

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

FORM 10-Q

(Mark one)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended **September 30, 2024**

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____

Commission file number **001-38373**



Transocean Ltd.

(Exact name of registrant as specified in its charter)

Switzerland

(State or other jurisdiction of incorporation or organization)

98-0599916

(I.R.S. Employer Identification No.)

Turmstrasse 30

Steinhausen, Switzerland

(Address of principal executive offices)

6312

(Zip Code)

+41 (41) 749-0500

(Registrant's telephone number, including area code)

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company Emerging growth company

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of October 24, 2024, 875,803,595 shares were outstanding.

TRANSOCEAN LTD. AND SUBSIDIARIES
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QUARTER ENDED SEPTEMBER 30, 2024

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PART I. FINANCIAL INFORMATION**ITEM I. FINANCIAL STATEMENTS**

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

	<u>Three months ended</u>		<u>Nine months ended</u>	
	<u>September 30,</u>	<u>2023</u>	<u>September 30,</u>	<u>2023</u>
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Contract drilling revenues	\$ 948	\$ 713	\$ 2,572	\$ 2,091
Costs and expenses				
Operating and maintenance	563	524	1,620	1,417
Depreciation and amortization	190	192	559	560
General and administrative	47	44	158	137
	800	760	2,337	2,114
Loss on impairment of assets	(629)	(5)	(772)	(58)
Loss on disposal of assets, net	(4)	(3)	(10)	(173)
Operating loss	(485)	(55)	(547)	(254)
Other income (expense), net				
Interest income	11	12	40	42
Interest expense, net of amounts capitalized	(80)	(232)	(271)	(649)
Gain (loss) on retirement of debt	21	—	161	(32)
Other, net	8	12	32	35
	(40)	(208)	(38)	(604)
Loss before income tax benefit	(525)	(263)	(585)	(858)
Income tax benefit	(31)	(43)	(66)	(8)
Net loss	(494)	(220)	(519)	(850)
Net income attributable to noncontrolling interest	—	—	—	—
Net loss attributable to controlling interest	\$ (494)	\$ (220)	\$ (519)	\$ (850)
Loss per share				
Basic	\$ (0.56)	\$ (0.28)	\$ (0.62)	\$ (1.13)
Diluted	\$ (0.58)	\$ (0.28)	\$ (0.65)	\$ (1.13)
Weighted-average shares outstanding				
Basic	879	774	840	755
Diluted	954	774	915	755

See accompanying notes.

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

	<u>Three months ended</u>		<u>Nine months ended</u>	
	<u>September 30,</u>	<u>September 30,</u>	<u>September 30,</u>	<u>September 30,</u>
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Net loss	\$ (494)	\$ (220)	\$ (519)	\$ (850)
Net income attributable to noncontrolling interest	—	—	—	—
Net loss attributable to controlling interest	(494)	(220)	(519)	(850)
Components of net periodic benefit costs before reclassifications	—	—	(4)	(11)
Components of net periodic benefit costs reclassified to net loss	1	—	2	—
Other comprehensive income (loss) before income taxes	1	—	(2)	(11)
Income taxes related to other comprehensive income (loss)	—	—	—	—
Other comprehensive income (loss)	1	—	(2)	(11)
Other comprehensive income attributable to noncontrolling interest	—	—	—	—
Other comprehensive income (loss) attributable to controlling interest	1	—	(2)	(11)
Total comprehensive loss	(493)	(220)	(521)	(861)
Total comprehensive income attributable to noncontrolling interest	—	—	—	—
Total comprehensive loss attributable to controlling interest	\$ (493)	\$ (220)	\$ (521)	\$ (861)

See accompanying notes.

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

	<u>September 30,</u> <u>2024</u>	<u>December 31,</u> <u>2023</u>
Assets		
Cash and cash equivalents	\$ 435	\$ 762
Accounts receivable, net of allowance of \$2 at September 30, 2024 and December 31, 2023	594	512
Materials and supplies, net of allowance of \$176 and \$198 at September 30, 2024 and December 31, 2023, respectively	425	426
Assets held for sale	345	49
Restricted cash and cash equivalents	365	233
Other current assets	179	144
Total current assets	2,343	2,126
Property and equipment	22,412	23,875
Less accumulated depreciation	(6,424)	(6,934)
Property and equipment, net	15,988	16,941
Contract intangible assets	—	4
Deferred tax assets, net	165	44
Other assets	1,014	1,139
Total assets	\$ 19,510	\$ 20,254
Liabilities and equity		
Accounts payable	\$ 255	\$ 323
Accrued income taxes	13	23
Debt due within one year	457	370
Other current liabilities	706	681
Total current liabilities	1,431	1,397
Long-term debt	6,503	7,043
Deferred tax liabilities, net	570	540
Other long-term liabilities	778	858
Total long-term liabilities	7,851	8,441
Commitments and contingencies		
Shares, \$0.10 par value, 1,057,879,029 authorized, 141,262,093 conditionally authorized, 940,828,901 issued and 875,803,595 outstanding at September 30, 2024, and CHF 0.10 par value, 1,021,294,549 authorized, 142,362,093 conditionally authorized, 843,715,858 issued and 809,030,846 outstanding at December 31, 2023	87	81
Additional paid-in capital	14,871	14,544
Accumulated deficit	(4,552)	(4,033)
Accumulated other comprehensive loss	(179)	(177)
Total controlling interest shareholders' equity	10,227	10,415
Noncontrolling interest	1	1
Total equity	10,228	10,416
Total liabilities and equity	\$ 19,510	\$ 20,254

See accompanying notes.

TRANSOCEAN LTD. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF EQUITY

(in millions)
(Unaudited)

	<u>Three months ended</u>		<u>Nine months ended</u>	
	<u>September 30,</u>		<u>September 30,</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Shares				
Balance, beginning of period	\$ 87	\$ 76	\$ 81	\$ 71
Issuance of shares	—	2	6	7
Balance, end of period	87	\$ 78	\$ 87	\$ 78
Additional paid-in capital				
Balance, beginning of period	\$ 14,859	\$ 14,233	\$ 14,544	\$ 13,984
Share-based compensation	12	10	38	30
Issuance of shares	—	121	289	350
Balance, end of period	\$ 14,871	\$ 14,364	\$ 14,871	\$ 14,364
Accumulated deficit				
Balance, beginning of period	\$ (4,058)	\$ (3,709)	\$ (4,033)	\$ (3,079)
Net loss attributable to controlling interest	(494)	(220)	(519)	(850)
Balance, end of period	\$ (4,552)	\$ (3,929)	\$ (4,552)	\$ (3,929)
Accumulated other comprehensive loss				
Balance, beginning of period	\$ (180)	\$ (196)	\$ (177)	\$ (185)
Other comprehensive income (loss) attributable to controlling interest	1	—	(2)	(11)
Balance, end of period	\$ (179)	\$ (196)	\$ (179)	\$ (196)
Total controlling interest shareholders' equity				
Balance, beginning of period	\$ 10,708	\$ 10,404	\$ 10,415	\$ 10,791
Total comprehensive loss attributable to controlling interest	(493)	(220)	(521)	(861)
Share-based compensation	12	10	38	30
Issuance of shares	—	123	295	357
Balance, end of period	\$ 10,227	\$ 10,317	\$ 10,227	\$ 10,317
Noncontrolling interest				
Balance, beginning of period	\$ 1	\$ 1	\$ 1	\$ 1
Balance, end of period	\$ 1	\$ 1	\$ 1	\$ 1
Total equity				
Balance, beginning of period	\$ 10,709	\$ 10,405	\$ 10,416	\$ 10,792
Total comprehensive loss	(493)	(220)	(521)	(861)
Share-based compensation	12	10	38	30
Issuance of shares	—	123	295	357
Balance, end of period	\$ 10,228	\$ 10,318	\$ 10,228	\$ 10,318

See accompanying notes.

TRANSOCEAN LTD. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(in millions)

(Unaudited)

	Nine months ended	
	September 30,	
	2024	2023
Cash flows from operating activities		
Net loss	\$ (519)	\$ (850)
Adjustments to reconcile to net cash provided by operating activities:		
Amortization of contract intangible asset	4	45
Depreciation and amortization	559	560
Share-based compensation expense	38	30
Loss on impairment of assets	772	58
Loss on impairment of investment in unconsolidated affiliate	5	—
Loss on disposal of assets, net	10	173
Fair value adjustment to bifurcated compound exchange feature	(153)	272
Amortization of debt-related balances, net	39	38
(Gain) loss on retirement of debt	(161)	32
Deferred income tax expense (benefit)	(91)	1
Other, net	(6)	21
Changes in deferred revenues, net	98	40
Changes in deferred costs, net	(26)	(125)
Changes in other operating assets and liabilities, net	(328)	(229)
Net cash provided by operating activities	241	66
Cash flows from investing activities		
Capital expenditures	(225)	(207)
Investment in loans to unconsolidated affiliates	(3)	(3)
Investment in equity of unconsolidated affiliate	—	(10)
Proceeds from disposal of assets, net of costs to sell	99	10
Cash acquired in acquisition of unconsolidated affiliates	5	7
Net cash used in investing activities	(124)	(203)
Cash flows from financing activities		
Repayments of debt	(2,073)	(1,707)
Proceeds from issuance of debt, net of issue costs	1,767	1,664
Other, net	(6)	(3)
Net cash used in financing activities	(312)	(46)
Net decrease in unrestricted and restricted cash and cash equivalents	(195)	(183)
Unrestricted and restricted cash and cash equivalents, beginning of period	995	991
Unrestricted and restricted cash and cash equivalents, end of period	\$ 800	\$ 808

See accompanying notes.

TRANSOCEAN LTD. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

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. As of September 30, 2024, we owned or had partial ownership interests in and operated a fleet of 34 mobile offshore drilling units, consisting of 26 ultra-deepwater floaters and eight harsh environment floaters.

NOTE 2—SIGNIFICANT ACCOUNTING POLICIES

Presentation—We prepared our accompanying unaudited condensed consolidated financial statements in accordance with accounting principles generally accepted in the United States (“U.S.”) for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X promulgated by the U.S. Securities and Exchange Commission.

Pursuant to such rules and regulations, these financial statements do not include all disclosures required by accounting principles generally accepted in the U.S. for complete financial statements. The condensed consolidated financial statements reflect all adjustments, which are, in the opinion of management, necessary for a fair presentation of the financial position, results of operations and cash flows for the interim periods. Such adjustments are considered to be of a normal recurring nature unless otherwise noted. Operating results for the three and nine months ended September 30, 2024, are not necessarily indicative of the results that may be expected for the year ending December 31, 2024, or for any future period. The accompanying condensed consolidated financial statements and notes thereto should be read in conjunction with the audited consolidated financial statements and notes thereto as of December 31, 2023 and 2022, and for each of the three years in the period ended December 31, 2023, included in our annual report on [Form 10K filed on February 21, 2024](#).

