



2022 Annual General Meeting
and Proxy Statement
2021 Annual Report

LETTER TO SHAREHOLDERS

NOTICE OF 2022 ANNUAL GENERAL MEETING AND PROXY STATEMENT

COMPENSATION REPORT

2021 ANNUAL REPORT TO SHAREHOLDERS

ABOUT TRANSOCEAN LTD.

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



The symbols in the map above represent the company's global market presence as of the February 14, 2022 Fleet Status Report.

ABOUT THE COVER

The front cover features a crane operator about to begin his shift onboard the *Deepwater Asgard* in the Gulf of Mexico.

FORWARD-LOOKING STATEMENTS

Any statements included in this Proxy Statement and 2021 Annual Report that are not historical facts, including, without limitation, statements regarding future market trends and results of operations are forward-looking statements within the meaning of applicable securities law. Such statements are subject to numerous risks and uncertainties beyond our control and our actual results may differ materially from our forward-looking statements.



TO THE OWNERS OF OUR COMPANY:

We enter 2022 building upon encouraging results from 2021 and are increasingly enthusiastic about the prospects for Transocean and the offshore drilling industry. Notwithstanding the challenges faced over the past seven years, including historically low oil and natural gas prices and the effects of a global pandemic, we are finally seeing a significantly improved and sustained economic outlook for the industry, as we predicted in last year's letter to shareholders, that started to take shape in the second half of 2021.

This improvement is driven in large part by a sustained rebound of hydrocarbon prices and has translated into heightened demand for our high-specification fleet of ultra-deepwater drillships and harsh environment semisubmersibles. Indeed, during 2021, as crude prices increased over 50%, floater contracting activity returned to pre-pandemic levels.

AS WE ENTER 2022, WE ARE SEEING EVEN MORE HIGH-VALUE OPPORTUNITIES ON THE HORIZON. WITH ACTIVE, HIGH-SPECIFICATION ASSETS IN VERY SHORT SUPPLY, WE ARE ENCOURAGED BY BOTH THE TRAJECTORY OF DAYRATES FOR THE GLOBAL MARKETABLE FLOATER FLEET, AS WELL AS THE LENGTHENING OF CONTRACT DURATIONS FOR UPCOMING PROJECTS.

Due to the material under-investment in exploration and production activities during the downturn and other factors, including an emerging focus on the importance of global energy security, we continue to believe that this market recovery is sustainable and will lead to more demand for our rigs, and in general, higher levels of activity for the offshore drilling industry.

While overcoming challenges associated with the pandemic remained a dominant theme throughout 2021, the Transocean team once again maintained high levels of operating performance, achieving impressive results for safety, and delivering record reliability and drilling efficiency, resulting in performance bonuses from our customers. This clearly demonstrates that customers value the assets, expertise and consistency of performance that Transocean provides.

As we move into 2022, we recognize that the recent Russian invasion of Ukraine creates uncertainty in 2022 and, probably, beyond. Our first concern, as always, is the safety of our personnel. We are relieved that our employees who call Ukraine home are currently safe from this horrific aggression, and we are doing all we can to help our Ukrainian employees and their families during this uncertain time. At this time, none of our assets or operations have been impacted. We believe the war's disruption to the world's hydrocarbon supply underscores the importance of energy security. Indeed, ultra-deepwater and harsh environment offshore drilling rigs and services, such as those we provide to our customers around the world, are central to ensuring that a diversity of hydrocarbon resources, along with other emerging energy technologies, are reliably available to sustain the world's energy requirements.

As such, we are comforted by the momentum that was established by the continually improving market fundamentals and solidified by our industry-leading operations, management, and support functions. We begin the year with an industry-leading backlog of \$6.5 billion as of our February 2022 Fleet Status Report – a backlog that is nearly two times that of our closest competitor.

In addition to an improving macro environment, we are excited to be nearing delivery of our two eighth generation drillships, the *Deepwater Atlas* and the *Deepwater Titan*. Upon delivery, the *Atlas* and the *Titan* will be the only two eighth-generation ships in the industry, characterized not only by their ability to drill and complete 20,000 psi prospects, but also by their industry-leading net three-million-pound hoisting capacity. These attributes clearly reinforce Transocean's position as the technological leader in offshore drilling.

In August 2021, we announced a \$252 million contract for the *Atlas* to perform the first phase of Beacon Offshore's Shenandoah program in the Gulf of Mexico. Combined with the *Titan*'s five-year contract with Chevron for its Anchor project in the Gulf of Mexico, the *Atlas* award solidifies Transocean as the market leader

LETTER TO SHAREHOLDERS

for the next frontier of 20,000 psi field development. In addition to these important contracts, we observed a pronounced increase in dayrates of the ultra-deepwater fleet in the past year, with Gulf of Mexico dayrates in some instances increasing more than 30%. Indeed, all indications suggest continued upward momentum in 2022 and beyond as demand in the Gulf of Mexico appears more than sufficient to keep the deepwater fleet busy. We expect this phenomenon to spread to other regions as global utilization levels continue to rise.

TRANOCEAN'S SUCCESS IS THE RESULT OF A LONGER-TERM STRATEGY THAT DEVELOPED OVER THE COURSE OF NEARLY A DECADE. THROUGHOUT THE DOWNTURN, WE SYSTEMATICALLY RATIONALIZED OUR FLEET TO MEET CUSTOMER DEMAND, TRANSFORMING OUR RIG PORTFOLIO TO ASSEMBLE THE HIGHEST CONCENTRATION OF THE MOST CAPABLE HARSH ENVIRONMENT AND ULTRA-DEEPWATER DRILLING ASSETS IN THE INDUSTRY.

At December 31, 2021, our fleet consisted of 27 ultra-deepwater and 10 harsh environment rigs with two eighth generation drillships in the final phases of construction. Our high-specification fleet positions Transocean favorably to take advantage of the accelerating upcycle.

Operationally, we delivered strong performance as our team navigated a second year of challenges predominantly associated with the pandemic, ending 2021 with a fleetwide uptime exceeding 97%. As one endorsement, in December 2021, we were awarded Petrobras's Best Supplier Award for Operation of Drilling Rigs. Additionally, the *Deepwater Skyros* was named Total's Rig of the Year, while Shell announced the *Deepwater Thalassa* as its Rig of the Year, demonstrating an established track record of superior service with multiple customers in multiple geographic markets.

As the leader in offshore drilling, we will continue to set the standard for operating safely, reliably, and efficiently, while being a responsible steward of the environment. On that note, in the fourth quarter of 2021, we announced our energy transition vision and our 40% Scope 1 and Scope 2 greenhouse gas emissions intensity reduction target. We believe these are important steps in our commitment to minimizing our impact on the environment. While we see an ongoing shift in the market share of energy sources to meet the world's global energy demand, we also observe a continuation of the rising trend in oil and natural gas consumption levels, translating to an increase in demand for our services. We firmly believe oil and natural gas, and specifically hydrocarbons found in deepwater offshore reservoirs, will continue to play a significant role in supplying the world's energy.

In 2021, we continued to invest in and deploy new technologies to support and enable best-in-class and safe operations. Two of our initiatives include additional installations of our Smart Equipment Analytics "SEA" system and our HaloGuardSM personnel safety system. SEA supports our reliability performance and power optimization by providing real-time data to our teams, which enable immediate evaluation of equipment and system performance and is now operational on 20 of our active rigs. In addition to improving equipment and system reliability, the SEA system enables optimization of our power generation and consumption requirements, with an acute focus on meeting our emissions goals.

The safety and well-being of our employees and all parties onboard our rigs is our highest priority. To that end, we have now deployed our HaloGuardSM system on four ultra-deepwater drillships. Through machine vision and wearable, real-time location transmitting technology, interfaced with drill floor machine controls, HaloGuardSM provides an advanced layer of collision protection for our offshore personnel.

Our team also continued to actively manage our capital structure and liquidity. Consistent with our balance sheet priorities, in mid-2021, we announced a deferred payment agreement for our two newbuilds, the *Deepwater Atlas* and the *Deepwater Titan*. Additionally, the shipyard financing agreement for the *Atlas* defers a significant portion of the newbuild capex and increases our financial flexibility as we seek to de-lever using free cash flow from operations generated in the improving dayrate environment. This agreement joins a host of other liquidity-enhancing and liability management transactions executed by our finance and legal teams in 2021, including prudent use of our opportunistic "at-the-market" equity sale program, private exchange agreements, and open market repurchases of our debt. Strengthening our balance sheet has been, and will continue to be, a multi-year process, and we will continue to pursue balance sheet-enhancing transactions.

WE ARE PROUD OF THE MANY ACCOMPLISHMENTS WE ACHIEVED IN 2021 AND THE RESILIENCY, DEDICATION AND TEAMWORK DISPLAYED BY OUR EMPLOYEES ACROSS THE GLOBE – PARTICULARLY OUR OFFSHORE CREWS WHO HAVE WEATHERED SIGNIFICANT CHALLENGES THESE LAST TWO YEARS, ENDURING EXTENDED TRAVEL AND TIME AWAY FROM THEIR LOVED ONES TO SUPPORT CONTINUOUS OPERATIONS. FOR THIS, WE ARE TRULY GRATEFUL.

On behalf of the entire Transocean team, we'd like to thank all of our shareholders for your confidence and support. We look forward to continuing to provide solutions for the world's growing energy needs.



A stylized, handwritten signature in dark ink, appearing to read 'C. Deaton'.

CHADWICK C. DEATON
Chair of the Board of Directors



A stylized, handwritten signature in dark ink, appearing to read 'J. Thigpen'.

JEREMY D. THIGPEN
Chief Executive Officer

March 28, 2022

CONTENTS

P-1	NOTICE TO SHAREHOLDERS
P-3	PROXY STATEMENT SUMMARY
P-11	INVITATION TO 2022 ANNUAL GENERAL MEETING OF TRANSOCEAN LTD.
P-16	IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS
P-17	INFORMATION ABOUT THE MEETING AND VOTING
P-22	AGENDA ITEM 1. APPROVAL OF THE 2021 ANNUAL REPORT, INCLUDING THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF TRANSOCEAN LTD. FOR FISCAL YEAR 2021 AND THE AUDITED STATUTORY FINANCIAL STATEMENTS OF TRANSOCEAN LTD. FOR FISCAL YEAR 2021
P-24	AGENDA ITEM 2. DISCHARGE OF THE MEMBERS OF THE BOARD OF DIRECTORS AND THE EXECUTIVE MANAGEMENT TEAM FROM LIABILITY FOR ACTIVITIES DURING FISCAL YEAR 2021
P-25	AGENDA ITEM 3. APPROPRIATION OF THE ACCUMULATED LOSS FOR FISCAL YEAR 2021
P-26	AGENDA ITEM 4. RENEWAL OF SHARES AUTHORIZED FOR ISSUANCE
P-28	AGENDA ITEM 5. REELECTION OF 11 DIRECTORS, EACH FOR A TERM EXTENDING UNTIL COMPLETION OF THE NEXT ANNUAL GENERAL MEETING
P-43	SKILLS & EXPERIENCE MATRIX FOR INDEPENDENT DIRECTORS
P-45	AGENDA ITEM 6. REELECTION OF THE CHAIR OF THE BOARD OF DIRECTORS FOR A TERM EXTENDING UNTIL COMPLETION OF THE NEXT ANNUAL GENERAL MEETING
P-46	AGENDA ITEM 7. REELECTION OF THE MEMBERS OF THE COMPENSATION COMMITTEE, EACH FOR A TERM EXTENDING UNTIL COMPLETION OF THE NEXT ANNUAL GENERAL MEETING
P-47	AGENDA ITEM 8. REELECTION OF THE INDEPENDENT PROXY FOR A TERM EXTENDING UNTIL COMPLETION OF THE NEXT ANNUAL GENERAL MEETING
P-48	AGENDA ITEM 9. APPOINTMENT OF ERNST & YOUNG LLP AS THE COMPANY'S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR FISCAL YEAR 2022 AND REELECTION OF ERNST & YOUNG LTD, ZURICH, AS THE COMPANY'S AUDITOR FOR A FURTHER ONE-YEAR TERM
P-50	AGENDA ITEM 10. ADVISORY VOTE TO APPROVE NAMED EXECUTIVE OFFICER COMPENSATION FOR FISCAL YEAR 2022
P-52	AGENDA ITEM 11. PROSPECTIVE VOTES ON THE MAXIMUM COMPENSATION OF THE BOARD OF DIRECTORS AND THE EXECUTIVE MANAGEMENT TEAM
P-56	CORPORATE GOVERNANCE
P-65	BOARD MEETINGS AND COMMITTEES
P-71	2021 DIRECTOR COMPENSATION
P-73	AUDIT COMMITTEE REPORT
P-75	SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS
P-76	SECURITY OWNERSHIP OF DIRECTORS AND EXECUTIVE OFFICERS
P-77	COMPENSATION DISCUSSION AND ANALYSIS
P-97	COMPENSATION COMMITTEE REPORT
P-98	EXECUTIVE COMPENSATION
P-107	EQUITY COMPENSATION PLAN INFORMATION
P-108	OTHER MATTERS
AP-1	APPENDIX A
AN-1	ANNEX A

NOTICE TO SHAREHOLDERS

The 2022 Annual General Meeting of the shareholders (the “2022 Annual General Meeting”) of Transocean Ltd. (the “Company”) will be held:



WHEN

Thursday, May 12, 2022
6:30 p.m., Swiss time



WHERE

Parkhotel Zug
Industriestrasse 14
6304 Zug, Switzerland

Information regarding the matters to be acted upon at the meeting is set forth in the attached invitation to the 2022 Annual General Meeting and the proxy statement, which is available at: www.deepwater.com by selecting Financial Reports, then Annual and Quarterly Reports in the dropdown menu of the Investors section.

At the 2022 Annual General Meeting, we will ask you to vote on the following items:

AGENDA ITEM	DESCRIPTION	BOARD RECOMMENDATION	FOR MORE INFORMATION, SEE PAGE
1	Approval of the 2021 Annual Report, Including the Audited Consolidated Financial Statements of Transocean Ltd. for Fiscal Year 2021 and the Audited Statutory Financial Statements of Transocean Ltd. for Fiscal Year 2021	✓ FOR	P-22
2	Discharge of the Members of the Board of Directors and Executive Management Team from Liability for Activities During Fiscal Year 2021	✓ FOR	P-24
3	Appropriation of the Accumulated Loss for Fiscal Year 2021	✓ FOR	P-25
4	Renewal of Shares Authorized for Issuance	✓ FOR	P-26
5	Reelection of 11 Directors, Each for a Term Extending Until Completion of the Next Annual General Meeting	✓ FOR	P-28
6	Reelection of the Chair of the Board of Directors for a Term Extending Until Completion of the Next Annual General Meeting	✓ FOR	P-45
7	Reelection of the Members of the Compensation Committee, Each for a Term Extending Until Completion of the Next Annual General Meeting	✓ FOR	P-46
8	Reelection of the Independent Proxy for a Term Extending Until Completion of the Next Annual General Meeting	✓ FOR	P-47
9	Appointment of Ernst & Young LLP as the Company's Independent Registered Public Accounting Firm for Fiscal Year 2022 and Reelection of Ernst & Young Ltd, Zurich, as the Company's Auditor for a Further One-Year Term	✓ FOR	P-48
10	Advisory Vote to Approve Named Executive Officer Compensation for Fiscal Year 2022	✓ FOR	P-50

NOTICE TO SHAREHOLDERS

11

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

✓ FOR

P-52

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

Under rules of the U.S. Securities and Exchange Commission ("SEC"), we have elected to provide access to our proxy materials over the internet. Accordingly, we are sending a Notice of Internet Availability of Proxy Materials (the "Notice") to our shareholders as of the close of business on March 25, 2022. All shareholders will have the ability to access the proxy materials on the website referred to in the Notice or to request to receive a printed set of the proxy materials. Instructions on how to access the proxy materials over the internet or to request a printed copy may be found in the Notice. The Notice also instructs you on how you may submit your proxy over the internet, by telephone or via mail. If you receive the Notice, you will not receive a printed copy of the proxy materials unless you request one in the manner set forth in the Notice or as otherwise described in the proxy statement.

A copy of the proxy materials, including a proxy card or voting instruction form, will also be sent to any additional shareholders who are registered in our share register as shareholders with voting rights, or who become beneficial owners through a nominee registered in our share register as a shareholder with voting rights, as of the close of business on April 25, 2022, and who were not registered as of March 25, 2022. The Notice or proxy statement and form of proxy, as appropriate, are first being mailed or sent, as appropriate, to shareholders on or about March 29, 2022.

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

Due to the extraordinary situation in connection with the COVID-19 pandemic, the 2022 Annual General Meeting will not take place in the usual format. In accordance with the Swiss Federal Council Ordinance 3 of June 19, 2020, on Measures to Combat the Coronavirus, as amended (the "COVID-19 Ordinance 3"), shareholders will not be permitted to attend the meeting in person. Shareholders and beneficial owners of our shares must therefore exercise their voting rights only by giving voting instructions to the independent proxy or its substitute by internet, telephone or mail, as described above, or by giving the independent proxy or its substitute proxy card voting instruction, as further described in this proxy statement. We look forward to welcoming shareholders in person at general meetings of shareholders that take place following the 2022 Annual General Meeting, consistent with our long-standing practice.

Thank you in advance for your vote.

Sincerely,



CHADWICK C. DEATON
Chair of the Board of Directors



JEREMY D. THIGPEN
Chief Executive Officer

March 28, 2022

PROXY STATEMENT SUMMARY

2022 ANNUAL GENERAL MEETING DETAILS



WHEN

Thursday, May 12, 2022
6:30 p.m., Swiss time



WHERE

Parkhotel Zug
Industriestrasse 14
6304 Zug, Switzerland



RECORD DATE

April 25, 2022

VOTING INFORMATION



BY PHONE

Registered Holders
(shares are registered in your own name)

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

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

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



BY INTERNET

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

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

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



BY MAIL

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

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



BY MOBILE DEVICE

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



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

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

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

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

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

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

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

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

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



PROXY STATEMENT SUMMARY

YOUR VOTE IS IMPORTANT

While shareholders will not be able to attend the 2022 Annual General Meeting in person, as explained below, we encourage you to vote as soon as possible.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE 2022 ANNUAL GENERAL MEETING TO BE HELD ON MAY 12, 2022

Our proxy statement and 2021 Annual Report are available at www.proxyvote.com or on our website investor.deepwater.com under “Financial Reports — Annual and Quarterly Reports.” Information contained on or accessible from our website is not incorporated by reference into this proxy statement and should not be considered a part of this report or any other filing that we make with the SEC. Furthermore, references to our website URLs are intended to be inactive textual references only.

Shareholders registered in our share register on the record date have the right to vote their shares at the 2022 Annual General Meeting. Such shareholders may designate proxies to vote their shares by submitting their proxy electronically over the internet, by telephone or, if they request that the proxy materials be mailed to them, by completing, signing and returning the proxy card enclosed with those materials. Please review the voting instructions in the proxy statement for each of these methods.

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

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

COMPANY OVERVIEW AND 2021 STRATEGY AND PERFORMANCE

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

Transocean's fleet of 37 mobile offshore drilling units consists of 27 ultra-deepwater floaters and 10 harsh environment floaters. In addition, Transocean is constructing two Eighth Generation ultra-deepwater drillships. The below graphic shows the global market presence of our operating fleet as of our Fleet Status Report issued on February 14, 2022.



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

We are proud of our employees' resolve throughout 2021. As a result of the constraints and challenges imposed on our business by the global pandemic during the past two years, we have innovated, adapted and delivered meaningful change across our organization.

In 2021, we delivered exceptional operational performance. Importantly, we delivered a total recordable incident rate of 0.26 in 2021, one of the lowest in our company's history. We also delivered a record-setting uptime of more than 97% across our global fleet, beating our previous company-best uptime record set in 2020. We delivered this result with a fleet of floaters that are focused exclusively on ultra-deepwater and harsh environment operations, which present the most challenging operational conditions.

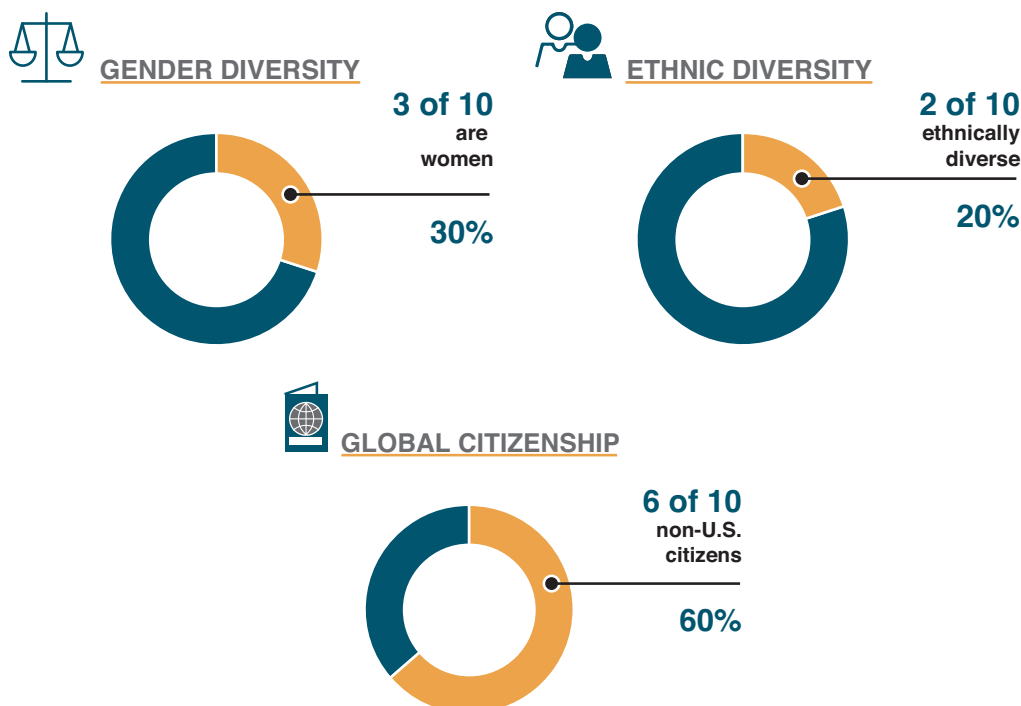
PROXY STATEMENT SUMMARY

We believe demand for hydrocarbons will continue to increase as the global economy continues to recover from the pandemic and we reach an inflection point in the supply-demand balance due to structural underinvestment and a growing global population.

NOMINEES TO THE BOARD OF DIRECTORS

As the market leader in offshore drilling, Transocean has attracted the most qualified Board and leadership team in the industry. The current terms of all of our directors will expire at the 2022 Annual General Meeting.































Since the beginning of 2018, we have added three new members to our Board of Directors, each of whom contributes to the diversity of experience and background of our Board of Directors. Our two newest members are Margareth Øvrum – previously an Executive Vice President of Equinor ASA – who joined our Board of Directors in 2021, and Diane de Saint Victor – previously the General Counsel and Company Secretary of ABB Ltd. – who joined our Board of Directors in 2020. Each of our director nominees has a proven record of success and high integrity, and is committed to advancing our stakeholders' interests and enhancing the Company's sustainability goals and objectives. The diversity of our non-executive directors is reflected below.



During 2021, each of our current directors attended 100% of the Board of Directors' meetings and committee meetings on which he or she served during his or her elected term.

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

PROXY STATEMENT SUMMARY

DIRECTORS FOR ELECTION				COMMITTEES				HEALTH, SAFETY, ENVIRONMENTAL AND SUSTAINABILITY	OTHER CURRENT PUBLIC COMPANY BOARDS
	AGE	DIRECTOR SINCE	INDEPENDENT	AUDIT	COMPENSATION	FINANCE	CORPORATE GOVERNANCE		
	Glyn A. Barker Former Vice Chair-U.K., PwC LLP	68	2012	✓					3
	Vanessa C.L. Chang Former Director and Shareholder of EL & EL Investments	69	2012	✓					1
	Frederico F. Curado Former CEO, Ultrapar S.A.	60	2013	✓					2
	Chadwick C. Deaton Former Executive Chair and CEO, Baker Hughes Incorporated	69	2012	✓					1
	Vincent J. Intrieri Founder and CEO, VDA Capital Management LLC	65	2014	✓					1
	Samuel J. Merksamer Partner, Softbank Investment Advisers	41	2013	✓					2
	Frederik W. Mohn Owner and Managing Director, Perestroika; former Director and Chair, Songa Offshore SE	45	2018	✓					1
	Edward R. Muller Former Chair and CEO, GenOn Energy, Inc.; former Vice Chair, NRG Energy, Inc.	69	2008	✓					1
	Margareth Øvrum Former Executive Vice President for Equinor Development and Production Brazil	63	2021	✓					3
	Diane de Saint Victor Former Company Secretary of ABB Ltd, Switzerland	67	2020	✓					1
	Jeremy D. Thigpen CEO, Transocean Ltd.	47	2015						0
MEETINGS IN 2021: BOARD: 4 BOARD AND COMMITTEES: 28				8	4	4	4	4	



Committee Chair



Committee Member



Audit Committee financial expert (SEC and NYSE)



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

GOVERNANCE HIGHLIGHTS

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

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

ACTIVE SHAREHOLDER ENGAGEMENT PROGRAM

As part of our ongoing shareholder engagement program, our Board of Directors and Management team are committed to meeting with our shareholders and incorporating their feedback into our decision-making processes. During 2021, despite COVID's continued impact, we were able to participate in 12 virtual conferences, which allowed us to engage in and maintain a dialogue with our shareholders on a range of key business and strategic topics with a frequency that is generally consistent with pre-COVID-19 levels. Participants in many of these engagements included our Chief Executive Officer, our Independent Chair of the Board, and/or members of executive management. We also continued our long-standing, proactive engagement program by reaching out to shareholders representing approximately 20% of our outstanding shares to discuss recent developments and to solicit investor feedback on our corporate governance and sustainability practices. All feedback received during our engagements is shared directly with the Board and has helped inform disclosures and policies on governance, compensation, sustainability and information security.

KEY FEATURES OF EXECUTIVE COMPENSATION PROGRAM

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

includes features that align the interests of our senior management with those of our shareholders and does not include features that may result in misalignment.

WHAT WE DO

- ✓ Conduct an annual review of our compensation strategy, including a review of our compensation-related risk profile
- ✓ Mandate meaningful share ownership requirements for our executives
- ✓ Maintain a clawback policy that allows for the forfeiture, recovery or adjustment of incentive compensation (cash and equity) in cases of financial restatement or violations of our Code of Integrity (updated in 2021)
- ✓ Base annual incentive performance on quantitative and qualitative metrics and long-term incentive performance on quantitative metrics.
- ✓ Maintain compensation plans that are weighted significantly toward variable pay to align our executive compensation with long-term shareholder interests
- ✓ Link long-term incentive compensation to both relative and absolute performance metrics to motivate strong performance
- ✓ Deliver at least 50% of long-term incentives in performance-based awards
- ✓ Cap the earning of PSUs at target if the Company's absolute TSR is less than negative 15%
- ✓ Retain an independent consultant who is retained by and reports only to our Compensation Committee (not management)
- ✓ Maintain double trigger change-in-control provisions

WHAT WE DON'T DO

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

SUSTAINABILITY HIGHLIGHTS

It is undeniable that the world's energy needs are growing in both economically developed and developing countries. To meet these needs, it is imperative that we cultivate a variety of energy sources, both traditional and emerging alike. At Transocean, we are committed to executing our business responsibly, mitigating risks and creating value for our stakeholders. This means minimizing our impact to the environment, stewarding resources conscientiously, cultivating an inclusive workplace, treating our workforce and surrounding community with respect and care, and innovating purposefully. Highlights of our sustainability actions over the past year include:

- We **engaged internal and external stakeholders to update our materiality assessment** to ensure that we are focused on topics of greatest importance to our business and stakeholders.

PROXY STATEMENT SUMMARY

- We set an ambitious target to reduce the emissions intensity of our operations by 40% by 2030 and created a roadmap to operationalize sustainability in alignment with our long-term business plan, and updated our other sustainability goals to reflect the feedback in our materiality assessment.
- We began reporting, in our 2020 Sustainability Report, in alignment with the **Sustainability Accounting Standards Board (“SASB”)** framework and **committed to reporting in alignment with the recommendations of the Task Force on Climate-related Financial Disclosures (“TCFD”)** in our 2022 report.
- We incorporated sustainability metrics, weighted at 20% into our 2021 annual bonus plan with three metrics tied to key strategic and business objectives – personal safety, process safety and development of our 2030 Sustainability Goals.
- We enhanced our control of work tools across our active fleet to improve the safety and efficiency of critical equipment maintenance activities.
- We formalized a taskforce focused on operationalizing energy efficiency initiatives offshore where the majority of our emissions are generated.
- We updated our Code of Integrity, which sets forth the baseline legal and ethical expectations that we have for everyone working on behalf of our company, including Board members, employees, contractors, suppliers, vendors and joint venture partners.
- We launched a new offshore development program aimed at training women and underrepresented populations for technical leadership positions and are proud to have appointed our first female Offshore Installation Manager.
- We maintained strong COVID-19 safety protocols at all company facilities globally, onshore and offshore, to protect our workforce and minimize disruptions to our operations.

SWISS MINDER ORDINANCE

Under the Swiss Ordinance Against Excessive Compensation At Public Companies (the “Minder Ordinance”) and our Articles of Association, the authority to elect the Chair of the Board of Directors and the members of the Compensation Committee is vested in the general meeting of shareholders. The Board of Directors recommends that you elect Chadwick C. Deaton as Chair of the Board of Directors (Agenda Item 6) and Glyn A. Barker, Vanessa C.L. Chang and Samuel J. Merksamer as members of the Compensation Committee (Agenda Item 7) to serve until completion of the 2023 Annual General Meeting of the shareholders (the “2023 Annual General Meeting”). Note that under the Minder Ordinance and our Articles of Association, if any of these individuals were to resign or there were vacancies in the office of the Chair or the Compensation Committee for other reasons, the Board of Directors would have the authority to replace him or her with another member of the Board of Directors for a term expiring at the next annual general meeting.

Pursuant to the Minder Ordinance, the Company is not permitted to appoint a corporate representative to act as the proxy for purposes of voting at the 2022 Annual General Meeting. Swiss companies may only appoint an independent proxy for these purposes. At the 2021 Annual General Meeting, shareholders elected Schweiger Advokatur / Notariat to serve as our independent proxy for a term extending until the completion of the 2022 Annual General Meeting. Agenda Item 8 asks that you again elect this firm to act as the independent proxy for the 2023 Annual General Meeting and any extraordinary general meeting of shareholders of the Company that may be held prior to the 2023 Annual General Meeting.

The Minder Ordinance and our Articles of Association also require that shareholders ratify the maximum aggregate amount of compensation of the Board of Directors for the period between the 2022 Annual General Meeting and the 2023 Annual General Meeting (Agenda Item 11A) and the maximum aggregate amount of compensation of the Executive Management Team for fiscal year 2023 (Agenda Item 11B). The shareholder vote is binding.

INVITATION TO 2022 ANNUAL GENERAL MEETING OF TRANSOCEAN LTD.



WHEN

Thursday, May 12, 2022
6:30 p.m., Swiss time



WHERE

Parkhotel Zug
Industriestrasse 14
6304 Zug, Switzerland

AGENDA ITEMS

ITEM	DESCRIPTION	PROPOSAL OF THE BOARD OF DIRECTORS	BOARD RECOMMENDATION										
1	Approval of the 2021 Annual Report, Including the Audited Consolidated Financial Statements of Transocean Ltd. for Fiscal Year 2021 and the Audited Statutory Financial Statements of Transocean Ltd. for Fiscal Year 2021.	The Board of Directors proposes that the 2021 Annual Report, including the audited consolidated financial statements for the year ended December 31 (“fiscal year”) 2021, and the audited statutory financial statements for fiscal year 2021, be approved.	✓ FOR										
2	Discharge of the Members of the Board of Directors and the Executive Management Team from Liability for Activities During Fiscal Year 2021.	The Board of Directors proposes that the members of the Board of Directors and Messrs. Jeremy D. Thigpen, Mark L. Mey and Keelan I. Adamson, who served as members of our Executive Management Team in 2021, be discharged from liability for activities during fiscal year 2021.	✓ FOR										
3	Appropriation of Accumulated Loss for Fiscal Year 2021	<div>The Board of Directors proposes that the accumulated loss of the Company be carried forward.</div> <table><thead><tr><th>APPROPRIATION OF ACCUMULATED LOSS</th><th>IN CHF THOUSANDS</th></tr></thead><tbody><tr><td>Balance brought forward from previous years</td><td>(11,115,035)</td></tr><tr><td>Net loss of the year</td><td>(296,412)</td></tr><tr><td>Total accumulated loss</td><td>(11,411,447)</td></tr></tbody></table> <div>APPROPRIATION OF ACCUMULATED LOSS</div> <table><tbody><tr><td>Balance to be carried forward on this account</td><td>(11,411,447)</td></tr></tbody></table>	APPROPRIATION OF ACCUMULATED LOSS	IN CHF THOUSANDS	Balance brought forward from previous years	(11,115,035)	Net loss of the year	(296,412)	Total accumulated loss	(11,411,447)	Balance to be carried forward on this account	(11,411,447)	✓ FOR
APPROPRIATION OF ACCUMULATED LOSS	IN CHF THOUSANDS												
Balance brought forward from previous years	(11,115,035)												
Net loss of the year	(296,412)												
Total accumulated loss	(11,411,447)												
Balance to be carried forward on this account	(11,411,447)												
4	Renewal of Shares Authorized for Issuance	The Board of Directors proposes to renew the total number of shares that may be issued using the Company’s authorized share capital to a maximum of 150,848,756 shares, with such authorization expiring on May 12, 2024.	✓ FOR										
5	Reelection of 11 Directors, Each for a Term Extending Until Completion of the Next Annual General Meeting.	The Board of Directors proposes that the following candidates be reelected to the Board of Directors, each for a term extending until completion of the next annual general meeting.	✓ FOR										

INVITATION TO 2021 ANNUAL GENERAL MEETING OF TRANSOCEAN LTD.

ITEM	DESCRIPTION	PROPOSAL OF THE BOARD OF DIRECTORS	BOARD RECOMMENDATION
		5A Reelection of Glyn A. Barker as a director. 5B Reelection of Vanessa C.L. Chang as a director. 5C Reelection of Frederico F. Curado as a director. 5D Reelection of Chadwick C. Deaton as a director. 5E Reelection of Vincent J. Intrieri as a director. 5F Reelection of Samuel J. Merksamer as a director. 5G Reelection of Frederik W. Mohn as a director. 5H Reelection of Edward R. Muller as a director. 5I Reelection of Margareth Øvrum as a director. 5J Reelection of Diane de Saint Victor as a director. 5K Reelection of Jeremy D. Thigpen as a director.	
6	Reelection of the Chair of the Board of Directors for a Term Extending Until Completion of the Next Annual General Meeting.	The Board of Directors proposes that Chadwick C. Deaton be reelected as the Chair of the Board of Directors for a term extending until completion of the next annual general meeting, subject to his election as a member of the Board of Directors.	✓ FOR
7	Reelection of the Members of the Compensation Committee, Each for a Term Extending Until Completion of the Next Annual General Meeting.	<p>The Board of Directors proposes that the following three candidates be reelected as members of the Compensation Committee, each for a term extending until completion of the next annual general meeting, subject in each case to such candidate's election as a member of the Board of Directors:</p> 7A Reelection of Glyn A. Barker as a member of the Compensation Committee. 7B Reelection of Vanessa C.L. Chang as a member of the Compensation Committee. 7C Reelection of Samuel J. Merksamer as a member of the Compensation Committee.	✓ FOR each nominee
8	Reelection of the Independent Proxy for a Term Extending Until Completion of the Next Annual General Meeting.	The Board of Directors proposes that Schweiger Advokatur / Notariat be reelected to serve as independent proxy at (and until completion of) the 2023 Annual General Meeting and at any extraordinary general meeting of shareholders of the Company that may be held prior to the 2023 Annual General Meeting.	✓ FOR
9	Appointment of Ernst & Young LLP as the Company's Independent Registered Public Accounting Firm for Fiscal Year 2022 and Reelection of Ernst & Young Ltd, Zurich, as the Company's Auditor for a Further One-Year Term.	The Board of Directors proposes that Ernst & Young LLP be appointed as the Company's independent registered public accounting firm for fiscal year 2022 and that Ernst & Young Ltd, Zurich, be reelected as the Company's auditor pursuant to the Swiss Code of Obligations for a further one-year term, commencing on the date of the 2022 Annual General Meeting and terminating on the date of the 2023 Annual General Meeting.	✓ FOR

INVITATION TO 2021 ANNUAL GENERAL MEETING OF TRANSOCEAN LTD.

ITEM	DESCRIPTION	PROPOSAL OF THE BOARD OF DIRECTORS	BOARD RECOMMENDATION
10	Advisory Vote to Approve Named Executive Officer Compensation for Fiscal Year 2022.	Pursuant to Section 14A of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act"), shareholders are entitled to cast an advisory vote on the Company's executive compensation program for the Company's Named Executive Officers. Detailed information regarding the Company's compensation program for its Named Executive Officers is set forth in the Compensation Discussion and Analysis, the accompanying compensation tables and the related narrative disclosure in this proxy statement. The Board of Directors believes the Company's compensation program is designed to reward performance that creates long term value for the Company's shareholders. The Board of Directors has proposed a resolution that provides shareholders with the opportunity to endorse or not endorse the Company's Named Executive Officer compensation program as described in the proxy statement for the Company's 2022 Annual General Meeting.	✓ FOR
11	Prospective Vote on the Maximum Compensation of the Board of Directors and the Executive Management Team.		
11A	Ratification of the Maximum Aggregate Amount of Compensation of the Board of Directors for the Period Between the 2022 Annual General Meeting and the 2023 Annual General Meeting.	The Board of Directors proposes that the shareholders ratify an amount of U.S. \$4,121,000 as the maximum aggregate amount of compensation of the Board of Directors for the period between the 2022 Annual General Meeting and the 2023 Annual General Meeting.	✓ FOR
11B	Ratification of the Maximum Aggregate Amount of Compensation of the Executive Management Team for Fiscal Year 2023.	The Board of Directors proposes that the shareholders ratify an amount of U.S. \$26,000,000 as the maximum aggregate amount of compensation of the Executive Management Team for fiscal year 2023.	✓ FOR

ORGANIZATIONAL MATTERS

A copy of the Notice is being sent to each shareholder registered in Transocean Ltd.'s share register as of the close of business on March 25, 2022. Any additional shareholders who are registered in Transocean Ltd.'s share register as of the close of business on April 25, 2022, will receive after that date a copy of the proxy materials, including a proxy card. Shareholders not registered in Transocean Ltd.'s share register as of April 25, 2022, will not be entitled to vote or grant proxies to vote at the 2022 Annual General Meeting. While no shareholder will be entered in Transocean Ltd.'s share register as a shareholder with voting rights between the close of business on April 25, 2022, and the opening of business on the day following the 2022 Annual General Meeting, **share blocking and re-registration are not requirements for any shares of Transocean Ltd. to be voted at the meeting, and all shares may be traded after the record date.** Computershare, which maintains Transocean Ltd.'s share register, will continue to register transfers of Transocean Ltd. shares in the share register in its capacity as transfer agent during this period.

Shareholders registered in Transocean Ltd.'s share register as of April 25, 2022, have the right to vote their shares at the 2022 Annual General Meeting, or may grant a proxy to vote on each of the proposals in this invitation and any modification to any agenda item or proposal identified in this invitation or other matter on

INVITATION TO 2021 ANNUAL GENERAL MEETING OF TRANSOCEAN LTD.

which voting is permissible under Swiss law and which is properly presented at the 2022 Annual General Meeting for consideration. Such shareholders may designate proxies to vote their shares electronically over the internet, by telephone or, if they request that the proxy materials be mailed to them, by completing, signing and returning the proxy card enclosed with those materials at the 2022 Annual General Meeting.

We urge you to submit your voting instructions electronically over the internet, by telephone or return the proxy card as soon as possible. All electronic voting instructions or proxy cards must be received no later than 11:59 p.m. Eastern Daylight Time on Wednesday, May 11, 2022 (5:59 a.m. Swiss time on Thursday, May 12, 2022) unless extended by the Company.

If you have timely submitted electronic voting instructions, telephone instructions or a properly executed proxy card, your shares will be voted by the independent proxy in accordance with your instructions. **Holders of shares who have timely submitted their proxy, but have not specifically indicated how to vote their shares, will be deemed to have instructed the independent proxy to vote in accordance with the recommendations of the Board of Directors with regard to the items listed in the notice of meeting. If any modifications to agenda items or proposals identified in this invitation or other matters on which voting is permissible under Swiss law are properly presented at the 2022 Annual General Meeting for consideration, you will be deemed to have instructed the independent proxy, in the absence of other specific instructions, to vote in accordance with the recommendations of the Board of Directors.**

As of the date of this proxy statement, the Board of Directors is not aware of any such modifications or other matters proposed to come before the 2022 Annual General Meeting.

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

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

Information concerning the 2022 Annual General Meeting can be obtained by contacting:



OUR
CORPORATE
SECRETARY
AT OUR
REGISTERED
OFFICE

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



INVESTOR
RELATIONS AT
OUR OFFICES
IN THE UNITED
STATES

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



TELEPHONE
NUMBER

+41 (41) 749-0500



TELEPHONE
NUMBER

+1 (713) 232-7500

ANNUAL REPORT, CONSOLIDATED FINANCIAL STATEMENTS, STATUTORY FINANCIAL STATEMENTS

A copy of the 2021 Annual Report (including the consolidated financial statements for fiscal year 2021, the statutory financial statements of Transocean Ltd. for fiscal year 2021 and the audit reports on such consolidated and statutory financial statements) and the 2021 Swiss Compensation Report is available for physical inspection at our registered office:



Transocean Ltd.
Turmstrasse 30
6312 Steinhausen, Switzerland

INVITATION TO 2021 ANNUAL GENERAL MEETING OF TRANSOCEAN LTD.

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



OUR
CORPORATE
SECRETARY
AT OUR
REGISTERED
OFFICE

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



INVESTOR
RELATIONS AT
OUR OFFICES
IN THE UNITED
STATES

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



TELEPHONE
NUMBER

+41 (41) 749-0500



TELEPHONE
NUMBER

+1 (713) 232-7500

On behalf of the Board of Directors,

CHADWICK C. DEATON
Chair of the Board of Directors

Steinhausen, Switzerland
March 28, 2022

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS

YOUR VOTE IS IMPORTANT

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

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

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE 2022 ANNUAL GENERAL MEETING TO BE HELD ON MAY 12, 2022

Our proxy statement and 2021 Annual Report are available at www.proxyvote.com or on our website investor.deepwater.com under “Financial Reports — Annual and Quarterly Reports.” Information contained on or accessible from our website is not incorporated by reference into this proxy statement and should not be considered a part of this report or any other filing that we make with the SEC. Furthermore, references to our website URLs are intended to be inactive textual references only.

PROXY STATEMENT



WHEN

Thursday, May 12, 2022
6:30 p.m., Swiss time



WHERE

Parkhotel Zug
Industriestrasse 14
6304 Zug, Switzerland



RECORD DATE

April 25, 2022

INFORMATION ABOUT THE MEETING AND VOTING

This proxy statement is furnished in connection with the solicitation of proxies by Transocean Ltd., on behalf of the Board of Directors, to be voted at our 2022 Annual General Meeting to be held on May 12, 2022, at 6:30 p.m., Swiss time, at the Parkhotel Zug, Industriestrasse 14, 6304 Zug, Switzerland. The Notice or proxy statement and form of proxy, as appropriate, are first being mailed to shareholders on or about March 29, 2022.

RECORD DATE

Only shareholders of record on April 25, 2022, are entitled to notice of and to grant proxies to vote at, the 2022 Annual General Meeting. No shareholder will be entered in Transocean Ltd.'s share register with voting rights between the close of business on April 25, 2022, and the opening of business on the day following the 2022 Annual General Meeting.

While no shareholder will be entered in Transocean Ltd.'s share register as a shareholder with voting rights between the close of business on April 25, 2022, and the opening of business on the day following the 2022 Annual General Meeting, ***share blocking and re-registration are not requirements for any shares of Transocean Ltd. to be voted at the meeting, and all shares may be traded after the record date.*** Computershare, which maintains Transocean Ltd.'s share register, will continue to register transfers of Transocean Ltd. shares in the share register in its capacity as transfer agent during this period.

QUORUM

Our Articles of Association provide that the presence of shareholders, in person or by proxy, holding at least a majority of all the shares entitled to vote at the time the meeting proceeds to business constitutes a quorum for purposes of convening the 2022 Annual General Meeting and voting on all of the matters described in the notice of meeting. Abstentions and "broker non-votes" will be counted as present for purposes of determining whether the relevant quorums at the meeting are satisfied, so long as the broker has discretion to vote the shares on at least one matter before the 2022 Annual General Meeting.

VOTES REQUIRED

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

AGENDA ITEM	DESCRIPTION	RELATIVE MAJORITY ⁽¹⁾	TWO-THIRDS MAJORITY	PLURALITY OF VOTES
1	Approval of the 2021 Annual Report, Including the Audited Consolidated Financial Statements and Audited Statutory Financial Statements for Fiscal Year 2021 of Transocean Ltd.	✓		
2	Discharge of the Members of the Board of Directors and Executive Management Team from Liability for Activities During Fiscal Year 2021	✓ ⁽²⁾		
3	Appropriation of the Accumulated Loss	✓		
4	Renewal of Shares Authorized For Issuance		✓ ⁽³⁾	
5	Reelection of 11 Directors			✓ ⁽⁴⁾⁽⁵⁾
6	Reelection of Chair of the Board of Directors			✓ ⁽⁴⁾
7	Reelection of Members of the Compensation Committee			✓ ⁽⁴⁾
8	Reelection of Independent Proxy	✓		
9	Appointment of Ernst & Young as Independent Auditor	✓		
10	Advisory Vote to Approve Named Executive Officer Compensation	✓ ⁽⁶⁾		
11	Prospective Votes on the Maximum Compensation of the Board of Directors and the Executive Management Team	✓		

- (1) Affirmative vote of a simple majority of the votes cast at the 2022 Annual General Meeting on the applicable agenda item. Abstentions, broker non-votes (if any) or blank or invalid ballots are not counted for such purposes and have no impact on the approval of such agenda item.
- (2) Affirmative vote of a simple majority of the votes cast at the 2022 Annual General Meeting on the applicable agenda item. Shares held by members of the Board of Directors and members of the Company's Executive Management Team are not entitled to vote on this matter and are not counted for this agenda item. Abstentions, broker non-votes (if any) or blank or invalid ballots are not counted for such purposes and have no impact on the approval of such agenda item.
- (3) The affirmative vote of at least two-thirds of the shares represented at the 2022 Annual General Meeting and entitled to vote on that agenda item. An abstention, blank or invalid ballot will have the effect of a vote "AGAINST" this proposal.
- (4) Affirmative vote of a plurality of the votes cast at the 2022 Annual General Meeting. The plurality requirement means that the nominee who receives the largest number of votes for a position as a director, or the Chair or a position on the Compensation Committee, as applicable, is elected to that position. Only votes "FOR" are counted in determining whether a plurality has been cast in favor of a nominee. Abstentions, broker non-votes, blank or invalid ballots are not counted for such purposes and shall have no impact on the election of such nominees. As described later in this proxy statement, our Corporate Governance Guidelines set forth our procedures if a nominee for director is elected but does not receive more votes cast "FOR" than "AGAINST" the nominee's election.
- (5) Even if a nominee receives a plurality of votes that nominee may not ultimately serve as a director if the nominee does not receive more votes cast "FOR" than "AGAINST" the nominee's election, and the Company's Board of Directors accepts the resignation of the nominee pursuant to the Company's majority vote policy, as described later in this proxy statement.
- (6) The proposal is an advisory vote; as such, the vote is not binding on the Company.

OUTSTANDING SHARES

As of March 25, 2022, there were 681,055,270 Transocean Ltd. shares deemed to be outstanding, which exclude 73,188,802 shares held by our subsidiary as of such date and any shares issued into treasury after such date. Only registered holders of our shares on April 25, 2022, the record date established for the 2022 Annual General Meeting, are entitled to notice of and to vote at the meeting. Holders of shares on the record date are entitled to one vote for each share held.

VOTING PROCEDURES

A copy of the Notice of Internet Availability of Proxy Materials is being sent to each shareholder registered in Transocean Ltd.'s share register as of the close of business on March 25, 2022. Any additional shareholders who are registered in Transocean Ltd.'s share register as of the close of business on April 25, 2022, but who were not registered in the share register as of March 25, 2022, will receive a copy of the proxy materials, including a proxy card, after April 25, 2022. Shareholders not registered in Transocean Ltd.'s share register as of April 25, 2022, will not be entitled to vote or grant proxies to vote at the 2022 Annual General Meeting.

If you are registered as a shareholder in Transocean Ltd.'s share register as of April 25, 2022, or if you hold shares of Transocean Ltd. in "street name" as of such date, you may grant a proxy to vote on each of the proposals and any modification to any of the proposals or other matter on which voting is permissible under Swiss law and which is properly presented at the meeting for consideration in one of the following ways:



BY INTERNET

Go to www.proxyvote.com 24 hours a day, seven days a week, and follow the instructions. You will need the 12-digit control number that is included in the Notice, proxy card or voting instructions form that is sent to you. The internet system allows you to confirm that the system has properly recorded your voting instructions. This method of submitting voting instructions will be available up until 11:59 p.m. Eastern Daylight Time on Wednesday, May 11, 2022 (5:59 a.m. Swiss time on Thursday, May 12, 2022) unless extended by the Company.



BY TELEPHONE

On a touch-tone telephone, call toll-free +1 (800) 690-6903, 24 hours a day, seven days a week, and follow the instructions. You will need the 12-digit control number that is included in the Notice, proxy card or voting instructions form that is sent to you. As with the internet system, you will be able to confirm that the telephonic system has properly recorded your votes. This method of submitting voting instructions will be available up until 11:59 p.m. Eastern Daylight Time on Wednesday, May 11, 2022 (5:59 a.m. Swiss time on Thursday, May 12, 2022) unless extended by the Company. If you are a holder of record, you cannot vote by telephone.



BY MAIL

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

PROXY STATEMENT | INFORMATION ABOUT THE MEETING AND VOTING



Transocean 2022 AGM
Vote Processing
c/o Broadridge
51 Mercedes Way
Edgewood, NY 11717
USA

or



Transocean 2022 AGM
Vote Processing
Schweiger Advokatur / Notariat
Dammstrasse 19
6300 Zug
Switzerland

All proxy cards must be received no later than 11:59 p.m. Eastern Daylight Time on Wednesday, May 11, 2022 (5:59 a.m. Swiss time on Thursday, May 12, 2022) unless extended by the Company. Do not mail the proxy card or voting instruction form if you are submitting voting instructions over the internet or by telephone.

YOUR VOTE IS IMPORTANT.

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

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

Many of our shareholders hold their shares in more than one account and may receive more than one Notice. To ensure that all of your shares are represented at the 2022 Annual General Meeting, please submit your voting instructions for each account.

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

AGENDA ITEM	DESCRIPTION
2	Discharge of the Members of the Board of Directors and the Executive Management Team from Liability for Activities During Fiscal Year 2021
5	Reelection of 11 Directors
6	Reelection of the Chair of the Board of Directors
7	Reelection of the Members of the Compensation Committee
10	Advisory Vote to Approve Named Executive Officer Compensation
11A	Ratification of the Maximum Aggregate Compensation of the Board of Directors for the Period Between the 2022 Annual General Meeting and the 2023 Annual General Meeting
11B	Ratification of the Maximum Aggregate Compensation of the Executive Management Team for Fiscal Year 2023

If you hold your shares in “street name,” your broker will not be able to vote your shares on the agenda items set forth above and may not be able to vote your shares on other matters at the 2022 Annual General Meeting unless the broker receives appropriate instructions from you. We recommend that you contact your broker to exercise your right to vote your shares.

