outstanding stock options or SARs for surrender as consideration for the grant of a new option or SAR with a lower exercise price or for the grant of another award, (c) repurchasing from award recipients any outstanding stock options or SARs that have an exercise price higher than the current fair market value of a share, or (d) granting any stock option or SAR that contains a "reload" feature under which additional stock options, SARs or other awards are granted automatically upon exercise of the original stock option or SAR. The 2015 LTIP also prohibits dividends and dividend equivalents with respect to stock options and SARs.

Treatment of Awards Upon Certain Events

Retirement, Death, or Disability. The Committee may, in its sole discretion, accelerate the vesting of unvested awards or waive, eliminate or make less restrictive the restrictions or provisions governing awards or otherwise amend or modify awards in the case of retirement from employment or service on the Board, death, disability, or any other termination event, except that any modification may not be materially adverse to the award recipient unless the recipient has consented to the modification or the modification relates to a merger, reorganization or similar transaction.

Termination and Agreement

The 2015 LTIP may be terminated or amended by the Board. Shareholder approval is required for any amendment to the 2015 LTIP if (i) such approval is necessary or desirable to qualify or comply with any tax or regulatory requirement for which or with which the Board deems it necessary or desirable to qualify or comply; or (ii) in the opinion of counsel to the Company, shareholder approval is required by any federal or state laws or regulations or the rules of any stock exchange on which the shares may be listed.

Transferability

Awards are not transferable except by will or by the laws of descent and distribution.

U.S. Federal Income Tax Consequences

Under current federal tax law, the following are the U.S. federal income tax consequences generally arising with respect to restricted shares, performance shares, options and other awards granted under the 2015 LTIP. The discussion is not a complete analysis of all federal income tax consequences and does not cover all specific transactions which may occur.

Absent the filing of a Section 83(b) election with the IRS, no income will be recognized by a participant for U.S. federal income tax purposes upon the grant of restricted shares, performance shares or other stock awards. Upon the vesting of an award for which no payment was made by the participant, the participant will recognize ordinary income in an amount equal to the fair market value of the shares on the vesting date. Income recognized upon vesting by a participant who is an employee will be considered compensation subject to withholding at the time the income is recognized and, therefore, the Company must make the necessary arrangements with the participant to ensure that the amount of tax required to be withheld is available for payment. Stock awards provide the Company with a deduction equal to the amount of income recognized by the participant, subject to certain deduction limitations. A participant's adjusted basis in the shares received through stock awards is equal to any ordinary income related to the award recognized by the participant. If a participant thereafter sells the shares, any amount realized over (under) the adjusted basis of the shares will constitute capital gain (loss) to the participant for U.S. federal income tax purposes. If a participant forfeits an award prior to its vesting, the participant will not recognize any ordinary income as a result of such forfeiture, and no deduction will be provided to the Company.

Upon the grant of restricted shares, the participant may file an election under Section 83(b) of the Internal Revenue Code (the "Code") to accelerate the recognition of ordinary income to the grant date of the award. Such ordinary income is equal to the fair market value of the shares on the grant date (assuming no payment by the participant for the shares) and is considered compensation subject to withholding for employees.

There are no tax consequences associated with the grant or timely exercise of an incentive stock option. If a participant holds the shares acquired upon the exercise of an incentive stock option for at least one year after exercise and two years after the grant of the option, the participant will recognize capital gain or loss upon sale of the shares equal to the difference between the amount realized on the sale and the exercise price. If the shares are not held for the required period, the participant will recognize ordinary income upon disposition in an amount equal to the excess of the fair market value of the shares on the date of exercise over the exercise price, up to the amount of the gain on disposition. Any additional gain realized by the participant upon disposition will be capital gain. The excess of the fair market value of shares received upon the exercise of an incentive stock option over the option price for the shares is a preference item for purposes of the alternative minimum tax. An expense deduction by the Company in connection with the exercise of an incentive stock option is not allowed unless the participant recognizes ordinary income.

Generally, no income will be recognized by a participant for U.S. federal income tax purposes upon the grant of a nonqualified stock option. Upon exercise of a nonqualified stock option, the participant will recognize ordinary income in an amount equal to the excess of the fair market value of the shares on the date of exercise over the amount of the exercise price. Income recognized by a participant who is an employee, upon the exercise of a nonqualified stock option, will be considered compensation subject to withholding at the time the income is recognized and, therefore, the Company must make the necessary arrangements with the participant to ensure that the amount of tax required to be withheld is available for payment. Nonqualified stock options provide the Company with a deduction equal to the amount of income recognized by the participant, subject to certain deduction limitations. The adjusted basis of shares transferred to a participant pursuant to the exercise of a nonqualified stock option is the price paid for the shares plus an amount equal to any income recognized by the participant as a result of the exercise of the option. If a participant thereafter sells shares acquired upon exercise of a nonqualified stock option, any amount realized over (under) the adjusted basis of the shares will constitute capital gain (loss) to the participant for U.S. federal income tax purposes.

If a participant surrenders shares which the participant already owns as payment for the exercise price of a stock option, the participant will not recognize gain or loss as a result of such surrender. The number of shares received upon exercise of the option equal to the number of shares surrendered will have a tax basis equal to the tax basis of the surrendered shares. The holding period for such shares will include the holding period for the shares surrendered. The remaining shares received will have a basis equal to the amount of income the participant recognizes upon receipt of such shares. The participant's holding period for such shares will commence on the day after such exercise.

Generally, no income will be recognized by a participant for U.S. federal income tax purposes upon the grant of a SAR. Upon exercise of a SAR, the participant will recognize ordinary income in an amount equal to the excess of the fair market value of the shares on the date of exercise over the amount of the exercise price. Income recognized by a participant who is an employee, upon the exercise of a SAR, will be considered compensation subject to withholding at the time the income is recognized and, therefore, the Company must make the necessary arrangements with the participant to ensure that the amount of tax required to be withheld is available for payment. SARs provide the Company with a deduction equal to the amount of income recognized by the participant, subject to certain deduction limitations. The adjusted basis of shares transferred to a participant pursuant to the exercise of a SAR is the price paid for the shares plus an amount equal to any income recognized by the participant as a result of the exercise of the SAR. If a participant thereafter sells shares acquired upon exercise of a SAR, any amount realized over (under) the adjusted basis of the shares will constitute capital gain (loss) to the participant for U.S. federal income tax purposes.

Upon the receipt of a cash award, the participant will recognize ordinary income in an amount equal to the cash received. Income recognized upon the receipt of a cash award by a participant who is an employee will be considered compensation subject to withholding at the time the cash is received and, therefore, the Company must properly withhold the required tax.

Code Section 162(m) limits the annual tax deduction to U.S. \$1 million for compensation paid by a publicly held company to its chief executive officer, its chief financial officer, and each of the company's three other most highly compensated named executive officers. Although the deductibility of compensation is a consideration evaluated by the Compensation Committee, the Compensation Committee believes that the lost deduction on compensation payable in excess of the U.S. \$1 million limitation is not material relative to the benefit of being able to attract and retain talented management. We have also awarded compensation that might not be fully tax deductible when such grants were nonetheless in the best interest of the Company and our stockholders. Accordingly, the Compensation Committee will continue to retain the discretion to pay compensation that is subject to the U.S. \$1 million deductibility limit.

Code Section 409A generally provides that any deferred compensation arrangement must satisfy specific requirements, both in operation and in form, regarding (1) the timing of payment, (2) the election of deferrals, and (3) restrictions on the acceleration of payment. Failure to comply with Code Section 409A may result in the early taxation (plus interest) to the participant of deferred compensation and the imposition of a 20% penalty on the participant on such deferred amounts included in the participant's income. The Company intends to structure awards under the 2015 LTIP in a manner that is designed to be exempt from or comply with Code Section 409A.

WHY SHOULD YOU VOTE TO APPROVE THE AMENDMENT?

- *We must attract, motivate and retain individuals of high ability.* The ability to issue equity is fundamental to our compensation strategy. Our success is dependent, in large part, on our ability to use equity compensation to attract, motivate and retain experienced and highly capable people.
- *We have a disciplined annual share granting practice.* Our burn rate has averaged 1.6% over the past three years. For comparison purposes, our average burn rate over the past three and five years are both well below the Institutional Shareholders Services Inc. ("ISS") cap of 4.03% for Russell 3000 companies in the energy industry.
- *Without equity compensation, we could lose employees or be forced to pay more compensation in cash.* If equity compensation is not available, we could face the choice of losing our most valuable employees or using cash-based long-term incentives to compensate employees, which would not be the best use of our liquidity during this difficult market period and could result in a misalignment of the interests of our employees and shareholders.
- *We use equity compensation to align employee and shareholder interests.* Equity compensation is a critical means of aligning the interests of our employees with those of our shareholders and provides a strong pay-for-performance link between the compensation provided to executives and the Company's performance.
- *We grant shares that must be earned by our executives.* Over one-half of the value of awards to our named executive officers are subject to achieving a pre-determined level of shareholder returns compared to our industry peer group.
- *We have equity ownership requirements.* We apply meaningful ownership requirements to our executives to ensure a significant ownership stake in our Company. This further aligns the interests of our executives with those of our shareholders.
- *The 2015 LTIP incorporates state-of-the-art governance best practices.* The 2015 LTIP meets governance best practices standards for employee incentive plans.

RECOMMENDATION

The Board of Directors recommends a vote **FOR** this Agenda Item 12.

CORPORATE GOVERNANCE

WE ARE COMMITTED TO UPHOLDING HIGH STANDARDS OF CORPORATE GOVERNANCE AND BUSINESS CONDUCT AND BELIEVE THAT OUR ACTIONS HAVE REFLECTED OUR LONG-STANDING ADHERENCE TO THOSE HIGH STANDARDS.

- We annually review and, as necessary, update our Corporate Governance Guidelines and our Code of Integrity.
- We conduct online mandatory training for our employees and officers on our Code of Integrity and other relevant compliance topics.
- We also require all of our officers and managerial and supervisory employees to certify compliance with our Code of Integrity each year and to proactively report any non-compliance they may discover.
- Management and the Board of Directors solicit and are responsive to shareholder feedback that informs our governance practices.

The Corporate Governance Committee of the Board of Directors evaluates the Company's and the Board of Directors' governance practices and formally reviews, at least annually, all committee charters, with recommendations from the various committees of the Board of Directors, and the Board of Directors' governance principles. The Corporate Governance Committee receives updates at each meeting regarding new developments in the corporate governance arena. Our Corporate Governance Guidelines and committee charters also require, among other things, that each committee and the Board of Directors annually conduct a self-evaluation of their own performance. The evaluation provides an opportunity for an assessment of each member of the Board of Directors.

Director Share Holding Requirement

Non-Management Director	5X Annual Cash Retainer
President and Chief Executive Officer	6X Base Pay

We have equity ownership guidelines for directors that require each current non-management director to acquire and retain a number of our shares and/or restricted units at least equal in value to an amount five times the director's annual cash retainer. Each new director is required to acquire and retain such number of shares, and/or restricted units during his or her initial five years as a director. Jeremy D. Thigpen, our President and Chief Executive Officer, is subject to separate officer share ownership guidelines providing for a more stringent requirement of six times his base pay. In connection with such ownership requirement, the Board of Directors currently grants restricted share units to each of our non-management directors. See Compensation Discussion and Analysis for more information about these guidelines.

Restrictions on Pledging, Hedging and Margin Accounts

Pursuant to our Insider Trading Policy, employees, officers and directors are restricted from pledging, hedging or holding shares in a margin account.

Governance Documents

Our current governance documents may be found on our website at: www.deepwater.com by selecting the Governance page in the Investors section dropdown. Among the information you can find there is the following:

Articles of Association	Organizational Regulations	Corporate Governance Guidelines
Audit Committee Charter	Corporate Governance Committee Charter	Compensation Committee Charter
Finance Committee Charter	Health, Safety, Environment and Sustainability Committee Charter	Our Mission Statement
Our FIRST Shared Values	Code of Integrity	Gender Pay Gap Regulations
Our Modern Slavery and Human Trafficking Statement	Our Tax Principles Statement	Human Rights Policy
Sustainability Report	HSE Policy	Quality Policy

Information contained on our website is not part of this proxy statement.

Sustainability

The success of our business is predicated upon the value we deliver to our customers, our shareholders and our stakeholders. It is equally self-evident that as a business in the energy industry, we must operate with integrity, discipline and an unconditional respect for our people, our communities and our planet. Our Vice President, Human Resources, Sustainability and Communications partners with our other functional leadership to manage and execute our sustainability program, including investments in:

- Technologies that improve the safety, reliability and efficiency of our assets and to reduce the impact our operations have on the environment.
- Safety and training programs and tools to protect our people, assets and the environments in which we operate.
- Recruiting, developing, retaining and motivating the industry's most talented and diverse workforce.
- Benefits to support employee health and well-being and financial security.
- Programs to support the global communities in which we operate.

Importantly, Board oversight of our Sustainability program was formally added to the committee charter of the Health, Safety, and Environment Committee in 2020, and the committee was renamed the Health, Safety, Environment, and Sustainability (HSES) Committee. This committee now receives quarterly updates from management regarding the Company's sustainability activities and tracks achievement toward annual goals. In February 2021, the Board expanded the sustainability metrics in the 2021 annual cash bonus, as described in our Compensation Discussion and Analysis. The Board and Management continue to monitor our sustainability practices and update policies and procedures, as appropriate, in order to maintain our high standards and achieve organizational goals.

Through continuous engagement with stakeholders, we incorporate feedback and address the material issues that are important to our dynamic industry and global community. Last year, we began taking steps to align our reporting framework to the Sustainability Accounting Standards Board (SASB) standard and intend to continue referencing the Global Reporting Initiative standard. We are keenly focused on projects that enable us to grow our business, reduce our environmental impact, and come into alignment with global initiatives like the Paris Climate Accord.

For more information on our sustainability efforts, please see our most recent sustainability report on our website by selecting the Sustainability, Health, Safety and Environment page from the “About” tab on deepwater.com and scrolling down to the sustainability report.

Environmental Stewardship

At Transocean, our approach to managing environmental impact is driven by our pursuit of ever-greater operational efficiency, and our continued focus on innovative technology to improve safety and to reduce our carbon footprint. Additionally, we continue to evaluate potential business line extensions in renewables and alternative energy whereby we can leverage our existing assets and core competencies to generate enhanced returns for our shareholders.

Examples of recently implemented innovative technologies that support environmental initiatives include:

- **Digitization of our Operations Procedures.** This tool was piloted in 2020 and will be implemented across the fleet in 2021. It supports a higher level of consistent and disciplined execution of operations and builds on our culture of operational excellence, improving safety, reliability and efficiency.
- **Performance Dashboard.** Our performance dashboard empowers us to make improvements in real-time, enhancing the safety, reliability and efficiency of our operations. The ability to measure, track, report and share progress enables us to roll out best practices across crews and rigs around the world and directly impact our environmental performance, reducing fuel use and lowering emissions.
- **Smart Equipment Analytics (SEA).** Our SEA tool builds on the success of our performance dashboards. By leveraging a network of sensors on our offshore equipment and integrating the data with that from our existing operations and maintenance tools, SEA enables us to monitor and compare equipment health, inferred emissions, energy consumption and power plant performance in real time. With this information, our teams are able to make adjustments to optimize our equipment and how we use it. Tools like SEA give us the insights needed to reduce the intensity of our energy usage and our emissions near-term, and we expect they will drive us toward absolute reductions in the long-term.

Our Workforce and Our Community

Diversity, Equity and Inclusion

Our aim is to recruit, develop, and retain the best workforce in the offshore drilling industry. As a company with an international operational and customer base, we view the diversity of our workforce as a key factor in our success. We endeavor to provide those who work at Transocean with an inclusive, supportive, safe and respectful environment in which they can flourish personally and professionally. In 2020, our workforce consisted of approximately 5,350 employees and contractors, representing 56 nationalities. To fully realize the benefits of a diverse workforce in achieving our safety and operational objectives, especially in the current challenging environment, it is critical that we continue to cultivate a workplace that values the contributions of every employee, and drives a culture of high performance and success.

- **Frontline Leadership Training.** Initiatives such as our Frontline Leadership Training reinforce our commitment to a Safe and Respectful Workplace, by equipping our supervisors with the knowledge and skills to extend our definition of safety beyond physical safety to include intellectual and emotional well-being.
- **Nationalization.** While the COVID-19 pandemic posed many challenges for our team, it also enabled us to accelerate some initiatives, such as increasing local workforce representation in key markets like Brazil. Our robust training and development programs created a highly competent and qualified local talent pool that was ready to assume leadership positions in our operations there, reducing reliance on expatriates and simplifying logistics.
- **Offshore Development Program.** Accustomed to developing talent worldwide, we applied lessons learned for our newly-launched Operational Development Program, which aims to train women and

those from underrepresented populations across the globe for technical drilling positions. Personnel in such positions – assistant drillers, drillers and drilling superintendents – are key decision makers in the Company, and these roles are foundational for future opportunities with P&L responsibilities.

Safety

Our safety vision is to conduct our operations in an incident-free workplace, all the time, everywhere. Underpinning this vision is our robust company management system, which details the policies and tools employed by our teams to complete their work safely, efficiently and effectively. Remarkably, we achieved our second best safety performance in company history with a TRIR of 0.24 during 2020, despite the COVID-19 pandemic. We largely attribute this success to the diligence of our people and our robust training and safety programs. For more information on our safety performance, please see our Compensation Discussion and Analysis. Examples of our continued investment in the tools and technologies that promote safe operations currently and in the future include the following.

- **COVID-19 Mitigation.** As the COVID-19 pandemic began, we relied upon the experience and expertise of our team to quickly implement our business continuity plan and disease prevention protocols in order to mitigate the effects of the disease on our workforce and our operations. Consistent with our FIRST *Shared Values*, our top priority throughout the pandemic has been the safety of our workforce. Our internal safety and medical teams tracked scientific developments and regularly networked with external experts and industry peers to make regional assessments of the pandemic's impact. This approach enabled us to tailor our response to the unique needs of our teams in each geography and by work classification. In general, we have trained our workforce on COVID-19 prevention strategies, such as wearing face masks, practicing social distancing and frequent handwashing. Our shore-based teams were transitioned to remote work made possible by a suite of digital conferencing and collaboration tools. Our offshore teams continued our operations, and we employed a series of mitigation measures to reduce the likelihood of the virus reaching our installations, including quarantine requirements, PCR testing offshore and at heliports prior to departure, and new travel procedures. Onboard our rigs, additional procedures were enacted to promote social distancing and mask use. Our teams overcame logistical challenges to move people and equipment around the globe safely and timely, ensuring that we were able to continue delivering excellent service and operations to our customers. We will monitor developments in the pandemic and make adjustments to our operational plans as needed. Transocean supports the use of vaccinations approved by healthcare authorities as a key tool in saving lives and ending the pandemic.
- **HaloGuardSM.** In February 2021, we announced the successful deployment of HaloGuardSM, the offshore drilling industry's first safety system that integrates a wearable locating device with drill floor equipment and machine stoppage controls. This system combines a wearable alarm and a real time location transmitter together with a machine vision system that is designed to track the position of personnel on the drill floor and key drill floor equipment while operating. By enabling machines with the technology to track, sense and, if needed, stop operations, HaloGuardSM provides an advanced layer of individual protection on the drill floor. We plan to deploy the technology on six additional rigs by the end of 2021.

Training

Our offshore Competency Assurance Management System is accredited by the Offshore Petroleum Industry Training Organization (OPITO) and ensures that every employee and contractor working offshore has a mechanism to gauge the skills and competencies needed to perform the assigned role. Competency Assessment Programs and training requirements are specified on our corporate training matrix, and personnel are regularly trained and assessed to ensure they maintain the knowledge needed to safely and effectively complete their jobs.

Our aim is to address training requirements in an effective and pragmatic manner through a variety of mechanisms, including formal training courses, e-learning, virtual training simulations and supervised on-the-job training modules. To facilitate training during the pandemic, we prioritized the use of virtual and on-demand

courses, reducing the need for travel and in-person formats. We also invested in new training simulators at our Houston facility, which will enhance continuing crew education on the management of complex drilling scenarios and advanced well control techniques. Our rig teams that are individually performing different functions – station keeping, crane operation and drilling – can practice working together, replicating the environment and complex tasks they perform offshore, but in a no-risk, practice environment. In addition to training, the simulators can also be used to assess the competencies and knowledge of our crews.

Social Responsibility/Community Partnership

We embrace our role as a global corporate citizen, and we aim to positively impact communities where we live and operate. Our investments continue to focus around education, health and well-being and environmental conservation and restoration. During the COVID-19 pandemic, we supported local hospitals with donations of personal protective equipment and continued to provide financial support for our community partner organizations.

Industry Leadership

As an industry leader, we are mindful of our responsibility in influencing and setting the standards that guide best practices. We continue to actively participate on committees and in events sponsored by:

- American Petroleum Institute
- Center for Offshore Safety
- International Association of Drilling Contractors
- National Ocean Industries Association
- Oilfield Energy Center
- Society of Petroleum Engineers
- Women Offshore

We will continue to monitor our governance and sustainability practices and update policies and procedures, as appropriate, in order to maintain our high standards.

Data Privacy and Information Security

Transocean's culture of safety extends beyond just the physical well-being and includes a commitment to maintaining the security of both personal and business data. We have established protocols and technology focused on maintaining the privacy of personal information disclosed to us by employees, their families and other sources. We are also committed to maintaining the security and integrity of personal data regarding contractors, directors, shareholders and customers.

In addition, our culture of safety extends to our digital assets. We maintain strong information security, cybersecurity principles and governance support to protect our rigs and the data processed throughout every aspect of our enterprise. Our Audit Committee meets periodically with the Company's Chief Information Officer and Director of Cybersecurity to review any material cybersecurity matters that may affect the Company. These principles and technologies enhance the resiliency of our operations and protect our business moving forward.

Risk Management

Executive management is responsible for the day-to-day management of the risks we face, while the Board of Directors, as a whole and through its various committees, has responsibility for the oversight of risk management for the Company. Through the Board of Directors' oversight role and review of management's active role, the directors seek to ensure that (1) the risk management processes designed and implemented by management (as more particularly described below) are adapted to and integrated with the Company's

corporate strategy, (2) that those processes are functioning as designed, and (3) that steps are taken to foster a culture in which each employee understands his or her impact on the assessment and management of risk, his or her responsibility for acting within appropriate limits, and his or her ultimate accountability.

The Company has an enterprise risk management process and framework, which includes an Executive Risk Management Committee and a risk committee working group. The Executive Risk Management Committee is composed of members of senior management, including our Chief Executive Officer and other members of management in key functions and selected divisions of the Company. The duties of the Executive Risk Management Committee include the following:

- reviewing and approving appropriate changes to the Company's policies and procedures regarding risk management;
- identifying and assessing operational, commercial, strategic, financial, information security, cybersecurity, macroeconomic and geopolitical risks facing the Company;
- identifying risks and taking corrective actions, if appropriate; monitoring key indicators to assess the effectiveness and adequacy of the Company's risk management activities; and
- communicating with the Board of Directors at least once a year with respect to risk management.

The Executive Risk Management Committee and/or members of management present a report on risk management activities to the Board of Directors at least annually. The risk committee working group identifies risks facing the Company, makes an assessment of each risk, identifies preventive and mitigating controls and then makes recommendations for improvement opportunities to the Board of Directors or our Chief Executive Officer, as appropriate. Our management and Board of Directors continue to assess and respond to various risks that affect our industry, our company and our employees, including public health issues such as COVID-19 and market fluctuations among commodities.

Compensation and Risk

We regularly assess risks related to our compensation programs, including our executive compensation programs. The Compensation Committee reviews information and solicits input from an independent compensation consultant regarding compensation factors, which could mitigate or encourage excessive risk-taking. In its review in 2020, the Compensation Committee considered the attributes of our programs, including the metrics used to determine incentive awards, the weight of each metric, the timing and processes for setting performance targets and validating results, the performance measurement periods and time horizons, the total mix of pay and the maximum compensation and incentive award payout opportunities. We believe that the risks arising from our compensation policies and practices are not reasonably likely to have a material adverse change on the Company.

Independence of Board Members

Our Corporate Governance Guidelines require that at least a majority of the members of the Board of Directors meet the independence standards set by the NYSE. In order to meet the NYSE's independence standards, a member of the Board of Directors must not have a relationship with the Company that falls within certain objective categories established by the NYSE. In addition, the Board of Directors must then affirmatively determine, with respect to each director and nominee, that he or she did not otherwise have a material relationship with the Company. There is no family relationship between any of our directors.

The Board of Directors has determined that its current members and nominees, with the exception of Jeremy D. Thigpen (the Company's President and Chief Executive Officer), are independent and meet the applicable independence standards set by the NYSE, the SEC and our guidelines. Additionally, our Compensation, Audit and Corporate Governance Committees are composed solely of directors who meet the applicable NYSE and SEC independence standards for membership on these committees.

In making its independence determinations, the Board of Directors considered the fact that certain directors, as described below, are or within the past three years have been directors or officers of, or have had relationships with, companies with which we conduct business in the ordinary course.

The Board of Directors also considered the transactions with these companies and believes they were on arm's-length terms that were reasonable and competitive.

- Mr. Barker's son was a Transaction Services strategy consultant at PwC UK, an assurance, advisory and tax services firm that provides services to the Company, but is not the Company's independent registered public accounting firm. Mr. Barker's son left PwC in January 2019, and at no time did his son directly or indirectly, provide any services to the Company or any of its affiliates. His son never worked within a division of PwC that provided any services to the Company or any of its affiliates. Moreover, Mr. Barker's son was not a partner or principal of PwC, but was instead one of more than 250,000 persons employed by PwC worldwide. Further, the Company's relationship with PwC predates both the Company's relationship with Mr. Barker and PwC's relationship with Mr. Barker's son.
- Since 2016, Mr. Curado has been a non-executive director of ABB Ltd, from which the Company has purchased rig-related services and equipment.
- Mr. Curado's son began working in GE's corporate audit department in 2017. GE sold its interest in Baker Hughes in 2019 and his son continues to work as a finance manager for Baker Hughes. His son-in-law works as an engineer for Mitsubishi Industries. GE, Baker Hughes and Mitsubishi Industries provide services or products to the Company.
- Since 2010, Mr. Deaton has served as a non-executive director of Air Products and Chemicals, Inc., from which the Company rented and purchased rig-related products and equipment.
- From 2007 to 2019, Ms. de Saint Victor was General Counsel and Company Secretary of ABB Ltd. She continued as Company Secretary of ABB Ltd. until March 31, 2020. From 2019 until April 29, 2020, Ms. de Saint Victor served as a director and member of the audit committee of ABB India Limited.
- Until January 10, 2020, Ms. de Saint Victor's brother-in-law was managing director and controlled a majority of the voting interests in Groupe Bourbon, from whom the Company purchases offshore supply services.
- From 2016 to 2018, Mr. Merksamer served as non-executive director of American International Group, Inc., a company that provides insurance-related services to the Company.
- Upon and following the closing of the Company's acquisition of Songa Offshore in January 2018, Mr. Mohn became the beneficial owner of 67,740,289 shares, consisting of 31,120,553 shares issued in connection with the acquisition, an additional 2,000,000 shares purchased on the open market on or before March 12, 2018, and 34,619,736 shares that may be issued in the future upon exchange of the 0.5% Exchangeable Senior Bonds of Transocean, Inc. due 2023 (the "0.5% Exchangeable Bonds") issued in connection with the acquisition. In August 2020, the Company completed a private exchange of \$355,611,000 of existing 0.5% Exchangeable Bonds held by Perestroika for \$237,933,000 aggregate principal amount of 2.5% Senior Guaranteed Exchangeable Bonds of Transocean, Inc. due 2027 (the "2.5% Exchangeable Bonds"). The 2.5% Exchangeable Bonds are exchangeable into shares at an initial exchange rate of 162.1626 shares per \$1,000 principal amount of 2.5% Exchangeable Bonds. As a result, assuming the conversion of the Exchangeable Bonds beneficially owned by Mr. Mohn, he will possess voting rights with respect to approximately 10.40% of the Company's outstanding shares as of February 27, 2021. The Board of Directors evaluated Mr. Mohn's overall beneficial ownership of shares and Exchangeable Bonds and concluded that his ownership of shares and Exchangeable Bonds is not a material relationship that would affect his independence or service as a director of the Company, and that he meets the standards for independence adopted by the SEC and the NYSE.
- Ms. Øvrum served as Executive Vice President of Equinor ASA, Development and Production Brazil until earlier this year when she retired after nearly 40 years with the company. Equinor, whose largest

shareholder is the Government of Norway with 67% of the shares, is one of our largest customers. Equinor accounted for approximately 27% of our consolidated operating revenue during 2020.

Accordingly, the Board of Directors concluded that the relationships described above have no effect on the independence of these directors. Because of our extensive operations, transactions and director relationships, transactions of this nature are expected to take place in the ordinary course of business in the future.

Board Retirement

Pursuant to our Corporate Governance Guidelines, each member of our Board of Directors must retire from the Board at the annual general meeting following his or her 75th birthday or after he or she has served on the Board of Directors for 15 years, whichever occurs first.

Executive and Director Compensation Process

Our Compensation Committee has established an annual process for reviewing and establishing executive compensation levels. An outside consultant, Pay Governance LLC, retained by the Compensation Committee has provided the Compensation Committee with relevant market data and alternatives to consider in determining appropriate compensation levels for each of our executive officers. Pay Governance has served as the Compensation Committee's outside consultant since February 2011. Our Chief Executive Officer also assists the Compensation Committee in the process of setting the compensation for other executives. For a more thorough discussion of the roles, responsibilities and process we use for setting executive compensation, see Compensation Discussion and Analysis.

Director compensation is set by the Board of Directors upon a recommendation from the Compensation Committee. Since 2015, director compensation is also subject to shareholder approval at the Company's annual general meetings. Each calendar year, the Compensation Committee reviews the compensation paid to our directors to be certain that it is competitive in attracting and retaining qualified directors. Pay Governance LLC, has gathered data regarding director compensation at (1) certain similar size companies in the general industry, as well as (2) the same peer group of companies generally utilized in the consideration of executive compensation, as set forth in the Compensation Discussion and Analysis. Based upon its review of the data and its own judgment, the Compensation Committee recommended for consideration by the Board of Directors that the compensation of the Chair of the Board would be better aligned to market with a reduction in total compensation of \$100,000. In February 2020, the Board of Directors approved this recommendation by the Compensation Committee.

Process for Communication by Shareholders and Interested Parties with the Board of Directors

The Board of Directors has established a process whereby interested parties may communicate with the Board of Directors and/or with any individual director. Interested parties, including shareholders, may send communications in writing, addressed to the Board of Directors or an individual director, to:



Transocean Ltd.
Attention: Corporate Secretary
Turmstrasse 30
6312 Steinhausen, Switzerland

The Corporate Secretary will forward these communications, as appropriate, to the addressee depending on the facts and circumstances outlined in the communication. The Board of Directors has directed the Corporate Secretary not to forward certain items, such as: spam, junk mailings, product inquiries, resumes and other forms of job inquiries, surveys and business solicitations. Additionally, the Board of Directors has advised the Corporate Secretary not to forward material that is illegal or threatening, but to make the Board of Directors aware of such material, and may request it be forwarded, retained or destroyed at the Board of Directors' discretion.

Policies and Procedures for Approval of Transactions with Related Persons

The Board of Directors has a written policy with respect to related person transactions pursuant to which such transactions are reviewed, approved or ratified. The policy applies to any transaction in which:

- (1) the Company is a participant,
- (2) any related person has a direct or indirect material interest, and
- (3) the amount involved exceeds U.S. \$120,000, but excludes any transaction that does not require disclosure under Item 404(a) of Regulation S-K. The Audit Committee, with assistance from the Company's General Counsel, is responsible for reviewing, approving and/or ratifying any related person transaction.

To identify related person transactions, each year we distribute and require our directors and executive officers to complete questionnaires identifying transactions with us in which the executive officer or director or their immediate family members have an interest. Quarterly, our directors and executive officers must re-affirm in writing that the information previously provided in their questionnaires remains accurate and complete, and provide updates regarding any related person relationships that may have arisen. Our Code of Integrity further requires that an executive officer inform the Company when the executive officer's private interest interferes or appears to interfere in any way with our interests. In addition, the Board of Directors' Corporate Governance Guidelines require that a director must immediately inform the Board of Directors or the Chair of the Board of Directors in the event that a director believes he or she has an actual or potential conflict with our interests. Furthermore, under our Organizational Regulations, a director must disclose and abstain from voting with respect to matters that feature unresolved conflicts of interest.

Under our related persons transaction policy, the Audit Committee considers all relevant facts and circumstances available, including the related persons involved, their relationship to the Company, their interest and role in the transaction, the proposed terms of the transaction (including expected aggregate value and value to be derived by the related person), the benefits to the Company, the availability to the Company of alternative means or transactions to obtain like benefits and the terms that would prevail in a similar transaction with an unaffiliated third party. For related person transactions that do not receive prior approval from the Audit Committee, the transactions are submitted to the Audit Committee to consider all relevant facts and circumstances and, based on its conclusions, evaluate all options, including, but not limited to, ratification, amendment or termination of the transaction. Since the beginning of 2020, there were no related person transactions where such policies and procedures were not followed.

Certain Relationships and Related Party Transactions

In connection with our acquisition of Songa Offshore, Mr. Mohn acquired beneficial ownership of U.S. \$355,813,000 aggregate principal amount of Transocean Inc.'s 0.5% Exchangeable Senior Bonds due 2023, including exchangeable bonds acquired by Perestroika AS (an entity affiliated with Mr. Mohn) as part of our private exchange offers undertaken to refinance certain of Songa Offshore's previously outstanding indebtedness. These exchangeable bonds bear interest at an annual rate of 0.5%, payable semiannually, and are exchangeable into shares of Transocean Ltd. at any time at the option of the holder. In connection with our acquisition of Songa Offshore, we also entered into a registration rights agreement with certain affiliates of Asia Research & Capital Management and Perestroika AS, each of whom is one of our significant shareholders. This registration rights agreement provides them with certain customary registration rights over the exchangeable bonds they received as part of our private exchange offers undertaken to refinance certain of Songa Offshore's previously outstanding indebtedness and, in the case of Perestroika AS, any shares and exchangeable bonds that Perestroika AS received in the acquisition as a former shareholder of Songa Offshore or that it may acquire in the future. In August 2020, we completed a private exchange of U.S. \$355,611,000 aggregate principal amount of Transocean Inc.'s 0.5% Exchangeable Bonds owned by Mr. Mohn, including exchangeable bonds owned by Perestroika, for U.S. \$213,367,000 million original principal amount of Transocean Inc.'s 2.5% Exchangeable Bonds. These exchangeable bonds bear interest at an annual rate of

























2.5%, payable semiannually, and are exchangeable into shares of Transocean Ltd. In connection with the completion of this private exchange, we also entered into an amendment to the existing registration rights agreement with Perestroika to reflect, among other things, that certain of the Company's shares issuable upon the exchange of the 2.5% Exchangeable Bonds will be subject to registration rights.





Ms. Øvrum served as Executive Vice President of Equinor ASA, Development and Production Brazil until earlier this year when she retired after nearly 40 years with the company. Equinor, whose largest shareholder is the Government of Norway with 67% of the shares, is one of our largest customers. Equinor accounted for approximately 27% of our consolidated operating revenue during 2020.

BOARD MEETINGS AND COMMITTEES

During 2020, the Board of Directors of Transocean Ltd. held five meetings. The Board of Directors and the committees of the Board of Directors met at least once a quarter and the quarterly meetings generally occurred over a period of two days. Each of our directors attended 100% of the meetings following his or her election, including meetings of committees on which the director served, except for Mr. Mohn, whose attendance at one Board Meeting was excused due to a potential conflict of interest associated with his ownership of debt securities issued by a subsidiary of the Company, as further described in this proxy statement.

The Board of Directors has the following standing committees: Audit, Compensation, Finance, Corporate Governance, and Health, Safety, Environment and Sustainability. As noted above, the charters for these committees may be found on our website at: www.deepwater.com by selecting the Governance page in the Investors section dropdown. In addition, the Board of Directors may from time to time form special committees to consider particular matters that arise. Following the 2021 Annual General Meeting, the Board expects to complete its annual review of committee assignments.


DIRECTOR	INDEPENDENT	COMMITTEES FOR 2020 AGM to 2021 AGM				
		AUDIT	COMPENSATION	FINANCE	CORPORATE GOVERNANCE	HEALTH, SAFETY, ENVIRONMENT AND SUSTAINABILITY
Glyn A. Barker	✓	 				
Vanessa C.L. Chang	✓	 				
Frederico F. Curado	✓					
Chadwick C. Deaton	✓					
Vincent J. Intrieri	✓					
Samuel J. Merksamer	✓					
Frederik W. Mohn	✓	 				
Edward R. Muller	✓	 				
Diane de Saint Victor	✓	 				
Tan Ek Kia	✓					
Jeremy D. Thigpen						
MEETINGS IN 2020		8	4	5	4	4

 Committee Chair
  Committee Member
  Audit Committee financial expert (SEC and NYSE)
  Independent, as determined by the Board of Directors in accordance with applicable rules and regulations



AUDIT COMMITTEE | Meetings in 2020: 8

MEMBERS

Glyn A. Barker 
Vanessa C.L. Chang
Frederik W. Mohn
Edward R. Muller
Diane de Saint Victor

The Board of Directors requires that all members of the Audit Committee meet the financial literacy standard required under the NYSE rules and that at least one member qualifies as having accounting or related financial management expertise under the NYSE rules. In addition, the SEC has adopted rules requiring that we disclose whether or not the Audit Committee has an “audit committee financial expert” as a member. An “audit committee financial expert” is defined as a person who, based on his or her experience, possesses all of the following attributes:

- An understanding of generally accepted accounting principles and financial statements;
- The ability to assess the general application of such principles in connection with the accounting for estimates, accruals, and reserves;
- Experience preparing, auditing, analyzing or evaluating financial statements that present a breadth of complexity of accounting issues that are generally comparable to the breadth and level of complexity of issues that can reasonably be expected to be raised by our financial statements, or experience actively supervising one or more persons engaged in such activities;
- An understanding of internal control over financial reporting; and
- An understanding of audit committee functions.

The person must have acquired such attributes through one or more of the following:

- Education and experience as a principal financial officer, principal accounting officer, controller, public accountant or auditor or experience in one or more positions that involve the performance of similar functions;
- Experience actively supervising a principal financial officer, principal accounting officer, controller, public accountant, auditor or person performing similar functions;
- Experience overseeing or assessing the performance of companies or public accountants with respect to the preparation, auditing or evaluation of financial statements; or
- Other relevant experience.

The Board of Directors has reviewed the criteria set by the NYSE and SEC and determined that each of the current members of the Audit Committee is “financially literate” and qualifies as an “audit committee financial expert.” In addition, the Board of Directors has determined that all of the current members of the Audit Committee qualify under NYSE rules as having accounting or related financial management expertise.

Mr. Barker is a chartered accountant, served as an audit partner in an accounting firm and served as the Vice Chair-U.K. of PricewaterhouseCoopers LLP from 2008 to 2011.

Ms. Chang was previously partner in charge of Corporate Finance for KPMG Peat Marwick LLP.

Mr. Mohn is the sole owner and managing director of Perestroika, a Norwegian investment company, and served previously as a director of Songa Offshore SE, Chair of the Songa Board and as managing director of Frank Mohn AS.

Mr. Muller was previously the Vice Chair of NRG Energy, Inc. and GenOn Energy Inc.'s Chair and Chief Executive Officer.

Ms. de Saint Victor previously served as ABB Ltd.'s Company Secretary, a position she vacated in March 2020, and as ABB Ltd.'s General Counsel and Company Secretary from 2007 to 2019. She previously was a director at Barclays PLC, where she was a member of the audit and reputation committees from 2013 to 2017.

In addition to Ms. Chang's membership on the Audit Committee, she also serves on the audit committees of Sykes Enterprises, Incorporated, and certain funds advised by the Capital Group of Companies, Inc. and its subsidiaries. In accordance with applicable NYSE rules, the Board of Directors has determined that Ms. Chang's service on the audit committees of those companies does not impair her ability to effectively serve on the Company's Audit Committee.

Finally, NYSE rules restrict directors who have relationships with the Company that may interfere with the exercise of their independence from management and the Company from serving on the Audit Committee. We believe that the members of the Audit Committee have no such relationships and are therefore independent for purposes of NYSE rules.

PRIMARY RESPONSIBILITIES

The responsibilities of the Audit Committee include, among others, the following:

- Recommend the selection, retention and termination of our independent registered public accountants and our auditor pursuant to the Swiss Code of Obligations to the Board of Directors and to our shareholders for their approval at a general meeting of shareholders;
- Directly responsible for the compensation and oversight of our independent registered public accountants and our auditor pursuant to the Swiss Code of Obligations;
- Advise as necessary in the selection of the lead audit partner;
- Monitor the integrity of our financial statements and the independence and performance of our auditors and their lead audit partner and reviews our financial reporting processes;
- Review and report to the Board of Directors the scope and results of audits by our independent registered public accounting firm, our auditor pursuant to the Swiss Code of Obligations and our internal auditing staff and reviews the audit and other professional services rendered by the accounting firm;
- Review any material information security or cybersecurity matters that may affect the Company;
- Review with the accounting firm the adequacy of our system of internal controls; and
- Review transactions between us and our directors and executive officers for disclosure in the proxy statement, our policies regarding those transactions and compliance with our business ethics and conflict of interest policies.

Additional information can be found in the Audit Committee Report of this proxy statement.



COMPENSATION COMMITTEE | Meetings in 2020: 4

MEMBERS

Tan Ek Kia

Glyn A. Barker

Samuel J. Merksamer

The purpose of the Compensation Committee is to assist the Board of Directors in

- (1) developing an appropriate compensation program and benefit package for
 - (a) members of the Executive Management Team (as defined below),
 - (b) persons defined as “officers” pursuant to section 16(a) of the Exchange Act, and (c) any other person whose compensation is required to be disclosed by applicable securities laws and regulations (collectively, the “Specified Executives”) and members of the Board of Directors; and
- (2) complying with the Board of Directors’ legal and regulatory requirements as to Board member and Specified Executives compensation in order to facilitate the Company’s ability to attract, retain and motivate qualified individuals in a system that aligns compensation with the Company’s business performance.

PRIMARY RESPONSIBILITIES

The authority and responsibilities of the Compensation Committee include, among others, the following:

- Annually review and recommend to the Board of Directors for submission to and ratification by the shareholders pursuant to Swiss law and our Articles of Association the maximum aggregate amount of compensation of the Board of Directors and the Executive Management Team for the period between the annual general meeting at which ratification is sought and the next annual general meeting;
- Annually review and recommend to the Board for submission to and ratification by the shareholders the maximum aggregate amount of compensation of the Specified Executives and each member of the Board for the fiscal year commencing after the annual general meeting at which ratification is sought;
- Select appropriate peer groups and market reference points against which the Company’s Board of Directors and executive compensation is compared;
- Annually recommend focus areas for our Chief Executive Officer for approval by members of our Board of Directors who meet our independence and experience requirements;
- Annually review, with participation of our full Board of Directors, our Chief Executive Officer’s performance in light of our established focus areas;
- Annually set our Chief Executive Officer’s compensation based, as appropriate, upon his performance evaluation together with competitive data and subject to shareholder ratification requirements pursuant to our Articles of Association and applicable law;
- Administer our long-term incentive plans, Performance Award and Cash Bonus Plan, Deferred Compensation Plan, and any other compensation plans or arrangements providing for benefits primarily to members of the Board of Directors and executive officers in accordance with goals and objectives established by the Board of Directors, the terms of the plans, and any applicable rules and regulations;
- Consider and make recommendations to the Board of Directors, with guidance from an outside compensation consultant, concerning the existing Board of Directors and executive compensation programs and changes to such programs;

- Consider, with guidance from an outside compensation consultant, and approve the material terms of any employment, severance, termination or other similar arrangements (to the extent permitted by applicable law and our Articles of Association) that may be entered into with members of the Board of Directors and Specified Executives; provided, however, that the Compensation Committee shall not recommend and the Board of Directors shall not authorize “single-trigger” change of control agreements for any of our officers or directors;
- Assess the risks, with the assistance of external resources as the Compensation Committee deems appropriate, of the Company’s compensation arrangements applicable to members of the Board of Directors and the Specified Executives; and
- Retain and approve the fees of legal, accounting or other advisors, including any compensation consultant, employed by the Committee to assist it in the evaluation of executive and director compensation.

See Compensation Discussion and Analysis for a discussion of additional responsibilities of the Compensation Committee.

The Compensation Committee may delegate specific responsibilities to one or more individual committee members to the extent permitted by law, NYSE listing standards and the Compensation Committee’s governing documents. The Compensation Committee may delegate all or a portion of its powers and responsibilities with respect to the compensation plans and programs described above and in our Compensation Discussion and Analysis to one or more of our management committees; provided, that the Compensation Committee retains all power and responsibility with respect to awards granted to our Board members and executive officers. The Chief Executive Officer has been delegated authority to grant equity awards under the Company’s long-term incentive plans to new and existing employees of the Company, excluding executive officers and other officers at or above the Senior Vice President level, provided that such awards shall not exceed U.S. \$5,000,000 in grant value per calendar year in aggregate and no such individual award shall exceed U.S. \$350,000 in grant value.

The Compensation Committee has delegated to a subcommittee composed of its chair and at least one additional committee member the authority to approve interim compensation actions resulting from promotions, competitive realignment, or the hiring of new executive officers (excluding the Chief Executive Officer), including but not limited to establishing annual base salary, annual bonus targets, long-term bonus targets and the grant of equity awards, subject to any required vote of the shareholders. The Compensation Committee has also delegated authority to the Chief Executive Officer to, upon termination of service of an employee of the Company (excluding executive officers and other officers at or above the Senior Vice President level), accelerate vesting of awards granted under the Company’s long-term incentive plans and to extend exercisability of options for a period of up to one year, but not beyond the original exercise period. The Compensation Committee has further delegated authority to the Chief Executive Officer to determine whether an individual is disabled and/or to set applicable criteria for making such determination for purposes of the Company’s long-term incentives plans. The Compensation Committee is notified of compensation actions made by the Chief Executive Officer or the subcommittee at the meeting following the end of each calendar quarter in which such actions are taken.



FINANCE COMMITTEE | Meetings in 2020: 5

MEMBERS

Edward R. Muller 

Glyn A. Barker

Vincent J. Intrieri

Samuel J. Merksamer

PRIMARY RESPONSIBILITIES

The responsibilities of the Finance Committee include, among others, the following:

- Approve our long-term financial policies, insurance programs and investment policies;
- Make recommendations to the Board of Directors concerning the Company's dividend policy, securities repurchase actions, the issuance and terms of debt and equity securities and the establishment of bank lines of credit; and
- Approve the creation, termination and amendment of certain of our employee benefit programs and periodically review the status of these programs and the performance of the managers of the funded programs.



CORPORATE GOVERNANCE COMMITTEE | Meetings in 2020: 4

MEMBERS

Vincent J. Intrieri 

Vanessa C.L. Chang

Frederico F. Curado

PRIMARY RESPONSIBILITIES


The responsibilities of the Corporate Governance Committee include, among others, the following:

- Make recommendations to the Board of Directors with respect to the nomination of candidates for election to the Board of Directors, how the Board of Directors should function and how the Board of Directors should interact with shareholders and management;
- Develop and recommend to the Board a set of corporate governance principles applicable to the Company;
- Coordinate the self-evaluation of the Board of Directors and its committees;
- Recommend committee structure, operations and reporting to the Board;
- Review updates from management regarding the Company's sustainability activities, as they pertain to Board and management diversity; and
- Review the qualifications of and proposes to the Board of Directors candidates to stand for election at the next general meeting of shareholders.



HEALTH, SAFETY, ENVIRONMENT AND SUSTAINABILITY COMMITTEE | Meetings in 2020: 4

MEMBERS

Frederico F. Curado 
 Tan Ek Kia
 Frederik W. Mohn
 Diane de Saint Victor

The Health, Safety, Environment and Sustainability Committee assists the Board of Directors in fulfilling its responsibilities to oversee the Company's management of risk in the areas of health, safety and the environment.

PRIMARY RESPONSIBILITIES

The responsibilities of the Health, Safety Environment and Sustainability Committee include, among others, the following:

- Review and discuss with management the status of key environmental, health, safety and sustainability issues;
- Regularly evaluate Company policies, practices and performance related to health, safety, environmental and sustainability issues;
- Provide oversight to the aspects of the Company's ESG program that pertain to health, safety and the environment; and
- Guide strategy decisions to promote company goals and compliance with applicable rules and regulations.

Director Compensation Strategy

Directors who are employees of the Company do not receive compensation for Board of Directors' service. At present, all of the directors except Mr. Thigpen, our President and Chief Executive Officer, are non-employees and receive compensation for their service on the Board of Directors.

We use a combination of cash and equity compensation to attract and retain qualified candidates to serve on the Board of Directors. The Board of Directors believes that any compensation method should be weighted more toward compensation in the form of equity in order to more closely align director compensation with shareholders' interests.

CORPORATE GOVERNANCE

In 2020, non-employee director target compensation in U.S. dollars included the following fixed components:

COMPENSATION COMPONENT	COMPENSATION (U.S.\$)
Annual Retainer—non-employee Chair	275,000
Annual Retainer—non-employee Directors	100,000
Additional Annual Retainer for Committee Chair	
Audit Committee	35,000
Compensation Committee	20,000
Corporate Governance Committee, Finance Committee and Health, Safety, Environment and Sustainability Committee	10,000
Grant of Restricted Share Units—non-employee Chair ⁽¹⁾	275,000
Grant of Restricted Share Units—non-employee Directors and Vice Chair ⁽¹⁾	210,000

(1) Restricted share units are granted to each non-employee director. The restricted share units vest on the date first to occur of (i) the first anniversary of the date of grant or (ii) the annual general meeting next following the date of grant, subject to continued service through the vesting date. Vesting of the restricted share units is not subject to any performance measures.

In addition, we pay or reimburse our directors' travel and incidental expenses incurred for attending Board of Directors, committee and shareholder meetings and for other Company business-related purposes.

2020 DIRECTOR COMPENSATION

In 2020, each non-employee member of the Board of Directors was eligible to receive the compensation described above; however, in consideration of 2020 economic conditions, and in an effort to align with the reductions to equity compensation for management and employees, the Board of Directors elected to reduce their actual 2020 award of restricted share units by 28% of target.

At the Board of Directors meeting held immediately after the 2020 Annual General Meeting of our shareholders, 98,182 restricted share units were granted to each non-employee director (other than the Chair) and 128,571 restricted share units were granted to the non-employee Chair, in aggregate value equal to U.S. \$151,200 and U.S. \$198,000, respectively, based upon approximately 110% of the FMV on the date of grant (U.S. \$1.54 per share).

Each non-employee director is required to acquire and retain a number of our shares and/or restricted share units at least equal in value to an amount five times the annual director retainer. Each non-employee director's vested restricted share units generally are not settled until the non-employee director's service with the Company ends.

The following summarizes the compensation of our non-employee directors for 2020.

NAME	FEES EARNED OR PAID IN CASH (U.S.\$)	STOCK AWARDS ⁽¹⁾ (U.S.\$)	ALL OTHER COMPENSATION (U.S.\$)	TOTAL (U.S.\$)
Glyn A. Barker	135,000	136,473	—	271,473
Vanessa C. L. Chang	100,000	136,473	—	236,473
Frederico F. Curado	110,000	136,473	—	246,473
Chadwick C. Deaton	292,445	178,714	—	471,159
Vincent J. Intrieri	110,000	136,473	—	246,473
Samuel J. Merksamer	100,000	136,473	—	236,473
Frederik Mohn	100,000	136,473	—	236,473
Edward R. Muller	110,000	136,473	—	246,473
Diane de Saint Victor	65,110	136,473	—	201,583
Tan Ek Kia	120,000	136,473	—	256,473

(1) This represents the aggregate grant-date fair value under accounting standards for recognition of share-based compensation expense for restricted share units granted to our directors in 2020, computed in accordance with FASB ASC Topic 718. For a discussion of the valuation assumptions with respect to these awards, please see Note 15 to our consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2020.

AUDIT COMMITTEE REPORT

The Audit Committee, consisting of five independent directors, operates under the Audit Committee Charter as adopted by the Board, in overseeing:

- The integrity of the financial reporting process resulting in the Company's financial statements;
- Compliance with legal and regulatory requirements;
- The independence, qualifications and performance of the Company's independent registered accountants, Ernst & Young LLP ("EY"); and
- The performance of the internal audit function.

The Committee complied in 2020 with all of the requirements described in its Charter, which is available on the Governance page of the Company's website: www.deepwater.com.

The Board has determined that all the members of the Committee are independent, in accordance with the SEC definition, are financially literate and qualify as Audit Committee Financial Experts, as defined by SEC rules.

Management is responsible for the Company's disclosure controls and procedures, internal controls and the financial reporting process, including the integrity and objectivity of the financial statements. The Committee:

- Reviewed the Company's financial statements and financial reporting processes, including internal controls over financial reporting;
- Reviewed and discussed with EY and management the Company's audited financial statements included in the Annual Report;
- Discussed various matters with EY, including matters required by the Public Company Accounting Oversight Board's ("PCAOB") "Communications with Audit Committees";
- Reviewed and discussed with EY its report on internal control over financial reporting;
- Oversaw the Company's internal audit function, including the performance of the Chief Audit Executive, internal audit plan, budget, resources and staffing;
- Oversaw the Company's Legal, Compliance and Ethics program, including helpline calls and investigations, and employee code of integrity; and
- Recommended to the Company's Board of Directors that the Company's audited financial statements for the year ended December 31, 2020, be included in the annual report on Form 10-K filing with the SEC.

The Committee is responsible for the appointment, compensation and oversight of the independent registered accountant in accordance with SEC, PCAOB and the Swiss Code of Obligations. The Committee considered several factors in determining whether to reappoint EY as the Company's independent registered accountant, such as:

- Qualifications including industry expertise, knowledge of the Company's processes, and experience of the audit team;
- Performance including quality of communication, professional skepticism;
- Independence;
- Length of service, which began in 1999;
- Results from PCAOB inspections; and
- EY's internal quality control and tone at the top.

AUDIT COMMITTEE REPORT

The Committee approves annually the scope, plans and fees for the annual audit, taking into consideration several factors including a breakdown of the services to be provided, proposed staffing, changes in the Company and industry from the prior year. The fee approval process balances the audit scope and hours required for a high-quality audit and driving efficiencies from both the Company and EY while compensating EY fairly. The Audit Committee pre-approved all audit related and non-audit related services.

Agendas for Audit Committee meetings are developed with input from the Committee, management, the Chief Audit Executive and EY. The Committee met eight times in 2020 with regular executive sessions with EY and management, including the Chief Audit Executive.

MEMBERS OF THE AUDIT COMMITTEE

Glyn A. Barker, Chair
Vanessa C.L. Chang
Frederik W. Mohn
Edward R. Muller
Diane de Saint Victor

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS

Listed below are the only persons who, to the knowledge of the Company, may be deemed to be beneficial owners, as of March 29, 2021, of more than 5% of the Company's shares.

NAME AND ADDRESS OF BENEFICIAL OWNER	SHARES BENEFICIALLY OWNED	PERCENT OF CLASS ⁽¹⁾
Perestroika AS, Perestroika (Cyprus) Ltd. ⁽²⁾ Statminister Michelsensvei 38 5320 Paradis, Norway		
Frederik W. Mohn ⁽²⁾ Statminister Michelsensvei 38 5320 Paradis, Norway	67,740,354	10.97%
The Vanguard Group ⁽³⁾ 100 Vanguard Blvd. Malvern, PA 19355	55,618,830	9.01%
PRIMECAP Management Co. ⁽⁴⁾ 177 E. Colorado Blvd. 11th Floor Pasadena, CA 91105	48,543,106	7.86%
BlackRock, Inc. ⁽⁵⁾ 55 East 52nd Street New York, NY 10055	43,406,217	7.03%

- (1) The percentage indicated is based upon 617,288,705 Company shares deemed to be outstanding as of March 29, 2021, which exclude treasury shares held by the Company or our subsidiaries as of such date or issued into treasury thereafter.
- (2) The number of shares and associated percent of class is based on the Schedule 13D filed with the SEC on February 5, 2018, as amended on August 18, 2020, by Mr. Frederik W. Mohn, Perestroika (Cyprus) Ltd. and Perestroika AS. According to the filing, Mr. Mohn has sole voting power and sole dispositive power with regard to 43,856 shares (which consists of (a) 22,148 shares and 18,000 shares issuable upon the exchange of U.S. \$185,000 aggregate principal amount of 0.5% Exchangeable Bonds due 2023, in each case individually owned by Mr. Mohn, and (b) 2,054 shares and 1,654 shares issuable upon the exchange of U.S. \$17,000 aggregate principal amount of 0.5% Exchangeable Bonds due 2023, in each case owned by Mr. Mohn's spouse), and shared voting power and shared dispositive power with the Perestroika entities with regard to 67,696,498 shares (which consists of 33,096,351 shares and 34,600,147 shares issuable upon the exchange of U.S. \$213,367,000 aggregate principal amount of 2.5% Exchangeable Bonds due 2027, in each case held directly by Perestroika (Cyprus) Ltd., a wholly owned subsidiary of Perestroika AS.
- (3) The number of shares is based on the Schedule 13G/A filed with the SEC on February 10, 2021, by The Vanguard Group. According to the filing, The Vanguard Group has shared voting power with regard to 569,144 shares, sole dispositive power with regard to 54,594,801 shares and shared dispositive power with regard to 1,024,029 shares.
- (4) The number of shares is based on the Schedule 13G/A filed with the SEC on February 12, 2021, by PRIMECAP Management Company. According to the filing, PRIMECAP has sole voting power with regard to 46,200,710 shares, and sole dispositive power with regard to 48,543,106 shares.
- (5) The number of shares is based on the Schedule 13G/A filed with the SEC on February 1, 2021, by BlackRock, Inc. According to the filing, BlackRock, Inc. has sole voting power with regard to 42,318,083 shares, and sole dispositive power with regard to 43,406,217 shares.

SECURITY OWNERSHIP OF DIRECTORS AND EXECUTIVE OFFICERS

The table below shows how many shares each of our directors and nominees, each of the Named Executive Officers included in the summary compensation section below and all directors and executive officers as a group beneficially owned as of March 29, 2021.

NAME	SHARES OWNED ⁽¹⁾	SHARES SUBJECT TO RIGHT TO ACQUIRE BENEFICIAL OWNERSHIP ⁽²⁾	TOTAL SHARES BENEFICIALLY OWNED ⁽³⁾	PERCENT OF CLASS ⁽³⁾
Jeremy D. Thigpen	1,109,955	1,432,224	2,542,179	*
Mark L. Mey	497,086	570,300	1,067,386	*
Keelan I. Adamson	221,083	361,132	582,215	*
Howard E. Davis	287,801	449,589	737,390	*
Brady K. Long	269,036	408,312	677,348	*
Glyn A. Barker	11,748	200,521	212,269	*
Vanessa C.L. Chang	36,900	206,263	243,163	*
Frederico F. Curado	0	200,521	200,521	*
Chadwick C. Deaton	61,000	250,991	311,991	*
Vincent J. Intrieri	20,000	195,761	215,761	*
Samuel J. Merksamer	0	206,497	206,497	*
Frederik W. Mohn ⁽⁴⁾	33,096,351	34,760,309	67,856,660	10.99%
Edward R. Muller	12,687	219,000	231,687	*
Margareth Øvrum	0	0	0	
Diane de Saint Victor	0	98,182	98,182	*
Tan Ek Kia	0	210,031	210,031	*
All of directors and executive officers as a group (17 persons)	38,801,150	40,091,716	75,892,866	12.29%

* Less than 1%.

(1) The business address of each director and executive officer is c/o Transocean Management Ltd., Turmstrasse 30, 6312 Steinhausen, Switzerland. None of the shares beneficially owned by our directors or executive officers are pledged as security.

(2) Includes shares that may be acquired within 60 days from March 29, 2021, through the exercise of options held by Messrs. Thigpen (1,068,588), Mey (430,041), Adamson (252,041), Davis (337,901), Long (304,416), and all executive officers as a group (2,645,460). Also includes vested share units held and unvested share units that will vest within 60 days from March 29, 2021, by Messrs. Thigpen (363,636), Mey (140,259), Adamson (109,091), Davis (111,688), Long (103,896), Barker (200,521), Curado (200,521), Deaton (250,991), Intrieri (195,761), Merksamer (206,497), Mohn (140,508) Muller (219,000) and Tan (210,031), and Ms. Chang (206,263) and Ms. de Saint Victor (98,182) and all directors and executive officers as a group (2,826,455).

(3) The percentage indicated is based upon 617,288,705 Company shares deemed to be outstanding as of March 29, 2021, which exclude treasury shares held by the Company or our subsidiaries as of such date or issued into treasury thereafter. As of March 29, 2021, each listed individual (with the exception of Mr. Mohn) and our directors and executive officers as a group (excluding Mr. Mohn) beneficially owned less than 1% of the Company's outstanding shares.

(4) The number of shares and associated percent of class is based on the Schedule 13D filed with the SEC on February 5, 2018, as amended on August 18, 2020, by Mr. Frederik W. Mohn, Perestroika (Cyprus) Ltd. and Perestroika AS. According to the filing, Mr. Mohn has sole voting power and sole dispositive power with regard to 43,856 shares (which consists of (a) 22,148 shares and 18,000 shares issuable upon the exchange of U.S. \$185,000 aggregate principal amount of 0.5% Exchangeable Bonds due 2023, in each case individually owned by Mr. Mohn, and (b) 2,054 shares and 1,654 shares issuable upon the exchange of U.S. \$17,000 aggregate principal amount of 0.5% Exchangeable Bonds due 2023, in each case owned by Mr. Mohn's spouse), and shared voting power and shared dispositive power with the Perestroika entities with regard to 67,696,498 shares (which consists of 33,096,351 shares and 34,600,147 shares issuable upon the exchange of U.S. \$213,367,000 aggregate principal amount of 2.5% Exchangeable Bonds due 2027, in each case held directly by Perestroika (Cyprus) Ltd., a wholly owned subsidiary of Perestroika AS. The total shares beneficially owned by Mr. Mohn includes 140,508 restricted share units he has the right to receive based upon his service as a director of Transocean Ltd.

COMPENSATION DISCUSSION AND ANALYSIS

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This Compensation Discussion and Analysis provides an overview and analysis of Transocean's executive compensation programs and policies, material compensation decisions for 2020, and the key factors we considered in making those decisions. It includes specific information about the compensation paid, earned or granted to the following persons who constitute our Named Executive Officers for 2020:

JEREMY D. THIGPEN

President and Chief Executive Officer

MARK L. MEY

Executive Vice President and Chief Financial Officer

KEELAN I. ADAMSON

Executive Vice President and Chief Operations Officer

HOWARD E. DAVIS

Executive Vice President and Chief Administrative and Information Officer

BRADY K. LONG

Executive Vice President and General Counsel

For purposes of this Compensation Discussion and Analysis, the term "Executive Officer" is as defined by Rule 3b-7 of the Exchange Act, and the term "Executive Management Team" refers to designations made by the Board of Directors under Swiss law and the Company's organizational documents with respect to Messrs. Thigpen, Mey and Adamson.

Executive Summary

Transocean is a leading international provider of offshore contract drilling services for oil and gas wells. We specialize in technically demanding sectors of the global offshore drilling business with a particular focus on ultra-deepwater and harsh environment drilling services, and we operate one of the most versatile offshore drilling fleets in the world.

Our executive compensation program reflects a strong commitment to best practices in compensation governance. Among other attributes, our program is designed to:

- strongly align pay with Company performance and shareholder experience;
- retain and motivate our executives to achieve important business objectives, and
- reward our executives for delivering superior financial, safety and operational performance.

2020: A YEAR OF UNPRECEDENTED CHALLENGES

We entered 2020 with cautious optimism about prospects for an offshore drilling recovery due to the robust demand for our services and supportive oil prices that persisted through January. However, the outlook changed soon thereafter due to production disputes between major oil producing countries, weakening commodity pricing and then deteriorated further, following the onset of the COVID-19 pandemic. As COVID-19

COMPENSATION DISCUSSION AND ANALYSIS

continued to spread, the world entered into lockdown to contain its impacts. As a result, demand for hydrocarbons declined, causing oil prices to fall to historic lows, offshore drilling contracts to be canceled, and forecasted offshore projects to be delayed. By the end of 2020, most of our offshore drilling peers had filed for bankruptcy protection.

COVID-19 forced our organization to adapt at every level and resulted in changes to how (and when) we delivered our 2020 executive compensation programs.

2020 Compensation Program Overview

In response to the unprecedented challenges of 2020, the Compensation Committee of the Board (“the Committee”) carefully evaluated potential modifications to our compensation program design. We believe we responded (and continue to respond) in ways that preserved shareholder interests and achieved the additional objectives of:

- preventing long-term incentive (“LTI”) award design from delivering unintended windfalls;
- preserving equity plan reserves sufficient to deliver subsequent year awards; and
- maintaining the integrity of the design of the established short-term incentive (“STI”) plan.

The table below identifies the actions we took, largely in response to the challenges 2020 presented, and how each action supported our principal objectives.

Several of these design features are not typical to our compensation program design and were employed in direct response to the unique market.

HOW WE RESPONDED	WHY WE CHOSE THIS APPROACH
We deferred the date of annual LTI awards from the first quarter to the second quarter.	The rapid and historic decline in oil prices and the corresponding impact to our share price did not support the delivery of LTI awards at the previous target.
We reduced the target award value of share-based LTI awards by 40%.	Given the further share price and market deterioration in the second quarter, target award values were not aligned with the shareholders’ experience in 2020. Further, granting LTI awards fully at target would have had the potential to deliver excessive compensation with the subsequent recovery given that shares were granted at a historically depressed stock price.
We applied a premium to the FMV on the date of grant when converting award value to shares granted.	In order to preserve equity plan reserves sufficient to make subsequent year awards, we determined the maximum number of shares that could be granted and calculated the minimum basis price by which award values were converted to shares. This minimum price represented an approximate 10% premium over the grant date FMV, resulting in a further discount to target award values.
We removed stock options from the LTI pay mix and increased the weighting of performance-based awards.	Stock options were removed from the LTI pay mix due to foreseeable challenges of implementing equity-based awards in the unprecedented adverse business environment of 2020. Their value was redistributed between performance-based and time-based awards. This resulted in an increase in the weighting of performance-based awards to 60% of the target award value.

COMPENSATION DISCUSSION AND ANALYSIS

We introduced a performance cash instrument to the LTI award design.	Due to the extreme challenge of setting meaningful LTI awards during the uncertainty caused by the pandemic, a cash-settled performance instrument with an 18-month performance period was established. This award design supported the objectives of motivating superior performance alleviating the pressure on equity plan reserves and preventing an unintended compensation windfall by capping the absolute potential value of the award.
We limited the maximum potential achievement of cash based LTI awards to 150% of target value.	We believed that a reduction to the maximum potential payout from 200% to 150% of target aligned to the reduction in the length of the performance period. In addition, a cap on the maximum cash payout allowed us to manage the impact to liquidity, which is critical to our business operations.
We introduced an additional relative performance measure to the LTI award design.	Performance cash awards subject to EBITDA Margin performance relative to a peer group of offshore drillers were introduced to supplement performance units subject to Total Shareholder Return ("TSR") relative to a peer group of oilfield service companies. This allowed us to motivate the achievement of business results through a performance metric tied to value creation.
We maintained the STI design (measures and targets) as originally established for 2020 and did not change metrics or targets as a result of COVID-19.	We gave support to business continuity and motivated our executives to achieve critical business objectives and increase shareholder value, maintaining the Performance Award and Cash Bonus Plan (the "Bonus Plan") performance measures and targets as originally established.

Further, the Company continued to reinforce the alignment between pay and performance and compensation award levels, and maintained the following executive compensation program design components:

- a continued freeze on base salaries for all Named Executive Officers for the fifth consecutive year;
- limitations on the earning of TSR performance shares such that payouts can never exceed target in the event absolute TSR performance is less than -15%, regardless of relative performance;
- a clawback policy that applies to both cash and equity incentive compensation, and allows for the cancellation of outstanding incentive compensation awards for actions that are inconsistent with our Code of Integrity; and
- the elimination of any and all executive perquisites.

The Committee evaluates our compensation program design annually, and in February 2021, the Committee determined that some of the extraordinary features necessary to the 2020 program design were no longer warranted. As a result, the Committee approved the return to granting LTI awards in the first quarter, the restoration of full three-year performance periods for all performance-based awards, and the removal of cash-settled performance instruments.

WE BELIEVE THESE COMPENSATION ACTIONS REFLECT OUR CONTINUED FOCUS ON GOOD GOVERNANCE, WHILE MAINTAINING PRUDENTLY DESIGNED, COMPETITIVE COMPENSATION PACKAGES.

Compensation Philosophy, Strategy and Design

We feel strongly that our executive compensation program includes a range of features that align the interests of our senior management with those of our shareholders and excludes features that may result in misalignment.

Important features of our executive compensation programs and practices are provided in the following table:

WHAT WE DO	WHAT WE DON'T DO
<ul style="list-style-type: none"> ✓ Conduct an annual review of our compensation strategy, including a review of our compensation-related risk profile ✓ Mandate meaningful share ownership requirements for our executives ✓ Maintain a clawback policy that allows for the forfeiture, recovery or adjustment of incentive compensation (cash and equity) in cases of financial restatement or violations of our Code of Integrity ✓ Base annual and long-term incentive payments on quantitative, formulaic metrics ✓ Maintain compensation plans that are weighted significantly toward variable pay to align our executive compensation with long-term shareholder interests ✓ Link long-term incentive compensation to relative performance metrics to motivate strong performance ✓ Deliver at least 50% of long-term incentives in performance-based awards ✓ Retain an independent consultant who is retained by and reports only to our Compensation Committee (not management) ✓ Maintain double trigger change-in-control provisions 	<ul style="list-style-type: none"> ✗ Allow our executives to hedge, sell short or hold derivative instruments tied to our shares (other than derivative instruments issued by us) ✗ Allow our executives or directors to pledge Company shares ✗ Have pre-arranged individual severance agreements or special change-in-control compensation agreements with any Executive Officers; however, to the extent permitted under Swiss law, our executives are eligible for severance and change-in-control provisions pursuant to our policies, in exchange for covenants that protect the Company ✗ Provide gross-ups for severance payments ✗ Guarantee salary increases, non-performance based bonuses or unrestricted equity compensation ✗ Provide any payments or reimbursements for tax equalization ✗ Pay dividends or dividend equivalents on performance-based equity that has not vested ✗ Offer executive perquisites

THE PRIMARY GOAL OF OUR COMPENSATION PROGRAM IS TO ALIGN PAY WITH PERFORMANCE.

We accomplish our goal by providing our executives with a competitive compensation package that rewards performance against specific, identified, financial, strategic and operational goals that the Committee believes are critical to the Company's long-term success and the achievement of sustainable long-term shareholder returns. We believe attracting, retaining and motivating talented management is essential to creating shareholder value throughout the business cycles of our industry.