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

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

NOTE 3—ACCOUNTING STANDARDS UPDATES

Recently issued accounting standards updates not yet adopted

Segment reporting—Effective for the year ending December 31, 2024, we will adopt the accounting standards update that requires incremental disclosures about a public entity’s reportable segments but does not change the definition or guidance for determining reportable segments. The update, which explicitly applies to entities such as us with a single reportable segment, requires disclosure of the significant expense categories and amounts that are regularly provided to the chief operating decision-maker and included in the reported measure of segment profit or loss. Additionally, the update requires disclosures about the individual or the group or committee identified as the chief operating decision-maker. We will provide the new disclosures, as required, in our annual report on Form 10-K for the year ending December 31, 2024 and interim periods thereafter with retrospective application to all periods presented, unless impracticable. Although our adoption of the update will require us to augment certain disclosures in the notes to consolidated financial statements, we do not expect such adoption to have a material effect on our consolidated statements of financial position, operations or cash flows.

Income taxes—Effective for the year ending December 31, 2025, we will adopt the accounting standards update that requires significant incremental disclosures intended to enhance the transparency and decision usefulness of income tax disclosures, particularly with regard to the rate reconciliation table and income taxes paid. The new guidance will be applied prospectively and permits, but does not require, retrospective application. We will provide the new disclosures, as required, in our annual report on Form 10-K for the year ending December 31, 2025. We continue to evaluate the requirements. Although our adoption will require us to augment certain disclosures in the notes to consolidated financial statements, we do not expect such adoption to have a material effect on our consolidated statements of financial position, operations or cash flows.

TRANSOCEAN LTD. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—continued
(Unaudited)

NOTE 4—UNCONSOLIDATED AFFILIATES

Overview—In the nine months ended September 30, 2024 and 2023, we recognized income of \$5 million and a loss of \$14 million, respectively, recorded in other, net, associated with equity in earnings or losses of our equity investments. In the nine months ended September 30, 2024, we recognized a loss of \$5 million, which had no tax effect, recorded in other, net, associated with the impairment of certain equity investments upon determination that the carrying amount exceeded the estimated fair value and that the impairment was other than temporary. At September 30, 2024 and December 31, 2023, the aggregate carrying amount of our equity investments in unconsolidated affiliates was \$124 million and \$216 million, respectively, recorded in other assets.

Acquisitions—At December 31, 2023, we held a 33.0 percent noncontrolling interest in Orion Holdings (Cayman) Limited (together with its subsidiary, “Orion”), the Cayman Islands company that owned the harsh environment floater *Transocean Norge*, and the aggregate carrying amount of our investment in Orion was \$86 million, recorded in other assets. In June 2024, we transferred noncash consideration with an aggregate fair value of \$431 million, including \$130 million aggregate principal amount of 8.00% senior notes due February 2027 (the “8.00% Senior Notes”) and 55.5 million Transocean Ltd. shares, to acquire the outstanding 67.0 percent ownership interest in Orion. As a result, Orion became our wholly owned subsidiary. We recorded the transaction using the asset acquisition method of accounting. See [Note 6—Long-Lived Assets](#), [Note 7—Debt](#) and [Note 11—Equity](#).

At December 31, 2022, we held a 20 percent noncontrolling interest in Liquila Ventures Ltd. (together with its subsidiaries, “Liquila”), the Bermuda company that was constructing the ultra-deepwater floater *Deepwater Aquila*. Also, at December 31, 2022, Perestroika (Cyprus) Ltd. (“Perestroika”), an entity affiliated with one of our directors who, at the time, beneficially owned approximately 11 percent of our shares and currently owns approximately 10 percent of our shares, held a 13.33 percent ownership interest in Liquila. In September 2023, we issued 11.9 million Transocean Ltd. shares with an aggregate fair value of \$99 million, including 2.0 million Transocean Ltd. shares with an aggregate fair value of \$16.4 million to Perestroika, to acquire the outstanding 80 percent equity ownership interests in Liquila. As a result, Liquila became our wholly owned subsidiary. We recorded the transaction using the asset acquisition method of accounting. See [Note 6—Long-Lived Assets](#) and [Note 11—Equity](#).

Contribution—In February 2023, we made a cash contribution of \$10 million and a non-cash contribution of the ultra-deepwater floater *Ocean Rig Olympia*, which had been cold stacked, and related assets, with an estimated fair value of \$85 million (see [Note 6—Long-Lived Assets](#)), in exchange for a noncontrolling ownership interest in Global Sea Mineral Resources NV (together with its subsidiaries, “GSR”), a Belgian company and leading developer of nodule collection technology engaged in the development and exploration of deep-sea polymetallic nodules that contain metals critical to the growing renewable energy market. We estimated the fair value of the rig using projected discounted cash flows, and our estimate required us to use significant unobservable inputs, representative of Level 3 fair value measurements, including assumptions related to the future performance of the rig, projected demand for its services, rig availability and dayrates.

Related party transactions—In the nine months ended September 30, 2024 and 2023, we received an aggregate cash payment of \$11 million and \$43 million, respectively, for services and equipment provided to, and prior to our acquisition of, Orion. In the nine months ended September 30, 2024 and 2023, we made an aggregate cash payment of \$25 million and \$1 million, respectively, to charter *Transocean Norge* and rent other equipment from, and prior to our acquisition of, Orion. Additionally, in the nine months ended September 30, 2023, we and Orion agreed to the non-cash net settlement of a balance of \$25 million of accounts receivable and payable.

NOTE 5—REVENUES

Overview—Under most of our drilling contracts with customers, our drilling services represent a single performance obligation that is satisfied over time, the duration of which varies by contract. As of September 30, 2024, the drilling contract with the longest expected remaining duration, excluding unexercised options, extends through August 2029.

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

	Three months ended September 30,						Nine months ended September 30,					
	2024			2023			2024			2023		
	Ultra-deepwater floaters	Harsh environment floaters	Total	Ultra-deepwater floaters	Harsh environment floaters	Total	Ultra-deepwater floaters	Harsh environment floaters	Total	Ultra-deepwater floaters	Harsh environment floaters	Total
U.S.	\$ 395	\$ —	\$ 395	\$ 360	\$ —	\$ 360	\$ 1,171	\$ —	\$ 1,171	\$ 1,077	\$ —	\$ 1,077
Brazil	204	—	204	55	—	55	509	—	509	183	—	183
Norway	—	172	172	—	164	164	—	486	486	—	454	454
Other countries (a)	69	108	177	101	33	134	163	243	406	276	101	377
Total contract drilling revenues	\$ 668	\$ 280	\$ 948	\$ 516	\$ 197	\$ 713	\$ 1,843	\$ 729	\$ 2,572	\$ 1,536	\$ 555	\$ 2,091

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

TRANSOCEAN LTD. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—continued
(Unaudited)

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

	September 30, 2024	December 31 2023
Deferred contract revenues, recorded in other current liabilities	\$ 265	\$ 165
Deferred contract revenues, recorded in other long-term liabilities	231	233
Total contract liabilities	\$ 496	\$ 398

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

	Nine months ended September 30,	
	2024	2023
Total contract liabilities, beginning of period	\$ 398	\$ 328
Decrease due to recognition of revenues for goods and services	(172)	(149)
Increase due to goods and services transferred over time	270	189
Total contract liabilities, end of period	\$ 496	\$ 368

Pre-operating costs—In the three and nine months ended September 30, 2024, we recognized pre-operating costs of \$44 million and \$92 million, respectively, recorded in operating and maintenance costs. In the three and nine months ended September 30, 2023, we recognized pre-operating costs of \$17 million and \$52 million, respectively, recorded in operating and maintenance costs. At September 30, 2024 and December 31, 2023, the carrying amount of our unrecognized pre-operating costs to obtain contracts was \$247 million and \$221 million, respectively, recorded in other assets, significantly increased as a result of seven rigs mobilizing or preparing for contracts that commenced in the nine months ended September 30, 2024 or are expected to commence through the six months ending June 30, 2025.

NOTE 6—LONG-LIVED ASSETS

Construction work in progress—The changes in our construction work in progress were as follows (in millions):

	Nine months ended September 30,	
	2024	2023
Construction work in progress, beginning of period	\$ 522	\$ 1,195
Capital expenditures		
Newbuild construction program	135	145
Other equipment and construction projects	90	62
Total capital expenditures	225	207
Non-cash capital additions acquired in exchange for issuance of shares of Transocean Ltd.	—	126
Changes in accrued capital additions	(12)	6
Property and equipment placed into service		
Newbuild construction program	(547)	(1,157)
Other equipment and construction projects	(119)	(57)
Construction work in progress, end of period	\$ 69	\$ 320

Acquisitions—In June 2024, we acquired \$517 million of property and equipment associated with *Transocean Norge*, together with \$5 million of cash and cash equivalents and \$4 million of accounts receivable from us. In September 2023, we acquired \$126 million of property and equipment associated with *Deepwater Aquila*, together with \$7 million of cash and cash equivalents, and we assumed \$19 million of accounts payable to us. See [Note 4—Unconsolidated Affiliates](#), [Note 7—Debt](#) and [Note 11—Equity](#).

Impairments—In the three and nine months ended September 30, 2024, we recognized a loss of \$629 million (\$617 million or \$0.64 per diluted share, net of tax) and \$772 million (\$755 million or \$0.82 per diluted share, net of tax), respectively, associated with the impairment of the ultra-deepwater floaters *Deepwater Nautilus*, *Development Driller III* and *Discoverer Inspiration*, together with related assets, which we determined were impaired at the time that we classified the assets as held for sale. In the three and nine months ended September 30, 2023, we recognized a loss of \$5 million (\$0.01 per diluted share) and \$58 million (\$0.08 per diluted share), respectively, which had no tax effect, associated with the impairment of the harsh environment floaters *Paul B. Loyd, Jr.* and *Transocean Leader*, together with related assets, which we determined were impaired at the time that we classified the assets as held for sale.

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

Disposals—In February 2024, we completed the sale of *Paul B. Loyd, Jr.* and *Transocean Leader*, together with related assets, for aggregate net cash proceeds of \$49 million, including \$6 million received as a deposit in the year ended December 31, 2023. In July 2024, we completed the sale of *Deepwater Nautilus* and related assets for aggregate net cash proceeds of \$53 million, including \$5 million received as a deposit in June 2024. In the nine months ended September 30, 2024 and 2023, we received aggregate net cash proceeds of \$3 million

TRANSOCEAN LTD. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—continued
(Unaudited)

and \$4 million, respectively and recognized an aggregate net loss of \$10 million and \$4 million, respectively, associated with the disposal of assets unrelated to rig sales.

In February 2023, in connection with our investment in a noncontrolling ownership interest in GSR, we made a non-cash contribution of the cold-stacked *Ocean Rig Olympia* and related assets. In the nine months ended September 30, 2023, we recognized a loss of \$169 million (\$0.23 per diluted share), which had no tax effect, associated with the disposal of the rig and related assets. See [Note 4—Unconsolidated Affiliates](#).

Assets held for sale—At September 30, 2024, the aggregate carrying amount of our assets held for sale, including *Development Driller III* and *Discoverer Inspiration*, together with related assets, was \$345 million. The transactions contemplated by the binding purchase and sale agreements, executed in September 2024, for these rigs and related assets are subject to customary closing conditions, including the buyers’ ability to secure financing for the purchases. We have extended the originally agreed closing dates and remain in discussions with the buyers.