If you have timely submitted electronic or telephonic voting instructions or a properly executed proxy card, your shares will be voted by the independent proxy according to your instructions. Holders of shares who have timely submitted their proxy but have not specifically indicated how to vote their shares will be deemed to have

PROXY STATEMENT | INFORMATION ABOUT THE MEETING AND VOTING

instructed the independent proxy to vote in accordance with the recommendations of the Board of Directors with regard to the items listed in the notice of meeting.

If any modifications to agenda items or proposals identified in this invitation or other matters on which voting is permissible under Swiss law are properly presented at the 2022 Annual General Meeting for consideration, you will be deemed to have instructed the independent proxy, in the absence of other specific instructions, to vote in accordance with the recommendations of the Board of Directors.

As of the date of this proxy statement, the Board of Directors is not aware of any such modifications or other matters to come before the 2022 Annual General Meeting.

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

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



Transocean 2022 AGM
Vote Processing
c/o Broadridge
51 Mercedes Way
Edgewood, NY 11717
USA

or



Transocean 2022 AGM
Vote Processing
Schweiger Advokatur / Notariat
Dammstrasse 19
6300 Zug
Switzerland

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

As a precaution in connection with the COVID-19 pandemic, the 2022 Annual General Meeting will not take place in the usual format. In accordance with the Swiss Federal Council Ordinance 3 of June 19, 2020, on Measures to Combat the Coronavirus, as amended (the “COVID-19 Ordinance 3”), shareholders will not be permitted to attend the meeting in person. Shareholders and beneficial owners of our shares must therefore exercise their voting rights only by giving voting instructions to the independent proxy or its substitute by internet, telephone, or mail, as described above, or by giving the independent proxy or its substitute proxy card voting instruction, as further described in this proxy statement. We look forward to welcoming shareholders in person at general meetings of shareholders that take place following the 2022 Annual General Meeting, consistent with our long-standing practice prior to the COVID-19 pandemic.

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

AGENDA ITEM 1

Approval of the 2021 Annual Report, Including the Audited Consolidated Financial Statements of Transocean Ltd. for Fiscal Year 2021 and the Audited Statutory Financial Statements of Transocean Ltd. for Fiscal Year 2021

PROPOSAL OF THE BOARD OF DIRECTORS

The Board of Directors proposes that the 2021 Annual Report, including the audited consolidated financial statements of Transocean Ltd. for fiscal year 2021 and the audited statutory financial statements of Transocean Ltd. for fiscal year 2021, be approved.

EXPLANATION

The audited consolidated financial statements of Transocean Ltd. for fiscal year 2021 and the audited Swiss statutory financial statements of Transocean Ltd. for fiscal year 2021 are contained in the 2021 Annual Report, which, along with this proxy statement, are available at: www.deepwater.com by selecting Financial Reports, then Annual and Quarterly Reports in the Investors section dropdown. In addition, these materials will be available for physical inspection at



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

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

The 2021 Annual Report also contains information on the Company's business activities, the Company's business and financial situation, and the reports of Ernst & Young Ltd, Zurich, the Company's auditors pursuant to the Swiss Code of Obligations (the "Swiss Code"), on the Company's consolidated financial statements for fiscal year 2021 and statutory financial statements for fiscal year 2021. In its reports, Ernst & Young Ltd recommended without qualification that the Company's consolidated financial statements and statutory financial statements for the year ended December 31, 2021, be approved. Ernst & Young Ltd expresses its opinion that the "consolidated financial statements for the years ended December 31, 2021 and 2020, present fairly in all material respects the consolidated financial position of Transocean Ltd. and subsidiaries at December 31, 2021 and 2020, and the consolidated results of operations and cash flows for each of the three years in the period ended December 31, 2021, in accordance with accounting principles generally accepted in the United States and comply with Swiss law." Ernst & Young Ltd further expresses its opinion and confirms that the statutory financial statements for fiscal year 2021 comply with Swiss law and the Articles of Association of the Company.

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

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

RECOMMENDATION

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

AGENDA ITEM 2

Discharge of the Members of the Board of Directors and the Executive Management Team from Liability for Activities During Fiscal Year 2021

PROPOSAL OF THE BOARD OF DIRECTORS

The Board of Directors proposes that the members of the Board of Directors and Messrs. Jeremy D. Thigpen, Mark L. Mey, and Keelan I. Adamson, who served as members of our Executive Management Team in 2021, be discharged from liability for activities during fiscal year 2021.

EXPLANATION

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

Discharge pursuant to the proposed resolution is only effective with respect to facts that have been disclosed to shareholders (including through any publicly available information, whether or not included in our filings with the SEC) and only binds shareholders who either voted in favor of the proposal or who subsequently acquired shares with knowledge that the shareholders have approved this proposal. In addition, shareholders who vote against this proposal, abstain from voting on this proposal, do not vote on this proposal, or acquire their shares without knowledge of the approval of this proposal, may bring, as a plaintiff, any claims in a shareholder derivative suit within six months after the approval of the proposal. After the expiration of the six-month period, such shareholders will generally no longer have the right to bring, as a plaintiff, claims in shareholder derivative suits against members of the Board of Directors or Executive Management Team with respect to activities during fiscal year 2021.

RECOMMENDATION

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

AGENDA ITEM 3

Appropriation of the Accumulated Loss for Fiscal Year 2021

PROPOSAL OF THE BOARD OF DIRECTORS

The Board of Directors proposes that the accumulated loss of the Company be carried forward.

APPROPRIATION OF ACCUMULATED LOSS	IN CHF THOUSANDS
Balance brought forward from previous years	(11,115,035)
Net loss of the year	(296,412)
Total accumulated loss	(11,411,447)

APPROPRIATION OF ACCUMULATED LOSS	
Balance to be carried forward on this account	(11,411,447)

EXPLANATION

Under Swiss law, the appropriation of available earnings or accumulated loss, as the case may be, as set forth in the Swiss statutory financial statements must be submitted to shareholders for approval at each annual general meeting. The accumulated loss subject to the vote of the Company's shareholders at the 2022 Annual General Meeting is the accumulated loss of Transocean Ltd., on a standalone basis.

RECOMMENDATION

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

AGENDA ITEM 4

Renewal of Shares Authorized For Issuance

PROPOSAL OF THE BOARD OF DIRECTORS

The Board of Directors proposes that its authority to issue shares using the Company's authorized share capital be renewed and limited to the issuance of up to 150,848,756 shares, representing approximately 20% of the Company's issued shares as of March 25, 2022, for a two-year period ending on May 12, 2024.

The proposed amendment to our Articles of Association reflecting this authorization would replace the authorization to issue shares using authorized share capital that was approved by our shareholders at our 2021 Annual General Meeting.

The Board of Directors believes that providing the flexibility to issue shares quickly and opportunistically is a strategic benefit to the Company and that the proposal would more closely align the Company's authorized share capital with that of its peers, most of whom have received similar or higher authorizations from their respective shareholders.

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

EXPLANATION

The Board of Directors believes it is advisable for our shareholders to renew the authorization for the Board of Directors to issue up to 150,848,756 shares using the Company's authorized share capital, always within the limits of NYSE rules, our Articles of Association and the Swiss Code. Approving this proposal would allow the Board of Directors to maintain flexibility to execute transactions and, if appropriate conditions exist, access capital markets by issuing shares in a timely and efficient manner, rather than being subject to the delays and costs associated with calling special shareholder meetings, which could impair the Company's ability to execute transactions designed to maximize shareholder value during favorable market conditions.

The Swiss Code provides that shareholders may, by amendment to the Articles of Association, authorize the Board of Directors to increase the number of shares issuable using authorized share capital by a maximum amount of 50% of the share capital in issue at the time of the increase for a period of up to two years from the date of the shareholder authorization.

Although the Company is subject to U.S. domestic reporting requirements of the Exchange Act, and our shares are listed on the NYSE and held predominantly by U.S. investors, we are incorporated in Switzerland and therefore subject to the Swiss Code and related laws. Unlike companies incorporated in U.S. or other jurisdictions for whom authorizations to issue new capital with or without a specific purpose is generally not limited by law and does not generally expire, the ability of Swiss-domiciled companies to issue shares using authorized share capital is limited to a maximum of 50% of the total issued share capital existing when approval is obtained from shareholders, and the authorization expires every two years under Swiss law. We have therefore traditionally sought shareholder approval at regular intervals for additional authority to issue shares without a specific purpose, using authorized share capital.

At our 2021 Annual General Meeting, our shareholders authorized us to issue up to 205,702,850 shares using the Company's authorized share capital for a two year period following the 2021 Annual General Meeting. Consistent with our practice of seeking shareholder approval at regular intervals for authority to issue shares, the proposed amendments to our Articles of Association would replace the authorization to issue shares using authorized share capital that was approved by shareholders at our 2021 Annual General Meeting.

As of March 25, 2022, the issued share capital of the Company consisted of 754,244,072 shares.

The current proposal would permit us to issue up to 150,848,756 additional shares using authorized share capital, or approximately 20% of the Company's issued share capital until May 12, 2024. All shares under the

proposed authorization would be issuable without preemptive rights as provided in our Articles of Association in accordance with the Swiss Code.

We currently do not have plans to issue shares pursuant to the proposed authorization, though we maintain an at-the-market equity offering program (the “ATM Program”) pursuant to which we may issue new shares into the market from time to time. While future issuances could have the effect of diluting existing shareholders’ ownership and voting interests in the Company, we have demonstrated during the recent market downturn our commitment to prudently manage our use of, and access to, capital, including our share capital, as we seek to maximize shareholder value. As part of this commitment, we have issued shares opportunistically from time to time using our currently-existing authorized share capital in connection with our ATM Program. For the year ended December 31, 2021, we sold an aggregate of 36.1 million shares under our ATM Program and received aggregate cash proceeds of approximately \$158 million, net of issue costs.

If this Agenda Item is approved, we would seek additional shareholder approval for certain share issuances pursuant to this authorization to the extent required under NYSE rules. Under current NYSE rules, shareholder approval is generally required, with certain enumerated exceptions, to issue shares or securities convertible into or exercisable for shares in one or a series of related transactions if such shares equal or will equal 20% or more of the voting power or outstanding shares of the Company at or upon issuance.

NYSE rules also require shareholder approval for an issuance of shares that would result in a change of control of the Company, as well as for share issuances in connection with certain benefit plans or certain related party transactions. Under the Swiss Code and subject to the conditions provided in our Articles of Association, the Board of Directors would be authorized to limit or withdraw the preemptive rights of the existing shareholders in connection with the issuance of shares using authorized share capital.

The proposed authorization to issue shares would expire on May 12, 2024.

RECOMMENDATION

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

AGENDA ITEM 5

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

NOMINATIONS OF THE BOARD OF DIRECTORS

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

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

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

Director Nomination Process

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

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

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

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

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

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

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

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

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

Shareholders may submit nominations to:



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

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

AGENDA ITEM 5

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

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

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

The Board of Directors considers diversity as a key factor in the director nominee selection process. The Board of Directors takes an expansive view of the diversity of its members, with the goal of having directors who bring diverse expertise in environmental, health, safety, industry, sustainability, information security, corporate and business development, investor relations and financial matters and who reflect the global diversity of our workforce, our customers and the cultures in which we operate. We are a multinational company and, as of March 25, 2022, have seven different nationalities represented in our director and executive officer group, and 57 in our global workforce. We have a presence in 21 countries worldwide.

7	57	21
NATIONALITIES IN OUR DIRECTOR AND EXECUTIVE OFFICER GROUP	NATIONALITIES IN OUR GLOBAL WORKFORCE	COUNTRIES WORLDWIDE

Board Leadership

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

Executive Sessions

Our independent directors met in executive session without management at each of the regularly scheduled Board of Directors' meetings held in 2021. During 2022, the independent directors are again scheduled to meet in executive session at each regularly scheduled Board of Directors' meeting. The independent directors generally designate the Chair of the Board of Directors to act as the presiding director for executive sessions.

Director Attendance at Annual General Meeting

In light of regulations on preventive measures to combat COVID-19 and related travel restrictions, it is possible that not all of our directors will physically attend the 2022 Annual General Meeting. At the 2021 Annual General Meeting, none of our directors were in physical attendance due to COVID-19-related considerations.

VOTING REQUIREMENT TO ELECT NOMINEES

The election of each nominee requires the affirmative vote of a plurality of the votes cast at the 2022 Annual General Meeting. The plurality requirement means that the nominee who receives the largest number of votes for a board seat is elected. Shareholders are entitled to one vote per share for each of the directors to be elected.

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

The Board of Directors has received from each nominee for election as a director at the 2022 Annual General Meeting listed below an executed irrevocable letter of resignation consistent with these guidelines described above.

The information regarding the nominees presented below is as of March 25, 2022.

NOMINEES FOR DIRECTOR



GLYN A. BARKER | Director since 2012

CAREER HIGHLIGHTS

Glyn A. Barker served as Vice Chair-U.K. of PricewaterhouseCoopers LLP (PwC) from 2008 to 2011. He was also responsible for PwC's strategy and business development for the geographic areas of Europe, the Middle East, Africa and India. Mr. Barker joined PwC in 1975 and became an audit partner in 1987. He then established PwC's private equity-focused Transactions Services business and led it globally. He joined the Management Board of PwC in the UK as Head of the Assurance Practice in 2002. In 2006, he became U.K. Managing Partner and served in that role until 2008. Mr. Barker is the Chair of Irwin Mitchell Holdings Ltd (since 2012) and the Chair of Tappit Technologies (UK) Ltd (since 2020). He is a director of Berkeley Group Holdings plc (LON: BKG) (since 2012), Various Eateries Ltd. (LON: VARE) (since 2020), and Cornerstone FS plc (AIM: CSFS) (since 2021). Mr. Barker served as director (from 2014 to 2016) and the Chair (from 2015 to 2016) of Transocean Partners LLC, as a director of Aviva plc from 2012 to 2019, and as a director of Interserve plc from 2016 to 2019. Mr. Barker was Deputy Chair of the English National Opera Company from 2009 to 2016.

EDUCATION

Chartered Accountant

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

KEY QUALIFICATIONS AND EXPERTISE

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

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

FORMER VICE CHAIR — U.K., PWC LLP

U.K. CITIZEN

Independent

Age: 68

COMMITTEES

Audit

Compensation

Finance

OTHER CURRENT PUBLIC COMPANY BOARDS

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

Cornerstone FS
plc (AIM: CSFS)
(since 2021)

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



VANESSA C.L. CHANG | Director since 2012

CAREER HIGHLIGHTS

Vanessa C.L. Chang previously served as a Director and shareholder of EL & EL Investments, a privately held real estate investment business, from 1998 to 2018, as the President and Chief Executive Officer of *ResolveItNow.com* from 2000 until 2002 and was the Senior Vice President of Secured Capital Corp in 1998. From 1986 until 1997, Ms. Chang was the West Coast partner in charge of Corporate Finance for KPMG Peat Marwick LLP. Ms. Chang is a director or trustee of 16 funds advised by the Capital Group and its subsidiaries, nine of which are members of the American Funds family and seven of which are members of Capital Group's Private Client Services (since 2000). Ms. Chang also serves as a director of six ETFs advised and launched by Capital Group in February 2022. She is also a director of Edison International (NYSE: EIX) and its wholly owned subsidiary, Southern California Edison Company (each since 2007). She was also a director of Sykes Enterprises Incorporated from 2016 to 2021, Forest Lawn Memorial Parks Association, a non-profit organization, from 2005 to 2020 and SCO, America, Inc., a non-profit organization, from 2013 to 2019. Ms. Chang is a member of the American Institute of Certified Public Accountants, the California State Board of Accountancy, Women Corporate Directors and the National Association of Corporate Directors.

EDUCATION

Certified Public Accountant (inactive)
Bachelor of Arts, University of British Columbia (1973)

KEY QUALIFICATIONS AND EXPERTISE

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

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

FORMER DIRECTOR AND SHAREHOLDER OF EL & EL INVESTMENTS

CANADIAN AND U.S. CITIZEN

Independent

Age: 69

COMMITTEES

Audit

Compensation

OTHER CURRENT PUBLIC COMPANY BOARDS

Edison
International
(NYSE: EIX since
2007)



**FORMER CEO,
ULTRAPAR S.A.**

**BRAZILIAN AND
PORTUGUESE
CITIZEN**

Independent
Age: 60

COMMITTEES

Corporate
Governance
Health, Safety,
Environment and
Sustainability

OTHER CURRENT PUBLIC COMPANY BOARDS

ABB Ltd (NYSE:
ABB) (since 2016)
Ultrapar S.A. (NYSE:
UGP) (since 2021)

FREDERICO F. CURADO | Director since 2013

CAREER HIGHLIGHTS

Frederico F. Curado served as the Chief Executive Officer of Ultrapar S.A. (NYSE: UGP) from 2017 to 2021, and previously served as President and Chief Executive Officer of Embraer S.A. (NYSE: ERJ) from 2007 to 2016. He joined Embraer in 1984 and served in a variety of management positions during his career, including Executive Vice President, Airline Market from 1998 to 2007 and Executive Vice President, Planning and Organizational Development from 1995 to 1998. Mr. Curado has been a director of Ultrapar since 2022 and a director of ABB Ltd. (NYSE: ABB) since 2016. Mr. Curado was a member of the Executive Board of the ICC—International Chamber of Commerce from 2013 to 2018, a director of lochpe-Maxion S.A. from 2015 to 2017, the President of the Brazilian Chapter of the Brazil-United States Business Council from 2011 to 2016, a member of Brazil's National Council for Industrial Development from 2011 to 2016, and had been a director of the Smithsonian National Air and Space Museum from 2014 to 2017.

EDUCATION

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

KEY QUALIFICATIONS AND EXPERTISE

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

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

Lastly, Mr. Curado retired from his position as Chief Executive Officer of Ultrapar S.A. in December 2021 as part of that company's previously-announced succession plans. Mr. Curado joined the Ultrapar S.A. board in September 2021.



CHADWICK C. DEATON | Director since 2012

CAREER HIGHLIGHTS

Mr. Deaton served as Executive Chair of Baker Hughes Incorporated from 2012 to 2013, prior to which he served as Chair and Chief Executive Officer since 2004. He began his career with Schlumberger in 1976 and served in a variety of international capacities, including as Executive Vice President, Oilfield Services from 1998 to 1999 and as a Senior Advisor from 1999 until 2001. From 2002 until 2004, Mr. Deaton was the President, Chief Executive Officer and Director of Hanover Compressor Company. Mr. Deaton is a director of Marathon Oil Corporation (NYSE: MRO) (since 2014). Mr. Deaton previously was a director of Air Products and Chemicals, Inc. from 2010 to 2022, and Carbo Ceramics Inc. (from 2013 to 2020; and previously from 2004 to 2009). He is a member of the Society of Petroleum Engineers (since 1980) and has served on its Industrial Advisory Council. He is also a director of the University of Wyoming Foundation, Ucross Foundation, a non-profit research and development lab for the arts, and of the Houston Achievement Place. Mr. Deaton served as co-chair of the Wyoming Governor's Task Force for the build out of the University of Wyoming's new Engineering and Applied Sciences Center. He was a member of the National Petroleum Council (from 2007 to 2013).

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

U.S. CITIZEN

Independent
Age 69

OTHER CURRENT PUBLIC COMPANY BOARDS

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

EDUCATION

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

KEY QUALIFICATIONS AND EXPERTISE

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

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



VINCENT J. INTRIERI | Director since 2014

CAREER HIGHLIGHTS

Mr. Intrieri is the Founder and CEO of VDA Capital Management LLC, a private investment fund founded in January 2017. Mr. Intrieri was previously employed by Carl C. Icahn-related entities in various investment-related capacities from 1998 to 2016. From 2008 to 2016, Mr. Intrieri served as Senior Managing Director of Icahn Capital LP, the entity through which Carl C. Icahn manages private investment funds. In addition, from 2004 to 2016, Mr. Intrieri was a Senior Managing Director of Icahn Onshore LP, the general partner of Icahn Partners LP, and Icahn Offshore LP, the general partner of Icahn Partners Master Fund LP, entities through which Mr. Icahn invests in securities. Mr. Intrieri is a director of Hertz Global Holdings, Inc. (NASDAQ: HTZ) (since 2014). Mr. Intrieri previously served as a director of Navistar International Corporation from 2012 until 2021, Energen Corporation from March 2018 until November 2018, Conduent Incorporated from 2017 to 2018, Chesapeake Energy Corporation from 2012 to 2016, CVR Refining, GP, LLC, the general partner of CVR Refining, LP, from 2012 to 2014, Ferrous Resources Limited from 2015 to 2016, Forest Laboratories Inc. from 2013 to 2014, CVR Energy, Inc. from 2012 to 2014, Federal-Mogul Holdings Corporation from 2007 to 2013, Icahn Enterprises L.P. from 2006 to 2012, and was Senior Vice President of Icahn Enterprises L.P. from 2011 to 2012. Mr. Intrieri was also a director of Dynegy Inc. from 2011 to 2012, and Chair and a director of PSC Metals Inc. from 2007 to 2012. He served as a director of Motorola Solutions, Inc. from 2011 to 2012, XO Holdings from 2006 to 2011, National Energy Group, Inc. from 2006 to 2011, American Railcar Industries, Inc. from 2005 to 2011, WestPoint Home LLC from 2005 to 2011, and as Chair and a director of Viskase Companies, Inc. from 2003 to 2011. Ferrous Resources Limited, CVR Refining, CVR Energy, American Railcar Industries, Federal-Mogul, Icahn Enterprises, XO Holdings, National Energy Group, WestPoint Home, Viskase Companies and PSC Metals each are or previously were indirectly controlled by Carl C. Icahn. Mr. Icahn also has or previously had a noncontrolling interest in Dynegy, Hertz, Forest Laboratories, Navistar, Chesapeake Energy, Motorola Solutions and Transocean through the ownership of securities.

EDUCATION

Certified Public Accountant (inactive)

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

KEY QUALIFICATIONS AND EXPERTISE

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

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

FOUNDER AND CEO, VDA CAPITAL MANAGEMENT LLC

U.S. CITIZEN

Independent

Age 65

COMMITTEES

Corporate
Governance
Finance

OTHER CURRENT PUBLIC COMPANY BOARDS

Hertz Global
Holdings, Inc.
(NASDAQ: HTZ)
(since 2014)



SAMUEL J. MERKSAMER | Director since 2013

CAREER HIGHLIGHTS

Mr. Merksamer is a Partner at SoftBank Investment Advisers and a Managing Director at SB Management, an affiliate of SoftBank. He was previously a co-founder of Caligan Partners, L.P., an investment firm, from 2017-2019. He was a Managing Director of Icahn Capital LP, a subsidiary of Icahn Enterprises L.P., from 2008 to 2016. From 2003 until 2008, Mr. Merksamer was an analyst at Airlie Opportunity Capital Management. Mr. Merksamer is a director of Autostore Holdings Ltd. (OSE: AUTO) (since 2021) and EQRX (NASDAQ: EQRX) (since 2021). He previously served as a director of American International Group, Inc. from 2016 to 2018, Hertz Global Holdings, Inc. from 2014 to 2017, Navistar International Corporation from 2012 to 2017, Cheniere Energy Inc. from 2015 to 2017, Transocean Partners from 2014 to 2016, Hologic Inc. from 2013 to 2016, Talisman Energy Inc. from 2013 to 2015, Ferrous Resources Limited from 2012 to 2016, CVR Refining, GP, LLC, the general partner of CVR Refining, LP, from 2012 to 2014, CVR Energy, Inc. from 2012 to 2014, American Railcar Industries, Inc. from 2011 to 2013, Dynegy Inc. from 2011 to 2012, Viskase Companies, Inc. from 2010 to 2013, Federal-Mogul Holdings Corporation from 2010 to 2014, and PSC Metals Inc. from 2009 to 2012. Ferrous Resources Limited, CVR Refining, CVR Energy, American Railcar Industries, Federal-Mogul, Viskase Companies and PSC Metals are each indirectly controlled by Carl C. Icahn. Mr. Icahn also has or previously had a noncontrolling interest in Dynegy, Hologic, Talisman Energy, Navistar, Hertz, Cheniere Energy, Transocean Ltd., Transocean Partners and American International Group, Inc. through the ownership of securities.

**PARTNER,
SOFTBANK
INVESTMENT
ADVISERS**

U.S. CITIZEN
Independent
Age 41

COMMITTEES
Compensation
Finance

**OTHER CURRENT
PUBLIC COMPANY
BOARDS**

Autostore Holdings
Ltd. (OSE: AUTO)
(since 2021)
EQRX (NASDAQ:
EQRX) (since 2021)

EDUCATION

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

KEY QUALIFICATIONS AND EXPERTISE

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

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



FREDERIK W. MOHN | Director since 2018

CAREER HIGHLIGHTS

Mr. Mohn has served as a director of the Company since 2018 when Transocean acquired Songa Offshore SE. Previously, Mr. Mohn served as a director of Songa Offshore SE from 2013 to 2014, and as Chair of the Songa Board from 2014 to 2018. Mr. Mohn is the sole owner and managing director of Perestroika, a Norwegian investment company with investments in oil and gas, shipping, infrastructure, real estate development and financial services. Mr. Mohn currently serves as the Chair of the Board of EMGS ASA (OSE: EMGS) (since 2021). He also currently serves on the board of directors of the following private companies: Viken Crude AS, Gjettinggrenda AS, Fornebu Sentrum Holding AS, Fornebu Sentrum Utvikling AS and Høvik Stasjonsby AS og KS. Mr. Mohn previously served as a director of Dof ASA, a Norwegian shipping company, from August 2017 to October 2019 and as a director of Fjord 1, a Norwegian transport company from August 2017 to December 2019. From 2011 to 2013, Mr. Mohn served as managing director of the worldwide family business Frank Mohn AS, a supplier of pumping systems to the oil and gas industry.

EDUCATION

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

KEY QUALIFICATIONS AND EXPERTISE

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

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

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

**NORWEGIAN
CITIZEN**

Independent

Age 45

COMMITTEES

Audit

Health, Safety,
Environment and
Sustainability

OTHER CURRENT PUBLIC COMPANY BOARDS

EMGS ASA (OSE:
EMGS) (since 2021)



EDWARD R. MULLER | Director since 2008

CAREER HIGHLIGHTS

Mr. Muller served as a director of GlobalSantaFe Corporation from 2001 to 2007 and of Global Marine, Inc. from 1997 to 2001. Mr. Muller served as Vice Chair of NRG Energy, Inc. (NYSE: NRG) after the merger of NRG Energy, Inc. with GenOn Energy, Inc. from 2012 until 2017. Prior to the merger, he served as GenOn Energy, Inc.'s Chair and Chief Executive Officer (since 2010) and President (since 2011). Mr. Muller previously served as Chair, President and Chief Executive Officer of Mirant Corporation from 2005 to 2010 when Mirant Corporation merged with RRI Energy, Inc. to form GenOn Energy, Inc. Mr. Muller currently serves as the chair of three start-ups: Concrete AI, Inc., since 2021, CarbonBuilt, Inc. since 2020, and SeaChange Inc., since 2020 and has served as a director of AeroVironment, Inc. (NASDAQ: AVAV) since 2013. Before becoming a private investor from 2000 until 2005, Mr. Muller served as President and Chief Executive Officer of Edison Mission Energy, a wholly owned subsidiary of Edison International, from 1993 until 2000. During his tenure, Edison Mission Energy was engaged in developing, owning and operating independent power production facilities worldwide. Since 2004, Mr. Muller has been a trustee of the Riverview School and twice served as its Chair, a position he held from 2008 to 2012 and from 2015 to 2018. Since 2019, Mr. Muller has served as the Chair of the advisory board of the UCLA Institute for Carbon Management.

EDUCATION

Law degree, Yale Law School (1976)
Bachelor of Arts degree, Dartmouth College (1973)

KEY QUALIFICATIONS AND EXPERTISE

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

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

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

U.S. CITIZEN

Independent

Age 69

COMMITTEES

Corporate
Governance

Finance

OTHER CURRENT PUBLIC COMPANY BOARDS

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



MARGARETH ØVRUM | Director since 2021

CAREER HIGHLIGHTS

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

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

**NORWEGIAN
CITIZEN**

Independent

Age 63

COMMITTEES

Audit

Health, Safety,
Environment and
Sustainability

OTHER CURRENT PUBLIC COMPANY BOARDS

FMC Corporation
(NYSE: FMC) (since
2016)

Harbour Energy
(OTCPK: ENGH)
(since 2021)

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

EDUCATION

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

KEY QUALIFICATIONS AND EXPERTISE

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

Global international

Human capital management

Information Security

Mergers & acquisitions

Oil & gas (including oilfield services)

Operations & engineering

Public company governance

Safety & environment

Strategy

Sustainability Risk, Reporting and Disclosures

Technology, research & development



DIANE DE SAINT VICTOR | Director since 2020

CAREER HIGHLIGHTS

Ms. de Saint Victor previously served as ABB Ltd.'s Company Secretary, a position she vacated in March 2020, and as ABB Ltd.'s General Counsel and Company Secretary from 2007 to 2019. During this time, Ms. de Saint Victor also served as the vice Chair of the Board of Directors of ABB Asea Brown Boveri Ltd. Prior to joining ABB, she served as a Senior Vice President and General Counsel of Airbus Group from 2004 to 2006 and from 2003 to 2004 as a Vice President and General Counsel at SCA Hygiene Products. She spent a decade working at Honeywell, beginning in 1993 as the General Counsel Europe for the company. Her final two years with Honeywell were spent working as the company's Vice President and General Counsel International. Earlier in her career, Ms. de Saint Victor worked for General Electric and as counsel for a law firm. She currently serves as a director of Imperial Brands PLC (LSE: IMB) (since 2021), Natixis SA (since 2009) and C&A, a private company (since 2021). Ms. de Saint Victor previously served on the boards of ABB India Limited from 2019 to 2020, Altran Technologies SA France from 2019 to 2020 and Barclays PLC, where she was a member of the audit and reputation committees from 2013 to 2017, and the American Chamber of Commerce in France from 2017 to 2019. Ms. de Saint Victor is a member of Women Corporate Directors, the American Bar Association and the International Bar Association.

EDUCATION

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

KEY QUALIFICATIONS AND EXPERTISE

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

- Global international
- Human Capital Management
- Information Security
- Legal & compliance
- Mergers & acquisitions
- Public company governance
- Safety & Environment
- Strategy
- Sustainability Risk, Reporting and Disclosures

FORMER GENERAL COUNSEL AND COMPANY SECRETARY, ABB LTD.

FRENCH CITIZEN

Independent
 Age 67

COMMITTEES

Audit
 Health, Safety, Environment and Sustainability

OTHER CURRENT PUBLIC COMPANY BOARDS

Imperial Brands PLC (LSE: IMB)



**CHIEF EXECUTIVE
OFFICER,
TRANSOCEAN LTD.**

U.S. CITIZEN
Age 47

JEREMY D. THIGPEN | Director since 2015

CAREER HIGHLIGHTS

Mr. Thigpen is Chief Executive Officer and a director of the Company since 2015, and served as President until February 2022. Mr. Thigpen served as Senior Vice President and Chief Financial Officer at National Oilwell Varco, Inc. (NYSE: NOV) from 2012 to 2015. During his tenure at National Oilwell Varco, Mr. Thigpen spent five years from 2007 to 2012 as the company's President of Downhole and Pumping Solutions business, and four years from 2003 to 2007 as President of its Downhole Tools group. He also served in various management and business development capacities, including Director of Business Development and Special Assistant to the Chair for National Oilwell Varco.

EDUCATION

Program for Management Development, Harvard Business School (2001)
Bachelor of Arts degree, Economics and Managerial Studies, Rice University (1997)
















KEY QUALIFICATIONS AND EXPERTISE

The Board of Directors recommends Mr. Thigpen should serve an additional term. The Board of Directors believes that it is important for the Chief Executive Officer of the Company to serve on the Board of Directors, as it ensures an efficient flow of information between the Board of Directors and executive management. In addition, Mr. Thigpen has substantial industry experience, as well as proven leadership and experience in strategic transactions, finance, operational and management matters, industry and community relations initiatives, and he brings a competitive perspective, all of which assists the other members of the Board of Directors in considering strategic decisions for the Company.

RECOMMENDATION

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

SKILLS AND EXPERIENCE MATRIX FOR INDEPENDENT DIRECTOR NOMINEES

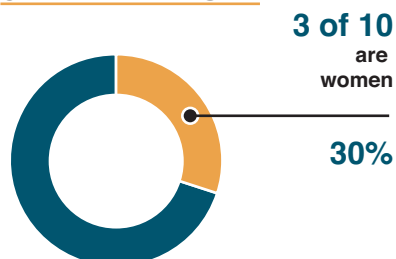
BUSINESS OR PROFESSIONAL EXPERIENCE AND SKILLS	Glyn A. Barker	Vanessa C.L. Chang	Frederico F. Curado	Chadwick C. Deaton	Vincent J. Intrieri	Samuel Merksamer	Frederik W. Mohn	Edward R. Muller	Margareth Øvrum	Diane de Saint Victor	# OUT OF 10
 Accounting & Auditing	✓	✓	✓		✓	✓	✓	✓		✓	8
 Finance, Debt & Capital Markets	✓	✓	✓	✓	✓	✓	✓	✓			8
 Multinational Company	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	10
 Human Capital Management		✓	✓	✓	✓				✓	✓	6
 Information Security	✓	✓							✓	✓	4
 Legal & Compliance			✓	✓				✓		✓	4
 Mergers & Acquisitions	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	10
 Oil & Gas (Including Oilfield Services)			✓	✓	✓		✓		✓		5
 Operations & Engineering			✓	✓					✓		3
 Public Company CEO			✓	✓				✓			3
 Public Company Governance	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	10
 Safety & Environment			✓	✓	✓		✓	✓	✓	✓	7
 Strategy	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	10
 Sustainability Risk, Reporting & Disclosures		✓	✓						✓	✓	4
 Technology, Research & Development			✓	✓	✓				✓		4

Backgrounds and Attributes of Our Independent Director Nominees

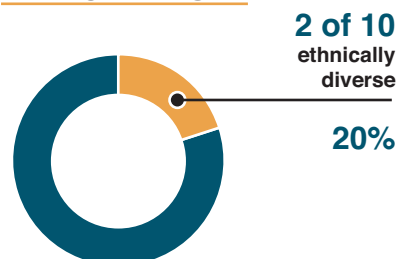
All members of our Board of Directors are highly qualified with proven records of excellence and success. In addition to their credentials and experience, we value the thought leadership and varied perspectives that a diverse board brings to our business execution and have purposefully improved gender, ethnic and national representation of our Board. The following provides an overview of the backgrounds of our non-executive directors.



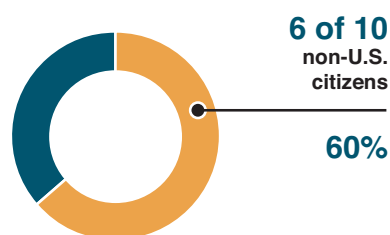
GENDER DIVERSITY



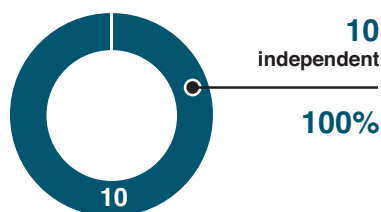
ETHNIC DIVERSITY



GLOBAL CITIZENSHIP



INDEPENDENCE (NYSE STANDARDS)



TENURE OF DIRECTORS

Average tenure **7.6 years**

Median tenure **9 years**

1 - 3 YRS



30%

6 - 9 YRS



30%

10+ YRS



40%



AGE OF DIRECTORS

Average age **61.5 years**

Median age **65 years**

40s



20%

60s



80%

AGENDA ITEM 6

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

NOMINATION OF THE BOARD OF DIRECTORS

Pursuant to the Minder Ordinance and our Articles of Association, the authority to elect the Chair of the Board of Directors is vested with the general meeting of shareholders. The term of office of the Chair of the Board of Directors is the same as the other directors' terms and extends until completion of the next annual general meeting. The Chair elected at the 2022 Annual General Meeting will have the powers and duties as provided for in our Articles of Association and organizational regulations.

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

RECOMMENDATION

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

AGENDA ITEM 7

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

NOMINATIONS OF THE BOARD OF DIRECTORS

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

Upon the recommendation of the Corporate Governance Committee, the Board of Directors has nominated for election by the shareholders at the 2022 Annual General Meeting

Glyn A. Barker

Vanessa C.L. Chang

Samuel J. Merksamer

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

RECOMMENDATION

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

AGENDA ITEM 8

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

Pursuant to the Minder Ordinance and our Articles of Association, the authority to elect the independent proxy is vested with the general meeting of shareholders. The independent proxy elected at the 2022 Annual General Meeting will serve as independent proxy at the 2023 Annual General Meeting and at any extraordinary general meeting of shareholders of the Company that may be held prior to the 2023 Annual General Meeting.

The Board of Directors has nominated for election as independent proxy Schweiger Advokatur / Notariat, Dammstrasse 19, 6300 Zug, Switzerland. Schweiger Advokatur / Notariat was elected at the 2021 Annual General Meeting to serve as independent proxy at the 2022 Annual General Meeting and any extraordinary general meeting of shareholders of the Company held prior to the 2022 Annual General Meeting. Schweiger Advokatur/Notariat confirmed to the Company that it possesses the required independence to fulfill its mandate.

RECOMMENDATION

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

AGENDA ITEM 9

Appointment of Ernst & Young LLP as the Company's Independent Registered Public Accounting Firm for Fiscal Year 2022 and Reelection of Ernst & Young Ltd, Zurich, as the Company's Auditor for a Further One-Year Term

PROPOSAL OF THE BOARD OF DIRECTORS

The Board of Directors proposes that Ernst & Young LLP be appointed as Transocean Ltd.'s independent registered public accounting firm for the fiscal year 2022 and that Ernst & Young Ltd, Zurich, be elected as Transocean Ltd.'s auditor pursuant to the Swiss Code of Obligations for a further one-year term, commencing on the day of election at the 2022 Annual General Meeting and terminating on the day of the 2023 Annual General Meeting.

Representatives of Ernst & Young Ltd will participate in the 2022 Annual General Meeting, will have the opportunity to make a statement and will be available to respond to questions you may ask. Please submit any questions you may have to the Corporate Secretary prior to the 2022 Annual General Meeting. Information regarding the fees paid by the Company to Ernst & Young appears below.

RECOMMENDATION

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

FEES PAID TO ERNST & YOUNG

Audit fees for Ernst & Young LLP and its affiliates for each of the fiscal years 2021 and 2020 and audit-related fees, tax fees and total of all other fees for services rendered in 2021 and 2020 are as follows:

	AUDIT FEES ⁽¹⁾ U.S. \$	AUDIT-RELATED FEES ⁽²⁾ U.S. \$	TAX FEES U.S. \$	TOTAL OF ALL OTHER FEES ⁽³⁾ U.S. \$
Fiscal year 2021	4,674,009	502,049	-	1,485
Fiscal year 2020	4,996,805	429,771	-	2,138

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

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

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

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

The Audit Committee pre-approves all auditing services, review or attest engagements and permitted non-audit services to be performed by our independent registered public accounting firm. The Audit Committee has considered whether the provision of services rendered in 2021 other than the audit of our financial statements and reviews of quarterly financial statements was compatible with maintaining the independence of Ernst &

Young LLP and determined that the provision of such services was compatible with maintaining such independence.

The Audit Committee has adopted policies and procedures for pre-approving all audit and non-audit services performed by the independent registered public accounting firm. The policy requires advance approval by the Audit Committee of all audit and non-audit work; provided, that the Chair of the Audit Committee may grant pre-approvals of audit or non-audit work, so long as such pre-approvals are presented to the full Audit Committee at its next scheduled meeting. Unless the specific service has been previously pre-approved with respect to the 12-month period following the advance approval, the Audit Committee must approve a service before the independent registered public accounting firm is engaged to perform the service. The Audit Committee has given advance approval for specified audit, audit-related, tax and other services for 2022. Requests for services that have received this pre-approval are subject to specified fee or budget restrictions, as well as internal management controls.

AGENDA ITEM 10

Advisory Vote to Approve Named Executive Officer Compensation For Fiscal Year 2022

PROPOSAL OF THE BOARD OF DIRECTORS

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

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

Accordingly, you may vote on the following resolution:

RESOLVED, that the compensation of the Company's Named Executive Officers, as disclosed pursuant to the compensation disclosure rules of the SEC, including the Compensation Discussion and Analysis, the compensation tables, and the narrative disclosure in the proxy statement for the Company's 2022 Annual General Meeting is hereby APPROVED.

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

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

The vote on this proposal is advisory and therefore not binding on the Company, the Compensation Committee or the Board of Directors. The Board of Directors and the Compensation Committee value the opinions of our

shareholders. Following the 2022 Annual General Meeting, we will consider our shareholders' feedback and the Compensation Committee will evaluate whether any actions are necessary to address this feedback.

RECOMMENDATION

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

AGENDA ITEM 11

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

- 11A** Ratification of the Maximum Aggregate Amount of Compensation of the Board of Directors for the Period Between the 2022 Annual General Meeting and the 2023 Annual General Meeting.

PROPOSAL OF THE BOARD OF DIRECTORS

The Board of Directors proposes that the shareholders ratify an amount of \$4,121,000 as the maximum aggregate amount of compensation of the Board of Directors for the period between the 2022 Annual General Meeting and the 2023 Annual General Meeting.

EXPLANATION

As required by our Articles of Association and the Minder Ordinance, the shareholders are provided the opportunity to vote on the maximum aggregate amount of compensation that can be paid or granted to the members of the Board of Directors for the period between the 2022 Annual General Meeting and the 2023 Annual General Meeting (the “2022/2023 Term”). The shareholder vote is binding.

DIRECTORS’ COMPENSATION PRINCIPLES

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

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

- cash retainers and
- grants of restricted share units

Set forth below is an overview of the non-employee director compensation elements for the term of office between the 2020 Annual General Meeting and the 2021 Annual General Meeting (the “2020/2021 Term”), and the term of office between the 2021 Annual General Meeting and the 2022 Annual General Meeting (the

“2021/2022 Term”). Additionally, the compensation elements currently contemplated for the 2022/2023 Term are also provided:

	2020/2021 Term (U.S.\$)	TERM OF OFFICE 2021/2022 Term (U.S.\$)	2022/2023 Term (U.S.\$)
CASH RETAINERS			
Non-employee chair	275,000	275,000	275,000
Non-employee vice chair	250,000	250,000	250,000
Non-employee directors (other than the chair and the vice chair)	100,000	100,000	100,000
Additional retainer for committee chair:			
Audit Committee	35,000	35,000	35,000
Compensation Committee	20,000	20,000	20,000
Corporate Governance Committee, Finance Committee, and Health, Safety, Environment and Sustainability Committee	10,000	10,000	10,000
TARGET VALUE OF RESTRICTED SHARE UNITS			
Non-employee chair	275,000	275,000	275,000
Non-employee vice chair	210,000	210,000	210,000
Non-employee directors (other than the chair and the vice chair)	210,000	210,000	210,000

A more detailed description of the compensation principles currently in effect for our Board of Directors can be found under “Board Meetings and Committees—Director Compensation Strategy.” The actual amounts paid to each member of the Board of Directors for fiscal year 2021 are disclosed under “2021 Director Compensation” and in our Swiss Compensation Report under the caption “Board of Directors’ Compensation.”

PROPOSAL FOR RATIFICATION OF MAXIMUM AGGREGATE AMOUNT

The Board of Directors proposes that the shareholders ratify an amount of \$4,121,000 as the maximum aggregate amount of compensation that the Company may pay to the Board of Directors for the 2022/2023 Term.

The proposed aggregate maximum amount has been calculated based on the directors’ compensation elements as outlined above and represents no change from the maximum aggregate amount of compensation for the prior seven Terms since the Minder Ordinance was first implemented for the 2015/2016 Term; all of which were approved by shareholders.

The total compensation paid to the Board of Directors for the 2021/2022 Term was \$3,373,005, which is below the \$4,121,000 previously approved by shareholders at the 2021 Annual General Meeting.

RECOMMENDATION

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

11B Ratification of the Maximum Aggregate Amount of Compensation of the Executive Management Team for Fiscal Year 2023.

PROPOSAL OF THE BOARD OF DIRECTORS

The Board of Directors proposes that the shareholders ratify an amount of \$26,000,000 as the maximum aggregate amount of compensation of the Executive Management Team for fiscal year 2023.

EXPLANATION

As required by our Articles of Association and the Minder Ordinance, our shareholders are provided the opportunity to vote on the maximum aggregate amount of compensation that can be paid or granted to the members of the Executive Management Team for fiscal year 2023. The shareholder vote is binding.

EXECUTIVE MANAGEMENT TEAM COMPENSATION PRINCIPLES

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

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

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

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

For a detailed description of our compensation principles currently in effect for the Executive Management Team (and our other Named Executive Officers who are not members of the Executive Management Team), please refer to the section of this proxy statement under the caption: "Compensation Discussion and Analysis." We recommend that our shareholders read our Articles of Association and the Compensation Discussion and Analysis to understand our Executive Management Team compensation principles and process when considering this proposal. The actual amounts paid to each member of the Executive Management Team for fiscal years 2019-2021 are disclosed in this proxy statement under the caption: "Executive Compensation—Summary Compensation Table," and for fiscal years 2020 and 2021 in our Swiss Compensation Report under the caption: "Executive Management Team Compensation."

In addition to this binding vote on maximum Executive Management Team compensation, shareholders have had the opportunity since 2011 under U.S. law, subject to an advisory vote by shareholders and a determination by the Board of Directors as to the frequency of such opportunity, to cast a retrospective advisory vote to approve the compensation paid to our Named Executive Officers (including our Executive Management Team

members) for the fiscal year preceding the annual general meeting. Since 2011, our shareholders have consistently expressed their support for the Company's executive compensation principles, and for the prior five fiscal years the shareholder approval levels have been 96% or higher. Our shareholders are again provided the opportunity to cast a retrospective advisory vote to approve the compensation paid to our Named Executive Officers (including our Executive Management Team members) for fiscal year 2021, as is explained in detail in Agenda Item 10.

The proposed maximum aggregate amount of compensation for the Executive Management Team for fiscal year 2023 is derived substantially from the Company's executive compensation program receiving strong historical shareholder support as noted above. Consistent with the Company's historical practice in setting executive compensation, as reflected in the Compensation Discussion and Analysis, we do not anticipate that the aggregate amount actually paid to our Executive Management Team members for fiscal year 2023 will be at the proposed maximum aggregate amount.

PROPOSAL FOR RATIFICATION OF MAXIMUM AGGREGATE AMOUNT

The Board of Directors proposes that the shareholders ratify an amount of \$26,000,000, excluding employer-paid social taxes, as the maximum aggregate amount of compensation of the Executive Management Team for fiscal year 2023. This amount is the maximum amount that the Company can pay or grant to its members of the Executive Management Team for fiscal year 2023, subject to the authority of the Board of Directors to grant or pay a "supplementary amount" pursuant to article 29c of our Articles of Association without additional shareholder ratification to persons who newly assume an Executive Management Team function after the prospective vote at the 2022 Annual General Meeting.

The proposed maximum aggregate amount of compensation for fiscal year 2023 is based on our estimated compensation levels and represents an increase of approximately 8% to the maximum aggregate amount of compensation for fiscal year 2022. This is the first proposed increase to the maximum aggregate amount of compensation since the Minder Ordinance was first implemented for fiscal year 2016, and is in consideration of potential future wage growth as supported by various economic indicators and compensation benchmark trends.

Shareholder approval is based on the maximum aggregate amounts that could be payable in accordance with our compensation principles as set out in the Compensation Discussion and Analysis. Therefore, actual aggregate amounts paid to our Executive Management Team members for fiscal year 2023 will fall within the range that may be payable. Although historical compensation paid to our Executive Management Team, as disclosed in the Swiss Compensation Report, has been less (2021: \$22,281,161) than the maximum amount payable (2021: \$24,000,000), we request our shareholders approve the proposed maximum aggregate amount in order to comply with our Articles of Association and to ensure that the authorized compensation is set at a level that allows us to honor the compensation obligations under our compensation program and plans if the Executive Management Team or its individual members deliver superior performance and achieve all of the performance objectives at maximum performance level.

Actual compensation paid to the Executive Management Team in 2023 will be disclosed in the proxy statement for our 2024 Annual General Meeting and the Swiss Compensation Report for fiscal year 2023.

RECOMMENDATION

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

CORPORATE GOVERNANCE

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

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

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

Director Share Holding Requirement

Non-Management Director	5x Annual Cash Retainer
Chief Executive Officer	6x Base Pay

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

Restrictions on Pledging, Hedging and Margin Accounts

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

Governance Documents

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

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

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

Sustainability

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

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

Importantly, the Board has primary responsibility for oversight of our Sustainability program through its Health, Safety, Environment and Sustainability (HSES) Committee. This Committee receives quarterly updates from members of senior management on the Company's key environmental, safety and related metrics, and sustainability-related risks. The Board of Directors and Company management continue to monitor our sustainability practices and update policies and procedures, as appropriate, in order to maintain our high standards and achieve organizational goals.

As our approach to sustainability has matured, we recognized the need to update our materiality assessment and goals and initiated a comprehensive review of our program in 2021. After conducting a thorough stakeholder assessment, we sought feedback from key internal and external stakeholders to identify and confirm the key sustainability material issues for our Company, which were then benchmarked against our peers in the energy and maritime industries. Based upon the results of the assessment, we updated our materiality matrix and instituted our 2030 Sustainability Goals to address the topics of highest priority to our stakeholders and business.

2030 SUSTAINABILITY GOALS

Core Drilling <i>Lead with strong performance</i>	Climate <i>Differentiate our performance and services</i>	Workforce <i>Attract and retain top talent</i>	Compliance <i>Meet industry standards</i>
<ul style="list-style-type: none"> • Health, Safety, and Wellbeing • Loss of Containment • Reliability & Efficiency of Operations 	<ul style="list-style-type: none"> • Scope 1 & 2 Emission Reduction • Energy Transition Strategy 	<ul style="list-style-type: none"> • Talent Management with Emphasis on Diversity, Equity and Inclusion 	<ul style="list-style-type: none"> • Transparency, Accountability & Reporting • Human Rights • Corporate Governance & Ethics

The goals were reviewed and approved by the Company's executive leadership team and the Board of Directors. Progress toward these goals will be shared in our next Sustainability Report. We have added a metric into our determination of executive compensation that is linked to progress toward achievement of these goals, highlighting the importance that our Board of Directors and Company management place in operating responsibly and sustainably. For more information on the incorporation of a Sustainability metric into our annual incentive plan, please see our "Compensation, Discussion and Analysis."

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

For more information on our sustainability efforts, please see our most recent sustainability report on our website by selecting the Sustainability, Health, Safety and Environment page from the "About" tab on [deepwater.com](https://www.deepwater.com) and scrolling down to the sustainability report.

Environmental Stewardship

At Transocean, our approach to managing and minimizing our environmental impact and lowering our carbon footprint is driven by our pursuit of ever-greater operational efficiency and our continued focus on innovative technology to improve safety. Our President and Chief Operating Officer administers our Environmental Management System ("EMS"), which applies to all Transocean facilities onshore and offshore. These policies govern our management of waste, water and other resources in our facilities, aid in our compliance with all regulatory requirements, and guide our assessment of our environmental performance. Our EMS, paired with our Operations Management System, sets forth the standards and processes for how our teams identify, consider and mitigate potential environmental impacts when planning and executing our operations. Through vessel maintenance and consistent adherence to our policies, our teams deliver safe, reliable and responsible operations – protecting each other and the environment.

Our Workforce and Our Community

Diversity, Equity and Inclusion

Our aim is to recruit, develop, and retain the best workforce in the offshore drilling industry. As a company with an international operational and customer base, we view the diversity of our workforce as a key factor in our success. We endeavor to provide those who work at Transocean with an inclusive, supportive, safe and respectful environment in which they can flourish personally and professionally. We periodically assess our workplace and adapt our practices and policies to ensure that our approach reflects contemporary norms and meets the needs and expectations of current and future talent.