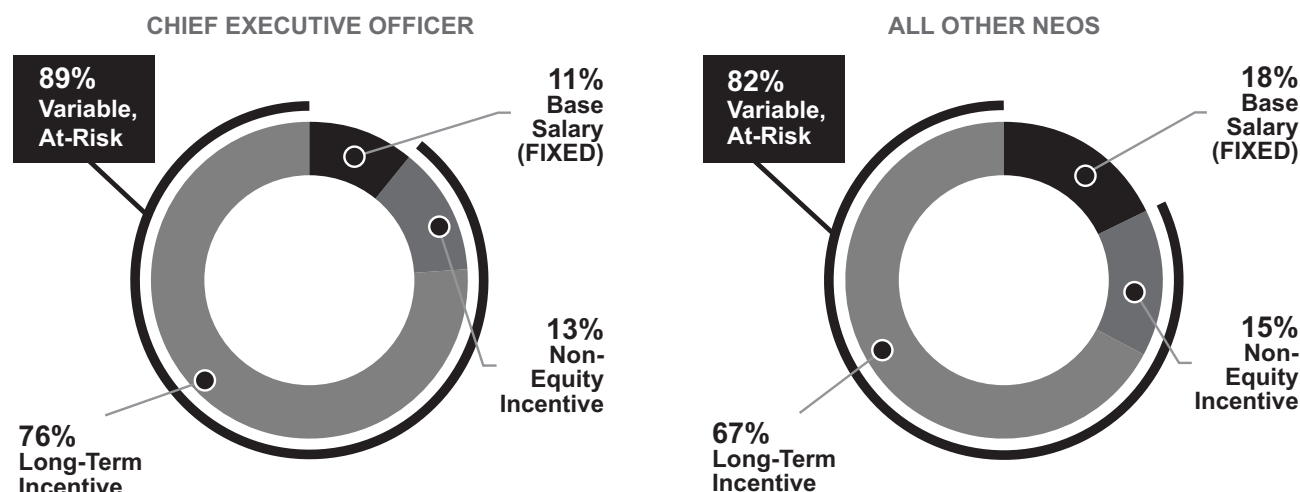
In administering our executive compensation program, we are guided by the following principal objectives:

- Aligning annual incentive compensation with financial, operational and strategic objectives; and
- Rewarding share price appreciation and relative performance through long-term equity incentive awards.

COMPENSATION DISCUSSION AND ANALYSIS

We deliver the vast majority of executive pay as performance-based, “at-risk” incentive compensation, with a portion allocated to the delivery of shorter-term periodic results, with the bulk weighted toward the delivery of longer-term shareholder value. We believe this approach achieves our objective of aligning pay and performance, without excessive risk-taking.

2020 TARGET COMPENSATION



Executive Compensation Setting

We regularly review our executive compensation program to ensure that we provide the opportunity for each of our Named Executive Officers to receive competitive compensation without providing an incentive for excessive risk-taking. With support of its independent compensation consultant, the Committee annually reviews each individual component of compensation as well as the aggregate compensation that may be paid or awarded to each of our Named Executive Officers and compares them:

- Externally against compensation awarded and paid to executive officers holding comparable positions at companies with which we compete for executive talent; and
- Internally against other members of the executive team to ensure internal equity, taking into account individual performance, skills, and experience.

We assess our compensation programs with the aim of positioning elements of compensation at approximately the market median of the compensation of executives in our industry sector and among companies in other industries of comparable size, international scope, and organizational complexity. We also seek to provide a direct link between pay and the enhancement of shareholder value.

The Committee employs two peer groups for the purpose of evaluating executive compensation. The “Compensation Peer Group” is used to assess the competitiveness of the compensation of our Named Executive Officers, and “Performance Peer Groups” are used to evaluate the relative performance of the Company.

COMPENSATION PEER GROUP

We compete for executive talent across many different sectors around the world. However, our primary competitive market generally includes other companies in the energy industry (oil and gas companies, offshore drilling companies and other energy services companies). In making compensation decisions for the Named Executive Officers, the total direct compensation and each underlying element of such total direct compensation are compared against published and publicly available compensation data.

COMPENSATION DISCUSSION AND ANALYSIS

The Compensation Peer Group for 2020 was composed of the following companies:

■ Apache Corporation	■ Marathon Oil Corporation	■ Noble Energy, Inc.
■ Chesapeake Energy Corporation	■ McDermott International	■ Petrofac Limited
■ Diamond Offshore Drilling, Inc.	■ Murphy Oil Corporation	■ TechnipFMC plc
■ Encana Corporation	■ Nabors Industries Ltd.	■ Valaris plc
■ Helmerich & Payne, Inc.	■ National Oilwell Varco, Inc.	■ Weatherford International plc
■ Hess Corporation	■ Noble Corporation plc	

In addition, we consider the compensation practices of general non-energy industry peers of comparable size and international scope in setting executive compensation levels, and we use general industry data as a secondary market reference to ensure that a comprehensive view of the market is considered. These non-energy general industry peers are expected to vary from year-to-year based on changes in the marketplace and the availability of published survey data for companies that meet the defined size, international scope and organizational structure criteria.

Our target market position is determined based on the data believed to be most relevant for a given position. For example, the Compensation Peer Group data are weighted more heavily for positions in Operations and Marketing, whereas general industry data are also considered for executives overseeing corporate functions. However, in accordance with our pay-for-performance philosophy, the Compensation Peer Group data is the primary reference for assessing base salary, short-term incentive and long-term incentive compensation levels.

PERFORMANCE PEER GROUPS

While the competition for executive talent spans a broader market, as noted above in the Compensation Peer Group section, our Performance Peer Groups are specific to those companies with expertise in technically demanding oilfield service operations.

In February 2020, the Committee established two peer groups with unique performance measures for inclusion in the 2020 long-term incentive program.

- **TSR Peer Group:** This group is used to evaluate the Company's TSR relative to that of companies considered to be direct business competitors and competitors for investment capital; and
- **EBITDA Margin Peer Group:** This group is used to evaluate the Company's EBITDA Margin relative to that of our direct competitors in offshore drilling.

The 2020 TSR Performance Peer Group consisted of:

■ Aker Solutions	■ Oil States International, Inc.
■ Dril-Quip, Inc.	■ Pacific Drilling SA
■ Forum Energy Technologies, Inc.	■ Saipem S.p.A
■ Maersk Drilling A/S	■ Seadrill Ltd
■ National Oilwell Varco, Inc.	■ Subsea 7 S.A.
■ Noble Corporation plc	■ TechnipFMC plc
■ Oceaneering International, Inc.	■ Valaris plc

The 2020 EBITDA Margin Performance Peer Group consisted of:

- | | |
|-------------------------|----------------|
| ■ Maersk Drilling A/S | ■ Seadrill Ltd |
| ■ Noble Corporation plc | ■ Valaris plc |
| ■ Pacific Drilling SA | |

The Committee will continue to assess the composition of the Performance Peer Groups for 2020 and beyond, with a sharp focus on the impact of the industry downturn and resulting consolidation and bankruptcies by most of our offshore drilling peers.

2020 Executive Compensation Components

OUR EXECUTIVE COMPENSATION PROGRAM IS DESIGNED TO MEET THE OBJECTIVES OF OUR “PAY FOR PERFORMANCE” PHILOSOPHY BY LINKING A SIGNIFICANT PORTION OF EACH EXECUTIVE’S COMPENSATION TO COMPANY PERFORMANCE.

COMPENSATION DISCUSSION AND ANALYSIS

The following table summarizes the purpose and key characteristics of each of the primary components of our executive compensation program.

COMPENSATION ELEMENT	PURPOSE	KEY CHARACTERISTICS
BASE SALARY	Provide a base level of income, targeting the market median for executive talent.	Fixed compensation. Reviewed annually and adjusted as appropriate.
ANNUAL CASH BONUS	Motivate executives to achieve our short-term financial, operational, and employee safety objectives.	Variable compensation. Award potential ranges from 0% to 200% of target based on corporate performance measured against pre-established performance goals.
I. LONG-TERM INCENTIVE – PERFORMANCE UNITS	Align the interests of our executives with those of our shareholders by creating a direct correlation between realized pay and shareholder return performance both relative to peers and on an absolute basis, over a three-year performance period.	Variable compensation. The number of earned units can range from 0%-200% based on total shareholder return relative to performance of selected peers during a three-year performance period. Payout is capped if predetermined threshold of absolute TSR is not met. “Cliff” vesting at the end of the three-year performance period.
II. LONG-TERM INCENTIVE – PERFORMANCE CASH	Align the interests of our executives with those of our shareholders by creating a direct correlation between realized pay and EBITDA Margin performance relative to direct business competitors.	Variable compensation. The cash value earned can range from 0%-150% based on EBITDA Margin relative to performance of offshore drilling contractors during an 18-month performance period. “Cliff” vesting at the end of the performance period.
III. LONG-TERM INCENTIVE – RESTRICTED SHARE UNITS	Motivate executives to contribute to long-term increases in shareholder value, build executive ownership and retain executives through ratable, multi-year vesting.	Variable compensation. Long-term award with ratable vesting over three years that provides a direct correlation of realized pay to shareholder value.
OTHER COMPENSATION	Provide benefits that promote employee health and welfare and assist executives in carrying out their duties and increasing productivity.	Indirect compensation elements consisting of health and welfare plans and other broad-based employee benefit plans.
POST-EMPLOYMENT	Retain executives and protect the Company by providing a baseline of short-term compensation in the event an executive’s employment is terminated without cause.	Fixed compensation. Severance benefits, to the extent permissible under Swiss law, are provided pursuant to the Executive Severance Benefit Policy as consideration for the enforcement of restrictive covenants and are not payable in the event of a termination for cause or a voluntary resignation.

The Committee takes several objectives into consideration when assessing the reasonableness of the total direct compensation of the Named Executive Officers, particularly the compensation of our Chief Executive

COMPENSATION DISCUSSION AND ANALYSIS

Officer. These objectives include ensuring alignment with our vision and business strategy, creating sustainable long-term shareholder value through the amount and mix of compensation provided, and advancing the core principles of our compensation philosophy and objectives while remaining within our risk tolerance.

BASE SALARY

Our Named Executive Officers receive base salaries constituting a fixed amount of compensation for services rendered during the year. The base salaries of our Named Executive Officers are determined by the Committee upon each officer's initial hire and reviewed annually, including in the context of promotions or other changes in job responsibilities. As part of its annual review, the Committee reviews each base salary, (i) for purposes of maintaining competitive compensation, relative to executive officers at applicable companies, and (ii) for internal pay equity purposes, relative to other executive officers at the Company.

As part of its base salary review, the Committee considers input from our Chief Executive Officer (except with respect to his own compensation), competitive compensation data from our Compensation Peer Group and other survey data, job responsibilities, individual skills, experience and expected future contributions of each Named Executive Officer. The Committee also considers input from its independent compensation consultant within the framework of the Company's compensation philosophy and objectives.

In February 2020, the Committee, in consideration of the unprecedented market conditions, and with consultation from its independent compensation consultant, elected to freeze base salaries for our Named Executive Officers. With the exception of Mr. Long, who was promoted to Executive Vice President and General Counsel in 2018, no individuals received a base salary increase while an Executive Officer for the prior five years.

The following base salaries in U.S. dollars were approved by the Committee for the individuals listed below.

EXECUTIVE	2020 BASE SALARY (\$U.S.)	INCREASE OVER 2019 (%)
Mr. Thigpen	1,000,000	0%
Mr. Mey	760,000	0%
Mr. Adamson	600,000	0%
Mr. Davis	550,000	0%
Mr. Long	550,000	0%

ANNUAL PERFORMANCE BONUS

Our Performance Award and Cash Bonus Plan (the "Bonus Plan") is a formulaic, goal-driven plan that provides participants, including the Named Executive Officers, with the opportunity to earn annual cash bonuses based on performance as measured against predetermined performance objectives. Individual target award levels, expressed as percentages of the participants' base salaries, are established by the Committee at the beginning of the year. The target award opportunities under the Bonus Plan, when combined with base salaries, are intended to position the participants to earn total cash compensation approximating competitive market median levels. Individual awards correlate to Company performance, so the executives achieve above-target awards only when the Company achieves above-target performance. Further, the bonus opportunity is capped at a maximum payout level as noted below.

COMPENSATION DISCUSSION AND ANALYSIS

Under the Bonus Plan for 2020, the Named Executive Officers had a potential payout range of 0% to 200% of their individual target award opportunities. The 2020 target bonus opportunity for each Named Executive Officer, expressed as a percentage of base salary, was as follows:

EXECUTIVE	BONUS TARGET (%)
Mr. Thigpen	125%
Mr. Mey	85%
Mr. Adamson	75%
Mr. Davis	75%
Mr. Long	75%

2020 ANNUAL BONUS STRUCTURE AND ACHIEVEMENT

The annual cash bonus structure is designed to recognize and motivate strong financial, operational and safety performance. Achievement in these three focus areas provides the Committee with a direct line of sight to annual Company operational and financial results while maintaining a strong focus on personnel, industrial and environmental safety. This structure is designed to focus our executives on those areas where we can differentiate ourselves from our competitors during the industry downturn and be well-positioned to outperform the competition as the market recovers.

The performance measures, relative weightings, and threshold-target-maximum payout ranges were designed with reference to our 2019 actual performance results and our 2020 business plan, as presented to the Committee in early February 2020.

The following tables outline the 2020 bonus performance measures and relative weightings. Each of the measures is defined and discussed in more detail below.

PERFORMANCE MEASURE	2020 WEIGHTING (%)
I. Safety	20%
II. EBITDA	60%
III. Uptime	20%
2020 Bonus Plan Structure	100%

Based on the performance measures described further below and using the pre-determined weightings assigned to each measure by the Committee, the formulaic bonus outcome for each of our Named Executive Officers was 176% of the targeted bonus opportunity under the Bonus Plan for 2020. The components of this total bonus payout under the Bonus Plan for 2020 are as follows:

PERFORMANCE MEASURE	2020 WEIGHTED ACHIEVEMENT (%)
I. Safety	38%
II. EBITDA	102%
III. Uptime	36%
2020 Bonus Plan Achievement	176%

For specific award amounts, see “Executive Compensation—Summary Compensation Table.”

I. SAFETY PERFORMANCE

OUR BUSINESS INVOLVES NUMEROUS OPERATING HAZARDS, AND WE ARE STRONGLY COMMITTED TO PROTECTING OUR PERSONNEL, OUR PROPERTY AND OUR ENVIRONMENT.

Our goal is expressed in our safety vision of “an incident-free workplace all the time, everywhere.” Beginning in 2017, the safety component of the bonus structure has focused on Total Recordable Incident Rate (“TRIR”). We establish threshold, target, and maximum levels of TRIR performance for the purposes of assessing any incentive payout from this metric. In addition, the bonus structure provides for a 25% reduction to the TRIR calculated payout for any Tier 1 Operational Integrity event (see definition below). The Committee elected to carry forward this methodology and weighting for 2020.

Developing Our Total Recordable Incident Rate (TRIR) Target

TRIR is a safety performance metric recognized by the U.S. Occupational Safety & Health Administration and is used by companies across an array of industries. We calculate TRIR based upon the guidelines set forth by the industry’s International Association of Drilling Contractors (the “IADC”). The IADC methodology calculates TRIR by taking the aggregate number of occurrences of work-related injuries or illnesses that result in any of the following: death; a physician or licensed health care professional recommending days away from work due to an injury or illness; an employee not being able to perform all routine job functions (but not resulting in days away from work); or any other medical care or treatment beyond minor first aid. The TRIR is the number of such occurrences for every 200,000 hours worked.

The Committee approved a TRIR target for 2020 of 0.31 based on input from the Board’s Health, Safety, Environment and Sustainability (HSES) Committee. This target represents a five-year rolling approach to TRIR goal setting. The methodology takes the average of the prior 5-year actual TRIR results and applies a modifier to ensure the pursuit of continuous improvement. For 2020, a .95 modifier was applied, resulting in a 2020 TRIR target that represents an approximate 10% improvement over the 2019 TRIR target.

In setting the threshold and maximum values, the Committee applied a 25% range above and below target. This range created a threshold, or entry point, of 0.39 and a maximum of 0.23.

TRIR TARGET AND PERFORMANCE RANGE	BONUS PAYOUT (%)
Threshold = 0.39	0%
Target = 0.31	100%
Maximum = 0.23	200%

Further, the Committee recognized the impact of Operational Integrity on process safety performance. Operational Integrity is an internally developed safety measure designed to prevent, or mitigate the impact of, a significant event. We use industry standard definitions of significant events, which include:

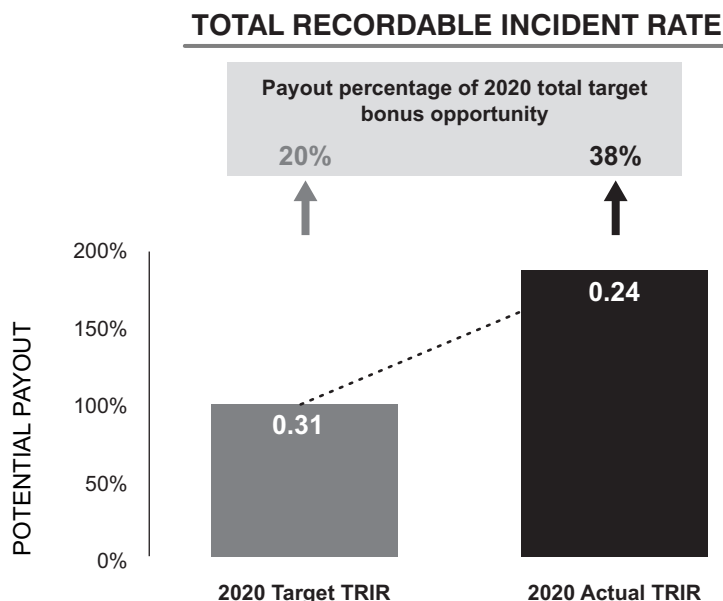
- Fire, explosion, release of a hazardous substance with serious injury or fatality;
- Other circumstances resulting in serious injuries/fatalities and/or damage to the environment;
- Major structural damage to Company property; and
- Uncontrolled release of hazardous fluids.

Consistent with our Bonus Plan design for the previous four years, a Tier 1 Operational Integrity event, as defined in the Company’s Health and Safety Policies and Requirements, is the most serious Operational Integrity event, requiring immediate and potentially significant Company time and resources to rectify.

As noted above, the year-end TRIR payout is reduced by 25% for any Tier 1 Operational Integrity event during the year, regardless of formulaic performance achievement. Furthermore, the Committee evaluates whether to apply discretion in response to unforeseen, extraordinary circumstances in considering overall bonus results.

Measuring Total Recordable Incident Rate (TRIR) Results

The 2020 formulaic result for TRIR was 0.24, which exceeded target performance and represents the second lowest rate in the history of our company. This resulted in a 188% of target payout for the safety component of the 2020 Bonus Plan, as illustrated below:



II. FINANCIAL PERFORMANCE

Developing Our EBITDA Target

FOR THE 2020 BONUS PLAN, THE COMMITTEE EVALUATED FINANCIAL MEASURES THAT WOULD MOST CLOSELY ALIGN MANAGEMENT WITH THE COMPANY'S FINANCIAL OBJECTIVES.

The Committee concluded that Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA") would be the most appropriate measure, consistent with our metric selection for the performance year ending 2019, based on the following reasons:

- EBITDA is commonly used by our shareholders to evaluate financial performance in light of current market conditions;
- EBITDA is commonly used by our peers to evaluate their own financial performance; and
- While EBITDA is a non-GAAP financial measure, it is objective and reconcilable to the GAAP measures reported in our financial statements.

The Committee weighted EBITDA at 60% of the total 2020 Bonus Plan opportunity.

COMPENSATION DISCUSSION AND ANALYSIS

In establishing the EBITDA target and range, the Committee considered the Company's 2020 financial plan, as presented by management in early February 2020. Threshold and maximum performance outcomes were then set based on the potential for decreases or increases to financial outcomes tied to dynamic market conditions.

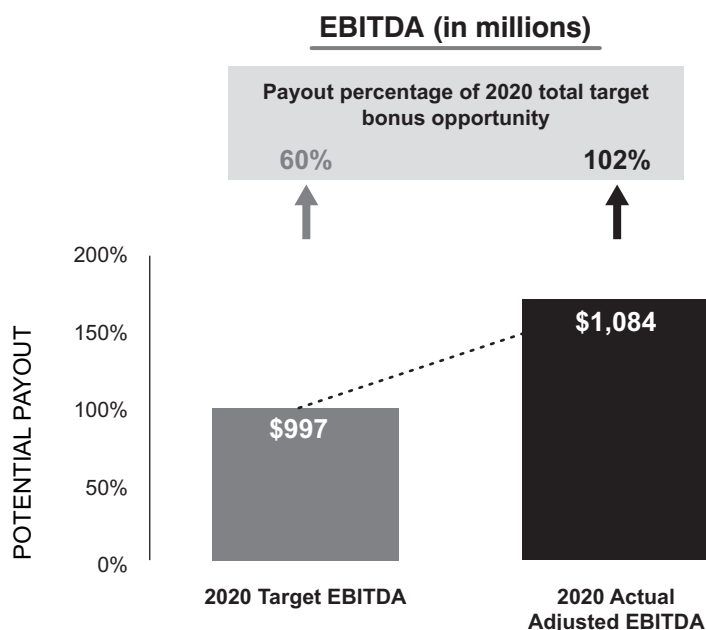
EBITDA TARGET AND PERFORMANCE RANGE	BONUS PAYOUT (%)
Threshold = \$872M	0%
Target = \$997M	100%
Maximum = \$1,120M	200%

Measuring EBITDA Results

The Company delivered strong EBITDA results for 2020, despite the unprecedented challenges associated with COVID-19. Outstanding operating performance and revenue efficiency for deployed rigs, combined with a strong focus on cost management, resulted in strong EBITDA results relative to target performance and exemplary performance relative to our offshore drilling peers, the majority of whom filed for bankruptcy protection during 2020.

Included in this proxy statement, attached as Appendix A, is a reconciliation of adjusted EBITDA to net income, the most directly comparable GAAP financial measure. The differential between actual adjusted EBITDA and EBITDA performance achievement for the 2020 Bonus Plan is the result of a Committee-approved calculation of EBITDA for an adjustment to exclude the deferred components of a favorable settlement with a customer.

As illustrated, the EBITDA result outperformed our goal, achieving a payout of 171% of target, with an associated weighted payout of 102% of the total target bonus opportunity for each Named Executive Officer.



III. OPERATIONAL PERFORMANCE

Developing Our Uptime Target

WE HAVE IDENTIFIED UPTIME AS THE OPERATIONAL PERFORMANCE MEASURE THAT BEST ALIGNS WITH THE INTERESTS OF OUR CUSTOMERS AND, ULTIMATELY, OUR SHAREHOLDERS.

COMPENSATION DISCUSSION AND ANALYSIS

Uptime represented 20% of the 2020 total target annual bonus opportunity, reinforcing the importance of maintaining excellence in our rig operations. We believe that Uptime is the best measure of operational efficiency, which is imperative to our customers.

Although Uptime is a common operational metric in our industry, it has no standard industry definition or reporting structure. As a result, the Company has developed its own definition, in consultation with the Committee, and that definition recognizes the key impediments to Uptime: equipment failures and human performance errors.

Uptime is measured as total operating hours, minus downtime hours, expressed as a percentage of the maximum total operating hours. Operating hours are defined as the number of hours a rig is operating under a contract. Downtime is defined as the number of hours the rig is not engaged in drilling activities, resulting from mechanical failure or human performance error. Using this formula, zero mechanical failures and human performance errors would result in a rig operating at 100% Uptime. Downtime events detract from optimal performance and have a direct negative impact on the customer's operational plan.

In setting the threshold-target-maximum range for this measure, the mathematical differential of 3% from threshold to maximum is significant considering the total number of operating hours during a calendar year (e.g., approximately 240,000 hours of operation in 2020).

The Committee approved the following Uptime target for 2020:

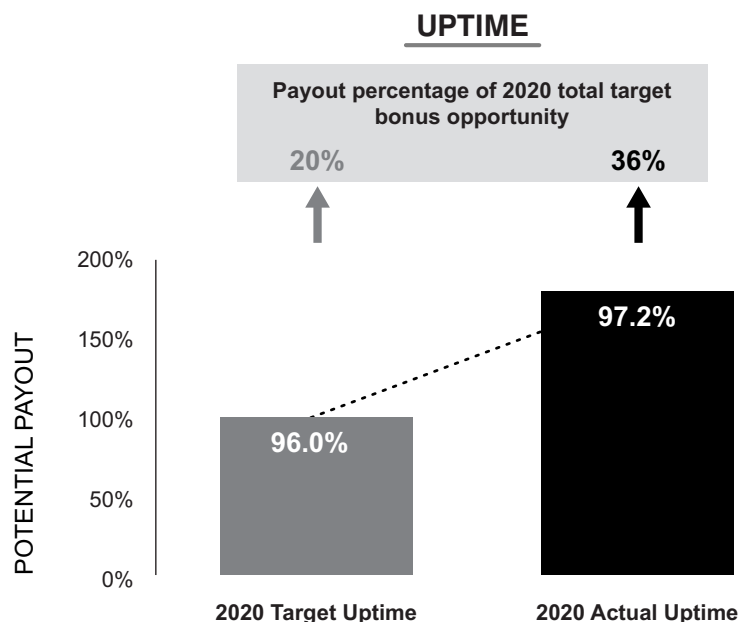
UPTIME TARGET AND PERFORMANCE RANGE	BONUS PAYOUT (%)
Threshold = 94.5%	0%
Target = 96.0%	100%
Maximum = 97.5%	200%

In setting the Uptime target, the Committee considered the Company's emerging 2020 outlook featuring a reduced fleet. Further, COVID fatigue concerns escalated as travel and quarantine restrictions resulted in longer hitches and shorter downtime between crew rotations. This ultimately led the Committee to conclude that the risk of equipment failure and human performance errors was elevated for 2020. Despite this incremental risk, the Committee decided to maintain the target from 2019, and approved the 2020 Uptime target at 96.0%

Measuring Uptime Results

THE COMPANY ACHIEVED 97.2% UPTIME PERFORMANCE IN 2020.

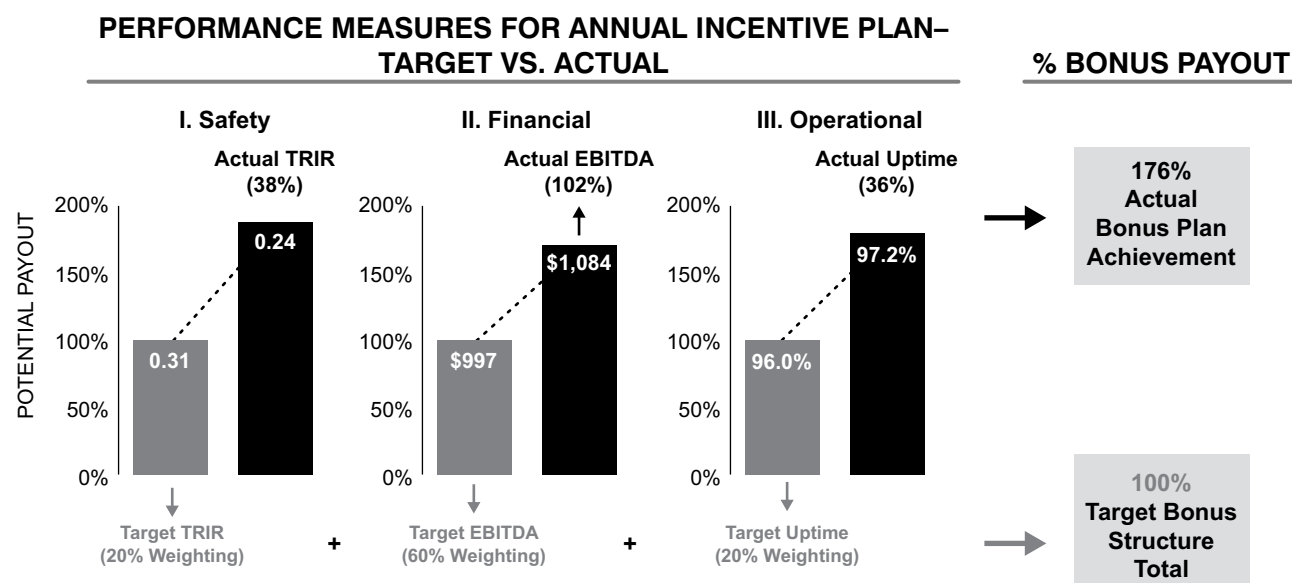
Despite the challenges of 2020, we increased target performance by approximately 2,400 hours, or 100 days, of additional operational productivity across the fleet, resulting in greater customer satisfaction and higher earnings. As illustrated, the formulaic performance of Uptime achieved a payout level of 180% of target and an associated weighted payout of 36% of the total target bonus opportunity for each of the Named Executive Officers.



OVERALL 2020 ANNUAL BONUS ACHIEVEMENT

WE DELIVERED STRONG RESULTS IN UNPRECEDENTED TIMES.

Remarkably, amidst a global pandemic we delivered very strong results against our 2020 Bonus Plan targets. This was accomplished through our employees' dedication, flexibility, and resilience. More importantly, we were able to deliver these results safely as evidenced by a TRIR rate of 0.24, the second lowest in the history of our company.



IV. NEW ESG METRIC FOR ANNUAL PERFORMANCE BONUS

We recognize the importance of sustainability to our business and industry and are committed to identifying and introducing relevant and measurable objectives that reflect our corporate sustainability.

In November 2020, the Committee mandated the inclusion of Sustainability as part of the 2021 Bonus Plan performance objectives. The approved Sustainability objectives are comprised of environmental, social and governance measures, scored quantitatively and qualitatively, and weighted at 20% of the 2021 Bonus Plan design. The specific targets for the ESG measures were set by the HSES Committee in February 2021.

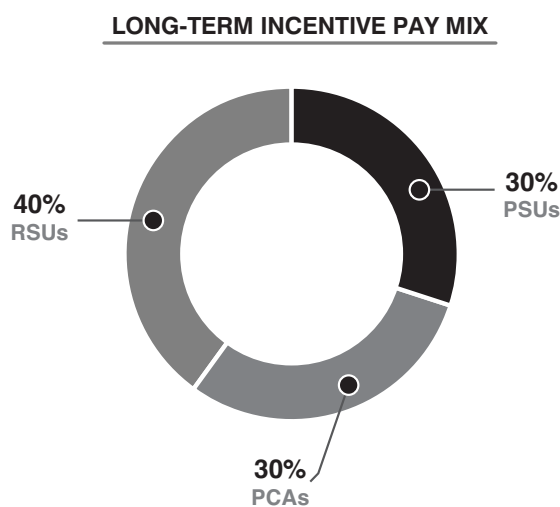
The complete details and the Company's performance achievement for the 2021 Sustainability component will be included in our proxy statement for the 2022 Annual General Meeting.

LONG-TERM INCENTIVES

THE COMMITTEE ESTABLISHES COMPETITIVE LONG-TERM INCENTIVE ("LTI") OPPORTUNITIES FOR OUR NAMED EXECUTIVE OFFICERS THAT MOTIVATE THEM TO INCREASE TOTAL SHAREHOLDER RETURN, DRIVE LONG-TERM SUSTAINABLE VALUE AND ALIGN THE INTERESTS OF PARTICIPANTS WITH THOSE OF SHAREHOLDERS.

Recognizing the challenges and constraints of using equity-based incentives under the unprecedented business environment of 2020, the Committee modified the LTI compensation design to reduce the usage of equity-based awards.

To provide an appropriate balance of incentives tied to performance, three types of long-term equity instruments were used in 2020: Performance Units ("PSUs"), Performance Cash ("PCAs") and Restricted Share Units ("RSUs"). The weighting of each instrument in our LTI program was as follows:



This LTI mix was designed to ensure that a minimum of 50% of total LTI is conveyed through performance-based awards. RSUs were included in the incentive mix to reinforce a direct relationship to the shareholder experience and to promote ownership of Company equity. All three instruments were also designed to be retentive in nature through extended performance and vesting periods.

COMPENSATION DISCUSSION AND ANALYSIS

The following LTI award values were delivered to our Named Executive Officers in 2020.

EXECUTIVE	2020 LTI TARGET VALUE (\$U.S.)	DECREASE FROM 2019 LTI FAIR VALUE (%)
Mr. Thigpen	5,040,000	-27%
Mr. Mey	1,944,000	-27%
Mr. Adamson	1,512,000	-15%
Mr. Davis	1,548,000	-27%
Mr. Long	1,440,000	-27%

PERFORMANCE UNITS (PSU)

The target award value of the 2020 PSU grants to each of the Named Executive Officers was weighted at 30% of each officer's total 2020 LTI target award value.

Each PSU represents one share and is earned based on performance from April 1, 2020 through December 31, 2022. Performance is determined by comparing the Company's TSR performance relative to the Company's TSR Performance Peer Group over the performance cycle.

In further recognition of the importance of shareholder alignment, the Committee capped the earning of PSUs at target if the Company's absolute TSR during the performance period is less than negative 15%. The Committee set the cap at this level to ensure that management does not benefit disproportionately from shareholder returns that are more than marginally negative.

Actual results at the completion of the performance cycle will be determined based on the Company's ranking of TSR performance. Payout potential ranges from 0% to 200% of target award value.

COMPANY RANKING	% OF TARGET PERFORMANCE UNITS
90th Percentile or higher	200%
50th Percentile	100%
25th Percentile	50%
Less than 25th percentile	0%

Upon completion of the 2020 PSU performance cycle, the Committee will determine final payout levels, if any, and shares will be distributed to the Named Executive Officers, along with a cash payment equal to any dividends or equivalents for earned shares that may have accrued during the performance cycle.

PERFORMANCE CASH AWARD (PCA)

The target award value of the 2020 PCA grants to each of the Named Executive Officers was weighted at 30% of each officer's total 2020 LTI target award value.

Due to the extreme challenge of setting meaningful equity-based long-term goals while in the midst of a pandemic, the Committee approved a PCA denominated in dollars with an 18-month performance period ending on December 31, 2021. Performance is determined by comparing the Company's EBITDA Margin performance relative to the Company's EBITDA Margin Performance Peer Group over the performance cycle.

COMPENSATION DISCUSSION AND ANALYSIS

Actual results at the completion of the performance cycle will be determined based on the Company's ordinal ranking of EBITDA Margin performance. Payout potential ranges from 0% to 150% of target award value, a lower maximum opportunity than under the PSUs, in consideration of the shorter performance period.

COMPANY RANKING	% OF TARGET PCAs
1 st	150%
2 nd	125%
3 rd	100%
4 th	75%
5 th	50%
6 th	0%

Upon completion of the 2020 PCA performance cycle, the Committee will determine final payout levels, if any, to be distributed to the Named Executive Officers.

RESTRICTED SHARE UNITS (RSU)

The target award value of the 2020 RSU grants to each of the Named Executive Officers was weighted at 40% of each officer's total 2020 LTI target award value.

Time-vested RSUs were granted to all Named Executive Officers as part of the 2020 annual long-term incentive grants. Each RSU represents one share and the RSUs vest over a three-year schedule (ratably one-third each year), contingent upon continued service.

PSUs EARNED IN 2020

In 2021, the Committee evaluated the Company's TSR performance relative to the 15-member peer group established for the three-year performance period from January 1, 2018 through December 31, 2020. The Company's relative ranking was determined to be eighth of fifteen, resulting in PSU performance achievement of 83% of target. The 83% achievement equates to 19% of the target award value of the PSUs granted in 2018.

EMPLOYMENT AGREEMENTS WITH NAMED EXECUTIVE OFFICERS

Employment agreements with our Executive Management Team comply with the Swiss Minder Ordinance, which prohibits the payment of severance benefits to members of the Executive Management Team. Other than the individual compensation terms applicable for each executive, the same basic form of employment agreement was used for Named Executive Officers with agreements.

INDIRECT COMPENSATION

In addition to base salary, annual and long-term incentive compensation, we offer limited indirect compensatory arrangements to our executives. These indirect elements of executive compensation are not performance-based and are offered as part of the overall compensation package to ensure that the package is competitive with other companies with which we compete for talent. Below is a summary of the indirect elements of compensation for our Named Executive Officers.

HEALTH, WELFARE AND RETIREMENT

Our Named Executive Officers are eligible for Company-wide benefits on substantially the same basis as other full-time employees, including savings, pension, medical and life insurance benefits. Our Named Executive Officers also receive a supplemental life insurance benefit equal to four times base salary capped at a maximum of U.S. \$4 million. In addition, we make a supplemental non-qualified defined contribution restoration plan available to employees (including the Named Executive Officers) to compensate for benefits that are capped due to U.S. Internal Revenue Service limits on qualified retirement plans.

PERQUISITES

The Committee eliminated all executive perquisites for our Named Executive Officers, effective January 1, 2017. As a result, none received perquisites in 2020.

POST-EMPLOYMENT COMPENSATION

We believe that the competitive marketplace for executive talent and our desire to retain our Executive Officers require us, subject to compliance with applicable law, to provide our Executive Officers with a severance package. Each of our Executive Officers who are not members of our Executive Management Team is eligible to receive severance benefits in the event we choose to terminate the Executive Officer at our convenience. Subject to the Committee's approval, the benefits provided in the event of an involuntary termination under the terms of our Executive Severance Benefit Policy include a cash severance benefit limited to 52 weeks of base salary; a pro rata share of the termination year's award under the Bonus Plan for such executive; treatment of outstanding long-term incentive awards as provided for in the terms and conditions of each award (as more fully described under "Executive Compensation—Potential Payments Upon Termination or Change of Control"); and outplacement services not to exceed 5% of the base salary of the executive.

We also believe that the interests of our shareholders are served by including a double-trigger change-in-control provision in the Bonus Plan and the Long-Term Incentive Plan for Named Executive Officers who would be integral to the success of, and are most likely to be impacted by, a change of control. By requiring two triggering events to occur, we believe that those Executive Officers who remain with us through a change of control will be appropriately focused on the success of the combined enterprise while those who depart because of a change of control will be appropriately compensated. The types of payments that will be made to our executives, along with estimated values as of December 31, 2020, are described under "Executive Compensation-Potential Payments Upon Termination or Change of Control."

The Committee periodically reviews severance packages offered to the Executive Officers to ensure the benefits are aligned with prevailing market practices. For a Named Executive Officer to receive the benefits described above, the Named Executive Officer must first sign a release of all claims against the Company and enter into a non-competition, non-solicitation, and confidentiality agreement covering our trade secrets and proprietary information.

The Minder Ordinance prohibits certain types of compensation payments to members of the Executive Management Team, including severance payments in any form. Therefore, members of the Executive Management Team are not eligible to participate in the Executive Severance Benefit Policy.

Executive Compensation Governance, Policy and Practice

The Committee is responsible for the executive compensation program design and decision-making process. The Committee solicits input from independent members of the Board of Directors, the Chief Executive Officer, other members of management, and the independent compensation consultant to assist with its responsibilities. The following summarizes the roles of each of the key participants in the executive compensation decision-making process.

COMPENSATION COMMITTEE

The Committee is composed solely of members of the Board of Directors who

- (i) are not employees of the Company, and
- (ii) meet the independence requirements of the NYSE.

COMPENSATION DISCUSSION AND ANALYSIS

The Committee is responsible for overseeing our executive compensation and long-term incentive programs. Specifically, the Committee is responsible for:

- Reviewing and approving the target and actual compensation paid and the benefit levels received by our Executive Officers;
- Recommending focus areas for our Chief Executive Officer for approval by the members of our Board of Directors who meet the independence and experience requirements set forth in the Committee charter;
- Evaluating all aspects of our Chief Executive Officer's performance in light of these focus areas (with the participation of all non-executive members of the Board of Directors) and setting our Chief Executive Officer's compensation based on this evaluation and after reviewing data concerning compensation practices in the competitive market;
- Establishing and approving our executive compensation plans and arrangements to provide benefits to our Executive Officers in accordance with the goals and objectives of the Company, as established by the Board of Directors;
- Administering the Company's LTI plans, including determining plan eligibility and approving individual awards for all plan participants;
- Administering the Company's Performance Award and Cash Bonus Plan and approving individual awards for all Executive Officers;
- Considering and approving executive employment and, to the extent permissible under Swiss law, severance agreements or other contractual agreements that may be entered into with our Executive Officers (that shall not include "single-trigger" change-in-control agreements);
- Reviewing and discussing this Compensation Discussion and Analysis, the Company's Swiss statutory compensation report and maximum aggregate compensation limits for the Board of Directors and members of the Executive Management Team with our management and, based upon such review and discussion, recommending to the Board of Directors that the Compensation Discussion and Analysis be included in the proxy statement for our Annual General Meeting or our annual report, as applicable; and
- Assessing the risks associated with the Company's compensation arrangements.

The Committee makes all compensation decisions and approves all share-based awards for the Named Executive Officers and other Executive Officers. The Committee may exercise its discretion in modifying any compensation element to any Executive Officer, including reducing or increasing the payment amount for one or more components of such awards.

During 2020, the Compensation Committee consisted of the following directors: Tan Ek Kia (Chair), Glyn Barker (starting in May 2020), Vincent J. Intrieri (through May 2020), and Samuel J. Merksamer.

INDEPENDENT COMPENSATION CONSULTANT

To assist in discharging its responsibilities, the Committee engaged an independent executive compensation consulting firm, Pay Governance LLC ("Pay Governance"), that advised the Committee on executive compensation matters in 2020.

In order to preserve the independence of the Committee's compensation consultant and avoid the appearance of an impairment of such independence, the Committee adopted a policy that any compensation consultant to the Committee may not provide other services to the Company in excess of U.S. \$100,000. Neither Pay Governance nor any of its affiliates provided the Company with any other services in 2020. In May 2020, the Committee assessed whether the work of Pay Governance for the Committee during 2020 raised any conflict of interest by conducting a review of several independence factors, which included the factors set forth under Rule 10C-1 of the Exchange Act. The Committee concluded that no conflict of interest was raised that would prevent Pay Governance from independently advising the Committee.

In advising the Committee, the compensation consultant reports to and acts at the direction of the Committee. The Committee directs the compensation consultant in the performance of its duties under its engagement to provide certain guidance on an ongoing basis, including:

- Expertise on compensation strategy and program design;
- Information relating to the selection of the Company's peer groups;
- Relevant market data and alternatives to consider when making compensation decisions;
- Assistance in establishing and updating annual and long-term incentive guidelines;
- Periodic reviews of the total executive compensation program; and
- Support and advice as the Committee conducts its analysis of and makes its decisions regarding executive compensation.

The Committee does not necessarily adopt all recommendations made by the compensation consultant but uses the consultant's work as a reference in exercising its own judgment with respect to its own executive compensation actions and decisions.

The compensation consultant participates in every meeting of the Committee and meets privately with the Committee at the Committee's request. Our management provides information to the consultant but does not direct or oversee its activities with respect to our executive compensation program.

OTHER ADVISORS

From time-to-time, management engages other advisors to assist in providing advice to the Committee. Such advisors have included, among others, an outside law firm to provide advice regarding various legal issues, financial analysts to examine relevant performance metrics and an outside actuarial firm to evaluate benefit programs. The Committee evaluates these advisors for independence, when retained. No advisors other than Pay Governance were hired in 2020.

MANAGEMENT

Our Chief Executive Officer annually reviews the competitive pay position and the performance of each member of senior management other than himself. Our Chief Executive Officer's conclusions and recommendations, including base salary adjustments and award amounts for the current year and target annual award amounts for the next year under our Bonus Plan (other than for himself), are presented to the Committee. The Committee makes all compensation decisions and approves all share-based awards for the Named Executive Officers and other Executive Officers.

The Committee may exercise its discretion in modifying any compensation element to any Executive Officer, including reducing or increasing the payment amount for one or more components of such awards.

Officers and other employees in our Human Resources Department assist our Chief Executive Officer with his recommendations and develop and present other recommendations regarding compensation to the Committee as needed. Our officers and other employees participate in Committee discussions in an informational and advisory capacity and have no authority in the Committee's decision-making process.

COMPENSATION DISCUSSION AND ANALYSIS

SHARE OWNERSHIP GUIDELINES FOR EXECUTIVES

WE BELIEVE IT IS IMPORTANT FOR OUR NAMED EXECUTIVE OFFICERS TO BUILD AND MAINTAIN AN APPROPRIATE EQUITY STAKE IN THE COMPANY.

The Company's share ownership guidelines for Named Executive Officers are intended to further align executives' interests with the interests of our shareholders. Under these guidelines, Named Executive Officers must retain 50% of any shares that vest (net of tax shares) until the ownership guidelines are met. Each of our Named Executive Officers must own an amount of shares equivalent to the following:

CEO	6X Base Pay
Executive Vice President	3X Base Pay
Senior Vice President	2X Base Pay
Vice President	1X Base Pay

Compliance with this policy is reviewed by the Committee, and executives must certify their compliance on an annual basis. The Committee may exercise its discretion in response to any non-compliance of this policy. The Committee determined that all executives were in compliance with these requirements in 2020.

EXECUTIVE COMPENSATION RECOUPMENT/CLAWBACK POLICY

Under the Incentive Compensation Recoupment Policy, the Company is authorized to recover or adjust both cash and equity incentive compensation to the extent the Committee determines that payments or awards have exceeded the amount that would otherwise have been received, due to a restatement of financial results or if the Committee determines that an executive has engaged in, or has knowledge of, and fails to prevent or disclose, fraud or intentional misconduct pertaining to any financial reporting requirement. Further, the Committee has established terms and conditions for equity awards providing that awards may be forfeited in the event an executive's conduct is in violation of human resource or legal compliance and ethics policies, including our Code of Integrity.

NO HEDGING OR PLEDGING OF COMPANY SHARES

We have a policy that prohibits any employee, officer or director of the Company from engaging in short-term or speculative transactions in the Company's securities. It, therefore, is the Company's policy that employees, officers and directors and their family members or wholly-owned businesses not engage in any of the following transactions:

- Short sales;
- Publicly traded options;
- Hedging transactions; and
- Margin accounts and pledging.

Our Executive Officers and directors must certify compliance with the hedging and pledging provisions of our Insider Trading Policy on an annual basis, and all have done so.

USE OF TALLY SHEETS

The Committee reviews compensation tally sheets, prepared by management, that present comprehensive data on the total compensation and benefits package for each of our Named Executive Officers. Tally sheets include all current compensation obligations, as well as additional analyses with respect to payments at hypothetical terminations to consider the Company's obligations under such circumstances. The Committee

does not use the tally sheets to determine the various elements of compensation or the actual amounts of compensation to be approved but, rather, to evaluate the Company's obligations under the various programs.

Tax Impact on Compensation

Section 162(m) of the Internal Revenue Code limits the annual tax deduction to U.S. \$1 million for compensation paid by a publicly held company to its chief executive officer, its chief financial officer, and each of the company's three other most highly compensated named executive officers. Although the deductibility of compensation is a consideration evaluated by the Committee, we believe that the lost deduction on compensation payable in excess of the U.S. \$1 million limitation is not material relative to the benefit of being able to attract and retain talented management. We have awarded compensation that might not be fully tax deductible when such grants were nonetheless in the best interest of the Company and our shareholders after taking into consideration changing business conditions, the executive's individual performance and/or changes in specific job duties and responsibilities. Accordingly, the Committee will continue to retain the discretion to pay compensation that is subject to the U.S. \$1 million deductibility limit.

COMPENSATION COMMITTEE REPORT

The Compensation Committee of the Board of Directors has reviewed and discussed the above Compensation Discussion and Analysis with management. Based on such review and discussions, the Compensation Committee recommended to the Company's Board of Directors that the above Compensation Discussion and Analysis be included in this proxy statement.

MEMBERS OF THE COMPENSATION COMMITTEE

Tan Ek Kia, Chair
Glyn A. Barker
Samuel J. Merksamer

EXECUTIVE COMPENSATION

Summary Compensation Table

The following table shows the compensation paid by the Company for the fiscal year ended December 31, 2020, to each of our Chief Executive Officer, Chief Financial Officer and the next three most highly compensated Executive Officers as of December 31, 2020, who are collectively referred to herein as our Named Executive Officers.

NAME AND PRINCIPAL POSITION	YEAR	SALARY (\$)	BONUS (\$)	STOCK AWARDS ⁽¹⁾ (\$)	OPTION AWARDS ⁽¹⁾ (\$)	NON-EQUITY INCENTIVE PLAN COMPENSATION ⁽²⁾ (\$)	CHANGE IN PENSION VALUE AND NONQUALIFIED DEFERRED COMPENSATION EARNINGS ⁽³⁾ (\$)	ALL OTHER COMPENSATION ⁽⁴⁾ (\$)	TOTAL (\$)
Jeremy D. Thigpen	2020	1,000,000	—	2,991,546	—	2,200,000	—	300,258	6,491,804
President and Chief Executive Officer	2019	1,000,000	—	5,183,471	1,762,964	1,775,000	—	215,517	9,936,952
	2018	1,000,000	—	4,818,543	1,483,551	962,500	—	286,201	8,550,795
Mark L. Mey	2020	760,000	—	1,153,881	—	1,136,960	—	187,192	3,238,031
Executive Vice President and Chief Financial Officer	2019	760,000	—	1,999,336	680,001	917,320	—	143,246	4,499,902
	2018	760,000	—	1,858,576	572,229	497,420	—	183,350	3,871,575
Keelan I. Adamson	2020	600,000	—	897,464	—	792,000	221,962	142,466	2,653,891
Executive Vice President and Chief Operations Officer	2019	600,000	—	1,332,884	453,333	639,000	234,061	104,461	3,363,739
	2018	523,769	—	922,402	283,346	269,572	—	147,843	2,146,932
Howard E. Davis	2020	550,000	—	918,832	—	726,000	—	129,802	2,324,634
Executive Vice President and Chief Administrative and Information Officer	2019	550,000	—	1,592,062	541,481	585,750	—	101,687	3,370,980
	2018	550,000	—	1,479,983	455,663	317,625	—	127,803	2,931,074
Brady K. Long	2020	550,000	—	854,726	—	726,000	—	131,861	2,262,589
Executive Vice President and General Counsel	2019	550,000	—	1,480,998	503,705	585,750	—	104,033	3,224,486
	2018	545,833	—	1,376,718	423,872	315,291	—	123,500	2,785,214

- (1) These amounts represent the aggregate grant date fair value of performance share units and restricted share units granted in each year as shown in the "Grants of Plan-Based Awards for 2020" table and computed in accordance with the provisions of FASB ASC Topic 718. Regarding assumptions underlying the valuation of these equity awards, please see Note 15 to our consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2020.
- (2) These amounts represent annual cash bonuses payable to the Named Executive Officers based on service during the year and awarded in the following year pursuant to the Performance Award and Cash Bonus Plan. The Performance Award and Cash Bonus Plan, including the performance targets used for 2020, is described under Compensation Discussion and Analysis—Annual Performance Bonus.
- (3) These amounts represent the change in value during the twelve-month period ending on December 31 of each year. There are no nonqualified deferred compensation earnings included in this column because no Named Executive Officers received above-market or preferential earnings on such compensation during 2020, 2019 or 2018.
- (4) All Other Compensation for 2020 includes company matching contributions of \$28,500 to the account of each NEO under the U.S. 401(k) Savings Plan; company matching contributions under the Savings Restoration Plan in the following amounts: Mr. Thigpen, \$249,000; Mr. Mey \$139,232; Mr. Adamson \$95,400; Mr. Davis, \$85,075; and Mr. Long \$85,075; and company-paid benefits in the following amounts: Mr. Thigpen \$22,758; Mr. Mey \$19,460; Mr. Adamson \$18,566; Mr. Davis, \$16,227; and Mr. Long \$18,286.

EXECUTIVE COMPENSATION

Grants of Plan-Based Awards for 2020

The following table provides information concerning the annual performance bonus and long-term incentive awards made to each of the Named Executive Officers in the fiscal year ended December 31, 2020.

	TYPE OF AWARD	GRANT DATE	ESTIMATED FUTURE PAYOUTS UNDER NON-EQUITY INCENTIVE PLAN AWARDS ⁽¹⁾			ESTIMATED FUTURE PAYOUTS UNDER EQUITY INCENTIVE PLAN AWARDS ⁽²⁾			ALL OTHER STOCK AWARDS: NUMBER OF SHARES OF STOCK OR UNITS ⁽³⁾	ALL OTHER OPTION AWARDS: NUMBER OF SHARES OF SECURITIES UNDERLYING OPTIONS ⁽³⁾	EXERCISE PRICE OF OPTION AWARDS (\$)	GRANT DATE FAIR VALUE OF STOCK AND OPTION AWARDS ⁽⁴⁾
			THRESHOLD (\$)	TARGET (\$)	MAXIMUM (\$)	THRESHOLD (#)	TARGET (#)	MAXIMUM (#)				
Jeremy D. Thigpen	AIP		—	1,250,000	2,500,000							
	PCA	5/8/2020	—	2,100,000	3,150,000	—						
	PSU	5/8/2020					818,182	1,636,364				1,475,182
	RSU	5/8/2020							1,090,909			1,516,364
Mark L. Mey	AIP		—	646,000	1,292,000							
	PCA	5/8/2020	—	810,000	1,215,000	—						
	PSU	5/8/2020					315,584	631,168				568,998
	RSU	5/8/2020							420,779			584,883
Keelan I. Adamson	AIP		—	450,000	900,000							
	PCA	5/8/2020	—	630,000	945,000	—						
	PSU	5/8/2020					245,455	490,910				442,555
	RSU	5/8/2020							327,273			454,909
Howard E. Davis	AIP		—	412,500	825,000							
	PCA	5/8/2020	—	645,000	967,500	—						
	PSU	5/8/2020					251,299	502,598				453,092
	RSU	5/8/2020							335,065			465,740
Brady K. Long	AIP		—	412,500	825,000							
	PCA	5/8/2020	—	600,000	900,000	—						
	PSU	5/8/2020					233,766	467,532				421,480
	RSU	5/8/2020							311,688			433,246

- (1) These amounts represent threshold, target, and maximum awards, as applicable, under the following types of cash incentive awards granted in 2020:

Annual Performance Bonus. These amounts represent the potential payout opportunities to the Named Executive Officers for the 2020 performance period under the Performance Award and Cash Bonus Plan. There is no payout at or below threshold under this plan for 2020. Actual amounts earned by the Named Executive Officers under the plan are reported in the Non-Equity Incentive Plan Compensation column of the "Summary Compensation Table." For more information regarding the Performance Award and Cash Bonus Plan, including the performance targets used for 2020, see Compensation Discussion Analysis—Annual Performance Bonus.

Performance-Vesting Long-Term Cash Incentive Awards. These amounts represent the potential payout opportunities to the Named Executive Officers for the performance cash award. This award is subject to an 18-month performance period beginning July 1, 2020 and ending December 31, 2021. The actual amount of cash received will be determined in the first 60 days of 2022 and is contingent on the Company's performance in EBITDA margin relative to the Performance Cash Peer Group. The amounts shown under the Maximum column represent the payout level of 150%. There is no payout at or below threshold under this plan for 2020. This award is not reported in the "Summary Compensation Table" because the performance criteria has not yet been satisfied. For more information regarding long-term incentive plans, including the performance targets used for 2020 and the contingent nature of the long-term incentives granted, please see Compensation Discussion and Analysis—Long-Term Incentives.

- (2) The May 8, 2020, performance share unit award is subject to a 33-month performance period beginning April 1, 2020 and ending December 31, 2022. The actual number of performance units received will be determined in the first 60 days of 2023 and is contingent on the Company's performance in total shareholder return relative to the Performance Peer Group. Any earned shares will vest on December 31, 2022. The amounts shown under the Maximum column represent the payout level of 200%. There is no payout at or below threshold level under this plan for 2020.
- (3) These amounts represent the number of time-vested restricted share units granted to the Named Executive Officers under the long-term incentive plans. The units vest in one-third increments over an approximate 34-month period commencing on May 8, 2020. The first increment will vest on the anniversary of the date of grant: May 8, 2021, and the second and third increments will vest on March 1, 2022 and March 1, 2023, respectively.
- (4) These amounts represent the grant date fair value of these awards computed in accordance with FASB ASC Topic 718. The 2020 performance share unit fair value is calculated using the Monte Carlo simulation to value total shareholder return at the share price on the date of grant.

Outstanding Equity Awards at Year-End 2020

The following table sets forth certain information with respect to outstanding equity awards at December 31, 2020, for the Named Executive Officers.

NAME	Grant Date	NUMBER OF SECURITIES UNDERLYING UNEXERCISED OPTIONS (#)	NUMBER OF SECURITIES UNDERLYING UNEXERCISED OPTIONS (#)	OPTION EXERCISE PRICE (\$/SHARE)	OPTION EXPIRATION DATE	NUMBER OF SHARES OR UNITS OF STOCK THAT HAVE NOT VESTED ⁽²⁾⁽³⁾⁽⁴⁾ (#)	MARKET VALUE OF SHARES OR UNITS OF STOCK THAT HAVE NOT VESTED ⁽⁷⁾ (\$)	EQUITY INCENTIVE PLAN AWARDS: NUMBER OF UNEARNED SHARES, UNITS, OTHER RIGHTS THAT HAVE NOT VESTED ⁽⁵⁾⁽⁶⁾ (#)	EQUITY INCENTIVE PLAN AWARDS: MARKET OR PAYOUT VALUE OF UNEARNED SHARES, UNITS, OTHER RIGHTS THAT HAVE NOT VESTED ⁽⁷⁾ (\$)
		EXERCISABLE ⁽¹⁾	UNEXERCISABLE ⁽¹⁾						
Jeremy D. Thigpen	2/11/2016	233,957	—	8.61	2/10/2026				
	2/10/2017	217,618	—	13.35	2/9/2027				
	2/8/2018	219,298	109,649	9.18	2/7/2028				
	2/7/2019	144,033	288,066	8.35	2/6/2029				
	2/8/2018					54,467	125,819		
	2/7/2019					134,409	310,485		
	5/8/2020					1,090,909	2,520,000		
	2/8/2018							307,557	710,457
	2/7/2019							324,977	750,697
	5/8/2020							818,182	1,890,000
Mark L. Mey	2/11/2016	98,039	—	8.61	2/10/2026				
	2/10/2017	94,011	—	13.35	2/9/2027				
	2/8/2018	84,586	42,294	9.18	2/7/2028				
	2/7/2019	55,555	111,112	8.35	2/6/2029				
	2/8/2018					21,009	48,531		
	2/7/2019					51,844	119,760		
	5/8/2020					420,779	971,999		
	2/8/2018							118,629	274,033
	2/7/2019							125,348	289,554
	5/8/2020							315,584	728,999
Keelan I. Adamson	2/10/2011	3,492	—	78.76	2/9/2021				
	2/17/2012	8,455	—	50.79	2/16/2022				
	2/14/2013	15,767	—	59.3	2/13/2023				
	2/11/2016	44,118	—	8.61	2/10/2026				
	2/10/2017	46,657	—	13.35	2/9/2027				
	2/8/2018	41,980	20,990	9.18	2/7/2028				
	2/7/2019	37,037	74,074	8.35	2/6/2029				
	2/8/2018					10,427	24,086		
	2/7/2019					34,562	79,838		
	5/8/2020					327,273	756,001		
	2/8/2018							58,875	136,001
	2/7/2019							83,565	193,035
	5/8/2020							245,455	567,001
Howard E. Davis	2/11/2016	73,529	—	8.61	2/10/2026				
	2/10/2017	74,861	—	13.35	2/9/2027				
	2/8/2018	67,356	33,678	9.18	2/7/2028				
	2/7/2019	44,238	88,478	8.35	2/6/2029				
	2/8/2018					16,729	38,644		
	2/7/2019					41,283	95,364		
	5/8/2020					335,065	774,000		
	2/8/2018							94,464	218,212
	2/7/2019							99,814	230,570
	5/8/2020							251,299	580,501
Brady K. Long	2/11/2016	58,489	—	8.61	2/10/2026				
	2/10/2017	69,638	—	13.35	2/9/2027				
	2/8/2018	62,656	31,329	9.18	2/7/2028				
	2/7/2019	41,152	82,305	8.35	2/6/2029				
	2/8/2018					15,562	35,948		
	2/7/2019					38,403	88,711		
	5/8/2020					311,688	719,999		
	2/8/2018							87,873	202,987
	2/7/2019							92,851	214,486
	5/8/2020							233,766	539,923

EXECUTIVE COMPENSATION

- (1) Each option award has a 10-year term and vests in one-third increments beginning on the first anniversary of the grant date.
- (2) Restricted share units granted on February 8, 2018; one-third vested on each of March 1, 2019 and 2020, and one-third will vest on March 1, 2021.
- (3) Restricted share units granted on February 7, 2019; one-third vested on March 1, 2020, and one-third will vest on each of March 1, 2021 and 2022.
- (4) Restricted share units granted on May 8, 2020; one-third will vest on May 8, 2021, and one-third will vest on each of March 1, 2022 and 2023.
- (5) Performance share units granted in 2018 and 2019 are subject to a three-year performance period ending on December 31, 2020 and December 31, 2021, respectively. Performance share units granted in 2020 are subject to a 33-month performance period beginning April 1, 2020 and ending December 31, 2022. The actual number of performance share units received will be determined in the first 60 days following the end of the performance period and is contingent on our performance as determined by comparing our total shareholder return relative to the Performance Peer Group. Any shares earned will vest the day following the last day of the performance period. For more information regarding long-term incentive plans, please see Compensation Discussion and Analysis—Long-Term Incentives.
- (6) Performance share units are listed at the targeted number of units.
- (7) For purposes of calculating the amounts in these columns, the closing price of our shares on the NYSE on December 31, 2020, of \$2.31 was used.

Option Exercises and Shares Vested for 2020

The following table sets forth certain information with respect to the exercise of options and the vesting of RSUs and PSUs, as applicable, during 2020 for the Named Executive Officers.

NAME	NUMBER OF SHARES ACQUIRED ON EXERCISE (#)	VALUE REALIZED ON EXERCISE (\$)	NUMBER OF SHARES ACQUIRED ON VESTING (#)	VALUE REALIZED ON VESTING ⁽¹⁾ (\$)
Jeremy D. Thigpen	—	—	346,541	1,438,025
Mark L. Mey	—	—	144,074	602,361
Keelan I. Adamson	—	—	75,920	313,745
Howard E. Davis	—	—	114,726	479,659
Brady K. Long	—	—	106,722	446,194

- (1) Value realized on vesting is calculated by multiplying the closing price of our shares on the NYSE on the date of release by the number of gross shares that were released on such date, including any shares subsequently withheld in satisfaction of requisite tax withholding.

Pension Benefits for 2020

We maintain the following pension plans for executive officers and other employees that provide for post-retirement income based on age and years of service:

- Transocean Savings Restoration Plan
- Transocean U.S. Retirement Plan
- Transocean Pension Equalization Plan

The following table and narrative disclosure set forth certain information with respect to pension benefits payable to the Named Executive Officers pursuant to these plans:

NAME	PLAN NAME	NUMBER OF YEARS CREDITED SERVICE (#)	PRESENT VALUE OF ACCUMULATED BENEFIT (\$)	PAYMENTS DURING 2020 (\$)
Jeremy D. Thigpen	Transocean Savings Restoration Plan	6	1,005,581	—
Mark L. Mey	Transocean Savings Restoration Plan	6	565,627	—
Keelan I. Adamson	Transocean Savings Restoration Plan	6	307,356	—
	Transocean U.S. Retirement Plan	10	597,818	—
	Transocean Pension Equalization Plan	10	611,744	—
Howard E. Davis	Transocean Savings Restoration Plan	5	317,208	—
Brady K. Long	Transocean Savings Restoration Plan	5	270,626	—

Transocean Savings Restoration Plan

The Company maintains the Transocean Savings Restoration Plan, a nonqualified, unfunded, defined contribution plan for key management employees who earn compensation in excess of certain limits in the Internal Revenue Code. All Named Executive Officers participate in this plan. Effective January 1, 2017, all participants in this plan are fully vested. The plan provides that eligible participants receive an annual contribution equal to 10% (or such other percentage as determined by the administrative committee) of the compensation earned in a particular calendar year that is in excess of the Internal Revenue Code limits. Compensation considered under this plan includes basic salary and annual performance bonus. A participant must be employed on the last day of the calendar year in order to receive a contribution for a particular year. Benefits are payable upon a participant's termination of employment, or six months after termination in the case of certain officers.

Transocean U.S. Retirement Plan

The Transocean U.S. Retirement Plan is a tax-qualified pension plan. Benefit accruals under this plan were frozen effective as of December 31, 2014. Mr. Adamson is the only Named Executive Officer who participates in this plan.

The purpose of the plan is to provide post-retirement income benefits to employees in recognition of their long-term service to the Company. Benefits available to executives are no greater than those offered to non-executive participants. The plan is funded through cash contributions made by the Company based on actuarial valuations and regulatory requirements. Employees working for the Company in the U.S. are fully vested after completing five years of eligible employment. Employees earn the right to receive a benefit upon retirement at the normal retirement age of 65 or upon early retirement (age 55 or older with five years of service).

EXECUTIVE COMPENSATION

Furthermore, employees earn the right to receive a benefit if they are active employees and age 65 or older (with five years of service).

The elements of compensation included in computing the retirement benefit are basic salary and annual performance bonuses earned prior to January 1, 2015. Retirement benefits are calculated as (i) the sum of 1% of the employee's compensation for each calendar year (or partial year) of employment, divided by (ii) twelve.

Certain assumptions and calculation methods were used to determine the values of the pension benefits disclosed in the "Pension Benefits for 2020" table above. In particular, monthly accrued pension benefits, payable at age 65, were determined as of December 31, 2020. The present value of these benefits was calculated based on assumptions used in the Company's financial statements for 2020.

Transocean Pension Equalization Plan

The Pension Equalization Plan ("PEP") is a nonqualified, unfunded, noncontributory pension plan that was frozen effective December 31, 2014. Mr. Adamson is the only Named Executive Officer with a frozen benefit in the PEP.

Certain employees are eligible to receive a benefit under the PEP if the level of their compensation prior to January 1, 2015, would otherwise cause them to exceed the Internal Revenue Code compensation limitations imposed on the Transocean U.S. Retirement Plan. The purpose of the PEP is to provide supplemental post-retirement income in recognition of service to the Company. Benefits are payable upon a participant's termination of employment, or six months after termination in the case of certain officers.

The plan recognizes the same forms of compensation and the same formula used to calculate the plan benefit as the Transocean U.S. Retirement Plan however, earnings are not limited to the pay cap under the Internal Revenue Code Section 401(a)(17) (U.S. \$260,000 in 2014 when the PEP was frozen). Benefits are not earned until the individual has five years of credited service with the Company.

Certain assumptions and calculation methods were used to determine the values of the pension benefits disclosed in the "Pension Benefits for 2020" table above. In particular, monthly accrued pension benefits, payable at age 65, were determined as of December 31, 2020. The present value of these benefits was calculated based on assumptions used in the Company's financial statements for 2020.

Potential Payments Upon Termination or Change of Control

The following table summarizes the treatment of outstanding awards as provided in the terms and conditions of each award.

EVENT	CONSEQUENCES
Voluntary not-for-cause termination	Restricted Share Units, Performance Share Units, Performance Cash and Stock Options – executive's right to unvested portion of award terminates immediately; vested and outstanding stock options will remain exercisable for 60 days following termination (or until expiration, if sooner)
Involuntary not-for-cause termination or Retirement	<p>Restricted Share Units – prorated portion of award vests</p> <p>Performance Share Units and Performance Cash – prorated portion of award vests based on actual performance after the performance after the performance period ends</p> <p>Stock Options – unvested portion of award terminates immediately; vested and outstanding will remain exercisable for one year following termination (or until option expiration, if sooner)</p>
Termination due to Death or Disability	<p>Restricted Share Units – award vests</p> <p>Performance Share Units and Performance Cash – prorated portion of award vests based on actual performance after the performance period ends</p> <p>Stock Options – award vests and all vested and outstanding will remain exercisable for one year following termination (or until option expiration (or until option expiration, if sooner)</p>
Involuntary termination not-for-cause after a Change of Control	<p>Restricted Share Units – award vests</p> <p>Performance Share Units and Performance Cash – award vests based on target performance</p> <p>Stock options – awards vest and all vested and outstanding will remain exercisable for one year following termination (or until option expiration, if sooner)</p>

The following table sets forth certain information with respect to compensation that would be payable to the Named Executive Officers as of December 31, 2020, upon a variety of termination scenarios. It does not include benefits that are generally available to salaried employees on a non-discriminatory basis, including payments that would be made under the Company's life and disability insurance plans, and unused vacation days.

EXECUTIVE COMPENSATION

As of December 31, 2020, the Named Executive Officers of the Company were eligible for the Executive Severance Benefit Policy. However, members of the Executive Management Team are further subject to the full limitations of the Minder Ordinance regarding severance.

NAME	TRIGGERING EVENT ⁽¹⁾	CASH SEVERANCE PAYMENT ⁽²⁾ (\$)	NON-EQUITY INCENTIVE COMPENSATION ⁽³⁾ (\$)	STOCK AWARDS ⁽⁴⁾ (\$)	OPTION AWARDS ⁽⁵⁾ (\$)	RETIREMENT PLAN BENEFIT ⁽⁶⁾ (\$)	TOTAL (\$)
Jeremy D. Thigpen	Voluntary Not-for-Cause	—	—	—	—	1,005,581	1,005,581
	Involuntary Not-for-Cause	—	3,251,916	2,018,824	—	1,005,581	6,276,321
	Retirement	—	3,251,916	2,018,824	—	1,005,581	6,276,321
	Death ⁽⁷⁾	—	3,251,916	4,082,072	—	1,005,581	8,339,569
	Disability ⁽⁷⁾	—	3,251,916	4,082,072	—	1,005,581	8,339,569
	Change of Control	—	4,300,000	3,972,565	—	1,005,581	9,278,146
Mark L. Mey	Voluntary Not-for-Cause	—	—	—	—	565,627	565,627
	Involuntary Not-for-Cause	—	1,542,699	778,690	—	565,627	2,887,016
	Retirement	—	1,542,699	778,690	—	565,627	2,887,016
	Death ⁽⁷⁾	—	1,542,699	1,574,514	—	565,627	3,682,840
	Disability ⁽⁷⁾	—	1,542,699	1,574,514	—	565,627	3,682,840
	Change of Control	—	1,946,960	1,532,276	—	565,627	4,044,863
Keelan I. Adamson	Voluntary Not-for-Cause	—	—	—	—	919,100	919,100
	Involuntary Not-for-Cause	—	1,107,575	570,173	—	919,100	2,596,848
	Retirement	—	1,107,575	570,173	—	919,100	2,596,848
	Death ⁽⁷⁾	—	1,107,575	1,183,356	—	692,193	2,983,124
	Disability ⁽⁷⁾	—	1,107,575	1,183,356	—	919,100	3,210,031
	Change of Control	—	1,422,000	1,143,355	—	919,100	3,484,455
Howard E. Davis	Voluntary Not-for-Cause	—	—	—	—	317,208	317,208
	Involuntary Not-for-Cause	577,500	1,049,089	620,067	—	317,208	2,563,864
	Retirement	—	1,049,089	620,067	—	317,208	1,986,364
	Death ⁽⁷⁾	—	1,049,089	1,253,780	—	317,208	2,620,077
	Disability ⁽⁷⁾	—	1,049,089	1,253,780	—	317,208	2,620,077
	Change of Control	577,500	1,371,000	1,220,145	—	317,208	3,485,853
Brady K. Long	Voluntary Not-for-Cause	—	—	—	—	270,626	270,626
	Involuntary Not-for-Cause	577,500	1,026,547	576,807	—	270,626	2,451,480
	Retirement	—	1,026,547	576,807	—	270,626	1,873,980
	Death ⁽⁷⁾	—	1,026,547	1,166,307	—	270,626	2,463,480
	Disability ⁽⁷⁾	—	1,026,547	1,166,307	—	270,626	2,463,480
	Change of Control	577,500	1,326,000	1,135,019	—	270,626	3,309,145

- (1) These amounts represent obligations of the Company under agreements currently in place and valued as of December 31, 2020. Agreements do not provide for any single-trigger payments upon a change of control.
- (2) Amounts payable under the terms of the Executive Severance Benefit Policy. This includes a lump sum payment equal to 52 weeks of base salary as well as outplacement services (not to exceed 5% of the base salary) for Messrs. Davis and Long.
- (3) Amounts payable for the 2020 annual cash bonus earned and the value of performance cash that would vest upon the triggering event.
- (4) These amounts represent the value of restricted share units and performance share units that would vest upon the triggering event, based on U.S. \$2.31, the closing stock price on the last trading day of 2020.
- (5) These amounts represent the ("in-the-money") value of vested and unvested stock options.
- (6) These amounts represent the present value of PEP and Savings Restoration Plan benefits, which would have been payable as of December 31, 2020.
- (7) In addition to the benefits listed in the preceding table, payments will also be made under the Company's life and disability insurance plans, a benefit that is generally available to all employees.