At December 31, 2023, the aggregate carrying amount of our assets held for sale, including *Paul B. Loyd, Jr.* and *Transocean Leader*, together with related assets, was \$49 million.

NOTE 7—DEBT

Overview

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

	Principal amount		Carrying amount	
	September 30, 2024	December 31, 2023	September 30, 2024	December 31, 2023
7.25% Senior Notes due November 2025	\$ —	\$ 354	\$ —	\$ 352
4.00% Senior Guaranteed Exchangeable Bonds due December 2025	234	234	226	221
7.50% Senior Notes due January 2026	—	569	—	567
11.50% Senior Guaranteed Notes due January 2027	—	687	—	938
6.875% Senior Secured Notes due February 2027	330	413	328	409
8.00% Senior Notes due February 2027	655	612	653	609
7.45% Notes due April 2027	52	52	52	52
8.00% Debentures due April 2027	22	22	22	22
4.50% Shipyard Loans due September 2027	359	420	336	384
8.375% Senior Secured Notes due February 2028	525	525	517	518
7.00% Notes due June 2028	261	261	263	264
8.00% Senior Secured Notes due September 2028	295	325	291	321
8.25% Senior Notes due May 2029	900	—	886	—
4.625% Senior Guaranteed Exchangeable Bonds due September 2029	259	259	344	486
8.75% Senior Secured Notes due February 2030	999	1,116	980	1,094
7.50% Notes due April 2031	396	396	395	395
8.50% Senior Notes due May 2031	900	—	886	—
6.80% Senior Notes due March 2038	610	610	605	605
7.35% Senior Notes due December 2041	177	177	176	176
Total debt	6,974	7,032	6,960	7,413
Less debt due within one year				
11.50% Senior Guaranteed Notes due January 2027	—	—	—	71
6.875% Senior Secured Notes due February 2027	83	83	81	81
4.50% Shipyard Loans due September 2027	120	90	107	75
8.375% Senior Secured Notes due February 2028	100	—	97	—
8.00% Senior Secured Notes due September 2028	60	30	59	30
8.75% Senior Secured Notes due February 2030	117	117	113	113
Total debt due within one year	480	320	457	370
Total long-term debt	\$ 6,494	\$ 6,712	\$ 6,503	\$ 7,043

TRANSOCEAN LTD. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—continued
(Unaudited)

Scheduled maturities—At September 30, 2024, scheduled maturities of our debt were as follows (in millions):

	<u>Total</u>
Twelve months ending September 30,	
2025	\$ 480
2026	767
2027	1,293
2028	664
2029	1,276
Thereafter	2,494
Total principal amount of debt	6,974
Total unamortized debt-related balances, net	(211)
Bifurcated compound exchange feature, at estimated fair value	197
Total carrying amount of debt	<u>\$ 6,960</u>

Credit agreement

Secured Credit Facility—We have a secured revolving credit facility established under a bank credit agreement (as amended from time to time, the “Secured Credit Facility”), which is scheduled to mature on June 22, 2028. In April 2024, we amended the Secured Credit Facility to, among other things, (a) extend the maturity date from June 22, 2025 to June 22, 2028 and (b) reduce the borrowing capacity from \$600 million to \$576 million through June 22, 2025, and thereafter reduce the borrowing capacity to \$510 million through June 22, 2028. Throughout the term of the Secured Credit Facility, we pay a facility fee on the amount of the underlying commitment, which ranges from 0.375 percent to 1.00 percent based on the credit rating of the Secured Credit Facility. We may borrow under the Secured Credit Facility at a forward-looking term rate based on the secured overnight financing rate (“Term SOFR”) plus a margin and a Term SOFR spread adjustment of 0.10 percent. The Secured Credit Facility is subject to permitted extensions and certain early maturity triggers, including if on any date the aggregate amount of scheduled principal repayments of indebtedness, with certain exceptions, due within 91 days thereof is equal to or in excess of \$325 million and available cash is less than \$250 million. The Secured Credit Facility permits us to increase the aggregate amount of commitments by up to \$250 million. The Secured Credit Facility is guaranteed by Transocean Ltd. and certain wholly owned subsidiaries.

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

At September 30, 2024, based on the credit rating of the Secured Credit Facility as of that date, the facility fee was 0.625 percent. At September 30, 2024, we had no borrowings outstanding, \$12 million of letters of credit issued, and we had \$564 million of available borrowing capacity under the Secured Credit Facility.

Exchangeable bonds

Exchange terms—At September 30, 2024, the (a) current exchange rates, expressed as the number of Transocean Ltd. shares per \$1,000 note, (b) implied exchange prices per Transocean Ltd. share and (c) aggregate shares, expressed in millions, issuable upon exchange of our exchangeable bonds were as follows:

	<u>Exchange rate</u>	<u>Implied exchange price</u>	<u>Shares issuable</u>
4.00% Senior Guaranteed Exchangeable Bonds due December 2025	190.4762	\$ 5.25	45
4.625% Senior Guaranteed Exchangeable Bonds due September 2029	290.6618	\$ 3.44	75

The exchange rates, presented above, are subject to adjustment upon the occurrence of certain events. The 4.00% senior guaranteed exchangeable bonds due December 2025 may be exchanged by holders at any time prior to the close of business on the second business day immediately preceding the maturity date and, at our election, such exchange may be settled by delivering cash, Transocean Ltd. shares or a combination of cash and shares. The 4.625% senior guaranteed exchangeable bonds due September 2029 (the “4.625% Senior

TRANSOCEAN LTD. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—continued
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Guaranteed Exchangeable Bonds”) may be exchanged by holders at any time prior to the close of business on the second business day immediately preceding the maturity date or redemption date and, at our election, such exchange may be settled by delivering cash, Transocean Ltd. shares or a combination of cash and shares.

Effective interest rates and fair values—At September 30, 2024, the effective interest rates and estimated fair values of our exchangeable bonds were as follows (in millions, except effective interest rates):

	Effective interest rate	Fair value
4.00% Senior Guaranteed Exchangeable Bonds due December 2025	6.9%	\$ 261
4.625% Senior Guaranteed Exchangeable Bonds due September 2029	18.3%	\$ 418

We estimated the fair values of the exchangeable debt instruments, including the exchange features, by employing a binomial lattice model using significant other observable inputs, representative of Level 2 fair value measurements, including the terms and credit spreads of our debt and the expected volatility of the market price for our shares.

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

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Contractual interest	\$ 6	6	\$ 16	19
Amortization	5	5	15	15
Bifurcated compound exchange feature	(74)	93	(153)	272
Total	\$ (63)	104	\$ (122)	\$ 306

The indenture governing the 4.625% Senior Guaranteed Exchangeable Bonds contains a compound exchange feature that, in addition to the exchange terms presented above, requires us to pay holders a make-whole premium of future interest through March 30, 2028, for exchanges exercised during a redemption notice period. Such compound exchange feature must be bifurcated from the host debt instrument since it is not considered indexed to our stock. Accordingly, we recognize changes to the estimated fair value of the bifurcated compound exchange feature, recorded as a component of the carrying amount of debt, with a corresponding adjustment to interest expense. At September 30, 2024 and December 31, 2023, the carrying amount of the bifurcated compound exchange feature was \$197 million and \$350 million, respectively.

Exchanges—In April 2023, Perestroika exchanged \$213 million aggregate principal amount of 2.50% senior guaranteed exchangeable bonds due January 2027 (the “2.50% Senior Guaranteed Exchangeable Bonds”) under the terms of the indenture governing such bonds at the applicable exchange rate of 162.1626 Transocean Ltd. shares per \$1,000 note. As part of the transaction, we delivered 34.6 million Transocean Ltd. shares and \$3 million cash consideration to such exchanging holder. The director’s beneficial ownership of our shares resulting from these transactions did not change.

In July 2023, the holders of the remaining outstanding \$25 million aggregate principal amount of 2.50% Senior Guaranteed Exchangeable Bonds exchanged such bonds under the terms of the governing indenture at the applicable exchange rate of 162.1626 Transocean Ltd. shares per \$1,000 note. As part of the transaction, we delivered 4.0 million Transocean Ltd. shares.

Debt issuance

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

In June 2024, as partial consideration to acquire the outstanding 67.0 percent ownership interest in Orion, we issued \$130 million aggregate principal amount of 8.00% Senior Notes with an equivalent aggregate fair value as additional debt securities under the indenture governing such notes. See [Note 4—Unconsolidated Affiliates](#), [Note 6—Long-Lived Assets](#) and [Note 11—Equity](#).

Senior secured notes—In January 2023, we issued \$525 million aggregate principal amount of 8.375% senior secured notes due February 2028 (the “8.375% Senior Secured Notes”), and we received \$516 million aggregate cash proceeds, net of issue costs. The 8.375% Senior Secured Notes are secured by the assets and earnings associated with the ultra-deepwater floater *Deepwater Titan* and the equity of the wholly owned subsidiary that owns or operates the collateral rig. Additionally, we are required to comply with certain covenants, including related to the debt and earnings attributable to the collateral rig, and maintain certain balances in a restricted cash account to satisfy debt service requirements. We may redeem all or a portion of the 8.375% Senior Secured Notes on or prior to February 1, 2025 at a price equal to 100 percent of the aggregate principal amount plus a make-whole premium, and subsequently, at specified redemption prices.

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In January 2023, we issued \$1.175 billion aggregate principal amount of 8.75% senior secured notes due February 2030 (the “8.75% Senior Secured Notes”), and we received \$1.148 billion aggregate cash proceeds, net of issue costs. The 8.75% Senior Secured Notes are secured by a lien on the ultra-deepwater floaters *Deepwater Pontus*, *Deepwater Proteus* and *Deepwater Thalassa* and the harsh environment floaters *Transocean Enabler* and *Transocean Encourage*, together with certain related assets. Additionally, we are required to comply with certain covenants, including related to the debt and earnings attributable to the collateral rigs, and maintain certain balances in a restricted cash account to satisfy debt service requirements. We may redeem all or a portion of the 8.75% Senior Secured Notes on or prior to February 15, 2026 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

Tendered and redeemed notes—During the nine months ended September 30, 2024 and 2023, we retired certain notes, for which the aggregate principal amounts, cash payments and recognized gain or loss were as follows (in millions):

	Nine months ended September 30,			
	2024		2023	
	Tendered	Redeemed	Total	Redeemed
5.375% Senior Secured Notes due May 2023	\$ —	\$ —	\$ —	\$ 243
5.875% Senior Secured Notes due January 2024	—	—	—	311
7.75% Senior Secured Notes due October 2024	—	—	—	240
6.25% Senior Secured Notes due December 2024	—	—	—	250
6.125% Senior Secured Notes due August 2025	—	—	—	336
7.25% Senior Notes due November 2025	249	105	354	—
7.50% Senior Notes due January 2026	—	569	569	—
11.50% Senior Guaranteed Notes due January 2027	596	91	687	—
8.00% Senior Notes due February 2027	—	87	87	—
Aggregate principal amount of debt retired	<u>\$ 845</u>	<u>\$ 852</u>	<u>\$ 1,697</u>	<u>\$ 1,380</u>
Aggregate cash payment	\$ 886	\$ 862	\$ 1,748	\$ 1,402
Aggregate net gain, three-month period	\$ —	\$ 21	\$ 21	\$ —
Aggregate net gain (loss), nine-month period	\$ 144	\$ 17	\$ 161	\$ (32)

NOTE 8—INCOME TAXES

Tax provision and rate—In the nine months ended September 30, 2024 and 2023, our effective tax rate was 11.3 percent and 0.9 percent, respectively, based on loss before income tax benefit. In the nine months ended September 30, 2024 and 2023, the effect of various discrete period tax items was a net tax benefit of \$178 million and \$77 million, respectively. In the nine months ended September 30, 2024, such discrete items included changes to deferred taxes resulting from operational and structural changes related to rig movements and asset impairments, changes to valuation allowances and settlements of various uncertain tax positions. In the nine months ended September 30, 2023, such discrete items included settlements and expirations of various uncertain tax positions, changes to valuation allowances and changes to deferred taxes due to new rig operations. In the nine months ended September 30, 2024 and 2023, our effective tax rate, excluding discrete items, was 364.0 percent and (11.7) percent, respectively, based on loss before income tax benefit.