Safety

Our safety vision is to conduct our operations in an incident-free workplace, all the time, everywhere. Underpinning this vision is our robust company management system, which details the policies and tools employed by our teams to complete their work safely, efficiently and effectively. In 2021, our company TRIR of 0.26 was in line with our prior year's performance, demonstrating the consistency of our execution and prioritization of safety in all of our operations. We extended our safety program to focus more on leading indicators of safety performance, and in particular, pre-task discussions internally branded as "Hold the Zero" conversations. In tracking the frequency and quality of these conversations, our HSE advisors have been able to proactively provide additional coaching and support to our offshore rig teams during task planning, and we are seeing positive trends in our safety performance, such as a decline in the severity of incidents.

For more information on our safety performance, please see our Compensation Discussion and Analysis.

Training

Our offshore Competency Assurance Management System is accredited by the Offshore Petroleum Industry Training Organization ("OPITO") and ensures that every employee and contractor working offshore is equipped to gauge the skills and competencies needed to perform the assigned role. Competency Assessment Programs and training requirements are specified on our corporate training matrix, which is reviewed and approved by our internal training board annually. Personnel are regularly trained in accordance with our matrix and assessed to ensure they maintain the knowledge needed to safely and effectively complete their jobs. Compliance with the training matrix is managed and tracked to ensure that all employee skillsets and competencies remain current.

We address training requirements in an effective and pragmatic manner through a variety of mechanisms, including formal training courses, e-learning, virtual training simulations and supervised on-the-job training modules. To facilitate training during the pandemic, we prioritized the use of virtual and on-demand courses, reducing the need for travel and in-person formats. As pandemic travel restrictions have eased, we have maintained remote options and started to reintroduce in-person formats. Our training simulators at our Houston facility enhance crew education on the management of complex drilling scenarios and advanced well control techniques, and they facilitate the assessment of the competencies and knowledge of our crews in a zero risk environment.

Social Responsibility/Community Partnership

We embrace our role as a global corporate citizen, and we aim to positively impact communities where we live and operate. Our investments continue to focus around education, health and well-being and environmental conservation and restoration.

Industry Leadership

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

- American Petroleum Institute
- Center for Offshore Safety
- International Association of Drilling Contractors
- National Ocean Industries Association
- Oilfield Energy Center
- Society of Petroleum Engineers
- Offshore Energies UK (formerly OGUK)
- Women Offshore

Data Privacy and Information Security

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

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

Risk Management

Executive management is responsible for the day-to-day management of the risks we face, while our Board of Directors, as a whole and through its various committees, has responsibility for the oversight of risk management for the Company. Through the Board of Directors' oversight role and review of management's active role, the directors seek to ensure that (1) the risk management processes designed and implemented by management (as more particularly described below) are adapted to and integrated with the Company's corporate strategy, (2) that those processes are functioning as designed, and (3) that steps are taken to foster a culture in which each employee understands his or her impact on the assessment and management of risk, his or her responsibility for acting within appropriate limits, and his or her ultimate accountability.

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

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

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

Compensation and Risk

We regularly assess risks related to our compensation programs, including our executive compensation programs. The Compensation Committee reviews information and solicits input from an independent compensation consultant regarding compensation factors, which could mitigate or encourage excessive risk-taking. In its review in 2021, the Compensation Committee considered the attributes of our programs,

including the metrics used to determine incentive awards, the weight of each metric, the timing and processes for setting performance targets and validating results, the performance measurement periods and time horizons, the total mix of pay and the maximum compensation and incentive award payout opportunities. Based on the Committee's assessment, the Committee believes that the risks arising from our compensation policies and practices are not reasonably likely to have a material adverse change on the Company.

Independence of Board Members

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

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

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

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

- Mr. Barker's son was a Transaction Services strategy consultant at PwC UK, an assurance, advisory and tax services firm that provides services to the Company, but is not the Company's independent registered public accounting firm. Mr. Barker's son left PwC in January 2019, and at no time did his son directly or indirectly, provide any services to the Company or any of its affiliates. His son never worked within a division of PwC that provided any services to the Company or any of its affiliates. Moreover, Mr. Barker's son was not a partner or principal of PwC, but was instead one of more than 250,000 persons employed by PwC worldwide. Further, the Company's relationship with PwC predates both the Company's relationship with Mr. Barker and PwC's relationship with Mr. Barker's son.
- Since 2016, Mr. Curado has been a non-executive director of ABB Ltd, from which the Company has purchased rig-related services and equipment.
- Mr. Curado's son began working in GE's corporate audit department in 2017. GE sold its interest in Baker Hughes in 2019 and his son continues to work as a finance manager for Baker Hughes. His son-in-law works as an engineer for Mitsubishi Industries. GE, Baker Hughes and Mitsubishi Industries provide services or products to the Company.
- From 2010 to 2022, Mr. Deaton served as a non-executive director of Air Products and Chemicals, Inc., from which the Company rented and purchased rig-related products and equipment. Mr. Deaton chose not to stand for re-election to Air Products and Chemical Inc.'s board in 2022.
- From 2007 to 2019, Ms. de Saint Victor was General Counsel and Company Secretary of ABB Ltd. She continued as Company Secretary of ABB Ltd. until March 31, 2020. From 2019 until April 29, 2020, Ms. de Saint Victor served as a director and member of the audit committee of ABB India Limited.
- Until January 10, 2020, Ms. de Saint Victor's brother-in-law was managing director and controlled a majority of the voting interests in Groupe Bourbon, from whom the Company has purchased offshore supply services.

- As of March 25, 2021, Mr. Mohn was the beneficial owner of approximately 80.8 million Company shares (including approx. 34.6M shares issuable upon exchange of \$213,367,000 aggregate principal amount of 2.5% Senior Guaranteed Exchangeable Bonds due 2027), corresponding to approximately 11.87% of the Company's outstanding shares. The Board of Directors evaluated Mr. Mohn's overall beneficial ownership of shares and Exchangeable Bonds and concluded that his ownership of shares and Exchangeable Bonds is not a material relationship that would affect his independence or service as a director of the Company, and that he meets the standards for independence adopted by the SEC and the NYSE.
- Ms. Øvrum served as Executive Vice President of Equinor ASA, Development and Production Brazil until January 2021 when she retired after nearly 40 years with the company. Equinor, whose largest shareholder is the Government of Norway with 67% of its issued and outstanding shares, is one of our largest customers. Equinor accounted for approximately 30% of our consolidated operating revenues for the year ended December 31, 2021.

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

Board Retirement

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

Executive and Director Compensation Process

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

Director compensation is set by the Board of Directors upon a recommendation from the Compensation Committee. Since 2015, director compensation is also subject to shareholder approval at the Company's annual general meetings. Each calendar year, the Compensation Committee reviews the compensation paid to our directors to be certain that it is competitive in attracting and retaining qualified directors. Pay Governance LLC, has gathered data regarding director compensation at (1) certain similar size companies in the general industry, as well as (2) the same peer group of companies generally utilized in the consideration of executive compensation, as set forth in the Compensation Discussion and Analysis. In February 2020, the Board of Directors approved a Compensation Committee recommendation to reduce the total annual compensation of the Chair of the Board by \$100,000, and following its consideration of market data from 2021, the Compensation Committee expects to recommend a further reduction of approximately 20% to the Chair of the Board's total annual compensation effective immediately following the 2022 Annual General Meeting.

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

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



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

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

Policies and Procedures for Approval of Transactions with Related Persons

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

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

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

Under our related persons transaction policy, the Audit Committee considers all relevant facts and circumstances available, including the related persons involved, their relationship to the Company, their interest and role in the transaction, the proposed terms of the transaction (including expected aggregate value and value to be derived by the related person), the benefits to the Company, the availability to the Company of alternative means or transactions to obtain like benefits and the terms that would prevail in a similar transaction with an unaffiliated third party. For related person transactions that do not receive prior approval from the Audit Committee, the transactions are submitted to the Audit Committee to consider all relevant facts and circumstances and, based on its conclusions, evaluate all options, including, but not limited to, ratification, amendment or termination of the transaction. Since the beginning of 2021, there were no related person transactions where such policies and procedures were not followed.

Certain Relationships and Related Party Transactions

In connection with our acquisition of Songa Offshore, Mr. Mohn acquired beneficial ownership of U.S. \$355,813,000 aggregate principal amount of Transocean Inc.'s 0.5% Exchangeable Senior Bonds due 2023, including exchangeable bonds acquired by Perestroika AS (an entity affiliated with Mr. Mohn) as part of our
























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

Ms. Øvrum served as Executive Vice President of Equinor ASA, Development and Production Brazil until she retired in 2021 after nearly 40 years with the company. Equinor, whose largest shareholder is the Government of Norway with 67% of its issued and outstanding shares, is one of our largest customers. Equinor accounted for approximately 30% of our consolidated operating revenue during 2021.

BOARD MEETINGS AND COMMITTEES

During 2021, the Board of Directors of Transocean Ltd. held four meetings. The Board of Directors and the committees of the Board of Directors met at least once a quarter, and the quarterly meetings generally occurred over a period of two days. Each of our directors attended 100% of the meetings following his or her election, including meetings of committees on which the director served.

The Board of Directors has the following standing committees: Audit, Compensation, Finance, Corporate Governance, and Health, Safety, Environment and Sustainability. As noted above, the charters for these committees may be found on our website at: www.deepwater.com by selecting the Governance page in the Investors section dropdown. In addition, the Board of Directors may from time to time form special committees to consider particular matters that arise. Following the 2022 Annual General Meeting, the Board expects to complete its annual review of committee assignments.

DIRECTOR	INDEPENDENT	COMMITTEES FOR 2021 AGM to 2022 AGM				
		AUDIT	COMPENSATION	FINANCE	CORPORATE GOVERNANCE	HEALTH, SAFETY, ENVIRONMENT AND SUSTAINABILITY
Glyn A. Barker	✓					
Vanessa C.L. Chang	✓					
Frederico F. Curado	✓					
Chadwick C. Deaton	✓					
Vincent J. Intrieri	✓					
Samuel J. Merksamer	✓					
Frederik W. Mohn	✓					
Edward R. Muller	✓					
Margareth Øvrum	✓					
Diane de Saint Victor	✓					
Jeremy D. Thigpen						
MEETINGS IN 2021		8	4	4	4	4
<div>  Committee Chair  Committee Member  Audit Committee financial expert (SEC and NYSE)  Independent, as determined by the Board of Directors in accordance with applicable rules and regulations </div>						



AUDIT COMMITTEE | Meetings in 2021: 8

MEMBERS

Vanessa C.L. Chang 

Glyn A. Barker

Frederik W. Mohn

Margareth Øvrum

Diane de Saint Victor

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

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

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

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

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

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

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

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

Ms. Øvrum was previously Executive Vice President of Equinor ASA, Development and Production Brazil until 2021 when she retired after nearly 40 years with Equinor.

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

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

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

PRIMARY RESPONSIBILITIES

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

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

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



COMPENSATION COMMITTEE | Meetings in 2021: 4

MEMBERS

Glyn A. Barker

Vanessa C.L. Chang

Samuel J. Merksamer

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

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

PRIMARY RESPONSIBILITIES

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

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

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

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

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

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



FINANCE COMMITTEE | Meetings in 2021: 4

MEMBERS

Edward R. Muller 

Glyn A. Barker

Vincent J. Intrieri

Samuel J. Merksamer

CORPORATE GOVERNANCE

PRIMARY RESPONSIBILITIES


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

- Approve our long-term financial policies, insurance programs and investment policies; and
- Make recommendations to the Board of Directors concerning the Company's dividend policy, securities repurchase actions, the issuance and terms of debt and equity securities and the establishment of bank lines of credit.



CORPORATE GOVERNANCE COMMITTEE | Meetings in 2021: 4

MEMBERS

Vincent J. Intrieri 
Frederico F. Curado
Edward R. Muller

PRIMARY RESPONSIBILITIES


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

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



HEALTH, SAFETY, ENVIRONMENT AND SUSTAINABILITY COMMITTEE | Meetings in 2021: 4

MEMBERS

Frederico F. Curado 
Frederik W. Mohn
Margareth Øvrum
Diane de Saint Victor

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

PRIMARY RESPONSIBILITIES

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

- Regularly review, discuss and evaluate Company policies, practices and performance related to health, safety, environmental and sustainability risks and issues;
- Provide oversight to the aspects of the Company's Sustainability program that pertain to health, safety, the environment and alignment with reporting frameworks; and
- Guide strategy decisions to promote company goals and compliance with applicable rules and regulations pertaining to health, safety, environmental and other sustainability issues.

Director Compensation Strategy

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

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

In 2021, non-employee director target compensation in U.S. dollars included the following fixed components:

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

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

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

2021 DIRECTOR COMPENSATION

At the Board of Directors meeting held immediately after the 2021 Annual General Meeting of our shareholders, 54,264 restricted share units were granted to each non-employee director (other than the Chair) and 71,059 restricted share units were granted to the Chair, in aggregate value equal to \$210,000 and \$275,000, respectively, based upon the average of the high and low sales prices of our shares for the 10 trading days immediately prior to the date of grant (calculated at U.S. \$3.78 per share).

Each non-employee director is required to acquire and retain a number of our shares and/or restricted share units at least equal in value to an amount five times the annual director retainer. Each non-employee director's

CORPORATE GOVERNANCE

vested restricted share units generally are not settled until the non-employee director's service with the Company ends.

The following summarizes the compensation of our non-employee directors for 2021.

NAME	FEES EARNED OR PAID IN CASH (U.S.\$)	STOCK AWARDS ⁽¹⁾ (U.S.\$)	ALL OTHER COMPENSATION (U.S.\$)	TOTAL (U.S.\$)
Glyn A. Barker	124,231	205,118	—	329,349
Vanessa C. L. Chang	120,769	205,118	—	325,887
Frederico F. Curado	110,000	205,118	—	315,118
Chadwick C. Deaton	275,000	268,603	—	543,603
Vincent J. Intrieri	110,000	205,118	—	315,118
Samuel J. Merksamer	100,000	205,118	—	305,118
Frederik W. Mohn	100,000	205,118	—	305,118
Edward R. Muller	110,000	205,118	—	315,118
Margareth Øvrum	59,341	205,118	—	264,459
Diane de Saint Victor	100,000	205,118	—	305,118
Tan Ek Kia	49,000	—	—	49,000

- (1) This represents the aggregate grant-date fair value under accounting standards for recognition of share-based compensation expense for restricted share units granted to our directors in 2021, computed in accordance with FASB ASC Topic 718. For a discussion of the valuation assumptions with respect to these awards, please see Note 15 to our consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2021.

AUDIT COMMITTEE REPORT

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

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

The Committee complied in 2021 with all of the requirements described in its Charter, which is available on the Governance page of the Company's website: www.deepwater.com.

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

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

- Reviewed the Company's financial statements and financial reporting processes, including internal controls over financial reporting;
- Reviewed and discussed with EY and management the Company's audited financial statements included in the Annual Report;
- Discussed various matters with EY, including matters required by the Public Company Accounting Oversight Board's ("PCAOB") "Communications with Audit Committees";
- Reviewed and discussed with EY its report on internal control over financial reporting;
- Oversaw the Company's internal audit function, including the performance of the Chief Audit Executive, internal audit plan, budget, resources and staffing;
- Oversaw the Company's Legal, Compliance and Ethics program, including helpline calls and investigations, and employee code of integrity; and
- Recommended to the Company's Board of Directors that the Company's audited financial statements for the year ended December 31, 2021, be included in the annual report on Form 10-K filing with the SEC.

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

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

AUDIT COMMITTEE REPORT

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

Agendas for Audit Committee meetings are developed with input from the Committee, management, the Chief Audit Executive and EY. The Committee met eight times in 2021 with regular executive sessions with EY and management, including the Chief Audit Executive.

MEMBERS OF THE AUDIT COMMITTEE

Vanessa C.L. Chang, Chair
Glyn A. Barker
Frederik W. Mohn
Margareth Øvrum
Diane de Saint Victor

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS

Listed below are the only persons who, to the knowledge of the Company, may be deemed to be beneficial owners, as of March 25, 2022, of more than 5% of the Company's shares.

NAME AND ADDRESS OF BENEFICIAL OWNER	SHARES BENEFICIALLY OWNED	PERCENT OF CLASS ⁽¹⁾
Perestroika AS, Perestroika (Cyprus) Ltd. ⁽²⁾ Statminister Michelsensvei 38 5230 Paradis, Norway		
Frederik W. Mohn ⁽²⁾ Statminister Michelsensvei 38 5230 Paradis, Norway	80,831,419	11.87%
The Vanguard Group ⁽³⁾ 100 Vanguard Blvd. Malvern, PA 19355	51,597,016	7.58%
PRIMECAP Management Co. ⁽⁴⁾ 177 E. Colorado Blvd. 11th Floor Pasadena, CA 91105	47,524,006	6.98%

- (1) Unless otherwise required by applicable rules, the percentage indicated is based upon 681,055,270 Company shares deemed to be outstanding as of March 25, 2022, which exclude treasury shares held by the Company or our subsidiaries as of such date or issued into treasury thereafter.
- (2) The number of shares and associated percent of class includes information based on the Schedule 13D/A filed with the SEC on June 24, 2021, by Mr. Frederik W. Mohn, Perestroika (Cyprus) Ltd. and Perestroika AS, Form 4s filed by Mr. Mohn, Perestroika (Cyprus) Ltd and information given to us by Mr. Mohn. According to the filings and such information, Mr. Mohn has sole voting power and sole dispositive power with regard to 184,364 shares (which consists of (a) 22,148 shares and 18,000 shares issuable upon the exchange of U.S. \$185,000 aggregate principal amount of 0.5% Exchangeable Bonds due 2023, in each case individually owned by Mr. Mohn and (b) 33,096,351 Shares and 34,600,147 Shares issuable upon exchange of \$213,267,000 aggregate principal amount of 2.5% Exchangeable Bonds (which are exchangeable into Shares at the applicable initial exchange rate), in each case held directly by Perestroika (Cyprus) Ltd. The total shares beneficially owned by Mr. Mohn includes 194,772 restricted share units he has the right to receive based upon his service as a director of Transocean Ltd. The total shares beneficially owned by Mr. Mohn also includes 12,900,000 shares held by Perestroika AS.
- (3) The number of shares is based on the Schedule 13G/A filed with the SEC on February 10, 2022, by The Vanguard Group. According to the filing, The Vanguard Group has shared voting power with regard to 204,331 shares, sole dispositive power with regard to 50,875,088 shares and shared dispositive power with regard to 51,597,016 shares.
- (4) The number of shares is based on the Schedule 13G/A filed with the SEC on February 10, 2022, by PRIMECAP Management Company. According to the filing, PRIMECAP has sole voting power with regard to 44,891,510 shares, and sole dispositive power with regard to 47,524,006 shares.

SECURITY OWNERSHIP OF DIRECTORS AND EXECUTIVE OFFICERS

The table below shows how many shares each of our directors and nominees, each of the Named Executive Officers included in the summary compensation section below and all directors and executive officers as a group beneficially owned as of March 25, 2022.

NAME	SHARES OWNED ⁽¹⁾	SHARES SUBJECT TO RIGHT TO ACQUIRE BENEFICIAL OWNERSHIP ⁽²⁾	TOTAL SHARES BENEFICIALLY OWNED ⁽³⁾	PERCENT OF CLASS ⁽³⁾
Jeremy D. Thigpen	1,967,879	1,212,621	3,180,500	*
Mark L. Mey	822,392	485,597	1,307,989	*
Keelan I. Adamson	121,070	280,623	401,693	*
Howard E. Davis	520,356	382,140	902,496	*
Brady K. Long	510,001	345,569	855,570	*
Glyn A. Barker	11,748	266,533	254,785	*
Vanessa C.L. Chang	36,900	260,527	297,427	*
Frederico F. Curado	-	254,785	254,785	*
Chadwick C. Deaton	61,000	322,050	383,050	*
Vincent J. Intrieri	20,000	250,025	270,025	*
Samuel J. Merksamer	-	260,761	260,761	*
Frederik W. Mohn ⁽⁴⁾	46,018,500	34,812,919	80,831,419	11.87%
Edward R. Muller	12,687	273,264	285,951	*
Margareth Øvrøm	-	54,264	54,264	*
Diane de Saint Victor	10,000	152,446	162,446	*
All of directors and executive officers as a group (16 persons)	50,451,477	39,871,170	90,322,647	13.26%

* Less than 1%.

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

(2) Includes shares that may be acquired within 60 days from March 25, 2022, through the exercise of options held by Messrs. Thigpen (1,212,621), Mey (485,597), Adamson (280,623), Davis (382,140), Long (345,569), and all executive officers as a group (2,963,596). Also includes vested share units held and unvested share units that will vest within 60 days from March 25, 2022, by Messrs. Barker (254,785), Curado (254,785), Deaton (322,050), Intrieri (250,025), Merksamer (260,761), Mohn (194,772) and Muller (273,264) and Mmes. Chang (260,527), Øvrøm (54,254) and de Saint Victor (152,446) and all directors and executive officers as a group (2,277,679).

(3) The percentage indicated is based upon 681,055,270 Company shares deemed to be outstanding as of March 25, 2022, which exclude treasury shares held by the Company or our subsidiaries as of such date or issued into treasury thereafter, unless otherwise required by applicable rules. As of March 25, 2022, each listed individual (with the exception of Mr. Mohn) and our directors and executive officers as a group (excluding Mr. Mohn) beneficially owned less than 1% of the Company's outstanding shares.

(4) The number of shares and associated percent of class includes information based on the Schedule 13D/A filed with the SEC on June 24, 2021, by Mr. Frederik W. Mohn, Perestroika (Cyprus) Ltd. and Perestroika AS, Form 4s filed by Mr. Mohn, Perestroika (Cyprus) Ltd. and information given to us by Mr. Mohn. According to the filings and such information, Mr. Mohn has sole voting power and sole dispositive power with regard to 184,364 shares (which consists of (a) 22,148 shares and 18,000 shares issuable upon the exchange of U.S. \$185,000 aggregate principal amount of 0.5% Exchangeable Bonds due 2023, in each case individually owned by Mr. Mohn and (b) 33,096,351 Shares and 34,600,147 Shares issuable upon exchange of \$213,267,000 aggregate principal amount of 2.5% Exchangeable Bonds (which are exchangeable into Shares at the applicable initial exchange rate), in each case held directly by Perestroika (Cyprus) Ltd. The total shares beneficially owned by Mr. Mohn includes 194,772 restricted share units he has the right to receive based upon his service as a director of Transocean Ltd. The total shares beneficially owned by Mr. Mohn also includes 12,900,000 shares held by Perestroika AS.

COMPENSATION DISCUSSION AND ANALYSIS

CONTENTS

P-77	EXECUTIVE SUMMARY
P-78	2021 COMPENSATION PROGRAM OVERVIEW
P-80	COMPENSATION PHILOSOPHY, STRATEGY AND DESIGN
P-81	SETTING EXECUTIVE COMPENSATION
P-83	EXECUTIVE COMPENSATION ELEMENTS
P-93	EXECUTIVE COMPENSATION GOVERNANCE, POLICY AND PRACTICE
P-96	TAX IMPACT ON COMPENSATION

This Compensation Discussion and Analysis provides an overview and analysis of Transocean's executive compensation programs and policies, material compensation decisions for 2021, and the key factors we considered in making those decisions. It includes specific information about the compensation paid, earned or granted to the following persons who constitute our Named Executive Officers for 2021:

JEREMY D. THIGPEN

Chief Executive Officer

MARK L. MEY

Executive Vice President and
Chief Financial Officer

KEELAN I. ADAMSON

President and Chief Operating
Officer

HOWARD E. DAVIS

Executive Vice President and
Chief Administrative and
Information Officer

BRADY K. LONG

Executive Vice President and
General Counsel

Throughout 2021, Mr. Thigpen was President and Chief Executive Officer of the Company, and Mr. Adamson was Executive Vice President and Chief Operations Officer of the Company. Their respective titles were changed in February 2022 to reflect the titles referenced above, as previously disclosed. For purposes of this Compensation Discussion and Analysis, the term "Executive Officer" is as defined by Rule 3b-7 of the Exchange Act, and the term "Executive Management Team" refers to designations made by the Board of Directors under Swiss law and the Company's organizational documents with respect to Messrs. Thigpen, Mey and Adamson.

Executive Summary

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

NAVIGATING THE OPPORTUNITIES AND CHALLENGES OF 2021

We are proud of the many accomplishments and strong results we achieved in 2021.

Our steadfast focus on safety, operational excellence and sustainability enabled us to once again deliver strong operational results and record reliability and drilling efficiency for our customers in 2021, ultimately translating into industry leading financial results.

In 2021, we delivered exceptional uptime performance, resulting in revenue efficiency of 97.0%, and strong Adjusted EBITDA and Adjusted EBITDA Margin results of \$995 million and 35.8%, respectively. As of our February 2022 Fleet Status Report, we secured future revenue through new contracted work increasing our industry-leading backlog to \$6.5 billion. In addition, we observed a pronounced increase in dayrates of the ultra-

COMPENSATION DISCUSSION AND ANALYSIS

deepwater fleet in the past year, with dayrates in some instances increasing more than 30 percent, suggesting upward momentum in 2022 and beyond.

As the leader in offshore drilling, we continue to set the standard for operating safely, reliably, and efficiently and as responsible stewards of the environment. In 2021, we announced our energy transition vision and our 40% greenhouse gas emissions intensity reduction target by 2030. Additionally, we continued to invest in and deploy new technologies to support and enable the safest and best-in-class operations, which in addition to improving equipment and system reliability, helps to optimize our power generation and consumption requirements with an acute focus on meeting our emissions goals. We believe these are important steps in our commitment to minimizing our impact on the environment.

Notwithstanding the challenges faced over the past seven years, including historically low oil and natural gas prices and the effects of a global pandemic, we are finally in the midst of a significantly improving economic outlook for the industry and are excited by the momentum that has been established. We are confident that improving market fundamentals, further solidified by our industry-leading operations, management, and support functions, will lead to continuing success in 2022 and beyond.

2021 Compensation Program Overview

Our Compensation Committee of the Board (“the Committee”) thoughtfully considers the long-term interests of the Company and our shareholders when making its decisions regarding our compensation programs.

In response to the constraints and challenges imposed on our business by the global pandemic during the past two years, we have innovated, adapted and delivered meaningful change across our organization. We believe that the 2021 compensation program design for our Named Executive Officers appropriately reflects and rewards their leadership in these uncertain and challenging times.

We design compensation programs that reflect our strong commitment to best practices in compensation governance and ensure our program, among other attributes, is designed to:

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

As reported in last year’s proxy statement, the Committee made certain changes to the 2020 compensation program in response to the unprecedented challenges associated with the COVID-19 pandemic. In February 2021, the Committee carefully evaluated those changes and determined that they were no longer warranted. Accordingly, our 2021 program restored certain pre-pandemic features, such as the use of a full three-year performance period and the denomination and settlement of all long-term incentive (LTI) compensation in equity. The Committee also approved the inclusion of a sustainability metric to our short-term incentive (STI) plan, and we are committed to continuing to integrate environmental, social and governance (ESG) priorities into our program.

WE BELIEVE THE 2021 COMPENSATION ACTIONS REFLECT OUR CONTINUED FOCUS ON BEST-PRACTICE COMPENSATION GOVERNANCE, WHILE MAINTAINING PRUDENTLY DESIGNED, COMPETITIVE COMPENSATION PACKAGES.

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

- a continued freeze on base salaries for the majority of the Named Executive Officers, for the sixth consecutive year;
- limitations on the earning of TSR performance shares such that payouts can never exceed target in the event absolute TSR performance is less than -15%, regardless of relative performance;

COMPENSATION DISCUSSION AND ANALYSIS

- a clawback policy that applies to both cash and equity incentive compensation and allows for the cancellation of outstanding incentive compensation awards for actions that are inconsistent with our Code of Integrity; and
- no executive perquisites.

In addition, the Committee engages its compensation consultant to annually assess the alignment between performance and compensation and analyzing realizable pay relative to target pay as compared to our peers.

Given the results of these assessments, the Committee concluded that pay and performance are aligned and that additional context may offer greater transparency on the impact of year-over-year changes to the compensation program.

ADDITIONAL CONTEXT WHEN EVALUATING 2021 CEO PAY AND PERFORMANCE ALIGNMENT.

In 2020, due to unprecedented market conditions across our sector that resulted in significant share price deterioration, it became necessary to implement changes to our compensation design in order to reflect industry and global changes. Most notably, in an effort to prevent an unintended compensation windfall to our Named Executive Officers as a result of a significant share price recovery, and to preserve plan reserves and manage the share burn rate of our LTI plan, the Board elected to incorporate a cash-settled long-term performance element with a performance period of 18 months while reducing the value of equity compensation. In evaluating the appropriateness of these changes, shareholders expressed strong support for our executive compensation program at our 2021 Annual Meeting, with a vote of over 97% in support.

As stated above and further outlined in the 2021 compensation program details herein, the one-time utilization in 2020 of a cash-settled, long-term performance instrument was discontinued in 2021.

Below is a summary of the 2019, 2020 and 2021 year-over-year at-risk, incentive compensation delivered to our CEO. The purpose of this summary is to provide a comparison of (i) the value of incentive compensation awarded to our CEO in the last three years with (ii) the values required to be disclosed in the Summary Compensation Table for the same periods.

MR. THIGPEN, CEO	As Awarded			As Disclosed in Summary Compensation Table	
	STI CASH ANNUAL BONUS	LTI CASH PERFORMANCE AWARD OPPORTUNITY	LTI EQUITY COMPENSATION	TOTAL INCENTIVE COMPENSATION	TOTAL INCENTIVE COMPENSATION
FY 2021	\$1,550,000	\$0	\$7,669,712	\$9,219,712	\$12,369,712
FY 2020	\$2,200,000	\$2,100,000	\$2,991,546	\$7,291,546	\$5,191,546
FY 2019	\$1,775,000	\$0	\$6,946,435	\$8,721,435	\$8,721,435

While the table above is an accurate reflection of the incentive compensation earned and awarded in 2019, 2020 and 2021, these values differ materially from the values reflected in the Summary Compensation Table for the same periods. The variance results from disclosure rules for the Summary Compensation Table, which provide that long-term cash-settled instruments (such as the LTI Cash Performance Award Opportunity awarded in 2020) are not presented in the Summary Compensation Table in the year they are *awarded*, as with long-term equity-settled instruments, but rather they are presented in the year they are *earned*. As a result, the incentive compensation presented in the Summary Compensation Table for 2021, relative to 2020, may, without context, suggest a pay and performance misalignment. However, the table above is intended to provide additional context for the total incentive compensation values as they were awarded in 2019, 2020 and 2021.

Compensation Philosophy, Strategy and Design

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

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

WHAT WE DO	WHAT WE DON'T DO
<ul style="list-style-type: none"> ✓ Conduct an annual review of our compensation strategy, including a review of our compensation-related risk profile ✓ Mandate meaningful share ownership requirements for our executives ✓ Maintain a clawback policy that allows for the forfeiture, recovery or adjustment of incentive compensation (cash and equity) in cases of financial restatement or violations of our Code of Integrity (updated in 2021) ✓ Base annual incentive performance on quantitative and qualitative metrics and long-term incentive performance on quantitative metrics. ✓ Maintain compensation plans that are weighted significantly toward variable pay to align our executive compensation with long-term shareholder interests ✓ Link long-term incentive compensation to both relative and absolute performance metrics to motivate strong performance ✓ Deliver at least 50% of long-term incentives in performance-based awards ✓ Cap the earning of PSUs at target if the Company's absolute TSR is less than negative 15% ✓ Retain an independent consultant who is retained by and reports only to our Compensation Committee (not management) ✓ Maintain double trigger change-in-control provisions 	<ul style="list-style-type: none"> ✗ Allow our executives to hedge, sell short or hold derivative instruments tied to our shares (other than derivative instruments issued by us) ✗ Allow our executives or directors to pledge Company shares ✗ Have pre-arranged individual severance agreements or special change-in-control compensation agreements with any Executive Officers; however, to the extent permitted under Swiss law, our executives are eligible for severance and change-in-control provisions pursuant to our policies, in exchange for covenants that protect the Company ✗ Provide gross-ups for severance payments ✗ Guarantee salary increases, non-performance based bonuses or unrestricted equity compensation ✗ Provide any payments or reimbursements for tax equalization ✗ Pay dividends or dividend equivalents on performance-based equity that has not vested ✗ Offer executive perquisites

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

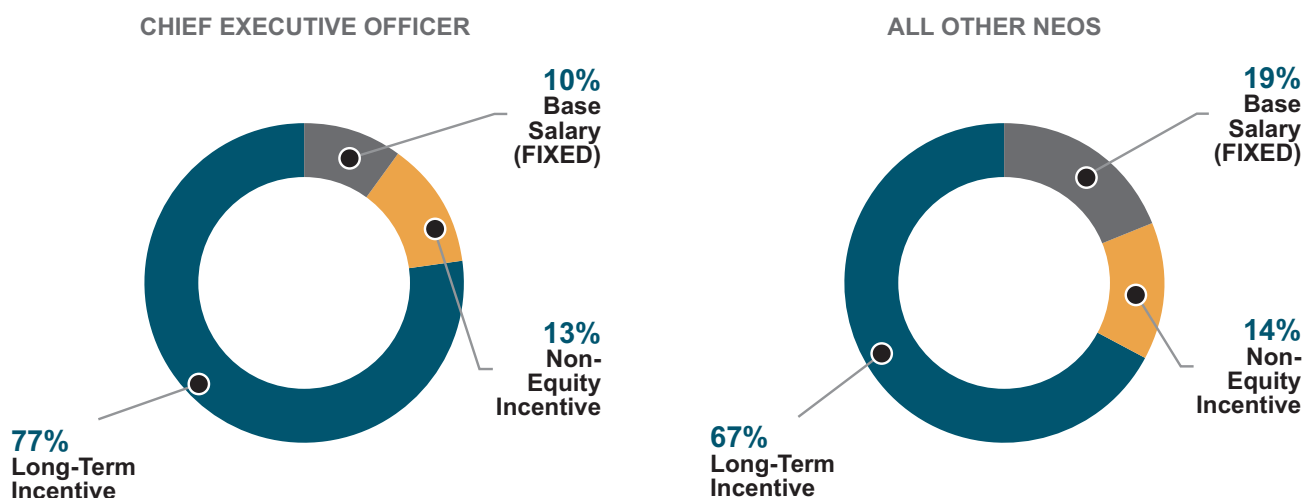
We accomplish our goal of aligning pay with performance by providing our executives with a competitive compensation package that rewards performance against specific, strategic, financial and operational goals that the Committee believes are critical to the Company's long-term success and the achievement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

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

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

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

2021 TARGET COMPENSATION



Setting Executive Compensation

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

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

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

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

COMPENSATION PEER GROUP

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

The Compensation Peer Group for 2021 was composed of the following companies:

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

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

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

PERFORMANCE PEER GROUP

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

In February 2021, the Committee established a Performance Peer Group used to evaluate the Company's TSR relative to that of companies considered to be direct business competitors and competitors for investment capital for inclusion in the 2021 long-term incentive program.

The 2021 TSR Performance Peer Group consisted of:

■ Aker Solutions	■ NOV, Inc.	■ Saipem S.p.A
■ Baker Hughes Company	■ Oceaneering International, Inc.	■ Schlumberger Ltd.
■ ChampionX Corp.	■ Odfjell Drilling Ltd.	■ Tidewater Inc.
■ Haliburton Company	■ Oil States International, Inc.	■ TechnipFMC plc
■ Helmerich & Payne, Inc.	■ Patterson-UTI Energy, Inc.	■ The Drilling Company of 1972 A/S

2021 Executive Compensation Elements

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

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

COMPENSATION ELEMENT	PURPOSE	KEY CHARACTERISTICS
BASE SALARY	Provide a base level of income, targeting the market median for executive talent.	Fixed compensation. Reviewed annually and adjusted as appropriate.
ANNUAL CASH BONUS	Motivate executives to achieve our short-term financial, operational, and ESG objectives.	Variable compensation. Award potential ranges from 0% to 200% of target based on corporate performance measured against pre-established performance goals.
I. LONG-TERM INCENTIVE – PERFORMANCE UNITS (relative performance)	Align the interests of our executives with those of our shareholders by creating a direct correlation between realized pay and shareholder return performance both relative to peers and on an absolute basis, over a three-year performance period.	Variable compensation. The number of earned units can range from 0%-200% based on total shareholder return relative to performance of selected peers during a three-year performance period. Payout is capped at target if predetermined threshold of absolute TSR is not met. “Cliff” vesting at the end of the three-year performance period.
II. LONG-TERM INCENTIVE – PERFORMANCE UNITS (absolute performance)	Align the interests of our executives with those of all of our stakeholders by creating a direct correlation between realized pay and absolute liquidity performance over a three-year performance period.	Variable compensation. The number of earned units can range from 0%-200% based on absolute Liquidity achieved relative to target over three one-year performance periods and averaged at the end of the three-year period.
III. LONG-TERM INCENTIVE – RESTRICTED UNITS	Motivate executives to contribute to long-term increases in shareholder value, build executive ownership and retain executives through ratable, multi-year vesting.	Variable compensation. Long-term award with ratable vesting over three years that provides a direct correlation of realized pay to shareholder value.

The Committee takes several objectives into consideration when assessing the reasonableness of the total direct compensation of the Named Executive Officers, particularly the compensation of our Chief Executive Officer. These objectives include ensuring alignment with our vision and business strategy, creating sustainable long-term shareholder value through the amount and mix of compensation provided, and advancing the core principles of our compensation philosophy and objectives while remaining within our risk tolerance.

BASE SALARY

Our Named Executive Officers receive base salaries constituting a fixed amount of compensation for services rendered during the year. The base salaries of our Named Executive Officers are determined by the Committee upon each officer’s initial hire and reviewed annually, including in the context of promotions or other changes

COMPENSATION DISCUSSION AND ANALYSIS

in job responsibilities. As part of its annual review, the Committee reviews each base salary, (i) for purposes of maintaining competitive compensation, relative to executive officers at applicable companies, and (ii) for internal pay equity purposes, relative to other executive officers at the Company.

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

In February 2021, the Committee, in consideration of the continued volatile market conditions, and in consultation with its independent compensation consultant, elected to continue the five-year freeze on base salaries for the majority of our Named Executive Officers. With the exception of Mr. Adamson, none of the Named Executive Officers received a base salary increase.

The following base salaries were approved by the Committee for the individuals listed below.

EXECUTIVE	2021 BASE SALARY (U.S. \$)	INCREASE OVER 2020 (%)
Mr. Thigpen	1,000,000	0%
Mr. Mey	760,000	0%
Mr. Adamson	650,000	8%
Mr. Davis	550,000	0%
Mr. Long	550,000	0%

ANNUAL PERFORMANCE BONUS

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

Under the Bonus Plan for 2021, the Named Executive Officers had a potential payout range of 0% to 200% of their individual target award opportunities. The 2021 target bonus opportunity for each Named Executive Officer, expressed as a percentage of base salary, was as follows:

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

Target bonus opportunities were frozen for the fourth consecutive year in 2021.

2021 ANNUAL BONUS STRUCTURE AND ACHIEVEMENT

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

The performance measures, relative weightings, and threshold-target-maximum payout ranges were designed based on our 2021 financial, operational and sustainability business plans, as presented to the Committee in early February 2021.

The following tables outline the 2021 bonus performance measures and relative weightings. Each of the measures is defined and discussed in more detail below.

Based on the performance measures described further below and using the pre-determined weightings assigned to each measure by the Committee, the overall bonus achievement for each of our Named Executive Officers was 124% of the targeted bonus opportunity under the Bonus Plan for 2021. The components of this total bonus payout under the Bonus Plan for 2021 are as follows:

PERFORMANCE MEASURE	2021 WEIGHTING (%)	2021 WEIGHTED ACHIEVEMENT (%)
I. EBITDA	60%	59%
II. Uptime	20%	37%
III. Sustainability	20%	28%
2021 Bonus Plan Achievement		124%

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

I. FINANCIAL PERFORMANCE

Developing Our EBITDA Target

FOR THE 2021 BONUS PLAN, THE COMMITTEE EVALUATED FINANCIAL MEASURES THAT WOULD MOST CLOSELY ALIGN MANAGEMENT WITH THE COMPANY’S FINANCIAL OBJECTIVES.

The Committee concluded that Earnings Before Interest, Taxes, Depreciation and Amortization (“EBITDA”) would be the most appropriate financial measure for our annual bonus based on the following reasons:

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

The Committee weighted EBITDA at 60% of the total 2021 Bonus Plan opportunity.

In establishing the EBITDA target and range, the Committee considered the Company’s 2021 financial plan, as presented by management in early February 2021. Threshold and maximum performance outcomes were then set based on the potential for decreases or increases to financial outcomes tied to dynamic market conditions.

COMPENSATION DISCUSSION AND ANALYSIS

EBITDA TARGET AND PERFORMANCE RANGE	BONUS PAYOUT (%)
Threshold = \$874M	0%
Target = \$999M	100%
Maximum = \$1,120M	200%

Measuring EBITDA Results

THE COMPANY DELIVERED ADJUSTED EBITDA OF \$995M IN 2021.

The Company delivered solid EBITDA results for 2021, despite the continued industry-wide challenges associated with the COVID-19 pandemic. Outstanding operating performance and revenue efficiency for deployed rigs, combined with a strong focus on cost management, resulted in strong EBITDA results relative to target performance and exemplary performance relative to our offshore drilling peers, most of whom filed for, or were in, bankruptcy protection during 2021.

Attached as Appendix A in this proxy statement, is a reconciliation of adjusted EBITDA to net income, the most directly comparable GAAP financial measure.

As illustrated, the EBITDA results fell just short of our goal, and the Committee certified EBITDA performance achievement at 99% of target, resulting in an associated weighted payout of 59% of the total target bonus opportunity for each Named Executive Officer.

II. OPERATIONAL PERFORMANCE

Developing Our Uptime Target

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

Uptime represented 20% of the 2021 total target annual bonus opportunity, reinforcing the importance of maintaining excellence in our rig operations. We believe that Uptime is the best measure of operational efficiency, which is an imperative for our customers.

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

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

In setting the threshold-target-maximum range for this measure, the mathematical differential of 3% from threshold to maximum is significant considering the total number of operating hours during a calendar year (e.g., approximately 177,175 hours of operation in 2021).

The Committee approved the following Uptime target for 2021:

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

In setting the Uptime target, the Committee considered the Company's emerging 2021 outlook and the anticipated continuation of pandemic-related workforce challenges. Given these challenges to our operational performance, the Committee elected to maintain the prior year performance target, approving the 2021 Uptime target at 96.0%

Measuring Uptime Results

THE COMPANY ACHIEVED 97.3% UPTIME PERFORMANCE IN 2021.

Despite the forecasted challenges for 2021, we achieved exemplary Uptime performance with an increase over target performance by approximately 2,267 hours, or 94.5 days, of additional operational productivity across the fleet, resulting in greater customer satisfaction and higher earnings. As illustrated, the formulaic performance of Uptime achieved a payout level of 185% of target and an associated weighted payout of 37% of the total target bonus opportunity for each of the Named Executive Officers.

III. SUSTAINABILITY PERFORMANCE

Developing Our Sustainability Targets

WE RECOGNIZE THE IMPORTANCE OF SUSTAINABILITY TO OUR BUSINESS, OUR KEY STAKEHOLDERS AND OUR INDUSTRY, SO WE INTRODUCED CORPORATE SUSTAINABILITY OBJECTIVES TO THE 2021 CASH BONUS PLAN TO DRIVE PERFORMANCE ALIGNED WITH OUR LONG-TERM BUSINESS STRATEGY.

The Company is committed to executing our business responsibly, mitigating risks and creating value for our stakeholders. This means minimizing our impact to the environment, stewarding resources conscientiously, treating our workforce and surrounding community with respect and care, and innovating purposefully.

To further emphasize this commitment, we introduced a Sustainability component, comprised of the following objectives, weighted at 20%, to the 2021 Bonus Plan design. These specific objectives, scored quantitatively and evaluated qualitatively, were set by the HSES Committee and approved by the Committee for inclusion in the 2021 Bonus Plan design.

- Personal Safety / TRIR (Total Recordable Incident Rate)
- Process Safety (encompassed in our internal Operations Integrity program)
- 2030 Sustainability Goals Development

These 2021 Sustainability objectives were selected in support of our continuous and deliberate focus on protecting our personnel, our environment and our property from the numerous potential operating hazards endemic to our business. Further, these objectives emphasize the importance of strengthening our long-term sustainability strategy by focusing our efforts and resources on the topics of greatest importance to our business and stakeholders and defining how we will measure our performance through the decade.

Measuring Sustainability Results

In measuring performance of each ESG objective and determining the overall achievement of the Sustainability component of the 2021 Bonus Plan, the Committee employed the following corporate scorecard:

COMPENSATION DISCUSSION AND ANALYSIS

ESG OBJECTIVES		RESULT	SCORE	WEIGHTED SCORE
	<div>PERSONAL SAFETY</div> <div>Threshold: 0.33 Target: 0.26 Maximum: 0.20</div> <div>TRIR is a safety metric recognized by the OSHA and is used by companies across an array of industries. TRIR is calculated based on the guidelines set by the International Association of Drilling Contractors (the "IADC"), by taking the aggregate number of occurrences of work-related injuries or illnesses that result in medical care or treatment beyond minor first aid. The result is the number of such occurrences for every 200,000 hours worked.</div>	✓	138%	28%
	<div>PROCESS SAFETY</div> <div>Complete implementation of Permit Vision (improved process combining risk assessments, isolation management, and other applications) and Barrier Vision (digital visualization of key controls integrating real-time equipment monitoring systems with dynamic barrier management) to drive effective control of work on all operating rigs.</div> <div>Complete job specific Major Accident Hazard barrier management training for greater than 90% of the offshore workforce.</div>	✓		
	<div>2030 SUSTAINABILITY GOALS</div> <div>Complete materiality assessment inclusive of feedback from key external stakeholders and identify material sustainability issues with a focus on business alignment, and reissue company materiality matrix.</div> <div>Develop goals based on identified, material sustainability issues that are within the Company's scope of control and that include climate and corporate Diversity, Equity and Inclusion; establish an execution roadmap and communication plan with measurable milestones and metrics that demonstrate progress.</div>	✓+		
		<div>✓+ Exceeds Expectations (130% - 200%)</div> <div>✓ Meets Expectations (80% - 125%)</div> <div>✓- Partially Meets Expectations (30% - 75%)</div> <div>✗ Below Expectations (0% - 25%)</div>		

Process Safety and Personal Safety achieved target performance as a result of completing the established objectives and a TRIR result of 0.26, respectively. Development of our 2030 Sustainability Goals achieved above target performance due to delivering on the established objectives, including completing an assessment on the ability to align with the Financial Stability Board's TCFD and reporting assessment results.

The combined performance of the 2021 Sustainability objectives resulted in a payout level of 138% of target and an associated weighted payout of 28% of the total target bonus opportunity for each of the Named Executive Officers.

OVERALL 2021 ANNUAL BONUS ACHIEVEMENT

IN 2021, WE DELIVERED STRONG ANNUAL PERFORMANCE RESULTS IN A YEAR OF CONTINUED CHALLENGES AND UNCERTAINTIES.

Our executive leadership showed exceptional discipline and commitment in managing the Company, driving the success of our business, and building long-term value, despite the significant challenges against the backdrop of an ongoing pandemic, supply chain constraints and workforce disruptions. Further, our success in delivering solid results in 2021 against the measures approved by the Committee could not have been realized without the discipline, flexibility and resilience of our dedicated workforce.

LONG-TERM INCENTIVES

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

As we began to see some easing of the challenges and constraints confronted during the unprecedented 2020 business environment, the Committee modified the LTI compensation design to remove a performance-based cash component and revert to the Company’s historical practice of a LTI compensation design denominated and settled only in equity instruments.

To provide an appropriate balance of incentives tied to performance, two types of long-term equity instruments were used in 2021: Performance Units (“PSUs”) and Restricted Share Units (“RSUs”), each weighted at 50%.

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

The following LTI award values were delivered to our Named Executive Officers in 2021.

EXECUTIVE	2021 LTI TARGET VALUE (U.S. \$)
Mr. Thigpen	7,500,000
Mr. Mey	2,700,000
Mr. Adamson	2,275,000
Mr. Davis	2,150,000
Mr. Long	2,000,000

PERFORMANCE UNITS (PSU)

The target award value of the 2021 PSU grants to each of the Named Executive Officers was weighted at 50% of each officer’s total 2021 LTI target award value and measured against both relative and absolute performance. Each PSU granted represents one share and is earned based on performance achievement during the three-year performance period from January 1, 2021 through December 31, 2023.

Relative Performance One-half of the total 2021 PSU grant value is based on the Company’s three-year TSR performance relative to the TSR performance of the members of the Company’s Performance Peer Group over the performance cycle. The actual number of PSUs earned at the completion of the performance cycle will be

COMPENSATION DISCUSSION AND ANALYSIS

determined based on the Company's ordinal ranking of three-year TSR performance. Payout potential ranges from 0% to 200% of target award value.

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

In recognition of the importance of shareholder alignment, the Committee capped the earning of PSUs at target if the Company's absolute TSR during the performance period is less than negative 15%. The Committee set the cap at this level to ensure that management does not benefit disproportionately from shareholder returns that are more than marginally negative. Additionally, the Committee has applied a price cap such that if the fair market value of a share exceeds \$20 on the date the Committee makes a determination with respect to achievement of TSR performance over the performance cycle (such date the "determination date"), the number of PSUs that would have been earned will be reduced by multiplying such number of PSUs by a fraction, the numerator of which is \$20 and the denominator of which is the fair market value of a share on the determination date. The Committee set this price cap to prevent an unintended compensation windfall.

Absolute Performance For the 2021 PSU grant, the Committee established an absolute measure and concluded Liquidity to be the most meaningful metric, given its importance to all stakeholders in the current market conditions in further emphasizing the prudent management of debt and cash generation. Therefore, one-half of the total 2021 PSU grant value is based on the Company's absolute Liquidity performance.

Due to forecasting and planning challenges resulting from market volatility, the Committee decided that absolute Liquidity performance will be measured over three 12-month performance periods, with targets set annually at the beginning of each calendar year, and maximum and threshold values will be set at +/- 12.5% of target value. At the conclusion of the three-year period, achieved performance in each of the three 12-month performance cycles will be averaged to determine earned achievement.

Upon completion of the 2021-2023 PSU performance cycle, the Committee will determine final payout levels, if any, and shares will be distributed to the Named Executive Officers, along with a cash payment equal to any dividends or equivalents for earned shares that may have accrued during the performance cycle.

RESTRICTED SHARE UNITS (RSU)

The target award value of the 2021 RSU grants to each of the Named Executive Officers was weighted at 50% of each officer's total 2021 LTI target award value.

Time-vested RSUs were granted to all Named Executive Officers as part of the 2021 annual long-term incentive grants. Each RSU represents one share and the RSUs vest over a three-year schedule (ratably one-third each year), contingent upon continued service.

LONG-TERM PERFORMANCE COMPENSATION EARNED IN 2021

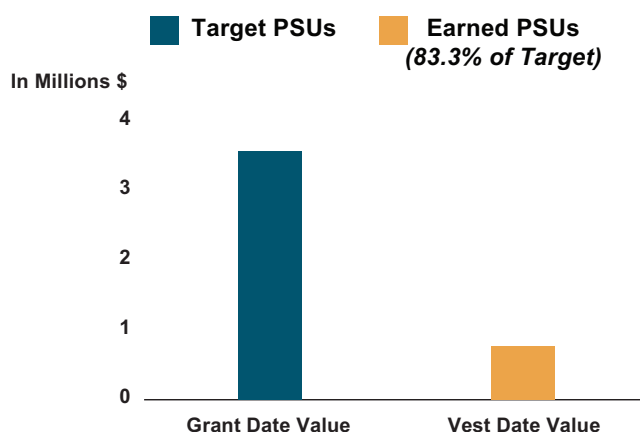
In 2022, the Committee evaluated final performance achievement for the following two awards with performance periods that concluded on December 31, 2021:

1. TSR performance relative to a 13-member peer group established for the three-year performance period from January 1, 2019 through December 31, 2021.