CEO Pay Ratio

Pursuant to the Securities Exchange Act of 1934, as amended, the Company is required to disclose in this proxy statement the ratio of the total annual compensation of our CEO to the total annual compensation of our median employee.

Based on SEC rules for this disclosure and applying the methodology described below, the Company determined that our CEO's total compensation in U.S. dollars for 2020 was \$6,491,804, and the 2020 total compensation of the median employee in U.S. dollars was \$129,077. Accordingly, for 2020, the Company estimates the ratio of our CEO's total compensation to the median total compensation of all employees to be 50 to 1.

Due to changes in our employee population and compensation arrangements, we are not using the same median employee as prior year. In determining the applicable median salary, we first excluded 247 of our non-U.S. employees located in Angola, Australia, Canada, Cayman Islands, Greece, Hungary, India, Nigeria, Singapore, and Switzerland representing 5% of our workforce, a de minimis number of non-US employees as allowed under the SEC rules. Next, for all other non-U.S. employees paid in local non-U.S. currency, salaries were denominated in U.S. dollars by applying applicable currency exchange rates in place on December 31, 2020. This currency exchange was necessary for comparison to our CEO pay which is denominated in U.S. dollars. We then identified the median employee based on a tabulation of year-to-date earnings for all included employees on December 31, 2020, the last day of our fiscal year.

Once the median employee was identified as described above, the total annual compensation for 2020 for that employee was determined using the same rules that apply to reporting NEO compensation in the Total column of the "Summary Compensation Table."

EQUITY COMPENSATION PLAN INFORMATION

The following table provides information concerning securities authorized for issuance under our equity compensation plans as of December 31, 2020.

PLAN CATEGORY	NUMBER OF SECURITIES TO BE ISSUED UPON EXERCISE OF OUTSTANDING OPTIONS, WARRANTS AND RIGHTS (A)	WEIGHTED-AVERAGE EXERCISE PRICE OF OUTSTANDING OPTIONS, WARRANTS AND RIGHTS (B) (U.S.\$)	NUMBER OF SECURITIES REMAINING AVAILABLE FOR FUTURE ISSUANCE UNDER EQUITY COMPENSATION PLANS (EXCLUDING SECURITIES REFLECTED IN COLUMN (A)) (C) ⁽²⁾
Equity compensation plans approved by security holders ⁽¹⁾	4,385,147	12.31	35,360,554
Equity compensation plans not approved by security holders	—	—	—
Total	4,385,147	12.31	35,360,554

(1) We may also grant restricted share units and other forms of share-based awards under our long-term incentive plans previously approved by our shareholders. At December 31, 2020, we had 13,379,920 shares available for future issuance pursuant to grants of restricted share units.

(2) In February 2021, we granted share-based awards to our employees, and at February 28, 2021, including the awards granted prior to December 31, 2020, we had 7,849,025 shares remaining available for future grants of share-based awards.

OTHER MATTERS

Compensation Committee Interlocks and Insider Participation

The members of the Compensation Committee of the Board of Directors during 2020 were Tan Ek Kia, Chair, Glyn A. Barker and Samuel J. Merksamer. There are no matters relating to interlocks or insider participation that we are required to report.

Householding

The SEC permits us, under certain circumstances, to send a single set of the Notice, proxy materials, and annual reports to any household at which two or more shareholders reside if they appear to be members of the same family. This procedure, referred to as householding, reduces the volume of duplicate information shareholders receive and reduces mailing and printing expenses.

In order to take advantage of this opportunity, we have delivered only one copy of the Notice or, if you previously requested to receive paper proxy materials by mail, one proxy statement and annual report to shareholders who share an address (unless we received contrary instructions from one or more of the affected shareholders prior to the mailing date). However, if any such shareholder residing at such an address wishes to receive a separate copy of any of these documents either now or in the future, or if any such shareholder who elected to continue to receive separate copies wishes to receive a single copy in the future, that shareholder should send a request in writing to Investor Relations at our offices in the United States, at 1414 Enclave Parkway, Houston, Texas 77077 or by calling +1 (713) 232-7500. We will deliver, promptly upon written or oral request to Investor Relations, a separate copy of the Notice, proxy materials or annual report, as applicable, to a shareholder at a shared address to which a single copy of the documents was delivered.

A number of brokerage firms have instituted householding. If your family or others with a shared address have one or more “street name” accounts under which you beneficially own shares, you may have received householding information from your broker/dealer, financial institution or other nominee in the past. Please contact the holder of record directly if you have questions, require additional copies of the proxy materials or wish to revoke your decision to household and thereby receive multiple copies.

Proposals of Shareholders

Shareholder Proposals in the Proxy Statement. Rule 14a-8 under the Exchange Act addresses when a company must include a shareholder’s proposal in its proxy statement and identify the proposal in its form of proxy when the company holds an annual or special meeting of shareholders. Under Rule 14a-8, in order for your proposals to be considered for inclusion in the proxy statement and proxy card relating to our 2022 Annual General Meeting, your proposals must be received at our principal executive offices c/o Transocean Ltd., Turmstrasse 30, 6312 Steinhausen, Switzerland by no later than 5:00 p.m. Swiss time on December 8, 2021. However, if the date of the 2022 Annual General Meeting changes by more than 30 days from the anniversary of the 2021 Annual General Meeting, the deadline is a reasonable time before we begin to print and mail our proxy materials. We will notify you of this deadline in a Quarterly Report on Form 10-Q, in a Current Report on Form 8-K or in another communication to you. Shareholder proposals must also be otherwise eligible for inclusion.

OTHER MATTERS

Shareholder Proposals and Nominations for Directors to be Presented at Meetings. If you desire to bring a matter before an annual general meeting and the proposal is submitted outside the process of Rule 14a-8, you must follow the procedures set forth in our Articles of Association. Our Articles of Association provide generally that, if you desire to propose any business at an annual general meeting (including the nomination of any director), you must give us written notice at least 30 calendar days prior to the anniversary date of the proxy statement in connection with Transocean's last annual general meeting; provided, however, that if the date of the annual general meeting is 30 calendar days before or after the anniversary date of the last annual general meeting, such request must instead be made by the tenth day following the date on which we have made public disclosure of the date of the annual general meeting. The deadline under our Articles of Association for submitting proposals will be 5:00 p.m. Swiss time on March 8, 2022, for the 2022 annual meeting unless it is more than 30 calendar days before or after May 27, 2022.

In order for the notice to be considered timely under Rule 14a-4(c) of the Exchange Act, proposals must be received no later than 5:00 p.m. Swiss time on March 8, 2022. The request must specify the relevant agenda items and motions, together with evidence of the required shareholdings recorded in the share register, as well as any other information required to be included in a proxy statement pursuant to the rules of the SEC.

If you desire to nominate directors to be presented at an annual general meeting, you must give us written notice within the time period described in the preceding paragraph. If you desire to nominate directors to be presented at an extraordinary general meeting at which the Board of Directors has determined that directors will be elected, you must give us written notice by the close of business on the tenth day following our public disclosure of the meeting date. Notice for the nomination of directors at any general meeting must set forth:

- Your name and address and the name and address of the person or persons to be nominated;
- A representation that you are a holder of record of our shares entitled to vote at the meeting or, if the record date for the meeting is subsequent to the date required for that shareholder notice, a representation that you are a holder of record at the time of the notice and intend to be a holder of record on the date of the meeting and; in either case, setting forth the class and number of shares so held, including shares held beneficially;
- A representation that you intend to appear in person (if permitted) or by proxy as a holder of record at the meeting to nominate the person or persons specified in the notice;
- A description of all arrangements or understandings between you and each nominee you propose and any other person or persons under which the nomination or nominations are to be made by you;
- Any other information regarding each nominee you propose that would be required to be included in a proxy statement filed pursuant to the proxy rules of the SEC; and
- The consent of each nominee to serve as a director if so elected.

The Board of Directors may refuse to transact any business you propose or to acknowledge your nomination of any person if you fail to comply with the foregoing procedures. You may obtain a copy of our Articles of Association and Organizational Regulations, in which these procedures are set forth, upon written request to our Corporate Secretary, Transocean Ltd., Turmstrasse 30, 6312 Steinhausen, Switzerland.

Cost of Solicitation

The accompanying proxy is being solicited on behalf of the Board of Directors. The expenses of preparing, printing and mailing the proxy and the materials used in the solicitation will be borne by us. We have retained Georgeson LLC for a fee of U.S. \$20,000, plus expenses, to aid in the solicitation of proxies. Proxies may be solicited by personal interview, mail, telephone, facsimile, internet or other means of electronic distribution by our directors, officers and employees, who will not receive additional compensation for those services. Arrangements also may be made with brokerage houses and other custodians, nominees and fiduciaries for the forwarding of solicitation materials to the beneficial owners of shares held by those persons, and we will

reimburse them for reasonable expenses incurred by them in connection with the forwarding of solicitation materials.

Delinquent Section 16(a) Reports

Section 16(a) of the Exchange Act requires the Company's Executive Officers and directors, and persons who own more than ten percent of the Company's shares, to file initial reports of ownership and reports of changes in ownership of the Company's equity securities with the SEC. Due to administrative and technical issues, a Form 4 was filed late on behalf of Edward R. Muller, a member of the Company's Board of Directors, on March 11, 2020, and Form 4s for each of Messrs. Thigpen, Mey, Adamson, Davis, Long and David Tonnel (Senior Vice President, Chief Accounting Officer) were filed one day late on March 4, 2020. Based solely on a review of reports furnished to the Company and written representations that no report on Form 5 was required for 2020, other than as indicated above, the Company believes that no director, officer or beneficial owner of more than ten percent of the Company's shares failed to file a report on a timely basis.

Forward-Looking Statements

The statements included in this proxy statement, including in the letter to shareholders and in the section entitled Compensation Discussion and Analysis—Executive Summary—2020 Business Overview, regarding future financial performance, results of operations, liquidity, stacking of assets and the market and other statements that are not historical facts are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Exchange Act. Forward-looking statements are subject to numerous risks, uncertainties and assumptions, including, but not limited to, the future prices of oil and gas, operating hazards and delays, actions by customers and other third parties, conditions in the drilling industry and in the capital markets and those described under "Item 1A. Risk Factors" in the 2020 Annual Report and in our other filings with the SEC. Should one or more of these risks or uncertainties materialize (or the other consequences of such a development worsen), or should underlying assumptions prove incorrect, actual results may vary materially from those indicated or expressed or implied by such forward-looking statements. All subsequent written and oral forward-looking statements attributable to us or to persons acting on our behalf are expressly qualified in their entirety by reference to these risks and uncertainties. You should not place undue reliance on forward-looking statements. Each forward-looking statement speaks only as of the date of the particular statement, and we undertake no obligation to publicly update or revise any forward-looking statements, except as required by law.

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APPENDIX A

TRANSOCEAN LTD. AND SUBSIDIARIES

NON-GAAP FINANCIAL MEASURES AND RECONCILIATIONS

EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTIZATION AND RELATED MARGINS

(in millions, except percentages)

	YEAR ENDED 12/31/20
Contract Drilling Revenues	\$ 3,152
Contract intangible amortization	215
Adjusted Contract Drilling Revenues	\$ 3,367
Net loss	\$ (568)
Interest expense, net of interest income	554
Income tax expense	27
Depreciation and amortization	781
Contract intangible amortization	215
EBITDA	1,009
Restructuring costs	5
Loss on impairment of assets	597
Loss on disposal of assets, net	61
Gain on restructuring and retirement of debt	(533)
Loss on impairment of investment in unconsolidated affiliates	62
Adjusted EBITDA	\$ 1,201
EBITDA margin	30 %
Adjusted EBITDA margin	36 %

The differential between actual adjusted EBITDA of \$1.201 million and the EBITDA performance achievement of \$1.084 million for the 2020 Bonus Plan is the result of a Committee-approved calculation of EBITDA to reflect a reduction of \$117 million to exclude the deferred cash components of a favorable settlement with a customer.

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APPENDIX B

TRANSOCEAN LTD. **2015 LONG-TERM INCENTIVE PLAN** (as amended and restated effective _____, 2021)

1. **Plan.** Transocean Ltd., a Swiss corporation (the “Company”), established this Transocean Ltd. 2015 Long-Term Incentive Plan (this “Plan”), effective as of May 15, 2015 (the “Effective Date”), as amended and restated effective May 7, 2020, again on May 8, 2020 and as most recently amended and restated effective _____, 2021.

2. **Objectives.** This Plan is designed to attract and retain employees of the Company and its Subsidiaries, to attract and retain qualified non-employee directors of the Company, to encourage the sense of proprietorship of such employees and directors and to stimulate the active interest of such persons in the development and financial success of the Company and its Subsidiaries. These objectives are to be accomplished by making Awards under this Plan and thereby providing Participants with a proprietary interest in the growth and performance of the Company and its Subsidiaries.

3. **Definitions.** As used herein, the terms set forth below shall have the following respective meanings:

“*Award*” means the grant of any Option, Share Appreciation Right, Share-Based Award or Cash Award, any of which may be structured as a Performance Award, whether granted singly, in combination or in tandem, to a Participant pursuant to such applicable terms, conditions and limitations as the Committee may establish in accordance with the objectives of this Plan.

“*Award Agreement*” means the document (in written or electronic form) communicating the terms, conditions and limitations applicable to an Award. The Committee may, in its discretion, require that the Participant execute such Award Agreement or may provide for procedures through which Award Agreements are made effective without execution.

“*Board*” means the Board of Directors of the Company.

“*Cash Award*” means an Award denominated in cash.

“*Change of Control*” means:

(i) The acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act) (a “*Person*”) of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 50% or more of either (x) the then outstanding shares of the Company (the “*Outstanding Company Shares*”) or (y) the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the “*Outstanding Company Voting Securities*”); *provided, however*, that for purposes of this subsection (i), the following acquisitions shall not constitute a Change of Control: (1) any acquisition directly from the Company, (2) any acquisition by the Company, (3) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation or other entity controlled by the Company or (4) any acquisition by any corporation or other entity pursuant to a transaction which complies with clauses (x) and (y) of subsection (iii) of this definition; or

(ii) Individuals who, as of the Effective Date, constitute the Board (the “*Incumbent Board*”) cease for any reason to constitute at least a majority of the Board; *provided, however*, that for purposes of this definition any individual becoming a director subsequent to the Effective Date whose election, or nomination for election by the Company’s shareholders, was approved by

a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board; or

(iii) Consummation of a scheme of arrangement, reorganization, merger, demerger, conversion or consolidation or sale or other disposition of all or substantially all of the assets of the Company (a "*Business Combination*"), in each case, unless, following such Business Combination, (x) all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Company Shares and Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 50% of, respectively, the then outstanding shares or shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation or other entity resulting from such Business Combination (including, without limitation, a corporation or other entity which as a result of such transaction owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Business Combination of the Outstanding Company Shares and Outstanding Company Voting Securities, as the case may be, and (y) at least a majority of the members of the board of directors of the corporation resulting from such Business Combination were members of the Incumbent Board at the time of the action of the Board providing for such Business Combination; or

(iv) Approval by the shareholders of the Company of a complete liquidation or dissolution of the Company.

"*Code*" means the Internal Revenue Code of 1986, as amended from time to time.

"*Committee*" means the Compensation Committee of the Board, and any successor committee thereto or such other committee of the Board as may be designated by the Board to administer this Plan in whole or in part including any subcommittee of the Board as designated by the Board.

"*Company*" means Transocean Ltd., a Swiss corporation, or any successor thereto.

"*Director*" means an individual serving as a member of the Board who is not an Employee.

"*Director Award*" means the grant of any Award (other than an Option, SAR or Cash Award) to a Participant who is a Director pursuant to such applicable terms, conditions, and limitations established by the Board.

"*Dividend Equivalents*" means, in the case of Restricted Share Units or Performance Units settled in Shares, an amount equal to all dividends and other distributions (or the economic equivalent thereof) that are payable to shareholders of record during the Restriction Period or performance period, as applicable, on a like number of Shares that are subject to the Award. Dividend Equivalents may be payable in cash or in any form determined by the Committee in its absolute discretion.

"*Employee*" means an employee of the Company or any of its Subsidiaries.

"*Employee Award*" means the grant of any Award, whether granted singly, in combination, or in tandem, to an Employee pursuant to such applicable terms, conditions, and limitations established by the Committee.

"*Exchange Act*" means the Securities Exchange Act of 1934, as amended from time to time.

"*Exercise Price*" means the price at which a Participant may exercise an Option or SAR.

"*Fair Market Value*" means, as of any day, the closing price of the Shares on such day (or on the next preceding business day, if such day is not a business day or if no trading occurred on such day) as reported on the New York Stock Exchange or on such other securities exchange or reporting system as may be designated by the Committee. In the event that the price of a Share shall not be so reported, the Fair Market Value of a Share shall be determined by the Committee in its absolute discretion.

"Grant Date" means the date an Award is granted to a Participant pursuant to this Plan.

"Incentive Stock Option" means an Option that is intended to comply with the requirements set forth in Code Section 422.

"Nonqualified Stock Option" means an Option that is not intended to comply with the requirements set forth in Code Section 422.

"Option" means a right to purchase a specified number of Shares at a specified Exercise Price, which is either an Incentive Stock Option or a Nonqualified Stock Option.

"Participant" means an Employee or Director to whom an Award has been made under this Plan.

"Performance Award" means an Award made pursuant to this Plan to a Participant which is subject to the attainment of one or more Performance Objectives.

"Performance Objective" means one or more standards established by the Committee to determine in whole or in part whether a Performance Award shall be earned.

"Performance Unit" means a unit evidencing the right to receive in specified circumstances one Share or equivalent value in cash, determined as a function of the extent to which established performance criteria have been satisfied.

"Performance Unit Award" means an Award in the form of Performance Units.

"Prior Plan" means the Long-Term Incentive Plan of Transocean Ltd., as amended and restated as of February 12, 2009.

"Restricted Share Award" means an Award in the form of Restricted Shares.

"Restricted Shares" means a Share that is restricted or subject to forfeiture provisions.

"Restricted Share Unit" means a unit evidencing the right to receive in specified circumstances one Share or equivalent value in cash that is restricted or subject to forfeiture provisions.

"Restricted Share Unit Award" means an Award in the form of Restricted Share Units.

"Restriction Period" means a period of time beginning as of the date upon which a Restricted Share Award or Restricted Share Unit Award is made pursuant to this Plan and ending as of the date upon which such Award is no longer restricted or subject to forfeiture provisions.

"Share Appreciation Right" or *"SAR"* means a right to receive a payment, in cash or Shares, equal to the excess of the Fair Market Value of a specified number of Shares on the date the right is exercised over a specified Exercise Price.

"Share-Based Award" means an Award in the form of Shares, including a Restricted Share Award, a Restricted Share Unit Award or Performance Unit Award that may be settled in Shares, and excluding Options and SARs.

"Share-Based Award Limitations" has the meaning set forth in Paragraph 5(f)(ii).

"Shares" means the registered shares, par value 0.10 Swiss francs per share, of the Company.

"Subsidiary" means any entity, including partnerships and joint ventures, in which the Company has a significant ownership interest, as determined by the Committee.

4. **Eligibility.** All Employees are eligible for Employee Awards under this Plan. All Directors are eligible for Director Awards under this Plan. The Committee (or the Board, in the case of Director Awards) shall determine the type or types of Awards to be made under this Plan and shall designate from time to time the Employees or Directors who are to be granted Awards under this Plan.

5. **Shares Available for Awards; Award Limitations.**

(a) *Shares Initially Available for Awards.* Subject to the provisions of Paragraph 15 hereof, there shall be available for Awards under this Plan granted wholly or partly in Shares (including rights or Options that may be exercised for or settled in Shares) an aggregate of 84,500,000 Shares plus the 1,212,966 Shares remaining available for awards under the Prior Plan

as of the Effective Date, all of which shall be available for Incentive Stock Options. Each Share issued pursuant to an award of Restricted Shares or Restricted Share Units (including those designated as Performance Awards) granted on or after the Effective Date shall reduce the Available Shares by 1.68.

(b) *Shares Again Available for Awards.* If an Award expires or is terminated, cancelled or forfeited, the Shares associated with the expired, terminated, cancelled or forfeited Award shall again be available for Awards under this Plan. Notwithstanding the foregoing, the following Shares shall not become available for Awards under this Plan: (i) Shares tendered by a Participant or withheld by the Company for payment of an Exercise Price, (ii) Shares tendered by a Participant or withheld by the Company to satisfy the Company's tax withholding obligation in connection with an Award, (iii) Shares reacquired in the open market or otherwise using cash proceeds from the exercise of Options, and (iv) Shares that are not issued to a Participant due to a net settlement of an Award. For purposes of clarity, SARs and Options shall be counted in full against the Shares available for issuance under this Plan, regardless of the number of Shares issued upon settlement of the SARs and Options.

(c) *Prior Plan.* Shares represented by awards granted under the Prior Plan that are forfeited, expired or canceled without delivery of Shares shall again become available for Awards under this Plan, with each such Share that relates to (i) awards of Options or SARs granted at any time or awards of Restricted Shares, Restricted Share Units, or Performance Units granted prior to May 15, 2009, increasing the Shares available for Awards under this Plan by 1.00 Share and (ii) awards of Restricted Shares, Restricted Share Units, or Performance Units granted on or after May 15, 2009, increasing the Shares available for Awards under this Plan by 1.68 Shares.

(d) *Substitute Awards.* The foregoing notwithstanding, subject to applicable securities exchange listing requirements, the number of Shares available for Awards shall not be reduced by (x) Shares issued under Awards granted in assumption, substitution or exchange for previously granted awards of a company acquired by the Company and (y) available shares under a shareholder approved plan of an acquired company (as appropriately adjusted to reflect the transaction) and such shares shall be available for Awards under this Plan.

(e) *Authority.* The Board and the appropriate officers of the Company shall from time to time take whatever actions are necessary to file any required documents with governmental authorities, stock exchanges and transaction reporting systems to ensure that Shares are available for issuance pursuant to Awards.

(f) *Award Limitations.* Notwithstanding anything to the contrary contained in this Plan, the following limitations shall apply to any Awards made hereunder:

(i) No Employee may be granted during any calendar year Awards consisting of Options or SARs that are exercisable with respect to Shares with an aggregate Fair Market Value in excess of \$10,000,000 taking into account the date of grant value of the Shares subject to, and without regard to the Exercise Price associated with, such Awards;

(ii) No Employee may be granted during any calendar year Awards that are Share-Based Awards with an aggregate Fair Market Value in excess of \$10,000,000 taking into account the date of grant value of the Shares subject to such Awards (the limitation set forth in this clause (ii), together with the limitation set forth in clause (i) above, being hereinafter collectively referred to as the "*Share-Based Award Limitations*");

(iii) No Employee may be granted during any calendar year Awards that may be settled solely in cash having a value determined on the Grant Date in excess of \$5,000,000; and

(iv) No Director may be granted during any calendar year Director Awards having a value determined on the Grant Date in excess of \$1,000,000.

Shares delivered by the Company in settlement of Awards may be authorized and unissued Shares (Shares issued out of the Company's authorized or conditional share capital), Shares held in the treasury of the Company, Shares purchased on the open market or by private purchase or any combination of the foregoing.

6. Administration.

(a) *Authority of the Committee.* Except as otherwise provided in this Plan with respect to actions or determinations by the Board, this Plan shall be administered by the Committee; *provided, however,* that (i) any and all members of the Committee shall satisfy any independence requirements prescribed by any stock exchange on which the Company lists its Shares; and (ii) Awards may be granted to individuals who are subject to Section 16(b) of the Exchange Act only if the Committee is composed solely of two or more "Non-Employee Directors" as defined in Securities and Exchange Commission Rule 16b-3 (as amended from time to time, and any successor rule, regulation or statute fulfilling the same or similar function). Subject to the provisions hereof, the Committee shall have full and exclusive power and authority to administer this Plan and to take all actions that are specifically contemplated hereby or are necessary or appropriate in connection with the administration hereof. The Committee shall also have full and exclusive power to interpret this Plan and to adopt such rules, regulations and guidelines for carrying out this Plan as it may deem necessary or proper, all of which powers shall be exercised in the best interests of the Company and in keeping with the objectives of this Plan. Subject to Paragraph 6(c) hereof, the Committee may, in its discretion, (x) provide for the extension of the exercisability of an Award, or (y) in the event of death, disability, retirement or any other termination event, accelerate the vesting or exercisability of an Award, eliminate or make less restrictive any restrictions contained in an Award, waive any restriction or other provision of this Plan or an Award or otherwise amend or modify an Award in any manner that is, in either case, (i) not materially adverse to the Participant to whom such Award was granted, (ii) consented to by such Participant or (iii) authorized by Paragraph 15(c) hereof; *provided, however,* that except as expressly provided in Paragraph 8(b) or 8(c) hereof, no such action shall permit the term of any Option or SAR to be greater than 10 years from its Grant Date. The Committee may correct any defect or supply any omission or reconcile any inconsistency in this Plan or in any Award Agreement in the manner and to the extent the Committee deems necessary or desirable to further this Plan's purposes. Any decision of the Committee in the interpretation and administration of this Plan shall lie within its sole and absolute discretion and shall be final, conclusive and binding on all parties concerned. The Board shall have the same powers as the Committee with respect to Director Awards.

(b) *Indemnity.* No member of the Board or the Chief Executive Officer of the Company to whom the Committee has delegated authority in accordance with the provisions of Paragraph 7 of this Plan shall be liable for anything done or omitted to be done by such person, by any member of the Board or the Committee or by any officer of the Company in connection with the performance of any duties under this Plan, except for his own willful misconduct or as expressly provided by statute.

(c) *Prohibition on Repricing of Awards.* Except for adjustments made pursuant to Paragraph 15, in no event will the Committee, without first obtaining approval by the majority of the shareholders of the Company, (i) decrease the Exercise Price of an Option or SAR after the Grant Date; (ii) accept for surrender to the Company any outstanding Option or SAR granted under this Plan as consideration for the grant of a new Option or SAR with a lower Exercise Price or for the grant of any other Award; (iii) repurchase from Participants whether for cash or any other consideration any outstanding Options or SARs that have an Exercise Price per share higher than the then current Fair Market Value of a Share; or (iv) grant any Option or SAR that contains a so-called "reload" feature under which additional Options, SARs or other Awards are granted automatically to the Participant upon exercise of the original Option or SAR.

(d) *Minimum Vesting or Restriction Period.* Subject to Paragraph 6(a) hereof, all Awards shall have a minimum vesting period or Restriction Period, as applicable, of one year from the Grant Date; provided, however, that Awards with respect to up to five percent (5%) of the Shares

available for Awards pursuant to this Plan (subject to adjustment as provided in Paragraph 15) may be issued pursuant to Awards without regard to the limitations of this Paragraph 6(d).

7. ***Delegation of Authority.*** The Committee may delegate any of its authority to grant Awards to Employees who are not subject to Section 16(b) of the Exchange Act subject to Paragraph 6(a) above, to the Board or the Chief Executive Officer of the Company, provided such delegation is made in writing and specifically sets forth such delegated authority. The Committee and the Board, as applicable, may engage or authorize the engagement of a third party administrator to carry out administrative functions under this Plan. Any such delegation hereunder shall only be made to the extent permitted by applicable law.

8. ***Employee Awards.***

(a) ***Award Provisions.*** The Committee shall determine the type or types of Employee Awards to be made under this Plan and shall designate from time to time the Employees who are to be the recipients of such Awards. Each Employee Award shall be embodied in an Award Agreement, which shall contain such terms, conditions and limitations as shall be determined by the Committee, in its sole discretion, and, if required by the Committee, shall be signed by the Participant to whom the Award is granted and by the Company. Awards may consist of those listed in this Paragraph 8 and may be granted singly, in combination or in tandem. Awards may also be made in combination or in tandem with, in replacement of, or as alternatives to, grants or rights under this Plan or any other plan of the Company or any of its Subsidiaries, including the plan of any acquired entity. All or part of an Award may be subject to conditions established by the Committee. Upon the termination of employment by a Participant who is an Employee, any unexercised, unvested or unpaid Awards shall be treated as set forth in the applicable Award Agreement or in any other written agreement the Company has entered into with the Participant.

(b) ***Options.*** An Employee Award may be in the form of an Option. An Option awarded pursuant to this Plan may consist of either an Incentive Stock Option or a Nonqualified Stock Option. The Exercise Price of an Option shall be not less than the Fair Market Value of the Shares on the Grant Date, subject to adjustment as provided in Paragraph 15 hereof. The term of an Option shall not exceed 10 years from the Grant Date. Subject to the foregoing provisions, the terms, conditions and limitations applicable to any Option, including, but not limited to, the term of any Option and the date or dates upon which the Option becomes vested and exercisable, shall be determined by the Committee.

(c) ***Share Appreciation Rights.*** An Employee Award may be in the form of an SAR. The Exercise Price for an SAR shall not be less than the Fair Market Value of the Shares on the Grant Date, subject to adjustment as provided in Paragraph 15 hereof. The holder of a tandem SAR may elect to exercise either the Option or the SAR, but not both. The exercise period for an SAR shall extend no more than 10 years after the Grant Date. Subject to the foregoing provisions, the terms, conditions, and limitations applicable to any SAR, including, but not limited to, the term of any SAR and the date or dates upon which the SAR becomes vested and exercisable, shall be determined by the Committee.

(d) ***Restricted Share Awards.*** An Employee Award may be in the form of a Restricted Share Award. The terms, conditions and limitations applicable to any Restricted Share Award, including, but not limited to, the Restriction Period, shall be determined by the Committee.

(e) ***Restricted Share Unit Awards.*** An Employee Award may be in the form of a Restricted Share Unit Award. The terms, conditions and limitations applicable to a Restricted Share Unit Award, including, but not limited to, the Restriction Period, shall be determined by the Committee. Subject to the terms of this Plan, the Committee, in its sole discretion, may settle Restricted Share Units in the form of cash or in Shares (or in a combination thereof) equal to the value of the vested Restricted Share Units.

(f) *Performance Unit Awards.* An Employee Award may be in the form of a Performance Unit Award. Subject to the terms of this Plan, after the applicable performance period has ended, the Participant shall be entitled to receive settlement of the value and number of Performance Units earned by the Participant over the performance period, as determined based on the extent to which the corresponding performance objectives have been achieved. Settlement of earned Performance Units shall be as determined by the Committee and as evidenced in an Award Agreement. Subject to the terms of this Plan, the Committee, in its sole discretion, may settle earned Performance Units in the form of cash or in Shares (or in a combination thereof) equal to the value of the earned Performance Units as soon as practicable after the end of the performance period and following the Committee's determination of actual performance against the performance measures and related goals established by the Committee.

(g) *Cash Awards.* An Employee Award may be in the form of a Cash Award. The terms, conditions and limitations applicable to a Cash Award, including, but not limited to, vesting or other restrictions, shall be determined by the Committee.

(h) *Performance Awards.* Without limiting the type or number of Awards that may be made under the other provisions of this Plan, an Employee Award may be in the form of a Performance Award. The terms, conditions and limitations applicable to an Award that is a Performance Award shall be determined by the Committee. The Committee shall set Performance Objectives in its discretion which, depending on the extent to which they are met, will determine the value and/or amount of Performance Awards that will be paid out to the Participant and/or the portion of an Award that may be exercised. One or more Performance Objectives may apply to the Employee, one or more business units, divisions or sectors of the Company, or the Company as a whole, and if so desired by the Committee, by comparison with a peer group of companies. A Performance Objective shall include one or more of the following: (1) increased revenue; (2) net income measures (including but not limited to income after capital costs and income before or after taxes); (3) Share price measures (including but not limited to growth measures and total shareholder return); price per Share; market share; earnings per Share (actual or targeted growth); (4) earnings before interest, taxes, depreciation, and amortization ("EBITDA"); (5) economic value added (or an equivalent metric); (6) market value added; (7) debt to equity ratio; (8) cash flow measures (including but not limited to cash flow return on capital, cash flow return on tangible capital, net cash flow and net cash flow before financing activities cash flow value added, cash flow return on market capitalization); (9) return measures (including but not limited to return on equity, return on average assets, return on capital, risk-adjusted return on capital, return on investors' capital and return on average equity); (10) operating measures (including operating income, funds from operations, cash from operations, after-tax operating income; sales volumes, production volumes and production efficiency); (11) expense measures (including but not limited to overhead cost and general and administrative expense cost control and project management); (12) margins; (13) shareholder value; (14) total shareholder return; (15) proceeds from dispositions; (16) total market value and corporate values measures (including ethics compliance, environmental, human resources development and safety); and (17) any other measure determined by the Committee. Unless otherwise stated, such a Performance Objective need not be based upon an increase or positive result under a particular business criterion and could include, for example, maintaining the status quo or limiting economic losses (measured, in each case, by reference to specific business criteria).

9. *Director Awards.* The Board has the sole authority to grant Director Awards from time to time in accordance with this Paragraph 9. Director Awards may consist of the forms of Award described in Paragraph 8, with the exception of Options, SARs, Performance Awards and Cash Awards, and shall be granted subject to such terms and conditions as specified in Paragraph 8. Each Director Award may, in the discretion of the Board, be embodied in an Award Agreement, which shall contain such terms, conditions, and limitations as shall be determined by the Board, in its sole discretion.

10. *Award Payment; Dividends and Dividend Equivalents.*

(a) *General.* Payment of Awards may be made in the form of cash or Shares, or a combination thereof, and may include such restrictions as the Committee (or the Board, in the case

of Director Awards) shall determine, including, but not limited to, in the case of Shares, restrictions on transfer and forfeiture provisions. For a Restricted Share Award, the certificates evidencing the shares of such Restricted Shares (to the extent that such shares are so evidenced) shall contain appropriate legends and restrictions that describe the terms and conditions of the restrictions applicable thereto. For a Restricted Share Unit Award that may be settled in Shares, the Shares that may be issued at the end of the Restriction Period shall be evidenced by book entry registration or in such other manner as the Committee may determine.

(b) ***Dividends and Dividend Equivalents.*** Rights to (i) dividends will be extended to and made part of any Restricted Share Award and (ii) Dividend Equivalents may be extended to and made part of any Restricted Share Unit Award and Performance Unit Award, subject in each case to such terms, conditions and restrictions as the Committee may establish; *provided, however*, that (x) no such Dividends shall be paid with respect to unvested Restricted Shares and (y) no such Dividend Equivalents shall be paid with respect to unvested Restricted Share Unit Awards or Performance Unit Awards. Dividends or Dividend Equivalents with respect to unvested Restricted Shares, Restricted Share Unit Awards or Performance Unit Awards may, in the discretion of the Committee, be accumulated and paid to the Participant at the time that such Restricted Shares, Restricted Share Unit Award or Performance Unit Award vests. Dividends and/or Dividend Equivalents shall not be made part of any Options or SARs.

11. ***Option Exercise.*** The Exercise Price shall be paid in full at the time of exercise in cash or, if permitted by the Committee and elected by the Participant, the Participant may purchase such shares by means of the Company withholding Shares otherwise deliverable on exercise of the Award or tendering Shares valued at Fair Market Value on the date of exercise, or any combination thereof. The Committee, in its sole discretion, shall determine acceptable methods for Participants to tender Shares or other Awards. The Committee may provide for procedures to permit the exercise or purchase of such Awards by use of the proceeds to be received from the sale of Shares issuable pursuant to an Award (including cashless exercise procedures approved by the Committee involving a broker or dealer approved by the Committee). The Committee may adopt additional rules and procedures regarding the exercise of Options from time to time, provided that such rules and procedures are not inconsistent with the provisions of this Paragraph 11.

12. ***Taxes.*** The Company shall have the right to deduct applicable taxes from any Award payment and withhold, at the time of delivery or vesting of cash or Shares under this Plan, an appropriate amount of cash or number of Shares or a combination thereof for payment of required withholding taxes or to take such other action as may be necessary in the opinion of the Company to satisfy all obligations for withholding of such taxes; provided, however, that the number of Shares withheld for payment of required withholding taxes must equal no more than the required minimum withholding taxes. The Committee may also permit withholding to be satisfied by the transfer to the Company of Shares theretofore owned by the holder of the Award with respect to which withholding is required. If Shares are used to satisfy tax withholding, such Shares shall be valued based on the Fair Market Value when the tax withholding is required to be made.

13. ***Amendment, Modification, Suspension or Termination.*** The Board may amend, modify, suspend or terminate this Plan (and the Committee may amend an Award Agreement) for the purpose of meeting or addressing any changes in legal requirements or for any other purpose permitted by law, except that (i) no amendment or alteration that would materially adversely affect the rights of any Participant under any Award previously granted to such Participant shall be made without the consent of such Participant and (ii) no amendment or alteration shall be effective prior to its approval by the shareholders of the Company to the extent shareholder approval is otherwise required by applicable legal requirements or the requirements of the securities exchange on which the Company's shares are listed, including any amendment that expands the types of Awards available under this Plan, materially increases the number of Shares available for Awards under this Plan, materially expands the classes of persons eligible for Awards under this Plan, materially extends the term of this Plan, materially changes the method of determining the Exercise Price of Options, or deletes or limits any provisions of this Plan that prohibit the repricing of Options or SARs.

14. **Assignability.** Unless otherwise determined by the Committee (or the Board in the case of Director Awards) or expressly provided for in an Award Agreement, no Award or any other benefit under this Plan shall be assignable or otherwise transferable except (i) by will or the laws of descent and distribution or (ii) pursuant to a domestic relations order issued by a court of competent jurisdiction that is not contrary to the terms and conditions of this Plan or applicable Award and in a form acceptable to the Committee. The Committee may prescribe and include in applicable Award Agreements other restrictions on transfer. Any attempted assignment of an Award or any other benefit under this Plan in violation of this Paragraph 14 shall be null and void. Notwithstanding the foregoing, no Award may be transferred for value or consideration.

15. **Adjustments.**

(a) The existence of outstanding Awards shall not affect in any manner the right or power of the Company or its shareholders to make or authorize any or all adjustments, recapitalizations, reorganizations or other changes in the capital stock of the Company or its business or any merger or consolidation of the Company, or any issue of bonds, debentures, preferred or prior preference stock (whether or not such issue is prior to, on a parity with or junior to Shares) or the dissolution or liquidation of the Company, or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding of any kind, whether or not of a character similar to that of the acts or proceedings enumerated above.

(b) In the event of any subdivision or consolidation of outstanding Shares, declaration of a dividend payable in Shares, combination of shares, or other stock split, then (1) the number of Shares reserved under this Plan, (2) the number of Shares covered by outstanding Awards in the form of Shares or units denominated in Shares, (3) the Exercise Price or other price in respect of such Awards, (4) the Share-Based Award Limitations, and (5) the appropriate Fair Market Value and other price determinations for such Awards shall each be proportionately adjusted by the Committee as appropriate to reflect such transaction. In the event of any other recapitalization or capital reorganization of the Company, any consolidation or merger of the Company with another corporation or entity, the adoption by the Company of any plan of exchange affecting the Shares, rights offer, dissolution, demerger, conversion, spin-off, or any distribution to holders of Shares of securities or property (other than normal cash dividends or dividends payable in Shares), the Committee shall make appropriate adjustments to (i) the number of Shares reserved under this Plan, (ii) the number and kind of Shares covered by Awards in the form of Shares or units denominated in Shares, (iii) the Exercise Price or other price in respect of such Awards, (iv) the appropriate Fair Market Value and other price determinations for such Awards, and (v) the Share-Based Award Limitations to reflect such transaction; provided that such adjustments shall only be such as are necessary to maintain the proportionate interest of the holders of the Awards and preserve, without increasing, the value of such Awards.

(c) In the event of a corporate merger, consolidation, acquisition of property or stock, separation, reorganization or liquidation, the Committee may make such adjustments to Awards or other provisions for the disposition of Awards as it deems equitable, and shall be authorized, in its discretion, (i) to provide for the substitution of a new Award or other arrangement (which, if applicable, may be exercisable for such property or stock as the Committee determines) for an Award or the assumption of the Award, regardless of whether in a transaction to which Code Section 424(a) applies, (ii) to provide, prior to the transaction, for the acceleration of the vesting and exercisability of, or lapse of restrictions with respect to, the Award and, if the transaction is a cash merger, provide for the termination of any portion of the Award that remains unexercised at the time of such transaction, or (iii) to cancel any such Awards and to deliver to the Participants cash in an amount that the Committee shall determine in its sole discretion is equal to the Fair Market Value of such Awards on the date of such event, which in the case of Options or Share Appreciation Rights shall be the excess (if any) of the Fair Market Value of Shares on such date over the Exercise Price of such Award.

(d) No adjustment or substitution pursuant to this Paragraph 15 shall be made in a manner that results in noncompliance with the requirements of Code Section 409A, to the extent applicable.

16. **Restrictions.** No Shares or other form of payment shall be issued with respect to any Award unless the Company shall be satisfied based on the advice of its counsel that such issuance will be in compliance with applicable federal and state securities and other laws. Certificates evidencing Shares delivered under this Plan (to the extent that such Shares are so evidenced) may be subject to such stop transfer orders and other restrictions as the Committee may deem advisable under the rules, regulations and other requirements of the Securities and Exchange Commission, any securities exchange or transaction reporting system upon which the Shares are then listed or to which it is admitted for quotation and any applicable federal or state securities or other laws. The Committee may cause a legend or legends to be placed upon such certificates (if any) to make appropriate reference to such restrictions.

17. **Unfunded Plan.** This Plan is unfunded. Although bookkeeping accounts may be established with respect to Participants who are entitled to cash, Shares or rights thereto under this Plan, any such accounts shall be used merely as a bookkeeping convenience. The Company shall not be required to segregate any assets that may at any time be represented by cash, Shares or rights thereto, nor shall this Plan be construed as providing for such segregation, nor shall the Company, the Board or the Committee be deemed to be a trustee of any cash, Shares or rights thereto to be granted under this Plan. Any liability or obligation of the Company to any Participant with respect to an Award of cash, Shares or rights thereto under this Plan shall be based solely upon any contractual obligations that may be created by this Plan and any Award Agreement, and no such liability or obligation of the Company shall be deemed to be secured by any pledge or other encumbrance on any property of the Company. None of the Company, the Board or the Committee shall be required to give any security or bond for the performance of any obligation that may be created by this Plan. With respect to this Plan and any Awards granted hereunder, Participants are general and unsecured creditors of the Company and have no rights or claims except as otherwise provided in this Plan or any applicable Award Agreement.

18. **Code Section 409A.**

(a) Awards made under this Plan are intended to comply with or be exempt from Code Section 409A, and ambiguous provisions hereof, if any, shall be construed and interpreted in a manner consistent with such intent. No payment, benefit or consideration shall be substituted for an Award if such action would result in the imposition of taxes under Code Section 409A. Notwithstanding anything in this Plan to the contrary, if any Plan provision or Award under this Plan would result in the imposition of an additional tax under Code Section 409A, that Plan provision or Award shall be reformed, to the extent permissible under Code Section 409A, to avoid imposition of the additional tax, and no such action shall be deemed to adversely affect the Participant's rights to an Award.

(b) Unless the Committee provides otherwise in an Award Agreement, each Restricted Share Unit Award, Performance Unit Award or Cash Award (or portion thereof if the Award is subject to a vesting schedule) shall be settled no later than the 15th day of the third month after the end of the first calendar year in which the Award (or such portion thereof) is no longer subject to a "substantial risk of forfeiture" within the meaning of Code Section 409A. If the Committee determines that a Restricted Share Unit Award, Performance Unit Award or Cash Award is intended to be subject to Code Section 409A, the applicable Award Agreement shall include terms that are designed to satisfy the requirements of Code Section 409A.

(c) If the Participant is identified by the Company as a "specified employee" within the meaning of Code Section 409A(a)(2)(B)(i) on the date on which the Participant has a "separation from service" (other than due to death) within the meaning of Treasury Regulation § 1.409A-1(h), any Award payable or settled on account of a separation from service that is deferred compensation subject to Code Section 409A shall be paid or settled on the earliest of (i) the first business day following the expiration of six months from the Participant's separation from service, (ii) the date of

the Participant's death, or (iii) such earlier date as complies with the requirements of Code Section 409A.

19. **Governing Law.** This Plan and all determinations made and actions taken pursuant hereto, to the extent not otherwise governed by mandatory provisions of the Code or the securities laws of the United States, shall be governed by and construed in accordance with the laws of the State of Texas.

20. **No Right to Continued Service or Employment.** Nothing in this Plan or an Award Agreement shall interfere with or limit in any way the right of the Company or any of its Subsidiaries to terminate any Participant's employment or other service relationship with the Company or its Subsidiaries at any time, nor confer upon any Participant any right to continue in the capacity in which such Participant is employed or otherwise serves the Company or its Subsidiaries.

21. **Non-Uniform Determinations.** Determinations by the Committee or the Board under this Plan (including, without limitation, determinations of the persons to receive Awards under this Plan; the form, amount and timing of such Awards; the terms and provisions of such Award Agreements evidencing same; and provisions with respect to termination of employment or service) need not be uniform and may be made by it selectively among persons who receive, or are eligible to receive, Awards under this Plan, whether or not such persons are similarly situated.

22. **Clawback Right.** Notwithstanding any other provisions in this Plan, any Award shall be subject to recovery or clawback by the Company under the Company's Incentive Compensation Recoupment Policy or any other clawback policy adopted by the Company whether before or after the Grant Date of the Award.

23. **Usage.** Words used in this Plan in the singular shall include the plural and in the plural the singular, and the gender of words used shall be construed to include whichever gender may be appropriate under any particular circumstance.

24. **Headings.** The headings in this Plan are inserted for convenience of reference only and shall not affect the meaning or interpretation of this Plan.

25. **Effectiveness.** This Plan was initially approved by the holders of a majority of Shares present, or represented, and entitled to vote at the 2015 Annual General Meeting of the Company's shareholders and became effective as of the Effective Date. The Plan was thereafter amended and restated and approved by the holders of a majority of Shares, present, or represented, and entitled to vote at the 2020 Annual General Meeting of the Company's shareholders, effective May 7, 2020. The Plan was thereafter amended and restated effective May 8, 2020. The Plan was further amended and restated and approved by the holders of a majority of Shares present, or represented, and entitled to vote at the 2021 Annual General Meeting of the Company's shareholders, effective _____, 2021. This Plan shall continue until terminated by action of the Board.

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Annex A

Amendment to Article 5 of the Articles of Association (Authorized Share Capital)

	Artikel 5		Article 5
Genehmigtes Aktienkapital	<p>1 Der Verwaltungsrat ist ermächtigt, das Aktienkapital jederzeit bis zum 27. Mai 2023 im Maximalbetrag von CHF 20,570,285 durch Ausgabe von höchstens 205,702,850 vollständig zu liberierenden Aktien mit einem Nennwert von je CHF 0.10 zu erhöhen. Eine Erhöhung (i) auf dem Weg einer Festübernahme durch eine Bank, ein Bankenkonsortium oder Dritte und eines anschliessenden Angebots an die bisherigen Aktionäre sowie (ii) in Teilbeträgen ist zulässig.</p> <p>2 Der Verwaltungsrat legt den Zeitpunkt der Ausgabe, den Ausgabebetrag, die Art, wie die neuen Aktien zu liberieren sind, den Beginn der Dividendenberechtigung, die Bedingungen für die Ausübung der Bezugsrechte sowie die Zuteilung der Bezugsrechte, welche nicht ausgeübt wurden, fest. Nicht-ausgeübte Bezugsrechte kann der Verwaltungsrat verfallen lassen, oder er kann diese bzw. Aktien, für welche Bezugsrechte eingeräumt, aber nicht ausgeübt werden, zu Marktkonditionen platzieren oder anderweitig im Interesse der Gesellschaft verwenden.</p> <p>3 Der Verwaltungsrat ist ermächtigt, die Bezugsrechte der Aktionäre in Bezug auf höchstens 68,567,616 Aktien zu entziehen oder zu beschränken und diese einzelnen Aktionären oder Dritten zuzuweisen:</p> <p>(a) wenn der Ausgabebetrag der neuen Aktien unter Berücksichtigung des Marktpreises festgesetzt wird; oder</p>	Authorized Share Capital	<p>1 The Board of Directors is authorized to increase the share capital, at any time until May 27, 2023, by a maximum amount of CHF 20,570,285 by issuing a maximum of 205,702,850 fully paid up Shares with a par value of CHF 0.10 each. An increase of the share capital (i) by means of an offering underwritten by a financial institution, a syndicate of financial institutions or another third party or third parties, followed by an offer to the then-existing shareholders of the Company, and (ii) in partial amounts shall be permissible.</p> <p>2 The Board of Directors shall determine the time of the issuance, the issue price, the manner in which the new Shares have to be paid up, the date from which the Shares carry the right to dividends, the conditions for the exercise of the preemptive rights and the allotment of preemptive rights that have not been exercised. The Board of Directors may allow the preemptive rights that have not been exercised to expire, or it may place such rights or Shares, the preemptive rights of which have not been exercised, at market conditions or use them otherwise in the interest of the Company.</p> <p>3 The Board of Directors is authorized to withdraw or limit the preemptive rights of the shareholders with respect to a maximum of 68,567,616 Shares and to allot them to individual shareholders or third parties:</p> <p>(a) if the issue price of the new Shares is determined by reference to the market price; or</p>

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| <p>(b) für die Übernahme von Unternehmen, Unternehmensteilen oder Beteiligungen oder für die Finanzierung oder Refinanzierung solcher Transaktionen oder die Finanzierung von neuen Investitionsvorhaben der Gesellschaft; oder</p> <p>(c) zum Zwecke der Erweiterung des Aktionärskreises in bestimmten Finanz- oder Investoren-Märkten, zur Beteiligung von strategischen Partnern, oder im Zusammenhang mit der Kotierung von neuen Aktien an inländischen oder ausländischen Börsen; oder</p> <p>(d) für die Einräumung einer Mehrzuteilungsoption (<i>Greenshoe</i>) von bis zu 20% der zu platzierenden oder zu verkaufenden Aktien an die betreffenden Erstkäufer oder Festübernehmer im Rahmen einer Aktienplatzierung oder eines Aktienverkaufs; oder</p> <p>(e) für die Beteiligung von Mitgliedern des Verwaltungsrates, Mitglieder der Geschäftsleitung, Mitarbeitern, Beauftragten, Beratern oder anderen Personen, die für die Gesellschaft oder eine ihrer Tochtergesellschaften Leistungen erbringen.</p> <p>4 Die neuen Aktien unterliegen den Eintragungsbeschränkungen in das Aktienbuch von Artikel 7 und 9 dieser Statuten.</p> | <p>(b) for the acquisition of an enterprise, part(s) of an enterprise or participations, or for the financing or refinancing of any of such transactions, or for the financing of new investment plans of the Company; or</p> <p>(c) for purposes of broadening the shareholder constituency of the Company in certain financial or investor markets, for purposes of the participation of strategic partners, or in connection with the listing of new Shares on domestic or foreign stock exchanges; or</p> <p>(d) for purposes of granting an over-allotment option (<i>Greenshoe</i>) of up to 20% of the total number of Shares in a placement or sale of Shares to the respective initial purchaser(s) or underwriter(s); or</p> <p>(e) for the participation of members of the Board of Directors, members of the Executive Management Team, employees, contractors, consultants or other persons performing services for the benefit of the Company or any of its subsidiaries.</p> <p>4 The new Shares shall be subject to the limitations for registration in the share register pursuant to Articles 7 and 9 of these Articles of Association.</p> |
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TRANSOCEAN LTD.

COMPENSATION REPORT

For the years ended December 31, 2020 and 2019

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To the General Meeting of
Transocean Ltd., Steinhausen

Zurich, April 6, 2021

Report of the statutory auditor on the compensation report

We have audited the compensation report (pages CR-2 to CR-5) of Transocean Ltd. for the year ended December 31, 2020.



Board of Directors' responsibility

The Board of Directors is responsible for the preparation and overall fair presentation of the compensation report in accordance with Swiss law and the Ordinance. The Board of Directors is also responsible for designing the compensation system and defining individual compensation packages.



Auditor's responsibility

Our responsibility is to express an opinion on the compensation report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the compensation report complies with Swiss law and articles 14–16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the compensation report with regard to compensation, loans and credits in accordance with articles 14–16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the compensation report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of compensation, as well as assessing the overall presentation of the compensation report.

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



Opinion

In our opinion, the compensation report for the year ended December 31, 2020 of Transocean Ltd. complies with Swiss law and articles 14–16 of the Ordinance.

Ernst & Young Ltd

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

/s/ Ralph Petermann
Certified public accountant

TRANSOCEAN LTD. COMPENSATION REPORT

GENERAL

Transocean Ltd. ("Transocean", "we", "us", or "our") is the parent company of Transocean Inc. and Transocean Management Services GmbH, our direct wholly-owned subsidiaries. Transocean is registered with the commercial register in the canton of Zug, and its shares are listed on the New York Stock Exchange ("NYSE"). We are thus bound by the legal and regulatory requirements of both the United States of America ("U.S.") and Switzerland.

This Compensation Report reflects the requirements of Articles 13–16 of the Swiss Federal Ordinance Against Excessive Compensation in Public Corporations, and discloses any compensation paid to our members of the Board of Directors and the Executive Management Team for the years ended December 31, 2020 and 2019. For a description of our governance framework relating to executive and director compensation, please refer to page P-62 et seq. of our 2021 Proxy Statement under the caption "Executive and Director Compensation Process." For a description of our directors' compensation principles, please refer to page P-71 et seq. of our 2020 Proxy Statement under the captions "Director Compensation Strategy" and "2020 Director Compensation." For a description of our Executive Management Team compensation principles, please refer to page P-77 et seq. of our 2021 Proxy Statement under the caption "Compensation Discussion and Analysis."

For the years ended December 31, 2020 and 2019, we have presented all compensation amounts in U.S. dollars and Swiss francs using the average annual currency exchange rate of USD 1.00 to CHF 0.95 and CHF 0.99, respectively.

BOARD OF DIRECTORS' COMPENSATION

Our Board of Directors is paid in U.S. dollars and our non-employee directors were eligible to receive compensation as follows:

	Year ended December 31, 2020		Year ended December 31, 2019	
	Payment currency	Swiss franc equivalent	Payment currency	Swiss franc equivalent
Annual retainer - non-employee chair	USD 275,000	CHF 260,343	USD 325,000	CHF 323,245
Annual retainer - non-employee vice chair	—	—	—	—
Annual retainer - non-employee directors	100,000	94,670	100,000	99,460
Grant of restricted share units - non-employee chair	275,000	260,343	325,000	323,245
Grant of restricted share units - non-employee vice chair	—	—	—	—
Grant of restricted share units - non-employee directors	210,000	198,807	210,000	208,866
Additional annual retainer for committee chairs:				
Audit Committee	35,000	33,135	35,000	34,811
Compensation Committee	20,000	18,934	20,000	19,892
Corporate Governance Committee, Finance Committee, and Health, Safety, Environment and Sustainability Committee	10,000	9,467	10,000	9,946

Our directors who are our employees do not receive compensation for board service. With the exception of Jeremy D. Thigpen, all of the directors on our Board of Directors receive compensation as non-employees. In addition to the directors' compensation, we pay or reimburse our directors for travel and incidental expenses incurred for attending board, committee, and shareholder meetings and for other company-related business purposes. No director served in the position of non-employee vice chair for the years ended December 31, 2020 and 2019.

We grant restricted share units to the non-employee chair and each non-employee director annually with an aggregate value presented above based upon the average of the high and low market prices of our shares for each of the 10 trading days preceding the date of grant. The restricted share units vest on the date first to occur of (i) the first anniversary of the date of grant or (ii) the annual general meeting next following the date of grant, subject to continued service through the vesting date. Vesting of the restricted share units is not subject to any performance measures. Each director may elect to receive the shares upon vesting or to defer shares until the director no longer serves on the board.

TRANSOCEAN LTD. COMPENSATION REPORT—continued

We paid to our non-employee directors total compensation as follows:

Name and function	Year ended December 31, 2020				Year ended December 31, 2019			
	Total compensation for board membership	Fees earned (a)	Restricted share units (value) (b)	Restricted share units (quantity)	Total compensation for board membership	Fees earned (a)	Restricted share units (value) (b)	Restricted share units (quantity)
Chadwick C. Deaton (c)	CHF 446,046	CHF 276,858	CHF 169,188	128,571	CHF 553,843	CHF 246,315	CHF 307,528	40,524
Chair of the board since May 9, 2019	USD 471,159	USD 292,445	USD 178,714		USD 556,851	USD 247,653	USD 309,198	
Glyn A. Barker (d)	257,004	127,805	129,199	98,182	332,984	134,271	198,713	26,185
Member of the board; chair of the audit committee; member of the finance committee; member of the compensation committee since May 8, 2020	271,473	135,000	136,473		334,792	135,000	199,792	
Vanessa C.L. Chang (c)	223,869	94,670	129,199	98,182	298,173	99,460	198,713	26,185
Member of the board; member of the audit committee; member of the corporate governance committee	236,473	100,000	136,473		299,792	100,000	199,792	
Frederico F. Curado (e)	233,336	104,137	129,199	98,182	304,279	105,566	198,713	26,185
Member of the board; chair of the health, safety, environment and sustainability committee; member of the corporate governance committee	246,473	110,000	136,473		305,931	106,139	199,792	
Diane de Saint Victor (f)	190,839	61,640	129,199	98,182	—	—	—	—
Member of the board, member of the audit committee, and member of the health, safety, environment and sustainability committee since May 8, 2020	201,583	65,110	136,473		—	—	—	
Vincent J. Intrieri (c)	233,336	104,137	129,199	98,182	308,119	109,406	198,713	26,185
Member of the board; chair of the corporate governance committee; member of the finance committee; member of the compensation committee until May 8, 2020	246,473	110,000	136,473		309,792	110,000	199,792	
Samuel Merksamer (c)	223,869	94,670	129,199	98,182	298,173	99,460	198,713	26,185
Member of the board; member of the finance committee; member of the compensation committee	236,473	100,000	136,473		299,792	100,000	199,792	
Frederik W. Mohn (g)	223,869	94,670	129,199	98,182	298,173	99,460	198,713	26,185
Member of the board; member of the audit committee; member of the health, safety, environment and sustainability committee	236,473	100,000	136,473		299,792	100,000	199,792	
Edward R. Muller (c)	233,336	104,137	129,199	98,182	308,119	109,406	198,713	26,185
Member of the board; chair of the finance committee; member of the audit committee	246,473	110,000	136,473		309,792	110,000	199,792	
Tan Ek Kia (h)	242,803	113,604	129,199	98,182	318,065	119,352	198,713	26,185
Member of the board; chair of the compensation committee; member of the health, safety, environment and sustainability committee	256,473	120,000	136,473		319,792	120,000	199,792	
Merrill A. "Pete" Miller, Jr (c) (i)	—	—	—	—	115,829	115,829	—	—
Chair of the board until May 9, 2019	—	—	—		116,458	116,458	—	
Total (CHF)	CHF 2,508,307	CHF 1,176,328	CHF 1,331,979		CHF 3,135,757	CHF 1,238,525	CHF 1,897,232	
Total (USD)	USD 2,649,526	USD 1,242,555	USD 1,406,971	1,012,209	USD 3,152,784	USD 1,245,250	USD 1,907,534	250,004

- (a) Fees earned include cash retainer fees.
- (b) For the years ended December 31, 2020 and 2019, we estimated the fair value of restricted share units to be USD 1.39 and USD 7.63, respectively, equivalent to CHF 1.32 and CHF 7.59, respectively, based on the market price of our shares as reported on the NYSE on the grant date.
- (c) Total compensation is not subject to employer-paid social taxes.
- (d) In addition to the total compensation presented above, Mr. Barker received compensation representing employer-paid U.K. social taxes. In the years ended December 31, 2020 and 2019, such employer-paid social taxes on Transocean compensation were USD 18,630 and USD 18,630, respectively, equivalent to CHF 17,637 and CHF 18,529, respectively.
- (e) In addition to the total compensation presented above, Mr. Curado received compensation representing employer-paid Swiss social taxes. In the years ended December 31, 2020 and 2019, such employer-paid social taxes were USD 9,928 and USD 9,398, respectively, equivalent to CHF 9,398 and CHF 8,387, respectively.
- (f) In addition to the total compensation presented above, Ms. de Saint Victor received compensation representing employer-paid Swiss social taxes. In the year ended December 31, 2020, such employer-paid social taxes were USD 4,689, equivalent to CHF 4,439.
- (g) In addition to the total compensation presented above, Mr. Mohn received compensation representing employer-paid Swiss social taxes. In the years ended December 31, 2020 and 2019, such employer-paid social taxes were USD 9,025 and USD 7,945, respectively, equivalent to CHF 8,544 and CHF 7,902, respectively.
- (h) In addition to the total compensation presented above, Mr. Tan received compensation representing employer-paid Swiss social taxes. In the years ended December 31, 2020 and 2019, such employer-paid social taxes were USD 8,585 and USD 7,343, respectively, equivalent to CHF 8,127 and CHF 7,303, respectively.
- (i) Effective May 9, 2019, Mr. Miller retired from the Board of Directors.

TRANSOCEAN LTD.
COMPENSATION REPORT—continued

EXECUTIVE MANAGEMENT TEAM COMPENSATION

Total compensation—We paid the members of our Executive Management Team total compensation as follows:

Name and function	Year ended December 31, 2020			Year ended December 31, 2019		
	Total salary and other non share-based compensation	Total share-based compensation	Total compensation	Total salary and other non share-based compensation	Total share-based compensation	Total compensation
Jeremy D. Thigpen Chief Executive Officer since April 22, 2015	CHF 3,383,629 USD 3,574,131	CHF 2,832,096 USD 2,991,546	CHF 6,215,725 USD 6,565,677	CHF 3,063,515 USD 3,080,148	CHF 6,908,924 USD 6,946,435	CHF 9,972,439 USD 10,026,583
Mark L. Mey Executive Vice President and Chief Financial Officer since May 28, 2015	2,015,023 2,128,471	1,092,379 1,153,881	3,107,402 3,282,352	1,859,868 1,869,965	2,664,868 2,679,337	4,524,736 4,549,302
Keelan I. Adamson Executive Vice President and Chief Operations Officer since August 10, 2018	1,483,908 1,567,454	849,630 897,464	2,333,538 2,464,918	1,367,813 1,375,239	1,776,571 1,786,217	3,144,384 3,161,456
John B. Stobart Executive Vice President and Chief Operating and Performance Officer until June 1, 2018	— —	— —	— —	1,464,404 1,472,354	— —	1,464,404 1,472,354
Total (CHF)	CHF 6,882,560	CHF 4,774,105	CHF 11,656,665	CHF 7,755,600	CHF 11,350,363	CHF 19,105,963
Total (USD)	USD 7,270,056	USD 5,042,891	USD 12,312,947	USD 7,797,706	USD 11,411,989	USD 19,209,695

Salary and other non-share-based compensation—We paid members of our Executive Management Team total salary and other non-share-based compensation, before deductions for employee social insurance and pension contributions, as follows:

Name	Year ended December 31, 2020					
	Base salary	Bonus (a)	Additional compensation	Employer's pension contributions	Retirement and social security benefits (b)	Total salary and other non share-based compensation
Jeremy D. Thigpen	CHF 946,700 USD 1,000,000	CHF 2,082,740 USD 2,200,000	CHF — USD —	CHF 262,709 USD 277,500	CHF 91,480 USD 96,631	CHF 3,383,629 USD 3,574,131
Mark L. Mey	719,492 760,000	1,076,360 1,136,960	— —	158,792 167,732	60,379 63,779	2,015,023 2,128,471
Keelan I. Adamson	568,020 600,000	749,786 792,000	— —	117,296 123,900	48,806 51,554	1,483,908 1,567,454
Total (CHF)	CHF 2,234,212	CHF 3,908,886	CHF —	CHF 538,797	CHF 200,665	CHF 6,882,560
Total (USD)	USD 2,360,000	USD 4,128,960	USD —	USD 569,132	USD 211,962	USD 7,270,056

(a) Bonus represents the amount earned in the year ended December 31, 2020, but not paid as of December 31, 2020.

(b) Includes employer-paid social taxes and costs of health benefits, such as medical and dental insurance. Through December 31, 2020, Mr. Adamson has accrued benefits of USD 611,744, equivalent to CHF 579,138, under the Transocean Ltd. Pension Equalization Plan and USD 597,818, equivalent to CHF 565,954, under the Transocean U.S. Retirement Plan.

Name	Year ended December 31, 2019					
	Base salary	Bonus (a)	Additional compensation (b)	Employer's pension contributions	Retirement and social security benefits (c)	Total salary and other non share-based compensation
Jeremy D. Thigpen	CHF 994,600 USD 1,000,000	CHF 1,765,415 USD 1,775,000	CHF — USD —	CHF 195,190 USD 196,250	CHF 108,310 USD 108,898	CHF 3,063,515 USD 3,080,148
Mark L. Mey	755,896 760,000	912,367 917,320	— —	125,063 125,742	66,542 66,903	1,859,868 1,869,965
Keelan I. Adamson	596,760 600,000	635,549 639,000	— —	86,488 86,957	49,016 49,282	1,367,813 1,375,239
John B. Stobart	333,191 335,000	— —	1,038,018 1,043,654	27,849 28,000	65,346 65,700	1,464,404 1,472,354
Total (CHF)	CHF 2,680,447	CHF 3,313,331	CHF 1,038,018	CHF 434,590	CHF 289,214	CHF 7,755,600
Total (USD)	USD 2,695,000	USD 3,331,320	USD 1,043,654	USD 436,949	USD 290,783	USD 7,797,706

(a) Bonus represents the amount earned in the year ended December 31, 2019, but not paid as of December 31, 2019.

(b) Additional compensation for Mr. Stobart included payment in accordance with the terms of his non-compete agreement.

(c) Includes employer-paid social taxes and costs of health benefits, such as medical and dental insurance. Through December 31, 2019, Mr. Adamson has accrued benefits of USD 484,083, equivalent to CHF 481,469, under the Transocean Ltd. Pension Equalization Plan and USD 503,517, equivalent to CHF 500,798, under the Transocean U.S. Retirement Plan. Through December 31, 2019, Mr. Stobart has accrued benefits of USD 205,373, equivalent to CHF 204,264, under the Transocean Ltd. Pension Equalization Plan and USD 96,694, equivalent to CHF 96,172, under the Transocean U.S. Retirement Plan. In January 2020, Mr. Stobart received payment for his accrued benefits under the Transocean Ltd. Pension Equalization Plan.

Share-based compensation—We granted to the members of our Executive Management Team share-based compensation awards under our long-term incentive plans. As presented below, total share-based compensation represents the fair value of grants made to the members of our Executive Management Team and does not represent actual income earned. Any income earned from subsequent vesting of the awards will be subject to employer-paid social taxes at the statutory rate prevailing at the time income is earned.

TRANSOCEAN LTD. COMPENSATION REPORT—continued

To measure the fair values of stock options granted or modified, we use the Black-Scholes-Merton option-pricing model and apply assumptions for the expected life, risk-free interest rate, dividend yield and expected volatility. 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 share units that are subject to market factors, such as total shareholder return, we use a Monte Carlo simulation model and, in addition to the assumptions applied for the Black-Scholes-Merton option-pricing model, we apply assumptions using a risk neutral approach and the average price at the performance start date.

In the years ended December 31, 2020 and 2019, we granted performance share units to members of our Executive Management Team. Performance share units granted are generally subject to a three-year performance period during which the actual number of units remain uncertain. The number of performance share units presented below represents the targeted number of shares awarded. The actual number of share units earned will be determined in the first 60 days following the performance period based on performance thresholds and may range between zero and two shares per performance share unit.

Share-based compensation awards were granted as follows:

Name	Year ended December 31, 2020							
	Stock options		Restricted share units		Performance share units		Total share-based compensation	
	Options	Fair value	Units (a)	Fair value	Units (a)(b)	Fair value		
Jeremy D. Thigpen	—	CHF —	1,090,909	CHF 1,435,541	818,182	CHF 1,396,555	CHF 2,832,096	
		USD —		USD 1,516,364		USD 1,475,182		
Mark L. Mey	—	—	420,779	553,709	315,584	538,670	1,092,379	
		—		584,883		568,998		
Keelan I. Adamson	—	—	327,273	430,663	245,455	418,967	849,630	
		—		454,909		442,555		
Total (CHF)	—	CHF —	1,838,961	CHF 2,419,913	1,379,221	CHF 2,354,192	CHF 4,774,105	
Total (USD)	—	USD —		USD 2,556,156		USD 2,486,735	USD 5,042,891	

(a) We granted restricted share units and performance share units to the members of our Executive Management Team on May 8, 2020.

(b) The 33-month performance period is April 1, 2020 to December 31, 2022 and is based on our total shareholder return relative to our performance peer group.

Name	Year ended December 31, 2019							
	Stock options		Restricted share units		Performance share units		Total share-based compensation	
	Options (a)	Fair value	Units (a)	Fair value	Units (a)(b)	Fair value		
Jeremy D. Thigpen	432,099	CHF 1,753,444	201,613	CHF 1,674,378	324,977	CHF 3,481,102	CHF 6,908,924	
		USD 1,762,964		USD 1,683,469		USD 3,500,002	USD 6,946,435	
Mark L. Mey	166,667	676,329	77,765	645,831	125,348	1,342,708	2,664,868	
		680,001		649,338		1,349,998	2,679,337	
Keelan I. Adamson	111,111	450,885	51,843	430,551	83,565	895,135	1,776,571	
		453,333		432,889		899,995	1,786,217	
Total (CHF)	598,767	CHF 2,880,658	331,221	CHF 2,750,760	533,890	CHF 5,718,945	CHF 11,350,363	
Total (USD)		USD 2,896,298		USD 2,765,696		USD 5,749,995	USD 11,411,989	

(a) We granted stock options, restricted share units and performance share units to the members of our Executive Management Team on February 7, 2019.

(b) The three-year performance period is January 1, 2019 to December 31, 2021 and is based on our total shareholder return relative to our performance peer group.

CREDITS AND LOANS GRANTED TO GOVERNING BODIES

In compliance with Article 29f paragraph 1 of our Articles of Association, which our shareholders adopted at the annual general meeting held in May 2014, we did not grant credits or loans to active or former members of our Board of Directors, members of our Executive Management Team or to any other related persons during the two-year period ended December 31, 2020. At December 31, 2020 and 2019, we had no outstanding credits or loans to active or former members of our Board of Directors, members of our Executive Management Team or to any other related persons.

COMPENSATION TO FORMER MEMBERS OF OUR BOARD OF DIRECTORS OR OUR EXECUTIVE MANAGEMENT TEAM OR TO RELATED PERSONS

During the year ended December 31, 2020 we did not pay or grant any compensation to former members of our Board of Directors or our Executive Management Team or to related persons of active or former members of our Board of Directors or our Executive Management Team.

During the year ended December 31, 2019 we paid former non-employee Chairman of the Board, Pete Miller, USD 116,458, equivalent to CHF 115,829, representing 2019 prorated fees prior to retirement. Additionally, we paid former Executive Management Team member, John Stobart, USD 1,472,354, equivalent to CHF 1,464,404, which included compensation for his notice period through June 2019 as well as compensation for his non-compete period. These amounts for Mr. Miller and Mr. Stobart are included in the total compensation tables above.

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TRANSOCEAN LTD.

CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2020, 2019 and 2018

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TRANSOCEAN LTD. AND SUBSIDIARIES
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FOR THE YEAR ENDED DECEMBER 31, 2020

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FORWARD-LOOKING INFORMATION

The statements included in this annual report regarding future financial performance and results of operations and other statements that are not historical facts are forward-looking statements within the meaning of Section 27A of the United States ("U.S.") Securities Act of 1933 and Section 21E of the U.S. Securities Exchange Act of 1934. Forward-looking statements in this annual report include, but are not limited to, statements about the following subjects:

- the effect, impact, potential duration, the rate of any economic recovery or other implications of the outbreak of a novel strain of coronavirus ("COVID-19") and disputes and actions with respect to production levels by, among or between major oil and gas producing countries and any expectations we may have with respect thereto;
- our results of operations, our revenue efficiency and other performance indicators; optimization of rig-based spending and our cash flow from operations;
- the offshore drilling market, including the effects of variations in commodity prices, supply and demand, utilization rates, dayrates, customer drilling programs, stacking and reactivation of rigs, effects of new rigs on the market, the impact of changes to regulations in jurisdictions in which we operate and changes in the global economy or market outlook for the various geographies in which we operate or for our classes of rigs;
- customer drilling contracts, including contract backlog, force majeure provisions, contract awards, commencements, extensions, terminations, renegotiations, contract option exercises, contract revenues, early termination payments, indemnity provisions and rig mobilizations;
- liquidity, including availability under our bank credit agreement, and adequacy of cash flows for our obligations;
- debt levels, including impacts of the current financial and economic downturn, interest rates, credit ratings and our evaluation or decisions with respect to any potential liability management transactions or other strategic alternatives intended to prudently manage our liquidity, debt maturities and other aspects of our capital structure and any litigation, alleged defaults and discussions with creditors related thereto;
- newbuild, upgrade, shipyard and other capital projects, including completion, relinquishment or abandonment, delivery and commencement of operation dates, expected downtime and lost revenues, the level of expected capital expenditures and the timing and cost of completing capital projects;
- the cost and timing of acquisitions and the proceeds and timing of dispositions;
- tax matters, including our effective tax rate, changes in tax laws, treaties and regulations, tax assessments and liabilities for tax issues in the tax jurisdictions in which we operate or have a taxable presence;
- legal and regulatory matters, including results and effects of current or potential legal proceedings and governmental audits and assessments, outcomes and effects of internal and governmental investigations, customs and environmental matters;
- insurance matters, including adequacy of insurance, renewal of insurance, insurance proceeds and cash investments of our wholly owned captive insurance company;
- effects of accounting changes and adoption of accounting policies; and
- investment in recruitment, retention and personnel development initiatives, the timing of, and other matters concerning, severance payments and benefit payments.

Forward-looking statements in this annual report are identifiable by use of the following words and other similar expressions:

- | | | | | | | | |
|---------------|-----------|-------------|-------------|---------|------------|-------------|----------|
| ▪ anticipates | ▪ budgets | ▪ estimates | ▪ forecasts | ▪ may | ▪ plans | ▪ projects | ▪ should |
| ▪ believes | ▪ could | ▪ expects | ▪ intends | ▪ might | ▪ predicts | ▪ scheduled | |

Such statements are subject to numerous risks, uncertainties and assumptions, including, but not limited to:

- those described under "Item 1A. Risk Factors" in this annual report;
- the effects of public health threats, pandemics and epidemics, such as the outbreak of COVID-19, and the adverse impact thereof on our business, financial condition and results of operations, including, but not limited to, our growth, operating costs, supply chain, labor availability, logistical capabilities, customer demand for our services and industry demand generally, our liquidity, the price of our securities and trading markets with respect thereto, our ability to access capital markets, and the global economy and financial markets generally;
- the effects of actions by, or disputes among or between, members of the Organization of Petroleum Exporting Countries and other oil and natural gas producing countries with respect to production levels or other matters related to the prices of oil and natural gas;
- the adequacy of and access to our sources of liquidity;
- our inability to renew drilling contracts at comparable dayrates and to obtain drilling contracts for our rigs that do not have contracts;
- operational performance;
- the cancellation of drilling contracts currently included in our reported contract backlog;
- losses on impairment of long-lived assets;
- shipyard, construction and other delays;
- the results of meetings of our shareholders;
- changes in political, social and economic conditions;
- the effect and results of litigation, regulatory matters, settlements, audits, assessments and contingencies; and
- other factors discussed in this annual report and in our filings with the U.S. Securities and Exchange Commission ("SEC"), which are available free of charge on the SEC website at www.sec.gov.

The foregoing risks and uncertainties are beyond our ability to control, and in many cases, we cannot predict the risks and uncertainties that could cause our actual results to differ materially from those indicated by the forward-looking statements. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those indicated. All subsequent written and oral forward-looking statements attributable to us or to persons acting on our behalf are expressly qualified in their entirety by reference to these risks and uncertainties. You should not place undue reliance on forward-looking statements. Each forward-looking statement speaks only as of the date of the particular statement. We expressly disclaim any obligations or undertaking to release publicly any updates or revisions to any forward-looking statement to reflect any change in our expectations or beliefs with regard to the statement or any change in events, conditions or circumstances on which any forward-looking statement is based, except as required by law.

PART I

ITEM 1. BUSINESS

OVERVIEW

Transocean Ltd. (together with its subsidiaries and predecessors, unless the context requires otherwise, “Transocean,” the “Company,” “we,” “us” or “our”) is a leading international provider of offshore contract drilling services for oil and gas wells. As of February 16, 2021, we owned or had partial ownership interests in and operated a fleet of 37 mobile offshore drilling units, consisting of 27 ultra-deepwater floaters and 10 harsh environment floaters. As of February 16, 2021, we were constructing two ultra-deepwater drillships.

Our primary business is to contract our drilling rigs, related equipment and work crews predominantly on a dayrate basis 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 mobile offshore drilling fleet is one of the most versatile fleets in the world, consisting of drillship and semisubmersible floaters used in support of offshore drilling activities and offshore support services on a worldwide basis.

Transocean Ltd. is a Swiss corporation with its registered office in Steinhausen, Canton of Zug and with principal executive offices located at Turmstrasse 30, 6312 Steinhausen, Switzerland. Our telephone number at that address is +41 41 749-0500. Our shares are listed on the New York Stock Exchange under the ticker symbol “RIG.” For information about the revenues, operating income, assets and other information related to our business, our segments and the geographic areas in which we operate, see “Part II. Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Part II. Item 8. Financial Statements and Supplementary Data—Notes to Consolidated Financial Statements—Note 20—Operating Segments, Geographic Analysis and Major Customers.”

DRILLING FLEET

Overview—Our drilling fleet of floaters consists of drillships and semisubmersibles, which are mobile and can be moved to new locations in response to customer demand. Our drilling equipment is suitable for both exploration and development, and we engage in both types of drilling activity. Our mobile offshore drilling units are designed to operate in locations away from port for extended periods of time and have living quarters for the crews, a helicopter landing deck and storage space for drill pipe, riser and drilling supplies.

Drillships are generally self-propelled vessels, shaped like conventional ships, and are the most mobile of the major rig types. Our high-specification drillships are equipped with dynamic positioning thruster systems, which allows them to maintain position without anchors through the use of onboard propulsion and station-keeping systems. Ultra-deepwater drillships typically have greater deck load and storage capacity than early generation semisubmersible rigs, which provides logistical and resupply efficiency benefits for customers. Drillships are generally better suited to operations in calmer sea conditions and typically do not operate in areas considered to be harsh environments. We have 22 ultra-deepwater drillships that are, and two ultra-deepwater drillships under construction that will be, equipped with our patented dual-activity technology. Dual-activity technology employs structures, equipment and techniques using two drilling stations within a dual derrick to allow these drillships to perform simultaneous drilling tasks in a parallel, rather than a sequential manner, which reduces critical path activity and improves efficiency in both exploration and development drilling. In addition to dynamic positioning thruster systems, dual-activity technology and industry-leading hoisting capacity, our contracted newbuild drillship under construction will be equipped with two 20,000 pounds per square inch (“psi”) blowout preventers and, if the relevant conditions are satisfied, our newbuild drillship with a conditional agreement will be equipped with one 20,000 psi blowout preventer as required by the conditional agreement and will be equipped to accommodate a second 20,000 psi blowout preventer.

Semisubmersibles are floating vessels that can be partially submerged by means of a water ballast system such that the lower column sections and pontoons are below the water surface during drilling operations. Semisubmersibles are known for stability, making them well suited for operating in rough sea conditions. Semisubmersible floaters are capable of maintaining their position over a well either through dynamic positioning or the use of mooring systems. Although most semisubmersible rigs are relocated with the assistance of tugs, some units are self-propelled and move between locations under their own power when afloat on pontoons. Four of our 13 semisubmersibles are equipped with dual-activity technology and also have mooring capability. Two of these four dual-activity units are custom-designed, high capacity semisubmersible drilling rigs, equipped for year-round operations in harsh environments, including those of the Norwegian continental shelf and sub-Arctic waters.

Fleet categories—We further categorize the drilling units of our fleet as follows: (1) “ultra-deepwater floaters” and (2) “harsh environment floaters.” Ultra-deepwater floaters are equipped with high-pressure mud pumps and are capable of drilling in water depths of 4,500 feet or greater. Harsh environment floaters are capable of drilling in harsh environments in water depths between 1,500 and 10,000 feet and have greater displacement, which offers larger variable load capacity, more useable deck space and better motion characteristics.

Fleet status—Depending on market conditions, we may idle or stack our non-contracted rigs. An *idle* rig is between drilling contracts, readily available for operations, and operating costs are typically at or near normal operating levels. A *stacked* rig typically has reduced operating costs, is staffed by a reduced crew or has no crew and is (a) preparing for an extended period of inactivity, (b) expected to continue to be inactive for an extended period, or (c) completing a period of extended inactivity. Stacked rigs will continue to incur operating

costs at or above normal operating levels for approximately 30 days following initiation of stacking. Some idle rigs and all stacked rigs require additional costs to return to service. The actual cost to return to service, which in many instances could be significant and could fluctuate over time, depends upon various factors, including the availability and cost of shipyard facilities, the cost of equipment and materials, the extent of repairs and maintenance that may ultimately be required and time and cost of assembling and training crew. We consider these factors, together with market conditions, length of contract, dayrate and other contract terms, when deciding whether to return a stacked rig to service. We may not return some stacked rigs to work for drilling services.

Drilling units—The following tables, presented as of February 12, 2021, provide certain specifications for our rigs. Unless otherwise noted, the stated location of each rig indicates either the current drilling location, if the rig is operating, or the next operating location, if the rig is in shipyard with a follow-on contract. The dates provided represent the expected time of completion, the year placed into service, and, if applicable, the year of the most recent upgrade. As of February 12, 2021, we owned all of the drilling rigs in our fleet noted in the tables below, except for the following: (1) the harsh environment floater *Transocean Norge*, which is owned through our 33.0 percent ownership interest in Orion Holdings (Cayman) Limited (together with its subsidiary, “Orion”), and (2) the ultra-deepwater floater *Petrobras 10000*, which is subject to a finance lease through August 2029.

Rig category and name	Specifications	Type	Year entered service	Water depth capacity (in feet)	Drilling depth capacity (in feet)	Contracted location or standby status
Ultra-deepwater floaters (27)						
Deepwater Poseidon	(a) (b) (c) (d)	Drillship	2018	12,000	40,000	U.S. Gulf
Deepwater Pontus	(a) (b) (c) (d)	Drillship	2017	12,000	40,000	U.S. Gulf
Deepwater Conqueror	(a) (b) (c) (d)	Drillship	2016	12,000	40,000	U.S. Gulf
Deepwater Proteus	(a) (b) (c) (d)	Drillship	2016	12,000	40,000	U.S. Gulf
Deepwater Thalassa	(a) (b) (c) (d)	Drillship	2016	12,000	40,000	U.S. Gulf
Ocean Rig Apollo	(a) (b)	Drillship	2015	12,000	40,000	Stacked
Deepwater Athena	(a) (b)	Drillship	2014	12,000	40,000	Stacked
Deepwater Asgard	(a) (b) (c)	Drillship	2014	12,000	40,000	Idle
Deepwater Invictus	(a) (b) (c)	Drillship	2014	12,000	40,000	Trinidad
Deepwater Skyros	(a) (b)	Drillship	2013	12,000	40,000	Angola
Deepwater Mylos	(a) (b) (c)	Drillship	2013	12,000	40,000	Stacked
Deepwater Champion	(a) (b)	Drillship	2011	12,000	40,000	Stacked
Deepwater Corcovado	(a) (b)	Drillship	2011	10,000	35,000	Brazil
Deepwater Mykonos	(a) (b)	Drillship	2011	10,000	35,000	Brazil
Deepwater Orion	(a) (b)	Drillship	2011	10,000	35,000	Idle
Deepwater Olympia	(a) (b)	Drillship	2011	10,000	35,000	Stacked
Discoverer India	(a) (b)	Drillship	2010	12,000	40,000	Stacked
Discoverer Luanda	(a) (b)	Drillship	2010	7,500	40,000	Stacked
Dhirubhai Deepwater KG2	(a)	Drillship	2010	12,000	35,000	Myanmar
Discoverer Inspiration	(a) (b) (c)	Drillship	2010	12,000	40,000	Idle
Discoverer Americas	(a) (b)	Drillship	2009	12,000	40,000	Stacked
Development Driller III	(a) (b) (e)	Semisubmersible	2009	7,500	37,500	Trinidad
Petrobras 10000	(a) (b)	Drillship	2009	12,000	37,500	Brazil
Discoverer Clear Leader	(a) (b) (c)	Drillship	2009	12,000	40,000	Stacked
Dhirubhai Deepwater KG1	(a)	Drillship	2009	12,000	35,000	India
GSF Development Driller I	(a) (b) (e)	Semisubmersible	2005	7,500	37,500	Stacked
Deepwater Nautilus	(e)	Semisubmersible	2000	8,000	30,000	Idle

Harsh environment floaters (10)

Transocean Norge	(a) (e) (g)	Semisubmersible	2019	10,000	40,000	Norwegian N. Sea
Transocean Enabler	(a) (e) (g)	Semisubmersible	2016	1,640	28,000	Norwegian N. Sea
Transocean Encourage	(a) (e) (g)	Semisubmersible	2016	1,640	28,000	Norwegian N. Sea
Transocean Endurance	(a) (e) (g)	Semisubmersible	2015	1,640	28,000	Norwegian N. Sea
Transocean Equinox	(a) (e) (g)	Semisubmersible	2015	1,640	28,000	Norwegian N. Sea
Transocean Spitsbergen	(a) (e) (f) (g)	Semisubmersible	2010	10,000	30,000	Norwegian N. Sea
Transocean Barents	(a) (e) (f)	Semisubmersible	2009	10,000	30,000	Norwegian N. Sea
Henry Goodrich	(e)	Semisubmersible	1985/2007	5,000	30,000	Stacked
Transocean Leader	(e)	Semisubmersible	1987/1997	4,500	25,000	Stacked
Paul B. Loyd, Jr.	(e)	Semisubmersible	1990	2,000	25,000	U.K. N. Sea

- (a) Dynamically positioned.
- (b) Patented dual activity.
- (c) Two blowout preventers.
- (d) Designed to accommodate a future upgrade to 20,000 psi blowout preventers.
- (e) Moored.
- (f) Dual activity.
- (g) Automated drilling control.

Rig category and name	Specifications	Type	Expected completion	Water depth capacity (in feet)	Drilling depth capacity (in feet)	Contracted location or contracted status
Rigs under construction (2)						
Ultra-deepwater floaters						
Deepwater Atlas	(a) (b) (c)	Drillship	—	12,000	40,000	Uncontracted
Deepwater Titan	(a) (b) (d)	Drillship	H1 2022	12,000	40,000	U.S. Gulf

(a) To be dynamically positioned.

(b) To be equipped with our patented dual activity.

(c) To be equipped with one and designed to accommodate a future second 20,000 psi blowout preventer.

(d) To be equipped with two 20,000 psi blowout preventers.

DRILLING CONTRACTS

Our contracts to provide offshore drilling services are individually negotiated and vary in their terms and conditions. We obtain most of our drilling contracts through competitive bidding against other contractors and direct negotiations with operators. Drilling contracts generally provide for payment on a dayrate basis, with higher rates for periods while the drilling unit is operating and lower rates or zero rate for periods of mobilization or when drilling operations are interrupted or restricted by equipment breakdowns, adverse environmental conditions or other conditions beyond our control. A dayrate drilling contract generally extends over a period of time either covering the drilling of a single well or group of wells or covering a stated term. At December 31, 2020, our contract backlog was approximately \$8.1 billion, representing a decrease of 22 percent and a decrease of 35 percent, respectively, compared to the contract backlog at December 31, 2019 and 2018, which was \$10.4 billion and \$12.5 billion, respectively. See “Part II. Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations—Performance and Other Key Indicators.”

Certain of our drilling contracts may be cancelable for the convenience of the customer, typically with the payment of an early termination payment. Such payments, however, may not fully compensate us for the loss of the contract. Contracts also customarily provide for either automatic termination or termination at the option of the customer, typically without payment of any termination fee, under various circumstances such as non-performance, in the event of extended downtime or impaired performance due to equipment or operational issues or periods of extended downtime due to force majeure events. Many of these events are beyond our control. The contract term in some instances may be extended by the customer exercising options for the drilling of additional wells or for an additional term. Our contracts also typically include a provision that allows the customer to extend the contract to finish drilling a well-in-progress. During periods of depressed market conditions, our customers may seek to renegotiate firm drilling contracts to reduce the term of their obligations or the average dayrate through term extensions, or may seek to early terminate or repudiate their contracts. Suspension of drilling contracts will result in the reduction in or loss of dayrate for the period of the suspension. If our customers cancel some of our contracts and we are unable to secure new contracts on a timely basis and on substantially similar terms, if contracts are suspended for an extended period of time or if a number of our contracts are renegotiated, it could adversely affect our consolidated financial position, results of operations or cash flows. See “Item 1A. Risk Factors—Risks related to our business—Our drilling contracts may be terminated due to a number of events, and, during depressed market conditions, our customers may seek to repudiate or renegotiate their contracts.”

Under dayrate drilling contracts, consistent with standard industry practice, our customers, as the operators, generally assume, and grant indemnity for, subsurface and well control risks, and their consequential damages. Under all of our current drilling contracts, our customers, indemnify us for pollution damages in connection with reservoir fluids stemming from operations under the contract, and we indemnify our customers for pollution that originates above the surface of the water from the rig from substances in our control, such as diesel used onboard the rig or other fluids stored onboard the rig. Also, our customers indemnify us for consequential damages they incur, damage to the well or reservoir, loss of subsurface oil and gas and the cost of bringing the well under control. However, our drilling contracts are individually negotiated, and the degree of indemnification we receive from our customers for the risks discussed above may vary from contract to contract, based on market conditions and customer requirements existing when the contract was negotiated. In some instances, we have contractually agreed upon certain limits to our indemnification rights and can be responsible for damages up to a specified maximum dollar amount. The nature of our liability and the prevailing market conditions, among other factors, can influence such contractual terms. In most instances in which we are indemnified for damages to the well, we have the responsibility to redrill the well at a reduced dayrate. Notwithstanding a contractual indemnity from a customer, there can be no assurance that our customers will be financially able to indemnify us or will otherwise honor their contractual indemnity obligations.

The interpretation and enforceability of a contractual indemnity depends upon the specific facts and circumstances involved, as governed by applicable laws, and may ultimately need to be decided by a court or other proceeding, which will need to consider the specific contract language, the facts and applicable laws. The law generally considers contractual indemnity for criminal fines and penalties to be against public policy. Courts also restrict indemnification for criminal fines and penalties. The inability or other failure of our customers to fulfill their indemnification obligations, or unenforceability of our contractual protections could have a material adverse effect on our consolidated financial position, results of operations or cash flows. See “Item 1A. Risk Factors—Risks related to our business—Our business involves numerous operating hazards, and our insurance and indemnities from our customers may not be adequate to cover potential losses from our operations.”

MARKETS

Our operations are geographically dispersed in oil and gas exploration and development areas throughout the world. We operate in a single, global offshore drilling market, as our drilling rigs are mobile assets and can be moved according to prevailing market conditions. We may mobilize our drilling rigs between regions for a variety of reasons, including to respond to customer contracting requirements or to capture observed market demand. Consequently, we cannot predict the future percentage of our revenues that will be derived from particular geographic areas. As of February 12, 2021, our drilling fleet, including stacked and idle rigs, but excluding rigs under construction, was located in Greece (eight units), the Norwegian North Sea (seven units), the U.S. Gulf of Mexico (seven units), Brazil (three units), Malaysia (three units), the United Kingdom (the "U.K.") North Sea (two units), Trinidad (two unit), Angola (one unit), Canada (one unit), India (one unit), Myanmar (one unit), and Namibia (one unit).

We categorize the market sectors in which we operate as follows: (1) ultra-deepwater and deepwater, (2) harsh environment, and (3) midwater. We offer our drilling services across all of these market sectors, collectively known as the floater market, with our drillships and semisubmersibles, 11 of which are suited to work in harsh environments. We generally view the ultra-deepwater and deepwater market sector as water depths beginning at 4,500 feet and extending to the maximum water depths in which rigs are capable of drilling, which is currently up to 12,000 feet. The midwater market sector includes water depths from approximately 300 feet to approximately 4,500 feet. The harsh environment market sector includes regions that are more challenged by lower temperatures, harsher weather conditions and water currents.

The market for offshore drilling rigs and related services reflects oil companies' demand for equipment for drilling exploration, appraisal and development wells and for performing maintenance on existing production wells. Activity levels of energy companies, including integrated oil companies, independent oil companies and, to a lesser extent, national oil companies are largely driven by the worldwide demand for energy, including crude oil and natural gas. Worldwide energy supply and demand drives oil and natural gas prices, which, in turn, impact energy companies' ability to fund investments in exploration, development and production activities.

Since 2014, the industry has experienced a severe cyclical downturn of considerably longer duration than those previously observed. Multiple years of volatile and generally weak commodity prices, exacerbated in 2020 by the effects of the COVID-19 pandemic and production disputes among major oil producing countries, have resulted in our customers repeatedly delaying offshore investment decisions and postponing exploration and development programs. Some of our customers have also recently committed to invest or increase investment in low carbon and renewable energy resources, potentially reducing their expenditures in the development and production of hydrocarbons over the coming decades. However, even in the context of some diversion of investment away from traditional sources of energy, the structural efficiency gains achieved by the offshore oil and gas segment in the past six years have materially improved the economics of deepwater offshore development projects, making the segment a competitive source of new supply.

We anticipate that the subdued level of contract activity will continue for at least the first half of 2021, although we believe that by the second half of 2021, our customers will again focus on favorable deepwater offshore economics and begin increasing their exploration, production and reserve replacement activities by restarting delayed projects and commencing new campaigns. This depends on many variables, including global amelioration of the COVID-19 pandemic and the effects of actions by some governments and regulators intended to curtail existing and future drilling activities, and other factors.

Our overall outlook for the offshore drilling sector remains positive, particularly for high-specification assets. Brazil, the U.S. Gulf of Mexico, and to a lesser extent, West Africa remain key ultra-deepwater market sectors, while Norway represents the largest harsh environment market. In addition, in 2020, we saw continued strong tendering activity for Asia and Australia. Licensing activity also indicated an increased interest in these areas as energy companies looked to explore and develop new prospects.

As the economics of offshore development projects have materially improved, we expect deepwater oil and gas production will continue to be a significant part of the long-term strategy for energy companies as they strive to replace reserves to meet global demand for energy sources and hydrocarbons. . These projects are technically demanding due to factors such as water depth, complex well designs, deeper drilling depth, high pressure and temperature, sub-salt geological formations, harsh environments, and heightened regulatory standards; therefore, they require high-specification drilling units.

Generally, high-specification rigs are the most modern, technologically advanced class of the offshore fleet and have capabilities that are attractive to energy companies operating in deeper water depths, other challenging environments or with complex well designs. We have led the industry and made concerted efforts since the beginning of the prolonged downturn to high-grade our fleet profile by acquiring high-specification assets and disposing of lower-specification assets. In the year ended December 31, 2018, we significantly enhanced our high-specification asset portfolio with our acquisitions of (i) Songa Offshore SE, (ii) Ocean Rig UDW Inc. and (iii) a 33.0 percent ownership interest in Orion. During the years ended December 31, 2020, 2019 and 2018, we sold for scrap value six, eleven and eight lower-specification drilling units, respectively.

Ultimately, as the hydrocarbon supply-demand balance improves, including as the result of a post-pandemic global economic recovery, we expect a sustained improvement of oil prices, which will result in greater demand for our high-specification fleet of assets, resulting in further improvement of dayrates. Consequently, when considering the reduced supply of offshore drilling units and expected increase in demand, we expect dayrates for our services should steadily increase over the next several years. See "Item 1A. Risk Factors—Risks related to our business."

CUSTOMERS

We provide our offshore drilling services to most of the leading integrated oil companies or their affiliates, as well as for many government-owned or government-controlled oil companies and other independent oil companies. For the year ended December 31, 2020, our most significant customers were Royal Dutch Shell plc (together with its affiliates, "Shell"), Equinor ASA (together with its affiliates, "Equinor") and Chevron Corporation (together with its affiliates, "Chevron"), representing approximately 28 percent, 27 percent and 14 percent, respectively, of our consolidated operating revenues. No other customers accounted for 10 percent or more of our consolidated operating revenues in the year ended December 31, 2020. Additionally, as of February 12, 2021, the customers with the most significant aggregate amount of contract backlog associated with our drilling contracts were Shell, Equinor and Chevron, representing approximately 53 percent, 23 percent and 13 percent, respectively, of our total contract backlog. See "Item 1A. Risk Factors—Risks related to our business—We rely heavily on a relatively small number of customers and the loss of a significant customer or a dispute that leads to the loss of a customer could have an adverse effect on our business."

HUMAN CAPITAL RESOURCES

Worldwide workforce—As of December 31, 2020, we had a global workforce of approximately 5,350 individuals, including approximately 530 contractors, representing 56 nationalities. At December 31, 2020, our global workforce is geographically distributed in 25 countries across five continents as follows: 34 percent in Europe, 32 percent in North America, 18 percent in South America, 11 percent in Asia and 5 percent in Africa.

Approximately 43 percent of our total workforce, working primarily in Norway, Brazil and the U.K., are represented by, and some of our contracted labor work is subject to, collective bargaining agreements, substantially all of which are subject to annual salary negotiation. Negotiations over 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. Furthermore, a failure to reach an agreement on certain key issues could result in strikes, lockouts or other work stoppages.

FIRST Shared Values and corporate culture—Our FIRST Shared Values guide us to act responsibly as we strive to deliver value for our stakeholders, and they form the foundation of our corporate culture as follows:

- **Focused.** We will consistently exceed the expectations of customers, shareholders and employees.
- **Innovative.** We will continuously advance our position as technical leaders, and relentlessly pursue improvement in all that we do.
- **Reliable.** We will execute flawlessly by ensuring that our equipment, processes and systems always perform as and when intended, and that our people are properly trained and motivated.
- **Safe.** Above all else, we will protect each other, the environment and our assets. We will conduct our operations in an incident-free environment, all the time, everywhere.
- **Trusted.** We will always act with integrity and professionalism, honor our commitments, comply with laws and regulations, respect local cultures, and be fiscally responsible.

Development, attraction and retention—We are committed to being the world's premier offshore drilling contractor, which requires that we develop, retain and attract the industry's best workforce. For that reason, we offer regionally competitive compensation and benefits packages, a technically challenging work environment, global opportunities, and rotational development programs. In addition, our team remains abreast of industry and technology trends and their transformative effects on our work environment. These advancements necessitate that we continuously develop our workforce, ensuring that they have the skills and competencies for our organization to realize the full benefits of these advancements and responsibly deliver value to our stakeholders.

Training—We maintain a rigorous competency-based training program. Our internal training board maintains and regularly updates our training matrix to meet or exceed industry standards, and it oversees our competency assurance management system, which is accredited by the Offshore Petroleum Industry Training Organization. Offshore training formats include on-the-job, e-learning, customer-specific training, certifications, and leadership and licensing programs. Unique simulation-based education, augmented by digital twin modeling, enables our workforce to more accurately visualize equipment performance and target efficiencies. The certifications, skills and competencies needed for each role are clearly articulated to our workforce, and workers are required to successfully complete the relevant training and attain all necessary certifications prior to taking on new roles.

Wellness and benefits—We strive to offer regionally competitive medical and financial benefits, tailored to our workforce demographics, particularly in terms of generational segmentation. We design our wellness and benefits strategy under four pillars consisting of physical well-being, financial well-being, emotional well-being and social well-being.

Safety—Our safety vision is to conduct our operations in an incident-free workplace, all the time, everywhere. We prioritize protection of our people, the environment and our property at all work locations and during all operations, and we require compliance with all local regulations and a comprehensive set of internal policies and procedures that govern our operations. With regular competency and effectiveness assessments, our highly trained crews are equipped to protect our operational integrity with the process-driven management of hazards to prevent and mitigate major hazard accidents. At the start of the COVID-19 pandemic, we moved quickly to enact additional health and safety protocols for COVID-19 mitigation, and we have keenly focused on enhanced communication and employee support to engage our workforce in a remote work environment.

We measure our safety performance in terms of widely accepted ratios with the use of industry standards, including (a) the total recorded incidence rate ("TRIR"), which represents the number of work-related injuries or illnesses for every 200,000 hours worked, and (b) the lost time incidence rate ("LTIR"), which measures the number of incidents that result in lost time due to work-related injuries for every 200,000 hours worked. In the year ended December 31, 2020, our TRIR was 0.24, and our LTIR was 0.0.

ENVIRONMENTAL RESPONSIBILITY

We constantly look for new ways to advance our commitment to safely performing our operations while simultaneously safeguarding the environment in which we operate. We assess the environmental impacts of our operations, focusing on the reduction of greenhouse gas emissions, operational discharges and water use, through increasing energy efficiency and waste minimization. Our actions are designed to reduce risk in our current and future operations, to promote sound environmental management practices and to continue to be proactive in managing and reducing our environmental footprint. Our investments and deployment of capital and technology reflect our commitment to improve the energy and emission efficiency of our operations.

When we have decommissioned older and less capable assets, we have demonstrated our commitment to recycle them according to established environmental regulations and guidelines. All the rigs that we have sold for scrap value have been safely and responsibly recycled following protocols established under the Basel Convention and by the International Maritime Organization at the Hong Kong International Convention.

TECHNOLOGICAL INNOVATION

We have a long history of technological innovation, including the first dynamically positioned drillship, the first rig to drill year-round in the North Sea, the first semisubmersible rig for year-round sub-Arctic operations, the first 10,000-ft. water depth rated ultra-deepwater drillship and numerous water depth world records over the past several decades. Twenty-two drillships and two semisubmersibles in our existing fleet are, and our two drillships that are under construction will be, equipped with our patented dual-activity technology, which allows our rigs to perform simultaneous drilling tasks in a parallel rather than sequential manner, reducing well construction critical path activities and, thereby, improving efficiency in both exploration and development drilling.

We continue to develop and deploy industry-leading technology in the pursuit of delivering safer, more efficient and environmentally responsible drilling services. In addition to our patented dual-activity drilling technology, our two drillships under construction will include industry-leading 3.5 million-pound hoisting load capability, hybrid energy storage systems for enhanced drill floor equipment reliability, fuel and emissions savings as well as advanced generator protection for power plant reliability. Ten drillships in our existing fleet are, and our two drillships that are under construction will be, outfitted with dual blowout preventers and triple liquid mud systems. Our two drillships under construction will be equipped with 20,000 psi blowout preventers and related equipment. Five drillships in our existing fleet are designed to accept 20,000 psi blowout preventers in the future.

Seven of our harsh environment semisubmersibles are designed and constructed specifically to provide highly efficient performance in the Norwegian North Sea and in the Barents Sea. In 2019, we deployed the world's first hybrid energy storage system aboard a floating drilling unit, the harsh environment floater *Transocean Spitsbergen*, which is the first solution to reduce fuel consumption and emissions while providing enhanced power management and station keeping reliability. We also continue to develop and invest in technologies designed to optimize our performance and deliver ever better operational integrity through innovations, such as our proprietary fault-resistant and fault-tolerant blowout preventer control system. We have installed automated drilling control systems on six harsh environment floaters, which materially improves our ability to safely and efficiently deliver wells to our customers.

We have also deployed our smart equipment analytics tool, which delivers real-time data feeds from equipment and is used to monitor equipment health and inferred emissions and energy consumption. This technology can also identify trends in performance that allow us to systematically optimize equipment maintenance and achieve higher levels of reliability, operational efficiency and sustainability. This data-driven approach, augmented by the size of our fleet, is helping us build a knowledge framework for sustainable process optimization. Additionally, our continued, acute focus on personnel safety has driven the development and deployment of our patented HaloGuard system, which will alarm, notify and, if required, halt equipment to avoid injury to personnel who move into danger zones.

We believe our efforts to continuously improve, and effectively use, innovative technologies to meet or exceed our customers' requirements is critical to maintaining our competitive position within the contract drilling services industry by drilling more efficient wells, building greater resilience into our critical operating systems, ensuring the safety of our crews, and reducing fuel consumption and emissions.

GOVERNMENTAL REGULATIONS

Our operations are subject to a variety of international, regional, national, state and local government regulations, including environmental regulations. We monitor our compliance with such government regulations in each country of operation and, while we see an increase in many government regulations, particularly general environmental regulation, we have made and will continue to make the required expenditures to comply with current and future government requirements. To date, we have not incurred material costs in order to comply with such government regulations, including environmental regulation, and do not expect to make any material capital expenditures in order to comply with such regulations in the year ended December 31, 2021, or any other period contemplated at this time. We do not believe that

our compliance with such requirements will have a material adverse effect on our competitive position, consolidated results of operations or cash flows. We incorporate by reference into this subsection “—Government Relations” the disclosures on government regulations, including environmental regulations, contained in the following sections of this annual report:

- “Item 1A. Risk Factors—Risks related to our laws, regulations and governmental compliance;”
- “Item 3. Legal Proceedings;”
- “Part II. Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations—Other Matters;”
- “Part II. Item 8. Financial Statements and Supplementary Data—Notes to Consolidated Financial Statements—Note 10—Income Taxes;” and
- “Part II. Item 8. Financial Statements and Supplementary Data—Notes to Consolidated Financial Statements—Note 13—Commitments and Contingencies.”

JOINT VENTURE, AGENCY AND SPONSORSHIP RELATIONSHIPS AND OTHER INVESTMENTS

In some areas of the world, local customs and practice or governmental requirements necessitate the formation of joint ventures with local participation since local laws or customs in those areas effectively mandate the establishment of a relationship with a local agent or sponsor. When appropriate in these areas, we may enter into agency or sponsorship agreements. We also invest in certain companies for operational purposes, some of which are involved in researching and developing technology to improve efficiency and reliability and to increase automation, sustainability and safety for our drilling and other activities. We may or may not control these partially owned companies. At December 31, 2020, we held partial ownership interests in companies in the Cayman Islands, the U.S., Norway, Canada, Angola, Nigeria and other countries, the most significant of which was our 33.0 percent ownership interest in Orion, an unconsolidated Cayman Islands exempted company formed to construct and own the harsh environment semisubmersible *Transocean Norge*. Certain affiliates of Hayfin Capital Management LLP, own the remaining 67.0 percent ownership interest in Orion not owned by us.

AVAILABLE INFORMATION

Our website address is www.deepwater.com. Information contained on or accessible from our website is not incorporated by reference into this annual report and should not be considered a part of this report or any filing that we make with the SEC. Furthermore, references to our website URLs are intended to be inactive textual references only. We make available on this website free of charge, our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports as soon as reasonably practicable after we electronically file those materials with, or furnish those materials to, the SEC. You may also find on our website information related to our corporate governance, board committees and company code of business conduct and ethics. The SEC also maintains a website, www.sec.gov, which contains reports, proxy statements and other information regarding SEC registrants, including us. We intend to satisfy the requirement under Item 5.05 of Form 8-K to disclose any amendments to our Code of Integrity and any waiver from any provision of our Code of Integrity by posting such information in the Governance page on our website at www.deepwater.com.

ITEM 1A. RISK FACTORS

RISKS RELATED TO OUR BUSINESS

OUR BUSINESS DEPENDS ON THE LEVEL OF ACTIVITY IN THE OFFSHORE OIL AND GAS INDUSTRY, WHICH IS SIGNIFICANTLY AFFECTED BY VOLATILE OIL AND GAS PRICES AND OTHER FACTORS.

Our business depends on the level of activity in oil and gas exploration, development and production in offshore areas worldwide. Demand for our services depends on oil and natural gas industry activity and expenditure levels that are directly affected by trends in oil and, to a lesser extent, natural gas prices. Oil and gas prices are extremely volatile and are affected by numerous factors, including the following:

- worldwide demand for oil and gas, including economic activity in the U.S. and other large energy-consuming markets, which has been significantly impacted by the COVID-19 pandemic and the governmental, company and individual reactions thereto;
- the ability of the Organization of the Petroleum Exporting Countries (“OPEC”) to set and maintain production levels, productive spare capacity and pricing;
- the level of production in non-OPEC countries;
- inventory levels, and the cost and availability of storage and transportation of oil, gas and their related products;
- the policies, laws and regulations of various governments regarding exploration and development of their oil and gas reserves, the environment and climate change;
- international sanctions on oil-producing countries, or the lifting of such sanctions;
- advances in exploration, development and production technology;
- the further development of shale technology to exploit oil and gas reserves;
- the discovery rate of new oil and gas reserves and the rate of decline of existing oil and gas reserves;
- laws and regulations related to environmental matters, including those addressing alternative energy sources and the risks of global climate change;
- the development, exploitation and market acceptance of alternative energy sources;
- accidents, adverse weather conditions, natural disasters and other similar incidents relating to the oil and gas industry; and
- the worldwide security and political environment, including uncertainty or instability resulting from an escalation or outbreak of armed hostilities, civil unrest, acts of terrorism, public health threats or other crises.

Demand for our services is particularly sensitive to the level of exploration, development and production activity of, and the corresponding capital spending by, oil and natural gas companies, including national oil companies. Prolonged reductions in oil and natural gas prices could depress the immediate levels of exploration, development and production activity. Perceptions of longer-term lower oil and natural gas prices by oil and gas companies could similarly reduce or defer major expenditures given the long-term nature of many large-scale development projects. Lower levels of activity result in a corresponding decline in the demand for our services, which could have a material adverse effect on our revenue and profitability. Oil and gas prices and market expectations of potential changes in these prices significantly affect this level of activity. However, increases in near-term commodity prices do not necessarily translate into increased offshore drilling activity since customers' expectations of longer-term future commodity prices typically have a greater impact on demand for our rigs. Consistent with this dynamic, customers may delay or cancel many exploration and development programs, resulting in reduced demand for our services. Also, increased competition for customers' drilling budgets could come from, among other areas, land-based energy markets worldwide. The availability of quality drilling prospects, exploration success, relative production costs, the stage of reservoir development and political and regulatory environments also affect customers' drilling campaigns. Worldwide military, political and economic events have often contributed to oil and gas price volatility and are likely to do so in the future.

THE OFFSHORE DRILLING INDUSTRY IS HIGHLY COMPETITIVE AND CYCLICAL, WITH INTENSE PRICE COMPETITION.

The offshore contract drilling industry is highly competitive with numerous industry participants, none of which has a dominant market share. Drilling contracts are traditionally awarded on a competitive bid basis. Although rig availability, service quality and technical capability are drivers of customer contract awards, bid pricing and intense price competition are often key determinants for which a qualified contractor is awarded a job.

The offshore drilling industry is highly cyclical and is impacted by oil and natural gas price levels and volatility. Periods of high customer demand, limited rig supply and high dayrates have been followed by periods of low customer demand, excess rig supply and low dayrates. Changes in commodity prices can have a dramatic effect on rig demand, and periods of excess rig supply may intensify competition in the industry and result in the idling of older and less technologically advanced equipment. We have idled and stacked rigs, and may in the future idle or stack additional rigs or enter into lower dayrate drilling contracts in response to market conditions. Idled or stacked rigs may remain out of service for extended periods of time. During prior periods of high dayrates and rig utilization rates, we and other industry participants responded to increased customer demand by increasing the supply of rigs through ordering the construction of new units. The number of new units delivered without contracts, combined with an increased number of rigs in the global market completing contracts and becoming idle, has increased and may continue to intensify price competition. In periods of low oil and natural gas price levels, new construction has historically resulted in an oversupply of rigs and has caused a subsequent decline in dayrates and rig utilization rates, sometimes for extended periods of time. In an oversupplied market, we may have limited bargaining power to negotiate on more favorable terms. Additionally, lower market dayrates and intense price competition may drive customers to seek to renegotiate existing contracts to lower dayrates in exchange for longer contract terms. Lower dayrates and rig utilization rates could adversely affect our revenues and profitability.

As of February 12, 2021, we have 16 uncontracted rigs, and these rigs may remain out of service for extended periods of time. We also have two additional rigs under construction, and while both have secured contracts, one has a contract that is conditional upon a final investment decision of the customer and its partners. If we are unable to obtain drilling contracts for our uncontracted rigs, whether due to a prolonged offshore drilling market downturn, a delayed or muted recovery of such market or otherwise, it may have an adverse effect on our results of operations and cash flows.

OUR CURRENT BACKLOG OF CONTRACT DRILLING REVENUES MAY NOT BE FULLY REALIZED.

At February 12, 2021, our contract backlog was approximately \$7.8 billion. This amount represents the number of days remaining in the firm term of the drilling contract multiplied by the maximum contractual operating dayrate, excluding revenues for mobilization, demobilization, contract preparation, other incentive provisions or reimbursement revenues, which are generally insignificant to our contract drilling revenues. Our contract backlog includes amounts associated with our contracted newbuild unit that is currently under construction but excludes amounts related to the conditional agreement we have for our second newbuild unit under construction. The contractual operating dayrate may be higher than the actual dayrate we ultimately receive or an alternative contractual dayrate, such as waiting on weather rate, repair rate, standby rate or force majeure rate, may apply under certain circumstances. The contractual operating dayrate may also be higher than the actual dayrate we ultimately receive due to a number of factors, including rig downtime or suspension of operations. Several factors could cause rig downtime or a suspension of operations, including: equipment breakdowns and other unforeseen engineering problems, labor strikes and other work stoppages, shortages of material and skilled labor, surveys by government and maritime authorities, periodic classification surveys, severe weather or harsh operating conditions, and force majeure events.

In certain drilling contracts, the dayrate may be reduced to zero if, for example, repairs extend beyond a stated period of time. Our contract backlog includes only firm commitments, which are represented by signed drilling contracts or, in some cases, other definitive agreements awaiting contract execution. We may not be able to realize the full amount of our contract backlog due to events beyond our control. In addition, some of our customers have experienced liquidity issues in the past, including some recently, and these liquidity issues could be experienced again if commodity prices decline for an extended period of time. Liquidity issues and other market pressures could lead our customers to seek bankruptcy protection or to seek to repudiate, cancel or renegotiate these agreements for various reasons (see "—Our drilling contracts may be terminated due to a number of events, and, during depressed market conditions, our customers may seek

to repudiate or renegotiate their contracts"). Our inability to realize the full amount of our contract backlog may have a material adverse effect on our consolidated financial position, results of operations or cash flows.

WE MAY NOT BE ABLE TO RENEW OR OBTAIN NEW DRILLING CONTRACTS FOR RIGS WHOSE CONTRACTS ARE EXPIRING OR OBTAIN DRILLING CONTRACTS FOR OUR STACKED AND IDLE RIGS OR OUR NEWBUILD WITH A CONDITIONAL AGREEMENT IF THE CONDITIONS THEREOF ARE NOT SATISFIED.

The offshore drilling markets in which we compete experience fluctuations in the demand for drilling services. Our ability to renew expiring drilling contracts or obtain new drilling contracts depends on the prevailing or expected market conditions at the time of expiration. As of February 12, 2021, we have 16 stacked or idle rigs and one rig under construction that has a drilling contract that is subject to a final investment decision by the customer and its partners. We also have seven existing drilling contracts for our rigs that are currently operating, which are scheduled to expire before December 31, 2021. We may be unable to obtain drilling contracts for our rigs that are currently operating upon the expiration or termination of such contracts or obtain a drilling contract for our newbuild unit with a conditional agreement in the event the conditions thereof are not satisfied, and there may be a gap in the operation of the rigs between the current contracts and subsequent contracts. When oil and natural gas prices are low or it is expected that such prices will decrease in the future, we may be unable to obtain drilling contracts at attractive dayrates or at all. We may not be able to obtain new drilling contracts in direct continuation with existing contracts or for our newbuild unit with a conditional agreement, or depending on prevailing market conditions, we may enter into drilling contracts at dayrates substantially below the existing dayrates or on terms otherwise less favorable compared to existing contract terms, which may have an adverse effect on our consolidated financial position, results of operations or cash flows.

OUR DRILLING CONTRACTS MAY BE TERMINATED DUE TO A NUMBER OF EVENTS, AND, DURING DEPRESSED MARKET CONDITIONS, OUR CUSTOMERS MAY SEEK TO REPUDIATE OR RENEGOTIATE THEIR CONTRACTS.

Certain of our drilling contracts with customers may be cancelable at the option of the customer upon payment of an early termination payment. Such payments may not, however, fully compensate us for the loss of the contract. Drilling contracts also customarily provide for either automatic termination or termination at the option of the customer, typically without the payment of any termination fee, under various circumstances such as non-performance, as a result of significant downtime or impaired performance caused by equipment or operational issues, or sustained periods of downtime due to force majeure events, many of which are beyond our control. Certain customers who seek to terminate our drilling contracts may attempt to defeat or circumvent our protections against certain liabilities. Our customers' ability to perform their obligations under their drilling contracts, including their ability to fulfill their indemnity obligations to us, may also be negatively impacted by an economic downturn. Our customers, which include national oil companies, often have significant bargaining leverage over us. If our customers cancel some of our contracts, and we are unable to secure new contracts on a timely basis and on substantially similar terms, or if contracts are suspended for an extended period of time or if a number of our contracts are renegotiated on terms that are not as favorable as current terms, it could adversely affect our consolidated financial position, results of operations or cash flows.

During periods of depressed market conditions, such as we are currently experiencing, we are subject to an increased counterparty risk, as our customers may seek to repudiate their contracts, including through claims of non-performance in order to reduce their capital expenditures. Our customers may no longer need a drilling rig that is currently under contract or may be able to obtain a comparable drilling rig at a lower dayrate. We have experienced, and are at continued risk of experiencing, early contract terminations in a weak commodity price environment as operators look to reduce their capital expenditures. The ability of each of our counterparties to perform its obligations under a contract with us, including indemnity obligations, will depend on a number of factors that are beyond our control and may include, among other things, general economic conditions, the condition of the offshore drilling industry, prevailing prices for oil and natural gas, the overall financial condition of the counterparty, the dayrates received and the level of expenditures necessary to maintain drilling activities. Should a counterparty fail to honor its obligations under an agreement with us, we could sustain losses, which could have an adverse effect on our business and on our consolidated financial position, results of operations or cash flows.

WE MUST MAKE SUBSTANTIAL CAPITAL AND OPERATING EXPENDITURES TO MAINTAIN OUR ACTIVE FLEET OR TO REACTIVATE OUR STACKED OR IDLE FLEET, AND WE MAY BE REQUIRED TO MAKE SIGNIFICANT CAPITAL EXPENDITURES TO MAINTAIN OUR COMPETITIVENESS, TO EXECUTE OUR GROWTH PLAN AND TO COMPLY WITH LAWS AND APPLICABLE REGULATIONS AND STANDARDS OF GOVERNMENTAL AUTHORITIES AND ORGANIZATIONS.

We must make substantial capital and operating expenditures to maintain our active fleet or to reactivate our stacked or idle fleet. These expenditures could increase as a result of changes in the cost of labor and materials, requirements of customers, the size of our fleet, the cost of replacement parts for existing rigs, the geographic location of the rigs and the length of drilling contracts. Changes in offshore drilling technology, customer requirements for new or upgraded equipment and competition within our industry may require us to make significant capital expenditures in order to maintain our competitiveness and to execute our growth plan. Changes in governmental regulations, including environmental requirements, and changes in safety or other equipment standards, as well as compliance with standards imposed by maritime self-regulatory organizations, may cause our capital expenditures to increase or require us to make additional unforeseen capital expenditures. As a result of these factors, we may be required to take our rigs out of service for extended periods of time, with corresponding losses of revenues, in order to make such alterations or to add such equipment. In the future, market conditions may not justify these expenditures or enable us to operate our older rigs profitably during the remainder of their economic lives.

If we are unable to fund capital expenditures with our cash flows from operations or proceeds from sales of non-strategic assets, we may be required to either incur additional borrowings or raise capital through the sale of debt or equity securities, or additional financing arrangements with banks or other capital providers. Our ability to access the capital markets may be limited by our financial condition at the time, perceptions of us or our industry, by changes in laws and regulations or interpretation thereof and by adverse market conditions resulting from, among other things, general economic conditions and contingencies and uncertainties that are beyond our control. If we raise funds by issuing equity securities or other securities that are convertible into equity securities, existing shareholders may experience dilution. Our failure to obtain the funds for necessary future capital expenditures could have a material adverse effect on our business and on our consolidated financial position, results of operations and cash flows.

PUBLIC HEALTH THREATS, SUCH AS COVID-19, HAVE HAD, AND MAY CONTINUE TO HAVE, SIGNIFICANT ADVERSE CONSEQUENCES FOR GENERAL ECONOMIC, FINANCIAL AND BUSINESS CONDITIONS, AS WELL AS FOR OUR BUSINESS AND OPERATIONS.

Public health threats, pandemics and epidemics, such as the outbreak of a novel strain of COVID-19, severe influenza, other coronaviruses and other highly communicable viruses or diseases, have impacted and may continue to impact our operations directly or indirectly, including by disrupting the operations of our business partners, suppliers and customers in ways that adversely impact our operations. For instance, the outbreak of COVID-19 and its development into a pandemic in March 2020 resulted in various actions by governmental authorities around the world to prevent or reduce the spread of COVID-19, such as imposing mandatory closures of all non-essential business facilities, seeking voluntary closures of such facilities and imposing restrictions on, or advisories with respect to, travel, business operations and public gatherings or interactions. In addition, companies and individuals seeking to curtail the spread of COVID-19 have taken certain cautionary measures, such as companies around the world requiring employees to work remotely, suspending all non-essential travel worldwide for employees, and discouraging employee attendance at in-person work-related meetings, as well as individuals voluntarily social distancing and self-quarantining. While many of these restrictions and measures have since been softened or lifted in varying degrees in different locations around the world, and there have been several COVID-19 vaccines recently approved by many governments that are expected to accelerate a recovery from the pandemic, the ultimate success of such vaccines is currently uncertain and resurgences in the spread of COVID-19 and other rapid developments with respect to the virus have prompted and may in the future prompt, the re-imposition of certain restrictions and measures.

These responses have significantly reduced global economic activity, as there has been a dramatic decrease in the number of businesses open for operation and a substantial reduction in the number of people across the world that have been going to work or leaving their house to purchase goods and services. This has also resulted in airlines dramatically cutting back on flights and has reduced the number of cars on the road. As a result, there has also been a sharp reduction in the demand for oil and a decline in oil prices.

We have taken similar precautionary measures intended to help minimize the risk to our business, employees, customers, suppliers and the communities in which we operate. Our operational employees generally are currently still able to work on site and on our rigs. We have taken comprehensive and global precautionary measures with respect to such operational employees, such as requiring them to verify they have not either experienced any symptoms consistent with COVID-19 or been in close contact with someone showing such symptoms before they are permitted to travel to the work site or rig, quarantining any operational employee on a rig who has shown signs of COVID-19, regardless of whether such employee has been confirmed to be infected, and imposing social distancing requirements in certain areas of the rig, such as in the dining hall and sleeping quarters, and are incurring incremental costs. We are also actively assessing and planning for various operational contingencies; however, we cannot guarantee that any actions taken by us, including the precautionary measures noted above, will be effective in preventing either an outbreak of COVID-19 on one or more of our rigs or other adverse effects related to COVID-19. To the extent an outbreak of COVID-19 develops on one or more of our rigs, we may have to temporarily shut down operations of such rig or rigs, which could result in significant downtime or contract termination and have substantial adverse consequences for our business and results of operations. In addition, most of our non-operational employees are now working remotely, which increases various operational risks. For instance, working remotely may increase the risk of security breaches or other cyber incidents or attacks, loss of data, fraud and other disruptions as a consequence of more employees accessing sensitive and critical information from remote locations.

Many governmental authorities across the globe have implemented travel restrictions and mandatory quarantine measures to prevent or reduce the spread of COVID-19, and in complying with such governmental actions, we have experienced, and expect to continue to experience, increased difficulties, delays and costs in moving our personnel in and out of, and to work in, the various jurisdictions in which we operate. We may be unable to pass along these increased costs to our customers. Additionally, disruptions to or restrictions on the ability of our suppliers, manufacturers and service providers to supply parts, equipment or services in the jurisdictions in which we operate or to progress the construction of our newbuild projects, whether as a result of government actions, labor shortages, the inability to source parts or equipment from affected locations, or other effects related to the COVID-19 outbreak, may have significant adverse consequences on our ability to meet our commitments to customers, including by increasing our operating costs and increasing the risk of rig downtime and could result in contract terminations.

Concerns over the prolonged negative effects of the COVID-19 outbreak on economic and business prospects across the world have also contributed to increased market and oil price volatility and have diminished expectations for the performance of the global economy. These factors, coupled with the prospect of decreased business and consumer confidence and increased unemployment resulting from the COVID-19 outbreak and the decline in, and steep increase in the volatility of, oil prices, have precipitated an economic downturn and likely a recession. The current downturn and period of depressed oil prices has had and may continue to have significant adverse consequences

for the financial condition of our customers or suppliers. Such conditions have resulted in, and may continue to result in, reductions to our customers' drilling and production expenditures and delays or cancellations of projects, thus decreasing demand for our services, and an increased risk that our customers may seek price reductions or more favorable economic terms for our services, terminate our contracts or that we may be required to idle, stack or retire more of our rigs. Additionally, any early termination payment made in connection with an early contract termination may not fully compensate us for the loss of the contract. Accordingly, the actual amount of revenues earned may be substantially lower than the reported contract backlog. To the extent our suppliers experience a deterioration in financial condition or operational capability as a result of such depressed market and industry conditions or we or other suppliers incur delays in moving personnel to and from drilling rigs, we may experience disruptions in supply, which could increase our operating costs and increase rig downtime. The occurrence of any such events with respect to our customers, contracts or suppliers in certain cases has had, and may continue to have, significant adverse consequences for our business and financial position.

The magnitude and duration of potential social, economic and labor instability resulting from the COVID-19 outbreak, including how quickly national economies can recover once the pandemic subsides, or whether any recovery will ultimately experience a reversal or other setbacks, are uncertain and cannot be estimated at this time as such effects depend on future events that are largely out of our control. The ultimate extent of the impact of the COVID-19 outbreak on our business and financial position will depend largely on future developments, including the duration, spread or containment of the outbreak, particularly within the geographic locations where we operate, and the related impact on overall economic activity, all of which are highly uncertain at this time. We are unable to predict the timing or impact of any such restructurings, if completed, on the capital structure and competitive dynamics among offshore drilling companies.

PUBLIC AND INVESTOR SENTIMENT TOWARDS CLIMATE CHANGE, FOSSIL FUELS AND OTHER ESG MATTERS COULD ADVERSELY AFFECT OUR BUSINESS, COST OF CAPITAL AND THE PRICE OF OUR STOCK AND OTHER SECURITIES.

There have been efforts in recent years, based on changing public sentiment concerning fossil fuels, aimed at the investment community, including investment advisors, sovereign wealth funds, public pension funds, universities and other groups, to promote the divestment of shares of energy companies, as well as to pressure lenders and other financial services companies to limit or curtail activities with energy companies. These efforts have intensified during the COVID-19 pandemic, as seen by the State of New York's December 2020 announcement that it will be divesting the state's Common Retirement Fund from fossil fuels. If this or similar divestment efforts are successful, our stock price and our ability to access capital markets may be negatively impacted.

Members of the investment community are also increasing their focus on environmental, social and governance ("ESG") practices and disclosures, including practices and disclosures related to greenhouse gases and climate change, in the energy industry in particular, and diversity and inclusion initiatives and governance standards among public companies more generally. As a result, we may face increasing pressure regarding our ESG disclosures and practices. Additionally, members of the investment community may screen companies such as ours for ESG sustainability performance before investing in our stock. Over the past few years there has also been an acceleration in investor demand for ESG investing opportunities, and many large institutional investors have committed to increasing the percentage of their portfolios that are allocated towards ESG investments. As a result, there has been a proliferation of ESG focused investment funds seeking ESG oriented investment products. If we or our securities are unable to meet the sustainability ESG standards or investment criteria set by these investors and funds, we may lose investors or investors may allocate a portion of their capital away from us, our cost of capital may increase, our stock price and the price of our publicly traded debt securities may be negatively impacted and our reputation may also be negatively affected.

WE RELY HEAVILY ON A RELATIVELY SMALL NUMBER OF CUSTOMERS AND THE LOSS OF A SIGNIFICANT CUSTOMER OR A DISPUTE THAT LEADS TO THE LOSS OF A CUSTOMER COULD HAVE AN ADVERSE EFFECT ON OUR BUSINESS.

We engage in offshore drilling services for most of the leading integrated oil companies or their affiliates, as well as for many government-owned or government-controlled oil companies and other independent oil companies. For the year ended December 31, 2020, our most significant customers were Shell, Equinor and Chevron, accounting for approximately 28 percent, 27 percent and 14 percent, respectively, of our total contract drilling revenues. As of February 12, 2021, the customers with the most significant aggregate amount of contract backlog were Shell, Equinor and Chevron, representing approximately 53 percent, 23 percent and 13 percent, respectively, of our total contract backlog. The loss of any of these customers or another significant customer, or a decline in payments under any of our drilling contracts, could, at least in the short term, have an adverse effect on our business.

OUR OPERATING AND MAINTENANCE COSTS WILL NOT NECESSARILY FLUCTUATE IN PROPORTION TO CHANGES IN OUR OPERATING REVENUES.

Our operating and maintenance costs will not necessarily fluctuate in proportion to changes in our operating revenues. Costs for operating a rig are generally fixed or only semi-variable regardless of the dayrate being earned. In addition, should our rigs incur unplanned downtime while on contract or idle time between drilling contracts, we will not always reduce the staff on those rigs because we could use the crew to prepare the rig for its next contract. During times of reduced activity, reductions in costs may not be immediate because portions of the crew may be required to prepare rigs for stacking, after which time the crew members may be reassigned to active rigs or released. As our rigs are mobilized from one geographic location to another, the labor and other operating and maintenance costs can vary significantly. In general, labor costs increase primarily due to higher salary levels and inflation. Equipment maintenance costs fluctuate depending upon the type of activity the unit is performing and the age and condition of the equipment, and these costs could increase for short or extended periods as a result of regulatory or customer requirements that raise maintenance standards above historical levels. The amount of contract

preparation and reactivation costs vary based on the scope and length of the contract preparation or reactivation project, and the recognition of such costs varies depending on the duration of the firm contractual period and other contract terms.

Certain of our drilling contracts are partially payable in local currency. The amounts, if any, of local currency received under these drilling contracts may exceed our local currency needs to pay local operating and maintenance costs, leading to an accumulation of excess local currency balances, which, in certain instances, may be subject to either restrictions or other difficulties in converting to U.S. dollars, our functional currency, or to other currencies of the locations where we operate. Excess amounts of local currency may also be exposed to the risk of currency exchange losses.

OUR BUSINESS INVOLVES NUMEROUS OPERATING HAZARDS, AND OUR INSURANCE AND INDEMNITIES FROM OUR CUSTOMERS MAY NOT BE ADEQUATE TO COVER POTENTIAL LOSSES FROM OUR OPERATIONS.

Our operations are subject to the usual hazards inherent in the drilling of oil and gas wells, such as, blowouts, reservoir damage, loss of production, loss of well control, lost or stuck drill strings, equipment defects, craterings, fires, explosions and pollution. Contract drilling requires the use of heavy equipment and exposure to hazardous conditions, which may subject us to liability claims by employees, customers and other parties. These hazards can cause personal injury or loss of life, severe damage to or destruction of property and equipment, pollution or environmental or natural resource damage, claims by third parties or customers and suspension of operations. Our offshore fleet is also subject to hazards inherent in marine operations, either while on site or during mobilization, such as capsizing, sinking, grounding, collision, piracy, damage from severe weather and marine life infestations.

The South China Sea, the Northwest Coast of Australia and the U.S. Gulf of Mexico are areas subject to typhoons, hurricanes or other extreme weather conditions on a relatively frequent basis, and our drilling rigs in these regions may be exposed to damage or total loss by these storms, some of which may not be covered by insurance. The occurrence of these events could result in the suspension of drilling operations, damage to or destruction of the equipment involved and injury to or death of rig personnel. Some experts believe global climate change could increase the frequency and severity of these extreme weather conditions. Operations may also be suspended because of machinery breakdowns, abnormal drilling conditions, failure of subcontractors to perform or supply goods or services, or personnel shortages. We customarily provide contract indemnity to our customers for certain claims that could be asserted by us relating to damage to or loss of our equipment, including rigs, and claims that could be asserted by us or our employees relating to personal injury or loss of life.

Damage to the environment or natural resources could also result from our operations, particularly through spillage of hydrocarbons, fuel, lubricants or other chemicals and substances used in drilling operations, or extensive uncontrolled fires. We may also be subject to property damage, environmental indemnity and other claims by oil and natural gas companies or other third parties. Drilling involves certain risks associated with the loss of control of a well, such as blowout, cratering, the cost to regain control of or redrill the well and remediation of associated pollution. Our customers may be unable or unwilling to indemnify us against such risks. In addition, a court may decide that certain indemnities in our current or future drilling contracts are not enforceable. The law generally considers contractual indemnity for criminal fines and penalties to be against public policy, and the enforceability of an indemnity as to other matters may be limited.

Our insurance policies and drilling contracts contain rights to indemnity that may not adequately cover our losses, and we do not have insurance coverage or rights to indemnity for all risks. We have two main types of insurance coverage: (1) hull and machinery coverage for physical damage to our property and equipment and (2) excess liability coverage, which generally covers offshore risks, such as personal injury, third-party property claims, and third-party non-crew claims, including wreck removal and pollution. We generally have no hull and machinery insurance coverage for damages caused by named storms in the U.S. Gulf of Mexico. We maintain per occurrence deductibles that generally range up to \$10 million for various third-party liabilities, and we self-insure \$50 million of the \$750 million excess liability coverage through our wholly owned captive insurance company. We also retain the risk for any liability that exceeds our excess liability coverage. However, pollution and environmental risks generally are not completely insurable.

If a significant accident or other event occurs that is not fully covered by our insurance or by an enforceable or recoverable indemnity, the occurrence could adversely affect our consolidated financial position, results of operations or cash flows. The amount of our insurance may also be less than the related impact on enterprise value after a loss. Our insurance coverage will not in all situations provide sufficient funds to protect us from all liabilities that could result from our drilling operations. Our coverage includes annual aggregate policy limits. As a result, we generally retain the risk for any losses in excess of these limits. We generally do not carry insurance for loss of revenue, and certain other claims may also not be reimbursed by insurance carriers. Any such lack of reimbursement may cause us to incur substantial costs. In addition, we could decide to retain more risk in the future, resulting in higher risk of losses, which could be material. Moreover, we may not be able to maintain adequate insurance in the future at rates that we consider reasonable or be able to obtain insurance against certain risks.

FAILURE TO RECRUIT AND RETAIN KEY PERSONNEL COULD HURT OUR OPERATIONS.

We depend on the continuing efforts of key members of our management, as well as other highly skilled personnel, to operate and provide technical services and support for our business worldwide. Historically, competition for the personnel required for drilling operations has intensified as the number of rigs activated, added to worldwide fleets or under construction increased, leading to shortages of qualified personnel in the industry and creating upward pressure on wages and higher turnover. We may experience a reduction in the experience level of our personnel as a result of any increased turnover and ongoing staff reduction initiatives, which could lead to higher downtime and

more operating incidents, which in turn could decrease revenues and increase costs. If increased competition for qualified personnel were to intensify in the future we may experience increases in costs or limits on operations.

OUR LABOR COSTS AND THE OPERATING RESTRICTIONS UNDER WHICH WE OPERATE COULD INCREASE AS A RESULT OF COLLECTIVE BARGAINING NEGOTIATIONS AND ADDITIONAL UNIONIZATION EFFORTS.

Approximately 43 percent of our total workforce, primarily employed in Norway, Brazil and the U.K., are represented by, and some of our contracted labor work is subject to, collective bargaining agreements, substantially all of which are subject to annual salary negotiation. Negotiations over 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 the union members. Furthermore, a failure to reach an agreement on certain key issues could result in strikes, lockouts, or other work stoppages. Legislation has been introduced in the U.S. Congress that could encourage additional unionization efforts in the U.S., as well as increase the chances that such efforts succeed. Additional unionization efforts, if successful, new collective bargaining agreements or work stoppages could materially increase our labor costs and operating restrictions.

OUR SHIPYARD PROJECTS AND OPERATIONS ARE SUBJECT TO DELAYS AND COST OVERRUNS.

As of February 12, 2021, we had under construction two ultra-deepwater drillships. We also have a variety of other more limited shipyard projects at any given time. These shipyard projects are subject to the risks of delay or cost overruns inherent in any such construction project resulting from numerous factors, including the following:

- complications arising from pandemics and epidemics, such as the outbreak of a novel strain of COVID-19, severe influenza, other coronaviruses and other highly communicable viruses or diseases and associated government orders in the country where the rigs are being constructed or serviced and elsewhere;
- shipyard availability, failures and difficulties;
- shortages of equipment, materials or skilled labor;
- design and engineering problems, including those relating to the commissioning of newly designed equipment;
- latent damages or deterioration to hull, equipment and machinery in excess of engineering estimates and assumptions;
- unanticipated actual or purported change orders;
- disputes with shipyards and suppliers;
- failure or delayed deliveries of significant materials or equipment for various reasons, including due to supplier shortages, constraints, disruption or quality issues;
- availability of suppliers to recertify equipment for enhanced regulations;
- strikes, labor disputes and work stoppages;
- customer acceptance delays;
- customer delays in providing customer-supplied engineering, approvals or equipment;
- adverse weather conditions, including damage caused by such conditions;
- terrorist acts, war, piracy and civil unrest;
- unanticipated cost increases; and
- difficulty in obtaining necessary permits or approvals.

These factors may contribute to cost variations and delays in the delivery of our newbuild units and other rigs undergoing shipyard projects. Cost variations may result in, among other things, disputes with the shipyards that construct or service our drilling units. In addition, delayed delivery of our newbuild units or other rigs undergoing shipyard projects would impact contract commencement, resulting in a loss of revenues we could earn, and may also cause customers to terminate or shorten the term of the drilling contract for the rig pursuant to applicable late delivery clauses. In the event of termination of any of these drilling contracts, we may not be able to secure a replacement contract on as favorable terms, if at all.

Our operations also rely on a significant supply of capital and consumable spare parts and equipment to maintain and repair our fleet. We also rely on the supply of ancillary services, including supply boats and helicopters. Our reliance on our suppliers, manufacturers and service providers to secure equipment, parts, components and sub-systems used in our operations exposes us to volatility in the quality, prices and availability of such items. Certain parts and equipment that we use in our operations may be available only from a small number of suppliers, manufacturers or service providers, or in some cases must be sourced through a single supplier, manufacturer or service provider. A disruption in the deliveries from our suppliers, manufacturers or service providers, capacity constraints, production disruptions, price increases, quality control issues, recalls or other decreased availability of parts and equipment or ancillary services could adversely affect our ability to meet our commitments to customers, adversely impact our operations, increase our operating costs and result in increases in rig downtime and delays in the repair and maintenance of our fleet.

RISKS RELATED TO OUR INDEBTEDNESS

WE HAVE A SUBSTANTIAL AMOUNT OF DEBT, INCLUDING SECURED DEBT, AND WE MAY LOSE THE ABILITY TO OBTAIN FUTURE FINANCING AND SUFFER COMPETITIVE DISADVANTAGES.

At December 31, 2020 and 2019, our total debt was \$7.8 billion and \$9.3 billion, respectively, of which \$2.8 billion and \$3.3 billion, respectively, was secured. We have a bank credit agreement, as amended, that established a \$1.3 billion secured revolving credit facility

(the “Secured Credit Facility”), which is currently undrawn, the borrowings under which would be secured. This substantial level of debt and other obligations could have significant adverse consequences on our business and future prospects, including the following:

- we may be unable to obtain financing in the future to refinance our existing debt or for working capital, capital expenditures, acquisitions, debt service requirements, distributions, share repurchases, or other purposes;
- we may be unable to use operating cash flow in other areas of our business because we must dedicate a substantial portion of these funds to service the debt;
- we could become more vulnerable to general adverse economic and industry conditions, including increases in interest rates, particularly given our substantial indebtedness, some of which bears interest at variable rates;
- we may be unable to meet financial ratios in the agreements governing certain of our debt and finance lease or satisfy certain other covenants and conditions included in our debt agreements, which could result in our inability to meet requirements for borrowings under our credit agreement or a default under these agreements, impose restrictions with respect to our access to certain of our capital, and trigger cross default provisions in our other debt instruments;
- if we default under the terms of our secured financing arrangements, the secured debtholders may, among other things, foreclose on the collateral securing the debt, including the applicable drilling units;
- we may be unable to obtain new investment or financing given recent environmental, social and governance influenced trends among many financial intermediaries, investors and other capital markets participants in reducing, or ceasing, lending to, or investing in, companies that operate in industries with higher perceived environmental exposure; and
- we may be less able to take advantage of significant business opportunities and to react to changes in market or industry conditions than our less levered competitors.

See “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Sources and uses of liquidity.”

CREDIT RATING AGENCIES HAVE RATED OUR DEBT BELOW INVESTMENT GRADE, WHICH COULD LIMIT OUR ACCESS TO CAPITAL AND HAVE AN ADVERSE EFFECT ON OUR BUSINESS AND FINANCIAL CONDITION.

The ratings assigned to our debt securities by credit agencies (our “Debt Rating”) are below investment grade. Our Debt Ratings could have adverse consequences for our business and future prospects and could cause the following:

- limitations on our ability to access debt markets, including for the purpose of refinancing our existing debt, replacing or extending our Secured Credit Facility;
- less favorable terms and conditions on any refinancing arrangements, debt issuances or bank credit agreements, some of which could require collateral and restrict, among other things, our ability to pay distributions or repurchase shares;
- increases to certain fees under our Secured Credit Facility and interest rates under indentures governing certain of our senior notes, which in the case of the 6.375% senior notes due December 2021, the 3.80% senior notes due October 2022, and the 7.375% senior notes due December 2041, have already reached the maximum rate increase of 2 percent pursuant to the related indenture due to the downgrades of certain rating agencies;
- reduced willingness of current and prospective customers, suppliers and creditors to transact business with us;
- requirements from creditors, suppliers or customers for additional insurance, guarantees and collateral;
- limitations on our access to bank and third-party guarantees, surety bonds and letters of credit; and
- reductions to or eliminations of the level of credit suppliers and financial institutions may provide through payment terms or intraday funding when dealing with us thereby increasing the need for higher levels of cash on hand, which would decrease our ability to repay debt balances.

Our Debt Ratings have caused some of the effects listed above, and any further downgrades may cause or exacerbate, any of the effects listed above and could have an adverse effect on our business and financial condition.

WORLDWIDE FINANCIAL, ECONOMIC AND POLITICAL CONDITIONS COULD RESTRICT OUR ABILITY TO ACCESS THE CAPITAL MARKETS, REDUCE OUR FLEXIBILITY TO REACT TO CHANGING ECONOMIC AND BUSINESS CONDITIONS AND REDUCE DEMAND FOR OUR SERVICES.