In the nine months ended September 30, 2024, as a result of operational and structural changes related to rig movements, we remeasured our deferred tax assets and liabilities related to Luxembourg, resulting in an increase of our net deferred tax asset from \$8 million to \$280 million, and such increase was substantially offset by an increase to our valuation allowance.

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

Brazil tax investigations—In December 2005, the Brazilian tax authorities began issuing tax assessments with respect to our tax returns for the years 2000 through 2004. In May 2014, the Brazilian tax authorities issued an additional tax assessment for the years 2009 and 2010. We filed protests with the Brazilian tax authorities for the assessments and are engaged in the appeals process, and a portion of two cases were favorably closed. In the nine months ended September 30, 2024, our remaining exposure decreased by BRL 219 million, equivalent to \$40 million, following our confirmation of the applicability of a law that allows taxpayers to reduce exposure associated with applicable penalties, interest and legal fees following the receipt and confirmation of a specific type of administrative determination, such as we received. As of September 30, 2024, the remaining aggregate tax assessment, including interest and penalties, was for corporate income

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tax of BRL 497 million, equivalent to \$91 million, and indirect tax of BRL 89 million, equivalent to \$16 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 condensed consolidated statement of financial position, results of operations or cash flows.

NOTE 9—LOSS PER SHARE

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

	Three months ended September 30,				Nine months ended September 30,			
	2024		2023		2024		2023	
	Basic	Diluted	Basic	Diluted	Basic	Diluted	Basic	Diluted
Numerator for loss per share								
Net loss attributable to controlling interest	\$ (494)	\$ (494)	\$ (220)	\$ (220)	\$ (519)	\$ (519)	\$ (850)	\$ (850)
Effect of convertible debt instruments, net of tax	—	(64)	—	—	—	(81)	—	—
Loss for per share calculation	<u>\$ (494)</u>	<u>\$ (558)</u>	<u>\$ (220)</u>	<u>\$ (220)</u>	<u>\$ (519)</u>	<u>\$ (600)</u>	<u>\$ (850)</u>	<u>\$ (850)</u>
Denominator for loss per share								
Weighted-average shares outstanding	879	879	774	774	840	840	755	755
Effect of convertible debt instruments	—	75	—	—	—	75	—	—
Weighted-average shares for per share calculation	<u>879</u>	<u>954</u>	<u>774</u>	<u>774</u>	<u>840</u>	<u>915</u>	<u>755</u>	<u>755</u>
Loss per share	<u>\$ (0.56)</u>	<u>\$ (0.58)</u>	<u>\$ (0.28)</u>	<u>\$ (0.28)</u>	<u>\$ (0.62)</u>	<u>\$ (0.65)</u>	<u>\$ (1.13)</u>	<u>\$ (1.13)</u>

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

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
	Exchangeable bonds	45	145	45
Share-based awards	11	19	11	18
Warrants	5	12	7	10

NOTE 10—CONTINGENCIES

Legal proceedings

Asbestos litigation—In 2014, several of our subsidiaries were named, along with numerous other unaffiliated defendants, in complaints filed in Louisiana. The plaintiffs, former employees of some of the defendants, generally allege that the defendants used or manufactured asbestos-containing drilling mud additives for use in connection with drilling operations, claiming negligence, products liability, strict liability and claims allowed under the Jones Act and general maritime law. One of our subsidiaries has been named in similar complaints filed in Illinois, Missouri and California. As of September 30, 2024, seven plaintiffs have claims pending in Louisiana and 19 plaintiffs in the aggregate have claims pending in either Illinois, Missouri, or California, in which we have or may have an interest. We intend to defend these lawsuits vigorously, although we can provide no assurance as to the outcome. We historically have maintained broad liability insurance, although we can provide no assurance as to whether insurance will cover the liabilities, if any, arising out of these claims. Based on our evaluation of the exposure to date, we do not expect the liability, if any, resulting from these claims to have a material adverse effect on our condensed consolidated statement of financial position, results of operations or cash flows.

One of our subsidiaries was named as a defendant, along with numerous other companies, in lawsuits arising out of the subsidiary's manufacture and sale of heat exchangers, and involvement in the construction and refurbishment of major industrial complexes alleging bodily injury or personal injury as a result of exposure to asbestos. As of September 30, 2024, the subsidiary was a defendant in approximately 332 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 December 2021, the subsidiary and certain insurers agreed to a settlement of outstanding disputes that provide the subsidiary with cash. An earlier settlement, achieved in September 2018, provided the subsidiary with cash and an annuity that begins making payments in 2024. 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 condensed consolidated statement of financial position, results of operations or cash flows.

Other matters—We are involved in various regulatory matters and a number of claims and lawsuits, asserted and unasserted, all of which have arisen in the ordinary course of our business. We do not expect the liability, if any, resulting from these other matters to have a material adverse effect on our condensed consolidated statement of financial position, results of operations or cash flows. We cannot

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predict with certainty the outcome or effect of any of the litigation matters specifically described above or of any such other pending, threatened, or possible litigation or liability. We can provide no assurance that our beliefs or expectations as to the outcome or effect of any tax, regulatory, lawsuit or other litigation matter will prove correct, and the eventual outcome of these matters could materially differ from management’s current estimates.

Environmental matters

We have certain potential liabilities under the Comprehensive Environmental Response, Compensation, and Liability Act (“CERCLA”) and similar state acts regulating cleanup of hazardous substances at various waste disposal sites, including those described below. CERCLA is intended to expedite the remediation of hazardous substances without regard to fault. Potentially responsible parties (“PRPs”) for each site include present and former owners and operators of, transporters to and generators of the substances at the site. It is difficult to quantify the potential cost of environmental matters and remediation obligations. Liability is strict and can be joint and several.

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

NOTE 11—EQUITY

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

Share issuance—In June 2024, we issued 55.5 million Transocean Ltd. shares with an aggregate fair value of \$297 million as partial consideration to acquire the outstanding 67.0 percent ownership interest in Orion. In September 2023, we issued 11.9 million Transocean Ltd. shares with an aggregate fair value of \$99 million to acquire the outstanding 80.0 percent ownership interest in Liquila. See [Note 4—Unconsolidated Affiliates](#), [Note 6—Long-Lived Assets](#) and [Note 7—Debt](#).

NOTE 12—FINANCIAL INSTRUMENTS

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

	September 30, 2024		December 31, 2023	
	Carrying amount	Fair value	Carrying amount	Fair value
Cash and cash equivalents	\$ 435	\$ 435	\$ 762	\$ 762
Restricted cash and cash equivalents	365	365	233	233
Long-term loans receivable from unconsolidated affiliates	10	10	6	6
Total debt	6,960	7,033	7,413	7,308

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

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

Long-term loans receivable from unconsolidated affiliates—The carrying amount of our long-term loans receivable from unconsolidated affiliates, recorded in other assets, represents the principal amount of the cash investment. We estimated the fair value of our long-term loans receivable from unconsolidated affiliates using significant unobservable inputs, representative of Level 3 fair value measurements, including the terms and credit spreads for the instruments.

Total debt—The carrying amount of our total debt represents the principal amount, contractual interest payments of previously restructured debt and unamortized discounts, premiums and issue costs. The carrying amount and fair value of our total debt includes amounts related to certain exchangeable debt instruments (see [Note 7—Debt](#)). We estimated the fair value of our total debt using significant

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other observable inputs, representative of Level 2 fair value measurements, including the terms and credit spreads for the instruments and, with respect to the exchangeable debt instruments, the expected volatility of the market price for our shares.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FORWARD-LOOKING INFORMATION

The statements included in this quarterly 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 quarterly report include, but are not limited to, statements about the following subjects:

- the effect of any 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 cash flow from operations, our revenue efficiency and other performance indicators and optimization of rig-based spending;
- 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 our industry, our rig classes or the various geographies in which we operate;
- customer drilling contracts, including contract backlog, force majeure provisions, contract awards, commencements, extensions, cancellations, terminations, renegotiations, contract option exercises, contract revenues, early termination fees, indemnity provisions and rig mobilizations;
- the addition of renewable or other energy alternatives to meet local, regional or global demand for energy, the commitment, by us or our customers, to reduce greenhouse gas emissions or operating intensity thereof;
- liquidity, including availability under our bank credit agreement, and adequacy of cash flows for our obligations;
- debt levels, including interest rates, credit ratings and our evaluation or decisions with respect to any potential liability management transactions or strategic alternatives intended to prudently manage our liquidity, debt maturities and other aspects of our capital structure and any litigation, potential or alleged defaults and discussions with creditors related thereto;
- newbuild, upgrade, shipyard, reactivations and other capital projects, including the level of expected capital expenditures and the timing and cost of completing capital projects, delivery and operating commencement dates, relinquishment or abandonment, expected downtime and lost revenues;
- the cost and timing of acquisitions, reactivations and the proceeds and timing of dispositions;
- tax matters, including our effective tax rate, uncertain tax positions, changes in tax laws, treaties and regulations, tax assessments, tax incentive programs 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, risk tolerance and risk response, including adequacy and solvency 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, benefit payments and maintaining agreements with labor unions.

Forward-looking statements in this quarterly 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" included in Part I of our annual report on [Form 10-K for the year ended December 31, 2023](#);
- 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, or improved, 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;
- the effects of public health threats, pandemics and epidemics and the potential adverse impacts thereof; and
- other factors discussed in this quarterly report and in our other 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.

INTRODUCTION

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 October 24, 2024, we owned or had partial ownership interests in and operated 34 mobile offshore drilling units, consisting of 26 ultra-deepwater floaters and eight harsh environment floaters.

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

We perform contract drilling services by deploying our high-specification fleet in a single, global market that is geographically dispersed in oil and gas exploration and development areas throughout the world. 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. 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.

Our discussion and analysis of our financial condition, operating results and liquidity and capital resources are based upon, and should be read in conjunction with, our condensed consolidated financial statements and the notes thereto, included under “[Item 1. Financial Statements](#)” in this quarterly report on Form 10-Q and with “Part II. Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our annual report on [Form 10-K for the year ended December 31, 2023](#).