The Company's relative ranking was determined to be the eighth of 13, resulting in PSU performance achievement of 83% of target.

However, due to the effects of the industry downturn and the COVID-19 pandemic on the Company's share price, only 21% of the target award value of the PSUs granted in 2019 was earned.

REALIZED VALUE: PSUs EARNED



The schedule above illustrates the estimated 21% realized value of the CEO's 2019 PSU award at 83.3% achieved performance, relative to the expected target value at grant; and

2. EBITDA Margin performance relative to a six-member peer group established for the 18-month performance period from July 1, 2020 through December 31, 2021.

The Company's ranking was determined to be first relative to the six-member peer group of offshore drilling companies, resulting in Performance Cash Award achievement of 150% of target. The peer group of companies consisted of:

- Noble Corporation plc.
- Pacific Drilling SA
- Seadrill Ltd.
- The Drilling Company of 1972 A/S
- Valaris plc.

EMPLOYMENT AGREEMENTS WITH NAMED EXECUTIVE OFFICERS

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

INDIRECT COMPENSATION

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

HEALTH, WELFARE AND RETIREMENT

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

PERQUISITES

The Committee eliminated all executive perquisites for our Named Executive Officers, effective January 1, 2017. As a result, none of our Named Executive Officers received perquisites in 2021.

POST-EMPLOYMENT COMPENSATION

We believe that the competitive marketplace for executive talent and our desire to retain our Executive Officers require us, subject to compliance with applicable law, to provide our Executive Officers with a severance package. Each of our Executive Officers who are not members of our Executive Management Team is eligible to receive severance benefits in the event the Company chooses to terminate the Executive Officer without cause. Subject to the Committee's approval, the benefits provided in the event of an involuntary termination under the terms of our Executive Severance Benefit Policy include a cash severance benefit limited to 52 weeks of base salary; a pro rata share of the termination year's award under the Bonus Plan for such executive; treatment of outstanding long-term incentive awards as provided for in the terms and conditions of each award (as more fully described under "Executive Compensation—Potential Payments Upon Termination or Change of Control"); and outplacement services not to exceed 5% of the base salary of the executive.

We also believe that the interests of our shareholders are served by including a double-trigger change-in-control provision in the Bonus Plan and the Long-Term Incentive Plan for Named Executive Officers who would be integral to the success of, and are most likely to be impacted by, a change of control the Company. By requiring two triggering events to occur, we believe that those Executive Officers who remain with the Company through a change of control will be appropriately focused on the success of the combined enterprise while those who depart because of a change of control will be appropriately compensated. The types of payments that will be made to our executives, along with estimated values as of December 31, 2021, are described under "Executive Compensation—Potential Payments Upon Termination or Change of Control."

The Committee periodically reviews severance packages offered to the Executive Officers that are not part of our Executive Management Team to ensure the benefits are aligned with prevailing market practices. For a Named Executive Officer to receive the benefits described above, the Named Executive Officer must first sign a release of all claims against the Company and enter into a non-competition, non-solicitation, and confidentiality agreement covering our trade secrets and proprietary information.

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

Executive Compensation Governance, Policy and Practice

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

COMPENSATION COMMITTEE

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

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

The Committee acts on behalf of our Board to establish the executive compensation philosophy and oversee our executive compensation and long-term incentive programs. Specifically, the Committee is responsible for:

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

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

COMPENSATION DISCUSSION AND ANALYSIS

During 2021, the Compensation Committee consisted of the following directors: Glyn A. Barker (Chair), Vanessa C.L. Chang, and Samuel J. Merksamer.

INDEPENDENT COMPENSATION CONSULTANT

To assist in discharging its responsibilities and to ensure that we are continually reviewing and evolving our compensation programs with competitive market standards, the Committee engaged an independent executive compensation consulting firm, Pay Governance LLC ("Pay Governance"), that advised the Committee on executive compensation matters in 2021.

In order to preserve the independence of the Committee's compensation consultant and avoid the appearance of an impairment of such independence, the Committee adopted a policy that any compensation consultant to the Committee may not provide other services to the Company in excess of U.S. \$100,000. Neither Pay Governance nor any of its affiliates provided the Company with any other services in 2021. In May 2021, the Committee assessed whether the work of Pay Governance for the Committee during 2021 raised any conflict of interest by conducting a review of several independence factors, which included the factors set forth under Rule 10C-1 of the Exchange Act. The Committee concluded that no conflict of interest was raised that would prevent Pay Governance from independently advising the Committee.

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

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

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

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

OTHER ADVISORS

From time-to-time, management engages other advisors to assist in providing advice to the Committee. Such advisors have included, among others, an outside law firm to provide advice regarding various legal issues, financial analysts to examine relevant performance metrics and an outside actuarial firm to evaluate benefit programs. The Committee evaluates these advisors for independence, when retained. No advisors other than Pay Governance were hired in 2021.

MANAGEMENT

Our Chief Executive Officer annually reviews the competitive pay position and the performance of each member of senior management other than himself. Our Chief Executive Officer's conclusions and recommendations, including base salary adjustments and award amounts for the current year and target annual award amounts

for the next year under our Bonus Plan (other than for himself), are presented to the Committee. The Committee makes all compensation decisions and approves all share-based awards for the Named Executive Officers and other Executive Officers.

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

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

SHARE OWNERSHIP GUIDELINES FOR EXECUTIVES

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

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

CEO	6x Base Pay
President and/or Executive Vice President	3x Base Pay
Senior Vice President	2x Base Pay
Vice President	1x Base Pay

Compliance with this policy is reviewed by the Committee, and executives must certify their compliance on an annual basis. The Committee may exercise its discretion in response to any non-compliance of this policy. The Committee determined that all executives were in compliance with these requirements in 2021.

EXECUTIVE COMPENSATION RECOUPMENT/CLAWBACK POLICY

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

NO HEDGING OR PLEDGING OF COMPANY SHARES

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

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

COMPENSATION DISCUSSION AND ANALYSIS

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

USE OF TALLY SHEETS

The Committee reviews compensation tally sheets, prepared by management, that present comprehensive data on the total compensation and benefits package for each of our Named Executive Officers. Tally sheets include all current compensation obligations, as well as additional analyses with respect to payments at hypothetical terminations to consider the Company's obligations under such circumstances. The Committee does not use the tally sheets to determine the various elements of compensation or the actual amounts of compensation to be approved but, rather, to evaluate the Company's obligations under the various programs.

Tax Impact on Compensation

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

COMPENSATION COMMITTEE REPORT

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

MEMBERS OF THE COMPENSATION COMMITTEE

Glyn A. Barker, Chair
Vanessa C.L. Chang
Samuel J. Merksamer

EXECUTIVE COMPENSATION

Summary Compensation Table

The following table shows the compensation paid by the Company for the fiscal year ended December 31, 2021, to each of our Chief Executive Officer, Chief Financial Officer and the next three most highly compensated Executive Officers, who are collectively referred to herein as our Named Executive Officers.

NAME AND PRINCIPAL POSITION	YEAR	SALARY (\$)	BONUS (\$)	STOCK AWARDS ⁽¹⁾ (\$)	OPTION AWARDS ⁽¹⁾ (\$)	NON-EQUITY INCENTIVE PLAN COMPENSATION ⁽²⁾ (\$)	CHANGE IN PENSION VALUE AND NONQUALIFIED DEFERRED COMPENSATION EARNINGS ⁽³⁾ (\$)	ALL OTHER COMPENSATION ⁽⁴⁾ (\$)	TOTAL (\$)
Jeremy D. Thigpen	2021	1,000,000	—	7,669,712	—	4,700,000	—	345,646	13,715,358
President and Chief Executive Officer	2020	1,000,000	—	2,991,546	—	2,200,000	—	300,258	6,491,804
	2019	1,000,000	—	5,183,471	1,762,964	1,775,000	—	215,517	9,936,952
Mark L. Mey	2021	760,000	—	2,761,096	—	2,016,040	—	211,855	5,748,991
Executive Vice President and Chief Financial Officer	2020	760,000	—	1,153,881	—	1,136,960	—	187,192	3,238,031
	2019	760,000	—	1,999,336	680,001	917,320	—	143,246	4,499,902
Keelan I. Adamson	2021	644,129	—	2,326,476	—	1,529,040	—	164,643	4,664,289
Executive Vice President and Chief Operations Officer	2020	600,000	—	897,464	—	792,000	221,962	142,466	2,653,891
	2019	600,000	—	1,332,884	453,333	639,000	234,061	104,461	3,363,739
Howard E. Davis	2021	550,000	—	2,198,650	—	1,479,000	—	145,562	4,373,212
Executive Vice President and Chief Administrative and Information Officer	2020	550,000	—	918,832	—	726,000	—	129,802	2,324,634
	2019	550,000	—	1,592,062	541,481	585,750	—	101,687	3,370,980
Brady K. Long	2021	550,000	—	2,045,257	—	1,411,500	—	148,278	4,155,035
Executive Vice President and General Counsel	2020	550,000	—	854,726	—	726,000	—	131,861	2,262,589
	2019	550,000	—	1,480,998	503,705	585,750	—	104,033	3,224,486

- (1) These amounts represent the aggregate grant date fair value of performance share units and restricted share units granted in each year as shown in the "Grants of Plan-Based Awards for 2021" table and computed in accordance with the provisions of FASB ASC Topic 718. Regarding assumptions underlying the valuation of these equity awards, please see Note 15 to our consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2021.
- (2) These amounts represent payments under the following types of cash incentive awards:

Named Executive Officer	2021 STI Annual Cash Bonus - Reportable for 2021	2020 LTI Cash Performance Award - Reportable for 2021
Mr. Thigpen	\$1,550,000	\$3,150,000
Mr. Mey	\$801,040	\$1,215,000
Mr. Adamson	\$599,040	\$930,000
Mr. Davis	\$511,500	\$967,500
Mr. Long	\$511,500	\$900,000

The amounts shown under 2020 LTI Cash Performance Award above reflect awards granted in 2020 that are required to be disclosed in the Summary Compensation Table as part of 2021 compensation pursuant to applicable disclosure rules. See "Compensation Discussion and Analysis 2021 Compensation Program Overview," for additional context regarding the 2020 LTI Cash Performance Award.

- (3) These amounts represent the change in value during the 12-month period ending on December 31 of each year. There are no nonqualified deferred compensation earnings included in this column because no Named Executive Officers received above-market or preferential earnings on such compensation during 2021, 2020 or 2019.
- (4) All Other Compensation for 2021 includes company matching contributions of \$29,000 to the account of each NEO under the U.S. 401(k) Savings Plan; company matching contributions under the Savings Restoration Plan in the following amounts: Mr. Thigpen, \$291,000; Mr. Mey \$160,696; Mr. Adamson \$114,613; Mr. Davis, \$98,600; and Mr. Long \$98,600; and company-paid benefits in the following amounts: Mr. Thigpen \$25,646; Mr. Mey \$22,159; Mr. Adamson \$21,030; Mr. Davis, \$17,962; and Mr. Long \$20,678.

Grants of Plan-Based Awards for 2021

The following table provides information concerning the annual performance bonus and long-term incentive awards made to each of the Named Executive Officers in the fiscal year ended December 31, 2021.

	TYPE OF AWARD	GRANT DATE	ESTIMATED FUTURE PAYOUTS UNDER NON-EQUITY INCENTIVE PLAN AWARDS ⁽¹⁾			ESTIMATED FUTURE PAYOUTS UNDER EQUITY INCENTIVE PLAN AWARDS ⁽²⁾			ALL OTHER STOCK AWARDS: NUMBER OF SHARES OF STOCK OR UNITS ⁽³⁾	ALL OTHER OPTION AWARDS: NUMBER OF SHARES OF SECURITIES UNDERLYING OPTIONS ⁽³⁾	GRANT DATE FAIR VALUE OF STOCK AND OPTION AWARDS ⁽⁴⁾
			THRESHOLD (\$)	TARGET (\$)	MAXIMUM (\$)	THRESHOLD (#)	TARGET (#)	MAXIMUM (#)			
Jeremy D. Thigpen	AIP		—	1,250,000	2,500,000						
	PSU	2/12/2021					1,034,316	2,068,632			3,821,884
	RSU	2/12/2021							1,086,957		3,847,828
Mark L. Mey	AIP		—	646,000	1,292,000						
	PSU	2/12/2021					372,354	744,708			1,375,879
	RSU	2/12/2021							391,304		1,385,216
Keelan I. Adamson	AIP		—	483,097	966,194						
	PSU	2/12/2021					313,742	627,484			1,159,303
	RSU	2/12/2021							329,710		1,167,173
Howard E. Davis	AIP		—	412,500	825,000						
	PSU	2/12/2021					296,504	593,008			1,095,607
	RSU	2/12/2021							311,594		1,103,043
Brady K. Long	AIP		—	412,500	825,000						
	PSU	2/12/2021					275,818	551,636			1,019,171
	RSU	2/12/2021							289,855		1,026,087

- (1) These amounts represent the potential payout opportunities to the Named Executive Officers for the 2021 performance period under the Performance Award and Cash Bonus Plan. There is no payout at or below threshold under this plan for 2021. Actual amounts earned by the Named Executive Officers under the plan are reported in the Non-Equity Incentive Plan Compensation column of the "Summary Compensation Table." For more information regarding the Performance Award and Cash Bonus Plan, including the performance targets used for 2021, see Compensation Discussion Analysis—Annual Performance Bonus.
- (2) The February 12, 2021 performance share unit award is subject to a 36-month performance period beginning January 1, 2021 and ending December 31, 2023. The actual number of performance units received will be determined in the first 60 days of 2024 and is contingent on the Company's performance in total shareholder return relative to the Performance Peer Group and absolute liquidity relative to annual targets set by the compensation committee at the beginning of each year of the performance measurement period. Any earned shares will vest on December 31, 2023. The amounts shown under the Maximum column represent the payout level of 200%. There is no payout at or below threshold level under this plan for 2021.
- (3) These amounts represent the number of time-vested restricted share units granted to the Named Executive Officers under the long-term incentive plans. The units vest in one-third increments over an approximate 36-month period commencing on February 12, 2021. The first installment vested on March 1, 2022, and the other installments will vest on March 1, 2023, and March 1, 2024.
- (4) These amounts represent the grant date fair value of these awards computed in accordance with FASB ASC Topic 718. The 2021 performance share unit fair value is calculated using the Monte Carlo simulation to value total shareholder return at the share price on the date of grant.

EXECUTIVE COMPENSATION

Outstanding Equity Awards at Year-End 2021

The following table sets forth certain information with respect to outstanding equity awards at December 31, 2021, for the Named Executive Officers.

NAME	Grant Date	NUMBER OF SECURITIES UNDERLYING UNEXERCISED OPTIONS (#)	NUMBER OF SECURITIES UNDERLYING UNEXERCISED OPTIONS (#)	OPTION EXERCISE PRICE (\$/SHARE)	OPTION EXPIRATION DATE	NUMBER OF SHARES OR UNITS OF STOCK THAT HAVE NOT VESTED ⁽²⁾⁽³⁾⁽⁴⁾ (#)	MARKET VALUE OF SHARES OR UNITS OF STOCK THAT HAVE NOT VESTED ⁽⁷⁾ (\$)	EQUITY INCENTIVE PLAN AWARDS: NUMBER OF UNEARNED SHARES, UNITS, OTHER RIGHTS THAT HAVE NOT VESTED ⁽⁵⁾⁽⁶⁾ (#)	EQUITY INCENTIVE PLAN AWARDS: MARKET OR PAYOUT VALUE OF UNEARNED SHARES, UNITS, OTHER RIGHTS THAT HAVE NOT VESTED ⁽⁷⁾ (\$)
		EXERCISABLE ⁽¹⁾	UNEXERCISABLE ⁽¹⁾						
Jeremy D. Thigpen	2/11/2016	233,957	—	8.61	2/10/2026				
	2/10/2017	217,618	—	13.35	2/9/2027				
	2/8/2018	219,298	—	9.18	2/7/2028				
	2/7/2019	144,033	144,033	8.35	2/6/2029				
	2/7/2019					67,205	185,486		
	5/8/2020					727,273	2,007,273		
	2/12/2021					1,086,957	3,000,001		
	2/7/2019							324,977	896,937
	5/8/2020							818,182	2,258,182
	2/12/2021							1,034,316	2,854,712
Mark L. Mey	2/11/2016	98,039	—	8.61	2/10/2026				
	2/10/2017	94,011	—	13.35	2/9/2027				
	2/8/2018	84,586	—	9.18	2/7/2028				
	2/7/2019	55,555	55,566	8.35	2/6/2029				
	2/7/2019					25,922	71,545		
	5/8/2020					280,519	774,232		
	2/12/2021					391,304	1,079,999		
	2/7/2019							125,348	345,960
	5/8/2020							315,584	871,012
	2/12/2021							372,354	1,027,697
Keelan I. Adamson	2/17/2012	8,455	—	50.79	2/16/2022				
	2/14/2013	15,767	—	59.30	2/13/2023				
	2/11/2016	44,118	—	8.61	2/10/2026				
	2/10/2017	46,657	—	13.35	2/9/2027				
	2/8/2018	41,980	—	9.18	2/7/2028				
	2/7/2019	37,037	37,037	8.35	2/6/2029				
	2/7/2019					17,281	47,696		
	5/8/2020					218,182	602,182		
	2/12/2021					329,710	910,000		
	2/7/2019							83,565	230,639
Howard E. Davis	2/11/2016	73,529	—	8.61	2/10/2026				
	2/10/2017	74,861	—	13.35	2/9/2027				
	2/8/2018	67,356	—	9.18	2/7/2028				
	2/7/2019	44,238	44,239	8.35	2/6/2029				
	2/7/2019					20,642	56,972		
	5/8/2020					223,377	616,521		
	2/12/2021					311,594	859,999		
	2/7/2019							99,814	275,487
	5/8/2020							251,299	693,585
	2/12/2021							296,504	818,351
Brady K. Long	2/11/2016	58,489	—	8.61	2/10/2026				
	2/10/2017	69,638	—	13.35	2/9/2027				
	2/8/2018	62,656	—	9.18	2/7/2028				
	2/7/2019	41,152	41,153	8.35	2/6/2029				
	2/7/2019					19,202	52,998		
	5/8/2020					207,792	573,506		
	2/12/2021					289,855	800,000		
	2/7/2019							92,851	256,269
	5/8/2020							233,766	645,194
	2/12/2021							275,818	761,258

(1) Each option award has a 10-year term and vests in one-third increments beginning on the first anniversary of the grant date.

- (2) Restricted share units granted on February 7, 2019; one-third vested on each of March 1, 2020, 2021 and 2022.
- (3) Restricted share units granted on May 8, 2020; one-third vested each of May 8, 2021 and March 1, 2022 and one-third will vest on March 1, 2023.
- (4) Restricted share units granted on February 12, 2021; one-third vested on March 1, 2022, and one-third will vest on each of March 1, 2022 and 2023.
- (5) Performance share units granted in 2019 and 2021 are subject to a three-year performance period ending on December 31, 2021 and December 31, 2023, respectively. Performance share units granted in 2020 are subject to a 33-month performance period beginning April 1, 2020 and ending December 31, 2022. The actual number of performance share units received will be determined in the first 60 days following the end of the performance period and is contingent on our performance as determined by comparing our total shareholder return relative to the Performance Peer Group and absolute liquidity relative to annual targets. Any shares earned will vest the day following the last day of the performance period. For more information regarding long-term incentive plans, please see Compensation Discussion and Analysis—Long-Term Incentives.
- (6) Performance share units are listed at the targeted number of units.
- (7) For purposes of calculating the amounts in these columns, the closing price of our shares on the NYSE on December 31, 2021, of \$2.76 was used.

Option Exercises and Shares Vested for 2021

The following table sets forth certain information with respect to the exercise of options and the vesting of RSUs and PSUs, as applicable, during 2021 for the Named Executive Officers.

NAME	NUMBER OF SHARES ACQUIRED ON EXERCISE (#)	VALUE REALIZED ON EXERCISE (\$)	NUMBER OF SHARES ACQUIRED ON VESTING (#)	VALUE REALIZED ON VESTING ⁽¹⁾ (\$)
Jeremy D. Thigpen	—	—	714,595	2,804,867
Mark L. Mey	—	—	286,045	1,081,882
Keelan I. Adamson	—	—	185,860	711,683
Howard E. Davis	—	—	227,775	861,493
Brady K. Long	—	—	211,884	801,390

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

Pension Benefits for 2021

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

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

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

NAME	PLAN NAME	NUMBER OF YEARS CREDITED SERVICE (#)	PRESENT VALUE OF ACCUMULATED BENEFIT (\$)	PAYMENTS DURING 2021 (\$)
Jeremy D. Thigpen	Transocean Savings Restoration Plan	7	1,285,863	—
Mark L. Mey	Transocean Savings Restoration Plan	7	722,434	—
Keelan I. Adamson	Transocean Savings Restoration Plan	7	412,793	—
	Transocean U.S. Retirement Plan	10	577,107	—
	Transocean Pension Equalization Plan	10	561,729	—
Howard E. Davis	Transocean Savings Restoration Plan	6	412,312	—
Brady K. Long	Transocean Savings Restoration Plan	6	364,566	—

Transocean Savings Restoration Plan

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

Transocean U.S. Retirement Plan

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

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

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

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

Certain assumptions and calculation methods were used to determine the values of the pension benefits disclosed in the "Pension Benefits for 2021" table above. In particular, monthly accrued pension benefits, payable at age 65, were determined as of December 31, 2021. The present value of these benefits was calculated based on assumptions used in the Company's financial statements for 2021.

Transocean Pension Equalization Plan

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

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

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

Certain assumptions and calculation methods were used to determine the values of the pension benefits disclosed in the "Pension Benefits for 2021" table above. In particular, monthly accrued pension benefits, payable at age 65, were determined as of December 31, 2021. The present value of these benefits was calculated based on assumptions used in the Company's financial statements for 2021.

Potential Payments Upon Termination or Change of Control

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

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

The following table sets forth certain information with respect to compensation that would be payable to the Named Executive Officers as of December 31, 2021, upon a variety of termination scenarios. It does not include benefits that are generally available to salaried employees on a non-discriminatory basis, including payments that would be made under the Company's life and disability insurance plans, and unused vacation days.

EXECUTIVE COMPENSATION

As of December 31, 2021, the Named Executive Officers of the Company were eligible for the Executive Severance Benefit Policy. However, members of the Executive Management Team are further subject to the full limitations of the Minder Ordinance regarding severance.

NAME	TRIGGERING EVENT ⁽¹⁾	CASH SEVERANCE PAYMENT ⁽²⁾ (\$)	NON-EQUITY INCENTIVE COMPENSATION ⁽³⁾ (\$)	STOCK AWARDS ⁽⁴⁾ (\$)	OPTION AWARDS ⁽⁵⁾ (\$)	RETIREMENT PLAN BENEFIT ⁽⁶⁾ (\$)	TOTAL (\$)
Jeremy D. Thigpen	Voluntary Not-for-Cause	—	—	—	—	1,285,863	1,285,863
	Involuntary Not-for-Cause	—	1,550,000	10,375,704	—	1,285,863	13,211,567
	Retirement	—	1,550,000	10,375,704	—	1,285,863	13,211,567
	Death ⁽⁷⁾	—	1,550,000	12,328,661	—	1,285,863	15,164,524
	Disability ⁽⁷⁾	—	1,550,000	12,328,661	—	1,285,863	15,164,524
	Change of Control	—	1,550,000	13,460,774	—	1,285,863	16,296,637
Mark L. Mey	Voluntary Not-for-Cause	—	—	—	—	722,434	722,434
	Involuntary Not-for-Cause	—	801,040	3,930,309	—	722,434	5,453,783
	Retirement	—	801,040	3,930,309	—	722,434	5,453,783
	Death ⁽⁷⁾	—	801,040	4,646,645	—	722,434	6,170,119
	Disability ⁽⁷⁾	—	801,040	4,646,645	—	722,434	6,170,119
	Change of Control	—	801,040	5,041,457	—	722,434	6,564,932
Keelan I. Adamson	Voluntary Not-for-Cause	—	—	—	—	974,522	974,522
	Involuntary Not-for-Cause	—	599,040	3,082,462	—	974,522	4,656,024
	Retirement	—	599,040	3,082,462	—	974,522	4,656,024
	Death ⁽⁷⁾	—	599,040	3,672,707	—	762,682	5,034,429
	Disability ⁽⁷⁾	—	599,040	3,672,707	—	974,522	5,246,269
	Change of Control	—	599,040	4,011,356	—	974,522	5,584,918
Howard E. Davis	Voluntary Not-for-Cause	—	—	—	—	412,312	412,312
	Involuntary Not-for-Cause	577,500	511,500	3,129,691	—	412,312	4,631,003
	Retirement	—	511,500	3,129,691	—	412,312	4,053,503
	Death ⁽⁷⁾	—	511,500	3,700,111	—	412,312	4,623,924
	Disability ⁽⁷⁾	—	511,500	3,700,111	—	412,312	4,623,924
	Change of Control	577,500	511,500	4,014,500	—	412,312	5,515,812
Brady K. Long	Voluntary Not-for-Cause	—	—	—	—	364,566	364,566
	Involuntary Not-for-Cause	577,500	511,500	2,911,339	—	364,566	4,364,905
	Retirement	—	511,500	2,911,339	—	364,566	3,787,405
	Death ⁽⁷⁾	—	511,500	3,441,963	—	364,566	4,318,029
	Disability ⁽⁷⁾	—	511,500	3,441,963	—	364,566	4,318,029
	Change of Control	577,500	511,500	3,734,418	—	364,566	5,187,984

- (1) These amounts represent obligations of the Company under agreements currently in place and valued as of December 31, 2021. Agreements do not provide for any single-trigger payments upon a change of control.
- (2) Amounts payable under the terms of the Executive Severance Benefit Policy. This includes a lump sum payment equal to 52 weeks of base salary as well as outplacement services (not to exceed 5% of the base salary) for Messrs. Davis and Long.
- (3) Amounts payable for the 2021 annual cash bonus earned.
- (4) These amounts represent the value of restricted share units and performance share units that would vest upon the triggering event, based on U.S. \$2.76, the closing stock price on the last trading day of 2021.
- (5) These amounts represent the ("in-the-money") value of vested and unvested stock options.
- (6) These amounts represent the present value of PEP and Savings Restoration Plan benefits, which would have been payable as of December 31, 2021.
- (7) In addition to the benefits listed in the preceding table, payments will also be made under the Company's life and disability insurance plans, a benefit that is generally available to all employees.

CEO Pay Ratio

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

Based on SEC rules for this disclosure and applying the methodology described below, the Company determined that our CEO's total compensation for 2021 was \$13,715,358, and the 2021 total compensation of the median employee in U.S. dollars was \$134,914. Accordingly, for 2021, the Company estimates the ratio of our CEO's total compensation to the median total compensation of all employees to be 102 to 1.

Due to changes in our employee population and compensation arrangements, we are not using the same median employee as during the prior year. In determining the applicable median salary, we first excluded 225 of our non-U.S. employees located in Angola, Australia, Greece, Hungary, India, Singapore and Switzerland representing 5% of our workforce, a de minimis number of non-U.S. employees as allowed under the SEC rules. Next, for all other non-U.S. employees paid in local non-U.S. currency, salaries were denominated in U.S. dollars by applying applicable currency exchange rates in place on December 31, 2021. This currency exchange was necessary for comparison to our CEO pay which is denominated in U.S. dollars. We then identified the median employee based on a tabulation of year-to-date earnings for all included employees on December 31, 2021, the last day of our fiscal year.

Once the median employee was identified as described above, the total annual compensation for 2021 for that employee was determined using the same rules that apply to reporting NEO compensation in the Total column of the "Summary Compensation Table."

EQUITY COMPENSATION PLAN INFORMATION

The following table provides information concerning securities authorized for issuance under our equity compensation plans as of December 31, 2021.

PLAN CATEGORY	NUMBER OF SECURITIES TO BE ISSUED UPON EXERCISE OF OUTSTANDING OPTIONS, WARRANTS AND RIGHTS (A)	WEIGHTED-AVERAGE EXERCISE PRICE OF OUTSTANDING OPTIONS, WARRANTS AND RIGHTS (B) (U.S.\$)	NUMBER OF SECURITIES REMAINING AVAILABLE FOR FUTURE ISSUANCE UNDER EQUITY COMPENSATION PLANS (EXCLUDING SECURITIES REFLECTED IN COLUMN (A)) (C) ⁽²⁾
Equity compensation plans approved by security holders ⁽¹⁾	4,263,274	11.45	47,940,463
Equity compensation plans not approved by security holders	—	—	—
Total	4,263,274	11.45	47,940,463

(1) We may also grant restricted share units and other forms of share-based awards under our long-term incentive plans previously approved by our shareholders. At December 31, 2021, we had 17,937,081 shares available for future issuance pursuant to grants of restricted share units.

(2) In February 2022, we granted share-based awards to our employees. Following the February 2022 grants, we had under our existing authorization 20,355,943 shares remaining available to be granted for future share-based awards granted under our long-term incentive plan.

OTHER MATTERS

Compensation Committee Interlocks and Insider Participation

The members of the Compensation Committee of the Board of Directors during 2021 were Glyn A. Barker, Chair, Vanessa C.L. Chang, Samuel J. Merksamer and Tan Ek Kia. Mr. Ek Kia served as Chair of the Compensation Committee during 2021 until his retirement from the Board at the 2021 Annual General Meeting. There are no matters relating to interlocks or insider participation that we are required to report.

Householding

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

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

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

Proposals of Shareholders

Shareholder Proposals in the Proxy Statement. Rule 14a-8 under the Exchange Act addresses when a company must include a shareholder’s proposal in its proxy statement and identify the proposal in its form of proxy when the company holds an annual or special meeting of shareholders. Under Rule 14a-8, in order for your proposals to be considered for inclusion in the proxy statement and proxy card relating to our 2023 Annual General Meeting, your proposals must be received at our principal executive offices c/o Transocean Ltd., Turmstrasse 30, 6312 Steinhausen, Switzerland by no later than 5:00 p.m. Swiss time on November 28, 2022. However, if the date of the 2023 Annual General Meeting changes by more than 30 days from the anniversary of the 2022 Annual General Meeting, the deadline is a reasonable time before we begin to print and mail our proxy materials. We will notify you of this deadline in a Quarterly Report on Form 10-Q, in a Current Report on Form 8-K or in another communication to you. Shareholder proposals must also be otherwise eligible for inclusion.

Shareholder Proposals and Nominations for Directors to be Presented at Meetings. If you desire to bring a matter before an annual general meeting and the proposal is submitted outside the process of Rule 14a-8, you must follow the procedures set forth in our Articles of Association. Our Articles of Association provide generally that, if you desire to propose any business at an annual general meeting (including the nomination of any director), you must give us written notice at least 30 calendar days prior to the anniversary date of the proxy statement in connection with Transocean's last annual general meeting; provided, however, that if the date of the annual general meeting is 30 calendar days before or after the anniversary date of the last annual general meeting, such request must instead be made by the tenth day following the date on which we have made public disclosure of the date of the annual general meeting. The deadline under our Articles of Association for submitting proposals will be 5:00 p.m. Swiss time on February 26, 2023, for the 2023 annual meeting unless it is more than 30 calendar days before or after May 12, 2023.

In order for the notice to be considered timely under Rule 14a-4(c) of the Exchange Act, proposals must be received no later than 5:00 p.m. Swiss time on February 26, 2023. The request must specify the relevant agenda items and motions, together with evidence of the required shareholdings recorded in the share register, as well as any other information required to be included in a proxy statement pursuant to the rules of the SEC.

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

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

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

Cost of Solicitation

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

Delinquent Section 16(a) Reports

Section 16(a) of the Exchange Act requires the Company's Executive Officers and directors, and persons who own more than ten percent of the Company's shares, to file initial reports of ownership and reports of changes in ownership of the Company's equity securities with the SEC. Due to administrative and technical issues, a Form 5 was filed on behalf of Edward Muller, a member of the Company's Board of Directors, on February 14, 2022, reflecting the annual grant of Company restricted units made on May 28, 2021, and Form 4s for each of Messrs. Adamson, Davis, Long, Mey, Thigpen and Tonnel were filed late on March 4, 2021. Based solely on a review of reports furnished to the Company and written representations that no report on Form 5 was required for 2021, other than as indicated above, the Company believes that no director, officer or beneficial owner of more than ten percent of the Company's shares failed to file a report on a timely basis.

Forward-Looking Statements

The statements included in this proxy statement, including in the letter to shareholders and in the section entitled Compensation Discussion and Analysis—Executive Summary—2021 Business Overview, regarding future financial performance, results of operations, liquidity, stacking of assets and the market and other statements that are not historical facts are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Exchange Act. Forward-looking statements are subject to numerous risks, uncertainties and assumptions, including, but not limited to, the future prices of oil and gas, operating hazards and delays, actions by customers and other third parties, conditions in the drilling industry and in the capital markets and those described under “Item 1A. Risk Factors” in the 2021 Annual Report and in our other filings with the SEC. Should one or more of these risks or uncertainties materialize (or the other consequences of such a development worsen), or should underlying assumptions prove incorrect, actual results may vary materially from those indicated or expressed or implied by such forward-looking statements. All subsequent written and oral forward-looking statements attributable to us or to persons acting on our behalf are expressly qualified in their entirety by reference to these risks and uncertainties. You should not place undue reliance on forward-looking statements. Each forward-looking statement speaks only as of the date of the particular statement, and we undertake no obligation to publicly update or revise any forward-looking statements, except as required by law.

APPENDIX A

TRANSOCEAN LTD. AND SUBSIDIARIES

NON-GAAP FINANCIAL MEASURES AND RECONCILIATIONS

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

(in millions, except percentages)

	Year ended 12/31/21
Contract Drilling Revenues	\$ 2,556
Contract intangible amortization	220
Adjusted Contract Drilling Revenues	\$ 2,776
Net loss	\$ (591)
Interest expense, net of interest income	432
Income tax expense	121
Depreciation and amortization	742
Contract intangible amortization	220
EBITDA	924
Allowance for excess materials and supplies, certain items	28
Loss on disposal of assets, net	57
Loss on impairment of investment in unconsolidated affiliates	37
Gain on retirement of debt	(51)
Adjusted EBITDA	\$ 995
EBITDA Margin	33.3 %
Adjusted EBITDA Margin	35.8 %

ANNEX A

Amendment to Article 5 of the Articles of Association (Authorized Share Capital)

	Artikel 5		Article 5
Genehmigtes Aktienkapital	<p>1 Der Verwaltungsrat ist ermächtigt, das Aktienkapital jederzeit bis zum 12. Mai 2024 im Maximalbetrag von CHF 15'084'875.60 durch Ausgabe von höchstens 150,848,756 vollständig zu liberierenden Aktien mit einem Nennwert von je CHF 0.10 zu erhöhen. Eine Erhöhung (i) auf dem Weg einer Festübernahme durch eine Bank, ein Bankenkonsortium oder Dritte und eines anschliessenden Angebots an die bisherigen Aktionäre sowie (ii) in Teilbeträgen ist zulässig.</p> <p>2 Der Verwaltungsrat legt den Zeitpunkt der Ausgabe, den Ausgabebetrag, die Art, wie die neuen Aktien zu liberieren sind, den Beginn der Dividendenberechtigung, die Bedingungen für die Ausübung der Bezugsrechte sowie die Zuteilung der Bezugsrechte, welche nicht ausgeübt wurden, fest. Nicht-ausgeübte Bezugsrechte kann der Verwaltungsrat verfallen lassen, oder er kann diese bzw. Aktien, für welche Bezugsrechte eingeräumt, aber nicht ausgeübt werden, zu Marktkonditionen platzieren oder anderweitig im Interesse der Gesellschaft verwenden.</p> <p>3 Der Verwaltungsrat ist ermächtigt, die Bezugsrechte der Aktionäre zu entziehen oder zu beschränken und diese einzelnen Aktionären oder Dritten zuzuweisen:</p> <p>(a) wenn der Ausgabebetrag der neuen Aktien unter Berücksichtigung des Marktpreises festgesetzt wird; oder</p>	Authorized Share Capital	<p>1 The Board of Directors is authorized to increase the share capital, at any time until May 12, 2024, by a maximum amount of CHF 15,084,875.60 by issuing a maximum of 150,848,756 fully paid up Shares with a par value of CHF 0.10 each. An increase of the share capital (i) by means of an offering underwritten by a financial institution, a syndicate of financial institutions or another third party or third parties, followed by an offer to the then-existing shareholders of the Company, and (ii) in partial amounts shall be permissible.</p> <p>2 The Board of Directors shall determine the time of the issuance, the issue price, the manner in which the new Shares have to be paid up, the date from which the Shares carry the right to dividends, the conditions for the exercise of the preemptive rights and the allotment of preemptive rights that have not been exercised. The Board of Directors may allow the preemptive rights that have not been exercised to expire, or it may place such rights or Shares, the preemptive rights of which have not been exercised, at market conditions or use them otherwise in the interest of the Company.</p> <p>3 The Board of Directors is authorized to withdraw or limit the preemptive rights of the shareholders and to allot them to individual shareholders or third parties:</p> <p>(a) if the issue price of the new Shares is determined by reference to the market price; or</p>

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| <p>(b) für die Übernahme von Unternehmen, Unternehmensteilen oder Beteiligungen oder für die Finanzierung oder Refinanzierung solcher Transaktionen oder die Finanzierung von neuen Investitionsvorhaben der Gesellschaft; oder</p> <p>(c) zum Zwecke der Erweiterung des Aktionärskreises in bestimmten Finanz- oder Investoren-Märkten, zur Beteiligung von strategischen Partnern, oder im Zusammenhang mit der Kotierung von neuen Aktien an inländischen oder ausländischen Börsen; oder</p> <p>(d) für die Einräumung einer Mehrzuteilungsoption (<i>Greenshoe</i>) von bis zu 20% der zu platzierenden oder zu verkaufenden Aktien an die betreffenden Erstkäufer oder Festübernehmer im Rahmen einer Aktienplatzierung oder eines Aktienverkaufs; oder</p> <p>(e) für die Beteiligung von Mitgliedern des Verwaltungsrates, Mitglieder der Geschäftsleitung, Mitarbeitern, Beauftragten, Beratern oder anderen Personen, die für die Gesellschaft oder eine ihrer Tochtergesellschaften Leistungen erbringen.</p> <p>4 Die neuen Aktien unterliegen den Eintragungsbeschränkungen in das Aktienbuch von Artikel 7 und 9 dieser Statuten.</p> | <p>(b) for the acquisition of an enterprise, part(s) of an enterprise or participations, or for the financing or refinancing of any of such transactions, or for the financing of new investment plans of the Company; or</p> <p>(c) for purposes of broadening the shareholder constituency of the Company in certain financial or investor markets, for purposes of the participation of strategic partners, or in connection with the listing of new Shares on domestic or foreign stock exchanges; or</p> <p>(d) for purposes of granting an over-allotment option (<i>Greenshoe</i>) of up to 20% of the total number of Shares in a placement or sale of Shares to the respective initial purchaser(s) or underwriter(s); or</p> <p>(e) for the participation of members of the Board of Directors, members of the Executive Management Team, employees, contractors, consultants or other persons performing services for the benefit of the Company or any of its subsidiaries.</p> <p>4 The new Shares shall be subject to the limitations for registration in the share register pursuant to Articles 7 and 9 of these Articles of Association.</p> |
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TRANSOCEAN LTD.

COMPENSATION REPORT

For the years ended December 31, 2021 and 2020

To the General Meeting of
Transocean Ltd., Steinhausen

Zurich, March 25, 2022

Report of the statutory auditor on the compensation report

We have audited the compensation report of Transocean Ltd. for the year ended December 31, 2021.



Board of Directors' responsibility

The Board of Directors is responsible for the preparation and overall fair presentation of the compensation report in accordance with Swiss law and the Ordinance. The Board of Directors is also responsible for designing the compensation system and defining individual compensation packages.



Auditor's responsibility

Our responsibility is to express an opinion on the compensation report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the compensation report complies with Swiss law and articles 14-16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the compensation report with regard to compensation, loans and credits in accordance with articles 14-16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the compensation report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of compensation, as well as assessing the overall presentation of the compensation report.

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



Opinion

In our opinion, the compensation report for the year ended December 31, 2021 of Transocean Ltd. complies with Swiss law and articles 14-16 of the Ordinance.

Ernst & Young Ltd

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

/s/ Ralph Petermann
Certified public accountant

TRANSOCEAN LTD. COMPENSATION REPORT

GENERAL

Transocean Ltd. (“Transocean,” “we,” “us” or “our”) is the parent company of Transocean Inc. and Transocean Management Services GmbH, our direct wholly-owned subsidiaries. Transocean is registered with the commercial register in the canton of Zug, and its shares are listed on the New York Stock Exchange (“NYSE”). We are thus bound by the legal and regulatory requirements of both the United States of America (“U.S.”) and Switzerland.

This Compensation Report reflects the requirements of Articles 13–16 of the Swiss Federal Ordinance Against Excessive Compensation in Public Corporations, and discloses any compensation paid to our members of the Board of Directors and the Executive Management Team for the years ended December 31, 2021 and 2020. For a description of our governance framework relating to executive and director compensation, please refer to our 2022 Proxy Statement under the caption “Executive and Director Compensation Process.” For a description of our directors’ compensation principles, please refer to our 2021 Proxy Statement under the captions “Director Compensation Strategy” and “2021 Director Compensation.” For a description of our Executive Management Team compensation principles, please refer to our 2022 Proxy Statement under the caption “Compensation Discussion and Analysis.”

For the years ended December 31, 2021 and 2020, we have presented all compensation amounts in U.S. dollars and Swiss francs using the average annual currency exchange rate of USD 1.00 to CHF 0.91 and CHF 0.95, respectively.

BOARD OF DIRECTORS’ COMPENSATION

Our Board of Directors is paid in U.S. dollars and our non-employee directors were eligible to receive compensation as follows:

	Year ended December 31, 2021		Year ended December 31, 2020	
	Payment currency	Swiss franc equivalent	Payment currency	Swiss franc equivalent
Annual retainer - non-employee chair	USD 275,000	CHF 250,608	USD 275,000	CHF 260,343
Annual retainer - non-employee vice chair	—	—	—	—
Annual retainer - non-employee directors	100,000	91,130	100,000	94,670
Grant of restricted share units - non-employee chair	275,000	250,608	275,000	260,343
Grant of restricted share units - non-employee vice chair	—	—	—	—
Grant of restricted share units - non-employee directors	210,000	191,373	210,000	198,807
Additional annual retainer for committee chairs:				
Audit Committee	35,000	31,896	35,000	33,135
Compensation Committee	20,000	18,226	20,000	18,934
Corporate Governance Committee, Finance Committee, and Health, Safety, Environment and Sustainability Committee	10,000	9,113	10,000	9,467

Our directors who are our employees do not receive compensation for board service. With the exception of Jeremy D. Thigpen, all of the directors on our Board of Directors receive compensation as non-employees. In addition to the directors’ compensation, we pay or reimburse our directors for travel and incidental expenses incurred for attending board, committee, and shareholder meetings and for other company-related business purposes. No director served in the position of non-employee vice chair for the years ended December 31, 2021 and 2020.

We grant restricted share units to the non-employee chair and each non-employee director annually with an aggregate value presented above based upon the average of the high and low market prices of our shares for each of the 10 trading days preceding the date of grant. The restricted share units vest on the date first to occur of (i) the first anniversary of the date of grant or (ii) the annual general meeting next following the date of grant, subject to continued service through the vesting date. Vesting of the restricted share units is not subject to any performance measures. Each director may elect to receive the shares upon vesting or to defer shares until the director no longer serves on the board.

TRANSOCEAN LTD.
COMPENSATION REPORT—continued

We paid our non-employee directors total compensation as follows:

Name and function	Year ended December 31, 2021					Year ended December 31, 2020				
	Total compensation for board membership	Fees earned (a)	Restricted share units (value) (b)	Restricted share units (quantity)		Total compensation for board membership	Fees earned (a)	Restricted share units (value) (b)	Restricted share units (quantity)	
Chadwick C. Deaton (c) Chair of the board since May 9, 2019	CHF 497,418 USD 543,603	CHF 252,640 USD 275,000	CHF 244,778 USD 268,603	71,059		CHF 446,046 USD 471,159	CHF 276,858 USD 292,445	CHF 169,188 USD 178,714	128,571	
Glyn A. Barker (d) Member of the board; member of the compensation committee and chair since May 27, 2021; member of the audit committee and chair until May 27, 2021; member of the finance committee	301,112 329,349	114,188 124,231	186,924 205,118	54,264		257,004 271,473	127,805 135,000	129,199 136,473	98,182	
Vanessa C.L. Chang (c) Member of the board; member of the audit committee and chair since May 27, 2021; member of the compensation committee since May 27, 2021; member of the corporate governance committee until May 27, 2021	298,045 325,887	111,121 120,769	186,924 205,118	54,264		223,869 236,473	94,670 100,000	129,199 136,473	98,182	
Frederico F. Curado (e) Member of the board; member of the corporate governance committee; member and chair of the health, safety, environment and sustainability committee	288,061 315,118	101,137 110,000	186,924 205,118	54,264		233,336 246,473	104,137 110,000	129,199 136,473	98,182	
Vincent J. Intrieri (c) Member of the board; member and chair of the corporate governance committee; member of the finance committee	288,061 315,118	101,137 110,000	186,924 205,118	54,264		233,336 246,473	104,137 110,000	129,199 136,473	98,182	
Samuel Merksamer (c) Member of the board; member of the finance committee; member of the compensation committee	278,867 305,118	91,943 100,000	186,924 205,118	54,264		223,869 236,473	94,670 100,000	129,199 136,473	98,182	
Frederik W. Mohn (g) Member of the board; member of the audit committee; member of the health, safety, environment and sustainability committee	278,867 305,118	91,943 100,000	186,924 205,118	54,264		223,869 236,473	94,670 100,000	129,199 136,473	98,182	
Edward R. Muller (c) Member of the board; member and chair of the finance committee; member of the corporate governance committee since May 27, 2021; member of the audit committee until May 27, 2021	288,061 315,118	101,137 110,000	186,924 205,118	54,264		233,336 246,473	104,137 110,000	129,199 136,473	98,182	
Margareth Øvrum (h) Member of the board since May 27, 2021; member of the audit committee; member of the health, safety, environment and sustainability committee	241,719 264,459	54,795 59,341	186,924 205,118	54,264		— —	— —	— —	—	
Diane de Saint Victor (f) Member of the board, member of the audit committee, and member of the health, safety, environment and sustainability committee	278,867 305,118	91,943 100,000	186,924 205,118	54,264		190,839 201,583	61,640 65,110	129,199 136,473	98,182	
Tan Ek Kia (i) Member of the board until May 27, 2021; member and chair of the compensation committee; member of the health, safety, environment and sustainability committee	44,473 49,000	44,473 49,000	— —	—		242,803 256,473	113,604 120,000	129,199 136,473	98,182	
Total (CHF)	CHF 3,083,551	CHF 1,156,457	CHF 1,927,094	559,435		CHF 2,508,307	CHF 1,176,328	CHF 1,331,979		
Total (USD)	USD 3,373,005	USD 1,258,341	USD 2,114,664			USD 2,649,526	USD 1,242,555	USD 1,406,971	1,012,209	

- (a) Fees earned include cash retainer fees.
- (b) For the years ended December 31, 2021 and 2020, we estimated the fair value of restricted share units to be USD 3.78 and USD 1.39, respectively, equivalent to CHF 3.44 and CHF 1.32, respectively, based on the market price of our shares as reported on the NYSE on the grant date.
- (c) Total compensation is not subject to employer-paid social taxes.
- (d) In addition to the total compensation presented above, Mr. Barker received compensation representing employer-paid U.K. social taxes. In the years ended December 31, 2021 and 2020, such employer-paid social taxes were USD 17,144 and USD 18,630, respectively, equivalent to CHF 15,758 and CHF 17,637, respectively.
- (e) In addition to the total compensation presented above, Mr. Curado received compensation representing employer-paid Swiss social taxes. In the years ended December 31, 2021 and 2020, such employer-paid social taxes were USD 9,955 and USD 9,928, respectively, equivalent to CHF 9,153 and CHF 9,398, respectively.
- (f) In addition to the total compensation presented above, Ms. de Saint Victor received compensation representing employer-paid Swiss social taxes. In the years ended December 31, 2021 and 2020, such employer-paid social taxes were USD 6,981 and USD 4,689, respectively, equivalent to CHF 6,419 and CHF 4,439, respectively.
- (g) In addition to the total compensation presented above, Mr. Mohn received compensation representing employer-paid Swiss social taxes. In the years ended December 31, 2021 and 2020, such employer-paid social taxes were USD 9,050 and USD 9,025, respectively, equivalent to CHF 8,321 and CHF 8,544, respectively.
- (h) In addition to the total compensation presented above, Ms. Øvrum received compensation representing employer-paid Swiss social taxes. In the year ended December 31, 2021, such employer-paid social taxes were USD 4,236, equivalent to CHF 3,911.
- (i) In addition to the total compensation presented above, Mr. Tan received compensation representing employer-paid Swiss social taxes. In the years ended December 31, 2021 and 2020, such employer-paid social taxes were USD 67,867 and USD 8,585, respectively, equivalent to CHF 63,080 and CHF 8,127, respectively. Effective May 27, 2021, Mr. Tan retired from the Board of Directors.

TRANSOCEAN LTD.
COMPENSATION REPORT—continued

EXECUTIVE MANAGEMENT TEAM COMPENSATION

Total compensation—We paid the members of our Executive Management Team total compensation as follows:

Name and function	Year ended December 31, 2021			Year ended December 31, 2020		
	Total salary and other non share-based compensation	Total share-based compensation	Total compensation	Total salary and other non share-based compensation	Total share-based compensation	Total compensation
Jeremy D. Thigpen Chief Executive Officer since April 22, 2015	CHF 4,487,402 USD 4,924,176	CHF 6,989,409 USD 7,669,712	CHF 11,476,811 USD 12,593,889	CHF 3,383,629 USD 3,574,131	CHF 2,832,096 USD 2,991,546	CHF 6,215,725 USD 6,565,677
Mark L. Mey Executive Vice President and Chief Financial Officer since May 28, 2015	2,343,286 2,571,365	2,516,186 2,761,095	4,859,472 5,332,460	2,015,023 2,128,471	1,092,379 1,153,881	3,107,402 3,282,352
Keelan I. Adamson Executive Vice President and Chief Operations Officer since August 10, 2018	1,848,422 2,028,336	2,120,118 2,326,476	3,968,540 4,354,812	1,483,908 1,567,454	849,630 897,464	2,333,538 2,464,918
Total (CHF)	CHF 8,679,110	CHF 11,625,713	CHF 20,304,823	CHF 6,882,560	CHF 4,774,105	CHF 11,656,665
Total (USD)	USD 9,523,877	USD 12,757,284	USD 22,281,161	USD 7,270,056	USD 5,042,891	USD 12,312,947

Salary and other non-share-based compensation—We paid members of our Executive Management Team total salary and other non-share-based compensation, before deductions for employee social insurance and pension contributions, as follows:

Name	Year ended December 31, 2021							
	Base salary	Bonus (a)	Additional compensation (b)	Employer's pension contributions	Retirement and social security benefits (c)	Total salary and other non share-based compensation 2021	Additional compensation from prior year (d)	Total salary and other non share-based compensation
Jeremy D. Thigpen	CHF 911,300 USD 1,000,000	CHF 1,412,515 USD 1,550,000	CHF 1,722,357 USD 1,890,000	CHF 291,616 USD 320,000	CHF 149,614 USD 164,176	CHF 4,487,402 USD 4,924,176	CHF 1,148,238 USD 1,260,000	CHF 5,635,640 USD 6,184,176
Mark L. Mey	692,588 760,000	729,988 801,040	664,338 729,000	172,870 189,696	83,502 91,629	2,343,286 2,571,365	442,892 486,000	2,786,178 3,057,365
Keelan I. Adamson	586,995 644,129	545,905 599,040	516,707 567,000	130,874 143,613	67,941 74,554	1,848,422 2,028,336	344,471 378,000	2,192,893 2,406,336
Total (CHF)	CHF 2,190,883	CHF 2,688,408	CHF 2,903,402	CHF 595,360	CHF 301,057	CHF 8,679,110	CHF 1,935,601	CHF 10,614,711
Total (USD)	USD 2,404,129	USD 2,950,080	USD 3,186,000	USD 653,309	USD 330,359	USD 9,523,877	USD 2,124,000	USD 11,647,877

- (a) Bonus represents the amount earned in the year ended December 31, 2021, but not paid as of December 31, 2021.
- (b) Additional compensation includes performance cash awards, granted under the long-term incentive plan, and represents the amount earned in the year ended December 31, 2021.
- (c) Retirement and social security benefits include employer-paid social taxes and costs of health benefits, such as medical and dental insurance. Through December 31, 2021, Mr. Adamson has accrued benefits of USD 561,729, equivalent to CHF 511,904, under the Transocean Ltd. Pension Equalization Plan and USD 577,107, equivalent to CHF 525,918, under the Transocean U.S. Retirement Plan.
- (d) Additional compensation from prior year includes performance cash awards, granted under the long-term incentive plan, and represents the amount earned but not paid in the year ended December 31, 2020.