Worldwide financial and economic conditions could restrict our ability to access the capital markets at a time when we would like, or need, to access such markets, which could have an impact on our flexibility to react to changing economic and business conditions. Worldwide economic conditions have in the past impacted, and could in the future impact, the lenders participating in our credit facilities and our customers, causing them to fail to meet their obligations to us. If economic conditions preclude or limit financing from banking institutions participating in our credit facilities, we may not be able to obtain similar financing from other institutions. A slowdown in economic activity could further reduce worldwide demand for energy and extend or worsen the recovery from low oil and natural gas prices. These potential developments, or market perceptions concerning these and related issues, could affect our consolidated financial position, results of operations or cash flows. In addition, turmoil and hostilities in the Middle East, North Africa and other geographic areas and countries present incremental risk. An extended period of negative outlook for the world economy could further reduce the overall demand for oil and natural gas and for our services. A further decline in oil and natural gas prices or an extension of the current low oil and natural gas prices could reduce demand for our drilling services and have a material adverse effect on our consolidated financial position, results of operations or cash flows.

RISKS RELATED TO LAWS, REGULATIONS AND GOVERNMENTAL COMPLIANCE

IMPACT OF INCREASINGLY STRINGENT ENVIRONMENTAL AND SAFETY LAWS AND OUR COMPLIANCE WITH OR BREACH OF SUCH LAWS CAN BE COSTLY, EXPOSE US TO LIABILITY AND COULD LIMIT OUR OPERATIONS.

Our business is affected by laws and regulations relating to the energy industry and the environment and safety, including international conventions and treaties, and regional, national, state, and local laws and regulations. Our business also depends on demand for services from the oil and gas exploration and production industry, and, accordingly, we are directly affected by the adoption of laws and regulations that, for economic, environmental or other policy reasons, curtail, delay or impose additional compliance costs and obligations related to the exploration and development drilling for oil and gas. Offshore drilling in certain areas has been curtailed and, in certain cases, prohibited because of environmental or safety concerns. In addition, compliance with environmental and safety laws, regulations and standards, where applicable, may require us to make significant capital expenditures, such as the installation of costly equipment or implementation of operational changes, and may affect the resale values or useful lives of our rigs. We may also incur additional costs in order to comply with other existing and future regulatory obligations or industry standards, including, but not limited to, costs relating to air emissions, including greenhouse gases, the management of ballast waters, maintenance and inspection, development and implementation of emergency procedures and maintenance of insurance coverage or other financial assurance of our ability to address pollution incidents. For instance, in the last decade, enhanced governmental safety and environmental requirements applicable to our operations were adopted by U.S. federal agencies for drilling in the U.S. Gulf of Mexico have caused, and may in the future cause, operators to have difficulties obtaining drilling permits in the U.S. Gulf of Mexico. In addition, the oil and gas industry has adopted new equipment and operating standards, such as the American Petroleum Institute Standard 53, related to the installation and testing of well control equipment. A failure to comply with applicable laws and regulations may result in administrative and civil penalties, criminal sanctions or the suspension or termination of our operations. Additionally, our customers may elect to voluntarily comply with any non-mandatory laws, regulations or other standards.

Any such safety, environmental and other regulatory restrictions or standards, including voluntary customer compliance with respect thereto, could decrease, disrupt or delay operations, decrease demand for offshore drilling services, increase operating costs and compliance costs or penalties, increase out-of-service time, decrease dayrates, or reduce the area of operations for drilling rigs in the U.S. and non-U.S. offshore areas. Any such effects could have a material adverse effect on our consolidated financial position, results of operations or cash flows.

To the extent new laws are enacted, existing laws are changed or other governmental actions are taken that prohibit or restrict offshore drilling or impose additional environmental protection and safety requirements that result in increased costs to the oil and gas industry, in general, or the offshore drilling industry, in particular, our business or prospects could be materially adversely affected. The operation of our drilling rigs will require certain governmental approvals, some of which may involve public hearings and costly undertakings on our part. We may not obtain such approvals or such approvals may not be obtained in a timely manner. If we fail to timely secure the necessary governmental approvals or permits, our customers may have the right to terminate or seek to renegotiate their drilling contracts to our detriment. The amendment or modification of existing laws and regulations or the adoption of new laws and regulations curtailing or further regulating exploratory or development drilling or production of oil and gas and compliance with any such new or amended legislation or regulations could have an adverse effect on our business or on our consolidated financial position, results of operations or cash flows.

As a contract driller with operations in certain offshore areas, we may be liable for damages and costs incurred in connection with oil spills or disposal of wastes related to those operations, and we may also be subject to significant fines and other liabilities in connection with spills. For example, an oil spill could result in significant liability, including fines, penalties and criminal liability and remediation, restoration or compensation costs for environmental or natural resource damages, as well as third-party damages, to the extent that the contractual indemnification provisions in our drilling contracts are not enforceable or otherwise sufficient, or if our customers are unwilling or unable to contractually indemnify us against these risks. Additionally, we may not be able to obtain such indemnities in our future drilling contracts, and our customers may not have the financial capability to fulfill their contractual obligations to us. Also, these indemnities may be held to be unenforceable in certain jurisdictions, as a result of public policy or for other reasons. Environmental and safety laws and regulations protecting the environment have become increasingly stringent and may in some cases impose strict liability on facility or vessel owners or operators, rendering a person liable for environmental damage without regard to negligence. These laws and regulations may expose us to liability for the conduct of, or conditions caused by, others or for acts that were in compliance with all applicable laws at the time they were performed. The application of these requirements or the adoption of new requirements or measures could have an adverse effect on our consolidated financial position, results of operations or cash flows.

REGULATORY AND VARIOUS OTHER RISKS, INCLUDING LITIGATION, ASSOCIATED WITH GREENHOUSE GASES AND CLIMATE CHANGE COULD HAVE AN ADVERSE IMPACT ON OUR BUSINESS AND DEMAND FOR OUR SERVICES.

Scientific studies have suggested that emissions of certain gases, including greenhouse gases, such as carbon dioxide and methane, contribute to warming of the earth's atmosphere and other climatic changes. In response to such studies, the issue of climate change and the effect of greenhouse gas emissions, in particular emissions from the fossil fuel industry, has attracted considerable attention worldwide. The attention to climate change has led, and we expect it to continue to lead, to additional regulations designed to reduce greenhouse gas emissions domestically and internationally. Such attention could also result in other adverse impacts for the oil and gas industry, including further restrictions or bans imposed by lawmakers, lawsuits by governments or third-parties seeking recoveries for damages resulting from the combustion of fuels that may contribute to climate change effects, or reduced interest from investors if they elect

in the future to shift some or all of their investments to non-fossil fuel related sectors. To the extent financial markets view climate change and greenhouse emissions as a financial risk, this could negatively impact our cost of or access to capital. Because our business depends on the level of activity in the oil and gas industry, existing or future laws, regulations, treaties or international agreements related to greenhouse gases and climate change, or related political, litigation or financial risks, including incentives to conserve energy or use alternative energy sources, could have a negative impact on our business if such laws, regulations, treaties or international agreements reduce the worldwide demand for oil and gas or limit drilling opportunities. In addition, such laws, regulations, treaties or international agreements or related risks could result in increased compliance costs or additional operating restrictions, which may have an adverse effect on our business. Further, some experts believe global climate change could increase the frequency and severity of extreme weather conditions, the impacts of which could interfere with our operations, cause damage to our equipment as well as cause other financial and operational impacts, including those that could result from any impact of such conditions on our customers.

We could also face increased climate-related litigation with respect to our operations both in the U.S. and around the world. Governmental and other entities in various U.S. states, such as California and New York, have filed lawsuits against coal, gas oil and petroleum companies. These suits allege damages as a result of climate change, and the plaintiffs are seeking unspecified damages and abatement under various tort theories. Similar lawsuits may be filed in other jurisdictions both in the U.S. and globally. Though we are not currently a party to any such lawsuit, these suits present a high degree of uncertainty regarding the extent to which energy companies, including offshore drillers, face an increased risk of liability stemming from climate change, which risk would also adversely impact the oil and gas industry and impact demand for our services.

THE GLOBAL NATURE OF OUR OPERATIONS INVOLVES ADDITIONAL RISKS.

We operate in various regions throughout the world, which may expose us to political and other uncertainties, including risks of:

- terrorist acts, war, piracy and civil unrest;
- seizure, expropriation or nationalization of our equipment;
- expropriation or nationalization of our customers' property;
- repudiation or nationalization of contracts;
- imposition of trade or immigration barriers;
- import-export quotas;
- wage and price controls;
- changes in law and regulatory requirements, including changes in interpretation and enforcement;
- involvement in judicial proceedings in unfavorable jurisdictions;
- damage to our equipment or violence directed at our employees, including kidnappings;
- complications associated with supplying, repairing and replacing equipment in remote locations;
- the inability to move income or capital; and
- currency exchange fluctuations and currency exchange restrictions, including exchange or similar controls that may limit our ability to convert local currency into U.S. dollars and transfer funds out of a local jurisdiction.

Our non-U.S. contract drilling operations are subject to various laws and regulations in certain countries in which we operate, including laws and regulations relating to the import and export, equipment and operation of drilling units, currency conversions and repatriation, oil and gas exploration and development, taxation and social contributions of offshore earnings and earnings of expatriate personnel. We are also subject to the U.S. Treasury Department's Office of Foreign Assets Control ("OFAC") and other U.S. and non-U.S. laws and regulations governing our international operations. In addition, various state and municipal governments, universities and other investors have proposed or adopted divestment and other initiatives regarding investments including, with respect to state governments, by state retirement systems in companies that do business with countries that have been designated as state sponsors of terrorism by the U.S. State Department. Failure to comply with applicable laws and regulations, including those relating to sanctions and export restrictions, may subject us to criminal sanctions or civil remedies, including fines, denial of export privileges, injunctions or seizures of assets. Investors could view any potential violations of OFAC regulations negatively, which could adversely affect our reputation and the market for our shares.

Governments in some countries have become increasingly active in regulating and controlling the ownership of concessions and companies holding concessions, the exploration for oil and gas and other aspects of the oil and gas industries in their countries, including local content requirements for participating in tenders for certain drilling contracts. Many governments favor or effectively require the awarding of drilling contracts to local contractors or require nonlocal contractors to employ citizens of, or purchase supplies from, a particular jurisdiction or require use of a local agent. In addition, government action, including initiatives by OPEC, may continue to cause oil or gas price volatility. In some areas of the world, this governmental activity has adversely affected the amount of exploration and development work by major oil companies and may continue to do so.

The shipment of goods, services and technology across international borders subjects us to extensive trade laws and regulations. Our import and export activities are governed by unique customs laws and regulations in each of the countries where we operate. Moreover, many countries, including the U.S., control the import and export of certain goods, services and technology and impose related import and export recordkeeping and reporting obligations. Governments also may impose economic sanctions against certain countries, persons and other entities that may restrict or prohibit transactions involving such countries, persons and entities, and we are also subject to the U.S. anti-boycott law.

The laws and regulations concerning import and export activity, recordkeeping and reporting, import and export control and economic sanctions are complex and constantly changing. These laws and regulations may be enacted, amended, enforced or interpreted in a manner materially impacting our operations. Ongoing economic challenges may increase some governments' efforts to enact, enforce, amend or interpret laws and regulations as a method to increase revenue. Shipments can be delayed and denied import or export for a variety of reasons, some of which are outside our control and some of which may result from failure to comply with existing legal and regulatory regimes. Shipping delays or denials could cause unscheduled operational downtime.

Our ability to operate worldwide depends on our ability to obtain the necessary visas and work permits for our personnel to travel in and out of, and to work in, the jurisdictions in which we operate. Governmental actions in some of the jurisdictions in which we operate may make it difficult for us to move our personnel in and out of these jurisdictions by delaying or withholding the approval of these permits. If we are not able to obtain visas and work permits for the employees we need to conduct our operations on a timely basis, we might not be able to perform our obligations under our drilling contracts, which could allow our customers to cancel the contracts. If our customers cancel some of our drilling contracts, and we are unable to secure new drilling contracts on a timely basis and on substantially similar terms, it could have a material adverse effect on our business and on our consolidated financial position, results of operations or cash flows.

FAILURE TO COMPLY WITH ANTI-BRIBERY STATUTES, SUCH AS THE U.S. FOREIGN CORRUPT PRACTICES ACT AND THE U.K. BRIBERY ACT 2010, COULD RESULT IN FINES, CRIMINAL PENALTIES, DRILLING CONTRACT TERMINATIONS AND AN ADVERSE EFFECT ON OUR BUSINESS.

The U.S. Foreign Corrupt Practices Act ("FCPA"), the U.K. Bribery Act 2010 ("Bribery Act") and similar anti-bribery laws in other jurisdictions, generally prohibit companies and their intermediaries from making improper payments for the purpose of obtaining or retaining business. We operate in many parts of the world that have experienced corruption to some degree and, in certain circumstances, strict compliance with anti-bribery laws may conflict with local customs and practices. If we are found to be liable for violations under the FCPA, the Bribery Act or other similar laws, either due to our acts or omissions or due to the acts or omissions of others, including our partners in our various joint ventures and of the current or former officers, directors or employees of any companies we have acquired, we could suffer from civil and criminal penalties or other sanctions, which could have a material adverse effect on our business or our consolidated financial position and results of operations. In addition, investors could negatively view potential violations, inquiries or allegations of misconduct under the FCPA, the Bribery Act or similar laws, which could adversely affect our reputation and the market for our shares.

We could also face fines, sanctions and other penalties from authorities in relevant jurisdictions, including prohibition of our participating in or curtailment of business operations in those jurisdictions and the seizure of rigs or other assets. Additionally, our business and results of operations could be adversely affected as a result of claims by customers, agents, shareholders, debt holders, other interest holders, current or former employees or other constituents of our company who, in connection with alleged or actual noncompliance with antibribery and related laws, may seek to impose penalties, seek remedies, terminate drilling contracts or take other actions adverse to our interests. Our business and results of operations may be adversely affected if we are required to dedicate significant time and resources to investigate and resolve allegations of misconduct, regardless of the merit of such allegations. Further, disclosure of the subject matter of any investigation could adversely affect our reputation and our ability to obtain new business with potential customers, to retain existing business with our current customers, to attract and retain employees and to access the capital markets.

WE ARE SUBJECT TO INVESTIGATIONS AND LITIGATION THAT, IF NOT RESOLVED IN OUR FAVOR AND NOT SUFFICIENTLY INSURED AGAINST, COULD HAVE A MATERIAL ADVERSE EFFECT ON US.

We are subject to a variety of disputes, investigations and litigation. Certain of our subsidiaries are subject to and have been involved in litigation with certain of our customers and other constituents. Certain of our subsidiaries are named as defendants in numerous lawsuits alleging personal grievances or injury, including as a result of exposure to asbestos or toxic fumes or resulting from other occupational diseases, such as silicosis, and various other medical issues that can remain undiscovered for a considerable amount of time. Some of these subsidiaries that have been put on notice of potential liabilities have no assets. Certain subsidiaries are subject to litigation relating to environmental damage. Our patent for dual-activity technology has been successfully challenged in certain jurisdictions. We are also subject to a number of significant tax disputes. We cannot predict the outcome of the investigations and cases involving the Company or our subsidiaries or the potential costs to resolve them. Insurance may not be applicable or sufficient in all cases, insurers may not remain solvent and policies may not be located. Suits against non-asset-owning subsidiaries have and may in the future give rise to alter ego or successor-in-interest claims against us and our asset-owning subsidiaries to the extent a subsidiary is unable to pay a claim or insurance is not available or sufficient to cover the claims. To the extent that one or more pending or future investigations or litigation matters is not resolved in our favor and is not covered by insurance, which could have an adverse effect on our financial position, results of operations or cash flows.

WE ARE SUBJECT TO CYBERSECURITY RISKS AND THREATS AS WELL AS INCREASING REGULATION OF DATA PRIVACY AND SECURITY.

We depend on data and digital technologies to conduct our offshore and onshore operations, to collect payments from customers and to pay vendors and employees. Our data protection measures and measures taken by our customers and vendors may not prevent unauthorized access of information technology systems. Threats to our information technology systems, and the systems of our customers and vendors, associated with cybersecurity risks and cyber-incidents or attacks continue to grow. Threats to our systems and our customers' and vendors' systems may derive from human error, fraud or malice, social engineering on the part of employees or third parties, or may

result from accidental technological failure. In addition, breaches to our systems and systems of our customers and vendors could go unnoticed for some period of time. Risks associated with these threats include disruptions of certain systems on our rigs; other impairments of our ability to conduct our operations; loss or ransom of intellectual property, proprietary information or customer and vendor data; disruption of our customers' and vendors' operations; misappropriation of assets; loss or damage to our customer and vendor data delivery systems; and increased costs to prevent, respond to or mitigate cybersecurity events. A breach could also originate from, or compromise, our customers' and vendors' or other third-party networks outside of our control. A breach may also result in legal claims or proceedings against us by our shareholders, employees, customers, vendors and governmental authorities, both U.S. and non-U.S. If such a cyber-incident were to occur, it could have a material adverse effect on our business or on our consolidated financial position, results of operations or cash flows.

In addition, laws and regulations governing data privacy and the unauthorized disclosure of personal data and confidential information, including the European Union General Data Protection Regulation, the Data Protection Law, as revised, of the Cayman Islands, the General Data Protection Law of Brazil and the California Consumer Privacy Act, pose increasingly complex compliance challenges and potential to elevate our costs. Any failure by us to comply with these laws and regulations, including as a result of a security or privacy breach, could result in significant penalties, litigation and liabilities for us. Additionally, if we acquire a company that has violated or is not in compliance with applicable data protection laws, we may incur significant liabilities and penalties as a result.

ACTS OF TERRORISM, PIRACY AND POLITICAL AND SOCIAL UNREST COULD AFFECT THE MARKETS FOR DRILLING SERVICES.

Acts of terrorism and social unrest, brought about by world political events or otherwise, have caused instability in the world's financial and insurance markets in the past and may occur in the future. Such acts could be directed against companies such as ours. In addition, acts of terrorism, piracy and social unrest could lead to increased volatility in prices for crude oil and natural gas and could affect the markets for drilling services. Insurance premiums could increase and coverage may be unavailable in the future. Government regulations may effectively preclude us from engaging in business activities in certain countries. These regulations could be amended to cover countries where we currently operate or where we may wish to operate in the future. Our drilling contracts do not generally provide indemnification against loss of capital assets or loss of revenues resulting from acts of terrorism, piracy or political or social unrest. We have limited insurance for our assets providing coverage for physical damage losses resulting from certain risks, such as terrorist acts, piracy, vandalism, sabotage, civil unrest, expropriation and acts of war, and we do not carry insurance for loss of revenues resulting from such risks.

RISKS RELATED TO TAXES

A CHANGE IN TAX LAWS, TREATIES OR REGULATIONS, OR THEIR INTERPRETATION, OF ANY COUNTRY IN WHICH WE HAVE OPERATIONS, ARE INCORPORATED OR ARE RESIDENT COULD RESULT IN A HIGHER EFFECTIVE TAX RATE ON OUR CONSOLIDATED EARNINGS AND INCREASE OUR CASH TAX PAYMENTS.

We are subject to changes in applicable tax laws, treaties or regulations in the jurisdictions in which we operate and earn income, and such changes could include laws or policies directed toward companies organized in jurisdictions with low tax rates with the intent to increase the tax burden. Switzerland, for example, enacted tax reform in response to certain guidance from and demands by the EU and the Organization for Economic Co-operation and Development (the "OECD") effective January 2022. Similarly, the OECD issued its action plan of tax reform measures that called for member states to take action to prevent base erosion and profit shifting. Some of these measures impact transfer pricing, requirements to qualify for tax treaty benefits, and the definition of permanent establishments depending on each jurisdiction's adoption and interpretation of such proposals. Respective countries have adopted various measures into their own tax laws. In addition, the EU issued its Anti-Tax Avoidance Directives in 2016 and 2017 that required its member states to adopt specific tax reform measures starting in 2019. Other tax jurisdictions in which we operate may consider implementing similar legislation. Any material change to tax laws, treaties, regulations or policies, their interpretation or application, or the adoption of new interpretations of existing laws and rulings, in any of the jurisdictions in which we operate, are incorporated or resident, could result in a higher effective tax rate on our worldwide earnings and such change could have a significant adverse effect on our consolidated financial position, results of operations or cash flows.

A LOSS OF A MAJOR TAX DISPUTE OR A SUCCESSFUL TAX CHALLENGE TO OUR OPERATING STRUCTURE, INTERCOMPANY PRICING POLICIES OR THE TAXABLE PRESENCE OF OUR KEY SUBSIDIARIES IN CERTAIN COUNTRIES COULD RESULT IN A HIGHER EFFECTIVE TAX RATE ON OUR CONSOLIDATED EARNINGS AND INCREASE OUR CASH TAX PAYMENTS.

We are subject to tax laws, treaties and regulations in the countries in which we operate and earn income. Our income taxes are based on the applicable tax laws and tax rates in effect in the countries in which we operate and earn income as well as upon our operating structures in these countries. Our income tax returns are subject to review and examination in these jurisdictions, and we do not recognize the benefit of income tax positions we believe are more likely than not to be disallowed upon challenge by a tax authority. If any tax authority successfully challenges our operational structure, intercompany pricing policies or the taxable presence of our key subsidiaries in certain countries; or if the terms of certain income tax treaties are interpreted in a manner that is adverse to our structure; or if we lose a material tax dispute in any country, our effective tax rate on our worldwide earnings could increase substantially and our earnings and cash flows from operations could be materially adversely affected. For example, we believe that neither we nor our non-U.S. subsidiaries, other than those that report a U.S. trade or business or a U.S. permanent establishment, were or are engaged in a trade or business in the U.S. or, if applicable, maintained or maintain a permanent establishment in the U.S. The determination of the aforementioned, among other things, involves considerable uncertainty. If the U.S. Internal Revenue Service (the "IRS") were to disagree, then we could be subject to additional U.S. corporate income and branch profits taxes on the portion of our earnings effectively connected to such U.S. business or, if applicable,

attributable to such U.S. permanent establishment during the period in which this was considered to have occurred. If this occurs, our effective tax rate on worldwide earnings for that period could increase substantially, we could be subject to assessments in previously filed returns that remain open to audit and our earnings and cash flows from operations for that period could be adversely affected.

U.S. TAX AUTHORITIES COULD TREAT US AS A PASSIVE FOREIGN INVESTMENT COMPANY, WHICH WOULD HAVE ADVERSE U.S. FEDERAL INCOME TAX CONSEQUENCES TO U.S. SHAREHOLDERS.

A foreign corporation will be treated as a passive foreign investment company ("PFIC") for U.S. federal income tax purposes if either (1) at least 75 percent of its gross income for any taxable year consists of certain types of passive income or (2) at least 50 percent of the average value of the corporation's assets produce or are held for the production of those types of passive income. For purposes of these tests, passive income includes dividends, interest and gains from the sale or exchange of investment property and certain rents and royalties, but does not include income derived from performing services.

We believe that we have not been and will not be a PFIC with respect to any taxable year. Our income from offshore contract drilling services should be treated as services income for purposes of determining whether we are a PFIC. Accordingly, we believe that our income from our offshore contract drilling services should not constitute passive income, and the assets that we own and operate in connection with the production of that income should not constitute passive assets. There is significant legal authority supporting this position, including statutory provisions, legislative history, case law and IRS pronouncements concerning the characterization, for other tax purposes, of income derived from services where a substantial component of such income is attributable to the value of the property or equipment used in connection with providing such services. However, a prior case and an IRS pronouncement that relies on such case characterize income from time chartering of vessels as rental income rather than services income for other tax purposes. The IRS has subsequently formally announced that it does not agree with the decision in that case. Moreover, we believe that the terms of the time charters in the prior case differ in material respects from the terms of our drilling contracts with customers. However, no assurance can be given that the IRS or a court will accept our position, and there is a risk that the IRS or a court could determine that we are a PFIC.

If we were treated as a PFIC for any taxable year, our U.S. shareholders would face adverse U.S. tax consequences. Under the PFIC rules, unless a shareholder makes certain elections available under the Internal Revenue Code of 1986, as amended, which elections could themselves have adverse consequences for the shareholder, the shareholder could be required to pay U.S. federal income tax at the highest applicable income tax rates on ordinary income upon the receipt of excess distributions, as defined for U.S. tax purposes, and upon any gain from the disposition of our shares, plus interest on such amounts, as if such excess distribution or gain had been recognized ratably over the shareholder's holding period of our shares. Additionally, under applicable statutory provisions, the preferential tax rate on qualified dividend income, which applies to dividends paid to non-corporate shareholders, does not apply to dividends paid by a foreign corporation if the foreign corporation is a PFIC for the taxable year in which the dividend is paid or the preceding taxable year.

RISKS RELATED TO OUR JURISDICTION OF ORGANIZATION AND GOVERNING DOCUMENTS

AS A SWISS CORPORATION, OUR FLEXIBILITY MAY BE LIMITED WITH RESPECT TO CERTAIN ASPECTS OF CAPITAL MANAGEMENT AND SWIFT IMPLEMENTATION OF CERTAIN INITIATIVES OR STRATEGIES.

Under Swiss law, our shareholders may approve an authorized share capital that allows the board of directors to issue new shares without additional shareholder approval within a period of up to two years and for up to a maximum of 50 percent of a company's issued share capital. The authorized share capital approved by our shareholders at the May 2020 annual general meeting will expire on May 7, 2022. Our currently available authorized share capital is limited to approximately 29 percent of our issued share capital as of February 16, 2021. Accordingly, shareholders at our annual general meeting in May 2021 may be requested to approve a renewal and an increase in authorized share capital. Additionally, subject to certain exceptions, Swiss law grants preemptive rights to existing shareholders to subscribe for new issuances of shares. Further, Swiss law does not provide as much flexibility in the various terms that can attach to different classes of shares as the laws of some other jurisdictions. Swiss law also reserves for shareholder approval certain corporate actions over which a board of directors would have authority in some other jurisdictions. For example, dividends must be approved by shareholders. These Swiss law requirements relating to our capital management may limit our flexibility, and situations may arise where greater flexibility would have provided substantial benefits to our shareholders.

Distributions to shareholders in the form of a par value reduction and dividend distributions out of qualifying additional paid-in capital are not currently subject to the 35 percent Swiss federal withholding tax. However, the Swiss withholding tax rules could also be changed in the future, and any such change may adversely affect us or our shareholders. In addition, over the long term, the amount of par value available for us to use for par value reductions or the amount of qualifying additional paid-in capital available for us to pay out as distributions is limited. If we are unable to make a distribution through a reduction in par value, or out of qualifying additional paid-in capital as shown on Transocean Ltd.'s standalone Swiss statutory financial statements, we may not be able to make distributions without subjecting our shareholders to Swiss withholding taxes.

Under Swiss tax law, repurchases of shares for the purposes of capital reduction are treated as a partial liquidation subject to a 35 percent Swiss withholding tax based on the difference between the repurchase price and the related amount of par value and the related amount of qualifying additional paid-in capital, if any. At our 2009 annual general meeting, our shareholders approved the repurchase of up to CHF 3.5 billion of our shares for cancellation under the share repurchase program. If we repurchase shares, we expect to use an alternative procedure pursuant to which we repurchase shares via a "virtual second trading line" from market players, such as banks and

institutional investors, who are generally entitled to receive a full refund of the Swiss withholding tax. The use of such “virtual second trading line” with respect to share repurchase programs is subject to the approval of the competent Swiss tax and other authorities. We may not be able to repurchase as many shares as we would like to repurchase for purposes of capital reduction on the “virtual second trading line” without subjecting the selling shareholders to Swiss withholding taxes.

We are required, from time to time, to evaluate the carrying amount of our investments in affiliates, as presented on our Swiss standalone balance sheet. If we determine that the carrying amount of any such investment exceeds its fair value, we may conclude that such investment is impaired. The recognized loss associated with such a non-cash impairment could result in our net assets no longer covering our statutory share capital and statutory capital reserves. Under Swiss law, if our net assets cover less than 50 percent of our statutory share capital and statutory capital reserves, the board of directors must convene a general meeting of shareholders and propose measures to remedy such a capital loss. The appropriate measures depend on the relevant circumstances and the magnitude of the recognized loss and may include seeking shareholder approval for offsetting the aggregate loss, or a portion thereof, with our statutory capital reserves, including qualifying additional paid-in capital otherwise available for distributions to shareholders, or raising new equity. Depending on the circumstances, we may also need to use qualifying additional paid-in capital available for distributions in order to reduce our accumulated net loss and such use might reduce our ability to make distributions without subjecting our shareholders to Swiss withholding tax.

These Swiss law requirements could limit our flexibility to swiftly implement certain initiatives or strategies.

WE ARE SUBJECT TO ANTI-TAKEOVER PROVISIONS.

Our articles of association and Swiss law contain provisions that could prevent or delay an acquisition of the company by means of a tender offer, a proxy contest or otherwise. Actions taken under such provisions may adversely affect prevailing market prices for our shares, and could, among other things:

- provide that the board of directors is authorized, subject to obtaining shareholder approval every two years, at any time during a maximum two-year period, which under our current authorized share capital will expire on May 7, 2022, to issue a specified number of shares, which under our current authorized share capital is approximately 29 percent of the share capital registered in the commercial register as of February 16, 2021, and to limit or withdraw the preemptive rights of existing shareholders in various circumstances;
- provide for a conditional share capital that authorizes the issuance of additional shares up to a maximum amount of approximately 22 percent of the share capital registered in the commercial register as of February 16, 2021, without obtaining additional shareholder approval through: (1) 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 by or of any of our subsidiaries; or (2) in connection with the issuance of shares, options or other share-based awards;
- provide that any shareholder who wishes to propose any business or to nominate a person or persons for election as director at any annual meeting may only do so if we are given advance notice;
- provide that directors can be removed from office only by the affirmative vote of the holders of at least 66 2/3 percent of the shares entitled to vote;
- provide that a merger or demerger transaction requires the affirmative vote of the holders of at least 66 2/3 percent of the shares represented at the meeting and provide for the possibility of a so-called cash-out or squeeze-out merger if the acquirer controls 90 percent of the outstanding shares entitled to vote at the meeting;
- provide that any action required or permitted to be taken by the holders of shares must be taken at a duly called annual or extraordinary general meeting of shareholders;
- limit the ability of our shareholders to amend or repeal some provisions of our articles of association; and
- limit transactions between us and an “interested shareholder,” which is generally defined as a shareholder that, together with its affiliates and associates, beneficially, directly or indirectly, owns 15 percent or more of our shares entitled to vote at a general meeting.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

The description of our property included under “Item 1. Business” is incorporated by reference herein. We maintain offices, land bases and other facilities worldwide, most of which we lease, including principal executive offices in Steinhausen, Switzerland, and corporate offices in Houston, Texas, and the Cayman Islands. Our remaining offices and bases are located in various countries in North America, Europe, South America, Asia and Africa.

ITEM 3. LEGAL PROCEEDINGS

We have certain actions, claims and other matters pending as discussed and reported in “Part II. Item 8. Financial Statements and Supplementary Data—Notes to Consolidated Financial Statements—Note 13—Commitments and Contingencies” and “Part II. Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations—Other Matters—Regulatory Matters” in this annual report. We are also involved in various tax matters as described in “Part II. Item 8. Financial Statements and Supplementary Data—Notes

to Consolidated Financial Statements—Note 10—Income Taxes” and in “Part II. Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations—Other Matters—Tax matters” in this annual report. All such actions, claims, tax and other matters disclosed therein are incorporated herein by reference.

As of December 31, 2020, we were involved in a number of other lawsuits, claims and disputes, which have arisen in the ordinary course of our business and for which we do not expect the liability, if any, to have a material adverse effect on our consolidated financial position, results of operations or cash flows. We cannot predict with certainty the outcome or effect of any of the matters referred to above or of any such other pending or threatened litigation or legal proceedings. There can be no assurance that our beliefs or expectations as to the outcome or effect of any lawsuit or claim or dispute will prove correct and the eventual outcome of these matters could materially differ from management’s current estimates.

In addition to the legal proceedings described above, we may from time to time identify other matters that we monitor through our compliance program or in response to events arising generally within our industry and in the markets where we do business. We evaluate matters on a case by case basis, investigate allegations in accordance with our policies and cooperate with applicable governmental authorities. Through the process of monitoring and proactive investigation, we strive to ensure no violation of our policies, Code of Integrity or law has, or will, occur; however, there can be no assurance as to the outcome of these matters.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

INFORMATION ABOUT OUR EXECUTIVE OFFICERS

We have included the following information, presented as of February 16, 2021, on our executive officers for purposes of U.S. securities laws in Part I of this report in reliance on General Instruction G(3) to Form 10-K. The board of directors elects the officers of the Company, generally on an annual basis. There is no family relationship between any of our executive officers.

Officer	Office	Age as of February 16, 2021
Jeremy D. Thigpen (a)	President and Chief Executive Officer	46
Keelan Adamson (a)	Executive Vice President and Chief Operations Officer	51
Howard E. Davis	Executive Vice President, Chief Administrative Officer and Chief Information Officer	62
Brady K. Long	Executive Vice President and General Counsel	48
Mark L. Mey (a)	Executive Vice President and Chief Financial Officer	57
David Tonnel	Senior Vice President and Chief Accounting Officer	51

(a) Member of our executive management team for purposes of Swiss law.

Jeremy D. Thigpen is President and Chief Executive Officer and a member of the Company's board of directors. Before joining the Company in this position in April 2015, Mr. Thigpen served as Senior Vice President and Chief Financial Officer at National Oilwell Varco, Inc. from December 2012 to April 2015. At National Oilwell Varco, Inc., Mr. Thigpen also served as President, Downhole and Pumping Solutions from August 2007 to December 2012, as President of the Downhole Tools Group from May 2003 to August 2007 and as manager of the Downhole Tools Group from April 2002 to May 2003. From 2000 to 2002, Mr. Thigpen served as the Director of Business Development and Special Assistant to the Chairman for National Oilwell Varco, Inc. Mr. Thigpen earned a Bachelor of Arts degree in Economics and Managerial Studies from Rice University in 1997, and he completed the Program for Management Development at Harvard Business School in 2001.

Keelan Adamson is Executive Vice President and Chief Operations Officer of the Company. Before being named to his current position in August 2018, Mr. Adamson served as Senior Vice President, Operations from October 2017 to July 2018 and as Senior Vice President, Operations Integrity and HSE, from June 2015 to October 2017. Since 2010, Mr. Adamson served in multiple executive positions with responsibilities spanning Engineering and Technical Services, Major Capital Projects, Human Resources, and more recently, Operations Integrity and HSE. Mr. Adamson started his career as a drilling engineer with BP Exploration in 1991 and joined Transocean in July 1995. In addition to several management assignments in the U.K., Asia, and Africa, he also held leadership roles in Sales and Marketing, Well Construction and Technology, and as Managing Director for operations in North America, Canada and Trinidad. Mr. Adamson earned a Bachelor's degree in Aeronautical Engineering from The Queens University of Belfast and completed the Advanced Management program at Harvard Business School in 2016. Mr. Adamson also currently serves on the board of the National Ocean Industries Association.

Howard E. Davis is Executive Vice President, Chief Administrative Officer and Chief Information Officer of the Company. Before joining the Company in this position in August 2015, Mr. Davis served as Senior Vice President, Chief Administrative Officer and Chief Information Officer of National Oilwell Varco, Inc. from March 2005 to April 2015 and as Vice President, Chief Administrative Officer and Chief Information Officer from August 2002 to March 2005. Mr. Davis earned a Bachelor's degree from University of Kentucky in 1980, and he completed the Advanced Management Program at Harvard Business School in 2005.

Brady K. Long is Executive Vice President and General Counsel of the Company. Before being named to his current position in March 2018, Mr. Long served as Senior Vice President and General Counsel from November 2015 to March 2018. From 2011 to November 2015, when Mr. Long joined the Company, he served as Vice President—General Counsel and Secretary of Ensco plc, which acquired Pride International, Inc. where he had served as Vice President, General Counsel and Secretary since August 2009. Mr. Long joined Pride International, Inc. in June 2005 as Assistant General Counsel and served as Chief Compliance Officer from June 2006 to February 2009. He was director of Transocean Partners LLC from May 2016 until December 2016. Mr. Long previously practiced corporate and securities law with the law firm of Bracewell LLP. Mr. Long earned a Bachelor of Arts degree from Brigham Young University in 1996, a Juris Doctorate degree from the University of Texas School of Law in 1999 and an Executive LL.M. in Taxation from New York University in 2019.

Mark L. Mey is Executive Vice President and Chief Financial Officer of the Company. Before joining the Company in this position in May 2015, Mr. Mey served as Executive Vice President and Chief Financial Officer of Atwood Oceanics, Inc. from January 2015 to May 2015, prior to which he served as Senior Vice President and Chief Financial Officer from August 2010. Mr. Mey was director of Transocean Partners LLC from June 2015 until December 2016. He served as Director, Senior Vice President and Chief Financial Officer of Scorpion Offshore Ltd. from August 2005 to July 2010. Prior to 2005, Mr. Mey held various senior financial and other roles in the drilling and financial services industries, including 12 years with Noble Corporation. He earned an Advanced Diploma in Accounting and a Bachelor of Commerce degree from the University of Port Elizabeth in South Africa in 1985, and he is a chartered accountant. Additionally, Mr. Mey completed the Harvard Business School Executive Advanced Management Program in 1998.

David Tonnel is Senior Vice President and Chief Accounting Officer. Before being named to his current position in April 2017, he served as Senior Vice President, Supply Chain and Corporate Controller from October 2015 to April 2017, as Senior Vice President, Finance and Controller from March 2012 to October 2015 and as Senior Vice President of the Europe and Africa Unit from June 2009 to March 2012. Mr. Tonnel served as Vice President of Global Supply Chain from November 2008 to June 2009, as Vice President of Integration and Process Improvement from November 2007 to November 2008, and as Vice President and Controller from February 2005 to November 2007. Prior to February 2005, he served in various financial roles, including Assistant Controller; Finance Manager, Asia Australia Region; and Controller, Nigeria. Mr. Tonnel joined the Company in 1996 after working for Ernst & Young in France as Senior Auditor. Mr. Tonnel earned a Master of Science degree in Management from HEC in Paris, France in 1991.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED SHAREHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

MARKET FOR SHARES OF OUR COMMON EQUITY

Our shares are listed on the New York Stock Exchange under the ticker symbol "RIG." On February 16, 2021, we had 616,025,144 shares outstanding and 5,266 holders of record of our shares.

SHAREHOLDER MATTERS

Swiss tax consequences to our shareholders

Overview—The tax consequences discussed below are not a complete analysis or listing of all the possible tax consequences that may be relevant to our shareholders. Shareholders should consult their own tax advisors in respect of the tax consequences related to receipt, ownership, purchase or sale or other disposition of our shares and the procedures for claiming a refund of withholding tax.

Swiss income tax on dividends and similar distributions—A non-Swiss holder is not subject to Swiss income taxes on dividend income and similar distributions in respect of our shares, unless the shares are attributable to a permanent establishment or a fixed place of business maintained in Switzerland by such non-Swiss holder. However, dividends and similar distributions are subject to Swiss withholding tax, subject to certain exceptions. See "—Swiss withholding tax on dividends and similar distributions to shareholders."

Swiss wealth tax—A non-Swiss holder is not subject to Swiss wealth taxes unless the holder's shares are attributable to a permanent establishment or a fixed place of business maintained in Switzerland by such non-Swiss holder.

Swiss capital gains tax upon disposal of shares—A non-Swiss holder is not subject to Swiss income taxes for capital gains unless the holder's shares are attributable to a permanent establishment or a fixed place of business maintained in Switzerland by such non-Swiss holder. In such case, the non-Swiss holder is required to recognize capital gains or losses on the sale of such shares, which are subject to cantonal, communal and federal income tax.

Swiss withholding tax on dividends and similar distributions to shareholders—A Swiss withholding tax of 35 percent is due on dividends and similar distributions to our shareholders from us, regardless of the place of residency of the shareholder, subject to the exceptions discussed under "—Exemption" below. We will be required to withhold at such rate and remit on a net basis any payments made to a holder of our shares and pay such withheld amounts to the Swiss federal tax authorities.

Exemption—Distributions to shareholders in the form of a par value reduction or out of qualifying additional paid-in capital for Swiss statutory purposes are exempt from Swiss withholding tax. On December 31, 2020, the aggregate amount of par value of our outstanding shares was CHF 61.5 million, equivalent to approximately \$69.5 million, and the aggregate amount of qualifying additional paid-in capital of our outstanding shares was CHF 13.5 billion, equivalent to approximately \$15.3 billion. Consequently, we expect that a substantial amount of any potential future distributions may be exempt from Swiss withholding tax.

Refund available to Swiss holders—A Swiss tax resident, corporate or individual, can recover the withholding tax in full if such resident is the beneficial owner of our shares at the time the dividend or other distribution becomes due and provided that such resident reports the gross distribution received on such resident's income tax return, or in the case of an entity, includes the taxable income in such resident's income statement.

Refund available to non-Swiss holders—If the shareholder that receives a distribution from us is not a Swiss tax resident, does not hold our shares in connection with a permanent establishment or a fixed place of business maintained in Switzerland, and resides in a country that has concluded a treaty for the avoidance of double taxation with Switzerland for which the conditions for the application and protection of and by the treaty are met, then the shareholder may be entitled to a full or partial refund of the withholding tax described above. Switzerland has entered into bilateral treaties for the avoidance of double taxation with respect to income taxes with numerous countries, including the United States ("U.S."), whereby under certain circumstances all or part of the withholding tax may be refunded. The procedures for claiming treaty refunds, and the time frame required for obtaining a refund, may differ from country to country.

Refund available to U.S. residents—The Swiss-U.S. tax treaty provides that U.S. residents eligible for benefits under the treaty can seek a refund of the Swiss withholding tax on dividends for the portion exceeding 15 percent, leading to a refund of 20 percent, or a 100 percent refund in the case of qualified pension funds. As a general rule, the refund will be granted under the treaty if the U.S. resident can show evidence of the following: (a) beneficial ownership, (b) U.S. residency and (c) meeting the U.S.-Swiss tax treaty's limitation on benefits requirements.

The claim for refund must be filed with the Swiss federal tax authorities (Eigerstrasse 65, 3003 Bern, Switzerland), not later than December 31 of the third year following the year in which the dividend payments became due. The relevant Swiss tax form is Form 82C for companies, 82E for other entities and 82I for individuals. These forms can be obtained from any Swiss Consulate General in the U.S. or from the Swiss federal tax authorities at the above address or can be downloaded from the webpage of the Swiss federal tax administration.

Each form must be completed in triplicate, with each copy duly completed and signed before a notary public in the U.S. Evidence that the withholding tax was withheld at the source must also be included.

Stamp duties in relation to the transfer of shares—The purchase or sale of our shares may be subject to Swiss federal stamp taxes on the transfer of securities irrespective of the place of residency of the purchaser or seller if the transaction takes place through or with a Swiss bank or other Swiss securities dealer, as those terms are defined in the Swiss Federal Stamp Tax Act and no exemption applies in the specific case. If a purchase or sale is not entered into through or with a Swiss bank or other Swiss securities dealer, then no stamp tax will be due. The applicable stamp tax rate is 0.075 percent for each of the two parties to a transaction and is calculated based on the purchase price or sale proceeds. If the transaction does not involve cash consideration, the transfer stamp duty is computed on the basis of the market value of the consideration.

Share repurchases

Shares repurchased for the purpose of capital reduction are treated as a partial liquidation subject to a 35 percent Swiss withholding tax based on the difference between the repurchase price and the related amount of par value and the related amount of qualifying additional paid-in capital, if any. We would be required to remit on a net basis the purchase price with the Swiss withholding tax deducted to a holder of our shares and pay the withholding tax to the Swiss federal tax authorities. However, for such repurchased shares, the portions of the repurchase price that are attributable to the par value and the qualifying additional paid-in capital for Swiss statutory reporting purposes are not subject to the Swiss withholding tax.

If we repurchase shares, we expect to use an alternative procedure pursuant to which we repurchase our shares via a "virtual second trading line" from market players, such as banks and institutional investors, who are generally entitled to receive a full refund of the Swiss withholding tax. The use of such "virtual second trading line" with respect to share repurchase programs is subject to approval of the competent Swiss tax and other authorities. We may not be able to repurchase as many shares as we would like to repurchase for purposes of capital reduction on the "virtual second trading line" without subjecting the selling shareholders to Swiss withholding taxes. The repurchase of shares for purposes other than for cancellation, such as to retain as treasury shares for use in connection with stock incentive plans, convertible debt or other instruments within certain periods, are not generally subject to Swiss withholding tax.

Under Swiss corporate law, the right of a company and its subsidiaries to repurchase and hold its own shares is limited. A company may repurchase its shares to the extent it has freely distributable reserves as shown on its Swiss statutory balance sheet in the amount of the purchase price and if the aggregate par value of all shares held by the company as treasury shares does not exceed 10 percent of the company's share capital recorded in the Swiss Commercial Register, whereby for purposes of determining whether the 10 percent threshold has been reached, shares repurchased under a share repurchase program for cancellation purposes authorized by the company's shareholders are disregarded. As of February 16, 2021, Transocean Inc., our wholly owned subsidiary, held as treasury shares four percent of our issued and outstanding shares as of such date. Our board of directors could, to the extent freely distributable reserves are available, authorize the repurchase of additional shares for purposes other than cancellation, such as to retain treasury shares for use in satisfying our obligations in connection with incentive plans or other rights to acquire our shares. Based on the number of shares held as treasury shares as of February 16, 2021, approximately six percent of our issued and outstanding shares could be repurchased for purposes of retention as additional treasury shares. Although our board of directors has not approved such a share repurchase program for the purpose of retaining repurchased shares as treasury shares, if it did so, any such shares repurchased would be in addition to any shares repurchased under the currently approved program.

ISSUER PURCHASES OF EQUITY SECURITIES

Period	Total number of shares purchased	Average price paid per share	Total number of shares purchased as part of publicly announced plans or programs (a)	Approximate dollar value of shares that may yet be purchased under the plans or programs (in millions) (a)
October 2020	—	\$ —	—	\$ 3,663
November 2020	—	—	—	3,663
December 2020	—	—	—	3,663
Total	—	\$ —	—	\$ 3,663

- (a) In May 2009, at our annual general meeting, our shareholders approved and authorized our board of directors, at its discretion, to repurchase for cancellation any amount of our issued and outstanding shares for an aggregate purchase price of up to CHF 3.5 billion. At December 31, 2020, the authorization remaining under the share repurchase program was for the repurchase of our issued and outstanding shares for an aggregate cost of up to CHF 3.2 billion, equivalent to \$3.7 billion. The share repurchase program may be suspended or discontinued by our board of directors or company management, as applicable, at any time. See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Sources and uses of liquidity."

ITEM 6. SELECTED FINANCIAL DATA

Part II, Item 6 is no longer required as we have adopted certain provisions within the amendments to Regulation S-K that eliminate Item 301.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following information should be read in conjunction with the information contained in "Part I. Item 1. Business," "Part I. Item 1A. Risk Factors" and the audited consolidated financial statements and the notes thereto included under "Item 8. Financial Statements and Supplementary Data" elsewhere in this annual report. The following discussion of our results of operations and liquidity and capital resources includes comparisons for the years ended December 31, 2020 and 2019. For a discussion, including comparisons, of our results of operations and liquidity and capital resources for the years ended December 31, 2019 and 2018, see "Part II. Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" of our annual report on Form 10-K for the year ended December 31, 2019, filed with the United States ("U.S.") Securities and Exchange Commission on February 18, 2020.

BUSINESS

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 February 16, 2021, we owned or had partial ownership interests in and operated 37 mobile offshore drilling units, including 27 ultra-deepwater floaters and 10 harsh environment floaters. As of February 16, 2021, we were constructing two ultra-deepwater drillships.

We provide contract drilling services in a single, global operating segment, which involves contracting our mobile offshore drilling fleet, related equipment and work crews primarily on a dayrate basis to drill oil and gas wells. We specialize in technically demanding regions of the 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.

Our contract drilling services operations are geographically dispersed in oil and gas exploration and development areas throughout the world. Although rigs can be moved from one region to another, the cost of moving rigs and the availability of rig-moving vessels may cause the supply and demand balance to fluctuate somewhat between regions. Still, significant variations between regions do not tend to persist long term because of rig mobility. Our fleet operates in a single, global market for the provision of contract drilling services. The location of our rigs and the allocation of resources to operate, build or upgrade our rigs are determined by the activities and needs of our customers.

SIGNIFICANT EVENTS

Debt exchanges—On August 14, 2020, we issued \$238 million aggregate principal amount of 2.50% senior guaranteed exchangeable bonds due January 2027 (the "Senior Guaranteed Exchangeable Bonds") in non-cash private exchanges for \$397 million aggregate principal amount of the 0.50% exchangeable senior bonds due January 2023 (the "Exchangeable Senior Bonds") (collectively, the "Private Exchange"). In the year ended December 31, 2020, as a result of the Private Exchange, we recognized a gain of \$72 million associated with the restructuring of debt. See "—Operating Results" and "—Liquidity and Capital Resources—Sources and uses of liquidity."

On September 11, 2020, we issued \$687 million aggregate principal amount of 11.50% senior guaranteed notes due January 2027 (the "11.50% Senior Guaranteed Notes") in non-cash exchange transactions with the respective holders for \$1.5 billion aggregate principal amount of several series of our existing debt securities that were validly tendered and accepted for purchase (the "Exchange Offers" and, together with the Private Exchange, the "Exchange Transactions"), associated with the restructuring of debt. In the year ended December 31, 2020, as a result of the Exchange Offers, we recognized a gain of \$355 million associated with the restructuring of debt. See "—Operating Results" and "—Liquidity and Capital Resources—Sources and uses of liquidity."

On February 26, 2021, we completed privately negotiated transactions to exchange \$323 million aggregate principal amount of outstanding Exchangeable Senior Bonds for \$294 million aggregate principal amount of new 4.00% Senior Guaranteed Exchangeable Bonds due 2025 (the "New Senior Guaranteed Exchangeable Bonds") and an aggregate cash payment of \$11 million. See "—Liquidity and Capital Resources—Sources and uses of liquidity."

Early debt retirement—On February 18, 2020, we made an aggregate cash payment of \$767 million, including the make-whole premium, to redeem the outstanding 9.00% senior notes due July 2023 (the "9.00% Senior Notes"). In the year ended December 31, 2020, we recognized a loss of \$65 million associated with the retirement of redeemed debt. See "—Operating Results" and "—Liquidity and Capital Resources—Sources and uses of liquidity."

During the year ended December 31, 2020, we repurchased in the open market \$147 million aggregate principal amount of certain of our debt securities and made an aggregate cash payment of \$110 million. In the year ended December 31, 2020, we recognized an aggregate net gain of \$36 million, associated with the retirement of repurchased debt. See "—Operating Results" and "—Liquidity and Capital Resources—Sources and uses of liquidity."

On November 9, 2020, we completed cash tender offers (the "2020 Tender Offers") to purchase (i) any and all of the outstanding 6.50% senior notes due November 2020 and (ii) up to \$200 million in aggregate purchase price of the 6.375% senior notes due December 2021, 3.80% senior notes due October 2022, the 5.375% senior secured notes due May 2023 ("5.375% Senior Secured Notes") and the 7.25% senior notes due November 2025 (the "7.25% Guaranteed Notes"), subject to certain conditions specified in the related offer

to purchase. In the year ended December 31, 2020, as a result of the 2020 Tender Offers, we made an aggregate cash payment of \$222 million and recognized a gain of \$135 million associated with the retirement of such notes. See “—Operating Results” and “—Liquidity and Capital Resources—Sources and uses of liquidity.”

Debt issuances—On January 17, 2020, we issued \$750 million aggregate principal amount of 8.00% senior notes due February 2027 (the “8.00% Guaranteed Notes”), and we received aggregate cash proceeds of \$743 million, net of issue costs. See “—Liquidity and Capital Resources—Sources and uses of liquidity.”

Debt exchange litigation and purported notice of default—In September 2020, funds managed by, or affiliated with, Whitebox Advisors LLC (“Whitebox”) as holders of certain series of our notes subject to the Exchange Offers, filed a claim (the “Claim”) in the U.S. District Court for the Southern District of New York (the “Court”) related to certain internal reorganization transactions (the “Internal Reorganization”) and the Exchange Offers. Additionally, in September and October 2020, Whitebox and funds managed by, or affiliated with, Pacific Investment Management Company LLC (“PIMCO”) as debtholders, together with certain other advisors and debtholders, provided purported notices of alleged default with respect to the indentures governing, respectively, the 8.00% Guaranteed Notes and the 7.25% Guaranteed Notes. Following our amendment of certain of our financing documents and certain internal reorganization transactions, we do not expect the liability, if any, resulting from these matters to have a material adverse effect on our consolidated financial statements. See “—Liquidity and Capital Resources—Sources and uses of liquidity.”

Customer settlement—In June 2020, we entered into a settlement and mutual release agreement with a customer, which provided for the final settlement of disputes. In connection with the settlement, among other things, our customer agreed to pay us \$185 million in four equal installments through January 15, 2023. See “—Operating Results.”

Impairments—In the year ended December 31, 2020, we recognized an aggregate loss of \$556 million primarily associated with the impairment of one ultra-deepwater floater, two harsh environment floaters and three midwater floaters, along with related assets, which we determined were impaired at the time we classified the assets as held for sale. In the year ended December 31, 2020, we recognized a loss of \$59 million, which had no tax effect, recorded in other, net, associated with the impairment of our investment in Orion Holdings (Cayman) Limited (together with its subsidiary, “Orion”). In the year ended December 31, 2020, we recognized a loss of \$31 million associated with the impairment of our midwater asset group. See “—Operating Results.”

Dispositions—During the year ended December 31, 2020, we completed the sale of one ultra-deepwater floater, three harsh environment floaters and three midwater floaters, along with related assets, and we received \$20 million in aggregate net cash proceeds. See “—Operating Results” and “—Liquidity and Capital Resources.”

OUTLOOK

Drilling market—Since 2014, the industry has experienced a severe cyclical downturn of considerably longer duration than those previously observed. Multiple years of volatile and generally weak commodity prices, exacerbated in 2020 by the effects of the coronavirus (“COVID-19”) pandemic and production disputes among major oil producing countries, have resulted in our customers repeatedly delaying offshore investment decisions and postponing exploration and development programs. Some of our customers have also recently committed to invest or increase investment in low carbon and renewable energy resources, potentially reducing their expenditures in the development and production of hydrocarbons over the coming decades. However, even in the context of some diversion of investment away from traditional sources of energy, the structural efficiency gains achieved by the offshore oil and gas segment in the past six years have materially improved the economics of deepwater offshore development projects, making the segment a competitive source of new supply.

We anticipate that the subdued level of contract activity will continue for at least the first half of 2021, although we believe that by the second half of 2021, our customers will again focus on favorable deepwater offshore economics and begin increasing their exploration, production and reserve replacement activities by restarting delayed projects and commencing new campaigns. This depends on many variables, including global amelioration of the COVID-19 pandemic, and the effects of actions by some governments and regulators intended to curtail existing and future drilling activities, and other factors. Ultimately, as the hydrocarbon supply-demand balance improves, including as the result of a post-pandemic global economic recovery, we expect a sustained improvement of oil prices, which will result in greater demand for our high-specification fleet of assets, resulting in further improvement of dayrates.

In markets requiring harsh environment floating drilling rigs, the limited supply of these specialized high-specification rigs has continued to result in strong utilization and dayrates. In the ultra-deepwater markets, we have seen accelerated retirement of idle rigs, and with the anticipated consolidation of distressed drilling contractors, we expect additional retirements will reduce supply and improve utilization and dayrate metrics for high-specification assets.

As of February 12, 2021, our contract backlog was \$7.8 billion compared to \$8.2 billion as of October 14, 2020. The risks of drilling project delays, contract renegotiations and contract terminations and cancellations have diminished as oil prices have improved and stabilized.

Fleet status—We refer to the availability of our rigs in terms of the uncommitted fleet rate. The uncommitted fleet rate is defined as the number of uncommitted days divided by the total number of rig calendar days in the measurement period, expressed as a percentage. An uncommitted day is defined as a calendar day during which a rig is idle or stacked, is not contracted to a customer or is not committed to

a shipyard. The uncommitted fleet rates exclude the effect of priced options. As of February 12, 2021, uncommitted fleet rates for each of the five years in the period ending December 31, 2025 were as follows:

	2021	2022	2023	2024	2025
Uncommitted fleet rate					
Ultra-deepwater floaters	61 %	74 %	79 %	83 %	83 %
Harsh environment floaters	32 %	55 %	76 %	97 %	100 %

PERFORMANCE AND OTHER KEY INDICATORS

Contract backlog—Contract backlog is defined as the maximum contractual operating dayrate multiplied by the number of days remaining in the firm contract period, excluding revenues for mobilization, demobilization, contract preparation, other incentive provisions or reimbursement revenues, which are not expected to be significant to our contract drilling revenues. The contract backlog represents the maximum contract drilling revenues that can be earned considering the contractual operating dayrate in effect during the firm contract period.

The contract backlog for our fleet was as follows:

	February 12, 2021	October 14, 2020	February 14, 2020
Contract backlog		(In millions)	
Ultra-deepwater floaters	\$ 5,911	\$ 6,061	\$ 7,282
Harsh environment floaters	1,931	2,156	2,836
Midwater floaters	—	—	45
Total contract backlog	\$ 7,842	\$ 8,217	\$ 10,163

We believe our industry leading contract backlog sets us apart from the competition. Our contract backlog includes only firm commitments, which are represented by signed drilling contracts or, in some cases, by other definitive agreements awaiting contract execution. It does not include conditional agreements and options to extend firm commitments. Our contract backlog includes amounts associated with our contracted newbuild unit that is currently under construction but excludes amounts related to the conditional agreement we have for our second newbuild unit under construction. The contractual operating dayrate may be higher than the actual dayrate we ultimately receive or an alternative contractual dayrate, such as a waiting-on-weather rate, repair rate, standby rate or force majeure rate, may apply under certain circumstances. The contractual operating dayrate may also be higher than the actual dayrate we ultimately receive because of a number of factors, including rig downtime or suspension of operations. In certain contracts, the dayrate may be reduced to zero if, for example, repairs extend beyond a stated period of time.

Average contractual dayrate relative to our contract backlog is defined as the average maximum contractual operating dayrate to be earned per operating day in the measurement period. An operating day is defined as a day for which a rig is contracted to earn a dayrate during the firm contract period after operations commence.

At February 12, 2021, the contract backlog and average contractual dayrates for our fleet were as follows:

	Total	For the years ending December 31,				Thereafter
		2021	2022	2023	2024	
Contract backlog		(In millions, except average dayrates)				
Ultra-deepwater floaters	\$ 5,911	\$ 1,306	\$ 1,047	\$ 948	\$ 861	\$ 1,749
Harsh environment floaters	1,931	794	714	384	39	—
Total contract backlog	\$ 7,842	\$ 2,100	\$ 1,761	\$ 1,332	\$ 900	\$ 1,749
Average contractual dayrates						
Ultra-deepwater floaters	\$ 418,000	\$ 380,000	\$ 364,000	\$ 419,000	\$ 471,000	\$ 471,000
Harsh environment floaters	\$ 406,000	\$ 369,000	\$ 439,000	\$ 435,000	\$ 423,000	\$ —
Total fleet average	\$ 415,000	\$ 375,000	\$ 391,000	\$ 424,000	\$ 468,000	\$ 471,000

The actual amounts of revenues earned and the actual periods during which revenues are earned will differ from the amounts and periods shown in the tables above due to various factors, including shipyard and maintenance projects, unplanned downtime and other factors that result in lower applicable dayrates than the full contractual operating dayrate. Additional factors that could affect the amount and timing of actual revenue to be recognized include customer liquidity issues and contract terminations, which may be available to our customers under certain circumstances.

The COVID-19 pandemic and the volatility in oil prices in the year ended December 31, 2020, which have included precipitous drops in oil prices, could have significant adverse consequences for the financial condition of our customers. This could result in contract cancellations, early terminations, customers seeking price reductions or more favorable economic terms, a reduced ability to ultimately collect receivables, or entry into lower dayrate contracts or having to idle, stack or retire more of our rigs. See "Part I. Item 1A. Risk Factors—Risks related to our business—Our current backlog of contract drilling revenues may not be fully realized."

Average daily revenue—Average daily revenue is defined as contract drilling revenues, excluding revenues for contract terminations, reimbursements and contract intangible amortization, earned per operating day. An operating day is defined as a calendar day

during which a rig is contracted to earn a dayrate during the firm contract period after commencement of operations. The average daily revenue for our fleet was as follows:

	Years ended December 31,		
	2020	2019	2018
Average daily revenue			
Ultra-deepwater floaters	\$ 324,500	\$ 337,900	\$ 356,700
Harsh environment floaters	\$ 339,600	\$ 298,500	\$ 296,400
Deepwater floaters	\$ —	\$ —	\$ 186,700
Midwater floaters	\$ 111,400	\$ 118,400	\$ 99,900
High-specification jackups	\$ —	\$ —	\$ 152,900
Total fleet average daily revenue	\$ 327,500	\$ 313,400	\$ 296,200

Our average daily revenue fluctuates relative to market conditions and our revenue efficiency. The average daily revenue may be affected by revenues for lump sum bonuses or demobilization fees received from our customers. Our total fleet average daily revenue is also affected by the mix of rig classes being operated, as deepwater floaters, midwater floaters and high-specification jackups are typically contracted at lower dayrates compared to ultra-deepwater floaters and harsh environment floaters. We no longer operate deepwater floaters, midwater floaters or high-specification jackups. We include newbuilds in the calculation when the rigs commence operations upon acceptance by the customer. We remove rigs from the calculation upon disposal or classification as held for sale, unless we continue to operate rigs subsequent to sale, in which case we remove the rigs at the time of completion or novation of the contract.

Revenue efficiency—Revenue efficiency is defined as actual contract drilling revenues, excluding revenues for contract terminations and reimbursements, for the measurement period divided by the maximum revenue calculated for the measurement period, expressed as a percentage. Maximum revenue is defined as the greatest amount of contract drilling revenues, excluding revenues for contract terminations and reimbursements, the drilling unit could earn for the measurement period, excluding amounts related to incentive provisions. The revenue efficiency rates for our fleet were as follows:

	Years ended December 31,		
	2020	2019	2018
Revenue efficiency			
Ultra-deepwater floaters	97 %	99 %	96 %
Harsh environment floaters	95 %	95 %	94 %
Deepwater floaters	—%	—%	94 %
Midwater floaters	86 %	99 %	98 %
High-specification jackups	—%	—%	100 %
Total fleet average revenue efficiency	96 %	97 %	95 %

Revenue efficiency measures our ability to ultimately convert our contractual opportunities into revenues. Our revenue efficiency rate varies due to revenues earned under alternative contractual dayrates, such as a waiting-on-weather rate, repair rate, standby rate, force majeure rate or zero rate, that may apply under certain circumstances. Our revenue efficiency rate is also affected by incentive performance bonuses or penalties. We include newbuilds in the calculation when the rigs commence operations upon acceptance by the customer. We exclude rigs that are not operating under contract, such as those that are stacked.

Rig utilization—Rig utilization is defined as the total number of operating days divided by the total number of rig calendar days in the measurement period, expressed as a percentage. The rig utilization rates for our fleet were as follows:

	Years ended December 31,		
	2020	2019	2018
Rig utilization			
Ultra-deepwater floaters	59 %	51 %	48 %
Harsh environment floaters	73 %	78 %	82 %
Deepwater floaters	—%	—%	93 %
Midwater floaters	37 %	37 %	41 %
High-specification jackups	—%	—%	97 %
Total fleet average rig utilization	62 %	58 %	59 %

Our rig utilization rate declines as a result of idle and stacked rigs and during shipyard and mobilization periods to the extent these rigs are not earning revenues. We include newbuilds in the calculation when the rigs commence operations upon acceptance by the customer. We remove rigs from the calculation upon disposal, classification as held for sale. Accordingly, our rig utilization can increase when idle or stacked units are removed from our drilling fleet.

OPERATING RESULTS

Year ended December 31, 2020 compared to the year ended December 31, 2019

The following is an analysis of our operating results. See “—Performance and Other Key Indicators” for definitions of operating days, average daily revenue, revenue efficiency and rig utilization.

	December 31,		Change	% Change
	2020	2019		
	(In millions, except day amounts and percentages)			
Operating days	9,169	9,872	(703)	(7)%
Average daily revenue	\$ 327,500	\$ 313,400	\$ 14,100	4 %
Revenue efficiency	96 %	97 %		
Rig utilization	62 %	58 %		
Contract drilling revenues	\$ 3,152	\$ 3,088	\$ 64	2 %
Operating and maintenance expense	(2,000)	(2,140)	140	7 %
Depreciation and amortization expense	(781)	(855)	74	9 %
General and administrative expense	(183)	(193)	10	5 %
Loss on impairment	(597)	(609)	12	2 %
Loss on disposal of assets, net	(84)	(12)	(72)	nm
Operating loss	(493)	(721)	228	32 %
Other income (expense), net				
Interest income	21	43	(22)	(51)%
Interest expense, net of amounts capitalized	(575)	(660)	85	13 %
Gain (loss) on restructuring and retirement of debt	533	(41)	574	nm
Other, net	(27)	181	(208)	nm
Loss before income tax expense	(541)	(1,198)	657	55 %
Income tax expense	(27)	(59)	32	54 %
Net loss	\$ (568)	\$ (1,257)	\$ 689	55 %

“nm” means not meaningful.

Contract drilling revenues—Contract drilling revenues increased for the year ended December 31, 2020, compared to the year ended December 31, 2019, primarily due to the following: (a) \$177 million resulting from the settlement of disputes in the year ended December 31, 2020, (b) approximately \$110 million resulting from the reactivations of two ultra-deepwater floaters in Brazil in the year ended December 31, 2019, (c) approximately \$55 million resulting from higher dayrates on our comparable active fleet, (d) approximately \$50 million resulting from the operations of the harsh environment floater that we operate under a bareboat charter that commenced in August 2019, (e) approximately \$37 million resulting from reimbursement revenues related to COVID-19, (f) approximately \$30 million resulting from the early termination of a contract for the convenience of our customers and (g) approximately \$25 million resulting from higher revenue efficiency on the comparable active fleet. These increases were partially offset by the following decreases: (a) approximately \$170 million resulting from rigs stacked, (b) approximately \$140 million resulting from decreased activity on the comparable active fleet, (c) approximately \$60 million resulting from rigs sold or classified as held for sale and (d) approximately \$45 million resulting from lower reimbursement revenues unrelated to COVID-19.

Costs and expenses—Operating and maintenance costs and expenses decreased for the year ended December 31, 2020, compared to the year ended December 31, 2019, primarily due to the following: (a) approximately \$80 million resulting from rigs stacked, (b) approximately \$75 million resulting from reduced shipyard, personnel and in-service maintenance costs on the comparable active fleet, (c) approximately \$65 million resulting from rigs sold or classified as held for sale, (d) approximately \$45 million resulting from resulting from lower customer reimbursable costs unrelated to COVID-19 and (e) approximately \$40 million resulting from optimized onshore personnel costs. These decreases were partially offset by the following increases: (a) approximately \$70 million resulting from the operations of the harsh environment floater that we operate under a bareboat charter that commenced in August 2019, (b) approximately \$65 million resulting from personnel and related costs associated with mitigating the effect of the COVID-19 pandemic and (c) approximately \$30 million resulting from the reactivations of two ultra-deepwater floaters in Brazil in the year ended December 31, 2019.

Depreciation and amortization expense decreased for the year ended December 31, 2020, compared to the year ended December 31, 2019, primarily due to approximately \$65 million resulting from rigs sold or classified as held for sale and approximately \$20 million resulting from assets that had reached the end of their useful lives or had been retired, partially offset by approximately \$20 million resulting from assets placed into service.

General and administrative expense decreased for the year ended December 31, 2020, compared to the year ended December 31, 2019, primarily due to the following: (a) approximately \$7 million resulting from personnel and other costs related to the integration of Ocean Rig UDW Inc. (“Ocean Rig”) in the year ended December 31, 2019, (b) approximately \$5 million resulting from reduced legal and professional fees and (c) approximately \$5 million resulting from reduced office rent expense. These decreases were partially offset by the following

increases: (a) approximately \$5 million resulting from increased insurance costs and (b) approximately \$3 million resulting from increased software licensing and subscription arrangements.

Loss on impairment or disposal of assets—In the year ended December 31, 2020, we recognized a loss on the impairment of assets, including an aggregate net loss of \$556 million associated with assets that we determined were impaired at the time we classified them as held for sale, a loss of \$31 million associated with the impairment of our midwater floater asset group and a loss of \$10 million associated with the impairment of other assets. In the year ended December 31, 2019, we recognized an aggregate loss of \$583 million, primarily associated with certain assets that we determined were impaired at the time we classified them as held for sale, and an aggregate loss of \$26 million associated with the impairment of right-of-use assets and leasehold improvements.

In the year ended December 31, 2020, we recognized an aggregate loss of \$61 million associated with the sale of one ultra-deepwater floater, three harsh environment floaters and three midwater floaters, along with related assets. In the year ended December 31, 2019, we recognized an aggregate gain of \$4 million associated with the sale of six ultra-deepwater floaters, one harsh environment floater, two deepwater floaters and two midwater floaters, along with related assets. In the years ended December 31, 2020 and 2019, we recognized an aggregate loss of \$23 million and \$16 million, respectively, associated with the disposal of assets unrelated to rig sales.

Other income and expense—Interest expense, net of amounts capitalized, decreased in the year ended December 31, 2020, compared to the year ended December 31, 2019, primarily due to a decrease of \$155 million resulting from the debt retired, repaid or restructured, partially offset by an increase of \$78 million primarily resulting from debt issued.

In the year ended December 31, 2020, we recognized a net gain on restructuring and retirement of debt, primarily due to the following: (a) an aggregate gain of \$427 million associated with the restructuring of debt in the Exchange Transactions, (b) an aggregate gain of \$135 million associated with the retirement of \$360 million aggregate principal amount of our debt securities in the 2020 Tender Offers, (c) an aggregate gain of \$36 million associated with the retirement of \$147 million aggregate principal amount of our debt securities repurchased in the open market, partially offset by (d) a loss of \$65 million associated with the full redemption of the 9.00% Senior Notes due July 2023. In the year ended December 31, 2019, we recognized a net loss on retirement of debt, including a loss of \$23 million resulting from the retirement of \$434 million aggregate principal amount of our debt securities repurchased in the open market and a loss of \$18 million resulting from retirement of validly tendered notes (the “2019 Tendered Notes”).

Other expense, net, increased in the year ended December 31, 2020, compared to the year ended December 31, 2019, primarily due to the following: (a) a gain of \$132 million recognized in the prior year resulting from the termination of construction contracts, (b) a loss of \$59 million recognized in the year ended December 31, 2020, associated with the impairment of our equity-method investment in Orion, (c) increased net periodic benefit costs of \$14 million primarily from settlement of certain defined benefit plans in Norway, (d) increased loss of \$10 million resulting from net changes in currency exchange rates and (e) a gain of \$11 million recognized in the prior year resulting from the bargain purchase of Ocean Rig completed in the year ended December 31, 2018, partially offset by (f) increased income of \$9 million related to our investment in Orion and (g) increased income of \$5 million related to our dual-activity patent.