HIGHLIGHTS

Acquisition—In June 2024, we transferred noncash consideration with an aggregate fair value of \$431 million, including \$130 million aggregate principal amount of the 8.00% senior notes due February 2027 (the “8.00% Senior Notes”) and 55.5 million Transocean Ltd. shares, to acquire the outstanding 67.0 percent ownership interest in Orion Holdings (Cayman) Limited (together with its subsidiary, “Orion”), the Cayman Islands company that owns the harsh environment floater *Transocean Norge*, as a result, Orion became our wholly owned subsidiary. See “—[Operating Results](#)” and “—Liquidity and Capital Resources—[Sources and uses of liquidity](#).”

Disposal of assets—In February 2024, we completed the sale of the harsh environment floaters *Paul B. Loyd, Jr.* and *Transocean Leader*, together with related assets, for aggregate net cash proceeds of \$49 million, including \$6 million received as a deposit in the year ended December 31, 2023. See “—[Operating Results](#)” and “—Liquidity and Capital Resources—[Sources and uses of liquidity](#).”

In July 2024, we completed the sale of the ultra-deepwater floater *Deepwater Nautilus* and related assets for aggregate net cash proceeds of \$53 million, including \$5 million received as a deposit in June 2024. In the nine months ended September 30, 2024, we recognized a loss of \$143 million (\$138 million or \$0.15 per diluted share, net of tax) associated with the impairment of the rig and related assets, which we determined were impaired at the time that we classified the assets as held for sale. See “—[Operating Results](#),” “—Liquidity and Capital Resources—[Sources and uses of liquidity](#).”

In September 2024, we executed purchase and sale agreements for the sale of the ultra-deepwater floaters *Development Driller III* and *Discoverer Inspiration*, together with related assets, for aggregate expected net cash proceeds of \$345 million, and we recognized a loss of \$629 million (\$617 million or \$0.67 per diluted share, net of tax), associated with the impairment of such assets, which we determined were impaired at the time that we classified the assets as held for sale. The transactions contemplated by the binding purchase and sale agreements are subject to customary closing conditions, including the buyers’ ability to secure financing for the purchases. We have extended the originally agreed closing dates and remain in discussions with the buyers. See “—[Operating Results](#),” “—Liquidity and Capital Resources—[Sources and uses of liquidity](#).”

Secured credit facility—In April 2024, we amended the credit agreement that established our secured credit facility (as amended from time to time, the “Secured Credit Facility”) to, among other things, (a) extend the maturity date from June 22, 2025 to June 22, 2028 and (b) reduce the borrowing capacity from \$600 million to \$576 million through June 22, 2025, and thereafter reduce the borrowing capacity to \$510 million through June 22, 2028. See “—Liquidity and Capital Resources—[Sources and uses of liquidity](#).”

Debt issuance—In April 2024, we issued \$900 million aggregate principal amount of 8.25% senior notes due May 2029 (the “8.25% Senior Notes”) and \$900 million aggregate principal amount of 8.50% senior notes due May 2031 (the “8.50% Senior Notes”), and we received \$1.77 billion aggregate cash proceeds, net of issue costs. See “—Liquidity and Capital Resources—[Sources and uses of liquidity](#).”

Debt tender offers—In April 2024, we made an aggregate cash payment of \$886 million, including related costs, to complete tender offers (the “Tender Offers”) for \$596 million and \$249 million aggregate principal amount of the validly tendered 11.50% senior guaranteed notes due January 2027 (the “11.50% Senior Guaranteed Notes”) and the 7.25% senior notes due November 2025 (the “7.25% Senior Notes”), respectively. See “—Liquidity and Capital Resources—[Sources and uses of liquidity](#).”

Debt redemption—In April 2024, we made an aggregate cash payment of \$658 million, including related costs, to fully redeem \$569 million aggregate principal amount of the 7.50% senior notes due January 2026 and partially redeem \$87 million aggregate principal amount of the 8.00% Senior Notes. In the nine months ended September 30, 2024, we made an aggregate cash payment of \$204 million to redeem the remaining \$105 million aggregate principal amount of the 7.25% Senior Notes and \$91 million aggregate principal amount of the 11.50% Senior Guaranteed Notes outstanding following the completion of the Tender Offers. See “—Liquidity and Capital Resources—[Sources and uses of liquidity](#).”

OUTLOOK

Drilling market—Our industry outlook is positive based upon underlying economic factors, including numerous long-term forecasts that indicate hydrocarbons will continue to be a critical source of energy for the foreseeable future, despite significant relative growth in alternative energy technologies, which remain less economical versus hydrocarbons. Economic forecasts indicate that countries that are not members of the Organization for Economic Co-operation and Development will continue to experience population growth and improvement in living standards, which will compound the increase in energy demand for the foreseeable future. We believe that these factors will contribute to robust demand for oil and gas.

The existing supply of oil and gas is depleting and requires replenishment. The replacement of reserves remains critically important given the significant underinvestment during the last several years and the challenges to new exploration and production investments imposed on many industry participants by investors and the governments of oil and gas producing nations. Additionally, energy security will remain an important geopolitical factor across Europe, the U.S. and elsewhere with the growing understanding that hydrocarbons are not easily displaced by alternatives for much of the world’s energy needs.

With deepwater and harsh environment fields generating favorable economic returns and relatively lower carbon intensity than other hydrocarbon sources, we expect a significant portion of the required spending in fossil fuel development will continue to be allocated to deepwater and harsh environment projects. Although the price for oil may continue to exhibit volatility in response to factors outside of our control, including uncertainty about future output from the major oil and gas producing countries, interest rate changes, geopolitical events and global economic growth, we nevertheless expect prices to remain at levels that continue to be supportive of investment in deepwater and harsh environment exploration and development projects.

Significantly reduced offshore contracting activity during the previous downcycle has also resulted in a smaller marketable global fleet of floating rigs available to meet the current upcycle in expected customer demands, specifically with respect to the highest specification drilling units preferred by many of our customers for their projects. Marketable supply and demand for ultra-deepwater and harsh environment rigs is more balanced, and our customers are planning further into the future to ensure availability of rigs for their drilling programs and are signing contracts with longer lead times and durations, as well as higher dayrates. Our customers continue to pursue offshore projects in deepwater and harsh environments where rates of return and production volumes are anticipated to be very attractive, which is reflected in the resumption of postponed projects, commencement of new drilling and exploration campaigns and extensions of current drilling campaigns.

Offshore drilling activity remains robust in every major deepwater geographic sector. Several new exploration and development programs have commenced as our customers return their focus to reserve replacement. Consequently, tendering activity improved meaningfully during 2023. Several multi-year tenders and direct negotiations for work in Brazil, West Africa, North America and Australia were awarded and many tenders in these sectors remain active and are still expected to be awarded in the final quarter of 2024.

South America, the U.S. Gulf of Mexico and, increasingly, Africa are key ultra-deepwater market sectors. In the last two years, we observed sustained increases in dayrates for projects in the U.S. Gulf of Mexico and Brazil, and we are seeing these trends expand to other deepwater sectors.

In Norway, the largest region for harsh environment rigs, we anticipate demand will accelerate and extend through at least 2028. Several rigs have departed the region to work in other emerging harsh environment regions that require high-specification, high-efficiency semisubmersibles. Contract durations, including subsequent extensions, on most of these units along with other factors affecting supply and demand for drilling rigs are likely to have a favorable influence on dayrates and contracting terms as competition increases for high-specification, high-efficiency semisubmersibles.

As we project that this demand for both our asset groups will be sustained in the coming years, and as there are now fewer high-specification offshore drilling rigs capable of operating, we believe this demand may prompt the reactivation of cold stacked rigs and the delivery of remaining stranded newbuild assets.

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 and is not committed

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to a shipyard. The uncommitted fleet rates exclude the effect of priced options. As of October 24, 2024, the uncommitted fleet rates for the remainder of 2024 and each of the four years in the period ending December 31, 2028 were as follows:

	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>
<u>Uncommitted fleet rate</u>					
Ultra-deepwater floaters	35 %	37 %	53 %	72 %	87 %
Harsh environment floaters	13 %	13 %	43 %	83 %	95 %

PERFORMANCE AND OTHER KEY INDICATORS

Contract backlog—We believe our industry-leading contract backlog sets us apart from the competition and provides indicators of our future revenue-earning opportunities. 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 material 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:

	<u>October 24, 2024</u>	<u>July 24, 2024</u> <small>(in millions)</small>	<u>February 14, 2024</u>
<u>Contract backlog</u>			
Ultra-deepwater floaters	\$ 7,144	\$ 6,666	\$ 6,951
Harsh environment floaters	2,144	1,975	2,057
Total contract backlog	<u>\$ 9,288</u>	<u>\$ 8,641</u>	<u>\$ 9,008</u>

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.

The contractual operating dayrate may be higher than the actual dayrate we ultimately receive because 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, suspension of operations and other factors. In certain contracts, the actual dayrate may be reduced to zero if, for example, repairs extend beyond a stated period of time.

Average daily revenue—We believe average daily revenue provides a comparative measurement unit for our revenue-earning performance. Average daily revenue is defined as operating revenues, excluding revenues for contract terminations, reimbursements and contract intangible amortization, earned per operating day. 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. The average daily revenue for our fleet was as follows:

	<u>Three months ended</u>		
	<u>September 30, 2024</u>	<u>June 30, 2024</u>	<u>September 30, 2023</u>
<u>Average daily revenue</u>			
Ultra-deepwater floaters	\$ 426,700	\$ 433,900	\$ 406,500
Harsh environment floaters	\$ 464,900	\$ 449,600	\$ 357,400
Total fleet average daily revenue	<u>\$ 436,800</u>	<u>\$ 438,300</u>	<u>\$ 391,300</u>

Our average daily revenue fluctuates relative to market conditions and our revenue efficiency. The average daily revenue may be affected by incentive performance bonuses or penalties or demobilization fee revenues. Revenues for a newbuild unit are included in the calculation when the rig commences operations upon acceptance by the customer. We remove a rig from the calculation upon disposal or classification as held for sale, unless we continue to operate the rig, in which case we remove the rig upon completion or novation of the contract.

Revenue efficiency—We believe revenue efficiency measures our ability to ultimately convert our contract backlog into revenues. Revenue efficiency is defined as actual operating 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

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revenue is defined as the greatest amount of contract drilling revenues the drilling unit could earn for the measurement period, excluding revenues for incentive provisions, reimbursements and contract terminations. The revenue efficiency rates for our fleet were as follows:

	Three months ended		
	September 30, 2024	June 30, 2024	September 30, 2023
Revenue efficiency			
Ultra-deepwater floaters	92.5 %	96.5 %	94.3 %
Harsh environment floaters	100.1 %	98.1 %	98.1 %
Total fleet average revenue efficiency	94.5 %	96.9 %	95.4 %

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—We present our rig utilization as an indicator of our ability to secure work for our fleet. 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:

	Three months ended		
	September 30, 2024	June 30, 2024	September 30, 2023
Rig utilization			
Ultra-deepwater floaters	60.7 %	53.5 %	45.0 %
Harsh environment floaters	75.0 %	73.0 %	63.0 %
Total fleet average rig utilization	63.9 %	57.8 %	49.4 %

Our rig utilization rate declines as a result of idle and stacked rigs and during shipyard, contract preparation and mobilization periods. We include newbuilds in the calculation when the rigs commence operations upon acceptance by the customer. We remove a rig from the calculation upon disposal or classification as held for sale, unless we continue to operate the rig, in which case we remove the rig upon completion or novation of the contract. Accordingly, our rig utilization can increase when we remove idle or stacked units from our fleet.