		Year ended December 31, 2020						
Name		Base salary	Bonus (a)	Additional compensation	Employer's pension contributions	Retirement and social security benefits (b)	Total salary and other non share-based compensation	
Jeremy D. Thigpen	CHF	946,700	CHF 2,082,740	CHF —	CHF 262,709	CHF 91,480	CHF 3,383,629	
	USD	1,000,000	USD 2,200,000	USD —	USD 277,500	USD 96,631	USD 3,574,131	
Mark L. Mey		719,492	1,076,360	—	158,792	60,379	2,015,023	
		760,000	1,136,960	—	167,732	63,779	2,128,471	
Keelan I. Adamson		568,020	749,786	—	117,296	48,806	1,483,908	
		600,000	792,000	—	123,900	51,554	1,567,454	
Total (CHF)	CHF	2,234,212	CHF 3,908,886	CHF —	CHF 538,797	CHF 200,665	CHF 6,882,560	
Total (USD)	USD	2,360,000	USD 4,128,960	USD —	USD 569,132	USD 211,962	USD 7,270,056	

- (a) Bonus represents the amount earned in the year ended December 31, 2020, but not paid as of December 31, 2020.
- (b) Includes employer-paid social taxes and costs of health benefits, such as medical and dental insurance. Through December 31, 2020, Mr. Adamson has accrued benefits of USD 611,744, equivalent to CHF 579,138, under the Transocean Ltd. Pension Equalization Plan and USD 597,818, equivalent to CHF 565,954, under the Transocean U.S. Retirement Plan.

Share-based compensation—We granted to the members of our Executive Management Team share-based compensation awards under our long-term incentive plans. As presented below, total share-based compensation represents the fair value of grants made to the members of our Executive Management Team and does not represent actual income earned. Any income earned from subsequent vesting of the awards will be subject to employer-paid social taxes at the statutory rate prevailing at the time income is earned.

To measure the fair values of stock options granted or modified, we use the Black-Scholes-Merton option-pricing model and apply assumptions for the expected life, risk-free interest rate, dividend yield and expected volatility. To measure the fair values of granted or modified service-based restricted share units, we use the market price of our shares on the grant date or modification date. To measure the

TRANSOCEAN LTD. COMPENSATION REPORT—continued

fair values of granted or modified performance share units that are subject to market factors, such as total shareholder return, we use a Monte Carlo simulation model and, in addition to the assumptions applied for the Black-Scholes-Merton option-pricing model, we apply assumptions using a risk neutral approach and the average price at the performance start date.

In the years ended December 31, 2021 and 2020, we granted performance share units to members of our Executive Management Team. Performance share units granted are generally subject to a three-year performance period during which the actual number of units remain uncertain. The number of performance share units presented below represents the targeted number of shares awarded. The actual number of share units earned will be determined in the first 60 days following the performance period based on performance thresholds and may range between zero and two shares per performance share unit.

Share-based compensation awards were granted as follows:

Name	Year ended December 31, 2021							
	Stock options		Restricted share units		Performance share units		Total share-based compensation	
	Options	Fair value	Units (a)	Fair value	Units (a)(b)	Fair value		
Jeremy D. Thigpen	—	CHF —	1,086,957	CHF 3,506,526	1,034,316	CHF 3,482,883	CHF	6,989,409
		USD —		USD 3,847,828		USD 3,821,884	USD	7,669,712
Mark L. Mey	—	—	391,304	1,262,347	372,354	1,253,839		2,516,186
Keelan I. Adamson	—	—	—	1,385,216	—	1,375,879		2,761,095
Total (CHF)	—	CHF —	1,807,971	CHF 5,832,518	1,720,412	CHF 5,793,195	CHF	11,625,713
		USD —		USD 6,400,217		USD 6,357,067	USD	12,757,283

- (a) We granted restricted share units and performance share units to the members of our Executive Management Team on February 12, 2021.
(b) The three-year performance period is January 1, 2021 to December 31, 2023 and is based on our total shareholder return relative to our performance peer group and our performance against established targets for liquidity.

Name	Year ended December 31, 2020							
	Stock options		Restricted share units		Performance share units		Total share-based compensation	
	Options	Fair value	Units (a)	Fair value	Units (a)(b)	Fair value		
Jeremy D. Thigpen	—	CHF —	1,090,909	CHF 1,435,541	818,182	CHF 1,396,555	CHF	2,832,096
		USD —		USD 1,516,364		USD 1,475,182	USD	2,991,546
Mark L. Mey	—	—	420,779	553,709	315,584	538,670		1,092,379
Keelan I. Adamson	—	—	—	584,883	—	568,998		1,153,881
Total (CHF)	—	CHF —	1,838,961	CHF 2,419,913	1,379,221	CHF 2,354,192	CHF	4,774,105
		USD —		USD 2,556,156		USD 2,486,735	USD	5,042,891

- (a) We granted restricted share units and performance share units to the members of our Executive Management Team on May 8, 2020.
(b) The 33-month performance period is April 1, 2020 to December 31, 2022 and is based on our total shareholder return relative to our performance peer group.

CREDITS AND LOANS GRANTED TO GOVERNING BODIES

In compliance with Article 29f paragraph 1 of our Articles of Association, which our shareholders adopted at the annual general meeting held in May 2014, we did not grant credits or loans to active or former members of our Board of Directors, members of our Executive Management Team or to any other related persons during the two-year period ended December 31, 2021. At December 31, 2021 and 2020, we had no outstanding credits or loans to active or former members of our Board of Directors, members of our Executive Management Team or to any other related persons.

COMPENSATION TO FORMER MEMBERS OF OUR BOARD OF DIRECTORS OR OUR EXECUTIVE MANAGEMENT TEAM OR TO RELATED PERSONS

During the year ended December 31, 2021, we paid a former non-employee member of our Board of Directors USD 49,000, equivalent to CHF 44,654, representing 2021 prorated fees prior to retirement, and these amounts are included in the above total compensation table.

During the year ended December 31, 2020, we did not pay or grant any compensation to former members of our Board of Directors or our Executive Management Team or to related persons of active or former members of our Board of Directors or our Executive Management Team.

TRANSOCEAN LTD.

CONSOLIDATED FINANCIAL STATEMENTS
For the years ended December 31, 2021, 2020 and 2019

TRANSOCEAN LTD. AND SUBSIDIARIES
INDEX TO ANNUAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2021

<u>Item</u>	<u>Page</u>
PART I	
Item 1. Business	AR-2
Item 1A. Risk Factors	AR-9
Item 1B. Unresolved Staff Comments	AR-22
Item 2. Properties	AR-22
Item 3. Legal Proceedings	AR-22
Item 4. Mine Safety Disclosures	AR-23
PART II	
Item 5. Market for Registrant's Common Equity, Related Shareholder Matters and Issuer Purchases of Equity Securities	AR-25
Item 6. Reserved	AR-26
Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations	AR-27
Item 7A. Quantitative and Qualitative Disclosures About Market Risk	AR-40
Item 8. Financial Statements and Supplementary Data	AR-41
Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	AR-76
Item 9A. Controls and Procedures	AR-76
Item 9B. Other Information	AR-76
Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections	AR-76
PART III	
Item 10. Directors, Executive Officers and Corporate Governance	AR-77
Item 11. Executive Compensation	AR-77
Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Shareholder Matters	AR-77
Item 13. Certain Relationships and Related Transactions, and Director Independence	AR-77
Item 14. Principal Accountant Fees and Services	AR-77
PART IV	
Item 15. Exhibits and Financial Statement Schedules	AR-78

FORWARD-LOOKING INFORMATION

The statements included in this annual report regarding future financial performance and results of operations and other statements that are not historical facts are forward-looking statements within the meaning of Section 27A of the United States ("U.S.") Securities Act of 1933 and Section 21E of the U.S. Securities Exchange Act of 1934. Forward-looking statements in this annual report include, but are not limited to, statements about the following subjects:

- the effect, impact, potential duration, the scale of any economic disruptions or other implications of the COVID-19 pandemic, including virus variants;
- 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, terminations, renegotiations, contract option exercises, contract revenues, early termination payments, indemnity provisions and rig mobilizations;
- the transition to renewable or other energy alternatives, the commitment, by us or our customers, to reduce greenhouse gas emissions or 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, alleged defaults and discussions with creditors related thereto;
- newbuild, upgrade, shipyard 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 and the proceeds and timing of dispositions;
- tax matters, including our effective tax rate, changes in tax laws, treaties and regulations, tax assessments and liabilities for tax issues in the tax jurisdictions in which we operate or have a taxable presence;
- legal and regulatory matters, including results and effects of current or potential legal proceedings and governmental audits and assessments, outcomes and effects of internal and governmental investigations, customs and environmental matters;
- insurance matters, including adequacy of insurance, renewal of insurance, insurance proceeds and cash investments of our wholly owned captive insurance company;
- effects of accounting changes and adoption of accounting policies; and
- investment in recruitment, retention and personnel development initiatives, the timing of, and other matters concerning, severance payments and benefit payments.

Forward-looking statements in this annual report are identifiable by use of the following words and other similar expressions:

- | | | | | | | | |
|---------------|-----------|-------------|-------------|---------|------------|-------------|----------|
| ▪ anticipates | ▪ budgets | ▪ estimates | ▪ forecasts | ▪ may | ▪ plans | ▪ projects | ▪ should |
| ▪ believes | ▪ could | ▪ expects | ▪ intends | ▪ might | ▪ predicts | ▪ scheduled | |

Such statements are subject to numerous risks, uncertainties and assumptions, including, but not limited to:

- those described under "Item 1A. Risk Factors" in this annual report;
- the effects of public health threats, pandemics and epidemics, such as the outbreak of COVID-19, and the adverse impact thereof on our business, financial condition and results of operations, including, but not limited to, our growth, operating costs, supply chain, labor availability, logistical capabilities, customer demand for our services and industry demand generally, our liquidity, the price of our securities and trading markets with respect thereto, our ability to access capital markets, and the global economy and financial markets generally;
- the effects of actions by, or disputes among or between, members of the Organization of Petroleum Exporting Countries and other oil and natural gas producing countries with respect to production levels or other matters related to the prices of oil and natural gas;
- the adequacy of and access to our sources of liquidity;
- our inability to renew drilling contracts at comparable, 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; and
- other factors discussed in this annual report and in our filings with the U.S. Securities and Exchange Commission ("SEC"), which are available free of charge on the SEC website at www.sec.gov.

The foregoing risks and uncertainties are beyond our ability to control, and in many cases, we cannot predict the risks and uncertainties that could cause our actual results to differ materially from those indicated by the forward-looking statements. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those indicated. All subsequent written and oral forward-looking statements attributable to us or to persons acting on our behalf are expressly qualified in their entirety by reference to these risks and uncertainties. You should not place undue reliance on forward-looking statements. Each forward-looking statement speaks only as of the date of the particular statement. We expressly disclaim any obligations or undertaking to release publicly any updates or revisions to any forward-looking statement to reflect any change in our expectations or beliefs with regard to the statement or any change in events, conditions or circumstances on which any forward-looking statement is based, except as required by law.

PART I

ITEM 1. BUSINESS

OVERVIEW

Transocean Ltd. (together with its subsidiaries and predecessors, unless the context requires otherwise, “Transocean,” the “Company,” “we,” “us” or “our”) is a leading international provider of offshore contract drilling services for oil and gas wells. As of February 14, 2022, we owned or had partial ownership interests in and operated a fleet of 37 mobile offshore drilling units, consisting of 27 ultra-deepwater floaters and 10 harsh environment floaters. As of February 14, 2022, we were constructing two ultra-deepwater drillships.

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.

Transocean Ltd. is a Swiss corporation with its registered office in Steinhausen, Canton of Zug and with principal executive offices located at Turmstrasse 30, 6312 Steinhausen, Switzerland. Our telephone number at that address is +41 41 749-0500. Our shares are listed on the New York Stock Exchange under the ticker symbol “RIG.” For information about the revenues, operating income, assets and other information related to our business, our segments and the geographic areas in which we operate, see “Part II. Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Part II. Item 8. Financial Statements and Supplementary Data—Notes to Consolidated Financial Statements—Note 1—Business, Note 5—Revenues and Note 7—Long-Lived Assets.”

DRILLING FLEET

Overview—We provide contract drilling services using our fleet of mobile offshore drilling units, including both drillships and semisubmersibles, broadly referred to as floaters. Floaters are designed to operate in locations away from port for extended periods of time and have living quarters for the crews, a helicopter landing deck and storage space for drill pipe, riser and drilling supplies. Our drilling units and related equipment are suitable for both exploration and development, and we engage in both types of activities.

Drillships are floating vessels that are shaped like conventional ships, generally self-propelled and considered to be the most mobile of the major rig types. Drillships typically have greater deck load and storage capacity than semisubmersible rigs, which provides logistical and resupply efficiency benefits for customers. Drillships are generally better suited to operations in calmer sea conditions and typically do not operate in areas considered to be harsh environments. Our high-specification drillships are equipped with dynamic positioning thruster systems, which allows them to maintain position without anchors through the use of onboard propulsion and station-keeping systems. We have 22 ultra-deepwater drillships that are, and two ultra-deepwater drillships under construction that will be, equipped with our patented dual-activity technology. Dual-activity technology employs structures, equipment and techniques using two drilling stations within a dual derrick to allow these drillships to perform simultaneous drilling tasks in a parallel, rather than a sequential manner, which reduces critical path activity and improves efficiency in both exploration and development drilling. In addition to dynamic positioning thruster systems, dual-activity technology and industry-leading hoisting capacity, our contracted newbuild drillships under construction will be equipped with at least one 20,000 pounds per square inch (“psi”) blowout preventers.

Semisubmersibles are floating vessels that can be partially submerged by means of a water ballast system such that the lower column sections and pontoons are below the water surface during drilling operations. Semisubmersibles are known for stability, making them well suited for operating in rough sea conditions. Semisubmersible floaters are capable of maintaining their position over a well either through dynamic positioning or the use of mooring systems. Although most semisubmersible rigs are relocated with the assistance of tugs, some units are self-propelled and move between locations under their own power when afloat on pontoons. Four of our 13 semisubmersibles are equipped with dual-activity technology and also have mooring capability. Two of these four dual-activity units are custom-designed, high-capacity semisubmersible drilling rigs, equipped for year-round operations in harsh environments, including those of the Norwegian continental shelf and sub-Arctic waters.

Our floater fleet consists of ultra-deepwater floaters and harsh environment floaters that are designed with high-specification capabilities to operate in the technically demanding regions of the global offshore drilling business. Ultra-deepwater floaters are equipped with high-pressure mud pumps and are capable of drilling in water depths of 4,500 feet or greater. Harsh environment floaters are capable of drilling in harsh environments in water depths between 1,500 and 10,000 feet and have greater displacement, which offers larger variable load capacity, more useable deck space and better motion characteristics.

Fleet status—Depending on market conditions, we may idle or stack our non-contracted rigs. An *idle* rig is between drilling contracts, readily available for operations, and operating costs are typically at or near normal operating levels. A *stacked* rig typically has reduced operating costs, is staffed by a reduced crew or has no crew and is (a) preparing for an extended period of inactivity, (b) expected to continue to be inactive for an extended period, or (c) completing a period of extended inactivity. Stacked rigs will continue to incur operating costs at or above normal operating levels for approximately 30 days following initiation of stacking. Some idle rigs and all stacked rigs require additional costs to return to service. The actual cost to return to service, which in many instances could be significant and could fluctuate

over time, depends upon various factors, including the availability and cost of shipyard facilities, the cost of equipment and materials, the extent of repairs and maintenance that may ultimately be required, the length of time a rig has spent in stacking mode and time and cost of assembling and training crew. We consider these factors, together with market conditions, length of contract, dayrate and other contract terms, when deciding whether to return a stacked rig to service. We may not return some stacked rigs to work for drilling services.

Drilling units—The following tables, presented as of February 14, 2022, provide certain specifications for our rigs. Unless otherwise noted, the stated location of each rig indicates either the current drilling location, if the rig is operating, or the next operating location, if the rig is in shipyard with a follow-on contract. The dates provided represent the expected time of completion, the year placed into service, and, if applicable, the year of the most recent upgrade. As of February 14, 2022, we owned all of the drilling rigs in our fleet noted in the tables below, except for the following: (1) the harsh environment floater *Transocean Norge*, which is owned through our 33.0 percent ownership interest in Orion Holdings (Cayman) Limited (together with its subsidiary, “Orion”), and (2) the ultra-deepwater floater *Petrobras 10000*, which is subject to a finance lease through August 2029.

Rig category and name	Specifications	Type	Year entered service / upgraded	Water depth capacity (in feet)	Drilling depth capacity (in feet)	Contracted location or standby status
Ultra-deepwater floaters (27)						
Deepwater Poseidon	(a) (b) (c) (d)	Drillship	2018	12,000	40,000	U.S. Gulf
Deepwater Pontus	(a) (b) (c) (d)	Drillship	2017	12,000	40,000	U.S. Gulf
Deepwater Conqueror	(a) (b) (c) (d)	Drillship	2016	12,000	40,000	U.S. Gulf
Deepwater Proteus	(a) (b) (c) (d)	Drillship	2016	12,000	40,000	U.S. Gulf
Deepwater Thalassa	(a) (b) (c) (d)	Drillship	2016	12,000	40,000	U.S. Gulf
Ocean Rig Apollo	(a) (b)	Drillship	2015	12,000	40,000	Stacked
Deepwater Athena	(a) (b)	Drillship	2014	12,000	40,000	Stacked
Deepwater Asgard	(a) (b) (c)	Drillship	2014	12,000	40,000	U.S. Gulf
Deepwater Invictus	(a) (b) (c)	Drillship	2014	12,000	40,000	U.S. Gulf
Deepwater Skyros	(a) (b)	Drillship	2013	12,000	40,000	Angola
Deepwater Mylos	(a) (b) (c)	Drillship	2013	12,000	40,000	Stacked
Deepwater Champion	(a) (b)	Drillship	2011	12,000	40,000	Stacked
Deepwater Corcovado	(a) (b)	Drillship	2011	10,000	35,000	Brazil
Deepwater Mykonos	(a) (b)	Drillship	2011	10,000	35,000	Brazil
Deepwater Orion	(a) (b)	Drillship	2011	10,000	35,000	Idle
Deepwater Olympia	(a) (b)	Drillship	2011	10,000	35,000	Stacked
Discoverer India	(a) (b)	Drillship	2010	12,000	40,000	Stacked
Discoverer Luanda	(a) (b)	Drillship	2010	7,500	40,000	Stacked
Dhirubhai Deepwater KG2	(a)	Drillship	2010	12,000	35,000	Idle
Discoverer Inspiration	(a) (b) (c)	Drillship	2010	12,000	40,000	U.S. Gulf
Discoverer Americas	(a) (b)	Drillship	2009	12,000	40,000	Stacked
Development Driller III	(a) (b) (e)	Semisubmersible	2009	7,500	37,500	Idle
Petrobras 10000	(a) (b)	Drillship	2009	12,000	37,500	Brazil
Discoverer Clear Leader	(a) (b) (c)	Drillship	2009	12,000	40,000	Stacked
Dhirubhai Deepwater KG1	(a)	Drillship	2009	12,000	35,000	India
GSF Development Driller I	(a) (b) (e)	Semisubmersible	2005	7,500	37,500	Stacked
Deepwater Nautilus	(e)	Semisubmersible	2000	8,000	30,000	Not Disclosed

Harsh environment floaters (10)

Transocean Norge	(a) (e) (f)	Semisubmersible	2019	10,000	40,000	Norwegian N. Sea
Transocean Enabler	(a) (e) (f)	Semisubmersible	2016	1,640	28,000	Norwegian N. Sea
Transocean Encourage	(a) (e) (f)	Semisubmersible	2016	1,640	28,000	Norwegian N. Sea
Transocean Endurance	(a) (e) (f)	Semisubmersible	2015	1,640	28,000	Norwegian N. Sea
Transocean Equinox	(a) (e) (f)	Semisubmersible	2015	1,640	28,000	Norwegian N. Sea
Transocean Spitsbergen	(a) (e) (f) (g)	Semisubmersible	2010	10,000	30,000	Norwegian N. Sea
Transocean Barents	(a) (e) (g)	Semisubmersible	2009	10,000	30,000	Norwegian N. Sea
Henry Goodrich	(e)	Semisubmersible	1985/2007	5,000	30,000	Stacked
Transocean Leader	(e)	Semisubmersible	1987/1997	4,500	25,000	Stacked
Paul B. Loyd, Jr.	(e)	Semisubmersible	1990	2,000	25,000	U.K. N. Sea

- (a) Dynamically positioned.
- (b) Patented dual activity.
- (c) Two blowout preventers.
- (d) Designed to accommodate a future upgrade to 20,000 psi blowout preventers.
- (e) Moored.
- (f) Automated drilling control.
- (g) Dual activity.

Rig category and name	Specifications	Type	Expected completion	Water depth capacity (in feet)	Drilling depth capacity (in feet)	Contracted location
Rigs under construction (2)						
Ultra-deepwater floaters						
Deepwater Atlas	(a) (b) (c)	Drillship	2H2022	12,000	40,000	U.S. Gulf
Deepwater Titan	(a) (b) (d)	Drillship	1H2023	12,000	40,000	U.S. Gulf

(a) To be dynamically positioned.
(b) To be equipped with our patented dual activity.
(c) To be equipped with one 20,000 psi blowout preventer and one 15,000 psi blowout preventer.
(d) To be equipped with two 20,000 psi blowout preventers.

DRILLING CONTRACTS

Our offshore drilling services contracts are individually negotiated and vary in their terms and conditions. We obtain most of our drilling contracts through bidding processes in competition against other drilling services contractors and through direct negotiations with operators. Drilling contracts generally provide for payment on a dayrate basis, typically with higher rates for periods when drilling operations are optimized and lower or zero rates for periods during which the drilling unit is mobilized or when drilling operations are interrupted, restricted by equipment breakdowns, adverse environmental conditions or otherwise. A dayrate drilling contract generally extends over a period of time either covering the drilling of a single well or group of wells or covering a stated term. At December 31, 2021, our contract backlog was approximately \$6.60 billion, representing a decrease of 18 percent and 37 percent, respectively, compared to the contract backlog at December 31, 2020 and 2019, which was \$8.06 billion and \$10.42 billion, respectively. See “Part II. Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations—Performance and Other Key Indicators.”

Certain of our drilling contracts may be cancelable for the convenience of the customer, typically with the payment of an early termination payment. Such payments, however, may not fully compensate us for the loss of the contract. Drilling contracts also customarily provide for either automatic termination or termination at the option of the customer, typically without payment of any termination fee, under various circumstances such as non-performance, in the event of extended downtime or impaired performance due to equipment or operational issues or periods of extended downtime due to force majeure events. Many of these events are beyond our control. The contract term in some instances may be extended by the customer exercising options for the drilling of additional wells or for an additional period of time. Our contracts also typically include a provision that allows the customer to extend the contract to finish drilling a well-in-progress. During periods of depressed market conditions, our customers may seek to renegotiate drilling contracts or options to reduce the term of their obligations or the average dayrate through term extensions or may seek to early terminate or repudiate their contracts. Suspension of drilling contracts will result in the reduction in or loss of dayrate for the period of the suspension. If customers cancel some of our contracts and we are unable to secure new contracts on a timely basis and on substantially similar or more favorable terms, if some of our contracts are suspended for an extended period of time or if a number of our contracts are renegotiated on less favorable terms, our consolidated financial position, results of operations or cash flows may be adversely affected. See “Item 1A. Risk Factors—Risks related to our business—Our drilling contracts may be terminated due to a number of events, and, during depressed market conditions, our customers may seek to repudiate or renegotiate their contracts.”

Under dayrate drilling contracts, consistent with standard industry practice, our customers, as the operators, generally assume, and grant indemnity for, subsurface and well control risks, and their consequential damages. Under all of our current drilling contracts, our customers indemnify us for pollution damages in connection with reservoir fluids stemming from operations under the contract, and we indemnify our customers for pollution that originates above the surface of the water from the rig from substances in our control, such as diesel used onboard the rig or other fluids stored onboard the rig. Also, our customers indemnify us for consequential damages they incur, damage to the well or reservoir, loss of subsurface oil and gas and the cost of bringing the well under control. However, because our drilling contracts are individually negotiated, the degree of indemnification we receive from our customers for the risks discussed above may vary from contract to contract based on market conditions, customer requirements existing when the contract was negotiated or other factors. In some instances, we have contractually agreed upon certain limits to our indemnification rights and can be responsible for certain damages up to a specified maximum dollar amount. The nature of our liability and the prevailing market conditions, among other factors, can influence such contractual terms. Notwithstanding a contractual indemnity from a customer, there can be no assurance that our customers will be financially able to indemnify us or will otherwise honor their contractual indemnity obligations.

The interpretation and enforceability of a contractual indemnity depends upon the specific facts and circumstances involved, as governed by applicable laws, and may ultimately need to be decided by a court or other proceeding, which would need to consider the specific contract language, the facts and applicable laws. Applicable laws often consider contractual indemnity for criminal fines and penalties to be against public policy. Many courts also restrict indemnification for criminal fines and penalties. The inability or other failure of our customers to fulfill their indemnification obligations, or the unenforceability of all of our contractual protections could have a material adverse effect on our consolidated financial position, results of operations or cash flows. See “Item 1A. Risk Factors—Risks related to our business—Our business involves numerous operating hazards, and our insurance and indemnities from our customers may not be adequate to cover potential losses from our operations.”

MARKETS

Overview—Our operations are geographically dispersed in oil and gas exploration and development areas throughout the world. We operate in a single, global offshore drilling market, as our drilling rigs are mobile assets and can be moved according to prevailing market conditions. We may mobilize our drilling rigs between regions for a variety of reasons, including to respond to customer contracting requirements or to capture observed market demand. Consequently, we cannot predict the future percentage of our revenues that will be derived from particular geographic areas. As of February 14, 2022, the drilling units in our fleet, including stacked and idle rigs, but excluding rigs under construction, were located in Greece (eight units), the U.S. Gulf of Mexico (eight units), the Norwegian North Sea (seven units), Brazil (three units), Malaysia (three units), the United Kingdom (the “U.K.”) North Sea (two units), Trinidad (one unit), Angola (one unit), Canada (one unit), India (one unit), Myanmar (one unit), and Namibia (one unit).

We categorize the sectors of the floater market in which we operate as follows: (1) ultra-deepwater and deepwater, (2) harsh environment and (3) midwater. We typically employ our ultra-deepwater floaters to service the ultra-deepwater and deepwater sector, and we employ our harsh environment floaters to service all three sectors. We generally view the ultra-deepwater and deepwater market sector as water depths beginning at 4,500 feet and extending to the maximum water depths in which rigs are capable of drilling, which is currently up to 12,000 feet. The midwater market sector includes water depths from approximately 300 feet to approximately 4,500 feet. The harsh environment market sector includes regions that are more challenged by lower temperatures, harsher weather conditions and water currents.

The market for offshore drilling rigs and related services reflects our customers’ demand for equipment for drilling exploration, appraisal and development wells and for performing maintenance on existing production wells. Activity levels of energy companies, including integrated energy companies, independent energy companies and, to a lesser extent, national energy companies are largely driven by the worldwide demand for energy, including crude oil and natural gas. Worldwide energy supply and demand drives oil and natural gas prices, which, in turn, impact energy companies’ ability to fund investments in exploration, development and production activities.

Outlook—In 2014, the industry began to experience a severe cyclical downturn that has proven to be of considerably longer duration than those previously observed. Multiple years of volatile and generally weak commodity prices, exacerbated by the effects of the COVID-19 pandemic and production disputes among major oil producing countries, resulted in our customers delaying offshore investment decisions and postponing exploration and development programs. Some of our customers have also committed to invest or increase investment in low carbon and renewable energy resources, potentially affecting their expenditures in the development and production of hydrocarbons over the coming decades. Even in the context of some diversion of investment away from traditional energy sources, the structural efficiency gains achieved by the offshore oil and gas industry during the past seven years materially improved the economics of deepwater and harsh environment offshore development projects. Our services are central to the exploitation of these competitive sources of new supply.

Our overall outlook for the offshore drilling industry has improved over the past year and remains positive, particularly for high-specification assets, such as those we own and operate. During the second half of 2021, our customers’ interest in deepwater and harsh environment offshore projects was renewed due to numerous favorable factors, such as sustained higher commodity prices and comparably lower carbon intensity compared to other sources of fossil fuel. South America, including Guyana, the U.S. Gulf of Mexico and, increasingly, West Africa remain key ultra-deepwater market sectors, while Norway continues to represent the largest harsh environment market.

In addition, in 2021, we observed continued strong tendering activity for Asia and Australia. Licensing activity also indicated an increased interest in these areas as energy companies looked to explore and develop new prospects. Certain customers began to increase their exploration, production and reserve replacement activities by restarting delayed projects and commencing new campaigns. We have seen an acceleration in this trend in early 2022. While we expect this to continue in the near term, and potentially longer, it depends upon many variables, including increased global demand for hydrocarbons, the effects of the COVID-19 pandemic on consumer activity, the actions by some governments and regulators intended to curtail existing and future drilling activities, and other factors.

We expect offshore oil and gas production to be a significant part of the long-term strategy for energy companies as they strive to meet the global demand for energy sources and hydrocarbons. These projects are technically demanding due to various factors, such as water depth, complex well designs, deeper drilling depth, high pressure and temperature, sub-salt geological formations, harsh environments, and heightened regulatory standards necessitating the use of high-specification drilling units. Generally, high-specification rigs are the most modern, technologically advanced class of the offshore fleet and have capabilities that are attractive to energy companies operating in deeper water depths, other challenging environments or with complex well designs. We have led the industry and made concerted efforts since the beginning of the prolonged downturn to high-grade our fleet profile by acquiring high-specification assets and disposing of lower-specification assets. In this regard, during the years ended December 31, 2021, 2020 and 2019, we sold for scrap value one, six and eleven lower-specification drilling units, respectively.

As the hydrocarbon supply-demand balance further improves, we expect sustained prices to increase demand for our high-specification fleet of assets and, because there are now fewer offshore drilling rigs than in recent years, further improvement of dayrates. See “Item 1A. Risk Factors—Risks related to our business.”

CUSTOMERS

We provide our offshore drilling services to most of the leading integrated energy companies or their affiliates, as well as for many government-owned or government-controlled energy companies and other independent energy companies. For the year ended December 31, 2021, our most significant customers were Shell plc (together with its affiliates, “Shell”) and Equinor ASA (together with its affiliates, “Equinor”), representing approximately 31 percent and 30 percent, respectively, of our consolidated operating revenues. No other customers accounted for 10 percent or more of our consolidated operating revenues in the year ended December 31, 2021. Additionally, as of February 14, 2022, the customers with the most significant aggregate amount of contract backlog associated with our drilling contracts were Shell, Equinor and Chevron Corporation (together with its affiliates, “Chevron”), representing approximately 54 percent, 16 percent and 15 percent, respectively, of our total contract backlog. See “Item 1A. Risk Factors—Risks related to our business—We rely heavily on a relatively small number of customers and the loss of a significant customer or a dispute that leads to the loss of a customer could have an adverse effect on our business.”

HUMAN CAPITAL RESOURCES

Worldwide workforce—As of December 31, 2021, we had a global workforce of approximately 5,530 individuals, including approximately 530 contractors, representing 58 nationalities. At December 31, 2021, our global workforce is geographically distributed in 21 countries across five continents as follows: 34 percent in North America, 32 percent in Europe, 17 percent in South America, 12 percent in Asia and 5 percent in Africa.

FIRST Shared Values and corporate culture—Our FIRST Shared Values serve as the foundation for our corporate culture and guide us to act ethically and responsibly as we strive to deliver value for our stakeholders and to maintain a safe and respectful work environment for our people. Our Shared Values are as follows:

- **Focused.** We will consistently exceed the expectations of customers, shareholders and employees.
- **Innovative.** We will continuously advance our position as technical leaders, and relentlessly pursue improvement in all that we do.
- **Reliable.** We will execute flawlessly by ensuring that our equipment, processes and systems always perform as and when intended, and that our people are properly trained and motivated.
- **Safe.** Above all else, we will protect each other, the environment and our assets. We will conduct our operations in an incident-free environment, all the time, everywhere.
- **Trusted.** We will always act with integrity and professionalism, honor our commitments, comply with laws and regulations, respect local cultures, and be fiscally responsible.

Code of Integrity and Human Rights—We maintain a Code of Integrity and Human Rights Policy that applies to all our board members, executives, employees and business partners, including contractors, suppliers, vendors, investees and joint venture partners. We demonstrate our respect of human rights by maintaining a healthy and safe work environment, observing fair employment practices and providing competitive employment terms. Practices such as modern slavery, child labor, forced or indentured servitude, and other human rights abuses are strictly prohibited.

Labor rights—We respect the labor rights of all individuals in our workforce, including the right to collective bargaining. Approximately 42 percent of our total workforce, working primarily in Norway, Brazil and the U.K., are represented by, and some of our contracted labor work is subject to, collective bargaining agreements, substantially all of which are subject to annual salary negotiation. Negotiations over annual salary or other labor matters could result in higher personnel or other costs or increased operational restrictions or disruptions. The outcome of any such negotiation generally affects the market for all offshore employees, not only union members. A failure to reach an agreement on certain key issues could result in strikes, lockouts or other work stoppages.

Attraction, development and retention—We aim to strategically cultivate a best-in-class workforce to offer the innovation, local knowledge and experience required of the world’s premier offshore drilling contractor. We seek to maintain our competitive advantage while benefitting our local communities by offering regionally competitive compensation and benefits packages, a technically challenging work environment, global opportunities, and rotational development programs. We continually assess and adapt our offerings and our policies, based on evolving social and technological practices, to provide a modern work environment, which is essential to attract and retain top talent, and a respectful and inclusive work environment in which our global workforce can thrive. Our focus on the quality of our workforce is designed to maximize the quality of our work performance and ultimately, the value we deliver to our stakeholders.

Training—We invest in our workers by providing them with the transferrable skill sets essential to advancing their professional development. To ensure our business competes at the highest levels, we maintain a rigorous competency-based training program. Our internal training board maintains and regularly updates our training matrix to meet or exceed industry standards, and it oversees our competency assurance management system, which is accredited by the Offshore Petroleum Industry Training Organization. We provide various offshore training formats designed to encompass all learning styles through on-the-job, e-learning, customer-specific training, certifications, and leadership and licensing programs. Setting us apart from our competitors, we also offer unique simulation-based education, augmented by digital twin modeling, enabling our workforce to more accurately visualize equipment performance and target efficiencies. The certifications, skills and competencies needed for each role are clearly articulated to our workforce, and workers are required to successfully complete the relevant training and attain all necessary certifications prior to taking on new roles.

Wellness and benefits—We offer our workforce regionally competitive medical and financial benefits, tailored to our workforce demographics. We design our wellness and benefits strategy under four pillars consisting of physical well-being, financial well-being, emotional well-being and social well-being, emphasizing during the pandemic, as a key benefit, our globally available employee assistance program.

Safety—Our safety vision is to conduct our operations in an incident-free workplace, all the time, everywhere. As a socially responsible company, we prioritize the protection of everyone aboard our rigs and in our facilities, the environment and our property at all work locations and during all operations. We require compliance with all local regulations and a comprehensive set of internal policies and procedures that govern our operations, including health and safety protocols for COVID-19 mitigation. With regular competency and effectiveness assessments, our highly trained crews are equipped to protect our operational integrity with the process-driven management of hazards to prevent and mitigate major hazard accidents. We measure our safety performance in terms of widely accepted ratios with the use of industry standards, including (a) the total recorded incidence rate (“TRIR”), which represents the number of recordable work-related injuries or illnesses for every 200,000 hours worked, and (b) the lost time incidence rate (“LTIR”), which measures the number of incidents that result in lost time due to work-related injuries or illnesses for every 200,000 hours worked. In the year ended December 31, 2021, our TRIR was 0.26, and our LTIR was 0.02.

ENVIRONMENTAL RESPONSIBILITY

We understand our business has an impact on the environment. Our objective is to deliver our services in a manner that minimizes the impact to the environment and supports the interests of our stakeholders. We constantly seek new ways to advance our commitment to safely performing our operations while simultaneously safeguarding the environment in which we operate. We maintain a global Environmental Management System (“EMS”) standard that is applied to our rigs, offices and facilities. The EMS is aligned to ISO 14001 and provides a framework to ensure that our worldwide operations are managed consistently and continuously in an environmentally responsible manner.

We regularly assess the environmental impacts of our operations, focusing on the reduction of greenhouse gas emissions, operational discharges and water use, through increasing energy efficiency and waste minimization. Our actions are designed to reduce risk in our current and future operations, to promote sound environmental management practices and to continue to be proactive in managing and reducing our environmental footprint. Our investments and deployment of capital and technology reflect our commitment to improve the energy and emission efficiency of our operations.

Another way we seek to enhance our operational performance is by setting emissions targets. We intend to reduce our operating Scope 1 and Scope 2 greenhouse gas emissions intensity by 40 percent from 2019 levels by 2030. Achieving these targets will require investments over time that result in the development and implementation of new technologies, reduced fuel consumption and other initiatives that enable us to optimize our power management capabilities.

When we have decommissioned older and less capable assets, we have demonstrated our commitment to recycle them according to established environmental regulations and guidelines. All the rigs that we have sold for scrap value have been safely and responsibly recycled following protocols established under the Basel Convention and by the International Maritime Organization at the Hong Kong International Convention.

TECHNOLOGICAL INNOVATION

We have a long history of technological innovation, including the first dynamically positioned drillship, the first rig to drill year-round in the North Sea, the first semisubmersible rig for year-round sub-Arctic operations, the first 10,000-ft. water depth rated ultra-deepwater drillship and numerous water depth world records over the past several decades. Twenty-two drillships and two semisubmersibles in our existing fleet are, and our two drillships that are under construction will be, equipped with our patented dual-activity technology, which allows our rigs to perform simultaneous drilling tasks in a parallel rather than sequential manner, reducing well construction critical path activities and, thereby, improving efficiency in both exploration and development drilling.

We continue to develop and deploy industry-leading technology in the pursuit of delivering safer, more efficient and environmentally responsible drilling services. In addition to our patented dual-activity drilling technology, our two drillships under construction will include industry-leading 3.5 million-pound hoisting load capability, hybrid energy storage systems for enhanced drill floor equipment reliability, fuel and emissions savings as well as advanced generator protection for power plant reliability. Ten drillships in our existing fleet are, and our two drillships that are under construction will be, outfitted with dual blowout preventers and triple liquid mud systems. Our two drillships under construction will be equipped with 20,000 psi blowout preventers and related equipment. Five drillships in our existing fleet are designed to accept 20,000 psi blowout preventers in the future. We also continue to develop and invest in technologies designed to optimize our performance and deliver ever better operational integrity through innovations, such as our proprietary fault-resistant and fault-tolerant blowout preventer control system.

Seven of our harsh environment semisubmersibles are designed and constructed specifically to provide highly efficient performance in the Norwegian North Sea and in the Barents Sea. We have installed automated drilling control systems on six harsh environment floaters, which materially improves our ability to safely and efficiently deliver wells to our customers.

We employ a data-driven approach by deploying technology, augmented by the size of our fleet, to expand our knowledge framework for sustainable process optimization. In 2020, we deployed our smart equipment analytics tool, which delivers real-time data feeds from equipment to monitor equipment health, inferred emissions and energy consumption while identifying performance trends that allow us to systematically optimize equipment maintenance and achieve higher levels of reliability, operational efficiency and sustainability.

Driven by our continued focus on safety, we developed and deployed our patented HaloGuardSM system, which alarms, notifies and, if required, halts equipment to avoid injury to personnel who move into danger zones. We recently deployed the first unit of Enhanced Drilling's EC-Monitor system to an offshore installation, enabling highly accurate understanding of well fluid dynamics and improving the efficiency and accuracy of flow-checking and detecting flow anomalies. Additionally, in 2021, we deployed on one of our ultra-deepwater drillships the first kinetic blowout stopper, a step-changing technology operations integrity and enterprise risk reduction through unrivaled shearing capability. In the first half of 2022, we expect to be the first to deploy offshore a robotic riser bolting tool on two of our ultra-deepwater drillships, improving our ability to deliver safe, efficient and operations to our customers.

We believe our efforts to continuously improve, and effectively use, innovative technologies to meet or exceed our customers' requirements is critical to maintaining our competitive position within the contract drilling services industry by drilling more efficient wells, building greater resilience into our critical operating systems, ensuring the safety of our crews, and reducing fuel consumption and emissions.

GOVERNMENTAL REGULATIONS

Our operations are subject to a variety of international, regional, national, state and local government regulations, including environmental regulations. We monitor our compliance with such government regulations in each country of operation and, while we see an increase in many government regulations, particularly general environmental regulation, we have made and will continue to make the required expenditures to comply with current and future government requirements. To date, we have not incurred material costs in order to comply with such government regulations, including environmental regulations, and do not expect to make any material capital expenditures in order to comply with such regulations in the year ending December 31, 2022, or any other period contemplated at this time. We do not believe that our compliance with such requirements will have a material adverse effect on our competitive position, consolidated results of operations or cash flows. We incorporate by reference into this subsection "—Government Relations" the disclosures on government regulations, including environmental regulations, contained in the following sections of this annual report:

- "Item 1A. Risk Factors—Risks related to our laws, regulations and governmental compliance;"
- "Item 3. Legal Proceedings;"
- "Part II. Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations—Other Matters;"
- "Part II. Item 8. Financial Statements and Supplementary Data—Notes to Consolidated Financial Statements—Note 11—Income Taxes;" and
- "Part II. Item 8. Financial Statements and Supplementary Data—Notes to Consolidated Financial Statements—Note 13—Commitments and Contingencies."

JOINT VENTURE, AGENCY AND SPONSORSHIP RELATIONSHIPS AND OTHER INVESTMENTS

In some areas of the world, local customs and practice or governmental requirements necessitate the formation of joint ventures with local participation since local laws or customs in those areas effectively mandate the establishment of a relationship with a local agent or sponsor. When appropriate in these areas, we may enter into agency or sponsorship agreements. We also invest in certain companies for operational and strategic purposes. Some of these joint ventures or companies in which we are an investor are involved in researching and developing technology to improve efficiency, reliability, sustainability and safety for our drilling and other activities or are involved in businesses developed to support the transition to renewable or other energy alternatives. We may or may not control these partially owned companies. At December 31, 2021, we held partial ownership interests in companies organized in the Cayman Islands, the U.S., Norway, Canada and other countries, the most significant of which was our 33.0 percent ownership interest in Orion, an unconsolidated Cayman Islands exempted company formed to construct and own the harsh environment semisubmersible *Transocean Norge*. Certain affiliates of Hayfin Capital Management LLP, own the remaining 67.0 percent ownership interest in Orion not owned by us.

AVAILABLE INFORMATION

Our website address is www.deepwater.com. Information contained on or accessible from our website is not incorporated by reference into this annual report and should not be considered a part of this report or any filing that we make with the SEC. Furthermore, references to our website URLs are intended to be inactive textual references only. We make available on this website free of charge, our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports as soon as reasonably practicable after we electronically file those materials with, or furnish those materials to, the SEC. You may also find on our website information related to our corporate governance, board committees and company code of business conduct and ethics. The SEC also maintains a website, www.sec.gov, which contains reports, proxy statements and other information regarding SEC registrants, including us. We intend to satisfy the requirement under Item 5.05 of Form 8-K to disclose any amendments to our Code of Integrity and any waiver from any provision of our Code of Integrity by posting such information in the Governance page on our website at www.deepwater.com.

ITEM 1A. RISK FACTORS

RISKS RELATED TO OUR BUSINESS

OUR BUSINESS DEPENDS ON THE LEVEL OF ACTIVITY IN THE OFFSHORE OIL AND GAS INDUSTRY, WHICH IS SIGNIFICANTLY AFFECTED BY VOLATILE OIL AND GAS PRICES AND OTHER FACTORS.

Our business depends on oil and gas exploration, development and production in offshore areas where we are capable of operating. Demand for our services depends on these activities and related expenditure levels that are directly affected by trends in oil and, to a lesser extent, natural gas prices. Oil and gas prices are extremely volatile and are affected by numerous factors, including the following:

- worldwide demand for oil and gas, including economic activity in the U.S., other large energy-consuming markets and in developing and emerging markets, which has been significantly impacted by the COVID-19 pandemic and the governmental, company and individual reactions thereto;
- the ability of the Organization of the Petroleum Exporting Countries ("OPEC") to set and maintain production levels, productive spare capacity and pricing among its members;
- the level of production in non-OPEC countries;
- inventory levels, and the cost and availability of storage and transportation of oil, gas and their related products;
- the policies, laws and regulations of various governments regarding exploration and development of their oil and gas reserves and environmental matters, including those addressing alternative energy sources and the risks of global climate change;
- international sanctions on oil-producing countries, or the lifting of such sanctions;
- advances in exploration, development and production technology;
- the development, exploitation and market acceptance of alternative energy sources;
- the further development of shale technology to exploit oil and gas reserves;
- the discovery rate of new oil and gas reserves and the rate of decline of existing oil and gas reserves;
- accidents, adverse weather conditions, natural disasters and other similar incidents relating to the oil and gas industry; and
- the worldwide security and political environment, including uncertainty or instability resulting from an escalation or outbreak of armed hostilities, civil unrest, acts of terrorism, public health threats or other crises.

Demand for our services is particularly sensitive to the level of exploration, development and production activity of, and the corresponding capital spending by, energy companies, including national energy companies. Prolonged reductions in oil and natural gas prices could depress the immediate levels of exploration, development and production activity. Perceptions of longer-term lower oil and natural gas prices by energy companies, or a perception that the demand for hydrocarbons will significantly decrease in the medium to long term, could similarly reduce or defer major expenditures given the long-term nature of many large-scale development projects and capital reinvestment policies. Lower levels of activity result in a corresponding decline in the demand for our services, which could have a material adverse effect on our revenue and profitability. Oil and gas prices and market expectations of potential changes in these prices significantly affect this level of activity. However, increases in near-term commodity prices do not necessarily translate into increased offshore drilling activity since customers' expectations of longer-term future commodity prices and expectations regarding future demand for hydrocarbons typically have a greater impact on demand for our rigs. Consistent with this dynamic, customers may delay or cancel many exploration and development programs, resulting in reduced demand for our services. Also, increased competition for customers' drilling budgets could come from, among other areas, land-based energy markets worldwide. The availability of quality drilling prospects, exploration success, relative production costs, the stage of reservoir development and political and regulatory environments also affect customers' drilling campaigns. Worldwide military, political and economic events have often contributed to oil and gas price volatility and are likely to do so in the future.

THE OFFSHORE DRILLING INDUSTRY IS HIGHLY COMPETITIVE AND CYCLICAL, WITH INTENSE PRICE COMPETITION.

The offshore contract drilling industry is highly competitive with numerous industry participants, none of which has a dominant market share. Drilling contracts are traditionally awarded on a competitive bid basis. Although rig availability, service quality and technical capability are drivers of customer contract awards, bid pricing and intense price competition are often key determinants for which a qualified contractor is awarded a job.

The offshore drilling industry is highly cyclical and is impacted by oil and natural gas price levels and volatility. Periods of high customer demand, limited rig supply and high dayrates have been followed by periods of low customer demand, excess rig supply and low dayrates. Changes in commodity prices can have a dramatic effect on rig demand, and periods of excess rig supply may intensify competition in the industry and result in the idling of older and less technologically advanced equipment. We have idled and stacked rigs, and may in the future idle or stack additional rigs or enter into lower dayrate drilling contracts in response to market conditions. Idled or stacked rigs may remain out of service for extended periods of time. During prior periods of high dayrates and rig utilization rates, we and other industry participants responded to increased customer demand by increasing the supply of rigs through ordering the construction of new units. The number of new units delivered without contracts, combined with an increased number of rigs in the global market completing contracts and becoming idle, has increased and may continue to intensify price competition. During periods of low oil and natural gas price levels, new construction has resulted in an oversupply of rigs and has caused a subsequent decline in dayrates and rig utilization rates, sometimes for extended periods of time. In an oversupplied market, we may have limited bargaining power to negotiate on more favorable terms. Additionally, lower market dayrates and intense price competition may drive customers to seek to renegotiate existing contracts to reduce dayrates in exchange for longer contract terms. Lower dayrates and rig utilization rates could adversely affect our revenues and profitability.

As of February 14, 2022, we have 15 uncontracted rigs, of which five have been out of service for greater than five years, and these rigs may remain out of service for extended periods of time. If we are unable to obtain drilling contracts for our uncontracted rigs, whether due to a prolonged offshore drilling market downturn, a delayed or muted recovery of such market or otherwise, it may have an adverse effect on our results of operations and cash flows.

WE MAY NOT BE ABLE TO RENEW OR OBTAIN NEW DRILLING CONTRACTS FOR RIGS WHOSE CONTRACTS ARE EXPIRING OR OBTAIN DRILLING CONTRACTS FOR OUR STACKED AND IDLE RIGS.

The offshore drilling markets in which we compete experience fluctuations in the demand for drilling services. Our ability to renew expiring drilling contracts or obtain new drilling contracts depends on the prevailing or expected market conditions at the time of expiration. As of February 14, 2022, we have 15 stacked or idle rigs. We also have 11 existing drilling contracts for our rigs that are currently operating, which are scheduled to expire before December 31, 2022. We may be unable to obtain drilling contracts for our rigs that are currently operating upon the expiration or termination of such contracts, and there may be a gap in the operation of the rigs between the current contracts and subsequent contracts. When oil and natural gas prices are low or it is expected that such prices will decrease in the future, we may be unable to obtain drilling contracts at attractive dayrates or at all. We may not be able to obtain new drilling contracts in direct continuation with existing contracts, or depending on prevailing market conditions, we may enter into drilling contracts at dayrates substantially below the existing dayrates or on terms otherwise less favorable compared to existing contract terms, which may have an adverse effect on our financial position, results of operations or cash flows.

OUR CURRENT BACKLOG OF CONTRACT DRILLING REVENUES MAY NOT BE FULLY REALIZED.

At February 14, 2022, our contract backlog was approximately \$6.47 billion. This amount represents the maximum contractual operating dayrate multiplied by the number of days remaining in the firm contract period, excluding revenues for mobilization, demobilization, contract preparation, other incentive provisions or reimbursement revenues, which are not expected to be significant to our contract drilling revenues. Our contract backlog includes amounts associated with our two contracted newbuild units that are currently under construction. The contractual operating dayrate may be higher than the actual dayrate we ultimately receive or an alternative contractual dayrate, such as waiting on weather rate, repair rate, standby rate or force majeure rate, may apply under certain circumstances. The contractual operating dayrate may also be higher than the actual dayrate we ultimately receive due to a number of factors, including rig downtime or suspension of operations. Several factors could cause rig downtime or a suspension of operations, including: equipment breakdowns and other unforeseen engineering problems, labor strikes and other work stoppages, shortages of material and skilled labor, surveys by government and maritime authorities, periodic classification surveys, severe weather or harsh operating conditions, and force majeure events.