Income tax expense—In the years ended December 31, 2020 and 2019, our effective tax rate was (5.1) percent and (4.9) percent, respectively, based on loss before income tax expense. In the years ended December 31, 2020 and 2019, discrete period tax items represented a net tax benefit of \$91 million and \$150 million, respectively. In the year ended December 31, 2020, we identified certain discrete items, such as losses on impairment and disposal of assets, gain on restructuring and retirement of debt, revenues recognized for the settlement of disputes, the loss on impairment of an investment in an unconsolidated affiliate, the carryback of net operating losses in the U.S. as a result of the Coronavirus Aid, Relief, and Economic Security Act, which included the release of valuation allowances previously recorded, settlements and expirations of various uncertain tax positions and accruals for withholding taxes. In the year ended December 31, 2019, we identified certain discrete items, such as losses on impairment and disposal of assets, settlements and expirations of various uncertain tax positions and adjustments to our deferred taxes for operating structural changes made in the U.S. In the years ended December 31, 2020 and 2019, our effective tax rate, excluding discrete items, was (23.4) percent and (30.7) percent, respectively, based on loss before income tax expense. Our effective tax rate increased in the year ended December 31, 2020 compared to the year ended December 31, 2019, primarily due to a decreased loss before income taxes, partially offset by tax benefits for the carryback of net operating losses in the U.S. as a result of the Coronavirus Aid, Relief, and Economic Security Act, which included the release of previously recorded valuation allowances, settlements and expirations of uncertain tax positions, and adjustments to our deferred taxes for operating structural changes in the U.S., offset by tax expense for an increase in the withholding tax rate in Angola and an increase in loss before income tax expense.

Due to our operating activities and organizational structure, our income tax expense does not change proportionally with our income before income taxes. Significant decreases in our income before income taxes typically lead to higher effective tax rates, while significant increases in income before income taxes can lead to lower effective tax rates, subject to the other factors impacting income tax expense noted above. With respect to the effective tax rate calculation for the year ended December 31, 2020, a significant portion of our income tax expense was generated in countries in which income taxes are imposed on gross revenues, with the most significant of these countries being Angola and India. Conversely, the countries in which we incurred the most significant income taxes during this period that were based on income before income tax include the U.S., Switzerland, Brazil, the United Kingdom and Norway. Our rig operating structures further

complicate our tax calculations, especially in instances where we have more than one operating structure for the taxing jurisdiction and, thus, more than one method of calculating taxes depending on the operating structure utilized by the rig under the contract.

LIQUIDITY AND CAPITAL RESOURCES

Sources and uses of cash

At December 31, 2020, we had \$1.2 billion in unrestricted cash and cash equivalents and \$406 million in restricted cash and cash equivalents. In the year ended December 31, 2020, our primary sources of cash were net cash proceeds from the issuance of debt and net cash provided by operating activities. Our primary uses of cash were repayments of debt and capital expenditures.

	Years ended December 31,		Change
	2020	2019	
	(In millions)		
Cash flows from operating activities			
Net loss	\$ (568)	\$ (1,257)	\$ 689
Non-cash items, net	1,380	1,898	(518)
Changes in operating assets and liabilities, net	(414)	(301)	(113)
	<u>\$ 398</u>	<u>\$ 340</u>	<u>\$ 58</u>

Net cash provided by operating activities increased primarily due to reduced operating activities and reduced cash paid for interest and taxes, partially offset by an aggregate cash payment of \$125 million released from restricted cash accounts in June 2020 to satisfy our remaining obligations under the Plaintiff Steering Committee settlement agreement (the "PSC Settlement Agreement").

	Years ended December 31,		Change
	2020	2019	
	(In millions)		
Cash flows from investing activities			
Capital expenditures	\$ (265)	\$ (387)	\$ 122
Proceeds from disposal of assets, net	24	70	(46)
Investments in unconsolidated affiliates	(19)	(77)	58
Proceeds from maturities of unrestricted and restricted investments	5	123	(118)
Other, net	(2)	3	(5)
	<u>\$ (257)</u>	<u>\$ (268)</u>	<u>\$ 11</u>

Net cash used in investing activities decreased primarily due to (a) reduced capital expenditures and (b) reduced investments in unconsolidated affiliates, including Orion and certain companies involved in, among other things, researching and developing technology to improve efficiency and reliability and to increase automation, sustainability and safety, partially offset by (c) reduced proceeds from maturities of restricted and unrestricted investments and (d) reduced proceeds from disposal of assets, net of costs to sell.

	Years ended December 31,		Change
	2020	2019	
	(In millions)		
Cash flows from financing activities			
Proceeds from issuance of debt, net of discounts and issue costs	\$ 743	\$ 1,056	\$ (313)
Repayments of debt	(1,637)	(1,325)	(312)
Other, net	(36)	(43)	7
	<u>\$ (930)</u>	<u>\$ (312)</u>	<u>\$ (618)</u>

Net cash used in financing activities increased primarily due to (a) reduced net cash proceeds from the issuance of the 8.00% Guaranteed Notes in the year ended December 31, 2020 compared to the net cash proceeds from the issuance of the 5.375% Senior Secured Notes and the 6.875% senior secured notes due February 2027 ("6.875% Senior Secured Notes") in the prior year and (b) increased cash used to repay debt as a result of the full redemption of the 9.00% Senior Notes, the 2020 Tender Offers and our open market repurchases in the year ended December 31, 2020 compared to the cash used to repay debt related to the 2019 Tendered Notes and our open market repurchases in the prior year.

Sources and uses of liquidity

Overview—We expect to use existing unrestricted cash balances, internally generated cash flows, borrowings under the Secured Credit Facility, proceeds from the disposal of assets or proceeds from the issuance of additional debt or equity to fulfill anticipated obligations, which may include capital expenditures, working capital and other operational requirements, scheduled debt maturities or other payments. We may consider establishing additional financing arrangements with banks or other capital providers or issuing shares from our authorized share capital. Subject to market conditions and other factors, we may be required to provide collateral for any future financing arrangements.

We continue to evaluate additional potential liability management transactions in connection with our ongoing efforts to prudently manage our capital structure and improve our liquidity. In each case subject to then existing market conditions and our expected liquidity needs, among other factors, we may continue to use existing unrestricted cash balances, internally generated cash flows and proceeds from asset sales to pursue liability management transactions, including among others, purchasing or exchanging one or more existing series of our debt securities in the open market, in privately negotiated transactions, through tender offers or exchange offers. Any future purchases, exchanges or other transactions may be on the same terms or on terms that are more or less favorable to holders than the terms of any prior transaction, including the Exchange Transactions. There can be no assurance as to which, if any, of these alternatives, or combinations thereof, we may choose to pursue in the future, if at all, or as to the timing with respect to any future transactions.

The effects of the COVID-19 pandemic and the volatility in oil prices could have significant adverse consequences for general economic, financial and business conditions, as well as for our business and financial position and the business and financial position of our customers and suppliers and may, among other things, impact our ability to generate cash flows from operations, access the capital markets on acceptable terms or at all, and affect our future need or ability to borrow under our Secured Credit Facility. In addition to our potential sources of funding, the effects of such global events may impact our liquidity or need to alter our allocation or sources of capital, implement further cost reduction measures and change our financial strategy. Although the COVID-19 pandemic and the volatility in oil prices could have a broad range of effects on our sources and uses of liquidity, the ultimate effect thereon, if any, will depend on future developments, which cannot be predicted at this time.

Our internally generated cash flows are directly related to our business and the market sectors in which we operate. We have generated positive cash flows from operating activities over recent years and, although we cannot provide assurances, we currently expect that such cash flows will continue to be positive over the next year. However, among other factors, if the drilling market deteriorates, or if we experience poor operating results, or if we incur expenses to, for example, reactivate, stack or otherwise assure the marketability of our fleet, cash flows from operations may be reduced or negative.

Our access to debt and equity markets is currently limited due to a variety of events, including, among others, general economic conditions, industry conditions, market conditions and market perceptions of us and our industry and credit rating agencies' views of our debt. The rating of the majority of our long-term debt ("Debt Rating") is below investment grade. The Debt Rating is causing us to experience increased fees and interest rates under our Secured Credit Facility and agreements governing certain of our senior notes. Future downgrades may further restrict our ability to access the debt market for sources of capital and may negatively impact the cost of such capital at a time when we would like, or need, to access such markets, which could have an impact on our flexibility to react to changing economic and business conditions. An economic downturn like the one we are currently experiencing could have an impact on the lenders participating in our credit facilities or on our customers, causing them to fail to meet their obligations to us.

Debt exchange litigation and purported notice of default—Prior to the consummation of the Exchange Transactions, we completed the Internal Reorganization. In September 2020, funds managed by, or affiliated with Whitebox as holders of certain series of our notes subject to the Exchange Offers, filed the Claim in the Court related to the Internal Reorganization and the Exchange Offers. Additionally, in September and October 2020, Whitebox and funds managed by, or affiliated with, PIMCO as debtholders, together with certain other advisors and debtholders, provided purported notices of alleged default with respect to the indentures governing, respectively, the 8.00% Guaranteed Notes and the 7.25% Guaranteed Notes.

On September 23, 2020, we filed an answer to the Claim with the Court and asserted counterclaims seeking a declaratory judgment that, among other matters, the Internal Reorganization did not cause a default under the indenture governing the 8.00% Guaranteed Notes. Concurrently, with our answer and counterclaims, we also submitted a motion for summary judgment seeking an expedited judgment on our request for declaratory judgment. Whitebox subsequently submitted a cross-motion for summary judgment seeking dismissal of our counterclaims. On November 30, 2020, while awaiting the Court's ruling on our motion for summary judgment, we amended certain of our financing documents and implemented certain internal reorganization transactions, which resolved the allegations contained in the purported notices of default. On December 17, 2020, the Court issued its ruling granting our motion for summary judgment and denying the plaintiff's cross-motion for summary judgment, holding, among other matters, that the allegations contained in the purported notice of default did not constitute a default under the indenture governing the 8.00% Guaranteed Notes. Whitebox has appealed the Court's ruling.

The facts alleged in the purported notice of default under the 8.00% Guaranteed Notes were the same as the facts underlying the Claim and the purported notice of default under the 7.25% Guaranteed Notes. Accordingly, following the amendment and internal reorganization transactions on November 30, 2020, and the subsequent ruling from the Court granting our motion for summary judgment, we do not expect the liability, if any, resulting from these matters to have a material adverse effect on our consolidated statement of financial position, results of operations or cash flows.

Debt exchanges—On August 14, 2020, we issued \$238 million aggregate principal amount of Senior Guaranteed Exchangeable Bonds in the Private Exchange for \$397 million aggregate principal amount of the Exchangeable Senior Bonds. The Senior Guaranteed Exchangeable Bonds are fully and unconditionally guaranteed by Transocean Ltd. and certain wholly owned indirect subsidiaries of Transocean Inc. We may redeem all or a portion of the Senior Guaranteed Exchangeable Bonds (i) on or after August 14, 2022, if certain conditions related to the price of our shares have been satisfied, at a price equal to 100 percent of the aggregate principal amount and (ii) on or after August 14, 2023, at specified redemption prices. The indenture that governs the Senior Guaranteed Exchangeable Bonds contains covenants that, among other things, limit our ability to incur certain liens on our drilling units without equally and ratably securing the notes,

engage in certain sale and lease back transactions covering any of our drilling units, allow our subsidiaries to incur certain additional debt, and consolidate, merge or enter into a scheme of arrangement qualifying as an amalgamation. The indenture that governs the Senior Guaranteed Exchangeable Bonds also 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 Inc., (ii) the failure of our shares to be listed or quoted on a national securities exchange and (iii) specified tax matters. The Senior Guaranteed Exchangeable Bonds may be converted at any time prior to the close of business on the second business day immediately preceding the maturity date or the redemption date at a current exchange rate of 162.1626 Transocean Ltd. shares per \$1,000 note, which implies an initial conversion price of \$6.17 per share, subject to adjustment upon the occurrence of certain events.

On September 11, 2020, we issued \$687 million aggregate principal amount of the 11.50% Senior Guaranteed Notes in the Exchange Offers, pursuant to an exchange offer memorandum, dated August 10, 2020, as supplemented, for an aggregate principal amount of \$1.5 billion of several series of our existing debt securities that were validly tendered and accepted for purchase. The 11.50% Senior Guaranteed Notes are fully and unconditionally guaranteed by Transocean Ltd. and certain wholly owned indirect subsidiaries of Transocean Inc. We may redeem all or a portion of the 11.50% Senior Guaranteed Notes prior to July 30, 2023 at a price equal to 100 percent of the aggregate principal amount plus a make-whole premium, and subsequently, at specified redemption prices. We may also use the net cash proceeds of certain equity offerings by Transocean Ltd. to redeem, on one or more occasions prior to July 30, 2023, up to a maximum of 40 percent of the original aggregate principal amount of the 11.50% Senior Guaranteed Notes, subject to certain adjustments, at a redemption price equal to 111.50 percent of the aggregate principal amount. The indenture that governs the 11.50% Senior Guaranteed Notes contains covenants that, among other things, limit our ability to incur certain liens on our drilling units without equally and ratably securing the notes, engage in certain sale and lease back transactions covering any of our drilling units, allow our subsidiaries to incur certain additional debt, make certain internal transfers of our drilling units and consolidate, merge or enter into a scheme of arrangement qualifying as an amalgamation.

On February 26, 2021, we completed privately negotiated transactions to exchange \$323 million aggregate principal amount of outstanding Exchangeable Senior Bonds for \$294 million aggregate principal amount of the New Senior Guaranteed Exchangeable Bonds and an aggregate cash payment of \$11 million. The New Senior Guaranteed Exchangeable Bonds are guaranteed by Transocean Ltd. and the same subsidiaries of Transocean Inc. that guarantee the Senior Guaranteed Exchangeable Bonds and 11.50% Senior Guaranteed Notes. In addition, the New Senior Guaranteed Exchangeable Bonds have an initial exchange rate of 190.4762 Transocean Ltd. shares per \$1,000 note, which implies a conversion price of \$5.25 per share, subject to adjustment upon the occurrence of certain events.

Secured Credit Facility—As of December 31, 2020, we have a bank credit agreement, as amended from time to time, that established our \$1.3 billion secured revolving credit facility (“Secured Credit Facility”), which is scheduled to expire on June 22, 2023. The Secured Credit Facility is guaranteed by Transocean Ltd. and certain subsidiaries. The Secured Credit Facility is secured by, among other things, a lien on the ultra-deepwater floaters *Deepwater Asgard*, *Deepwater Corcovado*, *Deepwater Invictus*, *Deepwater Mykonos*, *Deepwater Orion*, *Deepwater Skyros*, *Development Driller III*, *Dhirubhai Deepwater KG2* and *Discoverer Inspiration* and the harsh environment floaters *Transocean Barents* and *Transocean Spitsbergen*. The maximum borrowing capacity will be reduced to \$1.0 billion if, and so long as, our leverage ratio, measured as the aggregate principal amount of debt outstanding to earnings before interest, taxes, depreciation and amortization, exceeds 10.00 to 1.00. The Secured Credit Facility contains covenants that, among other things, include maintenance of certain guarantee and collateral coverage ratios, a maximum debt to capitalization ratio of 0.60 to 1.00 and minimum liquidity of \$500 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 pay dividends and other distributions. In order to borrow under the Secured Credit Facility, we must, at the time of the borrowing request, not be in default under 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, could cause us to lose access to the Secured Credit Facility. At February 16, 2021, we had no borrowings outstanding, \$24 million of letters of credit issued, and we had \$1.3 billion of available borrowing capacity under the Secured Credit Facility.

Debt issuances—On January 17, 2020, we issued \$750 million aggregate principal amount of our 8.00% Guaranteed Notes, and we received aggregate cash proceeds of \$743 million, net of issue costs. We may redeem all or a portion of the 8.00% Guaranteed Notes on or prior to February 1, 2023 at a price equal to 100 percent of the aggregate principal amount plus a make-whole premium, and subsequently, at specified redemption prices.

On February 1, 2019, we issued \$550 million aggregate principal amount of 6.875% Senior Secured Notes, and we received aggregate cash proceeds of \$539 million, net of discount and issue costs. The indenture that governs the 6.875% Senior Secured Notes contains covenants that, among other things, limit the ability of our subsidiaries that own or operate the collateral rig *Deepwater Poseidon* to declare or pay dividends to their affiliates. We may redeem all or a portion of the 6.875% Senior Secured Notes on or prior to February 1,

2022 at a price equal to 100 percent of the aggregate principal amount plus a make-whole premium, and subsequently, at specified redemption prices.

On May 24, 2019, we issued \$525 million aggregate principal amount of 5.375% Senior Secured Notes, and we received aggregate cash proceeds of \$517 million, net of discount and issue costs. The indenture that governs the 5.375% Senior Secured Notes contains covenants that, among other things, limit the ability of our subsidiaries that own or operate the collateral rigs *Transocean Endurance* and *Transocean Equinox* to declare or pay dividends to their affiliates. We may redeem all or a portion of the 5.375% Senior Secured Notes on or prior to May 15, 2021 at a price equal to 100 percent of the aggregate principal amount plus a make-whole premium, and subsequently, at specified redemption prices.

Early debt retirement—On January 17, 2020, we provided a notice to redeem in full our outstanding 9.00% Senior Notes. On February 18, 2020, we made a payment of \$767 million, including the make-whole premium, to redeem the 9.00% Senior Notes, and in the three months ending March 31, 2020, we recognized a loss of \$65 million associated with the retirement of redeemed debt. On November 9, 2020, we completed the 2020 Tender Offers. In the year ended December 31, 2020, as a result of the 2020 Tender Offers, we made an aggregate cash payment of \$222 million to settle the validly tendered notes.

On February 5, 2019, we completed the cash tender offers ("2019 Tender Offers") to purchase for cash up to \$700 million aggregate purchase price of the 2019 Tendered Notes, subject to the terms and conditions specified in the related offer to purchase. In the year ended December 31, 2019, as a result of the 2019 Tender Offers, we made an aggregate cash payment of \$522 million to settle the validly tendered 2019 Tendered Notes. In the years ended December 31, 2019 and 2018, we repurchased in the open market \$434 million and \$95 million aggregate principal amount of our debt securities, respectively, for an aggregate cash payment of \$449 million and \$95 million, respectively.

Equity investments—In the years ended December 31, 2020 and 2019, we made an aggregate cash investment of \$19 million and \$77 million, respectively, in noncontrolling ownership interests in certain unconsolidated affiliates. The most significant of our equity investments is a 33.0 percent ownership interest in Orion, the company that, through its wholly owned subsidiary, owns the harsh environment floater *Transocean Norge*. We expect to make an additional \$33 million cash contribution to Orion in the first half of 2021. We also hold equity investments in certain companies that are involved in researching and developing technology to improve efficiency and reliability and to increase automation, sustainability and safety in drilling and other activities.

Litigation settlements—On May 29, 2015, together with the Plaintiff Steering Committee, we filed the PSC Settlement Agreement in which we agreed to deposit \$212 million into an escrow account established to be allocated to two classes of plaintiffs in exchange for a release from all claims against us for damages related to the Macondo well incident. On February 15, 2017, the U.S. District Court for the Eastern District of Louisiana (the "MDL Court") entered a final order and judgment approving the PSC Settlement Agreement, pursuant to which we made the required cash deposits into escrow accounts established for settlement. In the years ended December 31, 2020 and 2019, the MDL Court released \$125 million and \$33 million, respectively, from the escrow account to satisfy our remaining obligations under the PSC Settlement Agreement.

Share repurchase program—In May 2009, at our annual general meeting, our 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 3.5 billion. On February 12, 2010, our board of directors authorized our management to implement the share repurchase program. At December 31, 2020, the authorization remaining under the share repurchase program was for the repurchase of up to CHF 3.2 billion, equivalent to approximately \$3.7 billion, of our outstanding shares. We intend to fund any repurchases using available cash balances and cash from operating activities. The share repurchase program could be suspended or discontinued by our board of directors or company management, as applicable, at any time. We may decide, based on our ongoing capital requirements, the price of our shares, regulatory and tax considerations, cash flow generation, the amount and duration of our contract backlog, general market conditions, debt rating considerations and other factors, that we should retain cash, reduce debt, make capital investments or acquisitions or otherwise use cash for general corporate purposes. Decisions regarding the amount, if any, and timing of any share repurchases will be made from time to time based on these factors. Any repurchased shares under the share repurchase program would be held by us for cancellation by the shareholders at a future general meeting of shareholders. See "Item 5. Market for Registrant's Common Equity, Related Shareholder Matters and Issuer Purchases of Equity Securities—Shareholder Matters."

Contractual obligations—At December 31, 2020, our contractual obligations stated at face value, were as follows:

	Total	For the years ending December 31,			Thereafter
		2021	2022 - 2023	2024 - 2025	
		(in millions)			
Debt	\$ 7,866	\$ 516	\$ 1,655	\$ 1,705	\$ 3,990
Interest on debt	2,763	414	730	561	1,058
Finance lease liability	611	71	142	142	256
Operating lease liabilities	191	13	27	26	125
Purchase obligations	934	933	1	—	—
Service agreement obligations	903	103	237	256	307
Total (a)	\$ 13,268	\$ 2,050	\$ 2,792	\$ 2,690	\$ 5,736

(a) As of December 31, 2020, our defined benefit pension and other postemployment plans represented an aggregate liability of \$277 million, representing the aggregate projected benefit obligation, net of the aggregate fair value of plan assets. The carrying amount of this liability is influenced by, among others, significant current and future assumptions, funding contributions, returns on plan assets, participant demographics, and plan amendments. We excluded this amount from our contractual obligations presented above due to the uncertainties resulting from these factors and because the amount is not representative of future liquidity requirements. See Notes to Consolidated Financial Statements—Note 12—Postemployment Benefit Plans.

As of December 31, 2020, we have unrecognized tax benefits of \$419 million, including interest and penalties, of which \$261 million are netted against net operating loss deferred tax assets resulting in net unrecognized tax benefits of \$158 million, including interest and penalties, that upon reversal would favorably impact our effective tax rate. Although a portion of these might settle or reverse in the coming year, there is a high degree of uncertainty regarding the timing of future cash outflows associated with the liabilities recognized in this balance, we are unable to make reasonably reliable estimates of the period of cash settlement with the respective taxing authorities, and we excluded this amount from the contractual obligations presented in the table above. See Notes to Consolidated Financial Statements—Note 10—Income Taxes.

Other commercial commitments—We have other commercial commitments that we are contractually obligated to fulfill with cash under certain circumstances. These commercial commitments include standby letters of credit and surety bonds that guarantee our performance as it relates to our drilling contracts, insurance, customs, tax and other obligations in various jurisdictions. The obligations under these standby letters of credit and surety bonds are primarily geographically concentrated in Brazil. Such obligations are not normally called, as we typically comply with the underlying performance requirement. Standby letters of credit are issued under various committed and uncommitted credit lines, some of which require cash collateral. At December 31, 2020, the aggregate cash collateral held by banks for letters of credit and surety bonds was \$8 million.

At December 31, 2020, these obligations stated in U.S. dollar equivalents and their time to expiration were as follows:

	Total	For the years ended December 31,			Thereafter
		2021	2022 - 2023	2024 - 2025	
		(in millions)			
Standby letters of credit	\$ 24	\$ 11	\$ 13	\$ —	\$ —
Surety bonds	153	1	37	115	—
Total	\$ 177	\$ 12	\$ 50	\$ 115	\$ —

We have established a wholly owned captive insurance company to insure various risks of our operating subsidiaries. Access to the cash and cash equivalents of the captive insurance company may be limited due to local regulatory restrictions. At December 31, 2020, the captive insurance company held cash and cash equivalents of \$34 million, and such balance is expected to range from \$30 million to \$55 million through December 31, 2021. The balance of the cash and cash equivalents held by the captive insurance company varies, depending on (i) premiums received and (ii) the timing and magnitude of claims and dividends paid by the captive insurance company.

Drilling fleet

Expansion—From time to time, we review possible acquisitions of businesses and drilling rigs and may make significant future capital commitments for such purposes. We may also consider investments related to major rig upgrades, new rig construction, or the acquisition of a rig under construction. We may commit to such investment without first obtaining customer contracts. Any acquisition, upgrade or new rig construction could involve the payment by us of a substantial amount of cash or the issuance of a substantial number of additional shares or other securities. Our failure to secure drilling contracts for rigs under construction could have an adverse effect on our results of operations or cash flows.

In the years ended December 31, 2020 and 2019, we made capital expenditures of \$265 million and \$387 million, respectively, including \$143 million and \$129 million, respectively, for our major construction projects. The historical and projected capital expenditures and non-cash capital additions for our ongoing major construction projects were as follows:

	Total costs through December 31, 2020	For the years ending December 31,			Total
		2021	2022	2023	
		(In millions)			
Deepwater Atlas (a)	\$ 369	\$ 619	\$ 97	\$ 10	\$ 1,095
Deepwater Titan (b)	412	650	108	—	1,170
Total	\$ 781	\$ 1,269	\$ 205	\$ 10	\$ 2,265

- (a) *Deepwater Atlas*, an ultra-deepwater drillship under construction at the Jurong Shipyard Pte Ltd. in Singapore has received an agreement for drilling services, subject to a final investment decision by the customer and its partners. If the conditions are satisfied, the newbuild unit is expected to commence operations under the drilling contract in the first half of 2022. The projected capital additions include estimates for one 20,000 pounds per square inch blowout preventer and other equipment required by the customer, some of which will be delivered and commissioned in the year ending December 31, 2023, subsequent to placing the rig in service. We will only commit to these incremental capital expenditures with the backing of a firm commitment by the customer.
- (b) *Deepwater Titan*, an ultra-deepwater drillship under construction at the Jurong Shipyard Pte Ltd. in Singapore, is expected to commence operations under its drilling contract in the first half of 2022. The projected capital additions include estimates for an upgrade for two 20,000 pounds per square inch blowout preventers and other equipment required by our customer.

The ultimate amount of our capital expenditures is partly dependent upon financial market conditions, the actual level of operational and contracting activity, the costs associated with the current regulatory environment and customer requested capital improvements and equipment for which the customer agrees to reimburse us. As with any major shipyard project that takes place over an extended period of time, the actual costs, the timing of expenditures and the project completion date may vary from estimates based on numerous factors, including actual contract terms, weather, exchange rates, shipyard labor conditions, availability of suppliers to recertify equipment and the market demand for components and resources required for drilling unit construction. We intend to fund the cash requirements relating to our capital expenditures through available cash balances, cash generated from operations and asset sales, borrowings under our Secured Credit Facility and financing arrangements with banks or other capital providers. Economic conditions and other factors could impact the availability of these sources of funding. See “—Sources and uses of liquidity.”

Dispositions—From time to time, we may also review the possible disposition of non-strategic drilling assets. Considering market conditions, we have committed to plans to sell certain lower specification drilling units for scrap value. During the years ended December 31, 2020 and 2019, we identified seven and six such drilling units, respectively, that we have sold or intend to sell for scrap value or other purposes. During the year ended December 31, 2020, we completed the sale of one ultra-deepwater floater, three harsh environment floaters and three midwater floaters, along with related assets, and we received net cash proceeds of \$20 million. During the year ended December 31, 2019, we completed the sale of six ultra-deepwater floaters, one harsh environment floater, two deepwater floaters and two midwater floaters, along with related assets, and we received net cash proceeds of \$64 million. We continue to evaluate the drilling units in our fleet and may identify additional lower-specification drilling units to be sold for scrap value.

Off-Balance Sheet Arrangements

We had no off-balance sheet arrangements as of December 31, 2020.

RELATED PARTY TRANSACTIONS

We engage in certain related party transactions with our unconsolidated affiliates, the most significant of which are under agreements with Orion. We have a management services agreement for the operation and maintenance of the harsh environment floater *Transocean Norge* and a marketing services agreement for the marketing of the rig. We also lease the rig under a short-term bareboat charter agreement, which is expected to expire in mid-2021. Prior to the rig's placement into service, we also engaged in certain related party transactions with Orion under a shipyard care agreement for the construction of the rig and other matters related to its completion and delivery. In the years ended December 31, 2020 and 2019, we received an aggregate cash payment of \$46 million and \$96 million, respectively, primarily related to the commissioning, preparation and mobilization of *Transocean Norge* under the shipyard care agreement. In the years ended December 31, 2020 and 2019, we recognized rent expense of \$22 million and \$9 million, respectively, recorded in operating and maintenance costs, and made an aggregate cash payment of \$22 million and \$6 million, respectively, to charter the rig and equipment from Orion. See Notes to Consolidated Financial Statements—Note 4—Unconsolidated Affiliates.

In the year ended December 31, 2020, Perestroika AS, an entity affiliated with one of our directors that beneficially owns approximately 10 percent of our shares, exchanged \$356 million aggregate principal amount of the Exchangeable Senior Bonds for \$213 million aggregate principal amount of Senior Guaranteed Exchangeable Bonds. Perestroika AS has certain registration rights related to its shares and shares that may be issued in connection with any exchange of its Senior Guaranteed Exchangeable Bonds. See Notes to Consolidated Financial Statements—Note 9—Debt.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Overview—We prepare our consolidated financial statements in accordance with accounting principles generally accepted in the U.S., which require us to make estimates that affect the reported amounts of assets, liabilities, revenues, expenses and related disclosures of contingent assets and liabilities. These estimates require significant judgments and assumptions. On an ongoing basis, we evaluate our estimates, including those related to our income taxes, property and equipment, equity investments, contingencies, assets held for sale, intangibles, allowance for excess materials and supplies, allowance for credit losses, postemployment benefit plans, leases and share-based compensation. We base our estimates on historical experience and on various other assumptions that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

We consider the following to be our critical accounting policies and estimates since they are very important to the portrayal of our financial condition and results and require our most subjective and complex judgments. We have discussed the development, selection and disclosure of such policies and estimates with the audit committee of our board of directors. For a discussion of our significant accounting policies, refer to our Notes to Consolidated Financial Statements—Note 2—Significant Accounting Policies.

Income taxes—Our annual tax provision is based on expected taxable income, statutory rates, tax laws and tax planning opportunities available to us in the various jurisdictions in which we operate or have a taxable presence. 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 because the countries in which we operate have taxation regimes that vary with respect to the nominal tax rate and the availability of deductions, credits and other benefits. Consequently, our income tax expense does not change proportionally with our income or loss before income taxes. Variations also arise when income earned and taxed in a particular country or countries fluctuates from year to year.

Uncertain tax positions—We apply significant judgment to evaluate our tax positions based on the interpretation of tax laws in various jurisdictions and with the use of estimates and assumptions regarding significant future events, such as the amount, timing and character of income, deductions and tax credits. Our tax liability in any given year could be affected by changes in tax laws, regulations, agreements, and treaties, currency exchange restrictions or our level or profitability of operations in each jurisdiction. The tax laws relating to the offshore drilling industry in certain jurisdictions in which we operate are not well developed, requiring us to apply incremental judgment. Although we employ the best information available at the time we prepare our annual tax provision, a number of years may elapse before the tax liabilities in the various jurisdictions are ultimately determined.

We are undergoing examinations of our tax returns in a number of taxing jurisdictions for various years. We review our liabilities on an ongoing basis and, to the extent audits or other events cause us to adjust the liabilities accrued in prior periods, we recognize those adjustments in the period of the event. Our tax liabilities are dependent on numerous factors that cannot be reasonably projected, including among others, the amount and nature of additional taxes potentially asserted by local tax authorities; the willingness of local tax authorities to negotiate a fair settlement through an administrative process; the impartiality of the local courts; and the potential for changes in the taxes paid to one country that either produce, or fail to produce, offsetting tax changes in other countries. Consequently, we cannot reasonably estimate the future impact of changes to the assumptions and estimates related to our annual tax provision.

Unrecognized tax benefits—We establish liabilities for estimated tax exposures, and the provisions and benefits resulting from changes to those liabilities are included in our annual tax provision along with related interest and penalties. Such tax exposures include potential challenges to permanent establishment positions, intercompany pricing, disposition transactions, and withholding tax rates and their applicability. These 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 these tax jurisdictions or by judicial means. At December 31, 2020 and 2019, our unrecognized tax benefits were approximately \$419 million and \$369 million, respectively.

Valuation allowance—We apply significant judgment to determine whether our deferred tax assets will be fully or partially realized. Our evaluation requires us to consider all available positive and negative evidence, including projected future taxable income and the existence of cumulative losses in recent years. We continually evaluate strategies that could allow for the future utilization of our deferred tax assets. When it is estimated to be more likely than not that all or some portion of certain deferred tax assets, such as foreign tax credit carryovers or net operating loss carryforwards, will not be realized, we establish a valuation allowance for the amount of the deferred tax assets that is considered to be unrealizable. During the years ended December 31, 2020 and 2019, in connection with our evaluation of the projected realizability of our deferred tax assets, we determined that our consolidated cumulative loss incurred over the recent three-year period has limited our ability to consider other subjective evidence, such as projected contract activity rather than contract backlog.

Unremitted earnings—We recognize deferred taxes related to the earnings of certain subsidiaries that we do not consider to be indefinitely reinvested or do not expect to be indefinitely reinvested in the future. We do not provide for taxes on unremitted earnings of subsidiaries when we consider such earnings to be indefinitely reinvested. If we were to make a distribution from the unremitted earnings of subsidiaries with indefinitely reinvested earnings, we may be subject to taxes payable to various jurisdictions. If we were to change our expectations about distributing earnings of these subsidiaries, we may be required to record additional deferred taxes that could have a material effect on our consolidated financial statements. See Notes to Consolidated Financial Statements—Note 10—Income Taxes.

Property and equipment—We apply significant 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. At

December 31, 2020 and 2019, the carrying amount of our property and equipment was \$17.7 billion and \$18.8 billion, respectively, representing 81 percent and 78 percent, respectively, of our total assets.

Capitalized costs—We capitalize costs incurred to enhance, improve and extend the useful lives of our property and equipment and expense costs incurred to repair and maintain the existing condition of our rigs. For newbuild construction projects, we also capitalize the initial preparation, mobilization and commissioning costs incurred until the drilling unit is placed into service. Capitalized costs increase the carrying amounts of, and depreciation expense for, the related assets, which also impact our results of operations.

Useful lives and salvage values—We depreciate our assets using the straight-line method over their estimated useful lives after allowing for salvage values. We estimate useful lives and salvage values by applying judgments and assumptions that reflect both historical experience and expectations regarding future operations, rig utilization and asset performance. Useful lives and salvage values of rigs are difficult to estimate due to a variety of factors, including (a) technological advances that impact the methods or cost of oil and gas exploration and development, (b) changes in market or economic conditions and (c) changes in laws or regulations affecting the drilling industry. Applying different judgments and assumptions in establishing the useful lives and salvage values would likely result in materially different net carrying amounts and depreciation expense for our assets. 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. We may also consider major capital upgrades required to perform certain contracts and the long-term impact of those upgrades on future marketability. At December 31, 2020, a hypothetical one-year increase in the useful lives of all of our rigs would cause a decrease in our annual depreciation expense of approximately \$27 million and a hypothetical one-year decrease would cause an increase in our annual depreciation expense of approximately \$35 million.

Long-lived asset impairment—We review our property and equipment for impairment when events or changes in circumstances indicate that the carrying amounts of our assets held and used may not be recoverable. Potential impairment indicators include rapid declines in commodity prices and related market conditions, declines in dayrates or utilization, cancellations of contracts or credit concerns of multiple customers. During periods of oversupply, we may idle or stack rigs for extended periods of time or we may elect to sell certain rigs for scrap, which could be an indication that an asset group may be impaired since supply and demand are the key drivers of rig utilization and our ability to contract our rigs at economical rates. Our rigs are mobile units, equipped to operate in geographic regions throughout the world and, consequently, we may mobilize rigs from an oversupplied region to a more lucrative and undersupplied region when it is economical to do so. Many of our contracts generally allow our customers to relocate our rigs from one geographic region to another, subject to certain conditions, and our customers utilize this capability to meet their worldwide drilling requirements. Accordingly, our rigs are considered to be interchangeable within classes or asset groups, and we evaluate impairment by asset group. We consider our asset groups to be ultra-deepwater floaters and harsh environment floaters.

We assess recoverability of assets held and used by projecting undiscounted cash flows for the asset group being evaluated. When the carrying amount of the asset group is determined to be unrecoverable, we recognize an impairment loss, measured as the amount by which the carrying amount of the asset group exceeds its estimated fair value. To estimate the fair value of each asset group, we apply a variety of valuation methods, incorporating income, market and cost approaches. We may weigh the approaches, under certain circumstances, when relevant data is limited, when results are inconclusive or when results deviate significantly. Our estimate of fair value generally requires us to use significant unobservable inputs, representative of a Level 3 fair value measurement, including assumptions related to the long-term future performance of our asset groups, such as projected revenues and costs, dayrates, rig utilization and revenue efficiency. These projections involve uncertainties that rely on assumptions about demand for our services, future market conditions and technological developments. Because our business is cyclical in nature, the results of our impairment testing are expected to vary significantly depending on the timing of the assessment relative to the business cycle. Altering either the timing of or the assumptions used to estimate fair value and significant unanticipated changes to the assumptions could materially alter an outcome that could otherwise result in an impairment loss. Given the nature of these evaluations and their application to specific asset groups and specific time periods, it is not possible to reasonably quantify the impact of changes in these assumptions. In the year ended December 31, 2020, we recognized a loss of \$31 million, which had no tax effect, associated with the impairment of the midwater floater asset group. See Notes to Consolidated Financial Statements—Note 6—Drilling Fleet.

Equity-method investments and impairment—We review our equity-method investments 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. Such circumstances include the following: (a) evidence we are unable to recover the carrying amount of our investment, (b) evidence that the investee is unable to sustain earnings that would justify the carrying amount or (c) the current fair value of the investment is less than the carrying amount. If an evaluation of such circumstances results in the determination 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. Our estimate of fair value generally requires us to use significant unobservable inputs, representative of a Level 3 fair value measurement, including assumptions related to the estimated discount rate and the investee's long-term future operational performance factors, such as projected revenues and costs and market factors, including demand for the investee's industry, services and product lines. Such projections involve significant uncertainties and require significant judgment. In the year ended December 31, 2020, we recognized a loss of \$59 million associated with an other-than-temporary impairment of the carrying amount of our equity-method investments. See Notes to Consolidated Financial Statements—Note 4—Unconsolidated Affiliates.

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. We recognize corresponding assets for loss contingencies that we believe are probable of being recovered through insurance. 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 liabilities for legal costs as they are incurred, and we recognize a corresponding asset for those legal costs only if we expect such legal costs to be recovered through insurance. Our estimates involve a significant amount of judgement. Actual results may differ from our estimates. See Notes to Consolidated Financial Statements—Note 13—Commitments and Contingencies.

OTHER MATTERS

Regulatory matters

We occasionally receive inquiries from governmental regulatory agencies regarding our operations around the world, including inquiries with respect to various tax, environmental, regulatory and compliance matters. To the extent appropriate under the circumstances, we investigate such matters, respond to such inquiries and cooperate with the regulatory agencies. See Notes to Consolidated Financial Statements—Note 13—Commitments and Contingencies.

Tax matters

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. From time to time, we may identify changes to previously evaluated tax positions that could result in adjustments to our recorded assets and liabilities. Although we are unable to predict the outcome of these changes, we do not expect the effect, if any, resulting from these adjustments to have a material adverse effect on our consolidated financial position, results of operations or cash flows. We file federal and local tax returns in several jurisdictions throughout the world. Tax authorities in certain jurisdictions are examining our tax returns and in some cases have issued assessments. We are defending our tax positions in those jurisdictions. While we cannot predict or provide assurance as to the final outcome of these proceedings, we do not expect the ultimate liability to have a material adverse effect on our consolidated financial position or results of operations, although it may have a material adverse effect on our consolidated cash flows. See Notes to Consolidated Financial Statements—Note 10—Income Taxes.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest rate risk—We are exposed to interest rate risk, primarily associated with our long-term debt, including current maturities. The following table presents the nominal amounts, including the principal and other installments, and related weighted-average interest rates of our long-term debt instruments by contractual maturity date (in millions, except interest rate percentages):

	Years ending December 31,					Thereafter	Total	Fair value
	2021	2022	2023	2024	2025			
Debt								
Fixed rate (USD)	\$ 516	\$ 524	\$ 1,131	\$ 930	\$ 775	\$ 3,990	\$ 7,866	\$ 4,820
Average interest rate	5.59 %	5.49 %	3.42 %	6.00 %	6.27 %	5.70 %		

At December 31, 2020 and 2019, the fair value of our outstanding debt was \$4.8 billion and \$8.9 billion, respectively. During the year ended December 31, 2020, the fair value of our debt decreased by \$4.1 billion due to the following: (a) a decrease of \$1.7 billion due to changes in market prices for our outstanding debt, (b) a decrease of \$1.3 billion due to debt retired early as a result of the redemption of the 9.00% Senior Notes and repurchases of certain notes in cash tender offers and open market repurchases, (c) a decrease of \$929 million due to debt restructured in exchange offers and private exchanges and (d) a decrease of \$539 million due to debt repaid at scheduled maturities, partially offset by (f) an increase of \$297 million due to the issuance of the 8.00% Guaranteed Notes. See Notes to Consolidated Financial Statements—Note 9—Debt.

The majority of our cash equivalents is subject to variable interest rates or short-term interest rates and such cash equivalents would earn commensurately higher rates of return if interest rates increase.

Currency exchange rate risk—We are exposed to currency exchange rate risk primarily associated with our international operations. Our primary risk management strategy for currency exchange rate risk involves structuring customer contracts to provide for apportioning payment for our services in U.S. dollars, which is our functional currency, and local currency. The portion denominated in local currency is based on our anticipated local currency needs over the contract term. Due to various factors, including customer contract terms, local banking laws, other statutory requirements, local currency convertibility and the impact of inflation on local costs, actual local currency needs may vary, resulting in exposure to currency exchange rate risk. We may occasionally enter into forward exchange contracts to satisfy anticipated local currency needs. The effect of fluctuations in currency exchange rates caused by our international operations generally has not had a material impact on our overall operating results. See Notes to Consolidated Financial Statements—Note 19—Risk Concentration.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Management's Report on Internal Control Over Financial Reporting

Management of Transocean Ltd. (the "Company," "we" or "our") is responsible for the integrity and objectivity of the financial information included in this annual report. We have prepared our financial statements in accordance with accounting principles generally accepted in the United States, which require us to apply our best judgement to make estimates and assumptions for certain amounts. We are responsible for establishing and maintaining a system of internal controls and procedures to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the consolidated financial statements. Our internal control system is supported by a program of internal audits and appropriate reviews by management, written policies and guidelines, careful selection of qualified personnel, and a written Code of Integrity. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements and, even when determined to be effective, can only provide reasonable assurance with respect to financial statement preparation and presentation. Also, projections of any evaluation of effectiveness in future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934. Management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2020. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission, as described in *Internal Control-Integrated Framework*, as published in 2013. Based on this assessment, management believes that the Company maintained effective internal control over financial reporting as of December 31, 2020.

The Company's independent auditors, Ernst & Young LLP, a registered public accounting firm, are appointed by the audit committee of the Company's board of directors, subject to ratification by our shareholders. Ernst & Young LLP has audited and reported on the consolidated financial statements of Transocean Ltd. and subsidiaries, and the Company's internal control over financial reporting. The reports of the independent auditors are contained in this annual report.

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of Transocean Ltd.

Opinion on Internal Control over Financial Reporting

We have audited Transocean Ltd. and subsidiaries' internal control over financial reporting as of December 31, 2020, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Transocean Ltd. and subsidiaries (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2020, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2020 and 2019, 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, 2020, and the related notes and financial statement schedule listed in the Index at Item 15(a) and our report dated February 26, 2021, expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP

Houston, Texas
February 26, 2021

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of Transocean Ltd.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Transocean Ltd. and subsidiaries (the Company) as of December 31, 2020 and 2019, the related consolidated statements of operations, comprehensive loss, equity and cash flows for each of the three years in the period ended December 31, 2020, and the related notes and financial statement schedule listed in the Index at Item 15(a) (collectively referred to as the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2020, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2020, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated February 26, 2021, expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate 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 matters 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 matters below, providing a separate opinion on the critical audit matters or on the accounts or disclosures to which they relate.

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, treaties 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. The Company recognizes tax benefits they believe are more likely than not to be sustained upon examination by the taxing authorities based on the technical merits of the position.

Auditing management's provision for income taxes and related deferred taxes was complex because of the Company's multi-national operating structure. In addition, a higher degree of auditor judgment was required to evaluate the Company's deferred tax provision as a result of the Company's interpretation of tax law in each jurisdiction 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 and valuation of deferred income taxes and changes in tax laws and regulations that may impact the Company's deferred income tax provision.

Our audit procedures also included, among others, (i) 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; (iii) evaluating the completeness and accuracy of deferred income taxes, and (iv) assessing the reasonableness of the Company's valuation allowance on deferred tax assets, including projections of taxable income from the future reversal of existing taxable temporary differences.

Equity-Method Investment in Orion Holdings (Cayman) Limited

Description of the Matter As discussed in Note 4, the Company recorded an impairment loss of \$59 million associated with its equity-method investment in Orion Holdings (Cayman) Limited (Orion) upon determination that the carrying amount of its investment exceeded the estimated fair value and that the impairment was other than temporary. At December 31, 2020, the aggregate carrying amount of the Company's equity-method investment in Orion was \$104 million.

Auditing management's equity-method investment valuation was complex and judgmental due to the estimation required in determining the fair value of the investment. In particular, the fair value estimate of the equity method investment in Orion was sensitive to significant assumptions such as the discount rate, future demand and supply of harsh environment floaters, rig utilization, revenue efficiency and dayrates.

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 process to determine the fair value of the investment in Orion. For example, we tested management's review controls over the significant assumptions described above as well as over the underlying data used in the fair value determination.

To test the estimated fair value of the Company's equity-method investment in Orion, we performed audit procedures that included, among others, assessing the valuation methodologies utilized by management and testing the significant assumptions discussed above and the completeness and accuracy of the underlying data used by the Company in its analysis. We involved a valuation specialist to assist in our evaluation of the Company's model, valuation methodology and significant assumptions. We reviewed for contrary evidence related to the determination of the fair value of the equity-method investment, including reviewing relevant market data and internal Company forecasts.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 1999.
Houston, Texas
February 26, 2021

To the General Meeting of
Transocean Ltd., Steinhausen

Zurich, February 26, 2021

Report of the statutory auditor on the consolidated financial statements



Opinion

As statutory auditor, 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, 2020 and 2019, and the related consolidated statements of operations, comprehensive loss, equity, cash flows, and notes to the consolidated financial statements for each of the three years in the period ended December 31, 2020. In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2020 and 2019, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2020, in accordance with U.S. generally accepted accounting principles and comply with Swiss law.



Board of Directors' responsibility

The Board of Directors is responsible for the preparation of the consolidated financial statements in accordance with U.S. generally accepted accounting principles and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.



Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm and are required to be independent with respect to the Company. We conducted our audits in accordance with Swiss law, Swiss Auditing Standards and the standards of the Public Company Accounting Oversight Board (United States) (PCAOB). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement, whether due to fraud or error.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Critical audit matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters 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 matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

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, treaties 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. The Company recognizes tax benefits they believe are more likely than not to be sustained upon examination by the taxing authorities based on the technical merits of the position.

Auditing management's provision for income taxes and related deferred taxes was complex because of the Company's multi-national operating structure. In addition, a higher degree of auditor judgment was required to evaluate the Company's deferred tax provision as a result of the Company's interpretation of tax law in each jurisdiction 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 and valuation of deferred income taxes and changes in tax laws and regulations that may impact the Company's deferred income tax provision.

Our audit procedures also included, among others, (i) 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; (iii) evaluating the completeness and accuracy of deferred income taxes, and (iv) assessing the reasonableness of the Company's valuation allowance on deferred tax assets, including projections of taxable income from the future reversal of existing taxable temporary differences.

Equity-Method Investment in Orion Holdings (Cayman) Limited

*Description of the
Matter*

As discussed in Note 4, the Company recorded an impairment loss of \$59 million associated with its equity-method investment in Orion Holdings (Cayman) Limited (Orion) upon determination that the carrying amount of its investment exceeded the estimated fair value and that the impairment was other than temporary. At December 31, 2020, the aggregate carrying amount of the Company's equity-method investment in Orion was \$104 million.

Auditing management's equity-method investment valuation was complex and judgmental due to the estimation required in determining the fair value of the investment. In particular, the fair value estimate of the equity method investment in Orion was sensitive to significant assumptions such as the discount rate, future demand and supply of harsh environment floaters, rig utilization, revenue efficiency and dayrates.

*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 process to determine the fair value of the investment in Orion. For example, we tested management's review controls over the significant assumptions described above as well as over the underlying data used in the fair value determination.

To test the estimated fair value of the Company's equity-method investment in Orion, we performed audit procedures that included, among others, assessing the valuation methodologies utilized by management and testing the significant assumptions discussed above and the completeness and accuracy of the underlying data used by the Company in its analysis. We involved a valuation specialist to assist in our evaluation of the Company's model, valuation methodology and significant assumptions. We reviewed for contrary evidence related to the determination of the fair value of the equity-method investment, including reviewing relevant market data and internal Company forecasts.



Report on other legal and regulatory requirements

We are a public accounting firm registered with the Swiss Federal Audit Oversight Authority (FAOA) and the PCAOB and we confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA). We are independent with respect to the Company in accordance with Swiss law (article 728 CO and article 11 AOA) and U.S. federal securities laws as well as the applicable rules and regulations of the Swiss audit profession, the U.S. Securities and Exchange Commission and the PCAOB, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

In accordance with article 728a para. 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of 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
Certified public accountant

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

	Years ended December 31,		
	2020	2019	2018
Contract drilling revenues	\$ 3,152	\$ 3,088	\$ 3,018
Costs and expenses			
Operating and maintenance	2,000	2,140	1,799
Depreciation and amortization	781	855	818
General and administrative	183	193	188
	2,964	3,188	2,805
Loss on impairment	(597)	(609)	(1,464)
Loss on disposal of assets, net	(84)	(12)	—
Operating loss	(493)	(721)	(1,251)
Other income (expense), net			
Interest income	21	43	53
Interest expense, net of amounts capitalized	(575)	(660)	(620)
Gain (loss) on restructuring and retirement of debt	533	(41)	(3)
Other, net	(27)	181	46
	(48)	(477)	(524)
Loss before income tax expense	(541)	(1,198)	(1,775)
Income tax expense	27	59	228
Net loss	(568)	(1,257)	(2,003)
Net loss attributable to noncontrolling interest	(1)	(2)	(7)
Net loss attributable to controlling interest	\$ (567)	\$ (1,255)	\$ (1,996)
Loss per share, basic and diluted	\$ (0.92)	\$ (2.05)	\$ (4.27)
Weighted average shares, basic and diluted	615	612	468

See accompanying notes.

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

	Years ended December 31,		
	2020	2019	2018
Net loss	\$ (568)	\$ (1,257)	\$ (2,003)
Net loss attributable to noncontrolling interest	(1)	(2)	(7)
Net loss attributable to controlling interest	(567)	(1,255)	(1,996)
Components of net periodic benefit income (costs) before reclassifications	38	(25)	6
Components of net periodic benefit costs reclassified to net income	25	4	5
Other comprehensive income (loss) before income taxes	63	(21)	11
Income taxes related to other comprehensive loss	(2)	—	—
Other comprehensive income (loss)	61	(21)	11
Other comprehensive income attributable to noncontrolling interest	—	—	—
Other comprehensive income (loss) attributable to controlling interest	61	(21)	11
Total comprehensive loss	(507)	(1,278)	(1,992)
Total comprehensive loss attributable to noncontrolling interest	(1)	(2)	(7)
Total comprehensive loss attributable to controlling interest	\$ (506)	\$ (1,276)	\$ (1,985)

See accompanying notes.

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

	December 31,	
	2020	2019
Assets		
Cash and cash equivalents	\$ 1,154	\$ 1,790
Accounts receivable, net	583	654
Materials and supplies, net	434	479
Restricted cash and cash equivalents	406	558
Other current assets	163	159
Total current assets	2,740	3,640
Property and equipment	23,040	24,281
Less accumulated depreciation	(5,373)	(5,434)
Property and equipment, net	17,667	18,847
Contract intangible assets	393	608
Deferred income taxes, net	9	20
Other assets	995	990
Total assets	\$ 21,804	\$ 24,105
Liabilities and equity		
Accounts payable	\$ 194	\$ 311
Accrued income taxes	28	64
Debt due within one year	505	568
Other current liabilities	659	781
Total current liabilities	1,386	1,724
Long-term debt	7,302	8,693
Deferred income taxes, net	315	266
Other long-term liabilities	1,366	1,555
Total long-term liabilities	8,983	10,514
Commitments and contingencies		
Shares, CHF 0.10 par value, 824,650,660 authorized, 142,363,647 conditionally authorized, 639,676,165 issued and 615,140,276 outstanding at December 31, 2020, and 639,674,422 authorized, 142,365,398 conditionally authorized, 617,970,525 issued and 611,871,374 outstanding at December 31, 2019		
	60	59
Additional paid-in capital	13,501	13,424
Accumulated deficit	(1,866)	(1,297)
Accumulated other comprehensive loss	(263)	(324)
Total controlling interest shareholders' equity	11,432	11,862
Noncontrolling interest	3	5
Total equity	11,435	11,867
Total liabilities and equity	\$ 21,804	\$ 24,105

See accompanying notes.

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

	Years ended December 31,			Years ended December 31,		
	2020	2019	2018	2020	2019	2018
	Quantity			Amount		
Shares						
Balance, beginning of period	612	610	391	\$ 59	\$ 59	\$ 37
Issuance of shares under share-based compensation plans	3	2	3	1	—	—
Issuance of shares in acquisition transactions	—	—	216	—	—	22
Balance, end of period	615	612	610	\$ 60	\$ 59	\$ 59
Additional paid-in capital						
Balance, beginning of period				\$ 13,424	\$ 13,394	\$ 11,031
Share-based compensation				31	37	45
Issuance of shares in acquisition transactions				—	—	2,101
Equity component of convertible debt instruments				46	—	172
Acquisition of redeemable noncontrolling interest				—	—	53
Reallocated capital for transactions with holders of noncontrolling interest				1	—	(3)
Other, net				(1)	(7)	(5)
Balance, end of period				\$ 13,501	\$ 13,424	\$ 13,394
Retained earnings (accumulated deficit)						
Balance, beginning of period				\$ (1,297)	\$ (67)	\$ 1,929
Net loss attributable to controlling interest				(567)	(1,255)	(1,996)
Effect of adopting accounting standards updates				(2)	25	—
Balance, end of period				\$ (1,866)	\$ (1,297)	\$ (67)
Accumulated other comprehensive loss						
Balance, beginning of period				\$ (324)	\$ (279)	\$ (290)
Other comprehensive income (loss) attributable to controlling interest				61	(21)	11
Effect of adopting accounting standards update				—	(24)	—
Balance, end of period				\$ (263)	\$ (324)	\$ (279)
Total controlling interest shareholders' equity						
Balance, beginning of period				\$ 11,862	\$ 13,107	\$ 12,707
Total comprehensive loss attributable to controlling interest				(506)	(1,276)	(1,985)
Share-based compensation				31	37	45
Issuance of shares in acquisition transactions				—	—	2,123
Equity component of convertible debt instruments				46	—	172
Acquisition of redeemable noncontrolling interest				—	—	53
Reallocated capital for transactions with holders of noncontrolling interest				1	—	(3)
Other, net				(2)	(6)	(5)
Balance, end of period				\$ 11,432	\$ 11,862	\$ 13,107
Noncontrolling interest						
Balance, beginning of period				\$ 5	\$ 7	\$ 4
Total comprehensive loss attributable to noncontrolling interest				(1)	(2)	(2)
Recognition of noncontrolling interest in business combination				—	—	33
Acquisition of noncontrolling interest				—	—	(31)
Reallocated capital for transactions with holders of noncontrolling interest				(1)	—	3
Balance, end of period				\$ 3	\$ 5	\$ 7
Total equity						
Balance, beginning of period				\$ 11,867	\$ 13,114	\$ 12,711
Total comprehensive loss				(507)	(1,278)	(1,987)
Share-based compensation				31	37	45
Issuance of shares in acquisition transactions				—	—	2,123
Equity component of convertible debt instruments				46	—	172
Recognition of noncontrolling interest in business combination				—	—	33
Acquisition of redeemable noncontrolling interest				—	—	53
Acquisition of noncontrolling interest				—	—	(31)
Other, net				(2)	(6)	(5)
Balance, end of period				\$ 11,435	\$ 11,867	\$ 13,114

See accompanying notes.

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

	Years ended December 31,		
	2020	2019	2018
Cash flows from operating activities			
Net loss	\$ (568)	\$ (1,257)	\$ (2,003)
Adjustments to reconcile to net cash provided by operating activities:			
Contract intangible asset amortization	215	187	112
Depreciation and amortization	781	855	818
Share-based compensation expense	31	37	45
Loss on impairment	597	609	1,464
Loss on impairment of investment in unconsolidated affiliates	62	—	—
Loss on disposal of assets, net	84	12	—
(Gain) loss on restructuring and retirement of debt	(533)	41	3
Gain on termination of construction contracts	—	(132)	—
Deferred income tax expense (benefit)	60	248	(16)
Other, net	83	41	6
Changes in deferred revenues, net	(73)	43	(139)
Changes in deferred costs, net	12	(33)	34
Changes in other operating assets and liabilities, net	(353)	(311)	234
Net cash provided by operating activities	398	340	558
Cash flows from investing activities			
Capital expenditures	(265)	(387)	(184)
Proceeds from disposal of assets, net	24	70	43
Investments in unconsolidated affiliates	(19)	(77)	(107)
Cash paid in business combinations, net of cash acquired	—	—	(883)
Proceeds from maturities of unrestricted and restricted investments	5	123	507
Deposits to unrestricted investments	—	—	(173)
Other, net	(2)	3	—
Net cash used in investing activities	(257)	(268)	(797)
Cash flows from financing activities			
Proceeds from issuance of debt, net of discounts and issue costs	743	1,056	2,054
Repayments of debt	(1,637)	(1,325)	(2,105)
Proceeds from investments restricted for financing activities	—	—	26
Payments to terminate derivative instruments	—	—	(92)
Other, net	(36)	(43)	(30)
Net cash used in financing activities	(930)	(312)	(147)
Net decrease in unrestricted and restricted cash and cash equivalents	(789)	(240)	(386)
Unrestricted and restricted cash and cash equivalents, beginning of period	2,349	2,589	2,975
Unrestricted and restricted cash and cash equivalents, end of period	\$ 1,560	\$ 2,349	\$ 2,589

See accompanying notes.

TRANSOCEAN LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1—BUSINESS

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. We specialize in technically demanding sectors of the offshore drilling business with a particular focus on ultra-deepwater and harsh environment drilling services. Our mobile offshore drilling fleet is considered one of the most versatile fleets in the world. We contract our drilling rigs, related equipment and work crews predominantly on a dayrate basis to drill oil and gas wells. As of December 31, 2020, we owned or had partial ownership interests in and operated a fleet of 38 mobile offshore drilling units, including 27 ultra-deepwater floaters and 11 harsh environment floaters. As of December 31, 2020, we were constructing two ultra-deepwater drillships.

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 are required to make 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, assets held for sale, intangibles, allowance for excess materials and supplies, allowance for credit losses, postemployment benefit plans, leases and share-based compensation. We base our estimates and assumptions on historical experience and on various other factors we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results could differ from such estimates.

Fair value measurements—We estimate fair value at a price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the principal market for the asset or liability. 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 14—Equity.

Business combinations—We apply the acquisition method of accounting for business combinations, under which we record the acquired assets and assumed liabilities at fair value and recognize goodwill to the extent the consideration transferred exceeds the fair value of the net assets acquired. To the extent the fair value of the net assets acquired exceeds the consideration transferred, we recognize a bargain purchase gain. We estimate the fair values of the acquired assets and assumed liabilities as of the date of the acquisition, and our estimates are subject to adjustment through completion, which is in each case within one year of the acquisition date, based on our assessments of the fair values of property and equipment, intangible assets, other assets and liabilities and our evaluation of tax positions and contingencies. See Note 3—Business Combinations.

Revenue recognition—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, which we recognize 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. To obtain contracts with our customers, we incur costs to prepare a rig for contract and mobilize a rig to the drilling location. We defer pre-operating costs, such as contract preparation and mobilization costs, and recognize such costs on a straight-line basis, consistent with the general pace of activity, in

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

operating and maintenance costs over the estimated contract period. 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 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. See Note 5—Revenues.

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 stock options, we use the Black-Scholes-Merton option-pricing model 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 subject to market factors, we use a Monte Carlo simulation model and, in addition to the assumptions applied for the Black-Scholes-Merton option-pricing model, we use a risk neutral approach and an average price at the performance start date. We recognize share-based compensation expense in the 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 15—Share-Based Compensation Plans.

Capitalized interest—We capitalize interest costs for qualifying construction and upgrade projects and only capitalize interest costs during periods in which progress for the construction projects continues to be underway. In the years ended December 31, 2020, 2019 and 2018, we capitalized interest costs of \$47 million, \$38 million and \$37 million, respectively, for our construction work in progress.

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, which limits our exposure to currency exchange rate fluctuations. We recognize currency exchange rate gains and losses in other, net. In the years ended December 31, 2020, 2019 and 2018, we recognized a net loss of \$8 million, a net gain of \$2 million and a net loss of \$38 million, respectively, related to currency exchange rates.

Income taxes—We provide for income taxes based on the tax laws and rates in effect in the countries in which we operate and earn income. 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. There is little or no expected relationship between the provision for or benefit from income taxes and income or loss before income taxes because the countries in which we operate have taxation regimes that vary not only with respect to the nominal rate, but also in terms of the availability of deductions, credits and other benefits. Variations also arise because income earned and taxed in any particular country or countries may fluctuate from year to year.

We measure deferred tax assets and liabilities using enacted tax rates that will apply in the years in which the temporary differences are expected to be recovered or paid. 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. In evaluating 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 also record a valuation allowance for deferred tax assets resulting from net operating losses incurred during the year in certain jurisdictions and for other deferred tax assets where, in our opinion, it is more likely than not that the financial statement benefit of these losses will not be realized. Additionally, we record a valuation allowance for foreign tax credit carryforwards to reflect the possible expiration of these benefits prior to their utilization.

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

Accounts receivable—We earn our revenues by providing our drilling services to three major categories of customers: (a) integrated oil companies, (b) government-owned or government-controlled oil companies and (c) other independent oil companies. Effective January 1, 2020, we adopted the accounting standards update that requires entities to estimate an expected lifetime credit loss on financial assets ranging from short-term trade accounts receivable to long-term financings without retrospective application. Accordingly, we establish an allowance for credit losses based on the loss rate method, considering forecasted future conditions in addition to past events and current conditions for our customers in each of the major categories and on an individual basis when the risk characteristics of an account are no longer representative of the category to which it otherwise belongs. At December 31, 2020, our allowance for credit losses was \$2 million.

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

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, 2020 and 2019, our allowance for excess items was \$143 million and \$127 million, respectively.

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 offset liabilities that are properly classified as current liabilities. See Note 9—Debt and Note 13—Commitments and Contingencies.

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. At December 31, 2020 and 2019, we had no assets classified as held for sale.

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, 2020, the aggregate carrying amount of our property and equipment represented approximately 81 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 two 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 one or more of our asset groups is indicated, we measure the impairment as the amount by which the asset group's carrying amount exceeds its estimated fair value. We measure the fair values of our asset groups by applying a variety of valuation methods, incorporating a combination of cost, income and market 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. For an asset classified as held for sale, we consider the asset to be impaired to the extent its carrying amount exceeds its estimated fair value less cost to sell. See Note 6—Drilling Fleet.

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. In the year ended December 31, 2020, we recognized a loss of \$62 million associated with the other-than-temporary impairment of the carrying amount of our equity investments. See Note 4—Unconsolidated Affiliates.

Goodwill—We conduct impairment testing for goodwill annually as of October 1 and more frequently, on an interim basis, when an event occurs or circumstances change that indicate that the fair value of our reporting unit may have declined below its carrying amount. In the year ended December 31, 2018, as a result of an interim goodwill test, we recognized an aggregate loss of \$462 million, which had no tax effect, associated with the impairment of the full balance of our goodwill. See Note 3—Business Combinations and Note 7—Goodwill and Other Intangibles.

Contract intangibles—We recognize contract intangible assets related to acquired executory contracts, such as drilling contracts. The drilling contract intangible assets represent the amount by which the fixed dayrates of the acquired contracts were above the market dayrates that were available or expected to be available during the term of the contract for similar contracts, measured as of the acquisition date. We amortize the carrying amount of the drilling contract intangible assets using the straight-line method as a reduction of contract

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

drilling revenues over the expected remaining contract period. At December 31, 2020 and 2019, the aggregate carrying amount of our drilling contract intangible assets was \$393 million and \$608 million, respectively. See Note 3—Business Combinations and Note 7—Goodwill and Other Intangibles.

Pension and other postemployment benefit plans—We use a measurement date of January 1 for determining net periodic benefit costs and December 31 for determining 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 service period of the employee participants.

We measure our 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 historical experience and 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, 2020 and 2019, our pension and other postemployment benefit plan obligations represented an aggregate liability of \$277 million and \$351 million, respectively, and an aggregate asset of \$37 million and \$42 million, respectively, representing the funded status of the plans. See Note 12—Postemployment Benefit Plans.

Contingencies—We perform assessments of 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. We recognize corresponding assets for those loss contingencies that we believe are probable of being recovered through insurance. 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 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—BUSINESS COMBINATIONS

Overview

During the year ended December 31, 2018, we completed the acquisitions of Songa Offshore SE (“Songa”), a European public company limited by shares, or *societas Europaea*, existing under the laws of Cyprus, and Ocean Rig UDW Inc. (“Ocean Rig”), a Cayman Islands exempted company with limited liability. On January 30, 2018, we acquired an approximate 97.7 percent ownership interest in Songa. On December 5, 2018, we acquired Ocean Rig in a merger transaction. We believe both acquisitions further strengthen our position as a leader in providing ultra-deepwater and harsh environment drilling services by adding additional high-value assets, and we believe the Songa acquisition, supported by significant contract backlog, also strengthens our footprint in harsh environment operating areas. In the year ended December 31, 2018, in connection with these acquisitions, we incurred acquisition costs of \$24 million, recorded in general and administrative costs and expenses.

We included the operating results of Songa and Ocean Rig in our consolidated results of operations, commencing on the acquisition date, January 30, 2018 and December 5, 2018, respectively. In the year ended December 31, 2018, our consolidated statement of operations includes revenues of \$497 million and net income of \$87 million associated with the operations of Songa and revenues of \$15 million and net loss of \$8 million associated with the operations of Ocean Rig.

Ocean Rig UDW Inc.

To complete the acquisition, we transferred consideration with an aggregate fair value of \$2.55 billion, including (a) 147.7 million shares issued at an aggregate fair value of \$1.38 billion, equivalent to \$9.32 per share, based on the market value of our shares on the acquisition date and (b) an aggregate cash payment of \$1.17 billion. The fair value of net assets acquired, measured as of December 5, 2018, was \$2.57 billion, comprised of: (a) total assets of \$2.82 billion, including cash and cash equivalents of \$152 million, property and equipment of \$2.20 billion and other assets of \$466 million, net of (b) liabilities assumed of \$257 million. In the year ended December 31, 2019, we completed our estimates of the fair values of the assets and liabilities. In the years ended December 31, 2019 and 2018, we recognized a gain of \$11 million and \$10 million, respectively, recorded in other, net, for a cumulative gain of \$21 million associated with the bargain purchase, primarily due to the decline in the market value of our shares between the announcement date and the closing date.

We estimated the fair value of the rigs and related equipment by applying a combination of income and market 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 markets for the assets in an orderly transaction between participants as of the acquisition date. We estimated the fair value

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

of the drilling contracts by comparing the contractual dayrates over the remaining firm contract term and option periods relative to the projected market dayrates as of the acquisition date. We estimated the fair value of the construction contracts by comparing the contractual future payments and terms relative to the market payments and terms as of the acquisition date. Our estimates of fair value for the drilling units and contract intangibles required us to use significant unobservable inputs, representative of a Level 3 fair value measurement, including assumptions related to the future performance of the assets, such as future commodity prices, projected demand for our services, rig availability, rig utilization, dayrates, remaining useful lives of the rigs and discount rates.

In connection with the Ocean Rig acquisition, we acquired contracts with Samsung Heavy Industries Co., Ltd. ("SHI") for the construction of two ultra-deepwater drillships for which we recognized liabilities that represented the amount by which the remaining payments due under the acquired contracts were above market construction rates for similar drilling units, measured as of the acquisition date. In October 2019, we agreed with SHI to cancel the construction contracts for the drillships in exchange for the parties terminating their respective obligations and liabilities under the construction contracts and our subsidiaries releasing to SHI their respective interests in the rigs. As a result, in the three months ended December 31, 2019, we eliminated the construction contract liabilities and recognized income of \$132 million, recorded in other income, net.

Songa Offshore SE

To complete the acquisition, we transferred consideration with an aggregate fair value of \$1.76 billion, including (a) 66.9 million shares issued at an aggregate fair value of \$735 million, equivalent to \$10.99 per share, based on the market value of our shares on the acquisition date and (b) \$854 million aggregate principal amount of 0.50% exchangeable senior bonds due January 30, 2023 (the "Exchangeable Senior Bonds") issued at an aggregate fair value of \$1.03 billion as partial consideration to Songa shareholders and settlement for certain Songa indebtedness. The fair value of net assets acquired, measured as of January 30, 2018, was \$1.76 billion, comprised of: (a) total assets of \$3.82 billion, including cash and cash equivalents of \$113 million, property and equipment of \$2.41 billion, goodwill of \$462 million, contract intangible assets of \$632 million and other assets of \$195 million, net of (b) total liabilities of \$2.02 billion, including total debt of \$1.77 billion and other liabilities of \$254 million and (c) noncontrolling interest of \$33 million.

In the year ended December 31, 2018, we completed our estimates of the fair values of the assets and liabilities. We estimated the fair value of the rigs and related equipment by applying a combination of income and market 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 markets for the assets in an orderly transaction between participants as of the acquisition date. We estimated the fair value of the drilling contracts by comparing the contractual dayrates over the remaining firm contract term and option periods relative to the projected market dayrates as of the acquisition date. The goodwill resulting from the business combination was attributed to synergies and intangible assets that did not qualify for separate recognition. Our estimates of fair value for these assets required us to use significant unobservable inputs, representative of a Level 3 fair value measurement, including assumptions related to the future performance of the assets, such as future commodity prices, projected demand for our services, rig availability, dayrates and discount rates. We estimated the fair value of the debt using significant other observable inputs, representative of a Level 2 fair value measurement, including the terms and credit spreads for the instruments.

On March 28, 2018, we acquired the remaining Songa shares not owned by us through a compulsory acquisition under Cyprus law, and as a result, Songa became our wholly owned subsidiary. As consideration for the remaining Songa shares, we issued 1.1 million shares and \$9 million aggregate principal amount of Exchangeable Senior Bonds and we made an aggregate cash payment of \$8 million to Songa shareholders who elected to receive a cash payment or failed to make an election, for an aggregate fair value of \$30 million.

In connection with the Songa acquisition, we acquired undesignated currency swaps and interest rate swaps that we subsequently settled and terminated. In the year ended December 31, 2018, in connection with the settlement of the currency swaps and the interest rate swaps, we made an aggregate cash payment of \$92 million and received aggregate cash proceeds of \$18 million, respectively.

NOTE 4—UNCONSOLIDATED AFFILIATES

Equity investments—We hold noncontrolling equity investments in various unconsolidated companies, including (a) our 33.0 percent ownership interest in Orion Holdings (Cayman) Limited (together with its subsidiary, "Orion"), a Cayman Islands company that, through its wholly owned subsidiary, owns the harsh environment floater *Transocean Norge*, and (b) our interests in certain companies that are involved in researching and developing technology to improve efficiency and reliability and to increase automation, sustainability and safety for drilling and other activities. At December 31, 2020 and 2019, the aggregate carrying amount of our equity investments was \$138 million and \$191 million, respectively, recorded in other assets.