OPERATING RESULTS

Three months ended September 30, 2024 compared to the three months ended September 30, 2023

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.

	Three months ended September 30,		Change	% Change
	2024	2023		
	(In millions, except day amounts and percentages)			
Operating days	2,082	1,682	400	24 %
Average daily revenue	\$ 436,800	\$ 391,300	\$ 45,500	12 %
Revenue efficiency	94.5 %	95.4 %		
Rig utilization	63.9 %	49.4 %		
Contract drilling revenues	\$ 948	\$ 713	\$ 235	33 %
Operating and maintenance expense	(563)	(524)	(39)	(7)%
Depreciation and amortization expense	(190)	(192)	2	1 %
General and administrative expense	(47)	(44)	(3)	(7)%
Loss on impairment of assets	(629)	(5)	(624)	nm
Loss on disposal of assets, net	(4)	(3)	(1)	(33)%
Operating loss	(485)	(55)	(430)	nm
Other income (expense), net				
Interest income	11	12	(1)	(8)%
Interest expense, net of amounts capitalized	(80)	(232)	152	66 %
Gain on retirement of debt	21	—	21	nm
Other, net	8	12	(4)	(33)%
Loss before income tax benefit	(525)	(263)	(262)	nm
Income tax benefit	31	43	(12)	(28)%
Net loss	\$ (494)	\$ (220)	\$ (274)	nm

“nm” means not meaningful.

Contract drilling revenues—Contract drilling revenues increased for the three months ended September 30, 2024, compared to the three months ended September 30, 2023, primarily due to the following: (a) approximately \$210 million resulting from increased utilization, (b) approximately \$55 million resulting from improved average daily revenues, (c) approximately \$35 million resulting from operations of our newbuild ultra-deepwater floater *Deepwater Aquila* and (d) approximately \$10 million resulting from decreased amortization of contract intangible assets. These increases were partially offset by the following: (a) approximately \$55 million resulting from rigs sold or classified as held for sale, (b) approximately \$15 million resulting from early termination fees in the three months ended September 30, 2023 with no comparable activity in the current-year period and (c) approximately \$5 million resulting from lower reimbursement revenues.

Costs and expenses—Operating and maintenance costs and expenses increased for the three months ended September 30, 2024, compared to the three months ended September 30, 2023, primarily due to the following: (a) approximately \$95 million resulting from increased operating activity, (b) approximately \$20 million resulting from the operations of our newbuild ultra-deepwater floater *Deepwater Aquila*, (c) approximately \$20 million resulting from incremental in-service costs related to additional services and (d) approximately \$15 million resulting from the effect of inflation on personnel and other operating costs. These increases were partially offset by the following: (a) approximately \$55 million resulting from rigs sold or classified as held for sale, (b) approximately \$40 million resulting from lower costs incurred during contract preparation, (c) approximately \$10 million resulting from the operations of the harsh environment floater *Transocean Norge* and (d) approximately \$5 million resulting from lower reimbursable costs.

Depreciation and amortization expense decreased for the three months ended September 30, 2024, compared to the three months ended September 30, 2023, primarily due to decreases of (a) \$7 million resulting from rigs sold or classified as held for sale and (b) \$5 million resulting from assets that had reached the end of their useful lives, had been retired or from other operating activities, partially offset by an increase of (c) \$10 million resulting from three newbuild ultra-deepwater floaters, one acquired harsh environment floater and other property and equipment placed into service.

General and administrative costs and expenses increased for the three months ended September 30, 2024, compared to the three months ended September 30, 2023, primarily due to approximately \$5 million resulting from increased personnel costs.

Loss on impairment of assets—In the three months ended September 30, 2024, we recognized a loss of \$629 million associated with the impairment of *Development Driller III* and *Discoverer Inspiration* together with related assets.

Other income and expense—Interest expense, net of amounts capitalized, decreased in the three months ended September 30, 2024, compared to the three months ended September 30, 2023, primarily due to the following: (a) \$167 million decreased interest resulting from the change to the fair value of the bifurcated compound exchange feature embedded in the indenture governing the 4.625% senior guaranteed exchangeable bonds due September 2029 (“4.625% Senior Guaranteed Exchangeable Bonds”) and (b) \$23 million decreased interest resulting from debt repaid as scheduled or early retired, partially offset by, (c) \$44 million increased interest resulting from debt issued.

In the three months ended September 30, 2024, we recognized a net gain of \$21 million associated with the redemption of \$91 million aggregate principal amount of the 11.50% Senior Guaranteed Notes.

Other income, net, decreased in the three months ended September 30, 2024, compared to the three months ended September 30, 2023, primarily due to (a) decreased income of \$8 million related to our dual-activity patent, partially offset by (c) decreased losses of \$3 million related to our equity investments in unconsolidated affiliates.

Income tax benefit—In the three months ended September 30, 2024 and 2023, our effective tax rate was 6.0 percent and 16.3 percent, respectively, based on loss before income tax benefit. In the three months ended September 30, 2024 and 2023, the effect of various discrete period tax items was a net tax benefit of \$50 million and \$65 million, respectively. In the three months ended September 30, 2024, such discrete items included changes to deferred taxes resulting from asset impairments and changes to valuation allowances. In the three months ended September 30, 2023, such discrete items included settlement of various uncertain tax positions and changes to valuation allowances. In the three months ended September 30, 2024 and 2023, our effective tax rate, excluding discrete items, was 22.5 percent and (8.7) percent, respectively, based on loss before income tax benefit.

Due to our operating activities and organizational structure, our income tax expense does not change proportionally with our income before income taxes. We may have subsidiaries with tax expense on taxable earnings that exceeds the tax benefits in other jurisdictions, or vice versa, which sometimes results in a negative effective tax rate or unusually high effective tax rates relative to consolidated losses before income taxes. Our earnings are unevenly distributed across jurisdictions and may experience variability in timing among interim periods throughout the year and such variability may influence the allocation of income tax expense or benefit to the respective interim period. The annual effective tax rate used to allocate income tax expense or benefit to interim periods may also be influenced by the removal of loss jurisdictions from the calculations. 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.

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Nine months ended September 30, 2024 compared to the nine months ended September 30, 2023

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.

	<u>Nine months ended September 30,</u>		<u>Change</u>	<u>% Change</u>
	<u>2024</u>	<u>2023</u>		
	(In millions, except day amounts and percentages)			
Operating days	5,757	5,288	469	9 %
Average daily revenue	\$ 428,400	\$ 373,800	\$ 54,600	15 %
Revenue efficiency	94.8 %	96.8 %		
Rig utilization	58.5 %	52.0 %		
Contract drilling revenues	\$ 2,572	\$ 2,091	\$ 481	23 %
Operating and maintenance expense	(1,620)	(1,417)	(203)	(14)%
Depreciation and amortization expense	(559)	(560)	1	nm
General and administrative expense	(158)	(137)	(21)	(15)%
Loss on impairment of assets	(772)	(58)	(714)	nm
Loss on disposal of assets, net	(10)	(173)	163	94 %
Operating loss	(547)	(254)	(293)	nm
Other income (expense), net				
Interest income	40	42	(2)	(5)%
Interest expense, net of amounts capitalized	(271)	(649)	378	58 %
Gain (loss) on retirement of debt	161	(32)	193	nm
Other, net	32	35	(3)	(9)%
Loss before income tax benefit	(585)	(858)	273	32 %
Income tax benefit	66	8	58	nm
Net loss	\$ (519)	\$ (850)	\$ 331	39 %

“nm” means not meaningful.

Contract drilling revenues—Contract drilling revenues increased for the nine months ended September 30, 2024, compared to the nine months ended September 30, 2023, primarily due to the following: (a) approximately \$305 million resulting from increased utilization, (b) approximately \$215 million resulting from improved average daily revenues, (c) approximately \$100 million resulting from the operations of our newbuild ultra-deepwater floaters *Deepwater Titan* and *Deepwater Aquila*, (d) approximately \$60 million resulting from increased activity for the operations of the harsh environment floater *Transocean Norge* and (e) approximately \$40 million resulting from decreased amortization of contract intangible assets.

These increases were partially offset by the following: (a) approximately \$185 million resulting from rigs sold or classified as held for sale, (b) approximately \$35 million resulting from early termination fees in the nine months ended September 30, 2023 with no comparable activity in the current-year period and (c) approximately \$20 million resulting from decreased revenue efficiency for the comparable active fleet.

Costs and expenses—Operating and maintenance costs and expenses increased for the nine months ended September 30, 2024, compared to the nine months ended September 30, 2023, primarily due to the following: (a) approximately \$150 million resulting from increased operating activity, (b) approximately \$55 million resulting from the effect of inflation on personnel and other operating costs, (c) approximately \$50 million resulting from the operations of our newbuild ultra-deepwater floaters *Deepwater Titan* and *Deepwater Aquila*, (d) approximately \$50 million resulting from incremental in-service costs related to additional services, (e) approximately \$40 million resulting from the operations of the harsh environment floater *Transocean Norge*, (f) approximately \$25 million resulting from increased in-service maintenance costs for the comparable fleet, (g) approximately \$15 million resulting from out-of-service costs and (h) approximately \$10 million resulting from increased costs associated with early retirement of certain personnel. These increases were partially offset by the following: (a) approximately \$140 million resulting from rigs sold or classified as held for sale, (b) approximately \$25 million resulting from lower costs incurred during contract preparation, (c) approximately \$15 million resulting from favorable settlements of various litigation and contingencies and (d) approximately \$10 million resulting from favorable currency exchange rates.

Depreciation and amortization expense decreased for the nine months ended September 30, 2024, compared to the nine months ended September 30, 2023, primarily due to decreases of (a) \$18 million resulting from rigs sold or classified as held for sale and (b) \$9 million resulting from assets that had reached the end of their useful lives, had been retired or from other operating activities, partially offset by an increase of (c) \$27 million resulting from three newbuild ultra-deepwater floaters, one acquired harsh environment floater and other property and equipment placed into service.

General and administrative costs and expenses increased for the nine months ended September 30, 2024, compared to the nine months ended September 30, 2023, primarily due to (a) approximately \$16 million resulting from increased personnel costs, primarily resulting from costs associated with the early retirement of certain personnel, and (b) approximately \$10 million resulting from increased legal and professional fees.

Loss on impairment or disposal of assets—In the nine months ended September 30, 2024, we recognized a loss of \$772 million associated with the impairment of *Deepwater Nautilus*, *Development Driller III* and *Discoverer Inspiration*, together with related assets. In the nine months ended September 30, 2023, we recognized a loss of \$58 million associated with the impairment of *Paul B. Loyd, Jr.* and *Transocean Leader*, together with related assets.