In certain drilling contracts, the dayrate may be reduced to zero if, for example, repairs extend beyond a stated period of time. Our contract backlog includes only firm commitments, which are represented by signed drilling contracts or, in some cases, other definitive agreements awaiting contract execution. We may not be able to realize the full amount of our contract backlog due to events beyond our control. In addition, some of our customers have experienced liquidity issues in the past, including some recently, and these liquidity issues could be experienced again if commodity prices decline for an extended period of time. Liquidity issues and other market pressures could lead our customers to seek bankruptcy protection or to seek to repudiate, cancel or renegotiate these agreements for various reasons (see “—Our drilling contracts may be terminated due to a number of events, and, during depressed market conditions, our customers may seek to repudiate or renegotiate their contracts”). Our inability to realize the full amount of our contract backlog may have an adverse effect on our financial position, results of operations or cash flows.

OUR DRILLING CONTRACTS MAY BE TERMINATED DUE TO A NUMBER OF EVENTS, AND, DURING DEPRESSED MARKET CONDITIONS, OUR CUSTOMERS MAY SEEK TO REPUDIATE OR RENEGOTIATE THEIR CONTRACTS.

Certain of our drilling contracts with customers may be cancelable at the option of the customer upon payment of an early termination payment. Such payments may not, however, fully compensate us for the loss of the contract. Drilling contracts also customarily provide for either automatic termination or termination at the option of the customer, typically without the payment of any termination fee, under various circumstances such as non-performance, as a result of significant downtime or impaired performance caused by equipment or operational issues, or sustained periods of downtime due to force majeure events, many of which are beyond our control. Certain customers who seek to terminate our drilling contracts may attempt to defeat or circumvent our protections against certain liabilities. Our customers' ability to perform their obligations under their drilling contracts, including their ability to fulfill their indemnity obligations to us, may also be negatively impacted by an economic downturn. Our customers, which include national energy companies, often have significant bargaining leverage over us. If our customers cancel some of our contracts, and we are unable to secure new contracts on a timely basis and on substantially similar terms, or if contracts are suspended for an extended period of time or if a number of our contracts are renegotiated on terms that are not as favorable as current terms, it could adversely affect our financial position, results of operations or cash flows.

During periods of depressed market conditions, such as we have recently experienced, we are subject to an increased counterparty risk, as our customers may seek to repudiate their contracts, including through claims of non-performance in order to reduce their capital expenditures. Our customers may no longer need a drilling rig that is currently under contract or may be able to obtain a comparable drilling rig at a lower dayrate. We have experienced, and are at continued risk of experiencing, early contract terminations when there is a weak commodity price environment. The ability of each of our counterparties to perform its obligations under a contract with us, including indemnity obligations, will depend on a number of factors that are beyond our control and may include, among other things, general economic conditions, the condition of the offshore drilling industry, prevailing prices for oil and natural gas, the overall financial condition of the

counterparty, the dayrates received and the level of expenditures necessary to maintain drilling activities. Should a counterparty fail to honor its obligations under an agreement with us, we could sustain losses, which could have an adverse effect on our business and on our financial position, results of operations or cash flows.

WE MUST MAKE SUBSTANTIAL CAPITAL AND OPERATING EXPENDITURES TO REACTIVATE OUR STACKED OR IDLE FLEET AND TO MAINTAIN OUR ACTIVE FLEET, AND WE MAY BE REQUIRED TO MAKE SIGNIFICANT CAPITAL EXPENDITURES TO MAINTAIN OUR COMPETITIVENESS AND TO COMPLY WITH LAWS AND APPLICABLE REGULATIONS AND STANDARDS OF GOVERNMENTAL AUTHORITIES AND ORGANIZATIONS.

We must make substantial capital and operating expenditures to maintain our active fleet or to reactivate our stacked or idle fleet. These expenditures could increase as a result of changes in the cost of labor and materials, requirements of customers, the size of our fleet, the cost of replacement parts for existing rigs, the geographic location of the rigs and the length of drilling contracts. Changes in offshore drilling technology, customer requirements for new or upgraded equipment and competition within our industry may require us to make significant capital expenditures in order to maintain our competitiveness and to achieve our commitment to reduce our greenhouse gas emission intensity. Changes in governmental regulations, including environmental requirements, and changes in safety or other equipment standards, as well as compliance with standards imposed by maritime self-regulatory organizations, may cause our capital expenditures to increase or require us to make additional unforeseen capital expenditures. As a result of these factors, we may be required to take our rigs out of service for extended periods of time, with corresponding losses of revenues, in order to make such alterations or to add such equipment. In the future, market conditions may not justify these expenditures or enable us to operate our older rigs profitably during the remainder of their economic lives.

If we are unable to fund capital expenditures with our cash flows from operations or proceeds from sales of non-strategic assets, we may be required to either incur additional borrowings or raise capital through the sale of debt or equity securities, or additional financing arrangements with banks or other capital providers. Our ability to access the capital markets may be limited by our financial condition at the time, perceptions of us or our industry, by changes in laws and regulations or interpretation thereof and by adverse market conditions resulting from, among other things, general economic conditions and contingencies and uncertainties that are beyond our control. If we raise funds by issuing equity securities or other securities that are convertible into equity securities, existing shareholders may experience dilution. Our failure to obtain the funds for necessary future capital expenditures could have a material adverse effect on our business and on our financial position, results of operations and cash flows.

PUBLIC HEALTH THREATS HAVE HAD, AND MAY CONTINUE TO HAVE, SIGNIFICANT ADVERSE CONSEQUENCES FOR GENERAL ECONOMIC, FINANCIAL AND BUSINESS CONDITIONS, AS WELL AS FOR OUR BUSINESS AND OPERATIONS.

Public health threats, pandemics and epidemics, such as the outbreak of COVID-19, including new variants thereof, severe influenza, other coronaviruses and other highly communicable viruses or diseases, have impacted and may continue to impact our operations directly or indirectly, including by disrupting the operations of our business partners, suppliers and customers in ways that adversely impact our operations. For instance, the outbreak of COVID-19 and its development into a pandemic in March 2020 resulted in various actions by governmental authorities around the world designed to prevent or reduce the spread of COVID-19, such as imposing mandatory closures of all non-essential business facilities, seeking voluntary closures of such facilities and imposing restrictions on, or advisories with respect to, travel, business operations and public gatherings or interactions. In addition, companies and individuals seeking to curtail the spread of COVID-19 have taken certain cautionary measures, such as certain companies requiring employees to work remotely, suspending or curtailing all non-essential travel for employees, and discouraging employee attendance at in-person work-related meetings, as well as individuals voluntarily social distancing and self-quarantining. While many of the restrictions and measures initially implemented during 2020 have since been softened or lifted in varying degrees in different locations around the world, and the manufacture and distribution of COVID-19 vaccines during 2021 aided to initiate an economic recovery from the pandemic, the uncertainty regarding new potential virus variants and the success of any these vaccines may in the future adversely affect global economic activity or prompt the re-imposition of certain restrictions and measures. Increases in COVID-19 cases, such as recently developed as new variants emerged, may result in significantly reduced economic activity, even if not required by governmental authorities, particularly in affected areas, which could result in a sharp reduction in the demand for oil and a decline in oil prices as occurred during 2020.

We continue to experience increased costs and inefficiencies as a result of the comprehensive precautionary measures we continue to take to help minimize the risk of COVID-19 impacts to our business, employees, customers, suppliers and the communities in which we operate, including testing employees for COVID-19 prior to transport offshore to a rig and quarantining any operational employee, where appropriate, who have shown signs of COVID-19, regardless of whether such employee has been confirmed to be infected, and we also have experienced increased costs as a result of increasing our pools of employees that are available to substitute for employees who are not able to travel to a rig. We cannot guarantee that any precautionary measures will be effective in preventing either an outbreak of COVID-19 on one or more of our rigs or other adverse effects related to COVID-19. To the extent an outbreak of COVID-19 develops on one or more of our rigs, we may have to temporarily shut down operations of such rig or rigs, which could result in significant downtime or contract termination and have substantial adverse consequences for our business and results of operations. In addition, most of our non-operational employees continue to work remotely a substantial majority of their time, which increases various operational risks. For instance, working remotely may increase the risk of security breaches or other cyber incidents or attacks, loss of data, fraud and other disruptions as a consequence of more employees accessing sensitive and critical information from remote locations.

Many governmental authorities across the globe implemented at various times during the COVID-19 pandemic travel restrictions and mandatory quarantine measures to prevent or reduce the spread of COVID-19, and in complying with such governmental actions, we have experienced, and expect to continue to experience, increased difficulties, delays and costs in moving our personnel in and out of, and to work in, the various jurisdictions in which we operate. We may be unable to pass along these increased costs to our customers. Additionally, disruptions to or restrictions on the ability of our suppliers, manufacturers and service providers to supply parts, equipment or services in the jurisdictions in which we operate or to progress the construction of our newbuild projects, whether as a result of government actions, labor shortages, the inability to source parts or equipment from affected locations, or other effects related to the COVID-19 outbreak, may have significant adverse consequences on our ability to meet our commitments to customers, including by increasing our operating costs and increasing the risk of rig downtime and could result in contract terminations.

Concerns over the prolonged negative effects of the COVID-19 outbreak on economic and business prospects across the world, including as a result of new variants of the virus, have also contributed to oil price volatility and uncertainty regarding the outlook for the global economy. Such conditions have resulted in, and may continue to result in, reductions to our customers' drilling and production expenditures and delays or cancellations of projects, thus decreasing demand for our services, and an increased risk that our customers may seek price reductions or more favorable economic terms for our services, terminate our contracts or that we may be required to idle, stack or retire more of our rigs. Additionally, any early termination payment made in connection with an early contract termination may not fully compensate us for the loss of the contract. Accordingly, the actual amount of revenues earned may be substantially lower than the reported contract backlog. To the extent our suppliers experience a deterioration in financial condition or operational capability as a result of such depressed market and industry conditions or we or other suppliers incur delays in moving personnel to and from drilling rigs, we may experience disruptions in supply, which could increase our operating costs and increase rig downtime. The occurrence of any such events with respect to our customers, contracts or suppliers in certain cases has had, and may continue to have, significant adverse consequences for our business and financial position.

The magnitude and duration of potential social, economic and labor instability resulting from the COVID-19 outbreak, including the speed at which national economies can recover, or whether any recovery will ultimately experience a reversal or other setbacks, are uncertain and cannot be estimated as such effects depend on future events that are largely out of our control. The ultimate extent of the impact of COVID-19 and its variants on our business and financial position depend largely on future developments, including the duration, spread or containment of the outbreak, particularly within the geographic locations where we operate, and the related impact on overall economic activity, all of which are highly uncertain. We are unable to predict the timing or impact of any such restructurings, if completed, on the capital structure and competitive dynamics among offshore drilling companies.

PUBLIC AND INVESTOR SENTIMENT TOWARDS CLIMATE CHANGE, FOSSIL FUELS AND OTHER ESG MATTERS COULD ADVERSELY AFFECT OUR BUSINESS, COST OF CAPITAL AND THE PRICE OF OUR STOCK AND OTHER SECURITIES.

Changing public sentiment concerning fossil fuels, aimed at the investment community, including investment advisors, sovereign wealth funds, public pension funds, universities and other groups, has prompted efforts to promote the divestment of shares of energy companies, as well as to pressure lenders and other financial services companies to limit or curtail activities with energy companies. These efforts have recently intensified, as demonstrated by the State of New York's December 2020 announcement that it will be divesting the state's Common Retirement Fund from fossil fuels. If this or similar divestment efforts are successful, our stock price and our ability to access capital markets may be negatively impacted.

Members of the investment community are also increasing their focus on environmental, social and governance ("ESG") practices and disclosures, including practices and disclosures related to greenhouse gases and climate change, in the energy industry in particular, and diversity and inclusion initiatives and governance standards among public companies more generally. As a result, we may face increasing pressure regarding our ESG disclosures and practices. Additionally, members of the investment community may screen companies such as ours for ESG sustainability performance before investing in our stock. Over the past few years there has also been an acceleration in investor demand for ESG investing opportunities, and many large institutional investors have committed to increasing the percentage of their portfolios that are allocated towards ESG investments. As a result, there has been a proliferation of ESG focused investment funds seeking ESG oriented investment products. If we or our securities are unable to meet the sustainability ESG standards or investment criteria set by these investors and funds, we may lose investors or investors may allocate a portion of their capital away from us, our cost of capital may increase, our stock price and the price of our publicly traded debt securities may be negatively impacted and our reputation may also be negatively affected.

WE RELY HEAVILY ON A RELATIVELY SMALL NUMBER OF CUSTOMERS AND THE LOSS OF A SIGNIFICANT CUSTOMER OR A DISPUTE THAT LEADS TO THE LOSS OF A CUSTOMER COULD HAVE AN ADVERSE EFFECT ON OUR BUSINESS.

We engage in offshore drilling services for most of the leading integrated energy companies or their affiliates, as well as for many government-owned or government-controlled energy companies and other independent energy companies. For the year ended December 31, 2021, our most significant customers were Shell and Equinor, representing approximately 31 percent and 30 percent, respectively, of our consolidated operating revenues. As of February 14, 2022, the customers with the most significant aggregate amount of contract backlog associated with our drilling contracts were Shell, Equinor and Chevron, representing approximately 54 percent, 16 percent and 15 percent, respectively, of our total contract backlog. The loss of any of these customers or another significant customer, or a decline in payments under any of our drilling contracts, could, at least in the short term, have an adverse effect on our business.

OUR OPERATING AND MAINTENANCE COSTS WILL NOT NECESSARILY FLUCTUATE IN PROPORTION TO CHANGES IN OUR OPERATING REVENUES.

Our operating and maintenance costs will not necessarily fluctuate in proportion to changes in our operating revenues and are affected by many factors, including inflation. Costs for operating a rig are generally fixed or only semi-variable regardless of the dayrate being earned. In addition, should our rigs incur unplanned downtime while on contract or idle time between drilling contracts, we will not always reduce the staff on those rigs because we could use the crew to prepare the rig for its next contract. During times of reduced activity, reductions in costs may not be immediate because portions of the crew may be required to prepare rigs for stacking, after which time the crew members may be reassigned to active rigs or released. As our rigs are mobilized from one geographic location to another, the labor and other operating and maintenance costs can vary significantly. In general, labor costs increase primarily due to higher salary levels and inflation. Equipment maintenance costs fluctuate depending upon the type of activity the unit is performing and the age and condition of the equipment, and these costs could increase for short or extended periods as a result of regulatory or customer requirements that raise maintenance standards above historical levels. The amount of contract preparation and reactivation costs vary based on the scope and length of the contract preparation or reactivation project, and the recognition of such costs varies depending on the duration of the firm contractual period and other contract terms.

Certain of our drilling contracts are partially payable in local currency. The amounts, if any, of local currency received under these drilling contracts may exceed our local currency needs to pay local operating and maintenance costs, leading to an accumulation of excess local currency balances, which, in certain instances, may be subject to either restrictions or other difficulties in converting to U.S. dollars, our functional currency, or to other currencies of the locations where we operate. Excess amounts of local currency may also be exposed to the risk of currency exchange losses.

OUR BUSINESS INVOLVES NUMEROUS OPERATING HAZARDS, AND OUR INSURANCE AND INDEMNITIES FROM OUR CUSTOMERS MAY NOT BE ADEQUATE TO COVER POTENTIAL LOSSES FROM OUR OPERATIONS.

Our operations are subject to the usual hazards inherent in the drilling of oil and gas wells, such as, blowouts, reservoir damage, loss of production, loss of well control, lost or stuck drill strings, equipment defects, craterings, fires, explosions and pollution. Contract drilling requires the use of heavy equipment and exposure to hazardous conditions, which may subject us to liability claims by employees, customers and other parties. These hazards can cause personal injury or loss of life, severe damage to or destruction of property and equipment, pollution or environmental or natural resource damage, claims by third parties or customers and suspension of operations. Our offshore fleet is also subject to hazards inherent in marine operations, either while on site or during mobilization, such as capsizing, sinking, grounding, collision, piracy, damage from severe weather and marine life infestations.

The South China Sea, the Northwest Coast of Australia and the U.S. Gulf of Mexico are areas subject to typhoons, hurricanes or other extreme weather conditions on a relatively frequent basis, and our drilling rigs in these regions may be exposed to damage or total loss by these storms, some of which may not be covered by insurance. The occurrence of these events could result in the suspension of drilling operations, damage to or destruction of the equipment involved and injury to or death of rig personnel. Some experts believe global climate change could increase the frequency and severity of these extreme weather conditions. Operations may also be suspended because of machinery breakdowns, abnormal drilling conditions, failure of subcontractors to perform or supply goods or services, or personnel shortages. We customarily provide contract indemnity to our customers for certain claims that could be asserted by us relating to damage to or loss of our equipment, including rigs, and claims that could be asserted by us or our employees relating to personal injury or loss of life.

Damage to the environment or natural resources could also result from our operations, particularly through spillage of hydrocarbons, fuel, lubricants or other chemicals and substances used in drilling operations, or extensive uncontrolled fires. We may also be subject to property damage, environmental indemnity and other claims by energy companies or other third parties. Drilling involves certain risks associated with the loss of control of a well, such as blowout, cratering, the cost to regain control of or redrill the well and remediation of associated pollution. Our customers may be unable or unwilling to indemnify us against such risks. In addition, a court may decide that certain indemnities in our current or future drilling contracts are not enforceable. The law generally considers contractual indemnity for criminal fines and penalties to be against public policy, and the enforceability of an indemnity as to other matters may be limited.

Our insurance policies and drilling contracts contain rights to indemnity that may not adequately cover our losses, and we do not have insurance coverage or rights to indemnity for all risks. We have two main types of insurance coverage: (1) hull and machinery coverage for physical damage to our property and equipment and (2) excess liability coverage, which generally covers offshore risks, such as personal injury, third-party property claims, and third-party non-crew claims, including wreck removal and pollution. We generally have no hull and machinery insurance coverage for damages caused by named storms in the U.S. Gulf of Mexico. We maintain per occurrence deductibles that generally range up to \$10 million for various third-party liabilities, and we self-insure \$50 million of the \$750 million excess liability coverage through our wholly owned captive insurance company. We also retain the risk for any liability that exceeds our excess liability coverage. However, pollution and environmental risks generally are not completely insurable.

If a significant accident or other event occurs that is not fully covered by our insurance or by an enforceable or recoverable indemnity, the occurrence could adversely affect our financial position, results of operations or cash flows. The amount of our insurance may also be less than the related impact on enterprise value after a loss. Our insurance coverage will not in all situations provide sufficient funds to protect us from all liabilities that could result from our drilling operations. Our coverage includes annual aggregate policy limits. As a result, we generally retain the risk for any losses in excess of these limits. We generally do not carry insurance for loss of revenue, and

certain other claims may also not be reimbursed by insurance carriers. Any such lack of reimbursement may cause us to incur substantial costs. In addition, we could decide to retain more risk in the future, resulting in higher risk of losses, which could be material. Moreover, we may not be able to maintain adequate insurance in the future at rates that we consider reasonable or be able to obtain insurance against certain risks.

FAILURE TO RECRUIT AND RETAIN KEY PERSONNEL COULD HURT OUR OPERATIONS.

We depend on the continuing efforts of key members of our management, as well as other highly skilled personnel, to operate and provide technical services and support for our business worldwide. Historically, competition for the personnel required for drilling operations has intensified as the number of rigs activated, added to worldwide fleets or under construction increased, leading to shortages of qualified personnel in the industry and creating upward pressure on wages and higher turnover. We may experience a reduction in the experience level of our personnel as a result of any increased turnover and ongoing staff reduction initiatives, which could lead to higher downtime and more operating incidents, which in turn could decrease revenues and increase costs. If increased competition for qualified personnel were to intensify in the future we may experience increases in costs or limits on operations.

OUR LABOR COSTS AND THE OPERATING RESTRICTIONS UNDER WHICH WE OPERATE COULD INCREASE AS A RESULT OF COLLECTIVE BARGAINING NEGOTIATIONS AND ADDITIONAL UNIONIZATION EFFORTS.

Approximately 42 percent of our total workforce, working primarily in Norway, Brazil and the U.K., are represented by, and some of our contracted labor work is subject to, collective bargaining agreements, substantially all of which are subject to annual salary negotiation. Negotiations over annual salary or other labor matters could result in higher personnel or other costs or increased operational restrictions or disruptions. The outcome of any such negotiation generally affects the market for all offshore employees, not only the union members. A failure to reach an agreement on certain key issues could result in strikes, lockouts, or other work stoppages. Legislation has been introduced in the U.S. Congress that could encourage additional unionization efforts in the U.S., as well as increase the chances that such efforts succeed. Additional unionization efforts, if successful, new collective bargaining agreements or work stoppages could materially increase our labor costs and operating restrictions.

OUR SHIPYARD PROJECTS AND OPERATIONS ARE SUBJECT TO DELAYS AND COST OVERRUNS.

As of February 14 2022, we had under construction two ultra-deepwater drillships. We also have a variety of other more limited shipyard projects at any given time. These shipyard projects are subject to the risks of delay or cost overruns inherent in any such construction project resulting from numerous factors, including the following:

- complications arising from pandemics and epidemics, such as COVID-19, severe influenza, other coronaviruses and other highly communicable viruses or diseases, and associated government orders in the country where the rigs are being constructed or serviced and elsewhere;
- shipyard availability, failures and difficulties;
- shortages of equipment, materials or skilled labor;
- failure or delayed deliveries of significant materials or equipment for various reasons, including due to supplier shortages, constraints, disruption or quality issues;
- design and engineering problems, including those relating to the commissioning of newly designed equipment;
- latent damages or deterioration to hull, equipment and machinery in excess of engineering estimates and assumptions;
- unanticipated actual or purported change orders;
- disputes with shipyards and suppliers;
- availability of suppliers to recertify equipment for enhanced regulations;
- strikes, labor disputes and work stoppages;
- customer acceptance delays or delays in providing customer-supplied engineering, approvals or equipment;
- adverse weather conditions, including damage caused by such conditions;
- terrorist acts, war, piracy and civil unrest;
- unanticipated cost increases; and
- difficulty in obtaining necessary permits or approvals.

These factors may contribute to cost variations and delays in the delivery of our newbuild units and other rigs undergoing shipyard projects. Cost variations may result in, among other things, disputes with the shipyards that construct or service our drilling units. In addition, delayed delivery of our newbuild units or other rigs undergoing shipyard projects would impact contract commencement, resulting in a loss of revenues we could earn, and may also cause customers to terminate or shorten the term of the drilling contract for the rig pursuant to applicable late delivery clauses. In the event of termination of any of these drilling contracts, we may not be able to secure a replacement contract on as favorable terms, if at all.

Our operations also rely on a significant supply of capital and consumable spare parts and equipment to maintain and repair our fleet. We also rely on the supply of ancillary services, including supply boats and helicopters. Our reliance on our suppliers, manufacturers and service providers to secure equipment, parts, components and sub-systems used in our operations exposes us to volatility in the quality, prices and availability of such items. Certain parts and equipment that we use in our operations may be available only from a small number of suppliers, manufacturers or service providers, or in some cases must be sourced through a single supplier, manufacturer or service provider. A disruption in the deliveries from our suppliers, manufacturers or service providers, capacity constraints, production disruptions, price increases, quality control issues, recalls or other decreased availability of parts and equipment or ancillary services could adversely

affect our ability to meet our commitments to customers, adversely impact our operations, increase our operating costs and result in increases in rig downtime and delays in the repair and maintenance of our fleet.

AS PART OF OUR BUSINESS STRATEGIES, WE MAY PURSUE OPPORTUNITIES TO STRENGTHEN AND BROADEN OUR BUSINESS THAT INCLUDE ACQUISITIONS OF BUSINESSES OR DRILLING RIGS, MERGERS OR JOINT VENTURES OR OTHER INVESTMENTS, AND SUCH TRANSACTIONS WOULD PRESENT VARIOUS RISKS AND UNCERTAINTIES.

We may pursue transactions that involve the acquisition of businesses or assets, mergers or joint ventures or other investments that we believe will enable us to further strengthen or broaden our business. Any such transaction would be evaluated on a case-by-case basis, and the consummation thereof would be dependent upon several factors, including identifying suitable companies, businesses or assets that align with our business strategies, reaching agreement with the potential counterparties on acceptable terms, the receipt of any applicable regulatory and other approvals, and other conditions. These transactions involve various risks, including among others, (i) difficulties related to integrating or managing applicable parts of an acquired business or joint venture and unanticipated changes in customer and other third-party relationships subsequent to closing, (ii) diversion of management's attention from day-to-day operations, (iii) failure to realize anticipated benefits, such as cost savings, revenue enhancements or strengthening or broadening our business, (iv) potentially substantial transaction costs associated with acquisitions, joint ventures or investments if we or a transaction counterparty seeks to exit or terminate an interest in the joint venture or investment, and (v) potential accounting impairment or actual diminution or loss of value of our investment if future market, business or other conditions ultimately differ from our assumptions at the time of such transaction is consummated.

FAILURE TO EFFECTIVELY AND TIMELY ADDRESS THE TRANSITION TO RENEWABLE OR OTHER ALTERNATIVE ENERGY SOURCES COULD ADVERSELY AFFECT OUR BUSINESS, RESULTS OF OPERATIONS AND CASH FLOWS.

Our long-term success depends on our ability to effectively address the transition to renewable and other alternative energy sources, which may require adapting certain parts of our operations to potentially changing government requirements, customer preferences and to a potentially changing and broader customer base, as well as engaging with existing and potential customers and suppliers to develop or implement solutions designed to reduce or decarbonize oil and gas operations, or to advance renewable and other alternative energy sources. If the energy transition landscape changes faster than anticipated or in a manner that we do not anticipate, demand for our services could be adversely affected. Furthermore, if we fail or are perceived to not effectively implement an energy transition strategy, or if investors or financial institutions shift funding away from companies in fossil fuel-related industries, our access to capital or the market for our securities could be negatively impacted.

OUR ASPIRATIONS, GOALS, COMMITMENT TARGETS AND INITIATIVES RELATED TO SUSTAINABILITY, INCLUDING EMISSIONS REDUCTION, AND OUR PUBLIC STATEMENTS AND DISCLOSURES REGARDING THEM, EXPOSE US TO NUMEROUS RISKS.

We have developed, and will continue to develop and set, goals, targets, and other objectives related to sustainability matters, including our commitment target to reduce our greenhouse gas emissions. Statements related to these goals, commitment targets and objectives reflect our current intentions and do not constitute a guarantee that they will be achieved. Our efforts to research, establish, accomplish, and accurately report on these goals, commitment targets, and other objectives expose us to numerous operational, reputational, financial, legal, and other risks. Our ability to achieve any stated goal, commitment target, or objective, including with respect to emissions intensity reduction, is subject to numerous factors and conditions, some of which are outside of our control.

Our business may face increased scrutiny from investors and other stakeholders related to our sustainability activities, including the goals, commitment targets, and other objectives that we announce, and our methodologies and timelines for pursuing them. If our sustainability assumptions or practices do not meet investor or other stakeholder expectations and standards, which continue to evolve, our reputation, our ability to attract or retain employees, and our attractiveness as an investment or business partner could be negatively affected. Similarly, our failure or perceived failure to pursue or fulfill our sustainability-focused goals, targets, and objectives, to comply with ethical, environmental, or other standards, regulations, or expectations, or to satisfy various reporting standards with respect to these matters, within the timelines we announce, or at all, could adversely affect our business or reputation, as well as expose us to government enforcement actions and private litigation.

RISKS RELATED TO OUR INDEBTEDNESS

WE HAVE A SUBSTANTIAL AMOUNT OF DEBT, INCLUDING SECURED DEBT, AND WE MAY LOSE THE ABILITY TO OBTAIN FUTURE FINANCING AND SUFFER COMPETITIVE DISADVANTAGES.

At December 31, 2021 and 2020, our total debt was \$7.17 billion and \$7.81 billion, respectively, of which \$2.30 billion and \$2.77 billion, respectively, was secured. We have a bank credit agreement, as amended, that established a \$1.33 billion secured revolving credit facility (the "Secured Credit Facility"), which is currently undrawn, the borrowings under which would be secured. This substantial level of debt and other obligations could have significant adverse consequences on our business and future prospects, including the following:

- we may be unable to obtain financing in the future to refinance our existing debt or for working capital, capital expenditures, acquisitions, debt service requirements, distributions, share repurchases, or other purposes;
- we may be unable to use operating cash flow in other areas of our business because we must dedicate a substantial portion of these funds to service the debt;

- we could become more vulnerable to general adverse economic and industry conditions, including increases in interest rates, particularly given our substantial indebtedness, some of which bears interest at variable rates;
- we may be unable to meet financial ratios in the agreements governing certain of our debt and finance lease or satisfy certain other covenants and conditions included in our debt agreements, which could result in our inability to meet requirements for borrowings under our credit agreement or a default under these agreements, impose restrictions with respect to our access to certain of our capital, and trigger cross default provisions in our other debt instruments;
- if we default under the terms of our secured financing arrangements, the secured debtholders may, among other things, foreclose on the collateral securing the debt, including the applicable drilling units;
- we may be unable to obtain new investment or financing given recent environmental, social and governance influenced trends among many financial intermediaries, investors and other capital markets participants in reducing, or ceasing, lending to, or investing in, companies that operate in industries with higher perceived environmental exposure; and
- we may be less able to take advantage of significant business opportunities and to react to changes in market or industry conditions than our less levered competitors.

See “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Sources and uses of liquidity.”

CREDIT RATING AGENCIES HAVE RATED OUR DEBT BELOW INVESTMENT GRADE, WHICH COULD LIMIT OUR ACCESS TO CAPITAL AND HAVE AN ADVERSE EFFECT ON OUR BUSINESS AND FINANCIAL CONDITION.

The ratings assigned to our debt securities by certain credit rating agencies (our “Debt Ratings”) are below investment grade. Our Debt Ratings could have adverse consequences for our business and future prospects and could cause the following:

- limitations on our ability to access debt markets, including for the purpose of refinancing our existing debt and replacing or extending our Secured Credit Facility;
- less favorable terms and conditions on any refinancing arrangements, debt issuances or bank credit agreements, some of which could require collateral and restrict, among other things, our ability to pay distributions or repurchase shares;
- increases to certain fees under our Secured Credit Facility and interest rates under indentures governing certain of our senior notes, which in the case of the 3.80% senior notes due October 2022 and the 7.35% senior notes due December 2041, have reached the maximum rate increase of 2 percent pursuant to the related indentures due to the downgrades of certain credit rating agencies;
- reduced willingness of current and prospective customers, suppliers and creditors to transact business with us;
- requirements from creditors, suppliers or customers for additional insurance, guarantees and collateral;
- limitations on our access to bank and third-party guarantees, surety bonds and letters of credit; and
- reductions to or eliminations of the level of credit suppliers and financial institutions may provide through payment terms or intraday funding when dealing with us thereby increasing the need for higher levels of cash on hand, which would decrease our ability to repay debt balances.

Our Debt Ratings have caused some of the effects listed above, and any further downgrades may cause or exacerbate, any of the effects listed above and could have an adverse effect on our business and financial condition.

WORLDWIDE FINANCIAL, ECONOMIC AND POLITICAL CONDITIONS COULD RESTRICT OUR ABILITY TO ACCESS THE CAPITAL MARKETS, REDUCE OUR FLEXIBILITY TO REACT TO CHANGING ECONOMIC AND BUSINESS CONDITIONS AND REDUCE DEMAND FOR OUR SERVICES.

Worldwide financial and economic conditions could restrict our ability to access the capital markets at a time when we would like, or need, to access such markets, which could have an impact on our flexibility to react to changing economic and business conditions. Worldwide economic conditions have in the past impacted, and could in the future impact, the lenders participating in our credit facilities and our customers, causing them to fail to meet their obligations to us. If economic conditions preclude or limit financing from banking institutions participating in our credit facilities, we may not be able to obtain similar financing from other institutions. A slowdown in economic activity could further reduce worldwide demand for energy and extend or worsen the recovery from low oil and natural gas prices. These potential developments, or market perceptions concerning these and related issues, could adversely affect our financial position, results of operations or cash flows. In addition, turmoil and hostilities in the Middle East, North Africa and other geographic areas and countries present incremental risk. An extended period of negative outlook for the world economy could further reduce the overall demand for oil and natural gas and for our services. A further decline in oil and natural gas prices or an extension of the current low oil and natural gas prices could reduce demand for our drilling services and have an adverse effect on our financial position, results of operations or cash flows.

RISKS RELATED TO LAWS, REGULATIONS AND GOVERNMENTAL COMPLIANCE

IMPACT OF INCREASINGLY STRINGENT ENVIRONMENTAL AND SAFETY LAWS AND OUR COMPLIANCE WITH OR BREACH OF SUCH LAWS CAN BE COSTLY, EXPOSE US TO LIABILITY AND COULD LIMIT OUR OPERATIONS.

Our business is affected by laws and regulations relating to the energy industry and the environment and safety, including international conventions and treaties, and regional, national, state, and local laws and regulations. Our business also depends on demand for services from the oil and gas exploration and production industry, and, accordingly, we are directly affected by the adoption of laws and regulations that, for economic, environmental or other policy reasons, curtail, delay or impose additional compliance costs and obligations related to the exploration and development drilling for oil and gas. Offshore drilling in certain areas has been curtailed and, in certain cases, prohibited because of environmental or safety concerns. In addition, compliance with environmental and safety laws, regulations and standards, where applicable, may require us to make significant capital expenditures, such as the installation of costly equipment or

implementation of operational changes, and may affect the resale values or useful lives of our rigs. We may also incur additional costs in order to comply with other existing and future regulatory obligations or industry standards, including, but not limited to, costs relating to air emissions, including greenhouse gases, the management of ballast waters, maintenance and inspection, development and implementation of emergency procedures and maintenance of insurance coverage or other financial assurance of our ability to address pollution incidents. In the last decade, enhanced governmental safety and environmental requirements applicable to our operations were adopted by U.S. federal agencies for drilling in the U.S. Gulf of Mexico that have caused, and may in the future cause, operators to have difficulties obtaining drilling permits in the U.S. Gulf of Mexico. In addition, the oil and gas industry has adopted equipment and operating standards, such as the American Petroleum Institute Standard 53, related to the installation and testing of well control equipment. A failure to comply with applicable laws and regulations may result in administrative and civil penalties, criminal sanctions or the suspension or termination of our operations. Additionally, our customers may elect to voluntarily comply with any non-mandatory laws, regulations or other standards. Any such safety, environmental and other regulatory restrictions or standards, including voluntary customer compliance with respect thereto, could decrease, disrupt or delay operations, decrease demand for offshore drilling services, increase operating costs and compliance costs or penalties, increase out-of-service time, decrease dayrates, or reduce the area of operations for drilling rigs in the U.S. and non-U.S. offshore areas. Any such effects could have an adverse effect on our financial position, results of operations or cash flows.

To the extent new laws are enacted, existing laws are changed or other governmental actions are taken that prohibit or restrict offshore drilling or impose additional environmental protection and safety requirements that result in increased costs to the oil and gas industry, in general, or the offshore drilling industry, in particular, our business or prospects could be materially adversely affected. The operation of our drilling rigs will require certain governmental approvals, some of which may involve public hearings and costly undertakings on our part. We may not obtain such approvals or such approvals may not be obtained in a timely manner. If we fail to timely secure the necessary governmental approvals or permits, our customers may have the right to terminate or seek to renegotiate their drilling contracts to our detriment. The amendment or modification of existing laws and regulations or the adoption of new laws and regulations curtailing or further regulating exploratory or development drilling or production of oil and gas and compliance with any such new or amended legislation or regulations could have an adverse effect on our business or on our financial position, results of operations or cash flows.

As a contract driller with operations in certain offshore areas, we may be liable for damages and costs incurred in connection with oil spills or disposal of wastes related to those operations, and we may also be subject to significant fines and other liabilities in connection with spills. For example, an oil spill could result in significant liability, including fines, penalties and criminal liability and remediation, restoration or compensation costs for environmental or natural resource damages, as well as third-party damages, to the extent that the contractual indemnification provisions in our drilling contracts are not enforceable or otherwise sufficient, or if our customers are unwilling or unable to contractually indemnify us against these risks. Additionally, we may not be able to obtain such indemnities in our future drilling contracts, and our customers may not have the financial capability to fulfill their contractual obligations to us. Also, these indemnities may be held to be unenforceable in certain jurisdictions, as a result of public policy or for other reasons. Environmental and safety laws and regulations protecting the environment have become increasingly stringent and may in some cases impose strict liability on facility or vessel owners or operators, rendering a person liable for environmental damage without regard to negligence. These laws and regulations may expose us to liability for the conduct of, or conditions caused by, others or for acts that were in compliance with all applicable laws at the time they were performed. The application of these requirements or the adoption of new requirements or measures could have an adverse effect on our financial position, results of operations or cash flows.

REGULATORY AND VARIOUS OTHER RISKS, INCLUDING LITIGATION, ASSOCIATED WITH GREENHOUSE GASES AND CLIMATE CHANGE COULD HAVE AN ADVERSE IMPACT ON OUR BUSINESS AND DEMAND FOR OUR SERVICES.

Scientific studies have suggested that emissions of certain gases, including greenhouse gases, such as carbon dioxide and methane, contribute to warming of the earth's atmosphere and other climatic changes. In response to such studies, the issue of climate change and the effect of greenhouse gas emissions, in particular emissions from the fossil fuel industry, has attracted considerable attention worldwide. The attention to climate change has led, and we expect it to continue to lead, to additional regulations designed to reduce greenhouse gas emissions domestically and internationally. Such attention could also result in other adverse impacts for the oil and gas industry, including further restrictions or bans imposed by lawmakers, lawsuits by governments or third-parties seeking recoveries for damages resulting from the combustion of fuels that may contribute to climate change effects, or reduced interest from investors if they elect in the future to shift some or all of their investments to non-fossil fuel related sectors. To the extent financial markets view climate change and greenhouse emissions as a financial risk, this could negatively impact our cost of or access to capital. Because our business depends on the level of activity in the oil and gas industry, existing or future laws, regulations, treaties or international agreements related to greenhouse gases and climate change, or related political, litigation or financial risks, including incentives to conserve energy or use alternative energy sources, could have a negative impact on our business if such laws, regulations, treaties or international agreements reduce the worldwide demand for oil and gas or limit drilling opportunities. In addition, such laws, regulations, treaties or international agreements or related risks could result in increased compliance costs or additional operating restrictions, which may have an adverse effect on our business. Further, some experts believe global climate change could increase the frequency and severity of extreme weather conditions, the impacts of which could interfere with our operations, cause damage to our equipment as well as cause other financial and operational impacts, including those that could result from any impact of such conditions on our customers.

We could also face increased climate-related litigation with respect to our operations both in the U.S. and around the world. Governmental and other entities in various U.S. states, such as California and New York, have filed lawsuits against coal, gas oil and

petroleum companies. These suits allege damages as a result of climate change, and the plaintiffs are seeking unspecified damages and abatement under various tort theories. Similar lawsuits may be filed in other jurisdictions both in the U.S. and globally. Though we are not currently a party to any such lawsuit, these suits present a high degree of uncertainty regarding the extent to which energy companies, including offshore drillers, face an increased risk of liability stemming from climate change, which risk would also adversely impact the oil and gas industry and impact demand for our services.

THE GLOBAL NATURE OF OUR OPERATIONS INVOLVES ADDITIONAL RISKS.

We operate in various regions throughout the world, which may expose us to political and other uncertainties, including risks of:

- terrorist acts, war, piracy and civil unrest;
- seizure, expropriation or nationalization of our equipment;
- expropriation or nationalization of our customers' property;
- repudiation or nationalization of contracts;
- imposition of trade or immigration barriers;
- import-export quotas;
- wage and price controls;
- changes in law and regulatory requirements, including changes in interpretation and enforcement;
- involvement in judicial proceedings in unfavorable jurisdictions;
- damage to our equipment or violence directed at our employees, including kidnappings;
- complications associated with supplying, repairing and replacing equipment in remote locations;
- the inability to move income or capital; and
- currency exchange fluctuations and currency exchange restrictions, including exchange or similar controls that may limit our ability to convert local currency into U.S. dollars and transfer funds out of a local jurisdiction.

Our non-U.S. contract drilling operations are subject to various laws and regulations in certain countries in which we operate, including laws and regulations relating to the import and export, equipment and operation of drilling units, currency conversions and repatriation, oil and gas exploration and development, taxation and social contributions of offshore earnings and earnings of expatriate personnel. We are also subject to the U.S. Treasury Department's Office of Foreign Assets Control ("OFAC") and other U.S. and non-U.S. laws and regulations governing our international operations. In addition, various state and municipal governments, universities and other investors have proposed or adopted divestment and other initiatives regarding investments including, with respect to state governments, by state retirement systems in companies that do business with countries that have been designated as state sponsors of terrorism by the U.S. State Department. Failure to comply with applicable laws and regulations, including those relating to sanctions and export restrictions, may subject us to criminal sanctions or civil remedies, including fines, denial of export privileges, injunctions or seizures of assets. Investors could view any potential violations of OFAC regulations negatively, which could adversely affect our reputation and the market for our shares.

Governments in some countries have become increasingly active in regulating and controlling the ownership of concessions and companies holding concessions, the exploration for oil and gas and other aspects of the oil and gas industries in their countries, including local content requirements for participating in tenders for certain drilling contracts. Many governments favor or effectively require the awarding of drilling contracts to local contractors or require nonlocal contractors to employ citizens of, or purchase supplies from, a particular jurisdiction or require use of a local agent. In addition, government action, including initiatives by OPEC, may continue to cause oil or gas price volatility. In some areas of the world, this governmental activity has adversely affected the amount of exploration and development work by major energy companies and may continue to do so.

The shipment of goods, services and technology across international borders subjects us to extensive trade laws and regulations. Our import and export activities are governed by unique customs laws and regulations in each of the countries where we operate. Moreover, many countries, including the U.S., control the import and export of certain goods, services and technology and impose related import and export recordkeeping and reporting obligations. Governments also may impose economic sanctions against certain countries, persons and other entities that may restrict or prohibit transactions involving such countries, persons and entities, and we are also subject to the U.S. anti-boycott law.

The laws and regulations concerning import and export activity, recordkeeping and reporting, import and export control and economic sanctions are complex and constantly changing. These laws and regulations may be enacted, amended, enforced or interpreted in a manner materially impacting our operations. Ongoing economic challenges may increase some governments' efforts to enact, enforce, amend or interpret laws and regulations as a method to increase revenue. Shipments can be delayed and denied import or export for a variety of reasons, some of which are outside our control and some of which may result from failure to comply with existing legal and regulatory regimes. Shipping delays or denials could cause unscheduled operational downtime.

Our ability to operate worldwide depends on our ability to obtain the necessary visas and work permits for our personnel to travel in and out of, and to work in, the jurisdictions in which we operate. Governmental actions in some of the jurisdictions in which we operate may make it difficult for us to move our personnel in and out of these jurisdictions by delaying or withholding the approval of these permits. If we are not able to obtain visas and work permits for the employees we need to conduct our operations on a timely basis, we might not be able to perform our obligations under our drilling contracts, which could allow our customers to cancel the contracts. If our customers cancel some of our drilling contracts, and we are unable to secure new drilling contracts on a timely basis and on substantially similar terms, it could have a material adverse effect on our business and on our financial position, results of operations or cash flows.

FAILURE TO COMPLY WITH ANTI-BRIBERY STATUTES, SUCH AS THE U.S. FOREIGN CORRUPT PRACTICES ACT AND THE U.K. BRIBERY ACT 2010, COULD RESULT IN FINES, CRIMINAL PENALTIES, DRILLING CONTRACT TERMINATIONS AND AN ADVERSE EFFECT ON OUR BUSINESS.

The U.S. Foreign Corrupt Practices Act ("FCPA"), the U.K. Bribery Act 2010 ("Bribery Act") and similar anti-bribery laws in other jurisdictions, generally prohibit companies and their intermediaries from making improper payments for the purpose of obtaining or retaining business. We operate in many parts of the world that have experienced corruption to some degree and, in certain circumstances, strict compliance with anti-bribery laws may conflict with local customs and practices. If we are found to be liable for violations under the FCPA, the Bribery Act or other similar laws, either due to our acts or omissions or due to the acts or omissions of others, including our partners in our various joint ventures and of the current or former officers, directors or employees of any companies we have acquired, we could suffer from civil and criminal penalties or other sanctions, which could have a material adverse effect on our business or our financial position, results of operations or cash flows. In addition, investors could negatively view potential violations, inquiries or allegations of misconduct under the FCPA, the Bribery Act or similar laws, which could adversely affect our reputation and the market for our shares.

We could also face fines, sanctions and other penalties from authorities in relevant jurisdictions, including prohibition of our participating in or curtailment of business operations in those jurisdictions and the seizure of rigs or other assets. Additionally, our business and results of operations could be adversely affected as a result of claims by customers, agents, shareholders, debt holders, other interest holders, current or former employees or other constituents of our company who, in connection with alleged or actual noncompliance with antibribery and related laws, may seek to impose penalties, seek remedies, terminate drilling contracts or take other actions adverse to our interests. Our business and results of operations may be adversely affected if we are required to dedicate significant time and resources to investigate and resolve allegations of misconduct, regardless of the merit of such allegations. Further, disclosure of the subject matter of any investigation could adversely affect our reputation and our ability to obtain new business with potential customers, to retain existing business with our current customers, to attract and retain employees and to access the capital markets.

WE ARE SUBJECT TO INVESTIGATIONS AND LITIGATION THAT, IF NOT RESOLVED IN OUR FAVOR AND NOT SUFFICIENTLY INSURED AGAINST, COULD HAVE A MATERIAL ADVERSE EFFECT ON US.

We are subject to a variety of disputes, investigations and litigation. Certain of our subsidiaries are subject to and have been involved in litigation with certain of our customers and other constituents. Certain of our subsidiaries are named as defendants in numerous lawsuits alleging personal grievances or injury, including as a result of exposure to asbestos or toxic fumes or resulting from other occupational diseases, such as silicosis, and various other medical issues that can remain undiscovered for a considerable amount of time. Some of these subsidiaries that have been put on notice of potential liabilities have no assets. Certain subsidiaries are subject to litigation relating to environmental damage. Our patent for dual-activity technology has been successfully challenged in certain jurisdictions. We are also subject to a number of significant tax disputes. We cannot predict the outcome of these investigations and cases or the potential costs to resolve them. Insurance may not be applicable or sufficient in all cases, insurers may not remain solvent and policies may not be located. Suits against non-asset-owning subsidiaries have and may in the future give rise to alter ego or successor-in-interest claims against us and our asset-owning subsidiaries to the extent a subsidiary is unable to pay a claim or insurance is not available or sufficient to cover the claims. To the extent that one or more pending or future investigations or litigation matters is not resolved in our favor and is not covered by insurance, which could have a material adverse effect on our financial position, results of operations or cash flows.

WE ARE SUBJECT TO CYBERSECURITY RISKS AND THREATS AS WELL AS INCREASING REGULATION OF DATA PRIVACY AND SECURITY.

We depend on data and digital technologies to conduct our offshore and onshore operations, to collect payments from customers and to pay vendors and employees. Our data protection measures and measures taken by our customers and vendors may not prevent unauthorized access of information technology systems, and when such unauthorized access occurs, we, our customers or vendors may not detect the incident in time to prevent harm or damage. Threats to our information technology systems, and the systems of our customers and vendors, associated with cybersecurity risks and cyber-incidents or attacks continue to grow. Such threats may derive from human error, fraud or malice, social engineering on the part of employees or third parties, or may result from accidental technological failure. In addition, breaches to our systems and systems of our customers and vendors could go unnoticed for some period of time. Risks associated with these threats include disruptions of certain systems on our rigs; other impairments of our ability to conduct our operations; loss or ransom of intellectual property, proprietary information, personal identifiable information or customer and vendor data; disruption of our customers' and vendors' operations; misappropriation of assets; loss or damage to our customer and vendor data delivery systems; and increased costs to prevent, respond to or mitigate cybersecurity events. A breach could also originate from, or compromise, our customers' and vendors' or other third-party networks outside of our control. A breach may also result in legal claims or proceedings against us by our shareholders, employees, customers, vendors and governmental authorities, both U.S. and non-U.S. If such a cyber-incident were to occur, it could have a material adverse effect on our business or on our financial position, results of operations or cash flows.

In addition, laws and regulations governing data privacy and the unauthorized disclosure of personal data and confidential information, including the European Union General Data Protection Regulation, the Data Protection Law, as revised, of the Cayman Islands, the General Data Protection Law of Brazil and the California Consumer Privacy Act, pose increasingly complex compliance challenges and potential to elevate our costs. Any failure by us to comply with these laws and regulations, including as a result of a security or privacy

breach, could result in significant penalties, litigation and liabilities for us. Additionally, if we acquire a company that has violated or is not in compliance with applicable data protection laws, we may incur significant liabilities and penalties as a result.

ACTS OF TERRORISM, PIRACY AND POLITICAL AND SOCIAL UNREST COULD AFFECT THE MARKETS FOR DRILLING SERVICES.

Acts of terrorism and social unrest, brought about by world political events or otherwise, have caused instability in the world's financial and insurance markets in the past and may occur in the future. Such acts could be directed against companies such as ours. In addition, acts of terrorism, piracy and social unrest could lead to increased volatility in prices for crude oil and natural gas and could affect the markets for drilling services. Insurance premiums could increase and coverage may be unavailable in the future. Government regulations may effectively preclude us from engaging in business activities in certain countries. These regulations could be amended to cover countries where we currently operate or where we may wish to operate in the future. Our drilling contracts do not generally provide indemnification against loss of capital assets or loss of revenues resulting from acts of terrorism, piracy or political or social unrest. We have limited insurance for our assets providing coverage for physical damage losses resulting from certain risks, such as terrorist acts, piracy, vandalism, sabotage, civil unrest, expropriation and acts of war, and we do not carry insurance for loss of revenues resulting from such risks.

RISKS RELATED TO TAXES

A CHANGE IN TAX LAWS, TREATIES OR REGULATIONS, OR THEIR INTERPRETATION, OF ANY COUNTRY IN WHICH WE HAVE OPERATIONS, ARE INCORPORATED OR ARE RESIDENT COULD RESULT IN A HIGHER EFFECTIVE TAX RATE ON OUR CONSOLIDATED EARNINGS AND INCREASE OUR CASH TAX PAYMENTS.

We are subject to changes in applicable tax laws, treaties or regulations in the jurisdictions in which we operate and earn income, and such changes could include laws or policies directed toward companies organized in jurisdictions with low tax rates with the intent to increase the tax burden. The Organization for Economic Co-operation and Development, for example, issued its action plan of tax reform measures that called for member states to take action to prevent base erosion and profit shifting. Some of these measures impact transfer pricing, requirements to qualify for tax treaty benefits, and the definition of permanent establishments depending on each jurisdiction's adoption and interpretation of such proposals. Respective countries, including Switzerland, have adopted various measures into their own tax laws. In addition, the EU has issued Anti-Tax Avoidance Directives and proposed directives that required or require member states to adopt specific tax reform measures, some of which relate to a 15 percent minimum tax. Other tax jurisdictions in which we operate may consider implementing similar measures. Any material change to tax laws, treaties, regulations or policies, their interpretation or application, or the adoption of new interpretations of existing laws and rulings, in any of the jurisdictions in which we operate, are incorporated or resident, could result in a higher effective tax rate on our worldwide earnings and such change could have a significant adverse effect on our financial position, results of operations or cash flows.

A LOSS OF A MAJOR TAX DISPUTE OR A SUCCESSFUL TAX CHALLENGE TO OUR OPERATING STRUCTURE, INTERCOMPANY PRICING POLICIES OR THE TAXABLE PRESENCE OF OUR KEY SUBSIDIARIES IN CERTAIN COUNTRIES COULD RESULT IN A HIGHER EFFECTIVE TAX RATE ON OUR CONSOLIDATED EARNINGS AND INCREASE OUR CASH TAX PAYMENTS.