Our equity-method investment in Orion is the most significant of our equity investments. In the years ended December 31, 2020, 2019 and 2018, we made an aggregate cash contribution of \$8 million, \$74 million and \$91 million, respectively, to Orion, and we expect to make an additional \$33 million cash contribution in the six months ending June 30, 2021. In the year ended December 31, 2020, we recognized a loss of \$59 million, which had no tax effect, recorded in other, net, associated with the impairment of our equity-method investment in Orion upon determination that the carrying amount exceeded the estimated fair value and that the impairment was other than temporary. We estimated the fair value of our investment using the income method, which required us to use significant unobservable inputs, representative of a Level 3 fair value measurement, including applying an assumed discount rate of 12 percent and making assumptions

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—continued

about the future performance of the investment, including future demand and supply for harsh environment floaters, rig utilization, revenue efficiency and dayrates. At December 31, 2020 and 2019, the aggregate carrying amount of our investment in Orion was \$104 million and \$164 million, respectively.

Related party transactions—We engage in certain related party transactions with our unconsolidated affiliates, the most significant of which are under agreements with Orion. We have a management services agreement for the operation and maintenance of the harsh environment floater *Transocean Norge* and a marketing services agreement for the marketing of the rig. We also lease the rig under a short-term bareboat charter agreement, which is expected to expire in mid-2021. Prior to the rig's placement into service, we also engaged in certain related party transactions with Orion under a shipyard care agreement for the construction of the rig and other matters related to its completion and delivery. Additionally, we procure services and equipment from other unconsolidated affiliates for technological innovation.

In the years ended December 31, 2020 and 2019, we received an aggregate cash payment of \$46 million and \$96 million, respectively, primarily related to the commissioning, preparation and mobilization of *Transocean Norge* under the shipyard care agreement with Orion. In the years ended December 31, 2020 and 2019, we recognized rent expense of \$22 million and \$9 million, respectively, recorded in operating and maintenance costs, and made an aggregate cash payment of \$22 million and \$6 million, respectively, to charter the rig and other equipment from Orion. In the years ended December 31, 2020 and 2019, we made an aggregate cash payment of \$15 million and \$11 million, respectively, to other unconsolidated affiliates for research and development and for equipment to reduce emissions and improve reliability.

NOTE 5—REVENUES

Overview—We earn revenues primarily by performing the following activities: (i) providing our drilling rig, work crews, related equipment and services necessary to operate the rig (ii) delivering the drilling rig by mobilizing to and demobilizing from the drill location, and (iii) performing certain pre-operating activities, including rig preparation activities or equipment modifications required for the contract. These services represent a single performance obligation under our drilling contracts with customers that is satisfied over time, the duration of which varies by contract. At December 31, 2020, the drilling contract with the longest expected remaining duration, excluding unexercised options, extends through February 2028.

In June 2020, we entered into a settlement and mutual release agreement with a customer, which provided for the final settlement of disputes related to performance obligations satisfied in prior periods. In connection with the settlement, among other things, our customer agreed to pay us \$185 million in four equal installments through January 15, 2023. In the year ended December 31, 2020, we recognized revenues of \$177 million, representing the discounted value of the future payments, and recorded corresponding accounts receivable, net of imputed interest. In the year ended December 31, 2020, we received an aggregate cash payment of \$46 million in scheduled installments under the arrangement. At December 31, 2020, the aggregate carrying amount of the related receivable was \$133 million, net of imputed interest, including \$45 million and \$88 million recorded in accounts receivable and other assets, respectively.

In the year ended December 31, 2019, we recognized revenues of \$10 million for other performance obligations satisfied in previous periods due to certain revenues recognized on a cash basis. In the year ended December 31, 2018, we recognized revenues of \$174 million for yet other performance obligations satisfied in previous periods, primarily related to revenues for a customer's contract termination and certain revenues recognized on a cash basis.

To obtain contracts with our customers, we incur pre-operating costs to prepare a rig for contract and deliver or mobilize the rig to the drilling location. We recognize such pre-operating costs in operating and maintenance costs on a straight-line basis, consistent with the general pace of activity, over the estimated contract period. In the years ended December 31, 2020, 2019 and 2018, we recognized pre-operating costs of \$60 million, \$18 million and \$45 million, respectively. At December 31, 2020 and 2019, the unrecognized pre-operating costs to obtain contracts was \$20 million and \$34 million, respectively, recorded in other assets.

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, 2020				Year ended December 31, 2019				Year ended December 31, 2018			
	U.S.	Norway	Other (a)	Total	U.S.	Norway	Other (a)	Total	U.S.	Norway	Other (a)	Total
Ultra-deepwater floaters	\$ 1,302	\$ —	\$ 792	\$ 2,094	\$ 1,264	\$ —	\$ 693	\$ 1,957	\$ 1,496	\$ —	\$ 292	\$ 1,788
Harsh environment floaters	—	876	170	1,046	—	775	294	1,069	—	651	323	974
Deepwater floaters	—	—	—	—	—	—	7	7	—	—	124	124
Midwater floaters	—	—	12	12	—	—	55	55	—	—	74	74
High-specification jackups	—	—	—	—	—	—	—	—	—	—	58	58
Total revenues	\$ 1,302	\$ 876	\$ 974	\$ 3,152	\$ 1,264	\$ 775	\$ 1,049	\$ 3,088	\$ 1,496	\$ 651	\$ 871	\$ 3,018

(a) Other represents the aggregate value for countries in which we operate that individually had attributable operating revenues representing less than 10 percent of consolidated operating revenues earned.

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Contract liabilities—We recognize contract liabilities, recorded in other current liabilities and other long-term liabilities, for mobilization, contract preparation, capital upgrades and deferred revenues for declining dayrate contracts using the straight-line method over the estimated contract period. Contract liabilities for our contracts with customers were as follows (in millions):

	December 31,	
	2020	2019
Deferred contract revenues, recorded in other current liabilities	\$ 133	\$ 100
Deferred contract revenues, recorded in other long-term liabilities	323	429
Total contract liabilities	<u>\$ 456</u>	<u>\$ 529</u>

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

	Years ended December 31,	
	2020	2019
Total contract liabilities, beginning of period	\$ 529	\$ 486
Decrease due to recognition of revenues for goods and services	(184)	(114)
Increase due to goods and services transferred over time	111	157
Total contract liabilities, end of period	<u>\$ 456</u>	<u>\$ 529</u>

NOTE 6—DRILLING FLEET

Construction work in progress—The changes in our construction work in progress were as follows (in millions):

	Years ended December 31,		
	2020	2019	2018
Construction work in progress, beginning of period	\$ 753	\$ 632	\$ 1,392
Capital expenditures			
Newbuild construction program	143	129	75
Other equipment and construction projects	122	258	109
Total capital expenditures	265	387	184
Changes in accrued capital additions	(33)	20	4
Construction work in progress impaired	—	(5)	—
Construction work in progress acquired in business combination	—	—	28
Property and equipment placed into service			
Newbuild construction program	—	—	(903)
Other equipment and construction projects	(157)	(281)	(73)
Construction work in progress, end of period	<u>\$ 828</u>	<u>\$ 753</u>	<u>\$ 632</u>

Impairments of assets held and used—During the year ended December 31, 2020, we identified indicators that the carrying amounts of our asset groups may not be recoverable. Such indicators included significant declines in commodity prices and the market value of our stock, a reduction of expected demand for our drilling services as our customers announced reductions of capital investments in response to commodity prices and a reduction of projected dayrates. As a result of our testing, we determined that the carrying amount of our midwater floater asset group was impaired. In the year ended December 31, 2020, we recognized a loss of \$31 million (\$0.05 per diluted share), which had no tax effect, associated with the impairment of our midwater floater asset group. We measured the fair value of the drilling unit and related assets in this asset group by applying the market approach, using estimates of the exchange price that would be received for the assets in the principal or most advantageous markets for the assets in an orderly transaction between participants as of the measurement date. Our estimate of fair value required us to use significant other observable inputs, representative of Level 2 fair value measurements, including the marketability of the rig and prices of comparable rigs that may be sold for scrap value.

Impairments of assets held for sale—In the year ended December 31, 2020, we recognized an aggregate loss of \$556 million (\$0.90 per diluted share), which had no tax effect, associated with the impairment of the ultra-deepwater floater *GSF Development Driller II*, the harsh environment floaters *Polar Pioneer* and *Songa Dee* and the midwater floaters *Sedco 711*, *Sedco 714* and *Transocean 712*, along 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, 2019, we recognized an aggregate loss of \$578 million (\$0.94 per diluted share), which had no tax effect, associated with the impairment of the ultra-deepwater floaters *Discoverer Deep Seas*, *Discoverer Enterprise* and *Discoverer Spirit*, along with related assets, which we determined were impaired at the time we classified the assets as held for sale. In the year ended December 31, 2018, we recognized an aggregate loss of \$999 million (\$2.13 per diluted share), which had no tax effect, associated with the impairment of the ultra-deepwater floaters *Deepwater Discovery*, *Deepwater Frontier*, *Deepwater Millennium* and *GSF C.R. Luigs*, the deepwater floaters *Jack Bates* and *Transocean 706* and the midwater floaters *Songa Delta* and *Songa Trym*, along with related assets, which we determined were impaired at the time that we classified the assets as held for sale.

We measured the impairment of the drilling units 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

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—continued

Level 2 fair value measurements, including indicative market values for the drilling units and related assets to be sold for scrap value or binding contracts to sell such assets for alternative purposes. If we commit to plans to sell additional rigs for values below the respective carrying amounts, we will be required to recognize additional losses in future periods associated with the impairment of such assets.

Dispositions—During the year ended December 31, 2020, in connection with our efforts to dispose of non-strategic assets, we completed the sale of the ultra-deepwater floater *GSF Development Driller II*, the harsh environment floaters *Polar Pioneer*, *Songa Dee* and *Transocean Arctic* and the midwater floaters *Sedco 711*, *Sedco 714* and *Transocean 712*, along with related assets. In the year ended December 31, 2020, we received aggregate net cash proceeds of \$20 million and recognized an aggregate net loss of \$61 million (\$0.10 per diluted share), which had no tax effect, associated with the disposal of these assets. In the year ended December 31, 2020, we received aggregate net cash proceeds of \$4 million and recognized an aggregate net loss of \$23 million associated with the disposal of assets unrelated to rig sales.

During the year ended December 31, 2019, we completed the sale of the ultra-deepwater floaters *Deepwater Frontier*, *Deepwater Millennium*, *Discoverer Deep Seas*, *Discoverer Enterprise*, *Discoverer Spirit* and *Ocean Rig Paros*, the harsh environment floater *Eirik Raude*, the deepwater floaters *Jack Bates* and *Transocean 706* and the midwater floaters *Actinia* and *Songa Delta*, along with related assets. In the year ended December 31, 2019, we received aggregate net cash proceeds of \$64 million and recognized an aggregate net gain of \$4 million (\$0.01 per diluted share), which had no tax effect, associated with the disposal of these assets. In the year ended December 31, 2019, we received aggregate net cash proceeds of \$6 million and recognized an aggregate net loss of \$16 million associated with the disposal of assets unrelated to rig sales.

During the year ended December 31, 2018, we completed the sale of the ultra-deepwater floaters *Cajun Express*, *Deepwater Discovery*, *Deepwater Pathfinder*, *GSF C.R. Luigs*, *Sedco Energy* and *Sedco Express*, the deepwater floater *Transocean Marianas* and the midwater floater *Songa Trym*, along with related assets. In the year ended December 31, 2018, we received aggregate net cash proceeds of \$36 million and recognized an aggregate net gain of \$7 million (\$0.01 per diluted share), which had no tax effect, associated with the disposal of these assets. In the year ended December 31, 2018, we received aggregate net cash proceeds of \$7 million and recognized an aggregate net loss of \$7 million associated with the disposal of assets unrelated to rig sales.

NOTE 7—GOODWILL AND OTHER INTANGIBLES

Finite-lived intangible assets—The gross carrying amount and accumulated amortization of our drilling contract intangible assets were as follows (in millions):

	Year ended December 31, 2020			Year ended December 31, 2019		
	Gross carrying amount	Accumulated amortization	Net carrying amount	Gross carrying amount	Accumulated amortization	Net carrying amount
Drilling contract intangible assets						
Balance, beginning of period	\$ 907	\$ (299)	\$ 608	\$ 907	\$ (112)	\$ 795
Amortization	—	(215)	(215)	—	(187)	(187)
Balance, end of period	<u>\$ 907</u>	<u>\$ (514)</u>	<u>\$ 393</u>	<u>\$ 907</u>	<u>\$ (299)</u>	<u>\$ 608</u>

We amortize the drilling contract intangible assets over the remaining contract periods, the longest of which is currently expected to extend through March 2024. As of December 31, 2020, the estimated future amortization was as follows (in millions):

Years ending December 31,	Total
2021	\$ 220
2022	117
2023	52
2024	4
Total carrying amount of contract intangible assets	<u>\$ 393</u>

Goodwill—During the three months ended June 30, 2018, we classified as held for sale and impaired three ultra-deepwater floaters (see Note 6—Drilling Fleet). We identified the impairment of these assets as an indicator that our goodwill may be impaired. In the year ended December 31, 2018, as a result of our interim goodwill impairment test, we recognized a loss of \$462 million (\$0.99 per diluted share), which had no tax effect, associated with the impairment of the full balance of our goodwill. We estimated the fair value of the contract drilling services reporting unit using the income approach. Our estimate of fair value required us to use significant unobservable inputs, representative of a Level 3 fair value measurement, including assumptions related to the future performance of the reporting unit, such as future commodity prices, projected demand for our services, rig availability and dayrates.

NOTE 8—LEASES

Our operating leases are principally for office space, storage facilities, operating equipment and land. At December 31, 2020, our operating leases had a weighted-average discount rate of 6.4 percent and a weighted-average remaining lease term of 14.0 years.

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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.

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

Lease costs	Years ended December 31,	
	2020	2019
Operating lease costs	\$ 13	\$ 25
Short-term lease costs	27	13
Finance lease costs, amortization of right-of-use asset	21	21
Finance lease costs, interest on lease liability	36	39
Total lease costs	\$ 97	\$ 98

In the year ended December 31, 2019, we recognized a loss of \$26 million, with no tax effect, associated with the impairment of right-of-use assets and leasehold improvements for certain office facilities that we had vacated or had committed to sublease.

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

	Years ended December 31,	
	2020	2019
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	17	\$ 19
Operating cash flows from finance lease	36	39
Financing cash flows from finance lease	35	32

At December 31, 2020, the aggregate future minimum rental payments for our leases were as follows (in millions):

Years ending December 31,	Operating leases	Finance lease
2021	\$ 13	\$ 71
2022	14	71
2023	13	71
2024	13	71
2025	13	71
Thereafter	125	256
Total future minimum rental payment	191	611
Less amount representing imputed interest	(69)	(167)
Present value of future minimum rental payments	122	444
Less current portion, recorded in other current liabilities	(8)	(37)
Long-term lease liabilities, recorded in other long-term liabilities	\$ 114	\$ 407

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NOTE 9—DEBT

Overview

Outstanding debt—The aggregate principal amounts and aggregate carrying amounts, net of debt-related balances, including unamortized discounts, premiums, issue costs and fair value adjustments of our debt, were as follows (in millions):

		Principal amount		Carrying amount	
		December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
6.50% Senior Notes due November 2020	(a)	\$ —	\$ 206	\$ —	\$ 206
6.375% Senior Notes due December 2021	(a)	38	222	38	221
5.52% Senior Secured Notes due May 2022	(b)	111	200	111	198
3.80% Senior Notes due October 2022	(a)	27	190	27	189
0.50% Exchangeable Senior Bonds due January 2023	(a)	463	863	462	862
5.375% Senior Secured Notes due May 2023	(c)	364	525	360	518
9.00% Senior Notes due July 2023	(d)	—	714	—	701
5.875% Senior Secured Notes due January 2024	(c)	585	667	577	656
7.75% Senior Secured Notes due October 2024	(c)	360	420	354	412
6.25% Senior Secured Notes due December 2024	(c)	375	437	369	430
6.125% Senior Secured Notes due August 2025	(c)	468	534	461	525
7.25% Senior Notes due November 2025	(d)	411	750	405	737
7.50% Senior Notes due January 2026	(d)	569	750	565	743
2.50% Senior Guaranteed Exchangeable Bonds due January 2027	(e)	238	—	277	—
11.50% Senior Guaranteed Notes due January 2027	(e)	687	—	1,139	—
6.875% Senior Secured Notes due February 2027	(c)	550	550	542	541
8.00% Senior Notes due February 2027	(d)	612	—	606	—
7.45% Notes due April 2027	(a)	52	88	51	86
8.00% Debentures due April 2027	(a)	22	57	22	57
7.00% Notes due June 2028	(f)	261	300	266	306
7.50% Notes due April 2031	(a)	396	588	394	585
6.80% Senior Notes due March 2038	(a)	610	1,000	605	991
7.35% Senior Notes due December 2041	(a)	177	300	176	297
Total debt		7,376	9,361	7,807	9,261
Less debt due within one year					
6.50% Senior Notes due November 2020	(a)	—	206	—	206
6.375% Senior Notes due December 2021	(a)	38	—	38	—
5.52% Senior Secured Notes due May 2022	(b)	93	88	92	87
5.375% Senior Secured Notes due May 2023	(c)	47	16	46	14
5.875% Senior Secured Notes due January 2024	(c)	83	83	80	79
7.75% Senior Secured Notes due October 2024	(c)	60	60	58	58
6.25% Senior Secured Notes due December 2024	(c)	62	62	60	60
6.125% Senior Secured Notes due August 2025	(c)	66	66	64	64
2.50% Senior Guaranteed Exchangeable Bonds due January 2027	(e)	—	—	6	—
11.50% Senior Guaranteed Notes due January 2027	(e)	—	—	61	—
Total debt due within one year		449	581	505	568
Total long-term debt		\$ 6,927	\$ 8,780	\$ 7,302	\$ 8,693

- (a) Transocean Inc., a 100 percent owned direct subsidiary of Transocean Ltd., 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.
- (b) The subsidiary issuer of the unregistered senior secured notes is a wholly owned indirect subsidiary of Transocean Inc. The senior secured notes are fully and unconditionally guaranteed by the owner of the collateral rig.
- (c) Each subsidiary issuer of the respective unregistered senior secured notes is a wholly owned indirect subsidiary of Transocean Inc. The senior secured notes are fully and unconditionally, jointly and severally, guaranteed by Transocean Ltd., Transocean Inc. and, in each case, the owner of the respective collateral rig or rigs.
- (d) Transocean Inc. 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 Inc. and rank equal in right of payment of all of our existing and future unsecured unsubordinated obligations. Such notes are structurally senior to the Legacy Guaranteed Notes and the 7.00% notes due June 2028 and are structurally subordinate to the Senior Priority Guaranteed Notes, as defined below, to the extent of the value of the assets of the subsidiaries guaranteeing the notes.
- (e) Transocean Inc. 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 Inc. 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 to the extent of the value of the assets of the subsidiaries guaranteeing the notes.
- (f) The subsidiary issuer of the registered notes is a wholly owned indirect subsidiary of Transocean Inc. The notes are fully and unconditionally guaranteed by Transocean Inc.

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Transocean Ltd. has no independent assets or operations, and its other subsidiaries not owned indirectly through Transocean Inc. are minor. Transocean Inc. has no independent assets and operations, other than those related to its investments in non-guarantor operating companies and balances primarily pertaining to its cash and cash equivalents and debt. Transocean Ltd. and Transocean Inc. are not subject to any significant restrictions on their ability to obtain funds from their consolidated subsidiaries by dividends, loans or capital distributions (see “—Indentures”).

Scheduled maturities—At December 31, 2020, the scheduled maturities of our debt, including the principal installments and other installments, representing the undiscounted projected interest payments of debt exchanged, were as follows (in millions):

	Principal installments	Other installments	Total
Years ending December 31,			
2021	\$ 449	\$ 67	\$ 516
2022	448	76	524
2023	1,055	76	1,131
2024	853	77	930
2025	698	77	775
Thereafter	3,873	117	3,990
Total installments of debt	<u>\$ 7,376</u>	<u>\$ 490</u>	<u>7,866</u>
Total debt-related balances, net			(59)
Total carrying amount of debt			<u>\$ 7,807</u>

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.

Additionally, the indentures that govern the 5.52% senior secured notes due May 2022, the 5.375% Senior Secured Notes due May 2023 (the “5.375% Senior Secured Notes”), the 5.875% senior secured notes due January 2024 (the “5.875% Senior Secured Notes”), the 7.75% senior secured notes due October 2024, the 6.25% senior secured notes due December 2024, the 6.125% senior secured notes due August 2025 (the “6.125% Senior Secured Notes”) and the 6.875% senior secured notes due February 2027 (the “6.875% Senior Secured Notes”) contain covenants that limit the ability of our subsidiaries that own or operate the collateral rigs to declare or pay dividends to their affiliates.

The indentures that govern the 2.50% senior guaranteed exchangeable bonds due January 2027 (the “Senior Guaranteed Exchangeable Bonds”) and the Exchangeable Senior Bonds require 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 Inc., (ii) the failure of our shares to be listed or quoted on a national securities exchange and (iii) specified tax matters.

Interest rate adjustments—The interest rates for certain of our notes are subject to adjustment from time to time upon a change to the credit rating of our non-credit enhanced senior unsecured long-term debt. At December 31, 2020, the interest rate in effect for the 6.375% senior notes due December 2021, 3.80% senior notes due October 2022 and the 7.35% senior notes due December 2041 was 8.375 percent, 5.80 percent and 9.35 percent, respectively.

Secured Credit Facility—As of December 31, 2020, we have a bank credit agreement, as amended from time to time, that established a \$1.3 billion secured revolving credit facility (the “Secured Credit Facility”), which is scheduled to expire on June 22, 2023. 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 floaters *Deepwater Asgard*, *Deepwater Corcovado*, *Deepwater Invictus*, *Deepwater Mykonos*, *Deepwater Orion*, *Deepwater Skyros*, *Development Driller III*, *Dhirubhai Deepwater KG2* and *Discoverer Inspiration* and the harsh environment floaters *Transocean Barents* and *Transocean Spitsbergen*, the aggregate carrying amount of which was \$5.2 billion at December 31, 2020. The maximum borrowing capacity will be reduced to \$1.0 billion if, and so long as, our leverage ratio, measured as the aggregate principal amount of debt outstanding to earnings before interest, taxes, depreciation and amortization, exceeds 10.00 to 1.00. The Secured Credit Facility contains covenants that, among other things, include maintenance of certain guarantee and collateral coverage ratios, a maximum debt to capitalization ratio of 0.60 to 1.00 and minimum liquidity of \$500 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 pay dividends and other distributions.

We may borrow under the Secured Credit Facility at either (1) the reserve adjusted London interbank offered rate plus a margin (the “Secured Credit Facility Margin”), which ranges from 2.625 percent to 3.375 percent based on the credit rating of the Secured Credit Facility, or (2) the base rate specified in the credit agreement plus the Secured Credit Facility Margin, minus one percent per annum. Throughout the term of the Secured Credit Facility, we pay a facility fee on the amount of the underlying commitment which ranges from

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0.375 percent to 1.00 percent based on the credit rating of the Secured Credit Facility. At December 31, 2020, based on the credit rating of the Secured Credit Facility on that date, the Secured Credit Facility Margin was 3.375 percent and the facility fee was 0.875 percent. At December 31, 2020, we had no borrowings outstanding, \$22 million of letters of credit issued, and we had \$1.3 billion of available borrowing capacity under the Secured Credit Facility.

Debt issuances

Guaranteed senior unsecured notes—On January 17, 2020, we issued \$750 million aggregate principal amount of 8.00% senior notes due February 2027 (the “8.00% Guaranteed Notes”), and we received aggregate cash proceeds of \$743 million, net of issue costs. We may redeem all or a portion of the 8.00% Guaranteed Notes on or prior to February 1, 2023 at a price equal to 100 percent of the aggregate principal amount plus a make-whole premium, and subsequently, at specified redemption prices.

On October 25, 2018, we issued \$750 million aggregate principal amount of 7.25% senior notes due November 2025 (the “7.25% Guaranteed Notes”), and we received aggregate cash proceeds of \$735 million, net of issue costs. We may redeem all or a portion of the 7.25% Guaranteed Notes on or prior to November 1, 2021 at a price equal to 100 percent of the aggregate principal amount plus a make-whole premium, and subsequently, at specified redemption prices.

Priority guaranteed senior unsecured notes—On September 11, 2020, we issued \$687 million aggregate principal amount of 11.50% senior guaranteed notes due January 2027 (the “11.50% Senior Guaranteed Notes”) in non-cash exchange offers, pursuant to an exchange offer memorandum, dated August 10, 2020, as supplemented, for an aggregate principal amount of \$1.5 billion of several series of our existing debt securities that were validly tendered and accepted for purchase (the “Exchange Offers”). In the year ended December 31, 2020, as a result of the Exchange Offers, we recognized a gain of \$355 million (\$0.58 per diluted share), with no tax effect, associated with the restructuring of debt (see “—Debt restructuring, repayment and retirement”). We may redeem all or a portion of the 11.50% Senior Guaranteed Notes prior to July 30, 2023 at a price equal to 100 percent of the aggregate principal amount plus a make-whole premium, and subsequently, at specified redemption prices. We may also use the net cash proceeds of certain equity offerings by Transocean Ltd. to redeem, on one or more occasions prior to July 30, 2023, up to a maximum of 40 percent of the original aggregate principal amount of the 11.50% Senior Guaranteed Notes, subject to certain adjustments, at a redemption price equal to 111.50 percent of the aggregate principal amount.

Senior guaranteed exchangeable bonds—On August 14, 2020, we issued \$238 million aggregate principal amount of Senior Guaranteed Exchangeable Bonds in non-cash private exchanges for \$397 million aggregate principal amount of the Exchangeable Senior Bonds (collectively, the “Private Exchange” and, together with the Exchange Offers, the “Exchange Transactions”). In the year ended December 31, 2020, as a result of the Private Exchange, we recognized a gain of \$72 million (\$0.12 per diluted share), with no tax effect, associated with the restructuring of debt (see “—Debt restructuring, repayment and retirement”). The Senior Guaranteed Exchangeable Bonds may be converted at any time prior to the close of business on the second business day immediately preceding the maturity date or redemption date at the current exchange rate of 162.1626 Transocean Ltd. shares per \$1,000 note, which implies a conversion price of \$6.17 per share, subject to adjustment upon the occurrence of certain events. We may redeem all or a portion of the Senior Guaranteed Exchangeable Bonds (i) on or after August 14, 2022, if certain conditions related to the price of our shares have been satisfied, at a price equal to 100 percent of the aggregate principal amount and (ii) on or after August 14, 2023, at specified redemption prices.

We recorded the conversion feature of the Senior Guaranteed Exchangeable Bonds, measured at its estimated fair value of \$46 million, to additional paid-in capital. We estimated the fair value by employing a binomial lattice model and by using significant other observable inputs, representative of a Level 2 fair value measurement, including the expected volatility of the market price for our shares. Perestroika AS, an entity affiliated with one of our directors that beneficially owns approximately 10 percent of our shares, exchanged \$356 million aggregate principal amount of the Exchangeable Senior Bonds for \$213 million aggregate principal amount of Senior Guaranteed Exchangeable Bonds. Perestroika AS has certain registration rights related to its shares and shares that may be issued in connection with any exchange of its Senior Guaranteed Exchangeable Bonds. At December 31, 2020, Perestroika AS held \$213 million aggregate principal amount of the Senior Guaranteed Exchangeable Bonds.

Exchangeable senior bonds—In the year ended December 31, 2018, in connection with the Songa acquisition transactions, we issued \$863 million aggregate principal amount of Exchangeable Senior Bonds, as partial consideration for the Songa shares and as consideration for refinancing certain Songa indebtedness. The Exchangeable Senior Bonds may be converted at any time prior to the close of business on the business day immediately preceding the maturity date at the current exchange rate of 97.29756 shares per \$1,000 note, which implies a conversion price of \$10.28 per share, subject to adjustment upon the occurrence of certain events. We estimated the aggregate fair value of the Exchangeable Senior Bonds, measured as of the issuance date, to be \$1.0 billion, which represented a substantial premium of \$172 million above par, and we recorded such premium to additional paid-in capital. We estimated the fair value using significant other observable inputs, representative of a Level 2 fair value measurement, including the terms and credit spreads for the instruments. At December 31, 2019, Perestroika AS held \$356 million aggregate principal amount of the Exchangeable Senior Bonds, which were exchanged for \$213 million aggregate principal amount of Senior Guaranteed Exchangeable Bonds. See Note 21—Subsequent Event.

Senior secured notes—On February 1, 2019, we issued \$550 million aggregate principal amount of 6.875% Senior Secured Notes, and we received \$539 million aggregate cash proceeds, net of discount and issue costs. The 6.875% Senior Secured Notes are

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secured by the assets and earnings associated with the ultra-deepwater floater *Deepwater Poseidon* and the equity of the wholly owned subsidiaries that own or operate the collateral rig. Additionally, we are required to maintain certain balances in restricted cash accounts to satisfy debt service requirements. We are required to pay semiannual installments of (a) interest only through August 2021 and (b) principal and interest thereafter. We may redeem all or a portion of the 6.875% Senior Secured Notes on or prior to February 1, 2022 at a price equal to 100 percent of the aggregate principal amount plus a make-whole premium, and subsequently, at specified redemption prices.

On May 24, 2019, we issued \$525 million aggregate principal amount of 5.375% Senior Secured Notes, and we received \$517 million aggregate cash proceeds, net of discount and issue costs. The 5.375% Senior Secured Notes are secured by the assets and earnings associated with the harsh environment floaters *Transocean Endurance* and *Transocean Equinox* and the equity of the wholly owned subsidiaries that own or operate the collateral rigs. Additionally, we are required to maintain certain balances in restricted cash accounts to satisfy debt service requirements. We are required to pay semiannual installments of principal and interest. We may redeem all or a portion of the 5.375% Senior Secured Notes on or prior to May 15, 2021 at a price equal to 100 percent of the aggregate principal amount plus a make-whole premium, and subsequently, at specified redemption prices.

In July 2018, we issued \$750 million aggregate principal amount of 5.875% Senior Secured Notes and \$600 million aggregate principal amount of 6.125% Senior Secured Notes, and we received aggregate cash proceeds of \$733 million and \$586 million, respectively, net of discount and issue costs. The 5.875% Senior Secured Notes are secured by the assets and earnings associated with the harsh environment floaters *Transocean Enabler* and *Transocean Encourage* and the equity of the wholly owned subsidiaries that own or operate the collateral rigs. The 6.125% Senior Secured Notes are secured by the assets and earnings associated with the ultra-deepwater floater *Deepwater Pontus* and the equity of the wholly owned subsidiaries that own or operate the collateral rig. Additionally, we are required to maintain certain balances in restricted cash accounts to satisfy debt service and reserve requirements. We are required to pay semiannual installments of principal and interest. We may redeem all or a portion of the 5.875% Senior Secured Notes or the 6.125% Senior Secured Notes on or prior to July 15, 2021 or August 1, 2021, respectively, at a price equal to 100 percent of the aggregate principal amount plus a make-whole premium, and subsequently, at specified redemption prices.

Encumbered assets—At December 31, 2020 and 2019, we had restricted cash and cash equivalents of \$365 million and \$386 million, respectively, deposited in restricted accounts to satisfy debt service and reserve requirements for the senior secured notes. At December 31, 2020 and 2019, the rigs encumbered for the senior secured notes, including *Deepwater Conqueror*, *Deepwater Pontus*, *Deepwater Proteus*, *Deepwater Thalassa*, *Deepwater Poseidon*, *Transocean Enabler*, *Transocean Encourage*, *Transocean Endurance* and *Transocean Equinox*, had an aggregate carrying amount of \$6.1 billion and \$6.3 billion, respectively. 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 the related drilling contracts.

Debt restructuring, repayment and retirement

Restructuring and early retirement—During the years ended December 31, 2020, 2019 and 2018, we restructured or retired certain notes as a result of exchange offers, private exchanges, redemption, tender offers and open market repurchases. We recorded the Exchange Transactions completed in August 2020 and September 2020 under ASC 470-60, Troubled Debt Restructuring by Debtors. The aggregate principal amounts, cash payments and recognized gain or loss for such transactions were as follows (in millions):

	Years ended December 31,									
	2020					2019			2018	
	Exchanged	Redeemed	Tendered	Repurchased	Total	Tendered	Repurchased	Total	Repurchased	
6.50% Senior Notes due November 2020	\$ —	\$ —	\$ 38	\$ 15	\$ 53	\$ 57	\$ 23	\$ 80	\$ —	
6.375% Senior Notes due December 2021	37	—	77	69	183	63	43	106	—	
3.80% Senior Notes due October 2022	136	—	10	16	162	190	32	222	95	
0.50% Exchangeable Senior Bonds due January 2023	397	—	—	4	401	—	—	—	—	
5.375% Senior Secured Notes due May 2023	—	—	103	43	146	—	—	—	—	
9.00% Senior Notes due July 2023	—	714	—	—	714	200	336	536	—	
7.25% Senior Notes due November 2025	207	—	132	—	339	—	—	—	—	
7.50% Senior Notes due January 2026	181	—	—	—	181	—	—	—	—	
8.00% Senior Notes due February 2027	138	—	—	—	138	—	—	—	—	
7.45% Notes due April 2027	35	—	—	—	35	—	—	—	—	
8.00% Debentures due April 2027	35	—	—	—	35	—	—	—	—	
7.00% Notes due June 2028	39	—	—	—	39	—	—	—	—	
7.50% Notes due April 2031	192	—	—	—	192	—	—	—	—	
6.80% Senior Notes due March 2038	390	—	—	—	390	—	—	—	—	
7.35% Senior Notes due December 2041	123	—	—	—	123	—	—	—	—	
Aggregate principal amount restructured or retired	\$ 1,910	\$ 714	\$ 360	\$ 147	\$ 3,131	\$ 510	\$ 434	\$ 944	\$ 95	
Aggregate cash payment	\$ 10	\$ 767	\$ 222	\$ 110	\$ 1,109	\$ 522	\$ 449	\$ 971	\$ 95	
Aggregate principal amount of debt issued in exchanges	\$ 925	\$ —	\$ —	\$ —	\$ 925	\$ —	\$ —	\$ —	\$ —	
Aggregate net gain (loss)	\$ 427	\$ (65)	\$ 135	\$ 36	\$ 533	\$ (18)	\$ (23)	\$ (41)	\$ —	

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

Debt assumption and repayment—In connection with the Songa acquisition, we assumed the rights and obligations under certain credit agreements, a subscription agreement and bond loan agreements. In the year ended December 31, 2018, we made an aggregate cash payment equivalent to \$1.65 billion to repay the outstanding debt obligations and terminate these agreements, and as a result, we recognized a loss of \$3 million associated with the repayment of debt.

Scheduled maturities and installments—On the scheduled maturity date of November 16, 2020, we made a cash payment of \$153 million to repay the outstanding 6.50% senior notes due November 2020, at a price equal to the aggregate principal amount. In the years ended December 31, 2020, 2019 and 2018, we made an aggregate cash payment of \$375 million, \$354 million and \$257 million, respectively, to repay other indebtedness in scheduled installments.

NOTE 10—INCOME TAXES

Overview—Transocean Ltd., a holding company and Swiss resident, is exempt from cantonal and communal income tax in Switzerland, but is subject to Swiss federal income tax. For Swiss federal income taxes, qualifying net dividend income and net capital gains on the sale of qualifying investments in subsidiaries are exempt. Consequently, there is not a direct relationship between our Swiss earnings before income taxes and our Swiss income tax expense.

Tax provision and rate—Our provision for income taxes is based on the tax laws and rates applicable in the jurisdictions in which we operate and earn income. In the years ended December 31, 2020, 2019 and 2018, our effective tax rate was (5.1) percent, (4.9) percent and (12.8) percent, respectively, based on loss before income tax expense. 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.

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

	Years ended December 31,		
	2020	2019	2018
Current tax expense (benefit)	\$ (33)	\$ (189)	\$ 244
Deferred tax expense (benefit)	60	248	(16)
Income tax expense	<u>\$ 27</u>	<u>\$ 59</u>	<u>\$ 228</u>

A reconciliation of the income tax benefit computed at the Swiss holding company federal statutory rate of 7.83% and our reported consolidated income tax expense was as follows (in millions):

	Years ended December 31,		
	2020	2019	2018
Income tax benefit at Swiss federal statutory rate	\$ (42)	\$ (94)	\$ (139)
Earnings subject to rates different than the Swiss federal statutory rate	82	189	(86)
Losses on impairment	52	35	114
Deemed profits taxes	19	22	8
Withholding taxes	6	11	8
Base erosion and anti-abuse tax	5	21	33
Benefit from foreign tax credits	(2)	(8)	(5)
Currency revaluation	(4)	5	11
Changes in unrecognized tax benefits, net	(15)	(268)	117
Effect of U.S. CARES Act	(28)	—	—
Changes in valuation allowance	(31)	37	67
Effect of operating structural changes	—	98	—
Effect of U.S. tax reform	—	—	104
Other, net	(15)	11	(4)
Income tax expense	<u>\$ 27</u>	<u>\$ 59</u>	<u>\$ 228</u>

The Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”), enacted in March 2020, included certain changes to U.S. tax law, including, among others, extending up to five years the carryback period for net operating losses generated in tax years between December 31, 2017 and January 1, 2021. In the year ended December 31, 2020, we recognized an income tax benefit of \$28 million related to the carryback of our net operating losses under this provision.

In the year ended December 31, 2017, the U.S. introduced certain changes to tax law (“U.S. tax reform”), such as, among others, a transition tax and a base erosion and anti-abuse tax. In the year ended December 31, 2018, to calculate the one-time transition tax, we completed the evaluation of our unremitted earnings and profits of certain of our non-U.S. subsidiaries that owned by U.S. subsidiaries for which the necessary information was not previously available, and we recorded income tax expense of \$120 million for transition taxes, partially offset by \$16 million for the utilization of estimated foreign tax credits. In the years ended December 31, 2019 and 2018, we

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recognized income tax expense of \$21 million and \$33 million, respectively, related to the bareboat charter structure of our U.S. operations, a significant portion of which is contractually reimbursable by our customers due to a change-in-law provision in certain drilling contracts.

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

	December 31,	
	2020	2019
Deferred tax assets		
Net operating loss carryforwards	\$ 809	\$ 571
Interest expense limitation	72	77
Accrued payroll costs not currently deductible	46	45
United Kingdom charter limitation	40	36
Tax credit carryforwards	21	22
Accrued expenses	18	16
Deferred income	14	41
Loss contingencies	3	38
Other	27	24
Valuation allowance	(685)	(716)
Total deferred tax assets	<u>365</u>	<u>154</u>
Deferred tax liabilities		
Depreciation	(658)	(361)
Contract intangible amortization	(6)	(23)
Other	(7)	(16)
Total deferred tax liabilities	<u>(671)</u>	<u>(400)</u>
Deferred tax assets (liabilities), net	<u>\$ (306)</u>	<u>\$ (246)</u>

At December 31, 2020 and 2019, our deferred tax assets included U.S. foreign tax credit carryforwards of \$21 million and \$22 million, respectively, which will expire between 2024 and 2030. Deferred tax assets related to our net operating losses were generated in various worldwide tax jurisdictions. At December 31, 2020, our net deferred tax assets related to our net operating loss carryforwards included \$572 million, which do not expire, and \$237 million, which will expire between 2021 and 2037.

As of December 31, 2020, 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. Although 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, 2020 and 2019, due to uncertainty of realization, we had a valuation allowance of \$685 million and \$716 million, respectively, on net operating losses and other deferred tax assets.

Our deferred tax liabilities include taxes related to the earnings of certain subsidiaries that are not indefinitely reinvested. As of December 31, 2020, we consider the earnings of certain of our subsidiaries to be indefinitely reinvested, and we have not provided for deferred taxes on earnings of such subsidiaries. If we were to make a distribution from the unremitted earnings of subsidiaries with indefinitely reinvested earnings, we may be subject to taxes payable to various jurisdictions. However, it is not practicable to estimate the amount of tax that would ultimately be due if remitted. If we were to change our expectations about distributing earnings of these subsidiaries, we may be required to record additional deferred taxes that could have a material effect on our consolidated statement of financial position, results of operations or cash flows.

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,		
	2020	2019	2018
Balance, beginning of period	\$ 335	\$ 408	\$ 222
Additions for current year tax positions	90	144	29
Additions for prior year tax positions	11	6	172
Reductions related to statute of limitation expirations and changes in law	(7)	(138)	(8)
Reductions for prior year tax positions	(51)	(66)	(7)
Reductions due to settlements	—	(19)	—
Balance, end of period	<u>\$ 378</u>	<u>\$ 335</u>	<u>\$ 408</u>

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—continued

Our unrecognized tax benefits, including related interest and penalties that we recognize as a component of income tax expense, were as follows (in millions):

	December 31,	
	2020	2019
Unrecognized tax benefits, excluding interest and penalties	\$ 378	\$ 335
Interest and penalties	41	34
Unrecognized tax benefits, including interest and penalties	<u>\$ 419</u>	<u>\$ 369</u>

In the years ended December 31, 2020, 2019 and 2018, we recognized, as a component of our income tax provision, expense of \$7 million, benefit of \$72 million and expense of \$13 million, respectively, related to interest and penalties associated with our unrecognized tax benefits. As of December 31, 2020, we have unrecognized benefits of \$419 million, including interest and penalties, of which \$261 million are netted against net operating loss deferred tax assets resulting in net unrecognized tax benefits of \$158 million, including interest and penalties, that upon reversal would favorably impact our effective tax rate. During the year ending December 31, 2021, it is reasonably possible that our existing liabilities for unrecognized tax benefits may increase or decrease, primarily due to the progression of open audits and the expiration of statutes of limitation. However, we cannot reasonably estimate a range of potential changes in our existing liabilities for unrecognized tax benefits due to various uncertainties, such as the unresolved nature of various audits.

Tax returns—We file federal and local tax returns in several jurisdictions throughout the world. With few exceptions, we are no longer subject to examinations of our U.S. and non-U.S. tax matters for years prior to 2014. Our tax returns in the significant jurisdictions in which we operate, other than Brazil, as mentioned below, are generally subject to examination for periods ranging from three to six years. Tax authorities in certain jurisdictions are examining our tax returns and, in some cases, have issued assessments. We are defending our tax positions in those jurisdictions. While we cannot predict or provide assurance as to the timing or the outcome of these proceedings, we do not expect the ultimate liability to have a material adverse effect on our consolidated statement of financial position or results of operations, although it may 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 19, 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 currently engaged in the appeals process. During the years ended December 31, 2018 and 2019, a portion of two cases were favorably closed. As of December 31, 2020, the remaining aggregate tax assessment, including interest and penalties, was for corporate income tax of BRL 640 million, equivalent to approximately \$123 million, and indirect tax of BRL 95 million, equivalent to \$18 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.

Other tax matters—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. From time to time, we may identify changes to previously evaluated tax positions that could result in adjustments to our recorded assets and liabilities. Although we are unable to predict the outcome of these changes, we do not expect the effect, if any, resulting from these adjustments to have a material adverse effect on our consolidated statement of financial position, results of operations or cash flows.

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,		
	2020	2019	2018
Numerator for loss per share, basic and diluted			
Net loss attributable to controlling interest	\$ (567)	\$ (1,255)	\$ (1,996)
Denominator for loss per share, basic and diluted			
Weighted-average shares outstanding	614	611	467
Effect of share-based awards	1	1	1
Weighted-average shares for per share calculation	<u>615</u>	<u>612</u>	<u>468</u>
Loss per share, basic and diluted	<u>\$ (0.92)</u>	<u>\$ (2.05)</u>	<u>\$ (4.27)</u>

In the years ended December 31, 2020, 2019 and 2018, we excluded from the calculation 10.8 million, 12.0 million and 10.6 million share-based awards, respectively, since the effect would have been anti-dilutive. In the years ended December 31, 2020, 2019 and 2018, we excluded from the calculation 84.0 million, 84.0 million and 77.2 million shares, respectively, issuable upon conversion of the Senior Guaranteed Exchangeable Bonds and the Exchangeable Senior Bonds since the effect would have been anti-dilutive.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—continued

NOTE 12—POSTEMPLOYMENT 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, (3) a non-qualified savings plan covering certain eligible employees working outside the U.S., the U.K. and Norway and (4) a qualified savings plan covering certain eligible employees working in the U.K. In the years ended December 31, 2020, 2019 and 2018, we recognized expense of \$56 million, \$52 million and \$50 million, respectively, related to our defined contribution plans globally.

Defined benefit pension and other postemployment benefit plans

Overview—As of December 31, 2020, we had defined benefit plans in the U.S., the United Kingdom (“U.K.”), and Norway, all of which have ceased accruing benefits. As of December 31, 2020, in the U.S., we had three funded and three unfunded defined benefit plans (the “U.S. Plans”); in the U.K., we had one funded defined benefit plan (the “U.K. Plan”); and after terminating the majority of our plans in Norway as required by local authorities, we had two remaining defined benefit plans, one funded and one unfunded (the “Norway Plans” and, together with the U.K. Plan, the “Non-U.S. Plans”). Additionally, we 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, 2025. We maintain the benefit obligations under our plans until they are fully satisfied.

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

	Year ended December 31, 2020			Year ended December 31, 2019			Year ended December 31, 2018		
	U.S. Plans	Non-U.S. Plans	OPEB Plans	U.S. Plans	Non-U.S. Plans	OPEB Plans	U.S. Plans	Non-U.S. Plans	OPEB Plans
Discount rate	3.27 %	2.10 %	2.39 %	4.32 %	2.86 %	3.56 %	3.68 %	2.49 %	2.93 %
Expected rate of return	5.90 %	3.10 %	na	6.20 %	4.39 %	na	6.21 %	4.72 %	na

“na” means not applicable.

Net periodic benefit costs recognized included the following components (in millions):

	Year ended December 31, 2020				Year ended December 31, 2019				Year ended December 31, 2018			
	U.S. Plans	Non-U.S. Plans	OPEB Plans	Total	U.S. Plans	Non-U.S. Plans	OPEB Plans	Total	U.S. Plans	Non-U.S. Plans	OPEB Plans	Total
Net periodic benefit costs												
Service cost	\$ —	\$ 1	\$ —	\$ 1	\$ —	\$ 7	\$ —	\$ 7	\$ —	\$ 7	\$ —	\$ 7
Interest cost	55	8	—	63	63	10	1	74	61	10	1	72
Expected return on plan assets	(67)	(14)	—	(81)	(71)	(17)	—	(88)	(72)	(19)	—	(91)
Special termination benefits	—	—	—	—	—	—	—	—	—	—	1	1
Settlements and curtailments	1	12	—	13	1	2	—	3	—	(1)	(4)	(5)
Actuarial loss, net	9	1	1	11	3	—	—	3	8	1	—	9
Prior service gain, net	—	—	(2)	(2)	—	—	(2)	(2)	—	—	(2)	(2)
Net periodic benefit costs (income)	\$ (2)	\$ 8	\$ (1)	\$ 5	\$ (4)	\$ 2	\$ (1)	\$ (3)	\$ (3)	\$ (2)	\$ (4)	\$ (9)

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

	December 31, 2020			December 31, 2019		
	U.S. Plans	Non-U.S. Plans	OPEB Plans	U.S. Plans	Non-U.S. Plans	OPEB Plans
Discount rate	2.60 %	1.50 %	1.21 %	3.27 %	2.13 %	2.39 %
Expected long-term rate of return	5.51 %	3.20 %	na	5.91 %	3.18 %	na

“na” means not applicable.

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The changes in projected benefit obligation, plan assets and funded status and the amounts recognized on our consolidated balance sheets were as follows (in millions):

	Year ended December 31, 2020				Year ended December 31, 2019			
	U.S. Plans	Non-U.S. Plans	OPEB Plans	Total	U.S. Plans	Non-U.S. Plans	OPEB Plans	Total
Change in projected benefit obligation								
Projected benefit obligation, beginning of period	\$ 1,696	\$ 395	\$ 17	\$ 2,108	\$ 1,527	\$ 338	\$ 17	\$ 1,882
Actuarial (gains) losses, net	148	46	1	195	202	45	1	248
Service cost	—	1	—	1	—	7	—	7
Interest cost	55	8	—	63	63	10	1	74
Currency exchange rate changes	—	9	—	9	—	14	—	14
Benefits paid	(72)	(24)	(2)	(98)	(72)	(19)	(2)	(93)
Settlements	(2)	(52)	—	(54)	(24)	—	—	(24)
Plan amendment	—	1	—	1	—	—	—	—
Projected benefit obligation, end of period	1,825	384	16	2,225	1,696	395	17	2,108
Change in plan assets								
Fair value of plan assets, beginning of period	1,369	430	—	1,799	1,189	378	—	1,567
Actual return on plan assets	267	50	—	317	272	39	—	311
Currency exchange rate changes	—	6	—	6	—	16	—	16
Employer contributions	3	9	2	14	4	16	2	22
Benefits paid	(72)	(24)	(2)	(98)	(72)	(19)	(2)	(93)
Settlements	(2)	(51)	—	(53)	(24)	—	—	(24)
Fair value of plan assets, end of period	1,565	420	—	1,985	1,369	430	—	1,799
Funded status, end of period	<u>\$ (260)</u>	<u>\$ 36</u>	<u>\$ (16)</u>	<u>\$ (240)</u>	<u>\$ (327)</u>	<u>\$ 35</u>	<u>\$ (17)</u>	<u>\$ (309)</u>
Balance sheet classification, end of period:								
Pension asset, non-current	\$ —	\$ 37	\$ —	\$ 37	\$ —	\$ 42	\$ —	\$ 42
Pension liability, current	(1)	(1)	(3)	(5)	(1)	(1)	(3)	(5)
Pension liability, non-current	(259)	—	(13)	(272)	(326)	(6)	(14)	(346)
Accumulated other comprehensive loss (income), before taxes	242	80	(10)	312	304	84	(12)	376
Accumulated benefit obligation, end of period	<u>\$ 1,825</u>	<u>\$ 384</u>	<u>\$ 16</u>	<u>\$ 2,225</u>	<u>\$ 1,696</u>	<u>\$ 385</u>	<u>\$ 17</u>	<u>\$ 2,098</u>

The aggregate projected benefit obligation and fair value of plan assets for plans with a projected benefit obligation in excess of plan assets were as follows (in millions):

	December 31, 2020				December 31, 2019			
	U.S. Plans	Non-U.S. Plans	OPEB Plans	Total	U.S. Plans	Non-U.S. Plans	OPEB Plans	Total
Projected benefit obligation	\$ 1,825	\$ 2	\$ 16	\$ 1,843	\$ 1,696	\$ 56	\$ 17	\$ 1,769
Fair value of plan assets	1,565	1	—	1,566	1,369	49	—	1,418

The aggregate accumulated benefit obligation and fair value of plan assets for plans with an accumulated benefit obligation in excess of plan assets were as follows (in millions):

	December 31, 2020				December 31, 2019			
	U.S. Plans	Non-U.S. Plans	OPEB Plans	Total	U.S. Plans	Non-U.S. Plans	OPEB Plans	Total
Accumulated benefit obligation	\$ 1,825	\$ 2	\$ 16	\$ 1,843	\$ 1,696	\$ 1	\$ 17	\$ 1,714
Fair value of plan assets	1,565	1	—	1,566	1,369	—	—	1,369

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

	December 31, 2020				December 31, 2019			
	U.S. Plans	Non-U.S. Plans	OPEB Plans	Total	U.S. Plans	Non-U.S. Plans	OPEB Plans	Total
Actuarial loss, net	\$ 242	\$ 78	\$ 2	\$ 322	\$ 304	\$ 84	\$ 2	\$ 390
Prior service cost, net	—	2	(12)	(10)	—	—	(14)	(14)
Accumulated other comprehensive loss (income), before taxes	<u>\$ 242</u>	<u>\$ 80</u>	<u>\$ (10)</u>	<u>\$ 312</u>	<u>\$ 304</u>	<u>\$ 84</u>	<u>\$ (12)</u>	<u>\$ 376</u>

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

	December 31, 2020				December 31, 2019			
	Target allocation		Actual allocation		Target allocation		Actual allocation	
	U.S. Plans	Non-U.S. Plans	U.S. Plans	Non-U.S. Plans	U.S. Plans	Non-U.S. Plans	U.S. Plans	Non-U.S. Plans
Equity securities	50 %	27 %	55 %	25 %	50 %	24 %	51 %	27 %
Fixed income securities	50 %	73 %	45 %	74 %	50 %	60 %	49 %	56 %
Other investments	— %	— %	— %	1 %	— %	16 %	— %	17 %
Total	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %

TRANSOCEAN LTD. AND SUBSIDIARIES
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We periodically review our investment policies, plan assets and asset allocation strategies to evaluate performance relative to specified objectives. In determining our asset allocation strategies for the U.S. Plans, we review the results of regression models to assess the most appropriate target allocation for each plan, given the plan's status, demographics and duration. For the U.K. Plan, the plan trustees establish the asset allocation strategies consistent with the regulations of the U.K. pension regulators and in consultation with financial advisors and company representatives. Investment managers for the U.S. Plans and the U.K. Plan are given established ranges within which the investments may deviate from the target allocations. For the Norway Plans, which are group pension schemes with life insurance companies, we establish minimum rates of return under the terms of the investment contracts.

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

	December 31, 2020								
	Significant observable inputs			Significant other observable inputs			Total		
	U.S. Plans	Non-U.S. Plans	Total	U.S. Plans	Non-U.S. Plans	Total	U.S. Plans	Non-U.S. Plans	Total
Mutual funds									
U.S. equity funds	\$ 586	\$ —	\$ 586	\$ —	\$ —	\$ —	\$ 586	\$ —	\$ 586
Non-U.S. equity funds	263	—	263	7	103	110	270	103	373
Bond funds	699	—	699	4	310	314	703	310	1,013
Total mutual funds	1,548	—	1,548	11	413	424	1,559	413	1,972
Other investments									
Cash and money market funds	6	6	12	—	—	—	6	6	12
Property collective trusts	—	—	—	—	—	—	—	—	—
Investment contracts	—	—	—	—	1	1	—	1	1
Total other investments	6	6	12	—	1	1	6	7	13
Total investments	\$ 1,554	\$ 6	\$ 1,560	\$ 11	\$ 414	\$ 425	\$ 1,565	\$ 420	\$ 1,985

	December 31, 2019								
	Significant observable inputs			Significant other observable inputs			Total		
	U.S. Plans	Non-U.S. Plans	Total	U.S. Plans	Non-U.S. Plans	Total	U.S. Plans	Non-U.S. Plans	Total
Mutual funds									
U.S. equity funds	\$ 480	\$ —	\$ 480	\$ 1	\$ —	\$ 1	\$ 481	\$ —	\$ 481
Non-U.S. equity funds	216	—	216	5	115	120	221	115	336
Bond funds	656	—	656	6	240	246	662	240	902
Total mutual funds	1,352	—	1,352	12	355	367	1,364	355	1,719
Other investments									
Cash and money market funds	5	4	9	—	—	—	5	4	9
Property collective trusts	—	—	—	—	20	20	—	20	20
Investment contracts	—	—	—	—	51	51	—	51	51
Total other investments	5	4	9	—	71	71	5	75	80
Total investments	\$ 1,357	\$ 4	\$ 1,361	\$ 12	\$ 426	\$ 438	\$ 1,369	\$ 430	\$ 1,799

The U.S. Plans and the U.K. Plan invest primarily in passively managed funds that reference market indices. The funded Norway Plan is subject to contractual terms under selected insurance programs. The plan investment managers have discretion to select the securities held within each asset category. Given this discretion, the managers may occasionally invest in our debt or equity securities and may hold either long or short positions in such securities. As the plan investment managers are required to maintain well diversified portfolios, the actual investment in our securities would be immaterial relative to asset categories and the overall plan assets.

Funding contributions—In the years ended December 31, 2020, 2019 and 2018, we made an aggregate contribution of \$14 million, \$22 million and \$17 million, respectively, to the defined benefit pension plans and the OPEB Plans using our cash flows from operations. In the year ending December 31, 2021, we expect to make an aggregate contribution of \$11 million, including \$8 million and \$3 million to the defined benefit pension plans and the OPEB Plans, respectively.

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

	U.S. Plans	Non-U.S. Plans	OPEB Plans	Total
Years ending December 31,				
2021	\$ 80	\$ 7	\$ 3	\$ 90
2022	81	7	3	91
2023	82	8	3	93
2024	83	8	3	94
2025	83	10	3	96
2026 - 2030	422	59	1	482

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

NOTE 13—COMMITMENTS AND CONTINGENCIES

Purchase and service agreement obligations

We have purchase obligations with shipyards and other contractors primarily related to our newbuild construction programs. We also have long-term service agreements with original equipment manufacturers to provide services and parts, primarily related to our pressure control systems. The future payments required under our service agreements were estimated based on our projected operating activity and may vary subject to actual operating activity. At December 31, 2020, the aggregate future payments required under our purchase obligations and our service agreement obligations were as follows (in millions):

Years ending December 31,	Purchase obligations	Service agreement obligations
2021	\$ 933	\$ 103
2022	1	116
2023	—	121
2024	—	126
2025	—	130
Thereafter	—	307
Total	<u>\$ 934</u>	<u>\$ 903</u>

Letters of credit and surety bonds

At December 31, 2020 and 2019, we had outstanding letters of credit totaling \$24 million and \$19 million, respectively, issued under various committed and uncommitted credit lines provided by banks to guarantee various contract bidding, performance activities and customs obligations. At December 31, 2020 and 2019, we also had outstanding surety bonds totaling \$153 million and \$113 million, respectively, to secure customs obligations related to the importation of our rigs and certain performance and other obligations. At December 31, 2020 and 2019, the aggregate cash collateral held by institutions to secure our letters of credit and surety bonds was \$8 million and \$10 million, respectively.

Legal proceedings

Debt exchange litigation and purported notice of default—Prior to the consummation of the Exchange Transactions (see Note 9—Debt), we completed certain internal reorganization transactions (the “Internal Reorganization”). In September 2020, funds managed by, or affiliated with, Whitebox Advisors LLC (“Whitebox”) as holders of certain series of our notes subject to the Exchange Offers, filed a claim (the “Claim”) in the U.S. District Court for the Southern District of New York (the “Court”) related to such certain internal reorganization transactions and the Exchange Offers. Additionally, in September and October 2020, Whitebox and funds managed by, or affiliated with, Pacific Investment Management Company LLC, as debtholders, together with certain other advisors and debtholders, provided purported notices of alleged default with respect to the indentures governing, respectively, the 8.00% Guaranteed Notes and the 7.25% Guaranteed Notes.

On September 23, 2020, we filed an answer to the Claim with the Court and asserted counterclaims seeking a declaratory judgment that, among other matters, the Internal Reorganization did not cause a default under the indenture governing the 8.00% Guaranteed Notes. Concurrently, with our answer and counterclaims, we also submitted a motion for summary judgment seeking an expedited judgment on our request for declaratory judgment. Whitebox subsequently submitted a cross-motion for summary judgment seeking dismissal of our counterclaims. On November 30, 2020, while awaiting the Court’s ruling on our motion for summary judgment, we amended certain of our financing documents and implemented certain internal reorganization transactions, which resolved the allegations contained in the purported notices of default. On December 17, 2020, the Court issued its ruling granting our motion for summary judgment and denying the plaintiff’s cross-motion for summary judgment, holding, among other matters, that the allegations contained in the purported notice of default did not constitute a default under the indenture governing the 8.00% Guaranteed Notes. Whitebox has appealed the Court’s ruling.

The facts alleged in the purported notice of default under the 8.00% Guaranteed Notes were the same as the facts underlying the Claim and the purported notice of default under the 7.25% Guaranteed Notes. Accordingly, following the amendment and internal reorganization transactions on November 30, 2020, and the subsequent ruling from the Court granting our motion for summary judgment, we do not expect the liability, if any, resulting from these matters to have a material adverse effect on our consolidated statement of financial position, results of operations or cash flows.

Macondo well incident—As of December 31, 2020, all significant litigation, including civil and criminal claims, resulting from the blowout of the Macondo well that caused a fire and explosion on the ultra-deepwater floater *Deepwater Horizon* off the coast of Louisiana had been resolved. At December 31, 2019, the remaining liability for estimated loss contingencies that were probable and for which a reasonable estimate could be made was \$124 million, recorded in other current liabilities, the majority of which was related to the settlement agreement that we and the Plaintiff Steering Committee filed in May 2015 (the “PSC Settlement Agreement”) with the U.S. District Court for

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

the Eastern District of Louisiana (the “MDL Court”), the court in which most claims against us were consolidated by the U.S. Judicial Panel on Multidistrict Litigation. In the years ended December 31, 2019 and 2018, the MDL Court released \$33 million and \$58 million, respectively, from an escrow account established by the MDL Court to satisfy our obligations under the PSC Settlement Agreement. At December 31, 2019, the remaining cash balance in the escrow account was \$125 million, recorded in restricted cash accounts and investments. In June 2020, the MDL Court released the remaining assets held in the escrow account to satisfy our remaining obligations under the PSC Settlement Agreement.

Asbestos litigation—In 2004, several of our subsidiaries were named, along with numerous other unaffiliated defendants, in complaints filed in the Circuit Courts of the State of Mississippi, and in 2014, a group of similar complaints were 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. The plaintiffs generally seek awards of unspecified compensatory and punitive damages, but the court-appointed special master has ruled that a Jones Act employer defendant, such as us, cannot be sued for punitive damages. At December 31, 2020, eight plaintiffs have claims pending in Louisiana, 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 are not certain 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 has been 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, 2020, the subsidiary was a defendant in approximately 255 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. In September 2018, the subsidiary and certain insurers agreed to a settlement of outstanding disputes that provided the subsidiary with cash and an annuity. Together with a coverage-in-place agreement with certain insurers and additional coverage issued by other insurers, 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.

Other matters—We are involved in various tax matters, 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, we do not expect the ultimate liability, if any, resulting from all environmental matters, including the liability for all related pending legal proceedings, asserted legal claims, the potential claims in Alhambra, California, for which tests detected no contaminants, and known potential legal claims that are likely to be asserted, to have a material adverse effect on our consolidated statement of financial position, results of operations or cash flows.

NOTE 14—EQUITY

Shares held by subsidiaries—One of our subsidiaries holds our shares for future use to satisfy our obligations to deliver shares in connection with awards granted under our incentive plans or other rights to acquire our shares. At December 31, 2020 and 2019, our subsidiary held 24.5 million and 6.1 million shares, respectively.

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

Accumulated other comprehensive loss—The changes in accumulated other comprehensive loss, presented net of tax, for our defined benefit pension plans were as follows (in millions):

	Years ended December 31,	
	2020	2019
Balance, beginning of period	\$ (324)	\$ (279)
Other comprehensive income (loss) before reclassifications	38	(25)
Reclassifications to net loss	23	4
Other comprehensive income (loss), net	61	(21)
Effect of adopting accounting standards update	—	(24)
Balance, end of period	\$ (263)	\$ (324)

Redeemable noncontrolling interest—Until June 11, 2018, we owned a 65 percent interest in Angola Deepwater Drilling Company Ltd. (“ADDCL”), a Cayman Islands company and variable interest entity for which we concluded that we were the primary beneficiary. Angco Cayman Limited (“Angco Cayman”) owned the remaining a 35 percent interest in ADDCL. Under the terms of ADDCL’s governing documents, Angco Cayman had the right to require us to purchase its interest in ADDCL for cash, and accordingly, we presented the carrying amount of Angco Cayman’s ownership interest as redeemable noncontrolling interest on our consolidated balance sheets. We also had the right under ADDCL’s governing documents to require Angco Cayman to sell us its interest, and we exercised that right. On June 11, 2018, pursuant to a settlement requiring no cash payment, we acquired the interests in ADDCL not previously owned by us, and ADDCL became our wholly owned subsidiary. In connection with the acquisition, we reallocated the \$53 million aggregate carrying amount of the redeemable noncontrolling interest to additional paid-in capital.

NOTE 15—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. Our 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, 2020, we had 62.9 million shares authorized and 22.0 million shares available to be granted under the Long-Term Incentive Plan. At December 31, 2020, the total unrecognized compensation cost related to our unvested share-based awards was \$24 million, which is expected to be recognized over a weighted-average period of 1.4 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. Performance awards typically are subject to a three-year measurement period during which the number of options or shares to be issued remains uncertain until the end of the measurement period, at which time the awarded number of options or shares to be issued is determined. The performance awards typically vest in one aggregate installment following the determination date. Stock options are subject to a stated vesting period and, once vested, typically have a seven-year term during which they are exercisable.

Service awards

Restricted share units—A restricted share unit is a notional unit that is equal to one share but has no voting rights until the underlying share is issued. The following table summarizes unvested activity for service-based units granted under our incentive plans during the year ended December 31, 2020:

	Number of units	Weighted-average grant-date fair value per unit
Unvested at January 1, 2020	4,719,578	\$ 9.11
Granted	7,093,421	1.41
Vested	(2,817,155)	8.63
Forfeited	(92,874)	7.25
Unvested at December 31, 2020	8,902,970	\$ 3.14

In the year ended December 31, 2020, the vested service-based units had an aggregate grant-date fair value of \$24 million. During the years ended December 31, 2019 and 2018, we granted 3,044,494 and 2,521,939 service-based units, respectively, with a per unit weighted-average grant-date fair value of \$8.33 and \$9.67, respectively. During the years ended December 31, 2019 and 2018, we had 2,224,030 and 2,087,141 service-based units, respectively, that vested with an aggregate grant-date fair value of \$23 million and \$27 million, respectively.

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

Stock options—The following table summarizes activity for vested and unvested service-based stock options outstanding under our incentive plans during the year ended December 31, 2020:

	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, 2020	4,864,425	\$ 14.48	7.34	\$ —
Forfeited	(358,414)	18.53	—	—
Expired	(120,864)	81.32	—	—
Outstanding at December 31, 2020	<u>4,385,147</u>	<u>\$ 12.31</u>	<u>6.62</u>	<u>\$ —</u>
Vested and exercisable at December 31, 2020	3,029,699	\$ 13.98	6.08	\$ —

In the years ended December 31, 2020, 2019 and 2018, the vested stock options had an aggregate grant-date fair value of \$12 million, \$10 million and \$6 million, respectively. At December 31, 2020 and 2019, there were outstanding unvested stock options to purchase 1,355,448 and 2,651,514 shares, respectively. During the years ended December 31, 2019 and 2018, we granted stock options to purchase 1,594,528 and 1,249,266 shares, respectively, with a per option weighted-average grant-date fair value of \$8.35 and \$9.18, respectively.

Performance awards

Restricted share units—We grant performance awards in the form of restricted share units that can be earned depending on the achievement of market factors. The number of shares ultimately earned per unit is quantified upon completion of the specified period at the determination date. The following table summarizes unvested activity for performance-based units under our incentive plans during the year ended December 31, 2020:

	Number of units	Weighted-average grant-date fair value per unit
Unvested at January 1, 2020	2,081,619	\$ 10.78
Granted	2,530,460	1.80
Vested	(999,332)	10.79
Forfeited	(51,863)	10.78
Unvested at December 31, 2020	<u>3,560,884</u>	<u>\$ 4.40</u>

In each of the years ended December 31, 2020, 2019 and 2018, the vested performance-based units had an aggregate grant-date fair value of \$11 million. During the years ended December 31, 2019 and 2018, we granted 1,067,316 and 1,074,054 performance-based units, respectively, with a per unit weighted-average grant-date fair value of \$10.77 and \$10.79, respectively.

NOTE 16—SUPPLEMENTAL BALANCE SHEET INFORMATION

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

	December 31,	
	2020	2019
Other current liabilities		
Accrued payroll and employee benefits	\$ 224	\$ 207
Accrued interest	128	169
Accrued taxes, other than income	66	73
Finance lease liability	37	35
Operating lease liabilities	8	13
Deferred revenues	133	100
Contingent liabilities	60	180
Other	3	4
Total other current liabilities	<u>\$ 659</u>	<u>\$ 781</u>

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

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

	December 31,	
	2020	2019
Other long-term liabilities		
Postemployment benefit plan obligations	\$ 272	\$ 346
Finance lease liability	407	444
Operating lease liabilities	114	116
Income taxes payable	202	179
Deferred revenues	323	429
Other	48	41
Total other long-term liabilities	\$ 1,366	\$ 1,555

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):

	Years ended December 31,		
	2020	2019	2018
Changes in other operating assets and liabilities			
Decrease in accounts receivable	\$ 67	\$ 87	\$ 180
(Increase) decrease in other assets	(113)	(30)	3
Decrease in accounts payable and other current liabilities	(254)	(21)	(154)
Increase (decrease) in other long-term liabilities	2	(34)	80
Change in income taxes receivable / payable, net	(69)	(303)	125
Change in receivables from / payables to affiliates, net	14	(10)	—
	\$ (353)	\$ (311)	\$ 234

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

	Years ended December 31,		
	2020	2019	2018
Certain cash operating activities			
Cash payments for interest	\$ 593	\$ 648	\$ 570
Cash payments for income taxes	70	121	151
Non-cash investing and financing activities			
Capital additions, accrued at end of period (a)	\$ 15	\$ 48	\$ 30
Issuance of debt in exchange transactions (b)	925	—	—
Equity component of exchangeable debt (c)	46	—	—
Issuance of shares in business combinations (d)	—	—	2,112
Issuance of debt in business combination (e)	—	—	1,026

- (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—Drilling Fleet.
- (b) In connection with the Exchange Transactions, we issued \$687 million and \$238 million aggregate principal amount of the 11.50% Senior Guaranteed Notes and the Senior Guaranteed Exchangeable Bonds, respectively. See Note 9—Debt.
- (c) In connection with the issuance of the Senior Guaranteed Exchangeable Bonds, we recorded the conversion feature, measured at its estimated fair value, to additional paid-in capital. See Note 9—Debt.
- (d) In connection with our acquisition of Songa and Ocean Rig, we issued 66.9 million and 147.7 million shares, respectively, with an aggregate fair value of \$735 million and \$1.4 billion, respectively. See Note 3—Business Combinations.
- (e) In connection with our acquisition of Songa, we issued \$854 million aggregate principal amount of Exchangeable Senior Bonds as partial consideration to Songa shareholders and settlement for certain Songa indebtedness. See Note 3—Business Combinations.

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

NOTE 18—FINANCIAL INSTRUMENTS

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

	December 31, 2020		December 31, 2019	
	Carrying amount	Fair value	Carrying amount	Fair value
Cash and cash equivalents	\$ 1,154	\$ 1,154	\$ 1,790	\$ 1,790
Restricted cash and cash equivalents	406	406	558	558
Long-term debt, including current maturities	7,807	4,820	9,261	8,976

We estimated the fair value of each class of financial instruments, for which estimating fair value is practicable, by applying the following methods and assumptions:

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, short-term time 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.

Debt—The carrying amount of our debt represents the principal amount, net of unamortized discounts, premiums, debt issue costs and fair value adjustments. We measured the estimated fair value of our debt using significant other observable inputs, representative of a Level 2 fair value measurement, including the terms and credit spreads for the instruments.

NOTE 19—RISK CONCENTRATION

Interest rate risk—Financial instruments that potentially subject us to concentrations of interest rate risk include our restricted and unrestricted cash equivalents and debt. We are 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. We are also exposed to the interest rate risk related to our fixed-rate debt when we refinance maturing debt with new debt or when we repurchase or retire debt in open market repurchases or other market transactions.