In the nine months ended September 30, 2023, we recognized a loss of \$169 million associated with our non-cash contribution of the ultra-deepwater drillship *Ocean Rig Olympia* and related assets for a noncontrolling ownership interest in an unconsolidated affiliate. In the nine months ended September 30, 2024 and 2023, we recognized an aggregate net loss of \$10 million and \$4 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 nine months ended September 30, 2024, compared to the nine months ended September 30, 2023, primarily due to the following: (a) \$425 million decreased interest resulting from the fair value adjustment of the bifurcated compound exchange feature embedded in the indenture governing the 4.625% Senior Guaranteed Exchangeable Bonds and (b) approximately \$51 million decreased interest resulting from debt repaid as scheduled or early retired, partially offset by, (c) approximately \$95 million increased interest resulting from debt issued and (d) \$18 million increased interest resulting from reduced interest costs capitalized for our newbuild construction program.

In the nine months ended September 30, 2024, we recognized a net gain on retirement of debt as follows: (a) a net gain of \$144 million resulting from retirement of notes validly tendered in the Tender Offers and (b) a net gain of \$17 million associated with the redemption of \$852 million aggregate principal amount of our debt securities. In the nine months ended September 30, 2023, we recognized a net loss of \$32 million associated with the redemption of \$1.38 billion aggregate principal amount of our debt securities.

Other income, net, decreased in the nine months ended September 30, 2024, compared to the nine months ended September 30, 2023, primarily due to (a) decreased income of \$18 million related to our dual-activity patent, partially offset by (b) decreased losses of \$11 million related to our equity investments in unconsolidated affiliates.

Income tax benefit—In the nine months ended September 30, 2024 and 2023, our effective tax rate was 11.3 percent and 0.9 percent, respectively, based on loss before income tax benefit. In the nine months ended September 30, 2024 and 2023, the effect of various discrete period tax items was a net tax benefit of \$178 million and \$77 million, respectively. In the nine months ended September 30, 2024, such discrete items included changes to deferred taxes resulting from operational and structural changes related to rig movements and asset impairments, changes to valuation allowances and settlements of various uncertain tax positions. In the nine months ended September 30, 2023, such discrete items included settlement and expirations of various uncertain tax positions, changes to valuation allowance and changes to deferred taxes due to new rig operations. In the nine months ended September 30, 2024 and 2023, our effective tax rate, excluding discrete items, was 364.0 percent and (11.7) percent, respectively, based on loss before income tax benefit.

Due to our operating activities and organizational structure, our income tax expense does not change proportionally with our income before income taxes. We may have subsidiaries with tax expense on taxable earnings that exceeds the tax benefits in other jurisdictions, or vice versa, which sometimes results in a negative effective tax rate or unusually high effective tax rates relative to consolidated losses before income taxes. Our earnings are unevenly distributed across jurisdictions and may experience variability in timing among interim periods throughout the year and such variability may influence the allocation of income tax expense or benefit to the respective interim period. The annual effective tax rate used to allocate income tax expense or benefit to interim periods may also be influenced by the removal of loss jurisdictions from the calculations. 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

In the nine months ended September 30, 2024, our primary sources of cash were net cash proceeds from issuance of debt, disposal of assets and cash provided by operating activities. Our primary uses of cash were debt repayments and capital expenditures.

	Nine months ended September 30,		Change
	2024	2023 (in millions)	
Cash flows from operating activities			
Net loss	\$ (519)	\$ (850)	\$ 331
Non-cash items, net	1,016	1,230	(214)
Changes in operating assets and liabilities, net	(256)	(314)	58
	<u>\$ 241</u>	<u>\$ 66</u>	<u>\$ 175</u>

Net cash provided by operating activities increased primarily due to increased cash collected from customers, partially offset by increased cash paid to suppliers.

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	Nine months ended September 30,		Change
	2024	2023 (in millions)	
Cash flows from investing activities			
Capital expenditures	\$ (225)	\$ (207)	\$ (18)
Investments in debt and equity of unconsolidated affiliates	(3)	(13)	10
Proceeds from disposal of assets, net of costs to sell	99	10	89
Cash acquired in acquisition of unconsolidated affiliate	5	7	(2)
	<u>\$ (124)</u>	<u>\$ (203)</u>	<u>\$ 79</u>

Net cash used in investing activities decreased primarily due to increased proceeds from disposal of one ultra-deepwater floater and two harsh environment floaters in the nine months ended September 30, 2024.

	Nine months ended September 30,		Change
	2024	2023 (in millions)	
Cash flows from financing activities			
Repayments of debt	\$ (2,073)	\$ (1,707)	\$ (366)
Proceeds from issuance of debt, net of issue costs	1,767	1,664	103
Other, net	(6)	(3)	(3)
	<u>\$ (312)</u>	<u>\$ (46)</u>	<u>\$ (266)</u>

Net cash used in financing activities increased primarily due to (a) increased net cash used to early retire \$1.70 billion aggregate principal amount of certain of our debt securities in the nine months ended September 30, 2024 compared to \$1.38 billion aggregate principal amount of certain of our debt securities in the prior-year period, partially offset by (b) increased net cash proceeds from the issuance of \$900 million aggregate principal amount of 8.25% Senior Notes and \$900 million aggregate principal amount of 8.50% Senior Notes in the nine months ended September 30, 2024 compared to net cash proceeds from the issuance of \$1.175 billion aggregate principal amount of 8.75% senior secured notes due February 2030 and \$525 million aggregate principal amount of 8.375% senior secured notes due February 2028 in the prior-year period.

Sources and uses of liquidity

Overview—We expect to use existing unrestricted cash balances, cash flows from operating activities, borrowings under our Secured Credit Facility or proceeds from the disposal of assets, the issuance of debt or shares to fulfill anticipated near-term obligations, which may include capital expenditures, working capital and other operational requirements, scheduled debt maturities, or other debt-related deposits or reservations of unrestricted cash, or make other payments. At September 30, 2024, we had \$435 million in unrestricted cash and cash equivalents and \$365 million in restricted cash and cash equivalents. We have generated positive cash flows from operating activities over recent years and, although we cannot provide assurances, we expect that such cash flows will continue to be positive over the next year. For example, among other factors, if we incur costs for reactivation or contract preparation of multiple rigs or to otherwise assure the marketability of our fleet or general economic, financial, industry or business conditions deteriorate, our cash flows from operations may be reduced or negative.

We have a Secured Credit Facility that provides us with a borrowing capacity of \$576 million through June 22, 2025 and \$510 million through its maturity on June 22, 2028. Our Secured Credit Facility, which is secured by, among other things, a lien on eight of our ultra-deepwater floaters and two of our harsh environment floaters, contains certain restrictive covenants, including a minimum guarantee coverage ratio of 3.0 to 1.0, a minimum collateral coverage ratio of 2.1 to 1.0 and a minimum liquidity requirement of \$200 million, among others. The Secured Credit Facility also restricts the ability of Transocean Ltd. and certain of our subsidiaries to, among other things, merge, consolidate or otherwise make changes to the corporate structure, incur liens, incur additional indebtedness, enter into transactions with affiliates and permits, subject to certain conditions, the ability to pay dividends and repurchase our shares. For more information about our Secured Credit Facility, as well as our outstanding debt and debt transactions, see Notes to Condensed Consolidated Financial Statements—[Note 7—Debt](#).

Although we currently anticipate relying on these sources of liquidity, including cash flows from operating activities and borrowings under our Secured Credit Facility, among others, we may in the future consider establishing additional financing arrangements with banks or other capital providers, and subject to market conditions and other factors, we may be required to provide collateral for any such future financing arrangements. Our secured indentures include collateral rig leverage ratios, and in the past, during periods when certain of these rigs have experienced reduced levels of operating efficiency or utilization, we have deposited unrestricted cash into the applicable debt service reserve account to maintain compliance with the applicable covenant. We may in the future deposit a portion of our unrestricted cash or, in lieu thereof, take other actions, including seeking covenant relief or other consents of holders of certain of our secured debt, as applicable.

Debt and equity markets—From time to time, we seek to access the capital markets, including with respect to potential liability management transactions. For example, we have completed multiple debt and equity transactions, including tender offers, redemptions, exchanges and retirement of existing debt, in connection with our ongoing efforts to prudently manage our capital structure and improve our

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liquidity position. Subject to then-existing market conditions and our expected liquidity needs, among other factors, we may use existing unrestricted cash balances, cash flows from operating activities, or proceeds from asset sales to pursue liability management transactions, including among others, purchasing or exchanging any of our debt or equity-linked securities in the open market, in privately negotiated transactions, or through tender or exchange offers, or by redeeming any of our outstanding debt securities pursuant to the terms of the applicable governing document, if applicable. 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. We can provide 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. For more information about our previous debt issuance, exchange, repayment, redemption and retirement transactions, see Notes to Condensed Consolidated Financial Statements—[Note 7—Debt](#).

Our ability and willingness to access the debt and equity markets is a function of a variety of factors, including, among others, general economic, industry or market conditions, market perceptions of us and our industry and credit rating agencies' views of our debt. General economic or market conditions could have an adverse effect on our business and financial position and on the business and financial position of our customers, suppliers and lenders and could affect our ability to access the capital markets on acceptable terms or at all and 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 could impact our liquidity or cause us to need to alter our allocation or sources of capital, implement further cost reduction measures and change our financial strategy. Additionally, the rating of our long-term debt is below investment grade, which is causing us to experience increased fees and interest rates under our Secured Credit Facility and indentures 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.

Drilling fleet—From time to time, we review possible acquisitions of businesses and drilling rigs, as well as noncontrolling ownership interests in other companies, and we 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. Any such acquisition or investment has and in the future 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 subsequently secure drilling contracts in these instances, if not already secured, could have an adverse effect on our results of operations or cash flows.

In June 2024, we completed construction of the ultra-deepwater drillship *Deepwater Aquila*, and it commenced operations under its drilling contract. The seventh generation, high-specification drillship is equipped with our patented dual activity, a 1,400 short-ton hookload, large deck space, high load capacities and is dual-stack ready. As of September 30, 2024, the full scope of the construction project for the rig and related assets was substantially completed for a total cost of approximately \$440 million.

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 for our projected capital expenditures by using 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.

From time to time, we may also review the possible disposition of certain drilling assets. During the nine months ended September 30, 2024, we completed the sale of one ultra-deepwater floater and two harsh environment floaters, and we committed to the sale of two additional ultra-deepwater floaters. Considering market conditions, we have previously committed to plans to sell certain lower specification drilling units for scrap value, and we may identify additional lower-specification drilling units to be sold for scrap, recycling or alternative purposes. See Notes to Condensed Consolidated Financial Statements—[Note 6—Long-Lived Assets](#).

Contractual obligations and other commercial commitments—As of September 30, 2024, with the exception of the following, there have been no material changes to our contractual obligations or other commercial commitments as previously disclosed in “Part II. Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our annual report on [Form 10-K for the year ended December 31, 2023](#). In the nine months ended September 30, 2024, we completed certain liability management transactions, including the issuance and retirement of certain debt securities. For additional information about changes to our debt obligations and scheduled maturities that resulted from these transactions, see Notes to Condensed Consolidated Financial Statements—[Note 7—Debt](#).

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

As of September 30, 2024, there have been no material changes to the critical accounting policies and estimates that we use as a basis for applying judgments, assumptions and estimates to prepare our condensed consolidated financial statements, as previously disclosed in “Part II. Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies and Estimates” in our annual report on [Form 10-K for the year ended December 31, 2023](#).