We are subject to tax laws, treaties and regulations in the countries in which we operate and earn income. Our income taxes are based on the applicable tax laws and tax rates in effect in the countries in which we operate and earn income as well as upon our operating structures in these countries. Our income tax returns are subject to review and examination in these jurisdictions, and we do not recognize the benefit of income tax positions we believe are more likely than not to be disallowed upon challenge by a tax authority. If any tax authority successfully challenges our operational structure, intercompany pricing policies or the taxable presence of our key subsidiaries in certain countries; or if the terms of certain income tax treaties are interpreted in a manner that is adverse to our structure; or if we lose a material tax dispute in any country, our effective tax rate on our worldwide earnings could increase substantially and our earnings and cash flows from operations could be materially adversely affected. For example, we believe that neither we nor our non-U.S. subsidiaries, other than those that report a U.S. trade or business or a U.S. permanent establishment, were or are engaged in a trade or business in the U.S. or, if applicable, maintained or maintain a permanent establishment in the U.S. The determination of the aforementioned, among other things, involves considerable uncertainty. If the U.S. Internal Revenue Service (the "IRS") were to disagree, then we could be subject to additional U.S. corporate income and branch profits taxes on the portion of our earnings effectively connected to such U.S. business or, if applicable, attributable to such U.S. permanent establishment during the period in which this was considered to have occurred. If this occurs, our effective tax rate on worldwide earnings for that period could increase substantially, we could be subject to assessments in previously filed returns that remain open to audit and our earnings and cash flows from operations for that period could be adversely affected.

U.S. TAX AUTHORITIES COULD TREAT US AS A PASSIVE FOREIGN INVESTMENT COMPANY, WHICH WOULD HAVE ADVERSE U.S. FEDERAL INCOME TAX CONSEQUENCES TO U.S. SHAREHOLDERS.

A foreign corporation will be treated as a passive foreign investment company ("PFIC") for U.S. federal income tax purposes if either (1) at least 75 percent of its gross income for any taxable year consists of certain types of passive income or (2) at least 50 percent of the average value of the corporation's assets produce or are held for the production of those types of passive income. For purposes of these tests, passive income includes dividends, interest and gains from the sale or exchange of investment property and certain rents and royalties, but does not include income derived from performing services. We believe that we have not been and will not be a PFIC with respect to any taxable year. Our income from offshore contract drilling services should be treated as services income for purposes of determining whether

we are a PFIC. Accordingly, we believe that our income from our offshore contract drilling services should not constitute passive income, and the assets that we own and operate in connection with the production of that income should not constitute passive assets. There is significant legal authority supporting this position, including statutory provisions, legislative history, case law and IRS pronouncements concerning the characterization, for other tax purposes, of income derived from services where a substantial component of such income is attributable to the value of the property or equipment used in connection with providing such services. However, a prior case and an IRS pronouncement that relies on such case characterize income from time chartering of vessels as rental income rather than services income for other tax purposes. The IRS has subsequently formally announced that it does not agree with the decision in that case. Moreover, we believe that the terms of the time charters in the prior case differ in material respects from the terms of our drilling contracts with customers. However, no assurance can be given that the IRS or a court will accept our position, and there is a risk that the IRS or a court could determine that we are a PFIC.

If we were treated as a PFIC for any taxable year, our U.S. shareholders would face adverse U.S. tax consequences. Under the PFIC rules, unless a shareholder makes certain elections available under the Internal Revenue Code of 1986, as amended, which elections could themselves have adverse consequences for the shareholder, the shareholder could be required to pay U.S. federal income tax at the highest applicable income tax rates on ordinary income upon the receipt of excess distributions, as defined for U.S. tax purposes, and upon any gain from the disposition of our shares, plus interest on such amounts, as if such excess distribution or gain had been recognized ratably over the shareholder's holding period of our shares. Additionally, under applicable statutory provisions, the preferential tax rate on qualified dividend income, which applies to dividends paid to non-corporate shareholders, does not apply to dividends paid by a foreign corporation if the foreign corporation is a PFIC for the taxable year in which the dividend is paid or the preceding taxable year.

RISKS RELATED TO OUR JURISDICTION OF ORGANIZATION AND GOVERNING DOCUMENTS

AS A SWISS CORPORATION, OUR FLEXIBILITY MAY BE LIMITED WITH RESPECT TO CERTAIN ASPECTS OF CAPITAL MANAGEMENT AND SWIFT IMPLEMENTATION OF CERTAIN INITIATIVES OR STRATEGIES.

Under Swiss law, our shareholders may approve an authorized share capital that allows the board of directors to issue new shares without additional shareholder approval within a period of up to two years and for up to a maximum of 50 percent of a company's issued share capital. The authorized share capital approved by our shareholders at the May 2021 annual general meeting will expire on May 27, 2023. Our currently available authorized share capital is limited to approximately 22 percent of our issued share capital as of February 14, 2022. Accordingly, shareholders at our annual general meeting in May 2022 may be requested to approve a renewal and an increase in authorized share capital. Subject to certain exceptions, Swiss law also grants preemptive rights to existing shareholders to subscribe for new issuances of shares. Further, Swiss law does not provide as much flexibility in the various terms that can attach to different classes of shares as the laws of some other jurisdictions. Swiss law also reserves for shareholder approval certain corporate actions, such as approval of dividends, over which a board of directors would have authority in some other jurisdictions. These Swiss law requirements relating to our capital management may limit our flexibility to swiftly implement certain initiatives or strategies, and situations may arise where greater flexibility would have provided substantial benefits to our shareholders.

We are required, from time to time, to evaluate the carrying amount of our investments in affiliates, as presented on our Swiss standalone balance sheet. If we determine that the carrying amount of any such investment exceeds its fair value, we may conclude that such investment is impaired. Any recognized loss associated with such a non-cash impairment could result in our net assets no longer covering our statutory share capital and statutory capital reserves. Under Swiss law, if our net assets cover less than 50 percent of our statutory share capital and statutory capital reserves, the board of directors must convene a general meeting of shareholders and propose measures to remedy such a capital loss. Appropriate measures depend on the relevant circumstances and the magnitude of the recognized loss and may include seeking shareholder approval for offsetting the aggregate loss, or a portion thereof, with our statutory capital reserves, including qualifying additional paid-in capital otherwise available for distributions to shareholders, or raising new equity. Depending on the circumstances, we may also need to use qualifying additional paid-in capital available for distributions in order to reduce our accumulated net loss and such use might reduce our ability to make distributions without subjecting our shareholders to Swiss withholding tax.

Distributions to shareholders in the form of a par value reduction and dividend distributions out of qualifying additional paid-in capital are currently not subject to the 35 percent Swiss federal withholding tax. However, the Swiss withholding tax rules could be changed in the future, and any such change may adversely affect us or our shareholders. In addition, over the long term, the amount of par value available for us to use for par value reductions or the amount of qualifying additional paid-in capital available for us to pay out as distributions is limited. If we are unable to make a distribution through a reduction in par value, or out of qualifying additional paid-in capital as shown on Transocean Ltd.'s standalone Swiss statutory financial statements, we may not be able to make distributions without subjecting our shareholders to Swiss withholding taxes.

Under Swiss tax law, repurchases of shares for the purposes of capital reduction are treated as a partial liquidation subject to a 35 percent Swiss withholding tax based on the difference between the repurchase price and the related amount of par value and the related amount of qualifying additional paid-in capital, if any. At our 2009 annual general meeting, our shareholders approved the repurchase of up to CHF 3.5 billion of our shares for cancellation under the share repurchase program. If we repurchase shares, we expect to use an alternative procedure pursuant to which we repurchase shares via a "virtual second trading line" from market players, such as banks and institutional investors, who are generally entitled to receive a full refund of the Swiss withholding tax. The use of such "virtual second trading line" with respect to share repurchase programs is subject to the approval of the competent Swiss tax and other authorities. We may not be

able to repurchase as many shares as we would like to repurchase for purposes of capital reduction on the “virtual second trading line” without subjecting the selling shareholders to Swiss withholding taxes.

WE ARE SUBJECT TO ANTI-TAKEOVER PROVISIONS.

Our articles of association and Swiss law contain provisions that could prevent or delay an acquisition of the company by means of a tender offer, a proxy contest or otherwise. Actions taken under such provisions may adversely affect prevailing market prices for our shares, and could, among other things:

- provide that the board of directors is authorized, subject to obtaining shareholder approval every two years, at any time during a maximum two-year period, which under our current authorized share capital will expire on May 27, 2023, to issue a specified number of shares, which under our current authorized share capital is approximately 22 percent of the share capital registered in the commercial register as of February 14, 2022, and to limit or withdraw the preemptive rights of existing shareholders in various circumstances;
- provide for a conditional share capital that authorizes the issuance of additional shares up to a maximum amount of approximately 20 percent of the share capital registered in the commercial register as of February 14, 2022, without obtaining additional shareholder approval through: (1) the exercise of conversion, exchange, option, warrant or similar rights for the subscription of shares granted in connection with bonds, options, warrants or other securities newly or already issued in national or international capital markets or new or already existing contractual obligations by or of any of our subsidiaries; or (2) in connection with the issuance of shares, options or other share-based awards;
- provide that any shareholder who wishes to propose any business or to nominate a person or persons for election as director at any annual meeting may only do so if we are given advance notice;
- provide that directors can be removed from office only by the affirmative vote of the holders of at least 66 2/3 percent of the shares entitled to vote;
- provide that a merger or demerger transaction requires the affirmative vote of the holders of at least 66 2/3 percent of the shares represented at the meeting and provide for the possibility of a so-called cash-out or squeeze-out merger if the acquirer controls 90 percent of the outstanding shares entitled to vote at the meeting;
- provide that any action required or permitted to be taken by the holders of shares must be taken at a duly called annual or extraordinary general meeting of shareholders;
- limit the ability of our shareholders to amend or repeal some provisions of our articles of association; and
- limit transactions between us and an “interested shareholder,” which is generally defined as a shareholder that, together with its affiliates and associates, beneficially, directly or indirectly, owns 15 percent or more of our shares entitled to vote at a general meeting.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

The description of our property included under “Item 1. Business” is incorporated by reference herein. We maintain offices, land bases and other facilities worldwide, most of which we lease, including principal executive offices in Steinhausen, Switzerland, and corporate offices in Houston, Texas, and the Cayman Islands. Our remaining offices and bases are located in various countries in North America, Europe, South America, Asia and Africa.

ITEM 3. LEGAL PROCEEDINGS

We have certain actions, claims and other matters pending as discussed and reported in “Part II. Item 8. Financial Statements and Supplementary Data—Notes to Consolidated Financial Statements—Note 13—Commitments and Contingencies” and “Part II. Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations—Other Matters—Regulatory Matters” in this annual report. We are also involved in various tax matters as described in “Part II. Item 8. Financial Statements and Supplementary Data—Notes to Consolidated Financial Statements—Note 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 this annual report. All such actions, claims, tax and other matters disclosed therein are incorporated herein by reference.

As of December 31, 2021, we were involved in a number of other lawsuits, regulatory matters, disputes and claims, asserted and unasserted, all of which have arisen in the ordinary course of our business and for which we do not expect the liability, if any, to have a material adverse effect on our consolidated financial position, results of operations or cash flows. We cannot predict with certainty the outcome or effect of any of the matters referred to above or of any such other pending or threatened litigation or legal proceedings. 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., our wholly owned subsidiary, received a letter from the 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 (“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 records retention, reporting requirements, discharges, permit limits, inspections and maintenance, and the submission of

monitoring reports. 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 have initiated settlement discussions with the DOJ, and the enforcement action will likely result in our agreeing to take or continue to take certain corrective actions to ensure current and future Permit and CWA compliance and to pay a monetary penalty, which we believe at this time would be immaterial. We do not believe that the enforcement action would have a material adverse effect on our consolidated financial position, results of operations or cash flow. If our current expectations relating to these costs prove to be inaccurate, future expenditures may exceed our accrued amounts.

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 4. MINE SAFETY DISCLOSURES

Not applicable.

INFORMATION ABOUT OUR EXECUTIVE OFFICERS

We have included the following information, presented as of February 14, 2022, on our executive officers for purposes of U.S. securities laws in Part I of this report in reliance on General Instruction G(3) to Form 10-K. The board of directors elects the officers of the Company, generally on an annual basis. There is no family relationship between any of our executive officers.

Officer		Office	Age as of February 14, 2022
Jeremy D. Thigpen	(a)	Chief Executive Officer	47
Keelan Adamson	(a)	President and Chief Operating Officer	52
Howard E. Davis		Executive Vice President, Chief Administrative Officer and Chief Information Officer	63
Brady K. Long		Executive Vice President and General Counsel	49
Mark L. Mey	(a)	Executive Vice President and Chief Financial Officer	58
David Tonnel		Senior Vice President and Chief Accounting Officer	52

(a) Member of our executive management team for purposes of Swiss law.

Jeremy D. Thigpen is Chief Executive Officer and a member of the Company's board of directors. Before joining the Company in this position in April 2015, Mr. Thigpen served as Senior Vice President and Chief Financial Officer at National Oilwell Varco, Inc. from December 2012 to April 2015. At National Oilwell Varco, Inc., Mr. Thigpen also served as President, Downhole and Pumping Solutions from August 2007 to December 2012, as President of the Downhole Tools Group from May 2003 to August 2007 and as manager of the Downhole Tools Group from April 2002 to May 2003. From 2000 to 2002, Mr. Thigpen served as the Director of Business Development and Special Assistant to the Chairman for National Oilwell Varco, Inc. Mr. Thigpen earned a Bachelor of Arts degree in Economics and Managerial Studies from Rice University in 1997, and he completed the Program for Management Development at Harvard Business School in 2001.

Keelan Adamson is President and Chief Operating Officer of the Company. Before being named to his current position in February 2022, Mr. Adamson served as Executive Vice President and Chief Operations Officer from August 2018 to February 2022, as Senior Vice President, Operations from October 2017 to July 2018 and as Senior Vice President, Operations Integrity and HSE, from June 2015 to October 2017. Since 2010, Mr. Adamson served in multiple executive positions with responsibilities spanning Engineering and Technical Services, Major Capital Projects, Human Resources, and more recently, Operations Integrity and HSE. Mr. Adamson started his career as a drilling engineer with BP Exploration in 1991 and joined Transocean in July 1995. In addition to several management assignments in the U.K., Asia, and Africa, he also held leadership roles in Sales and Marketing, Well Construction and Technology, and as Managing Director for operations in North America, Canada and Trinidad. Mr. Adamson earned a bachelor's degree in Aeronautical Engineering from The Queens University of Belfast and completed the Advanced Management program at Harvard Business School in 2016. Mr. Adamson also currently serves on the board of the National Ocean Industries Association.

Howard E. Davis is Executive Vice President, Chief Administrative Officer and Chief Information Officer of the Company. Before joining the Company in this position in August 2015, Mr. Davis served as Senior Vice President, Chief Administrative Officer and Chief Information Officer of National Oilwell Varco, Inc. from March 2005 to April 2015 and as Vice President, Chief Administrative Officer and Chief Information Officer from August 2002 to March 2005. Mr. Davis earned a bachelor's degree from University of Kentucky in 1980, and he completed the Advanced Management Program at Harvard Business School in 2005.

Brady K. Long is Executive Vice President and General Counsel of the Company. Before being named to his current position in March 2018, Mr. Long served as Senior Vice President and General Counsel from November 2015 to March 2018. From 2011 to November 2015, when Mr. Long joined the Company, he served as Vice President—General Counsel and Secretary of Ensco plc, which acquired Pride International, Inc. where he had served as Vice President, General Counsel and Secretary since August 2009. Mr. Long joined Pride International, Inc. in June 2005 as Assistant General Counsel and served as Chief Compliance Officer from June 2006 to February 2009. He was director of Transocean Partners LLC from May 2016 until December 2016. Mr. Long previously practiced corporate and securities law with the law firm of Bracewell LLP. Mr. Long earned a Bachelor of Arts degree from Brigham Young University in 1996, a Juris Doctorate degree from the University of Texas School of Law in 1999 and an Executive LLM in Taxation from New York University in 2019.

Mark L. Mey is Executive Vice President and Chief Financial Officer of the Company. Before joining the Company in this position in May 2015, Mr. Mey served as Executive Vice President and Chief Financial Officer of Atwood Oceanics, Inc. from January 2015 to May 2015, prior to which he served as Senior Vice President and Chief Financial Officer from August 2010. Mr. Mey was director of Transocean Partners LLC from June 2015 until December 2016. He served as Director, Senior Vice President and Chief Financial Officer of Scorpion Offshore Ltd. from August 2005 to July 2010. Prior to 2005, Mr. Mey held various senior financial and other roles in the drilling and financial services industries, including 12 years with Noble Corporation. He earned an Advanced Diploma in Accounting and a Bachelor of Commerce degree from the University of Port Elizabeth in South Africa in 1985, and he is a chartered accountant. Additionally, Mr. Mey completed the Harvard Business School Executive Advanced Management Program in 1998.

David Tonnel is Senior Vice President and Chief Accounting Officer. Before being named to his current position in April 2017, he served as Senior Vice President, Supply Chain and Corporate Controller from October 2015 to April 2017, as Senior Vice President, Finance and Controller from March 2012 to October 2015 and as Senior Vice President of the Europe and Africa Unit from June 2009 to March 2012. Mr. Tonnel served as Vice President of Global Supply Chain from November 2008 to June 2009, as Vice President of Integration and Process Improvement from November 2007 to November 2008, and as Vice President and Controller from February 2005 to November 2007. Prior to February 2005, he served in various financial roles, including Assistant Controller, Finance Manager, Asia Australia Region; and Controller, Nigeria. Mr. Tonnel joined the Company in 1996 after working for Ernst & Young in France as Senior Auditor. Mr. Tonnel earned a Master of Science degree in Management from HEC in Paris, France in 1991.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED SHAREHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

MARKET FOR SHARES OF OUR COMMON EQUITY

Our shares are listed on the New York Stock Exchange under the ticker symbol "RIG." On February 14, 2022, we had 656,377,507 shares outstanding and 5,060 holders of record of our shares.

SHAREHOLDER MATTERS

Swiss tax consequences to our shareholders

Overview—The tax consequences discussed below are not a complete analysis or listing of all the possible tax consequences that may be relevant to our shareholders. Shareholders should consult their own tax advisors in respect of the tax consequences related to receipt, ownership, purchase or sale or other disposition of our shares and the procedures for claiming a refund of withholding tax.

Swiss income tax on dividends and similar distributions—A non-Swiss holder is not subject to Swiss income taxes on dividend income and similar distributions in respect of our shares, unless the shares are attributable to a permanent establishment or a fixed place of business maintained in Switzerland by such non-Swiss holder. However, dividends and similar distributions are subject to Swiss withholding tax, subject to certain exceptions. See "—Swiss withholding tax on dividends and similar distributions to shareholders."

Swiss wealth tax—A non-Swiss holder is not subject to Swiss wealth taxes unless the holder's shares are attributable to a permanent establishment or a fixed place of business maintained in Switzerland by such non-Swiss holder.

Swiss capital gains tax upon disposal of shares—A non-Swiss holder is not subject to Swiss income taxes for capital gains unless the holder's shares are attributable to a permanent establishment or a fixed place of business maintained in Switzerland by such non-Swiss holder. In such case, the non-Swiss holder is required to recognize capital gains or losses on the sale of such shares, which are subject to cantonal, communal and federal income tax.

Swiss withholding tax on dividends and similar distributions to shareholders—A Swiss withholding tax of 35 percent is due on dividends and similar distributions to our shareholders from us, regardless of the place of residency of the shareholder, subject to the exceptions discussed under "—Exemption" below. We will be required to withhold at such rate and remit on a net basis any payments made to a holder of our shares and pay such withheld amounts to the Swiss federal tax authorities.

Exemption—Distributions to shareholders in the form of a par value reduction or out of qualifying additional paid-in capital for Swiss statutory purposes are exempt from Swiss withholding tax. On December 31, 2021, the aggregate amount of par value of our outstanding shares was CHF 65.5 million, equivalent to approximately \$71.8 million, and the aggregate amount of qualifying additional paid-in capital of our outstanding shares was CHF 13.7 billion, equivalent to approximately \$15.0 billion. Consequently, we expect that a substantial amount of any potential future distributions may be exempt from Swiss withholding tax.

Refund available to Swiss holders—A Swiss tax resident, corporate or individual, can recover the withholding tax in full if such resident is the beneficial owner of our shares at the time the dividend or other distribution becomes due and provided that such resident reports the gross distribution received on such resident's income tax return, or in the case of an entity, includes the taxable income in such resident's income statement.

Refund available to non-Swiss holders—If the shareholder that receives a distribution from us is not a Swiss tax resident, does not hold our shares in connection with a permanent establishment or a fixed place of business maintained in Switzerland, and resides in a country that has concluded a treaty for the avoidance of double taxation with Switzerland for which the conditions for the application and protection of and by the treaty are met, then the shareholder may be entitled to a full or partial refund of the withholding tax described above. Switzerland has entered into bilateral treaties for the avoidance of double taxation with respect to income taxes with numerous countries, including the United States ("U.S."), whereby under certain circumstances all or part of the withholding tax may be refunded. The procedures for claiming treaty refunds, and the time frame required for obtaining a refund, may differ from country to country.

Refund available to U.S. residents—The Swiss-U.S. tax treaty provides that U.S. residents eligible for benefits under the treaty can seek a refund of the Swiss withholding tax on dividends for the portion exceeding 15 percent, leading to a refund of 20 percent, or a 100 percent refund in the case of qualified pension funds. As a general rule, the refund will be granted under the treaty if the U.S. resident can show evidence of the following: (a) beneficial ownership, (b) U.S. residency and (c) meeting the U.S.-Swiss tax treaty's limitation on benefits requirements. The claim for refund must be filed with the Swiss federal tax authorities (Eigerstrasse 65, 3003 Bern, Switzerland), not later than December 31 of the third year following the year in which the dividend payments became due. The relevant Swiss tax form is Form 82C for companies, 82E for other entities and 82I for individuals. These forms can be obtained from any Swiss Consulate General in the U.S. or from the Swiss federal tax authorities at the above address or can be downloaded from the webpage of the Swiss federal tax administration. Each form must be completed in triplicate, with each copy duly completed and signed before a notary public in the U.S. Evidence that the withholding tax was withheld at the source must also be included.

Stamp duties in relation to the transfer of shares—The purchase or sale of our shares may be subject to Swiss federal stamp taxes on the transfer of securities irrespective of the place of residency of the purchaser or seller if the transaction takes place through or with a Swiss bank or other Swiss securities dealer, as those terms are defined in the Swiss Federal Stamp Tax Act and no exemption applies in the specific case. If a purchase or sale is not entered into through or with a Swiss bank or other Swiss securities dealer, then no stamp tax will be due. The applicable stamp tax rate is 0.075 percent for each of the two parties to a transaction and is calculated based on the purchase price or sale proceeds. If the transaction does not involve cash consideration, the transfer stamp duty is computed on the basis of the market value of the consideration.

Share repurchases

Shares repurchased for the purpose of capital reduction are treated as a partial liquidation subject to a 35 percent Swiss withholding tax based on the difference between the repurchase price and the related amount of par value and the related amount of qualifying additional paid-in capital, if any. We would be required to remit on a net basis the purchase price with the Swiss withholding tax deducted to a holder of our shares and pay the withholding tax to the Swiss federal tax authorities. However, for such repurchased shares, the portions of the repurchase price that are attributable to the par value and the qualifying additional paid-in capital for Swiss statutory reporting purposes are not subject to the Swiss withholding tax.

If we repurchase shares, we expect to use an alternative procedure pursuant to which we repurchase our shares via a "virtual second trading line" from market players, such as banks and institutional investors, who are generally entitled to receive a full refund of the Swiss withholding tax. The use of such "virtual second trading line" with respect to share repurchase programs is subject to approval of the competent Swiss tax and other authorities. We may not be able to repurchase as many shares as we would like to repurchase for purposes of capital reduction on the "virtual second trading line" without subjecting the selling shareholders to Swiss withholding taxes. The repurchase of shares for purposes other than for cancellation, such as to retain as treasury shares for use in connection with stock incentive plans, convertible debt or other instruments within certain periods, are not generally subject to Swiss withholding tax.

Under Swiss corporate law, the right of a company and its subsidiaries to repurchase and hold its own shares is limited. A company may repurchase its shares to the extent it has freely distributable reserves as shown on its Swiss statutory balance sheet in the amount of the purchase price and if the aggregate par value of all shares held by the company as treasury shares does not exceed 10 percent of the company's share capital recorded in the Swiss Commercial Register, whereby for purposes of determining whether the 10 percent threshold has been reached, shares repurchased under a share repurchase program for cancellation purposes authorized by the company's shareholders are disregarded. As of February 14, 2022, Transocean Inc., our wholly owned subsidiary, held as treasury shares 9.86 percent of our issued shares. Our board of directors could, to the extent freely distributable reserves are available, authorize the repurchase of additional shares for purposes other than cancellation, such as to retain treasury shares for use in satisfying our obligations in connection with incentive plans or other rights to acquire our shares. Based on the number of shares held as treasury shares as of February 14, 2022, less than one percent of our issued shares could be repurchased for purposes of retention as additional treasury shares. Although our board of directors has not approved such a share repurchase program for the purpose of retaining repurchased shares as treasury shares, if it did so, any such shares repurchased would be in addition to any shares repurchased under the currently approved program.

ISSUER PURCHASES OF EQUITY SECURITIES

Period	Total number of shares purchased	Average price paid per share	Total number of shares purchased as part of publicly announced plans or programs (a)	Approximate dollar value of shares that may yet be purchased under the plans or programs (in millions) (a)
October 2021	—	\$ —	—	\$ 3,552
November 2021	—	—	—	3,552
December 2021	—	—	—	3,552
Total	—	\$ —	—	\$ 3,552

- (a) In May 2009, at our annual general meeting, our shareholders approved and authorized our board of directors, at its discretion, to repurchase for cancellation any amount of our shares for an aggregate purchase price of up to CHF 3.50 billion. At December 31, 2021, the authorization remaining under the share repurchase program was for the repurchase of our outstanding shares for an aggregate cost of up to CHF 3.24 billion, equivalent to \$3.55 billion. The share repurchase program may be suspended or discontinued by our board of directors or company management, as applicable, at any time. See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Sources and uses of liquidity."

ITEM 6. RESERVED

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following information should be read in conjunction with the information contained in "Part I. Item 1. Business," "Part I. Item 1A. Risk Factors" and the audited consolidated financial statements and the notes thereto included under "Item 8. Financial Statements and Supplementary Data" elsewhere in this annual report. The following discussion of our results of operations and liquidity and capital resources includes comparisons for the years ended December 31, 2021 and 2020. For a discussion, including comparisons, of our results of operations and liquidity and capital resources for the years ended December 31, 2020 and 2019, see "Part II. Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" of our annual report on Form 10-K for the year ended December 31, 2020, filed with the United States ("U.S.") Securities and Exchange Commission on March 1, 2021.

BUSINESS

Transocean Ltd. (together with its subsidiaries and predecessors, unless the context requires otherwise, "Transocean," "we," "us" or "our") is a leading international provider of offshore contract drilling services for oil and gas wells. As of February 14, 2022, we owned or had partial ownership interests in and operated 37 mobile offshore drilling units, consisting of 27 ultra-deepwater floaters and 10 harsh environment floaters. As of February 14, 2022, we were constructing two ultra-deepwater drillships.

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.

SIGNIFICANT EVENTS

Share issuance—In June 2021, we commenced an at the market equity offering program (the "ATM Program"). In the year ended December 31, 2021, we received aggregate cash proceeds of \$158 million, net of issue costs, for the aggregate sale of 36.1 million shares under the ATM Program. See "—Liquidity and Capital Resources—Sources and uses of liquidity."

Shipyard financing arrangement—In June 2021, Transocean Offshore Deepwater Holdings Limited, a Cayman Islands company and our wholly owned indirect subsidiary, entered into credit agreements with Jurong Shipyard Pte Ltd. establishing facilities (the "Shipyard Loans") to finance the final payments expected to be owed to the shipyard upon delivery of the ultra-deepwater floaters *Deepwater Atlas* and *Deepwater Titan*. See "—Liquidity and Capital Resources."

Debt exchanges—In February 2021, we completed private exchanges (the "2021 Private Exchange") of \$323 million aggregate principal amount of outstanding 0.50% exchangeable senior bonds due January 2023 (the "0.50% Exchangeable Senior Bonds") for \$294 million aggregate principal amount of the 4.00% senior guaranteed exchangeable bonds due December 2025 (the "4.00% Senior Guaranteed Exchangeable Bonds"), together with an aggregate cash payment of \$11 million. In the year ended December 31, 2021, we recognized a gain of \$51 million associated with the retirement of exchanged debt. See "—Operating Results" and "—Liquidity and Capital Resources—Sources and uses of liquidity."

Early debt retirement—In the year ended December 31, 2021, we repurchased in the open market \$79 million aggregate principal amount of our debt securities for an aggregate cash payment of \$79 million. In January 2022, we repaid the then-outstanding \$18 million aggregate principal amount of the 5.52% Senior Secured Notes due May 2022 (the "5.52% Senior Secured Notes") early for an aggregate cash payment of \$18 million. See "—Operating Results" and "—Liquidity and Capital Resources—Sources and uses of liquidity."

Dispositions—During the year ended December 31, 2021, we completed the sale of one harsh environment floater, along with related assets, for which we received \$4 million aggregate net cash proceeds and recognized an aggregate net loss of \$57 million. See "—Operating Results."

OUTLOOK

Drilling market—Our overall outlook for the offshore drilling industry has improved over the past year and remains positive, particularly for high-specification assets, such as those we own and operate. During the second half of 2021, our customers' interest in deepwater and harsh environment offshore projects was renewed due to numerous favorable factors, such as sustained higher commodity prices and comparably lower carbon intensity compared to other sources of fossil fuel. South America, including Guyana, the

U.S. Gulf of Mexico and, increasingly, West Africa remain key ultra-deepwater market sectors, while Norway continues to represent the largest harsh environment market.

In addition, in 2021, we observed continued strong tendering activity for Asia and Australia. Licensing activity also indicated an increased interest in these areas as energy companies looked to explore and develop new prospects. Certain customers began to increase their exploration, production and reserve replacement activities by restarting delayed projects and commencing new campaigns. We have seen an acceleration in this trend in early 2022. While we expect this to continue in the near term, and potentially longer, it depends upon many variables, including increased global demand for hydrocarbons, the effects of the COVID-19 pandemic on consumer activity, the actions by some governments and regulators intended to curtail existing and future drilling activities, and other factors.

Offshore drilling activity is increasing in almost every ultra-deepwater market, and due to attrition of the global offshore fleet over the last several years, there are significantly fewer available drilling units and, particularly, an increasing scarcity of the highest specification drilling units as customers look to secure the best equipment for their projects. In the North Sea harsh environment market, an accelerated level of recovery is anticipated in 2023 through 2026 as the effect of Norway tax incentive programs is realized by our customers.

Global energy demand is expected to increase in member and non-member countries of the Organization for Economic Co-operation and Development. Non-member countries, in particular, are expected to experience the largest population growth and most significant increases in living standards, creating a compounding effect on energy consumption. We believe that this forecasted increase in global energy demand will support an increase in demand for oil and gas. In the context of the sharp decline in production activities that resulted from the pandemic and the lack of investment in exploration and production activities over the past seven years, we believe an increase in demand will precipitate substantial supply constraints that are not easily reversed without significant new investment in drilling.

With deepwater and harsh environment fields offering increasingly competitive returns, combined with their comparably low carbon intensity of production, we expect a significant portion of required spending in fossil fuel development will be allocated to deepwater and harsh environment projects. As the hydrocarbon supply-demand balance further improves, we expect sustained prices to increase demand for our high-specification fleet of assets and, because there are now fewer offshore drilling rigs than in recent years, further improvement of dayrates.

As of February 14, 2022, our contract backlog was \$6.47 billion compared to \$7.07 billion as of October 25, 2021. The risks of drilling project delays, contract renegotiations and contract terminations and cancellations have diminished as oil prices have improved and stabilized.

Fleet status—We refer to the availability of our rigs in terms of the uncommitted fleet rate. The uncommitted fleet rate is defined as the number of uncommitted days divided by the total number of rig calendar days in the measurement period, expressed as a percentage. An uncommitted day is defined as a calendar day during which a rig is idle or stacked, is not contracted to a customer and is not committed to a shipyard. The uncommitted fleet rates exclude the effect of priced options. As of February 14, 2022, our uncommitted fleet rates for each of the five years in the period ending December 31, 2026 were as follows:

	2022	2023	2024	2025	2026
Uncommitted fleet rate					
Ultra-deepwater floaters	60 %	72 %	81 %	83 %	88 %
Harsh environment floaters	48 %	76 %	98 %	100 %	100 %

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 significant to our contract drilling revenues. The contract backlog represents the maximum contract drilling revenues that can be earned considering the contractual operating dayrate in effect during the firm contract period. The contract backlog for our fleet was as follows:

	February 14, 2022	October 25, 2021	February 12, 2021
Contract backlog		(In millions)	
Ultra-deepwater floaters	\$ 5,301	\$ 5,626	\$ 5,911
Harsh environment floaters	1,165	1,443	1,931
Total contract backlog	\$ 6,466	\$ 7,069	\$ 7,842

Our contract backlog includes only firm commitments, including amounts associated with our contracted newbuild units under construction, 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 average contractual dayrate relative to our contract backlog is defined as the average maximum contractual operating dayrate to be earned per operating day in the measurement period. An operating day is defined as a day for which a rig is contracted to earn a

dayrate during the firm contract period after operations commence. At February 14, 2022, the contract backlog and average contractual dayrates for our fleet were as follows:

		For the years ending December 31,				
	Total	2022	2023	2024	2025	Thereafter
Contract backlog						
		(In millions, except average dayrates)				
Ultra-deepwater floaters	\$ 5,301	\$ 1,255	\$ 1,149	\$ 938	\$ 858	\$ 1,101
Harsh environment floaters	1,165	753	385	27	—	—
Total contract backlog	\$ 6,466	\$ 2,008	\$ 1,534	\$ 965	\$ 858	\$ 1,101

Average contractual dayrates

Ultra-deepwater floaters	\$ 406,000	\$ 320,000	\$ 390,000	\$ 469,000	\$ 470,000	\$ 467,000
Harsh environment floaters	\$ 410,000	\$ 397,000	\$ 437,000	\$ 424,000	\$ —	\$ —
Total fleet average	\$ 407,000	\$ 345,000	\$ 401,000	\$ 467,000	\$ 470,000	\$ 467,000

The actual amount of revenues earned and the actual periods in which revenues are earned will differ from the amounts and periods shown in the tables above due to various factors, including shipyard and maintenance projects, unplanned downtime and other factors that result in lower applicable dayrates than the full contractual operating dayrate. Additional factors that could affect the amount and timing of actual revenues to be recognized include customer liquidity issues and contract terminations that may be available to our customers under certain circumstances.

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 or suspension of operations. In certain contracts, the actual dayrate may be reduced to zero if, for example, repairs extend beyond a stated period of time. See “Part I. Item 1A. Risk Factors—Risks related to our business—Our current backlog of contract drilling revenues may not be fully realized.”

Average daily revenue—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. The average daily revenue for our fleet was as follows:

	Years ended December 31,		
	2021	2020	2019
Average daily revenue			
Ultra-deepwater floaters	\$ 355,500	\$ 324,500	\$ 337,900
Harsh environment floaters	\$ 386,200	\$ 339,600	\$ 298,500
Midwater floaters	\$ —	\$ 111,400	\$ 118,400
Total fleet average daily revenue	\$ 365,600	\$ 327,500	\$ 313,400

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. Our total fleet average daily revenue is affected by the mix of rig classes being operated. Midwater floaters, for example, which we no longer operate, are typically contracted at lower dayrates compared to ultra-deepwater floaters and harsh environment floaters. Revenues for a contracted newbuild unit are included in the calculation when the rig commences operations upon acceptance by the customer. We remove rigs from the calculation upon disposal or classification as held for sale, unless we continue to operate rigs subsequent to sale, in which case we remove the rigs at the time of completion or novation of the contract.

Revenue efficiency—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 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:

	Years ended December 31,		
	2021	2020	2019
Revenue efficiency			
Ultra-deepwater floaters	96.1 %	97.2 %	98.5 %
Harsh environment floaters	98.8 %	95.0 %	95.0 %
Midwater floaters	— %	86.2 %	99.3 %
Total fleet average revenue efficiency	97.0 %	96.3 %	97.2 %

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:

	Years ended December 31,		
	2021	2020	2019
Rig utilization			
Ultra-deepwater floaters	49.3 %	58.5 %	51.0 %
Harsh environment floaters	64.4 %	72.6 %	77.5 %
Midwater floaters	— %	37.1 %	36.7 %
Total fleet average rig utilization	53.4 %	62.4 %	57.6 %

Our rig utilization rate declines as a result of idle and stacked rigs and during shipyard and mobilization periods to the extent these rigs are not earning revenues. We include newbuilds in the calculation when the rigs commence operations upon acceptance by the customer. We remove rigs from the calculation upon disposal or classification as held for sale. Accordingly, our rig utilization can increase when we remove idle or stacked units from our fleet.

OPERATING RESULTS

Year ended December 31, 2021 compared to the year ended December 31, 2020

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.

	Years ended December 31,			
	2021	2020	Change	% Change
	(In millions, except day amounts and percentages)			
Operating days	7,236	9,169	(1,933)	(21)%
Average daily revenue	\$ 365,600	\$ 327,500	\$ 38,100	12 %
Revenue efficiency	97.0 %	96.3 %		
Rig utilization	53.4 %	62.4 %		
Contract drilling revenues	\$ 2,556	\$ 3,152	\$ (596)	(19)%
Operating and maintenance expense	(1,697)	(2,000)	303	15 %
Depreciation and amortization expense	(742)	(781)	39	5 %
General and administrative expense	(167)	(183)	16	9 %
Loss on impairment	—	(597)	597	nm
Loss on disposal of assets, net	(62)	(84)	22	26 %
Operating loss	(112)	(493)	381	77 %
Other income (expense), net				
Interest income	15	21	(6)	(29)%
Interest expense, net of amounts capitalized	(447)	(575)	128	22 %
Gain on restructuring and retirement of debt, net	51	533	(482)	(90)%
Other, net	23	(27)	50	nm
Loss before income tax expense	(470)	(541)	71	13 %
Income tax expense	(121)	(27)	(94)	nm
Net loss	\$ (591)	\$ (568)	\$ (23)	(4)%

“nm” means not meaningful.

Contract drilling revenues—Contract drilling revenues decreased for the year ended December 31, 2021, compared to the year ended December 31, 2020, primarily due to the following: (a) approximately \$200 million resulting from the settlement of disputes and payments for early termination of a contract in the year ended December 31, 2020 with no comparable activity in the current year period, (b) approximately \$185 million resulting from rigs that were idle or in shipyard preparing for contracts in the current year, (c) approximately \$155 million resulting from rigs that were stacked in the prior year and (d) approximately \$115 million resulting from rigs that were sold. These decreases were partially offset by the following increases: (a) approximately \$55 million resulting from increased average daily revenue and (b) approximately \$5 million resulting from higher revenue efficiency.

Costs and expenses—Operating and maintenance costs and expenses decreased for the year ended December 31, 2021, compared to the year ended December 31, 2020, primarily due to the following: (a) approximately \$145 million resulting from rigs that were stacked in the prior year, (b) approximately \$95 million resulting from rigs that were sold, (c) approximately \$55 million resulting from *Transocean Norge* being idle, (d) approximately \$20 million resulting from litigation and settlement costs in the prior year, (d) approximately

\$20 million resulting from severance costs of offshore and onshore personnel, (e) approximately \$15 million resulting from onshore personnel costs, excluding severance, (f) approximately \$10 million resulting from other changes in rig activity and (g) approximately \$10 million resulting from reduced costs related to COVID-19 mitigation. These decreases were partially offset by the following increases: (a) approximately \$28 million resulting from our allowance for excess materials and supplies due to our identification of certain items that were in excess of our expected future usage based on our current market outlook, (b) approximately \$35 million resulting from increased personnel costs, primarily due to unfavorable exchange rates, and (c) approximately \$20 million resulting from shipyard and maintenance costs primarily driven by out-of-service activities.

Depreciation and amortization expense decreased for the year ended December 31, 2021, compared to the year ended December 31, 2020, primarily due to approximately \$22 million resulting from rigs that were sold and approximately \$16 million resulting from assets that had reached the end of their useful lives or had been retired.

General and administrative expense decreased for the year ended December 31, 2021, compared to the year ended December 31, 2020, primarily due to the following: (a) approximately \$13 million resulting from reduced personnel costs, including severance, related to our cost savings plan implemented in the year ended December 31, 2020 and (b) approximately \$5 million resulting from reduced costs for information systems and technology, partially offset by (c) approximately \$6 million resulting from increased strategy and innovation costs.

Loss on impairment or disposal of assets—In the year ended December 31, 2020, we recognized a loss on the impairment of assets, including an aggregate net loss of \$556 million associated with assets that we determined were impaired at the time we classified them as held for sale, a loss of \$31 million associated with the impairment of our midwater floater asset group and a loss of \$10 million associated with the impairment of other assets.

In the year ended December 31, 2021, we recognized an aggregate net loss of \$57 million, primarily associated with the sale of a harsh environment floater and related assets. In the year ended December 31, 2020, we recognized an aggregate net loss of \$61 million associated with the sale of one ultra-deepwater floater, three harsh environment floaters and three midwater floaters, along with related assets. In the years ended December 31, 2021 and 2020, we recognized an aggregate net loss of \$5 million and \$23 million, respectively, associated with the disposal of assets unrelated to rig sales.

Other income and expense—Interest expense, net of amounts capitalized, decreased in the year ended December 31, 2021, compared to the year ended December 31, 2020, primarily due to a decrease of \$145 million resulting from debt early retired, repaid or restructured, partially offset by an increase of \$19 million resulting from debt issued.

In the year ended December 31, 2021, we recognized an aggregate net gain of \$51 million associated with the retirement of \$323 million aggregate principal amount of the 0.50% Exchangeable Senior Bonds as a result of the 2021 Private Exchange. In the year ended December 31, 2020, we recognized a net gain on restructuring and retirement of debt, primarily due to the following: (a) an aggregate gain of \$427 million associated with the restructuring of debt in the private exchange transactions in August 2020 (the “2020 Private Exchange”) and the exchange offers in September 2020 (the “2020 Exchange Offers”), (b) an aggregate gain of \$135 million associated with the retirement of \$360 million aggregate principal amount of our debt securities in the tender offers in November 2020, (c) an aggregate gain of \$36 million associated with the retirement of \$147 million aggregate principal amount of our debt securities repurchased in the open market, partially offset by (d) a loss of \$65 million associated with the full redemption of the 9.00% senior notes due July 2023 (the “9.00% Senior Notes”).

Other income, net, increased in the year ended December 31, 2021, compared to the year ended December 31, 2020, primarily due to the following: (a) decreased loss of \$22 million resulting from impairment of our equity investment in Orion Holdings (Cayman) Limited (“Orion”), (b) increased income of \$24 million resulting from a settlement of litigation and other claims, (c) increased income of \$23 million related to the non-service components of net periodic benefit income and (d) decreased losses of \$7 million resulting from net changes to currency exchange rates, partially offset by (e) decreased income of \$25 million related to our investment in Orion and (f) decreased income of \$4 million related to our dual-activity patent.

Income tax expense—In the years ended December 31, 2021 and 2020, our effective tax rate was (25.7) percent and (5.1) percent, respectively, based on loss before income tax expense. In the years ended December 31, 2021 and 2020, the aggregate effect of discrete period tax items was a net tax expense of \$47 million and benefit of \$91 million, respectively. In the year ended December 31, 2021, such discrete items included the effect of tax law changes in Switzerland and jurisdictional ownership changes of certain assets, loss on disposal of assets, expiration and settlements of various uncertain tax positions, gain on retirement of debt, changes to our allowance for excess materials and loss on impairment of an equity investment. In the year ended December 31, 2020, such discrete items included losses on impairment and disposal of assets, gain on restructuring and retirement of debt, revenues recognized for the settlement of disputes, the loss on impairment of an equity investment, the carryback of net operating losses in the U.S., including the release of valuation allowances previously recorded, settlements and expirations of various uncertain tax positions and accruals for withholding taxes. In the years ended December 31, 2021 and 2020, our effective tax rate, excluding discrete items, was (18.5) percent and (23.4) percent, respectively, based on loss before income tax expense. In the year ended December 31, 2021 compared to the year ended December 31, 2020, our effective tax rate increased primarily due changes in the relative blend of income from operations in certain jurisdictions.

Due to our operating activities and organizational structure, our income tax expense does not change proportionally with our income before income taxes. Significant decreases in our income before income taxes typically lead to higher effective tax rates, while significant

increases in income before income taxes can lead to lower effective tax rates, subject to the other factors impacting income tax expense noted above. With respect to the effective tax rate calculation for the year ended December 31, 2021, a significant portion of our income tax expense was generated in countries in which income taxes are imposed or treated to be imposed on gross revenues, with the most significant of these countries being Angola and India. Conversely, the countries in which we incurred the most significant income taxes during this period that were based on income before income tax include the U.S., Switzerland, Norway and Hungary. Our rig operating structures further complicate our tax calculations, especially in instances where we have more than one operating structure for the taxing jurisdiction and, thus, more than one method of calculating taxes depending on the operating structure utilized by the rig under the contract.

LIQUIDITY AND CAPITAL RESOURCES

Sources and uses of cash

At December 31, 2021, we had \$976 million in unrestricted cash and cash equivalents and \$436 million in restricted cash and cash equivalents. In the year ended December 31, 2021, our primary sources of cash were net cash provided by operating activities and net cash proceeds from the issuance of shares under the ATM Program. Our primary uses of cash were debt repayments and capital expenditures.

	Years ended December 31,		Change
	2021	2020 (In millions)	
Cash flows from operating activities			
Net loss	\$ (591)	\$ (568)	\$ (23)
Non-cash items, net	1,243	1,380	(137)
Changes in operating assets and liabilities, net	(77)	(414)	337
	<u>\$ 575</u>	<u>\$ 398</u>	<u>\$ 177</u>

Net cash provided by operating activities increased primarily due to (a) reduced cash paid for interest, (b) the cash payment of \$125 million released from restricted cash to satisfy our remaining obligations under the Plaintiff Steering Committee settlement agreement in June 2020 with no comparable activity in the current year and (c) reduced cash paid for income taxes.

	Years ended December 31,		Change
	2021	2020 (In millions)	
Cash flows from investing activities			
Capital expenditures	\$ (208)	\$ (265)	\$ 57
Investment in loans to unconsolidated affiliates	(33)	(2)	(31)
Investments in unconsolidated affiliates	(1)	(19)	18
Proceeds from disposal of assets, net	9	24	(15)
Proceeds from maturities of unrestricted and restricted investments	—	5	(5)
	<u>\$ (233)</u>	<u>\$ (257)</u>	<u>\$ 24</u>

Net cash used in investing activities decreased primarily due to (a) reduced capital expenditures unrelated to our two newbuilds under construction and (b) reduced investments in unconsolidated affiliates, partially offset by (c) increased investments in loans to our unconsolidated affiliates and (d) reduced proceeds from disposal of assets.

	Years ended December 31,		Change
	2021	2020 (In millions)	
Cash flows from financing activities			
Repayments of debt	\$ (606)	\$ (1,637)	\$ 1,031
Proceeds from issuance of shares, net of issue costs	158	—	158
Proceeds from issuance of debt, net of discounts and issue costs	—	743	(743)
Other, net	(42)	(36)	(6)
	<u>\$ (490)</u>	<u>\$ (930)</u>	<u>\$ 440</u>

Net cash used in financing activities decreased primarily due to (a) reduced cash used to repay debt, primarily as a result of the full redemption of \$714 million aggregate principal amount of the 9.00% Senior Notes in February 2020 and (b) aggregate net cash proceeds from the issuance of 36.1 million shares under the ATM Program in the current year, partially offset by (c) net cash proceeds from the issuance of the 8.00% senior notes due February 2027 (the "8.00% Senior Notes") in January 2020.

Sources and uses of liquidity

Overview—We expect to use existing unrestricted cash balances, internally generated cash flows, borrowings under the Shipyard Loans or the Secured Credit Facility, as defined below, or proceeds from the disposal of assets, the issuance of additional debt or the issuance of additional shares under the ATM Program to fulfill anticipated obligations, which may include capital expenditures, working capital

and other operational requirements, scheduled debt maturities or other payments. We may consider establishing additional financing arrangements with banks or other capital providers, and subject to market conditions and other factors, we may be required to provide collateral for any such future financing arrangements. We continue to evaluate additional potential liability management transactions in connection with our ongoing efforts to prudently manage our capital structure and improve our liquidity. In each case subject to then existing market conditions and our expected liquidity needs, among other factors, we may continue to use existing unrestricted cash balances, internally generated cash flows and proceeds from asset sales to pursue liability management transactions, including among others, purchasing or exchanging one or more existing series of our debt securities in the open market, in privately negotiated transactions, through tender offers or through exchange offers. Any future purchases, exchanges or other transactions may be on the same terms or on terms that are more or less favorable to holders than the terms of any prior transaction, including the exchange transactions completed in the years ended December 31, 2021 and 2020. 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.

The ongoing effect of the COVID-19 pandemic, including virus variants, and the volatility in oil prices could have significant adverse consequences for general economic, financial and business conditions, as well as for our business and financial position and the business and financial position of our customers and suppliers and may, among other things, impact our ability to generate cash flows from operations, access the capital markets on acceptable terms or at all, and affect our future need or ability to borrow under our Secured Credit Facility. In addition to our potential sources of funding, the effects of such global events may impact our liquidity or need to alter our allocation or sources of capital, implement further cost reduction measures and change our financial strategy.

We have generated positive cash flows from operating activities over recent years and, although we cannot provide assurances, we currently expect that such cash flows will continue to be positive over the next year. However, among other factors, if the drilling market deteriorates, or if we experience poor operating results, or if we incur expenses to, for example, reactivate, stack or otherwise assure the marketability of our fleet, cash flows from operations may be reduced or negative.

Our ability and willingness to access the debt and equity markets is a function of a variety of events, including, among others, general economic conditions, industry conditions, market conditions and market perceptions of us and our industry and credit rating agencies' views of our debt. The rating of the majority of our long-term debt ("Debt Rating") is below investment grade. The Debt Rating is causing us to experience increased fees and interest rates under our Secured Credit Facility and agreements governing certain of our senior notes. Future downgrades may further restrict our ability to access the debt market for sources of capital and may negatively impact the cost of such capital at a time when we would like, or need, to access such markets, which could have an impact on our flexibility to react to changing economic and business conditions. An economic downturn like the one we are currently experiencing could have an impact on the lenders participating in our credit facilities or on our customers, causing them to fail to meet their obligations to us.

Secured Credit Facility—As of December 31, 2021, we have a \$1.33 billion secured revolving credit facility established under a bank credit agreement (as amended from time to time, the "Secured Credit Facility"), which is scheduled to expire on June 22, 2023. The Secured Credit Facility is guaranteed by Transocean Ltd. and certain wholly owned subsidiaries. The Secured Credit Facility is secured by, among other things, a lien on nine of our ultra-deepwater floaters and two of our harsh environment floaters. The maximum borrowing capacity will be reduced to \$1.00 billion if, and so long as, our leverage ratio, measured as the aggregate principal amount of debt outstanding to earnings before interest, taxes, depreciation and amortization, exceeds 10.00 to 1.00. The Secured Credit Facility contains covenants that, among other things, include maintenance of 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 \$500 million. The Secured Credit Facility also restricts the ability of Transocean Ltd. and certain of our subsidiaries to, among other things, merge, consolidate or otherwise make changes to the corporate structure, incur liens, incur additional indebtedness, enter into transactions with affiliates and pay dividends and other distributions. In order to borrow under the Secured Credit Facility, we must, at the time of the borrowing request, not be in default under the Secured Credit Facility and make certain representations and warranties, including with respect to compliance with laws and solvency, to the lenders. Repayment of borrowings under the Secured Credit Facility are subject to acceleration upon the occurrence of an event of default. Under the agreements governing certain of our debt and finance lease, we are also subject to various covenants, including restrictions on creating liens, engaging in sale/leaseback transactions and engaging in certain merger, consolidation or reorganization transactions. A default under our public debt indentures, the agreements governing our senior secured notes, our finance lease contract or any other debt owed to unaffiliated entities that exceeds \$125 million could trigger a default under the Secured Credit Facility and, if not waived by the lenders, could cause us to lose access to the Secured Credit Facility. At February 14, 2022, we had no borrowings outstanding, \$16 million of letters of credit issued, and we had \$1.32 billion of available borrowing capacity under the Secured Credit Facility.