Currency exchange rate risk—We are exposed to currency exchange rate risk related to our international operations. This risk is primarily associated with compensation costs of our employees and purchasing costs from non-U.S. suppliers, which are denominated in currencies other than the U.S. dollar. We use a variety of techniques to minimize the exposure to currency exchange rate risk, including the structuring of customer contract payment terms and occasional use of forward exchange contracts. Our primary strategy for currency exchange rate risk management involves structuring customer contracts to provide for payment in both U.S. dollars and local currency. The payment portion denominated in local currency is based on anticipated local currency requirements over the contract term. Due to various factors, including customer acceptance, local banking laws, national content requirements, other statutory requirements, local currency convertibility and the impact of inflation on local costs, actual local currency needs may vary from those anticipated 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—Financial instruments that potentially subject us to concentrations of credit risk are primarily restricted and unrestricted cash and cash equivalents and trade receivables, both current and long-term. 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. We limit the amount of exposure to any one institution and do not believe we are exposed to any significant credit risk.

We earn our revenues by providing our drilling services to integrated oil companies, government-owned or government-controlled oil companies and other independent oil companies. Our receivables are dispersed in various countries. We establish an allowance for credit losses by applying an expected loss rate based on current and forecasted future and historical experience. Although we have encountered only isolated credit concerns related to independent oil companies, we occasionally require collateral or other security to support customer receivables. In certain instances, when we determine that collection is not reasonably assured, we may occasionally offer extended payment terms and recognize revenues associated with the contract on a cash basis.

Labor agreements—At December 31, 2020, we had a global workforce of approximately 5,350 individuals, including approximately 530 contractors. Approximately 43 percent of our total workforce, working primarily in Norway, Brazil and the U.K., are represented by, and some of our contracted labor work is subject to, collective bargaining agreements, substantially all of which are subject to annual salary negotiation. Negotiations over 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,

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

not only union members. Furthermore, a failure to reach an agreement on certain key issues could result in strikes, lockouts or other work stoppages.

NOTE 20—OPERATING SEGMENTS, GEOGRAPHIC ANALYSIS AND MAJOR CUSTOMERS

Operating segments—We operate in a single, global market for the provision of contract drilling services to our customers. 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.

Geographic analysis—The aggregate carrying amount of our long-lived assets, including our property and equipment and our right-of-use assets, disaggregated by country in which they were located, was as follows (in millions):

	December 31,	
	2020	2019
Long-lived assets		
U.S.	\$ 6,007	\$ 6,259
Norway	3,560	3,203
Greece	3,294	2,760
Other countries (a)	5,347	7,194
Total long-lived assets	\$ 18,208	\$ 19,416

- (a) Other countries represents the aggregate value for countries in which we operate that individually had attributable long-lived assets representing less than 10 percent of consolidated long-lived assets.

For a geographic disaggregation of our contract drilling revenues, see Note 5—Revenues. 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 in Switzerland, and we do not conduct any operations or have operating revenues in Switzerland.

Major customers—For the year ended December 31, 2020, Royal Dutch Shell plc (together with its affiliates, “Shell”), Equinor ASA (together with its affiliates, “Equinor”) and Chevron Corporation (together with its affiliates, “Chevron”) accounted for approximately 28 percent, 27 percent and 14 percent, respectively, of our consolidated operating revenues. For the year ended December 31, 2019, Shell, Equinor and Chevron accounted for approximately 26 percent, 21 percent and 17 percent, respectively, of our consolidated operating revenues. For the year ended December 31, 2018, Shell, Chevron and Equinor accounted for approximately 26 percent, 21 percent and 18 percent, respectively, of our consolidated operating revenues.

NOTE 21—SUBSEQUENT EVENT

Private exchanges—On February 26, 2021, we completed privately negotiated transactions to exchange \$323 million aggregate principal amount of outstanding Exchangeable Senior Bonds for \$294 million aggregate principal amount of new 4.00% Senior Guaranteed Exchangeable Bonds due 2025 (the “New Senior Guaranteed Exchangeable Bonds”) and an aggregate cash payment of \$11 million. The New Senior Guaranteed Exchangeable Bonds are guaranteed by Transocean Ltd. and the same subsidiaries of Transocean Inc. that guarantee the Senior Guaranteed Exchangeable Bonds and 11.50% Senior Guaranteed Notes. In addition, the New Senior Guaranteed Exchangeable Bonds have an initial exchange rate of 190.4762 Transocean Ltd. shares per \$1,000 note, which implies a conversion price of \$5.25 per share, subject to adjustment upon the occurrence of certain events.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

We have not had a change in or disagreement with our accountants within 24 months prior to the date of our most recent financial statements or in any period subsequent to such date.

ITEM 9A. CONTROLS AND PROCEDURES

Disclosure controls and procedures—Our disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed in our reports filed or submitted under the Exchange Act is (1) accumulated and communicated to our management, including our Chief Executive Officer, who is our principal executive officer, and our Chief Financial Officer, who is our principal financial officer, to allow timely decisions regarding required disclosure and (2) recorded, processed, summarized and reported within the time periods specified in the U.S. Securities and Exchange Commission's rules and forms. Under the supervision and with the participation of management, including our Chief Executive Officer and Chief Financial Officer, we performed an evaluation of the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of December 31, 2020.

Internal control over financial reporting—There has been no change to our internal control over financial reporting during the quarter ended December 31, 2020 that has materially affected or is reasonably likely to materially affect our internal control over financial reporting. See "Management's Report on Internal Control Over Financial Reporting" and "Report of Independent Registered Public Accounting Firm," included in Item 8 of this annual report.

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

ITEM 11. EXECUTIVE COMPENSATION

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED SHAREHOLDER MATTERS

ITEM 13. CERTAIN RELATIONSHIPS, RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by Items 10, 11, 12, 13 and 14 is incorporated herein by reference to our definitive proxy statement for our 2021 annual general meeting of shareholders, which will be filed with the U.S. Securities and Exchange Commission pursuant to Regulation 14A under the Securities Exchange Act of 1934 within 120 days of December 31, 2020. Certain information with respect to our executive officers is set forth at the end of Part I of this annual report under the caption "Information About our Executive Officers."

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(A) INDEX TO FINANCIAL STATEMENTS, FINANCIAL STATEMENT SCHEDULES AND EXHIBITS

(1) Index to Financial Statements

Included in Part II of this report:	Page
Management's Report on Internal Control Over Financial Reporting	AR-41
Reports of Independent Registered Public Accounting Firm	AR-42
Report of Statutory Auditor on the Consolidated Financial Statements	AR-45
Consolidated Statements of Operations	AR-47
Consolidated Statements of Comprehensive Loss	AR-48
Consolidated Balance Sheets	AR-49
Consolidated Statements of Equity	AR-50
Consolidated Statements of Cash Flows	AR-51
Notes to Consolidated Financial Statements	AR-52

Financial statements of unconsolidated subsidiaries are not presented herein because such subsidiaries do not meet the significance test.

(2) Financial Statement Schedules

Transocean Ltd. and Subsidiaries Schedule II - Valuation and Qualifying Accounts (In millions)

	Balance at beginning of period	Charge to cost and expenses	Charge to other accounts -describe	Deductions -describe	Balance at end of period
Year ended December 31, 2018					
Reserves and allowances deducted from asset accounts:					
Allowance for excess materials and supplies	141	12	—	19 (a)	134
Valuation allowance on deferred tax assets	574	67	40 (b)	—	681
Year ended December 31, 2019					
Reserves and allowances deducted from asset accounts:					
Allowance for excess materials and supplies	134	3	—	10 (a)	127
Valuation allowance on deferred tax assets	681	37	—	2 (c)	716
Year ended December 31, 2020					
Reserves and allowances deducted from asset accounts:					
Allowance for credit losses	—	—	2 (d)	—	2
Allowance for excess materials and supplies	127	25	—	9 (a)	143
Valuation allowance on deferred tax assets	716	(31)	—	—	685

- (a) Amount related to materials and supplies on rigs and related assets sold or classified as held for sale.
- (b) Amount related to the following: (i) adjustments of \$26 million to the valuation allowance and related deferred tax assets with a corresponding entry to accumulated deficit associated with our adoption of the accounting standards update that requires an entity to recognize in the period in which it occurs the income tax consequences of an intra entity transfer of an asset other than inventory and (ii) an adjustment of \$14 million to the valuation allowance related to deferred tax assets acquired in business combinations.
- (c) Amount related to adjustments to other deferred tax assets with valuation allowances.
- (d) Amount related to an adjustment to the allowance for credit losses with a corresponding entry to accumulated deficit associated with our adoption of the accounting standards update that requires an entity to estimate an expected lifetime credit loss on financial assets ranging from short-term trade accounts receivable to long-term financings without retrospective application.

(3) Exhibits

The following exhibits are filed or furnished, as indicated, or incorporated by reference to the location indicated:

NUMBER	DESCRIPTION	LOCATION
2.1	Agreement and Plan of Merger, dated September 3, 2018, by and among Transocean Ltd., Transocean Oceanus Holdings Limited, Transocean Oceanus Limited and Ocean Rig UDW Inc.	Exhibit 2.1 to Transocean Ltd.'s Current Report on Form 8-K (Commission File No. 001-38373) filed on September 4, 2018
3.1	Articles of Association of Transocean Ltd.	Exhibit 3.1 to Transocean Ltd.'s Current Report on Form 8-K (Commission File No. 001-38373) filed on May 11, 2020
3.2	Organizational Regulations of Transocean Ltd., adopted November 18, 2016	Exhibit 3.1 to Transocean Ltd.'s Current Report on Form 8-K (Commission File No. 000-53533) filed on November 23, 2016
4.1	Description of Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934	Filed with our Annual Report on Form 10-K for the year ended December 31, 2020
4.2	Credit Agreement dated June 22, 2018, among Transocean Inc., the lenders parties thereto and Citibank, N.A., as administrative agent and collateral agent.	Exhibit 4.1 to Transocean Ltd.'s Current Report on Form 8-K (Commission File No. 001-38373) filed on June 27, 2018
4.3	Increase of Commitments and First Amendment to Credit Agreement, dated May 13, 2019, among Transocean Inc., the lenders and issuing banks parties thereto, Citibank, N.A., as administrative agent, and for the limited purposes set forth therein, Transocean Ltd. and certain of its subsidiaries	Exhibit 10.1 to Transocean Ltd.'s Current Report on Form 8-K (Commission File No. 001-38373) filed on May 13, 2019
4.4	Increase of Commitments, Second Amendment to Credit Agreement and First Amendment to Guaranties, dated July 15, 2019, among Transocean Inc., the lenders and issuing banks parties thereto, Citibank, N.A., as administrative agent, and for the limited purposes set forth therein, Transocean Ltd. and certain of its subsidiaries	Exhibit 10.1 to Transocean Ltd.'s Current Report on Form 8-K (Commission File No. 001-38373) filed on July 15, 2019
4.5	Curative Agreement, dated September 24, 2019, between Transocean Inc. and Citibank, N.A., as administrative agent for the lenders under the Credit Agreement dated June 22, 2018, as amended	Exhibit 10.2 to Transocean Ltd.'s Quarterly Report on Form 10-Q (Commission File No. 001-38373) for the quarter ended September 30, 2019
4.6	Increase of Commitments and Third Amendment to Credit Agreement, dated December 23, 2019, among Transocean Inc., the lenders and issuing banks parties thereto, Citibank, N.A., as administrative agent, and for the limited purposes set forth therein, Transocean Ltd. and certain of its subsidiaries	Exhibit 4.6 to Transocean Ltd's Annual Report on Form 10K (Commission File No. 001-38373) filed on February 18, 2020
4.7	Indenture, dated July 13, 2018, by and among Transocean Guardian Limited, the Guarantors and Wells Fargo Bank, National Association	Exhibit 4.1 to Transocean Ltd's Current Report on Form 8-K (Commission File No. 001-38373) filed on July 17, 2018
4.8	Indenture, dated July 20, 2018, by and among Transocean Pontus Limited, the Guarantors and Wells Fargo Bank, National Association.	Exhibit 4.1 to Transocean Ltd.'s Current Report on Form 8-K (Commission File No. 001-38373) filed on July 24, 2018
4.9	First Supplemental Indenture, dated April 15, 2019, by and among Transocean Pontus Limited, Wells Fargo Bank, National Association, as trustee and collateral agent, and the Note Parties, supplementing the Indenture dated as of July 20, 2018	Exhibit 4.4 to Transocean Ltd.'s Quarterly Report on Form 10-Q (Commission File No. 001-38373) for the quarter ended March 31, 2019
4.10	Indenture dated as of April 15, 1997 between Transocean Offshore Inc. and Texas Commerce Bank National Association, as trustee	Exhibit 4.1 to Transocean Offshore Inc.'s Current Report on Form 8-K (Commission File No. 001-07746) filed on April 30, 1997
4.11	First Supplemental Indenture dated as of April 15, 1997 between Transocean Offshore Inc. and Texas Commerce Bank National Association, as trustee, supplementing the Indenture dated as of April 15, 1997	Exhibit 4.2 to Transocean Offshore Inc.'s Current Report on Form 8-K (Commission File No. 001-07746) filed on April 30, 1997
4.12	Second Supplemental Indenture dated as of May 14, 1999 between Transocean Offshore (Texas) Inc., Transocean Offshore Inc. and Chase Bank of Texas, National Association, as trustee	Exhibit 4.5 to Transocean Offshore Inc.'s Post-Effective Amendment No. 1 to Registration Statement on Form S-3 (Registration No. 333-59001-99) filed on June 29, 1999
4.13	Fifth Supplemental Indenture, dated as of December 18, 2008, among Transocean Ltd., Transocean Inc. and The Bank of New York Mellon Trust Company, N.A., as trustee	Exhibit 4.4 to Transocean Ltd.'s Current Report on Form 8-K (Commission File No. 333-75899) filed on December 19, 2008
4.14	Form of 7.45% Notes due April 15, 2027	Exhibit 4.3 to Transocean Offshore Inc.'s Current Report on Form 8-K (Commission File No. 001-07746) filed on April 30, 1997
4.15	Form of 8.00% Debentures due April 15, 2027	Exhibit 4.4 to Transocean Offshore Inc.'s Current Report on Form 8-K (Commission File No. 001-07746) filed on April 30, 1997

NUMBER	DESCRIPTION	LOCATION
4.16	Officers' Certificate establishing the terms of the 7.50% Notes due April 15, 2031	Exhibit 4.3 to Transocean Sedco Forex Inc.'s Current Report on Form 8-K (Commission File No. 333-75899) filed on April 9, 2001
4.17	Officers' Certificate establishing the terms of the 7.375% Notes due April 15, 2018	Exhibit 4.14 to Transocean Sedco Forex Inc.'s Annual Report on Form 10-K (Commission File No. 333-75899) for the fiscal year ended December 31, 2001
4.18	Indenture dated as of September 1, 1997, between Global Marine Inc. and Wilmington Trust Company, as Trustee, relating to Debt Securities of Global Marine Inc.	Exhibit 4.1 of Global Marine Inc.'s Registration Statement on Form S-4 (No. 333-39033) filed on October 30, 1997
4.19	First Supplemental Indenture dated as of June 23, 2000, between Global Marine Inc. and Wilmington Trust Company, as Trustee, relating to Debt Securities of Global Marine Inc.	Exhibit 4.2 of Global Marine Inc.'s Quarterly Report on Form 10-Q (Commission File No. 001-05471) for the quarter ended June 30, 2000
4.20	Second Supplemental Indenture dated as of November 20, 2001, between Global Marine Inc. and Wilmington Trust Company, as Trustee, relating to Debt Securities of Global Marine Inc.	Exhibit 4.2 to GlobalSantaFe Corporation's Annual Report on Form 10-K (Commission File No. 001-14634) for the year ended December 31, 2004
4.21	Third Supplemental Indenture, dated as of July 29, 2019, among Global Marine Inc, Transocean Inc. and Wilmington Trust Company, as trustee, relating to Debt Securities of Global Marine Inc.	Exhibit 4.1 to Transocean Ltd.'s Current Report on Form 8-K (Commission File No. 001-38373) filed on July 29, 2019
4.22	Form of 7% Note Due 2028	Exhibit 4.2 of Global Marine Inc.'s Current Report on Form 8-K (Commission File No. 001-05471) filed on May 22, 1998
4.23	Terms of 7% Notes Due 2028	Exhibit 4.1 of Global Marine Inc.'s Current Report on Form 8-K (Commission File No. 001-05471) filed on May 22, 1998
4.24	Senior Indenture, dated as of December 11, 2007, between Transocean Inc. and Wells Fargo Bank, National Association	Exhibit 4.36 to Transocean Inc.'s Annual Report on Form 10-K (Commission File No. 333-75899) for the year ended December 31, 2007
4.25	First Supplemental Indenture, dated as of December 11, 2007, between Transocean Inc. and Wells Fargo Bank, National Association	Exhibit 4.37 to Transocean Inc.'s Annual Report on Form 10-K (Commission File No. 333-75899) for the year ended December 31, 2007
4.26	Third Supplemental Indenture, dated as of December 18, 2008, among Transocean Ltd., Transocean Inc. and Wells Fargo Bank, National Association, as trustee	Exhibit 4.3 to Transocean Ltd.'s Current Report on Form 8-K (Commission File No. 333-75899) filed on December 19, 2008
4.27	Fourth Supplemental Indenture, dated as of September 21, 2010, among Transocean Ltd., Transocean Inc. and Wells Fargo Bank, National Association, as trustee	Exhibit 4.1 to Transocean Ltd.'s Quarterly Report on Form 10-Q (Commission File No. 000-53533) for the quarter ended September 30, 2010
4.28	Fifth Supplemental Indenture, dated as of December 5, 2011, among Transocean Ltd., Transocean Inc. and Wells Fargo Bank, National Association, as trustee	Exhibit 4.3 to Transocean Ltd.'s Current Report on Form 8-K (Commission File No. 000-53533) filed on December 5, 2011
4.29	Sixth Supplemental Indenture, dated as of September 13, 2012, among Transocean Inc., Transocean Ltd. and Wells Fargo Bank, National Association, as trustee	Exhibit 4.3 to Transocean Ltd.'s Current Report on Form 8-K (Commission File No. 000-53533) filed on September 13, 2012
4.30	Indenture, dated as of July 21, 2016, by and among Transocean Inc., the Guarantors and Wells Fargo Bank, National Association	Exhibit 4.1 to Transocean Ltd.'s Current Report on Form 8-K (Commission File No. 000-53533) filed on July 22, 2016
4.31	Indenture, dated as of October 19, 2016, by and among Transocean Phoenix 2 Limited, Transocean Ltd., Transocean Inc., Triton Capital II GmbH and Wells Fargo Bank, National Association	Exhibit 4.1 to Transocean Ltd.'s Current Report on Form 8-K (Commission File No. 000-53533) filed on October 20, 2016
4.32	First Supplemental Indenture, dated April 15, 2019, by and among Transocean Phoenix 2 Limited, Wells Fargo Bank, National Association, as trustee and collateral agent, and the Note Parties supplementing the Indenture dated as of October 19, 2016	Exhibit 4.2 to Transocean Ltd.'s Quarterly Report on Form 10-Q (Commission File No. 001-38373) for the quarter ended March 31, 2019
4.33	Indenture, dated December 8, 2016, by and among Transocean Proteus Limited, the Guarantors and Wells Fargo Bank, National Association	Exhibit 4.1 to Transocean Ltd.'s Current Report on Form 8-K (Commission File No. 000-53533) filed on December 8, 2016
4.34	First Supplemental Indenture, dated April 15, 2019, by and among Transocean Proteus Limited, Wells Fargo Bank, National Association, as trustee and collateral agent, and the Note Parties, supplementing the Indenture dated as of December 8, 2016	Exhibit 4.3 to Transocean Ltd.'s Quarterly Report on Form 10-Q (Commission File No. 001-38373) for the quarter ended March 31, 2019
4.35	Indenture dated as of October 17, 2017, by and among Transocean Inc., the guarantors party thereto and Wells Fargo Bank, National Association	Exhibit 4.1 to Transocean Ltd.'s Current Report on Form 8-K (Commission File No. 000-53533) filed on October 17, 2017

NUMBER	DESCRIPTION	LOCATION
4.36	Indenture, dated January 30, 2018, among Transocean Inc., Transocean Ltd., as guarantor, and Computershare Trust Company N.A. and Computershare Trust Company of Canada, as co-trustees	Exhibit 4.1 to Transocean Ltd.'s Current Report on Form 8-K (Commission File No. 001-38373) filed on January 30, 2018
4.37	Form of 0.50% Exchangeable Senior Bonds due 2023	Exhibit A of Exhibit 4.1 to Transocean Ltd.'s Current Report on Form 8-K (Commission File No. 001-38373) filed on January 30, 2018
4.38	Registration Rights Agreement, dated as of January 30, 2018, among Transocean Ltd., Transocean Inc., and the security holders named therein	Exhibit 4.3 to Transocean Ltd.'s Current Report on Form 8-K (Commission File No. 001-38373) filed on January 30, 2018
4.39	Indenture, dated October 25, 2018, among Transocean Inc., the guarantors party thereto and Wells Fargo Bank, National Association, as trustee	Exhibit 4.32 to Transocean Ltd.'s Annual Report on Form 10-K (Commission File No. 001-38373) filed on February 19, 2019
4.40	Indenture, dated February 1, 2019, by and among Transocean Poseidon Limited, the Guarantors and Wells Fargo Bank, National Association, as trustee and collateral agent	Exhibit 4.1 to Transocean Ltd.'s Current Report on Form 8-K (Commission File No. 001-38373) filed on February 1, 2019
4.41	Indenture, dated May 24, 2019, by and among Transocean Sentry Limited, the Guarantors and Wells Fargo Bank, National Association, as trustee and collateral agent	Exhibit 4.1 to Transocean Ltd.'s Current Report on Form 8-K (Commission File No. 001-38373) filed on May 29, 2019
4.42	Indenture, dated January 17, 2020, by and among Transocean Inc., the guarantors party thereto and Wells Fargo Bank, National Association	Exhibit 4.1 to Transocean Ltd.'s Current Report on Form 8-K (Commission File No. 001-38373) filed on January 17, 2020
4.43	Indenture, dated as of August 14, 2020, by and among Transocean Inc., the guarantors party thereto and Wells Fargo Bank, National Association	Exhibit 4.1 to Transocean Ltd.'s Current Report on Form 8-K (Commission File No. 001-38373) filed on August 14, 2020
4.44	Amendment to Registration Rights Agreement, dated as of August 14, 2020, by and among Transocean Ltd., Transocean Inc. and Perestroika (Cyprus) Ltd.	Exhibit 4.2 to Transocean Ltd.'s Current Report on Form 8-K (Commission File No. 001-38373) filed on August 14, 2020
4.45	Indenture, dated as of September 11, 2020, by and among Transocean Inc., the guarantors party thereto and Wells Fargo Bank, National Association	Exhibit 4.1 to Transocean Ltd.'s Current Report on Form 8-K (Commission File No. 001-38373) filed on September 11, 2020
4.46	Supplemental Indenture, dated November 30, 2020, by and among Transocean Inc., Transocean Ltd., certain of Transocean Inc.'s subsidiaries, and Wells Fargo Bank, National Association, as trustee, supplementing the Indenture dated as of September 11, 2020.	Exhibit 4.1 to Transocean Ltd.'s Current Report on Form 8-K (Commission File No. 001-38373) filed on December 1, 2020
4.47	Supplemental Indenture, dated November 30, 2020, by and among Transocean Inc., Transocean Ltd., certain of Transocean Inc.'s subsidiaries, and Wells Fargo Bank, National Association, as trustee, supplementing the Indenture dated as of August 14, 2020.	Exhibit 4.2 to Transocean Ltd.'s Current Report on Form 8-K (Commission File No. 001-38373) filed on December 1, 2020
4.48	Fourth Amendment to Credit Agreement, dated November 30, 2020, among Transocean Inc., the lenders and issuing banks parties thereto, Citibank, N.A., as administrative agent, and for the limited purposes set forth therein, certain of Transocean Inc.'s subsidiaries.	Exhibit 10.1 to Transocean Ltd.'s Current Report on Form 8-K (Commission File No. 001-38373) filed on December 1, 2020.
* 10.1	Amended and Restated 2015 Transocean Ltd. Long-Term Incentive Plan	Exhibit 10.1 to Transocean Ltd.'s Current Report on Form 8-K (Commission File No. 001-38373) filed on May 11, 2020
10.2	Form of Voting and Support Agreement, by and among Transocean Ltd. and certain shareholders of Ocean Rig UDW Inc.	Exhibit 10.1 to Transocean Ltd.'s Current Report on Form 8-K (Commission File No. 001-38373) filed on September 4, 2018
10.3	Form of Voting and Support Agreement, by and among Ocean Rig UDW Inc. and certain shareholders of Transocean Ltd.	Exhibit 10.2 to Transocean Ltd.'s Current Report on Form 8-K (Commission File No. 001-38373) filed on September 4, 2018.
* 10.4	Long-Term Incentive Plan of Transocean Ltd. (as amended and restated as of February 12, 2009)	Exhibit 10.5 to Transocean Ltd.'s Annual Report on Form 10-K (Commission File No. 000-53533) for the year ended December 31, 2008
* 10.5	First Amendment to Long-Term Incentive Plan of Transocean Ltd. (as amended and restated as of February 12, 2009)	Exhibit 10.1 to Transocean Ltd.'s Current Report on Form 8-K (Commission File No. 000-53533) filed on May 22, 2013
* 10.6	Deferred Compensation Plan of Transocean Offshore Inc., as amended and restated effective January 1, 2000	Exhibit 10.10 to Transocean Sedco Forex Inc.'s Annual Report on Form 10-K (Commission File No. 333-75899) for the year ended December 31, 1999
* 10.7	GlobalSantaFe Corporation Key Employee Deferred Compensation Plan effective January 1, 2001 and Amendment to GlobalSantaFe Corporation Key Employee Deferred Compensation Plan effective November 20, 2001	Exhibit 10.33 to the GlobalSantaFe Corporation Annual Report on Form 10-K (Commission File No. 001-14634) for the year ended December 31, 2004
* 10.8	Amendment to Transocean Inc. Deferred Compensation Plan	Exhibit 10.1 to Transocean Inc.'s Current Report on Form 8-K (Commission File No. 333-75899) filed on December 29, 2005
* 10.9	Form of 2004 Performance-Based Nonqualified Share Option Award Letter	Exhibit 10.2 to Transocean Inc.'s Current Report on Form 8-K (Commission File No. 333-75899) filed on February 15, 2005

NUMBER	DESCRIPTION	LOCATION
* 10.10	Form of 2004 Director Deferred Unit Award	Exhibit 10.4 to Transocean Inc.'s Current Report on Form 8-K (Commission File No. 333-75899) filed on February 15, 2005
* 10.11	Form of 2008 Director Deferred Unit Award	Exhibit 10.20 to Transocean Ltd.'s Annual Report on Form 10-K (Commission File No. 000-53533) for the year ended December 31, 2008
* 10.12	Form of 2009 Director Deferred Unit Award	Exhibit 10.19 to Transocean Ltd.'s Annual Report on Form 10-K (Commission File No. 000-53533) for the year ended December 31, 2009
* 10.13	Terms and Conditions of 2013 Director Deferred Unit Award	Exhibit 10.14 to Transocean Ltd.'s Annual Report on Form 10-K (Commission File No. 000-53533) for the year ended December 31, 2015
* 10.14	Terms and Conditions of 2014 Director Deferred Unit Award	Exhibit 10.15 to Transocean Ltd.'s Annual Report on Form 10-K (Commission File No. 000-53533) for the year ended December 31, 2015
* 10.15	Terms and Conditions of 2015 Director Restricted Share Unit Award	Exhibit 10.16 to Transocean Ltd.'s Annual Report on Form 10-K (Commission File No. 000-53533) for the year ended December 31, 2015
* 10.16	Terms and Conditions of 2014 Executive Equity Award	Exhibit 10.19 to Transocean Ltd.'s Annual Report on Form 10-K (Commission File No. 000-53533) for the year ended December 31, 2015
* 10.17	Terms and Conditions of 2015 Executive Equity Award	Exhibit 10.20 to Transocean Ltd.'s Annual Report on Form 10-K (Commission File No. 000-53533) for the year ended December 31, 2015
10.18	Terms and Conditions of the July 2008 Nonqualified Share Option Award	Exhibit 10.2 to Transocean Inc.'s Annual Report on Form 10-Q (Commission File No. 333-75899) for the quarter ended June 30, 2008
* 10.19	Terms and Conditions of the February 2009 Nonqualified Share Option Award	Exhibit 10.30 to Transocean Ltd.'s Annual Report on Form 10-K (Commission File No. 000-53533) for the year ended December 31, 2008
* 10.20	Terms and Conditions of the February 2012 Long Term Incentive Plan Award	Exhibit 10.28 to Transocean Ltd.'s Annual Report on Form 10-K (Commission File No. 000-53533) for the year ended December 31, 2011
* 10.21	Transocean Ltd. Incentive Recoupment Policy	Exhibit 10.30 to Transocean Ltd.'s Annual Report on Form 10-K (Commission File No. 000-53533) for the year ended December 31, 2012
10.22	Form of Novation Agreement dated as of November 27, 2007 by and among GlobalSantaFe Corporation, Transocean Offshore Deepwater Drilling Inc. and certain executives	Exhibit 10.1 to Transocean Inc.'s Current Report on Form 8-K (Commission File No. 333-75899) filed on December 3, 2007
* 10.23	Global Marine Inc. 1990 Non-Employee Director Stock Option Plan	Exhibit 10.18 of Global Marine Inc.'s Annual Report on Form 10-K (Commission File No. 001-05471) for the year ended December 31, 1991
* 10.24	First Amendment to Global Marine Inc. 1990 Non-Employee Director Stock Option Plan	Exhibit 10.1 of Global Marine Inc.'s Quarterly Report on Form 10-Q (Commission File No. 001-05471) for the quarter ended June 30, 1995
* 10.25	Second Amendment to Global Marine Inc. 1990 Non-Employee Director Stock Option Plan	Exhibit 10.37 of Global Marine Inc.'s Annual Report on Form 10-K (Commission File No. 001-05471) for the year ended December 31, 1996
* 10.26	1997 Long-Term Incentive Plan	GlobalSantaFe Corporation's Registration Statement on Form S-8 (No. 333-7070) filed June 13, 1997
* 10.27	Amendment to 1997 Long Term Incentive Compensation Plan	Exhibit 10.25 of GlobalSantaFe Corporation's Annual Report on Form 20-F (Commission File No. 001-14634) for the year ended December 31, 1998
* 10.28	Amendment to 1997 Long Term Incentive Plan, dated December 1, 1999	Exhibit 10.33 of GlobalSantaFe Corporation's Annual Report on Form 20-F (Commission File No. 001-14634) for the year ended December 31, 1999
* 10.29	GlobalSantaFe Corporation 1998 Stock Option and Incentive Plan	Exhibit 10.1 of Global Marine Inc.'s Quarterly Report on Form 10-Q (Commission File No. 001-05471) for the quarter ended March 31, 1998

NUMBER	DESCRIPTION	LOCATION
* 10.30	First Amendment to GlobalSantaFe Corporation 1998 Stock Option and Incentive Plan	Exhibit 10.2 of Global Marine Inc.'s Quarterly Report on Form 10-Q (Commission File No. 001-05471) for the quarter ended June 30, 2000
* 10.31	GlobalSantaFe Corporation 2001 Non-Employee Director Stock Option and Incentive Plan	Exhibit 4.8 of GlobalSantaFe Corporation's Registration Statement on Form S-8 (No. 333-73878) filed on November 21, 2001
* 10.32	GlobalSantaFe Corporation 2001 Long-Term Incentive Plan	Exhibit A to GlobalSantaFe Corporation's definitive proxy statement (Commission File No. 001-14634) filed on March 21, 2001
* 10.33	GlobalSantaFe 2003 Long-Term Incentive Plan (as Amended and Restated Effective June 7, 2005)	Exhibit 10.4 to GlobalSantaFe Corporation's Quarterly Report on Form 10-Q (Commission File No. 001-14634) for the quarter ended June 30, 2005
* 10.34	Transocean Ltd. Pension Equalization Plan, as amended and restated, effective January 1, 2009	Exhibit 10.41 to Transocean Ltd.'s Annual Report on Form 10-K (Commission File No. 000-53533) for the year ended December 31, 2008
* 10.35	Transocean U.S. Supplemental Retirement Benefit Plan, as amended and restated, effective as of November 27, 2007	Exhibit 10.11 to Transocean Inc.'s Current Report on Form 8-K (Commission File No. 333-75899) filed on December 3, 2007
* 10.36	GlobalSantaFe Corporation Supplemental Executive Retirement Plan	Exhibit 10.1 to the GlobalSantaFe Corporation Quarterly Report on Form 10-Q (Commission File No. 001-14634) for the quarter ended September 30, 2002
* 10.37	Transocean U.S. Supplemental Savings Plan	Exhibit 10.44 to Transocean Ltd.'s Annual Report on Form 10-K (Commission File No. 000-53533) for the year ended December 31, 2008
10.38	Form of Indemnification Agreement entered into between Transocean Ltd. and each of its Directors and Executive Officers	Exhibit 10.1 to Transocean Inc.'s Current Report on Form 8-K (Commission File No. 333-75899) filed on October 10, 2008
* 10.39	Form of Assignment Memorandum for Executive Officers	Exhibit 10.6 to Transocean Ltd.'s Current Report on Form 8-K (Commission File No. 000-53533) filed on December 19, 2008
10.40	Drilling Contract between Vastar Resources, Inc. and R&B Falcon Drilling Co. dated December 9, 1998 with respect to <i>Deepwater Horizon</i> , as amended	Exhibit 10.1 to Transocean Ltd.'s Quarterly Report on Form 10-Q (Commission File No. 000-53533) for the quarterly period ended June 30, 2010
* 10.41	Executive Severance Benefit Policy	Exhibit 10.1 to Transocean Ltd.'s Current Report on Form 8-K (Commission File No. 000-53533) filed on February 23, 2012
10.42	Term Sheet Agreement for a Transocean and PSC/DHEPDS Settlement, dated May 20, 2015, among Triton Asset Leasing GmbH, Transocean Deepwater Inc., Transocean Offshore Deepwater Drilling Inc., Transocean Holdings LLC, the Plaintiffs Steering Committee in MDL 2179, and the <i>Deepwater Horizon</i> Economic and Property Damages Settlement Class	Exhibit 10.3 to Transocean Ltd.'s Quarterly Report on Form 10-Q (Commission File No. 000-53533) for the quarter ended June 30, 2015
10.43	Confidential Settlement Agreement, Mutual Releases and Agreement to Indemnify, dated May 20, 2015, among Transocean Offshore Deepwater Drilling Inc., Transocean Deepwater Inc., Transocean Holdings LLC, Triton Asset Leasing GmbH, BP Exploration and Production Inc. and BP America Production Co.	Exhibit 10.6 to Transocean Ltd.'s Quarterly Report on Form 10-Q (Commission File No. 000-53533) for the quarter ended June 30, 2015
10.44	Transocean Punitive Damages and Assigned Claims Settlement Agreement, dated May 29, 2015, among Transocean Offshore Deepwater Drilling Inc., Transocean Deepwater Inc., Transocean Holdings LLC, Triton Asset Leasing GmbH, the Plaintiffs Steering Committee in MDL 2179, and the <i>Deepwater Horizon</i> Economic and Property Damages Settlement Class	Exhibit 10.7 to Transocean Ltd.'s Quarterly Report on Form 10-Q (Commission File No. 000-53533) for the quarter ended June 30, 2015
* 10.45	Employment Agreement with Keelan Adamson dated August 10, 2018	Exhibit 10.1 to Transocean Ltd.'s Current Report on Form 8-K (Commission File No. 001-38373) filed on August 14, 2018.
* 10.46	Employment Agreement with Jeremy D. Thigpen effective September 1, 2016	Exhibit 10.1 to Transocean Ltd.'s Quarterly Report on Form 10-Q (Commission File No. 000-53533) for the quarter ended September 30, 2016
* 10.47	Employment Agreement with Mark L. Mey effective September 1, 2016	Exhibit 10.2 to Transocean Ltd.'s Quarterly Report on Form 10-Q (Commission File No. 000-53533) for the quarter ended September 30, 2016
* 10.48	Amended and Restated Performance Award and Cash Bonus Plan of Transocean Ltd.	Filed with our Annual Report on Form 10-K for the year ended December 31, 2020

NUMBER	DESCRIPTION	LOCATION
* 10.49	Terms and Conditions of 2020 Executive Equity Awards	Exhibit 10.2 to Transocean Ltd.'s Quarterly Report on Form 10-Q (Commission File No. 001-38373) for the quarter ended June 30, 2020
* 10.50	Terms and Conditions of 2020 Director Restricted Share Unit Award	Exhibit 10.3 to Transocean Ltd.'s Quarterly Report on Form 10-Q (Commission File No. 001-38373) for the quarter ended June 30, 2020
21	Subsidiaries of Transocean Ltd.	Filed with our Annual Report on Form 10-K for the year ended December 31, 2020
23.1	Consent of Ernst & Young LLP	Filed with our Annual Report on Form 10-K for the year ended December 31, 2020
24	Powers of Attorney	Filed with our Annual Report on Form 10-K for the year ended December 31, 2020
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Filed with our Annual Report on Form 10-K for the year ended December 31, 2020
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Filed with our Annual Report on Form 10-K for the year ended December 31, 2020
32.1	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Furnished with our Annual Report on Form 10-K for the year ended December 31, 2020
32.2	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Furnished with our Annual Report on Form 10-K for the year ended December 31, 2020
101	Interactive data files pursuant to Rule 405 of Regulation S-T formatted in Inline Extensible Business Reporting Language: (i) our consolidated balance sheets as of December 31, 2020 and December 31, 2019; (ii) our consolidated statements of operations for the years ended December 31, 2020, 2019 and 2018; (iii) our consolidated statements of comprehensive loss for the years ended December 31, 2020, 2019 and 2018; (iv) our consolidated statements of equity for the years ended December 31, 2020, 2019 and 2018; (v) our consolidated statements of cash flows for the years ended December 31, 2020, 2019 and 2018; and (vi) the notes to consolidated financial statements	Filed with our Annual Report on Form 10-K for the year ended December 31, 2020
104	The cover page from our annual report on Form 10-K for the year ended December 31, 2020, formatted in Inline Extensible Business Reporting Language	Filed with our Annual Report on Form 10-K for the year ended December 31, 2020

* Compensatory plan or arrangement

Exhibits listed above as previously having been filed with the U.S. Securities and Exchange Commission are incorporated herein by reference pursuant to Rule 12b-32 under the Securities Exchange Act of 1934 and made a part hereof with the same effect as if filed herewith.

Certain instruments relating to our long-term debt and our subsidiaries have not been filed as exhibits since the total amount of securities authorized under any such instrument does not exceed 10 percent of our total assets and our subsidiaries on a consolidated basis. We agree to furnish a copy of each such instrument to the SEC upon request.

Certain agreements filed as exhibits to this Report may contain representations and warranties by the parties to such agreements. These representations and warranties have been made solely for the benefit of the parties to such agreements and (1) may be intended not as statements of fact, but rather as a way of allocating the risk to one of the parties if those statements prove to be inaccurate, (2) may have been qualified by certain disclosures that were made to other parties in connection with the negotiation of such agreements, which disclosures are not reflected in such agreements, and (3) may apply standards of materiality in a way that is different from what may be viewed as material to investors.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned; thereunto duly authorized, on February 26, 2021.

TRANSOCEAN LTD.

By: /s/ Mark L. Mey
Mark L. Mey
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

By: /s/ David Tonnel
David Tonnel
Senior Vice President and Chief Accounting Officer
(Principal Accounting Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant in the capacities indicated on February 26, 2021.

Signature	Title
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*	Chairman of the Board of Directors
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Chadwick C. Deaton	
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/s/ Jeremy D. Thigpen	President and Chief Executive Officer (Principal Executive Officer)
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Jeremy D. Thigpen	
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/s/ Mark L. Mey	Executive Vice President and Chief Financial Officer (Principal Financial Officer)
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Mark L. Mey	
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/s/ David Tonnel	Senior Vice President and Chief Accounting Officer (Principal Accounting Officer)
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David Tonnel	
<hr/>	
*	Director
<hr/>	
Glyn A. Barker	
<hr/>	
*	Director
<hr/>	
Vanessa C.L. Chang	
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*	Director
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Frederico F. Curado	
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*	Director
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Tan Ek Kia	
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*	Director
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Vincent J. Intrieri	
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*	Director
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Samuel Merksamer	
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*	Director
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Frederick W. Mohn	
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*	Director
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Edward R. Muller	
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*	Director
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Diane de Saint Victor	
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By: /s/ David Tonnel	
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(Attorney-in-Fact)	

TRANSOCEAN LTD.

STATUTORY FINANCIAL STATEMENTS
For the years ended December 31, 2020 and 2019

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To the General Meeting of
Transocean Ltd., Steinhausen

Zurich, February 26, 2021

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the accompanying financial statements of Transocean Ltd., which comprise the statement of operations, balance sheets and notes, for the year ended December 31, 2020.



Board of Directors' responsibility

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.



Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the financial statements for the year ended December 31, 2020 comply with Swiss law and the company's articles of incorporation.



Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority

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 each 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 responsibility* 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 matters below, provide the basis for our audit opinion on the financial statements.

Area of emphasis

Impairment assessment of investments in subsidiaries

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 3 to these financial statements for Transocean Ltd.'s disclosures related to investment 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.



Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

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

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

Furthermore, we draw attention to the fact that half of the share capital and legal reserves is no longer covered (article 725 paragraph 1 CO).

Ernst & Young Ltd

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

/s/ Ralph Petermann
Certified public accountant

TRANSOCEAN LTD.
STATEMENTS OF OPERATIONS
(In thousands)

	Years ended December 31,			
		2020		2019
Income				
Guarantee fee income	CHF	1,411	CHF	1,450
Financial income		2		86
Dividend income		147,653		—
Total income		149,066		1,536
Costs and expenses				
General and administrative		14,380		13,193
Depreciation		—		2
Gain on disposal of assets		—		(6)
(Gain) loss on currency exchange		861		(560)
Financial expense		33,275		42,698
Total costs and expenses		48,516		55,327
Loss on impairment		(3,940,489)		(1,325,013)
Direct taxes		(270)		191
Net loss for the year	CHF	(3,840,209)	CHF	(1,378,613)

See accompanying notes.

TRANSOCEAN LTD.
BALANCE SHEETS
(In thousands)

	December 31,			
	2020		2019	
Assets				
Cash	CHF	1,071	CHF	2,107
Receivables from subsidiaries		17,590		6,026
Other current assets		3,670		1,090
Total current assets		22,331		9,223
Investment in subsidiaries		4,473,374		8,413,863
Property and equipment		1,092		1,193
Less accumulated depreciation		1,092		1,193
Property and equipment, net		—		—
Other non-current assets		862		1,000
Total non-current assets		4,474,236		8,414,863
Total assets	CHF	4,496,567	CHF	8,424,086
Liabilities and shareholders' equity				
Accounts payable to subsidiaries	CHF	2,363	CHF	—
Interest payable to subsidiaries		41,482		12,670
Other current liabilities		1,247		221
Total current liabilities		45,092		12,891
Long-term interest bearing notes payable to subsidiary		1,763,798		2,060,923
Long-term lease liabilities		511		590
Deferred gains on foreign exchange translation		204,801		29,294
Total non-current liabilities		1,969,110		2,090,807
Share capital		63,967		61,797
Statutory capital reserves from capital contribution		11,953,457		11,953,444
Statutory capital reserves from capital contribution for shares held by subsidiaries		79,976		79,973
Free capital reserves from capital contribution		1,500,000		1,500,000
Accumulated loss				
Accumulated loss brought forward from previous years		(7,274,826)		(5,896,213)
Net loss for the year		(3,840,209)		(1,378,613)
Total shareholders' equity		2,482,365		6,320,388
Total liabilities and shareholders' equity	CHF	4,496,567	CHF	8,424,086

See accompanying notes.

TRANSOCEAN LTD.
NOTES TO STATUTORY FINANCIAL STATEMENTS

NOTE 1—GENERAL

Transocean Ltd. (the “Company”, “we”, “us”, or “our”) is the parent company of Transocean Inc., Transocean Management Services GmbH, and Transocean Quantum Holdings Limited, our direct wholly owned subsidiaries. Transocean Ltd. is registered with the commercial register in the canton of Zug, and its shares are listed on the New York Stock Exchange. At December 31, 2020 and 2019, we had fewer than 10 full-time employees.

NOTE 2—SIGNIFICANT ACCOUNTING POLICIES

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

Currency—We maintain our accounting records in U.S. dollars and translate them into Swiss francs for statutory reporting purposes. We translate into Swiss francs our assets and liabilities that are denominated in non-Swiss currencies using the year-end currency exchange rates, except prior-year transactions for our investments in subsidiaries and our shareholders’ equity, which are translated at historical exchange rates. We translate into Swiss francs our income statement transactions that are denominated in non-Swiss currencies using the average currency exchange rates for the year.

Our principal exchange rates were as follows:

	Average exchange rates for the years ended December 31,		Exchange rates at December 31,	
	2020	2019	2020	2019
CHF / USD	0.95	0.99	0.89	0.97
CHF / GBP	1.21	1.27	1.21	1.28
CHF / EUR	1.07	1.12	1.08	1.09

We recognize realized currency exchange and translation gains and losses arising from business transactions and net unrealized currency exchange and translation losses in current period earnings. We defer net unrealized currency exchange and translation gains.

Cash—We hold cash balances, denominated in Swiss francs and U.S. dollars, 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—In the meaning of the CO, we consider related parties to be only shareholders, direct and indirect subsidiaries, and the board of directors.

NOTE 3—INVESTMENT IN SUBSIDIARIES

Direct Investments—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,	
					2020	2019
Transocean Inc.	Holding	Cayman Islands	100%	USD 3,192	CHF 4,473,266	CHF 8,413,755
Transocean Management Services GmbH	Management and administration	Switzerland	90%	CHF 20	CHF 108	CHF 108
Transocean Quantum Holdings Limited	Holding	Cayman Islands	100%	USD —	CHF —	CHF —

TRANSOCEAN LTD.
NOTES TO STATUTORY FINANCIAL STATEMENTS—continued

On July 16, 2020, we contributed USD 1 to Transocean Quantum Holdings Limited (TQHL), a Cayman Islands company limited by shares, formed to own and hold other entities.

Impairments—In the years ended December 31, 2020 and 2019, as a result of our annual impairment test, we determined that the carrying amounts of our investments in subsidiaries were impaired, and, as a result, we recognized an aggregate loss of CHF 3.9 billion and CHF 1.3 billion, respectively, associated with the impairment of our investment in Transocean Inc.

Principal indirect investments—Our principal indirect investments in subsidiaries were as follows:

December 31, 2020			December 31, 2019		
Company name	Domicile	Ownership and voting interest	Company name	Domicile	Ownership and voting interest
Deepwater Pacific 1 Inc.	British Virgin Islands	100%	Deepwater Pacific 1 Inc.	British Virgin Islands	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 Inc.	Cayman Islands	100%	Sedco Forex Holdings Limited	Cayman Islands	100%
Transocean Asset Holdings 1 Limited	Cayman Islands	100%	Sedco Forex International Inc.	Cayman Islands	100%
Transocean Asset Holdings 2 Limited	Cayman Islands	100%	Transocean Asset Holdings 1 Limited	Cayman Islands	100%
Transocean Asset Holdings 3 Limited	Cayman Islands	100%	Transocean Asset Holdings 2 Limited	Cayman Islands	100%
Transocean Conqueror Limited	Cayman Islands	100%	Transocean Asset Holdings 3 Limited	Cayman Islands	100%
Transocean Deepwater Drilling Services Limited	Cayman Islands	100%	Transocean Conqueror Limited	Cayman Islands	100%
Transocean Drilling Offshore S.a.r.l	Luxembourg	100%	Transocean Deepwater Drilling Services Limited	Cayman Islands	100%
Transocean Drilling U.K. Limited	Scotland	100%	Transocean Drilling Offshore S.a.r.l	Luxembourg	100%
Transocean Entities Holdings GmbH	Switzerland	100%	Transocean Drilling U.K. Limited	Scotland	100%
Transocean Financing GmbH	Switzerland	100%	Transocean Entities Holdings GmbH	Switzerland	100%
Transocean Guardian Limited	Cayman Islands	100%	Transocean Financing GmbH	Switzerland	100%
Transocean Holdings 1 Limited	Cayman Islands	100%	Transocean Guardian Limited	Cayman Islands	100%
Transocean Holdings 2 Limited	Cayman Islands	100%	Transocean Holdings 1 Limited	Cayman Islands	100%
Transocean Holdings 3 Limited	Cayman Islands	100%	Transocean Holdings 2 Limited	Cayman Islands	100%
Transocean Hungary Holdings LLC	Hungary	100%	Transocean Holdings 3 Limited	Cayman Islands	100%
			Transocean Hungary Holdings LLC	Hungary	100%
			Transocean Norway Drilling AS	Norway	100%
Transocean Offshore Deepwater Drilling Inc.	United States	100%	Transocean Oceanus Holdings Limited	Cayman Islands	100%
Transocean Offshore Deepwater Holdings Limited	Cayman Islands	100%	Transocean Offshore Deepwater Drilling Inc.	United States	100%
Transocean Offshore Holdings Limited	Cayman Islands	100%	Transocean Offshore Deepwater Holdings Limited	Cayman Islands	100%
Transocean Offshore International Ventures Limited	Cayman Islands	100%	Transocean Offshore Holdings Limited	Cayman Islands	100%
			Transocean Offshore International Ventures Limited	Cayman Islands	100%
Transocean Phoenix 2 Limited	Cayman Islands	100%	Transocean Partners Holdings Limited	Cayman Islands	100%
Transocean Pontus Limited	Cayman Islands	100%	Transocean Phoenix 2 Limited	Cayman Islands	100%
Transocean Poseidon Limited	Cayman Islands	100%	Transocean Pontus Limited	Cayman Islands	100%
Transocean Proteus Limited	Cayman Islands	100%	Transocean Poseidon Limited	Cayman Islands	100%
Transocean Quantum Management Limited	Cayman Islands	100%	Transocean Proteus Limited	Cayman Islands	100%
Transocean Sentry Limited	Cayman Islands	100%			
Transocean Sub Asset Holdings 1 Limited	Cayman Islands	100%	Transocean Sentry Limited	Cayman Islands	100%
Transocean Sub Asset Holdings 2 Limited	Cayman Islands	100%			
Transocean Sub Asset Holdings 3 Limited	Cayman Islands	100%			
Transocean Worldwide Inc.	Cayman Islands	100%	Transocean Worldwide Inc.	Cayman Islands	100%
Triton Asset Leasing GmbH	Switzerland	100%	Triton Asset Leasing GmbH	Switzerland	100%
Triton Hungary Investments 1 LLC	Hungary	100%	Triton Hungary Investments 1 LLC	Hungary	100%
Triton Nautilus Asset Leasing GmbH	Switzerland	100%	Triton Nautilus Asset Leasing GmbH	Switzerland	100%
Triton Voyager Asset Leasing GmbH	Switzerland	100%			

In the year ended December 31, 2020, we formed Transocean Sub Asset Holdings 1 Limited, Transocean Sub Asset Holdings 2 Limited and Transocean Sub Asset Holdings 3 Limited to own and hold other entities. Additionally, we formed Transocean Quantum Management Limited to manage the operations of certain of our drilling rigs. We also declared Triton Voyager Asset Leasing GmbH a principal indirect investment, as it acquired certain of our drilling rigs in the year ended December 31, 2020. In the year ended December 31, 2020, we also removed from the schedule of principal indirect investments certain entities that were liquidated or merged into other subsidiaries within our organization.

TRANSOCEAN LTD.
NOTES TO STATUTORY FINANCIAL STATEMENTS—continued

NOTE 4—SHAREHOLDERS' EQUITY

Overview—Changes in our shareholder's equity were as follows (in thousands):

	Share capital			Statutory capital reserves			Free reserves				
	Shares	Amount		from capital contribution	from capital contribution for shares held by subsidiaries (a)		Free capital reserves from capital contribution	Accumulated loss		Own shares against capital reserve from capital contribution	Total shareholders' equity
Balance at December 31, 2018	610,582	CHF 61,058	CHF 11,903,340	CHF 72,995	CHF 1,500,000	CHF (5,896,213)	CHF —	CHF 7,641,180			
Share issuance to Transocean Inc.	7,389	739	57,082	—	—	—	—	57,821			
Own share transactions	—	—	(6,978)	6,978	—	—	—	—			
Net loss for the year	—	—	—	—	—	(1,378,613)	—	(1,378,613)			
Balance at December 31, 2019	617,971	61,797	11,953,444	79,973	1,500,000	(7,274,826)	—	6,320,388			
Share issuance to Transocean Inc.	21,703	2,170	—	—	—	—	—	2,170			
Share issuance for debt conversions	2	—	16	—	—	—	—	16			
Own share transactions	—	—	(3)	3	—	—	—	—			
Net loss for the year	—	—	—	—	—	(3,840,209)	—	(3,840,209)			
Balance at December 31, 2020	639,676	CHF 63,967	CHF 11,953,457	CHF 79,976	CHF 1,500,000	CHF (11,115,035)	CHF —	CHF 2,482,365			

- a) The statutory capital reserve from capital contribution for shares held by subsidiaries represents the aggregate cost of own shares held indirectly by Transocean Ltd. through Transocean Inc. During the years ended December 31, 2020 and 2019, Transocean Inc. withheld 1,784 and 864,716 own shares, respectively, through a broker arrangement in satisfaction of withholding taxes due by our employees upon the vesting of equity awards granted under our Long-Term Incentive Plan. See Note 5—Own Shares.

Authorized share capital—In May 2020, our board of directors approved the issuance of 21.7 million of our shares, par value CHF 0.10 each, out of authorized share capital at an issue price of USD 0.10 each, and an aggregate value of USD 2 million, equivalent to CHF 2 million. We issued the shares to Transocean Inc. to be held to satisfy obligations under our share-based compensation plans. At December 31, 2020, the board of directors' remaining authority to issue shares out of authorized share capital based on shareholder approval dated May 7, 2020, is limited to a maximum of 184.9 million shares. Our board of directors is authorized to withdraw or limit the subscription rights of shareholders under certain circumstances with respect to a maximum of 61.7 million shares and to allot them to individual shareholders or other parties.

In May 2019, our board of directors approved the issuance of 6.0 million of our shares, par value CHF 0.10 each, out of authorized share capital at an issue price of USD 7.59 each, equivalent to CHF 7.68 each, and an aggregate value of USD 46 million, equivalent to CHF 46 million. We issued the shares to Transocean Inc. to be held to satisfy obligations under our share-based compensation plans. At December 31, 2019, the board of directors' remaining authority to issue shares out of authorized share capital is limited to a maximum of 21.7 million shares.

Conditional share capital—Our articles of association provide for a conditional share capital that permits us to issue up to 142.4 million additional shares, under the following 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 the year ended December 31, 2020, we issued 1,751 shares out of conditional share capital to holders that exercised their options to convert the 0.50% exchangeable senior bonds due 2023 into our shares.

In March 2019, we and Transocean Inc. entered into an option agreement, pursuant to which we granted Transocean Inc. the right to acquire 12.0 million shares from us to satisfy obligations under our share-based compensation plans. On March 7, 2019, Transocean Inc. partially exercised its right under the option agreement and paid to us USD 12 million, equivalent to CHF 12 million, and we issued to Transocean Inc. 1.4 million of our shares out of conditional share capital. At December 31, 2020 and 2019, the board of directors' remaining authority to issue shares out of conditional share capital is limited to a maximum of 142.4 million shares.

TRANSOCEAN LTD.
NOTES TO STATUTORY FINANCIAL STATEMENTS—continued

Qualified capital loss—As of December 31, 2020, our balance sheet presents a qualified loss since our net assets cover less than 50 percent of our statutory share capital and statutory capital reserves. Under Swiss law, if assets cover less than 50 percent of our statutory share capital and statutory capital reserves, the board of directors must propose measures to address such a capital loss. The board of directors proposes to the shareholders at our 2021 annual general meeting that CHF 8.0 billion of statutory capital reserves from capital contribution be released and allocated to free capital reserves from capital contribution, thereby reducing the statutory capital reserves from capital contribution, which, unlike free capital reserves, are part of the equity capital against which excess coverage is measured. If our shareholders approve the proposal, the qualified capital loss will be considered remediated.

NOTE 5—OWN SHARES

Overview—The following is a summary of changes in the registered shares held by Transocean Inc. to satisfy obligations under our share-based compensation plans (in thousands, except percentages):

	Own shares	Total shares issued	Percentage of shares issued
Balance at December 31, 2018	923	610,582	0.15%
Transfers under share-based compensation plans	(2,245)		
Issuance of shares to Transocean Inc.	7,389		
Balance at December 31, 2019	6,067	617,971	0.98%
Transfers under share-based compensation plans	(3,267)		
Issuance of shares to Transocean Inc.	21,703		
Balance at December 31, 2020	24,503	639,676	3.83%

Shares held by subsidiaries—Transocean Inc. 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. In the years ended December 31, 2020 and 2019, we transferred 3.3 million and 2.2 million shares, respectively, at historical cost, from the own shares held by Transocean Inc. to satisfy obligations under our share-based compensation plans. In the years ended December 31, 2020 and 2019, we received cash proceeds of less than CHF 1 million and CHF 7 million, respectively, for own shares transferred in exchange for equity awards exercised or withheld for taxes under our share-based compensation plans. At December 31, 2020 and 2019, Transocean Inc. held 24.5 million and 6.1 million of our shares, respectively.

Share repurchase program—In May 2009, at our annual general meeting, our 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 3.5 billion. At December 31, 2020, the authorization remaining under the share repurchase program was for the repurchase of our outstanding shares for an aggregate cost of up to CHF 3.2 billion. The share repurchase program may be suspended or discontinued by our board of directors or company management, as applicable, at any time.

NOTE 6—SHARE OWNERSHIP

Significant shareholders—Certain significant shareholders have reported to us that they held, directly or through their affiliates, the following beneficial interests in excess of 5 percent of our issued share capital (in thousands, except percentages):

December 31, 2020			December 31, 2019		
Name	Number of shares	Percentage of issued share capital	Name	Number of shares	Percentage of issued share capital
The Vanguard Group	55,619	9.04%	BlackRock, Inc.	55,848	9.13%
PRIMECAP Management Company	48,543	7.89%	The Vanguard Group	53,335	8.72%
BlackRock, Inc.	43,406	7.04%	PRIMECAP Management Company	50,622	8.27%
Frederik W. Mohn / Perestroika AS	33,237	5.40%	Frederik W. Mohn / Perestroika AS	33,163	5.42%

TRANSOCEAN LTD.
NOTES TO STATUTORY FINANCIAL STATEMENTS—continued

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, 2020		December 31, 2019	
	Vested shares and unvested share units	Stock options and conversion rights	Vested shares and unvested share units	Stock options and conversion rights
Chadwick C. Deaton	311,991	—	148,420	—
Glyn A. Barker	200,521	—	109,611	—
Vanessa C.L. Chang	351,244	—	129,581	—
Frederico F. Curado	200,521	—	102,339	—
Diane de Saint Victor	98,182	—	—	—
Tan Ek Kia	210,031	—	111,849	—
Vincent J. Intrieri	215,761	—	107,579	—
Samuel J. Merksamer	206,497	—	108,315	—
Frederick W. Mohn (a)	33,236,859	34,619,801	33,162,879	34,619,736
Edward R. Muller	231,687	—	127,465	—
Jeremy D. Thigpen	3,617,211	1,212,621	1,847,934	1,212,621
Total	38,880,505	35,832,357	35,955,972	35,832,357

a) Mr. Mohn and his affiliates hold conversion rights associated with the Exchangeable Bonds.

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 Vice President and Chief Operations Officer. 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, 2020					December 31, 2019				
	Number of shares held	Number of granted share units vesting in 2021	Number of granted share units vesting in 2022	Number of granted share units vesting in 2023	Total shares and share units	Number of shares held	Number of granted share units vesting in 2020	Number of granted share units vesting in 2021	Number of granted share units vesting in 2022	Total shares and share units
Jeremy D. Thigpen	886,710	810,284	1,249,023	363,637	3,309,654	679,983	466,860	446,648	67,205	1,660,696
Mark L. Mey	411,772	312,539	481,766	140,259	1,346,336	326,877	181,816	172,279	25,922	706,894
Keelan I. Adamson	176,911	220,364	371,827	109,091	878,193	133,255	94,651	111,273	17,281	356,460
John B. Stobart (a)	—	—	—	—	—	—	59,318	—	—	59,318
Total	1,475,393	1,343,187	2,102,616	612,987	5,534,183	1,140,115	802,645	730,200	110,408	2,783,368

a) Effective June 1, 2018, Mr. Stobart was no longer designated as a member of the executive management team. On July 1, 2019, on his date of termination, a prorated portion of restricted share units were released. On December 31, 2020, a prorated portion of his 2018 performance share units vested based on actual performance and will be released in early 2021.

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 exclude vested but unissued shares for share units granted from 2018 to 2020, which are expected to be issued in the first quarter of 2021.

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, 2020					December 31, 2019				
	Number of granted stock options vested and outstanding	Number of granted stock options vesting in 2021	Number of granted stock options vesting in 2022	Number of granted stock options vesting in 2023	Total vested and unvested stock options	Number of granted stock options vested and outstanding	Number of granted stock options vesting in 2020	Number of granted stock options vesting in 2021	Number of granted stock options vesting in 2022	Total vested and unvested stock options
Jeremy D. Thigpen	814,906	253,682	144,033	—	1,212,621	488,684	326,222	253,682	144,033	1,212,621
Mark L. Mey	332,191	97,850	55,556	—	485,597	203,006	129,185	97,850	55,556	485,597
Keelan I. Adamson	197,506	58,027	37,037	—	292,570	123,926	73,580	58,027	37,037	292,570
John B. Stobart (a)	—	—	—	—	—	203,841	—	—	—	203,841
Total	1,344,603	409,559	236,626	—	1,990,788	1,019,457	528,987	409,559	236,626	2,194,629

a) Effective June 1, 2018, Mr. Stobart was no longer designated as a member of the executive management team. On July 1, 2019, on the date of termination, his unvested options were forfeited. On August 29, 2019, his vested options granted in 2013 were forfeited in accordance with the terms and conditions of the award. On June 29, 2020, the remaining vested options were forfeited in accordance with the terms and conditions of the awards.

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, 2020		December 31, 2019	
	Number of share units granted	Value of share units	Number of share units granted	Value of share units
Board members	1,012,209	CHF 1,331,979	250,004	CHF 1,897,230
Executive management team	3,218,182	4,774,105	2,143,354	15,446,372
Employees	23,458	30,869	16,558	137,513
Total	4,253,849	CHF 6,136,953	2,409,916	CHF 17,481,115

NOTE 7—GUARANTEES, CONTINGENCIES AND COMMITMENTS

Transocean Inc. and certain indirect subsidiaries' debt obligations—Transocean Inc., Transocean Guardian Limited, Transocean Phoenix 2 Limited, Transocean Pontus Limited, Transocean Poseidon Limited, Transocean Proteus Limited and Transocean Sentry 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, 2020 and 2019, the aggregate carrying amount of debt that we have guaranteed was USD 7.4 billion and USD 8.8 billion, respectively, equivalent to approximately CHF 6.6 billion and CHF 8.5 billion, respectively. In the years ended December 31, 2020 and 2019, we recognized guarantee fee income of CHF 1 million.

Transocean Management Services GmbH office lease obligation—On June 26, 2018, Transocean Management Services GmbH assumed responsibility for a lease obligation, originally entered into by its predecessor, Transocean Management Ltd., for its former principal offices in Vernier, Switzerland. Under an uncommitted line of credit, Transocean Ltd. issued a surety bond in the full amount of the lease obligation. At December 31, 2019, our guarantee for the lease obligation was less than USD 1 million. On March 05, 2020, our guarantee for the lease obligation was cancelled.

Surety bond performance obligations—On August 18, 2020, we provided a guarantee in favor of our subsidiaries issuing or reinsuring or procuring the issue or reinsurance of surety bonds in Brazil.

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 8—RELATED PARTY TRANSACTIONS

Credit agreements—On June 1, 2011, we and Transocean Inc., as the borrower and lender, respectively, entered into a credit agreement establishing a USD 2.0 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, 2020 and 2019, we had borrowings of USD 92 million and USD 67 million, respectively, equivalent to approximately CHF 81 million and CHF 65 million, respectively, outstanding under the revolving credit facility at a rate of 2.25 percent.

On November 30, 2018, we and Transocean Inc., as the borrower and lender, respectively, entered into a credit agreement establishing a USD 1.2 billion revolving credit facility, which is scheduled to expire on December 5, 2024. 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, 2020 and 2019, we had borrowings of USD 1.2 billion, equivalent to CHF 1.1 billion, outstanding under the credit facility at an interest rate of 2.25 percent.

Exchangeable notes—On August 14, 2020, we issued to Transocean Inc. USD 238 million aggregate principal amount of an exchangeable loan note (the “2.5% note”) with interest payable semiannually at a rate of 2.5 percent per annum in a non-cash exchanges for USD 397 million aggregate principal amount of the 0.5 percent loan note. The 2.5% note may be converted at any time prior to the maturity date at an exchange rate of 162.1626 shares per USD 1,000 note, which implies a conversion price of USD 6.17 per share, subject to adjustment upon the occurrence of certain events. Transocean Inc. may require us to repurchase all or a portion of the 2.5% note upon the occurrence of certain events. At December 31, 2020, the outstanding principal amount of the 2.5% note was USD 238 million, equivalent to approximately CHF 210 million.

In the year ended December 31, 2018, we issued to Transocean Inc. USD 863 million aggregate principal amount of an exchangeable loan note, as amended (the “0.5% note”), with interest payable at maturity at a rate of 0.50 percent per annum. The 0.5% note may be converted at any time prior to the maturity date at an exchange rate of 97.29756 shares per USD 1,000 note, which implies a conversion price of USD 10.28 per share, subject to adjustment upon the occurrence of certain events. Transocean Inc. may require us to

TRANSOCEAN LTD.
NOTES TO STATUTORY FINANCIAL STATEMENTS—continued

repurchase all or a portion of the 0.5% note upon the occurrence of certain events. In the year ended December 31, 2020, Transocean Inc. made a distribution for USD 162 million, equivalent to approximately CHF 148 million, in satisfaction of amounts due under the 0.5% note. At December 31, 2020 and 2019, the outstanding principal amount of the 0.5% note was USD 463 million and USD 863 million, respectively, equivalent to approximately CHF 409 million and CHF 835 million, respectively.

General and administrative services—Our subsidiaries perform on our behalf certain general and administrative services, including executive administration, procurement and payables, treasury and cash management, personnel and payroll, accounting and other administrative functions. In the years ended December 31, 2020 and 2019, we recognized such costs of less than CHF 1 million, recorded in general and administrative costs and expenses.

NOTE 9—SUBSEQUENT EVENT

Private exchanges—On February 26, 2021, we completed privately negotiated transactions in which Transocean Inc. exchanged \$323 million aggregate principal amount of outstanding Exchangeable Senior Bonds for \$294 million aggregate principal amount of new 4.0% Senior Guaranteed Exchangeable Bonds due 2025 (the “New Senior Guaranteed Exchangeable Bonds”) and an aggregate cash payment of \$11 million. The New Senior Guaranteed Exchangeable Bonds are guaranteed by us and the same subsidiaries of Transocean Inc. that guarantee the Senior Guaranteed Exchangeable Bonds and 11.50% Senior Guaranteed Notes. In addition, the New Senior Guaranteed Exchangeable Bonds will have an initial exchange rate of 190.4762 our shares per \$1,000 note, which implies a conversion price of \$5.25 per share, subject to adjustment upon the occurrence of certain events.

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BOARD OF DIRECTORS

Chadwick C. Deaton
Chair, Transocean Ltd.

Glyn A. Barker
Former Vice Chair, U.K. PwC

Vanessa C.L. Chang
Former Director and Shareholder,
EL & EL Investments

Frederico F. Curado
Chief Executive Officer, Ultrapar S.A.

Diane de Saint Victor
Former General Counsel and
Company Secretary, ABB Ltd.

Vincent J. Intrieri
Founder and Chief Executive Officer,
VDA Capital Management LLC

Samuel J. Merksamer
Partner, Caligan Partners, L.P.

Frederik W. Mohn
Former Director and Chair,
Songa Offshore SE
Owner and Managing Director,
Perestroika AS

Edward R. Muller
Former Chair, Chief Executive Officer
and President, GenOn Energy
Former Vice Chair, NRG Energy Inc.

Tan Ek Kia
Former Chair, Shell Northeast Asia

Jeremy D. Thigpen
President and Chief Executive Officer,
Transocean Ltd.

EXECUTIVE MANAGEMENT

Jeremy D. Thigpen
President and
Chief Executive Officer

Mark L. Mey
Executive Vice President and
Chief Financial Officer

Keelan Adamson
Executive Vice President and
Chief Operations Officer

Howard E. Davis
Executive Vice President,
Chief Administrative Officer and
Chief Information Officer

Brady Long
Executive Vice President and
General Counsel

CORPORATE INFORMATION

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Phone: +41 (41) 749-0500

Transfer Agent and Registrar

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Independent Registered Public Accounting Firm

Ernst & Young LLP
Houston, Texas
Swiss Auditor
Ernst & Young Ltd.
Zurich, Switzerland

Financial Information

Financial analysts and shareholders should visit the company's website at: www.deepwater.com, or call Investor Relations at +1 713-232-7500 for information about Transocean Ltd.

NYSE Annual CEO Certification and Sarbanes-Oxley Section 302 Certifications

We submitted the annual chief executive officer certification to the NYSE as required under the corporate governance rules. We also filed the chief executive officer certifications required under section 302 of the Sarbanes-Oxley Act of 2002 as an exhibit to our 2020 Annual Report on Form 10-K.

Stock Exchange Listing

Transocean Ltd. shares are listed on the New York Stock Exchange ("NYSE") under the symbol RIG. The following table represents the intraday high and low per-share prices as reported on the NYSE for the periods indicated.

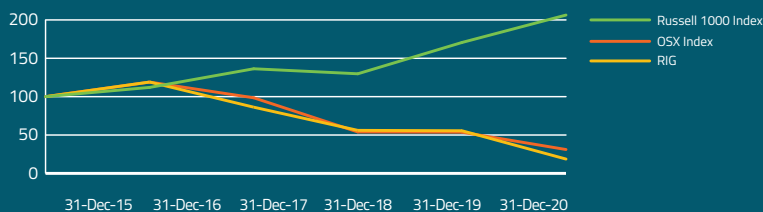
NYSE (USD)	2020		2019	
	HIGH	LOW	HIGH	LOW
First Quarter	7.28	1.01	9.69	6.54
Second Quarter	3.82	0.76	9.79	5.28
Third Quarter	2.62	0.79	6.77	3.76
Fourth Quarter	2.70	0.65	7.09	3.98

Performance Graph¹

The graph below compares the cumulative total shareholder return of our shares, the Philadelphia Oil Service Sector Index ("OSX"), and the Russell 1000 Index over our last five fiscal years. The graph assumes that \$100 was invested in our shares, the OSX, and the Russell 1000 Index on December 31, 2015, and that all dividends were reinvested on the date of payment.

Indexed Cumulative Total Shareholder Return

December 31, 2015 - December 31, 2020



DATE	DEC-15	DEC-16	DEC-17	DEC-18	DEC-19	DEC-20
Russell 1000 Index	\$100.00	\$112.04	\$136.33	\$129.80	\$170.58	\$206.33
OSX Index	\$100.00	\$118.98	\$98.51	\$53.97	\$53.67	\$31.09
RIG	\$100.00	\$119.06	\$86.27	\$56.06	\$55.57	\$18.66

¹ The above Performance Graph and related information shall not be deemed "soliciting material" or to be "filed" with the SEC, nor shall such information be incorporated by reference into any future filing under the Securities Act of 1933 or Securities Exchange Act of 1934, each as amended, except to the extent that we specifically incorporate it by reference into such filing.