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 Condensed Consolidated Financial Statements—[Note 10—Contingencies](#).

Tax matters

We conduct operations through our various subsidiaries in countries throughout the world. Each country has its own tax regimes with varying statutory rates, deductions and tax attributes, which are subject to changes resulting from new legislation, interpretation or guidance. From time to time, as a result of these changes, we may revise previously evaluated tax positions, which could cause us to adjust our recorded tax assets and liabilities. Tax authorities in certain jurisdictions are examining our tax returns and, in some cases, have issued assessments. We intend to defend our tax positions vigorously. Although we can provide no assurance as to the outcome of the aforementioned changes, examinations or assessments, we do not expect the ultimate liability to have a material adverse effect on our condensed consolidated statement of financial position or results of operations; however, it could have a material adverse effect on our condensed consolidated statement of cash flows. See Notes to Condensed Consolidated Financial Statements—[Note 8—Income Taxes](#).

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Overview—We are exposed to the following market risks: (a) interest rate risk, primarily associated with our long-term debt, including current maturities, (b) equity price risk related to certain of our exchangeable bonds and (c) currency exchange rate risk related to our international operations. As of September 30, 2024, with the exception of the following, there have been no material changes to our market risks as previously disclosed in “Part II. Item 7A. Quantitative and Qualitative Disclosures About Market Risk” in our annual report on [Form 10-K for the year ended December 31, 2023](#).

Interest rate risk—The following table presents the scheduled installment amounts and related weighted-average interest rates of our long-term debt instruments by contractual maturity date. The following table presents information as of September 30, 2024 (in millions, except interest rate percentages):

	Twelve months ending September 30,					Thereafter	Total	Fair value
	2025	2026	2027	2028	2029			
Debt								
Fixed rate (USD)	\$ 480	\$ 767	\$ 1,293	\$ 664	\$ 1,276	\$ 2,494	\$ 6,974	\$ 7,033
Average interest rate	7.19 %	6.26 %	7.64 %	7.83 %	7.56 %	8.03 %		

At September 30, 2024 and December 31, 2023, the fair value of our outstanding debt was \$7.03 billion and \$7.31 billion, respectively. During the nine months ended September 30, 2024, the fair value of our debt decreased by \$275 million due to the following: (a) a decrease of \$1.69 billion resulting from debt retired in tender offers and redemptions, (b) a decrease of \$322 million resulting from scheduled repayments and (c) a net decrease of \$179 million resulting from changes in the market prices of our outstanding debt, partially offset by (d) an increase of \$1.79 billion resulting from the issuance of the 8.25% senior notes due May 2029 and the 8.50% senior notes due May 2031 and (e) an increase of \$130 million resulting from the issuance of the 8.00% senior notes due February 2027 as partial consideration to acquire the outstanding ownership interests of Orion Holdings (Cayman) Limited.

ITEM 4. 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 United States (the “U.S.”) Securities Exchange Act of 1934 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 September 30, 2024.

Internal control over financial reporting—There were no changes to our internal control over financial reporting during the quarter ended September 30, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Transocean Ltd. (together with its subsidiaries and predecessors, unless the context requires otherwise, “Transocean,” “we,” “us,” or “our”) has 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 our annual report on [Form 10-K for the year ended December 31, 2023](#). 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 11—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 our annual report on [Form 10-K for the year ended December 31, 2023](#). All such actions, claims, tax and other matters are incorporated herein by reference.

As of September 30, 2024, we were involved in a number of other lawsuits, regulatory matters, disputes and claims, asserted and unasserted, all of which constitute ordinary routine litigation incidental to our business and for which we do not expect the liability, if any, to have a material adverse effect on our condensed 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, threatened or possible litigation or legal proceedings. We can provide 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.

On December 17, 2021, Transocean Offshore Deepwater Drilling Inc. (“TODDI”), our wholly owned subsidiary, received a letter from the United States (“U.S.”), Department of Justice (the “DOJ”) related to alleged violations by our subsidiary of its Clean Water Act (“CWA”) National Pollutant Discharge Elimination System permit for the western Gulf of Mexico (“Permit”). The alleged violations, involving seven of our drillships, were identified by the U.S. Environmental Protection Agency (“EPA”) following an initial inspection in 2018 of our compliance with the Permit and the CWA and relate to deficiencies with respect to administrative monitoring and reporting obligations. In connection with the initial EPA inspection, we initiated modifications to our Permit and CWA compliance processes and maintained a dialogue with the EPA regarding the design and implementation of enhancements to these processes. At the DOJ’s invitation, in an effort to resolve the matter, we initiated settlement discussions with the DOJ, which concluded with the execution of a civil consent decree by and between the DOJ, EPA, and TODDI, effective January 3, 2024 (the “Consent Decree”), that resolved the claims of the DOJ based upon the alleged violations of our Permit and the CWA. Pursuant to the Consent Decree, we agreed to pay an immaterial monetary civil penalty, and we further agreed (i) to take or continue to take certain corrective actions to ensure current and future Permit and CWA compliance, including implementing certain procedures and submitting reports and other information, in each case according to the timelines and as described in the Consent Decree, (ii) to appoint an independent auditor to review, audit and report on our compliance with certain of our obligations thereunder, and (iii) to certain non-exclusive stipulated monetary penalties if we fail to comply with applicable provisions of the Consent Decree. We may request termination of the Consent Decree after we have (x) completed timely the civil penalty payment and any accrued stipulated penalty requirements of the Consent Decree, and (y) maintained continuous satisfactory compliance with the Consent Decree for at least three years. We do not believe that the enforcement of the Consent Decree would have a material adverse effect on our condensed consolidated financial position, results of operations or cash flows.

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 occurred or will occur; however, we can provide no assurance as to the outcome of these matters.

ITEM 1A. RISK FACTORS

There have been no material changes to the risk factors as previously disclosed in “Part I. Item 1A. Risk Factors” in our annual report on [Form 10-K for the year ended December 31, 2023](#).

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

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	Approximate dollar value of shares that may yet be purchased under the plans or programs (in millions) (a)
July 2024	—	\$ —	—	\$ 3,835
August 2024	—	—	—	3,835
September 2024	—	—	—	3,835
Total	—	\$ —	—	\$ 3,835

(a) In May 2009, at our annual general meeting, shareholders approved and authorized our board of directors, at its discretion, to repurchase for cancellation any amount of our shares for an aggregate purchase price of up to CHF 3.50 billion. At September 30, 2024, the authorization remaining

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under the share repurchase program was for the repurchase of our outstanding shares for an aggregate purchase price of up to CHF 3.24 billion, equivalent to \$3.84 billion. The share repurchase program could be suspended or discontinued by our board of directors or company management, as applicable, at any time.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

On August 27, 2024, Mr. Keelan Adamson, President and Chief Operating Officer of Transocean, terminated his Rule 10b5-1 trading arrangement (as defined in Item 408 of Regulation S-K of the Securities Act of 1933), which was intended to satisfy the affirmative defense of Rule 10b5-1(c) (the “Plan”). The Plan, which was adopted on December 19, 2023, provided for the sale of up to 211,308 Transocean Ltd. shares through the earlier of Plan’s expiration on December 19, 2024, the completion of all authorized transactions thereunder or the termination of the Plan, in each case in accordance with the terms thereof.

ITEM 6. EXHIBITS

The following exhibits are filed or furnished, as the case may be, in connection with this quarterly report on Form 10-Q:

Number	Description	Location
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 June 28, 2024
3.2	Organizational Regulations of Transocean Ltd., amended effective as of August 15, 2024	Exhibit 3.1 to Transocean Ltd.’s Current Report on Form 8-K (Commission File No. 001-38373) filed on August 20, 2024
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934 and Section 302 of the Sarbanes-Oxley Act of 2002	Filed herewith
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934 and Section 302 of the Sarbanes-Oxley Act of 2002	Filed herewith
32.1	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Furnished herewith
32.2	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Furnished herewith
101	Interactive data files pursuant to Rule 405 of Regulation S-T formatted in Inline Extensible Business Reporting Language: (i) our condensed consolidated balance sheets as of September 30, 2024 and December 31, 2023; (ii) our condensed consolidated statements of operations for the three and nine months ended September 30, 2024 and 2023; (iii) our condensed consolidated statements of comprehensive income (loss) for the three and nine months ended September 30, 2024 and 2023, (iv) our condensed consolidated statements of equity for the three and nine months ended September 30, 2024 and 2023; (v) our condensed consolidated statements of cash flows for the nine months ended September 30, 2024 and 2023; and (vi) the notes to condensed consolidated financial statements	Filed herewith
104	The cover page from our quarterly report on Form 10-Q for the quarterly period ended September 30, 2024, formatted in Inline Extensible Business Reporting Language	Filed herewith

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 October 31, 2024.

TRANSOCEAN LTD.

By: /s/ Robert Thaddeus Vayda

Robert Thaddeus Vayda
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

By: /s/ Jason Pack

Jason Pack
Senior Vice President and Chief Accounting Officer
(Principal Accounting Officer)

CEO CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Jeremy D. Thigpen, certify that:

1. I have reviewed this report on Form 10-Q of Transocean Ltd.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: October 31, 2024

/s/ Jeremy D. Thigpen
Jeremy D. Thigpen
Chief Executive Officer

CFO CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Robert Thaddeus Vayda, certify that:

1. I have reviewed this report on Form 10-Q of Transocean Ltd.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: October 31, 2024

/s/ Robert Thaddeus Vayda
Robert Thaddeus Vayda
Executive Vice President and Chief Financial Officer

**CERTIFICATION PURSUANT TO SECTION 906 OF
THE SARBANES-OXLEY ACT OF 2002 (SUBSECTIONS (a) AND (b)
OF SECTION 1350, CHAPTER 63 OF TITLE 18, UNITED STATES CODE)**

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code), I, Jeremy D. Thigpen, Chief Executive Officer of Transocean Ltd., a Swiss corporation (the "Company"), hereby certify, to my knowledge, that:

- (1) the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2024 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: October 31, 2024

/s/ Jeremy D. Thigpen

Jeremy D. Thigpen
Chief Executive Officer

The foregoing certification is being furnished solely pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code) and is not being filed as part of the Report or as a separate disclosure document.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the U.S. Securities and Exchange Commission or its staff upon request.

**CERTIFICATION PURSUANT TO SECTION 906 OF
THE SARBANES-OXLEY ACT OF 2002 (SUBSECTIONS (a) AND (b)
OF SECTION 1350, CHAPTER 63 OF TITLE 18, UNITED STATES CODE)**

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code), I, Robert Thaddeus Vayda, Executive Vice President and Chief Financial Officer of Transocean Ltd., a Swiss corporation (the "Company"), hereby certify, to my knowledge, that:

- (1) the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2024 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: October 31, 2024

/s/ Robert Thaddeus Vayda

Robert Thaddeus Vayda
Executive Vice President and Chief Financial Officer

The foregoing certification is being furnished solely pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code) and is not being filed as part of the Report or as a separate disclosure document.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the U.S. Securities and Exchange Commission or its staff upon request.