Shipyard financing arrangement—In June 2021, we and Jurong Shipyard Pte Ltd. entered into the Shipyard Loans to finance all or a portion of the final payments expected to be owed to the shipyard upon delivery of the ultra-deepwater floaters *Deepwater Atlas* and *Deepwater Titan*. We expect to borrow approximately \$370 million upon delivery of *Deepwater Atlas* in the six months ending June 30, 2022, and we expect to borrow approximately \$90 million upon delivery of *Deepwater Titan* in the six months ending December 31, 2022. The Shipyard Loans are guaranteed by Transocean Inc. Borrowings under the Shipyard Loan for *Deepwater Atlas* will be secured by, among other security, a lien on the rig. In certain circumstances, the maximum aggregate borrowing capacity under the Shipyard Loan for *Deepwater Titan* may be increased to approximately \$440 million, and such Shipyard Loan may also be secured by, among other security, a lien on the rig. We will repay the borrowings, together with interest of 4.5 percent per annum, according to the selected installment schedule over a maximum of a six-year period following delivery of the drilling rigs. We have the right to prepay any outstanding borrowings, in full or

in part, without penalty. The Shipyard Loans contain covenants that, among other things, limits the ability of the subsidiary owners of the drilling rigs to incur certain types of additional indebtedness or make certain additional commitments or investments. At February 14, 2022, we had no borrowings outstanding under the Shipyard Loans.

Share issuance—On June 14, 2021, we entered into an equity distribution agreement with a sales agent for the offer and sale of our shares, with up to an aggregate net offering price of \$400 million, pursuant to the ATM Program. We intend to use the net proceeds from the sale of our shares under the ATM Program for general corporate purposes, which may include, among other things the repayment or refinancing of indebtedness and the funding of working capital, capital expenditures, investments and additional balance sheet liquidity. In the year ended December 31, 2021, we received aggregate cash proceeds of \$158 million, net of issue costs, for the aggregate sale of 36.1 million shares under the ATM Program.

Debt exchanges—On February 26, 2021, we issued \$294 million aggregate principal amount of the 4.00% Senior Guaranteed Exchangeable Bonds and made an aggregate cash payment of \$11 million in the 2021 Private Exchange for \$323 million aggregate principal amount of the 0.50% Exchangeable Senior Bonds. The 4.00% Senior Guaranteed Exchangeable Bonds are guaranteed by Transocean Ltd. and the same subsidiaries of Transocean Inc. that guarantee the 2.50% senior guaranteed exchangeable bonds due January 2027 (the “2.50% Senior Guaranteed Exchangeable Bonds”) and the 11.50% senior guaranteed notes due January 2027 (the “11.50% Senior Guaranteed Notes”). The indenture that governs the 4.00% Senior Guaranteed Exchangeable Bonds also requires such bonds to be repurchased upon the occurrence of certain fundamental changes and events, at specified prices depending on the particular fundamental change or event, which include changes and events related to certain (i) change of control events applicable to Transocean Ltd. or Transocean Inc., (ii) the failure of our shares to be listed or quoted on a national securities exchange and (iii) specified tax matters. The 4.00% Senior Guaranteed Exchangeable Bonds may be exchanged at any time prior to the close of business on the second business day immediately preceding the maturity date at a current exchange rate of 190.4762 Transocean Ltd. shares per \$1,000 note, which implies an exchange price of \$5.25 per share, subject to adjustment upon the occurrence of certain events, and any such exchange may be settled in cash, Transocean Ltd. shares or a combination of cash and Transocean Ltd. shares, at our election.

On August 14, 2020, we issued \$238 million aggregate principal amount of the 2.50% Senior Guaranteed Exchangeable Bonds in the 2020 Private Exchange for \$397 million aggregate principal amount of the 0.50% Exchangeable Senior Bonds. The 2.50% Senior Guaranteed Exchangeable Bonds are fully and unconditionally guaranteed by Transocean Ltd. and certain wholly owned indirect subsidiaries of Transocean Inc. We may redeem all or a portion of the 2.50% Senior Guaranteed Exchangeable Bonds (i) on or after August 14, 2022, if certain conditions related to the price of our shares have been satisfied, at a price equal to 100 percent of the aggregate principal amount and (ii) on or after August 14, 2023, at specified redemption prices. The indenture that governs the 2.50% Senior Guaranteed Exchangeable Bonds contains covenants that, among other things, limit our ability to incur certain liens on our drilling units without equally and ratably securing the notes, engage in certain sale and lease back transactions covering any of our drilling units, allow our subsidiaries to incur certain additional debt, and consolidate, merge or enter into a scheme of arrangement qualifying as an amalgamation. The indenture that governs the 2.50% Senior Guaranteed Exchangeable Bonds also requires such bonds to be repurchased upon the occurrence of certain fundamental changes and events, at specified prices depending on the particular fundamental change or event, which include changes and events related to certain (i) change of control events applicable to Transocean Ltd. or Transocean Inc., (ii) the failure of our shares to be listed or quoted on a national securities exchange and (iii) specified tax matters. The 2.50% Senior Guaranteed Exchangeable Bonds may be exchanged at any time prior to the close of business on the second business day immediately preceding the maturity date or the redemption date at a current exchange rate of 162.1626 Transocean Ltd. shares per \$1,000 note, which implies an exchange price of \$6.17 per share, subject to adjustment upon the occurrence of certain events.

On September 11, 2020, we issued \$687 million aggregate principal amount of the 11.50% Senior Guaranteed Notes in the 2020 Exchange Offers, pursuant to an exchange offer memorandum, dated August 10, 2020, as supplemented, for an aggregate principal amount of \$1.5 billion of several series of our existing debt securities that were validly tendered and accepted for purchase. The 11.50% Senior Guaranteed Notes are fully and unconditionally guaranteed by Transocean Ltd. and certain wholly owned indirect subsidiaries of Transocean Inc. We may redeem all or a portion of the 11.50% Senior Guaranteed Notes prior to July 30, 2023 at a price equal to 100 percent of the aggregate principal amount plus a make-whole premium, and subsequently, at specified redemption prices. We may also use the net cash proceeds of certain equity offerings by Transocean Ltd. to redeem, on one or more occasions prior to July 30, 2023, up to a maximum of 40 percent of the original aggregate principal amount of the 11.50% Senior Guaranteed Notes, subject to certain adjustments, at a redemption price equal to 111.50 percent of the aggregate principal amount. The indenture that governs the 11.50% Senior Guaranteed Notes contains covenants that, among other things, limit our ability to incur certain liens on our drilling units without equally and ratably securing the notes, engage in certain sale and lease back transactions covering any of our drilling units, allow our subsidiaries to incur certain additional debt, make certain internal transfers of our drilling units and consolidate, merge or enter into a scheme of arrangement qualifying as an amalgamation.

Early debt retirement—In January 2022, we made an aggregate cash payment of \$18 million to repay the then-outstanding \$18 million aggregate principal amount of the 5.52% Senior Secured Notes, and as a result, the noteholders subsequently released all liens, the mortgage on the secured rig and \$106 million from restricted cash accounts. In the years ended December 31, 2021 and 2020, we made an aggregate cash payment of \$79 million and \$110 million, respectively, to repurchase in the open market \$79 million and \$147 million, respectively, aggregate principal amount of our debt securities. In February 2020, we made an aggregate cash payment of \$767 million, including the make-whole premium, to redeem in full the then-outstanding 9.00% Senior Notes. In November 2020, we completed the cash

tender offers to purchase certain debt securities, and as a result, we made an aggregate cash payment of \$222 million to settle the validly tendered notes.

Debt issuances—On January 17, 2020, we issued \$750 million aggregate principal amount of our 8.00% Senior Notes, and we received aggregate cash proceeds of \$743 million, net of issue costs. We may redeem all or a portion of the 8.00% Senior Notes on or prior to February 1, 2023 at a price equal to 100 percent of the aggregate principal amount plus a make-whole premium, and subsequently, at specified redemption prices.

Equity and debt investments—We hold equity and debt investments in Orion, the company that, through its wholly owned subsidiary, owns the harsh environment floater *Transocean Norge*. In June 2021, we agreed to participate in a financing arrangement for Orion, at a rate of 33.0 percent, equivalent to our ownership interest in Orion and made a cash investment of \$33 million in the loan facility.

We also hold equity and debt investments in certain unconsolidated affiliates that are involved in researching and developing technology to improve efficiency, reliability, sustainability and safety in drilling and other activities. One of these companies, Nauticus Robotics, develops highly sophisticated, ultra-sustainable marine robots and intelligent software to power them, and commercializes our patented HaloGuardSM system, which alarms, notifies and, if required, halts equipment to avoid injury to personnel who move into danger zones. Nauticus Robotics has recently entered into a definitive business combination agreement with a publicly traded special purpose acquisition company that will result in it becoming a publicly listed company.

Litigation settlement—In June 2020, the U.S. District Court for the Eastern District of Louisiana (the “MDL Court”) released the then-remaining \$125 million of assets held in the escrow account established to satisfy our remaining obligations under the settlement agreement that we and the Plaintiff Steering Committee filed in May 2015 with the MDL Court, in which most claims against us for damages related to the blowout of the Macondo well in April 2010 were consolidated by the U.S. Judicial Panel on Multidistrict Litigation. Following the release of assets, all significant litigation, including civil and criminal claims, resulting from the Macondo well incident had been resolved.

Share repurchase program—In May 2009, at our annual general meeting, our shareholders approved and authorized our board of directors, at its discretion, to repurchase an amount of our shares for cancellation with an aggregate purchase price of up to CHF 3.50 billion. On February 12, 2010, our board of directors authorized our management to implement the share repurchase program. At December 31, 2021, the authorization remaining under the share repurchase program was for the repurchase of up to CHF 3.24 billion, equivalent to approximately \$3.55 billion, of our outstanding shares. We intend to fund any repurchases using available cash balances and cash from operating activities. The share repurchase program could be suspended or discontinued by our board of directors or company management, as applicable, at any time. We may decide, based on our ongoing capital requirements, the price of our shares, regulatory and tax considerations, cash flow generation, the amount and duration of our contract backlog, general market conditions, debt rating considerations and other factors, that we should retain cash, reduce debt, make capital investments or acquisitions or otherwise use cash for general corporate purposes. Decisions regarding the amount, if any, and timing of any share repurchases will be made from time to time based on these factors. Any repurchased shares under the share repurchase program would be held by us for cancellation by the shareholders at a future general meeting of shareholders. See “Item 5. Market for Registrant’s Common Equity, Related Shareholder Matters and Issuer Purchases of Equity Securities—Shareholder Matters.”

Contractual obligations—At December 31, 2021, our contractual obligations stated at face value, were as follows:

	Total	Years ending December 31,			Thereafter
		2022	2023 - 2024	2025 - 2026	
		(in millions)			
Debt	\$ 7,243	\$ 524	\$ 1,661	\$ 1,799	\$ 3,259
Interest on debt	2,385	389	666	455	875
Finance lease liability	541	71	141	141	188
Operating lease liabilities	178	14	26	25	113
Purchase obligations	1,002	950	52	—	—
Service agreement obligations	800	116	247	264	173
Total	\$ 12,149	\$ 2,064	\$ 2,793	\$ 2,684	\$ 4,608

As of December 31, 2021, our defined benefit pension and other postemployment plans represented an aggregate liability of \$132 million, representing the aggregate projected benefit obligation, net of the aggregate fair value of plan assets. The carrying amount of this liability is influenced by, among others, significant current and future assumptions, funding contributions, returns on plan assets, participant demographics, and plan amendments. We excluded this amount from our contractual obligations presented above due to the uncertainties resulting from these factors and because the amount is not representative of future liquidity requirements. See Notes to Consolidated Financial Statements—Note 10—Postemployment Benefit Plans.

As of December 31, 2021, we have unrecognized tax benefits of \$435 million, including interest and penalties, against which we have recorded net operating loss deferred tax assets of \$320 million, resulting in net unrecognized tax benefits of \$115 million, including interest and penalties, that upon reversal would favorably impact our effective tax rate. Although a portion of these could settle or reverse in the coming year, we have excluded this amount from our contractual obligations presented above due to the high degree of uncertainty regarding the timing of future cash outflows associated with these liabilities and the period in which any cash settlement may be made with the respective taxing authorities. See Notes to Consolidated Financial Statements—Note 11—Income Taxes.

Other commercial commitments—We have other commercial commitments, such as standby letters of credit and surety bonds that guarantee our performance as it relates to our drilling contracts, insurance, customs, tax and other obligations in various jurisdictions. The cash obligations of these commitments, which are primarily geographically concentrated in Brazil, are not normally called because we typically comply with the underlying performance requirements. Standby letters of credit are issued under various committed and uncommitted credit lines, some of which require cash collateral. At December 31, 2021, the aggregate cash collateral held by banks for letters of credit and surety bonds was \$8 million.

At December 31, 2021, these obligations stated in U.S. dollar equivalents and their time to expiration were as follows:

	Total	Years ending December 31,			Thereafter
		2022	2023 - 2024	2025 - 2026	
		(in millions)			
Standby letters of credit	\$ 18	\$ 11	\$ 7	\$ —	\$ —
Surety bonds	146	1	73	61	11
Total	\$ 164	\$ 12	\$ 80	\$ 61	\$ 11

We have established a wholly owned captive insurance company to insure various risks of our operating subsidiaries. Access to the cash and cash equivalents of the captive insurance company may be limited due to local regulatory restrictions. At December 31, 2021, the captive insurance company held cash and cash equivalents of \$52 million, and such balance is expected to range from \$25 million to \$75 million through December 31, 2022. The balance of the cash and cash equivalents held by the captive insurance company varies, depending on (i) premiums received and (ii) the timing and magnitude of claims and dividends paid by the captive insurance company.

Drilling fleet

Expansion—From time to time, we review possible acquisitions of businesses and drilling rigs, as well as noncontrolling 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 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 the years ended December 31, 2021 and 2020, we made capital expenditures of \$208 million and \$265 million, respectively, including \$174 million and \$143 million, respectively, for our newbuild construction projects. The historical and projected capital expenditures and non-cash capital additions for our ongoing newbuild construction projects were as follows:

	Total costs through December 31, 2021	Years ending December 31,		Total
		2022	2023	
		(In millions)		
Deepwater Atlas (a)	\$ 443	\$ 610	\$ 37	\$ 1,090
Deepwater Titan (b)	512	599	59	1,170
Total	\$ 955	\$ 1,209	\$ 96	\$ 2,260

- (a) *Deepwater Atlas*, an ultra-deepwater drillship under construction at the Jurong Shipyard Pte Ltd. in Singapore. We currently expect that the shipyard will be ready to deliver *Deepwater Atlas* in the first half of 2022, and upon delivery, we expect to borrow approximately \$370 million under the Shipyard Loan, which may be discounted for imputed interest, to finance the final installment to the shipyard (see “—Sources and uses of liquidity”). The rig is expected to commence operations under its drilling contract, in the first of two phases, in the second half of 2022, using a 15,000 pounds per square inch blowout preventer. Before the start of the second phase, the rig will undergo installation of a 20,000 pounds per square inch blowout preventer and related equipment, which is expected to be commissioned in the year ending December 31, 2023.
- (b) *Deepwater Titan*, an ultra-deepwater drillship under construction at the Jurong Shipyard Pte Ltd. in Singapore. We currently expect that the shipyard will be ready to deliver *Deepwater Titan* in the second half of 2022, and upon delivery, we expect to borrow approximately \$90 million under the Shipyard Loan, which may be discounted for imputed interest, to finance a portion of the final installment to the shipyard (see “—Sources and uses of liquidity”). The rig is expected to commence operations under its drilling contract in the first half of 2023. The projected capital additions include estimates for an upgrade for two 20,000 pounds per square inch blowout preventers and other equipment required by our customer.

The ultimate amount of our capital expenditures is partly dependent upon financial market conditions, the actual level of operational and contracting activity, the costs associated with the current regulatory environment and customer requested capital improvements and equipment for which the customer agrees to reimburse us. As with any major shipyard project that takes place over an extended period of time, the actual costs, the timing of expenditures and the project completion date may vary from estimates based on numerous factors, including actual contract terms, weather, exchange rates, shipyard labor conditions, availability of suppliers to recertify equipment and the market demand for components and resources required for drilling unit construction. We intend to fund the cash requirements relating to our capital expenditures not financed under the Shipyard Loans 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. See “—Sources and uses of liquidity.”

Dispositions—From time to time, we may also review the possible disposition of certain drilling assets. Considering market conditions, we have committed to plans to sell certain lower specification drilling units for scrap value. During the two-year period ended December 31, 2021, we identified eight such drilling units that we sold for scrap value or other purposes. During the year ended December 31, 2021, we completed the sale of one harsh environment floater and related assets, and we received net cash proceeds of \$4 million. During the year ended December 31, 2020, we completed the sale of one ultra-deepwater floater, three harsh environment floaters and three midwater floaters, along with related assets, and we received aggregate net cash proceeds of \$20 million. We continue to evaluate the drilling units in our fleet and may identify additional lower-specification drilling units to be sold for scrap value.

RELATED PARTY TRANSACTIONS

We engage in certain related party transactions with our unconsolidated affiliates, the most significant of which are under agreements with Orion. We have a management services agreement for the operation, stacking and maintenance of the harsh environment floater *Transocean Norge* and a marketing services agreement for the marketing of the rig. We also leased the rig under a short-term bareboat charter agreement, which expired in June 2021. Prior to the rig's placement into service, we engaged in certain related party transactions with Orion under a shipyard care agreement for the construction of the rig and other matters related to its completion and delivery. Additionally, in June 2021, Orion refinanced its shipyard loans under a financing arrangement for \$100 million, in which we participated at a rate equivalent to our ownership interest in Orion. Borrowings under the financing arrangement are secured by *Transocean Norge*. See Notes to Consolidated Financial Statements—Note 4—Unconsolidated Affiliates.

In August 2020, Perestroika AS, an entity affiliated with one of our directors that beneficially owns approximately 10 percent of our shares, exchanged \$356 million aggregate principal amount of the 0.50% Exchangeable Senior Bonds for \$213 million aggregate principal amount of 2.50% Senior Guaranteed Exchangeable Bonds. Perestroika AS has certain registration rights related to its shares and shares that may be issued in connection with any exchange of its 2.50% Senior Guaranteed Exchangeable Bonds. See Notes to Consolidated Financial Statements—Note 9—Debt.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Overview—We prepare our consolidated financial statements in accordance with accounting principles generally accepted in the U.S., which require us to make estimates that affect the reported amounts of assets, liabilities, revenues, expenses and related disclosures of contingent assets and liabilities. These estimates require significant judgments and assumptions. On an ongoing basis, we evaluate our estimates, including those related to our income taxes, property and equipment, equity investments, contingencies, assets held for sale, intangibles, allowance for excess materials and supplies, allowance for credit losses, postemployment benefit plans, leases and share-based compensation. We base our estimates on historical experience and on various other assumptions that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

We consider the following to be our critical accounting policies and estimates since they are very important to the portrayal of our financial condition and results and require our most subjective and complex judgments. We have discussed the development, selection and disclosure of such policies and estimates with the audit committee of our board of directors. For a discussion of our significant accounting policies and accounting standards updates, refer to our Notes to Consolidated Financial Statements—Note 2—Significant Accounting Policies and Note 3—Accounting Standards Update.

Income taxes—We provide for income taxes based on expected taxable income, statutory rates, tax laws and tax planning opportunities available to us in the jurisdictions in which we operate or have a taxable presence. The relationship between our provision for or benefit from income taxes and our income or loss before income taxes can vary significantly from period to period considering, among other factors, (a) the overall level of income before income taxes, (b) changes in the blend of income that is taxed based on gross revenues rather than income before taxes, (c) rig movements between taxing jurisdictions and (d) our rig operating structures. Consequently, our income tax expense does not change proportionally with our income or loss before income taxes.

Uncertain tax positions—We apply significant judgment to evaluate our tax positions based on the interpretation of tax laws in various jurisdictions and with the use of estimates and assumptions regarding significant future events, such as the amount, timing and character of income, deductions and tax credits. Our tax liability in any given year could be affected by changes in tax laws, regulations, agreements, and treaties, currency exchange restrictions or our level or profitability of operations in each jurisdiction. The tax laws relating to the offshore drilling industry in certain jurisdictions in which we operate are not well developed, requiring us to apply incremental judgment. Although we employ the best information available at the time we prepare our annual tax provision, a number of years may elapse before the tax liabilities in the various jurisdictions are ultimately determined.

We are undergoing examinations of our tax returns in a number of taxing jurisdictions for various years. We review our liabilities on an ongoing basis and, to the extent audits or other events cause us to adjust the liabilities accrued in prior periods, we recognize those adjustments in the period of the event. Our tax liabilities are dependent on numerous factors that cannot be reasonably projected, including among others, the amount and nature of additional taxes potentially asserted by local tax authorities; the willingness of local tax authorities to negotiate a fair settlement through an administrative process; the impartiality of the local courts; and the potential for changes in the taxes

paid to one country that either produce, or fail to produce, offsetting tax changes in other countries. Consequently, we cannot reasonably estimate the future impact of changes to the assumptions and estimates related to our annual tax provision.

Unrecognized tax benefits—We establish liabilities for estimated tax exposures, and the provisions and benefits resulting from changes to those liabilities are included in our annual tax provision along with related interest and penalties. Such tax exposures include potential challenges to permanent establishment positions, intercompany pricing, disposition transactions, and withholding tax rates and their applicability. These exposures may be affected by changes in applicable tax law or other factors, which could cause us to revise our prior estimates, and are generally resolved through the settlement of audits within these tax jurisdictions or by judicial means. At December 31, 2021 and 2020, our unrecognized tax benefits were approximately \$435 million and \$419 million, respectively.

Valuation allowance—We apply significant judgment to determine whether our deferred tax assets will be fully or partially realized. Our evaluation requires us to consider all available positive and negative evidence, including projected future taxable income and the existence of cumulative losses in recent years. We continually evaluate strategies that could allow for the future utilization of our deferred tax assets. When it is estimated to be more likely than not that all or some portion of certain deferred tax assets, such as foreign tax credit carryovers or net operating loss carryforwards, will not be realized, we establish a valuation allowance for the amount of the deferred tax assets that is considered to be unrealizable. During the years ended December 31, 2021 and 2020, in connection with our evaluation of the projected realizability of our deferred tax assets, we determined that our consolidated cumulative loss incurred over the recent three-year period has limited our ability to consider other subjective evidence, such as projected contract activity rather than contract backlog. See Notes to Consolidated Financial Statements—Note 11—Income Taxes.

Property and equipment—We apply significant judgment to account for our property and equipment, consisting primarily of offshore drilling rigs and related equipment, related to estimates and assumptions for cost capitalization, useful lives and salvage values. At December 31, 2021 and 2020, the carrying amount of our property and equipment was \$17.10 billion and \$17.67 billion, respectively, representing 83 percent and 81 percent, respectively, of our total assets.

Capitalized costs—We capitalize costs incurred to enhance, improve and extend the useful lives of our property and equipment and expense costs incurred to repair and maintain the existing condition of our rigs. For newbuild construction projects, we also capitalize the initial preparation, mobilization and commissioning costs incurred until the drilling unit is placed into service. Capitalized costs increase the carrying amounts of, and depreciation expense for, the related assets, which also impact our results of operations.

Useful lives and salvage values—We depreciate our assets using the straight-line method over their estimated useful lives after allowing for salvage values. We estimate useful lives and salvage values by applying judgments and assumptions that reflect both historical experience and expectations regarding future operations, rig utilization and asset performance. Useful lives and salvage values of rigs are difficult to estimate due to a variety of factors, including (a) technological advances that impact the methods or cost of oil and gas exploration and development, (b) changes in market or economic conditions and (c) changes in laws or regulations affecting the drilling industry. Applying different judgments and assumptions in establishing the useful lives and salvage values would likely result in materially different net carrying amounts and depreciation expense for our assets. We reevaluate the remaining useful lives and salvage values of our rigs when certain events occur that directly impact the useful lives and salvage values of the rigs, including changes in operating condition, functional capability and market and economic factors. We may also consider major capital upgrades required to perform certain contracts and the long-term impact of those upgrades on future marketability. At December 31, 2021, a hypothetical one-year increase in the useful lives of all of our rigs would cause a decrease in our annual depreciation expense of approximately \$31 million and a hypothetical one-year decrease would cause an increase in our annual depreciation expense of approximately \$36 million.

Long-lived asset impairment—We review our property and equipment for impairment when events or changes in circumstances indicate that the carrying amounts of our assets held and used may not be recoverable. Potential impairment indicators include rapid declines in commodity prices and related market conditions, declines in dayrates or utilization, cancellations of contracts or credit concerns of multiple customers. During periods of oversupply, we may idle or stack rigs for extended periods of time or we may elect to sell certain rigs for scrap, which could be an indication that an asset group may be impaired since supply and demand are the key drivers of rig utilization and our ability to contract our rigs at economical rates. Our rigs are mobile units, equipped to operate in geographic regions throughout the world and, consequently, we may mobilize rigs from an oversupplied region to a more lucrative and undersupplied region when it is economical to do so. Many of our contracts generally allow our customers to relocate our rigs from one geographic region to another, subject to certain conditions, and our customers utilize this capability to meet their worldwide drilling requirements. Accordingly, our rigs are considered to be interchangeable within classes or asset groups, and we evaluate impairment by asset group. We consider our asset groups to be ultra-deepwater floaters and harsh environment floaters.

We assess recoverability of assets held and used by projecting undiscounted cash flows for the asset group being evaluated. When the carrying amount of the asset group is determined to be unrecoverable, we recognize an impairment loss, measured as the amount by which the carrying amount of the asset group exceeds its estimated fair value. To estimate the fair value of each asset group, we apply a variety of valuation methods, incorporating income, market and cost approaches. We may weigh the approaches, under certain circumstances, when relevant data is limited, when results are inconclusive or when results deviate significantly. Our estimate of fair value generally requires us to use significant unobservable inputs, representative of Level 3 fair value measurements, including assumptions related to the long-term future performance of our asset groups, such as projected revenues and costs, dayrates, rig utilization and revenue efficiency. These projections involve uncertainties that rely on assumptions about demand for our services, future market conditions and

technological developments. Because our business is cyclical in nature, the results of our impairment testing are expected to vary significantly depending on the timing of the assessment relative to the business cycle. Altering either the timing of or the assumptions used to estimate fair value and significant unanticipated changes to the assumptions could materially alter an outcome that could otherwise result in an impairment loss. Given the nature of these evaluations and their application to specific asset groups and specific time periods, it is not possible to reasonably quantify the impact of changes in these assumptions. In the year ended December 31, 2020, we recognized a loss of \$31 million, which had no tax effect, associated with the impairment of the midwater floater asset group. See Notes to Consolidated Financial Statements—Note 7—Long-Lived Assets.

Equity-method investments and impairment—We review our equity-method investments for potential impairment when events or changes in circumstances indicate that the carrying amount of the investment might not be recoverable in the near term. Such circumstances include the following: (a) evidence we are unable to recover the carrying amount of our investment, (b) evidence that the investee is unable to sustain earnings that would justify the carrying amount or (c) the current fair value of the investment is less than the carrying amount. If an evaluation of such circumstances results in the determination that an impairment that is other than temporary exists, we recognize an impairment loss, measured as the amount by which the carrying amount of the investment exceeds its estimated fair value. To estimate the fair value of the investment, we apply valuation methods that rely primarily on the income and market approaches. Our estimate of fair value generally requires us to use significant unobservable inputs, representative of Level 3 fair value measurements, including assumptions related to the estimated discount rate and the investee's long-term future operational performance factors, such as projected revenues and costs and market factors, including demand for the investee's industry, services and product lines. Such projections involve significant uncertainties and require significant judgment. In the years ended December 31, 2021 and 2020, we recognized a loss of \$37 million and \$59 million, respectively, associated with an other-than-temporary impairment of the carrying amount of our equity-method investments. See Notes to Consolidated Financial Statements—Note 4—Unconsolidated Affiliates.

OTHER MATTERS

Regulatory matters

We occasionally receive inquiries from governmental regulatory agencies regarding our operations around the world, including inquiries with respect to various tax, environmental, regulatory and compliance matters. To the extent appropriate under the circumstances, we investigate such matters, respond to such inquiries and cooperate with the regulatory agencies. See Notes to Consolidated Financial Statements—Note 13—Commitments and Contingencies.

Tax matters

We conduct operations through our various subsidiaries in countries throughout the world. Each country has its own tax regimes with varying nominal rates, deductions and tax attributes that are subject to changes resulting from new legislation, interpretation or guidance. From time to time, as a result of these changes, we may revise previously evaluated tax positions, which could cause us to adjust our recorded tax assets and liabilities. Tax authorities in certain jurisdictions are examining our tax returns and, in some cases, have issued assessments. We intend to defend our tax positions vigorously. Although we can provide no assurance as to the outcome of the aforementioned changes, examinations or assessments, we do not expect the ultimate liability to have a material adverse effect on our consolidated financial position or results of operations; however, it could have a material adverse effect on our consolidated cash flows. See Notes to Consolidated Financial Statements—Note 11—Income Taxes.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest rate risk—We are exposed to interest rate risk, primarily associated with our long-term debt, including current maturities. The following table presents the scheduled installment amounts and related weighted-average interest rates of our long-term debt instruments by contractual maturity date. The scheduled installment amounts include the contractual principal and interest payments resulting from previously restructured debt. The following table presents information as of December 31, 2021 for each of the five years in the period ending December 31, 2026 and thereafter (in millions, except interest rate percentages):

	Years ending December 31,					Thereafter	Total	Fair value
	2022	2023	2024	2025	2026			
Debt								
Fixed rate (USD)	\$ 524	\$ 798	\$ 863	\$ 1,069	\$ 730	\$ 3,259	\$ 7,243	\$ 5,661
Average interest rate	5.49 %	4.58 %	6.01 %	5.65 %	6.71 %	5.47 %		

At December 31, 2021 and 2020, the fair value of our outstanding debt was \$5.66 billion and \$4.82 billion, respectively. During the year ended December 31, 2021, the fair value of our debt increased by \$841 million due to the following: (a) a net increase of \$1.24 billion resulting from changes in the market prices of our outstanding debt, (b) a net increase of \$117 million due to the issuance of the 4.00% senior guaranteed exchangeable bonds due December 2025 in private exchanges for the 0.50% exchangeable senior bonds due January 2023, partially offset by (c) a decrease of \$474 million due to repayments of debt at scheduled maturities and (d) a decrease of \$43 million due to debt repurchased in the open market. See Notes to Consolidated Financial Statements—Note 9—Debt.

The majority of our cash equivalents is subject to variable interest rates or short-term interest rates and such cash equivalents would earn commensurately higher rates of return if interest rates increase.

Currency exchange rate risk—We are exposed to currency exchange rate risk primarily related to employee compensation costs and purchasing costs that are denominated in currencies other than our functional currency, the U.S. dollar. We use a variety of techniques to minimize the exposure to currency exchange rate risk, including the structuring of customer contract payment terms and occasional use of forward exchange contracts. Our primary tool to manage currency exchange rate risk involves structuring customer contracts to provide for payment in both U.S. dollars and local currency. The payment portion denominated in local currency is based on anticipated local currency requirements over the contract term. Due to various factors, including customer acceptance, local banking laws, national content requirements, other statutory requirements, local currency convertibility, local inflation and revenue efficiency, actual local currency needs may vary from those realized in the customer contracts, resulting in partial exposure to currency exchange rate risk. The currency exchange effect resulting from our international operations generally has not had a material impact on our operating results. See Notes to Consolidated Financial Statements—Note 19—Risk Concentration.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Management's Report on Internal Control Over Financial Reporting

Management of Transocean Ltd. (the "Company," "we" or "our") is responsible for the integrity and objectivity of the financial information included in this annual report. We have prepared our financial statements in accordance with accounting principles generally accepted in the United States, which require us to apply our best judgement to make estimates and assumptions for certain amounts. We are responsible for establishing and maintaining a system of internal controls and procedures to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the consolidated financial statements. Our internal control system is supported by a program of internal audits and appropriate reviews by management, written policies and guidelines, careful selection of qualified personnel, and a written Code of Integrity. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements and, even when determined to be effective, can only provide reasonable assurance with respect to financial statement preparation and presentation. Also, projections of any evaluation of effectiveness in future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934. Management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2021. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission, as described in *Internal Control-Integrated Framework*, as published in 2013. Based on this assessment, management believes that the Company maintained effective internal control over financial reporting as of December 31, 2021.

The Company's independent auditors, Ernst & Young LLP, a registered public accounting firm, are appointed by the audit committee of the Company's board of directors, subject to ratification by our shareholders. Ernst & Young LLP has audited and reported on the consolidated financial statements of Transocean Ltd. and subsidiaries, and the Company's internal control over financial reporting. The reports of the independent auditors are contained in this annual report.

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of Transocean Ltd.

Opinion on Internal Control over Financial Reporting

We have audited Transocean Ltd. and subsidiaries' internal control over financial reporting as of December 31, 2021, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Transocean Ltd. and subsidiaries (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2021, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2021 and 2020, and the related consolidated statements of operations, comprehensive loss, equity and cash flows for each of the three years in the period ended December 31, 2021, and the related notes and financial statement schedule listed in the Index at Item 15(a), and our report dated February 23, 2022, expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP

Houston, Texas
February 23, 2022

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of Transocean Ltd.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Transocean Ltd. and subsidiaries (the Company) as of December 31, 2021 and 2020, the related consolidated statements of operations, comprehensive loss, equity and cash flows for each of the three years in the period ended December 31, 2021, and the related notes and financial statement schedule listed in the Index at Item 15(a) (collectively referred to as the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2021 and 2020, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2021, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2021, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated February 23, 2022, expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

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

Income Taxes

Description of the Matter

As discussed in Notes 2 and 11 to the consolidated financial statements, the Company operates in multiple jurisdictions through a complex operating structure and is subject to applicable tax laws, treaties or regulations in each jurisdiction where it operates. The Company's provision for income taxes is based on the tax laws and rates applicable in each jurisdiction. The Company recognizes tax benefits they believe are more likely than not to be sustained upon examination by the taxing authorities based on the technical merits of the position.

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

*How We Addressed
the Matter in Our Audit*

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

Our audit procedures also included, among others, (i) obtaining an understanding of the Company's overall tax structure, evaluating changes in the Company's tax structure that occurred during the year as well as changes in tax law, and assessing the interpretation of those changes under the relevant jurisdiction's tax law; (ii) utilizing tax resources with appropriate knowledge of local jurisdictional laws and regulations; (iii) evaluating the completeness and accuracy of deferred income taxes, and (iv) assessing the reasonableness of the Company's valuation allowance on deferred tax assets, including projections of taxable income from the future reversal of existing taxable temporary differences.

*Description of the
Matter*

Equity-Method Investment in Orion Holdings (Cayman) Limited

As discussed in Notes 2 and 4, the Company recorded an impairment loss of \$37 million associated with its equity-method investment in Orion Holdings (Cayman) Limited (Orion) upon determination that the carrying amount of its investment exceeded the estimated fair value and that the impairment was other than temporary. At December 31, 2021, the aggregate carrying amount of the Company's equity-method investment in Orion was \$57 million.

Auditing management's equity-method investment valuation was complex and judgmental due to the estimation required in determining the fair value of the investment. In particular, the fair value estimate of the equity-method investment in Orion was sensitive to significant assumptions such as the discount rate, future demand and supply of harsh environment floaters, rig utilization, revenue efficiency and dayrates.

*How We Addressed
the Matter in Our Audit*

We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the Company's process to determine the fair value of the investment in Orion, including controls over management's review of the significant assumptions described above as well as over the underlying data used in the fair value determination.

To test the estimated fair value of the Company's equity-method investment in Orion, we performed audit procedures that included, among others, assessing the valuation methodologies utilized by management and testing the significant assumptions discussed above and the completeness and accuracy of the underlying data used by the Company in its analysis. We involved a valuation specialist to assist in our evaluation of the Company's model, valuation methodology and significant assumptions. We reviewed for contrary evidence related to the determination of the fair value of the equity-method investment, including reviewing relevant market data and internal Company forecasts.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 1999.
Houston, Texas
February 23, 2022

To the General Meeting of
Transocean Ltd., Steinhäusen

Zurich, February 23, 2022

Report of the statutory auditor on the consolidated financial statements



Opinion

As statutory auditor, we have audited the accompanying consolidated financial statements of Transocean Ltd. and its subsidiaries (the Company), which comprise the consolidated balance sheets as of December 31, 2021 and 2020, and the related consolidated statements of operations, comprehensive loss, equity, cash flows, and notes to the consolidated financial statements for each of the three years in the period ended December 31, 2021. In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2021 and 2020, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2021, in accordance with U.S. generally accepted accounting principles and comply with Swiss law.



Board of Directors' responsibility

The Board of Directors is responsible for the preparation of the consolidated financial statements in accordance with U.S. generally accepted accounting principles and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.



Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm and are required to be independent with respect to the Company. We conducted our audits in accordance with Swiss law, Swiss Auditing Standards and the standards of the Public Company Accounting Oversight Board (United States) (PCAOB). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement, whether due to fraud or error.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Critical audit matters

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

Income Taxes

Description of the Matter

As discussed in Notes 2 and 11 to the consolidated financial statements, the Company operates in multiple jurisdictions through a complex operating structure and is subject to applicable tax laws, treaties or regulations in each jurisdiction where it operates. The Company's provision for income taxes is based on the tax laws and rates applicable in each jurisdiction. The Company recognizes tax benefits they believe are more likely than not to be sustained upon examination by the taxing authorities based on the technical merits of the position.

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

How We Addressed the Matter in Our Audit

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

Our audit procedures also included, among others, (i) obtaining an understanding of the Company's overall tax structure, evaluating changes in the Company's tax structure that occurred during the year as well as changes in tax law, and assessing the interpretation of those changes under the relevant jurisdiction's tax law; (ii) utilizing tax resources with appropriate knowledge of local jurisdictional laws and regulations; (iii) evaluating the completeness and accuracy of deferred income taxes, and (iv) assessing the reasonableness of the Company's valuation allowance on deferred tax assets, including projections of taxable income from the future reversal of existing taxable temporary differences.

Equity-Method Investment in Orion Holdings (Cayman) Limited

Description of the Matter

As discussed in Notes 2 and 4, the Company recorded an impairment loss of \$38 million associated with its equity-method investment in Orion Holdings (Cayman) Limited (Orion) upon determination that the carrying amount of its investment exceeded the estimated fair value and that the impairment was other than temporary. At December 31, 2021, the aggregate carrying amount of the Company's equity-method investment in Orion was \$58 million.

Auditing management's equity-method investment valuation was complex and judgmental due to the estimation required in determining the fair value of the investment. In particular, the fair value estimate of the equity-method investment in Orion was sensitive to significant assumptions such as the discount rate, future demand and supply of harsh environment floaters, rig utilization, revenue efficiency and dayrates.

How We Addressed the Matter in Our Audit

We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the Company's process to determine the fair value of the investment in Orion, including controls over management's review of the significant assumptions described above as well as over the underlying data used in the fair value determination.

To test the estimated fair value of the Company's equity-method investment in Orion, we performed audit procedures that included, among others, assessing the valuation methodologies utilized by management and testing the significant assumptions discussed above and the completeness and accuracy of the underlying data used by the Company in its analysis. We involved a valuation specialist to assist in our evaluation of the Company's model, valuation methodology and significant assumptions. We reviewed for contrary evidence related to the determination of the fair value of the equity-method investment, including reviewing relevant market data and internal Company forecasts.



Report on other legal and regulatory requirements

We are a public accounting firm registered with the Swiss Federal Audit Oversight Authority (FAOA) and the PCAOB and we confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA). We are independent with respect to the Company in accordance with Swiss law (article 728 CO and article 11 AOA) and U.S. federal securities laws as well as the applicable rules and regulations of the Swiss audit profession, the U.S. Securities and Exchange Commission and the PCAOB, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

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

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

Ernst & Young Ltd

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

/s/ Ralph Petermann
Certified public accountant

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

	Years ended December 31,		
	2021	2020	2019
Contract drilling revenues	\$ 2,556	\$ 3,152	\$ 3,088
Costs and expenses			
Operating and maintenance	1,697	2,000	2,140
Depreciation and amortization	742	781	855
General and administrative	167	183	193
	2,606	2,964	3,188
Loss on impairment	—	(597)	(609)
Loss on disposal of assets, net	(62)	(84)	(12)
Operating loss	(112)	(493)	(721)
Other income (expense), net			
Interest income	15	21	43
Interest expense, net of amounts capitalized	(447)	(575)	(660)
Gain (loss) on restructuring and retirement of debt	51	533	(41)
Other, net	23	(27)	181
	(358)	(48)	(477)
Loss before income tax expense	(470)	(541)	(1,198)
Income tax expense	121	27	59
Net loss	(591)	(568)	(1,257)
Net income (loss) attributable to noncontrolling interest	1	(1)	(2)
Net loss attributable to controlling interest	\$ (592)	\$ (567)	\$ (1,255)
Loss per share, basic and diluted	\$ (0.93)	\$ (0.92)	\$ (2.05)
Weighted-average shares, basic and diluted	637	615	612

See accompanying notes.

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

	Years ended December 31,		
	2021	2020	2019
Net loss	\$ (591)	\$ (568)	\$ (1,257)
Net income (loss) attributable to noncontrolling interest	1	(1)	(2)
Net loss attributable to controlling interest	(592)	(567)	(1,255)
Components of net periodic benefit income (costs) before reclassifications	175	38	(25)
Components of net periodic benefit costs reclassified to net loss	10	25	4
Other comprehensive income (loss) before income taxes	185	63	(21)
Income taxes related to other comprehensive income (loss)	(6)	(2)	—
Other comprehensive income (loss)	179	61	(21)
Other comprehensive income attributable to noncontrolling interest	—	—	—
Other comprehensive income (loss) attributable to controlling interest	179	61	(21)
Total comprehensive loss	(412)	(507)	(1,278)
Total comprehensive income (loss) attributable to noncontrolling interest	1	(1)	(2)
Total comprehensive loss attributable to controlling interest	\$ (413)	\$ (506)	\$ (1,276)

See accompanying notes.

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

	December 31,	
	2021	2020
Assets		
Cash and cash equivalents	\$ 976	\$ 1,154
Accounts receivable, net	492	583
Materials and supplies, net	392	434
Restricted cash and cash equivalents	436	406
Other current assets	148	163
Total current assets	2,444	2,740
Property and equipment	23,152	23,040
Less accumulated depreciation	(6,054)	(5,373)
Property and equipment, net	17,098	17,667
Contract intangible assets	173	393
Deferred tax assets, net	7	9
Other assets	959	995
Total assets	\$ 20,681	\$ 21,804
Liabilities and equity		
Accounts payable	\$ 228	\$ 194
Accrued income taxes	17	28
Debt due within one year	513	505
Other current liabilities	545	659
Total current liabilities	1,303	1,386
Long-term debt	6,657	7,302
Deferred tax liabilities, net	447	315
Other long-term liabilities	1,068	1,366
Total long-term liabilities	8,172	8,983
Commitments and contingencies		
Shares, CHF 0.10 par value, 891,379,306 authorized, 142,363,356 conditionally authorized, 728,176,456 issued and 655,505,335 outstanding at December 31, 2021, and 824,650,660 authorized, 142,363,647 conditionally authorized, 639,676,165 issued and 615,140,276 outstanding at December 31, 2020	64	60
Additional paid-in capital	13,683	13,501
Accumulated deficit	(2,458)	(1,866)
Accumulated other comprehensive loss	(84)	(263)
Total controlling interest shareholders' equity	11,205	11,432
Noncontrolling interest	1	3
Total equity	11,206	11,435
Total liabilities and equity	\$ 20,681	\$ 21,804

See accompanying notes.

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

	Years ended December 31,			Years ended December 31,		
	2021	2020	2019	2021	2020	2019
	Quantity			Amount		
Shares						
Balance, beginning of period	615	612	610	\$ 60	\$ 59	\$ 59
Issuance of shares	40	3	2	4	1	—
Balance, end of period	655	615	612	\$ 64	\$ 60	\$ 59
Additional paid-in capital						
Balance, beginning of period				\$ 13,501	\$ 13,424	\$ 13,394
Share-based compensation				28	31	37
Issuance of shares				154	(1)	—
Equity component of convertible debt instruments				—	46	—
Reallocated capital for transactions with holders of noncontrolling interest				—	1	—
Other, net				—	—	(7)
Balance, end of period				\$ 13,683	\$ 13,501	\$ 13,424
Accumulated deficit						
Balance, beginning of period				\$ (1,866)	\$ (1,297)	\$ (67)
Net loss attributable to controlling interest				(592)	(567)	(1,255)
Effect of adopting accounting standards updates				—	(2)	25
Balance, end of period				\$ (2,458)	\$ (1,866)	\$ (1,297)
Accumulated other comprehensive loss						
Balance, beginning of period				\$ (263)	\$ (324)	\$ (279)
Other comprehensive income (loss) attributable to controlling interest				179	61	(21)
Effect of adopting accounting standards update				—	—	(24)
Balance, end of period				\$ (84)	\$ (263)	\$ (324)
Total controlling interest shareholders' equity						
Balance, beginning of period				\$ 11,432	\$ 11,862	\$ 13,107
Total comprehensive loss attributable to controlling interest				(413)	(506)	(1,276)
Share-based compensation				28	31	37
Issuance of shares				158	—	—
Equity component of convertible debt instruments				—	46	—
Reallocated capital for transactions with holders of noncontrolling interest				—	1	—
Other, net				—	(2)	(6)
Balance, end of period				\$ 11,205	\$ 11,432	\$ 11,862
Noncontrolling interest						
Balance, beginning of period				\$ 3	\$ 5	\$ 7
Total comprehensive income (loss) attributable to noncontrolling interest				1	(1)	(2)
Acquisition of noncontrolling interest				(3)	—	—
Reallocated capital for transactions with holders of noncontrolling interest				—	(1)	—
Balance, end of period				\$ 1	\$ 3	\$ 5
Total equity						
Balance, beginning of period				\$ 11,435	\$ 11,867	\$ 13,114
Total comprehensive loss				(412)	(507)	(1,278)
Share-based compensation				28	31	37
Issuance of shares				158	—	—
Equity component of convertible debt instrument				—	46	—
Other, net				(3)	(2)	(6)
Balance, end of period				\$ 11,206	\$ 11,435	\$ 11,867

See accompanying notes.

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

	Years ended December 31,		
	2021	2020	2019
Cash flows from operating activities			
Net loss	\$ (591)	\$ (568)	\$ (1,257)
Adjustments to reconcile to net cash provided by operating activities:			
Contract intangible asset amortization	220	215	187
Depreciation and amortization	742	781	855
Share-based compensation expense	28	31	37
Loss on impairment	—	597	609
Loss on impairment of investment in unconsolidated affiliates	37	62	—
Loss on disposal of assets, net	62	84	12
(Gain) loss on restructuring and retirement of debt	(51)	(533)	41
Gain on termination of construction contracts	—	—	(132)
Deferred income tax expense	128	60	248
Other, net	77	83	41
Changes in deferred revenues, net	(108)	(73)	43
Changes in deferred costs, net	(6)	12	(33)
Changes in other operating assets and liabilities, net	37	(353)	(311)
Net cash provided by operating activities	575	398	340
Cash flows from investing activities			
Capital expenditures	(208)	(265)	(387)
Investment in loans to unconsolidated affiliate	(33)	(2)	—
Investments in unconsolidated affiliates	(1)	(19)	(77)
Proceeds from disposal of assets, net	9	24	70
Proceeds from maturities of unrestricted and restricted investments	—	5	123
Other, net	—	—	3
Net cash used in investing activities	(233)	(257)	(268)
Cash flows from financing activities			
Repayments of debt	(606)	(1,637)	(1,325)
Proceeds from issuance of shares, net of issue costs	158	—	—
Proceeds from issuance of debt, net of discounts and issue costs	—	743	1,056
Other, net	(42)	(36)	(43)
Net cash used in financing activities	(490)	(930)	(312)
Net decrease in unrestricted and restricted cash and cash equivalents	(148)	(789)	(240)
Unrestricted and restricted cash and cash equivalents, beginning of period	1,560	2,349	2,589
Unrestricted and restricted cash and cash equivalents, end of period	\$ 1,412	\$ 1,560	\$ 2,349

See accompanying notes.

TRANSOCEAN LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1—BUSINESS

Transocean Ltd. (together with its subsidiaries and predecessors, unless the context requires otherwise, “Transocean,” “we,” “us” or “our”) is a leading international provider of offshore contract drilling services for oil and gas wells. As of December 31, 2021, we owned or had partial ownership interests in and operated a fleet of 37 mobile offshore drilling units, consisting of 27 ultra-deepwater floaters and 10 harsh environment floaters. As of December 31, 2021, we were constructing two ultra-deepwater drillships.

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

We perform contract drilling services by deploying our high-specification fleet in a single, global market that is geographically dispersed in oil and gas exploration and development areas throughout the world. The location of our rigs and the allocation of our resources to build or upgrade rigs are determined by the activities and needs of our customers.

NOTE 2—SIGNIFICANT ACCOUNTING POLICIES

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

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

Consolidation—We consolidate entities in which we have a majority voting interest and entities that meet the criteria for variable interest entities for which we are deemed to be the primary beneficiary for accounting purposes. We eliminate intercompany transactions and accounts in consolidation. We apply the equity method of accounting for an equity investment in an unconsolidated entity if we have the ability to exercise significant influence over the entity that (a) does not meet the variable interest entity criteria or (b) meets the variable interest entity criteria, but for which we are not deemed to be the primary beneficiary. We measure other equity investments at fair value if the investment has a fair value that is readily determinable; otherwise, we measure the investment at cost, less any impairment. We separately present within equity on our consolidated balance sheets the ownership interests attributable to parties with noncontrolling interests in our consolidated subsidiaries, and we separately present net income attributable to such parties on our consolidated statements of operations. See Note 4—Unconsolidated Affiliates and Note 14—Equity.

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

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

on a single performance obligation consisting of a series of distinct hourly, or more frequent, periods, the variability of which will be resolved at the time of the future services.

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

Contract intangible assets—We recognize contract intangible assets related to acquired executory contracts, such as drilling contracts. The drilling contract intangible assets represent the amount by which the fixed dayrates of the acquired contracts were above the market dayrates that were available or expected to be available during the term of the contract for similar contracts, measured as of the acquisition date. We amortize the carrying amount of the drilling contract intangible assets using the straight-line method as a reduction of contract drilling revenues over the expected remaining contract period. See Note 6—Contract Intangible Assets.

Share-based compensation—To measure the fair values of granted or modified service-based restricted share units, we use the market price of our shares on the grant date or modification date. To measure the fair values of granted or modified stock options, we use the Black-Scholes-Merton option-pricing model and apply assumptions for the expected life, risk-free interest rate, expected volatility and dividend yield. To measure the fair values of granted or modified performance-based restricted share units subject to market factors, we use a Monte Carlo simulation model and, in addition to the assumptions applied for the Black-Scholes-Merton option-pricing model, we use a risk neutral approach and an average price at the performance start date. To measure the fair values of granted or modified performance-based restricted share units that are subject to performance targets, we use the market price of our shares on the grant date or modification date adjusted for the projected performance rate expected to be achieved at the end of the measurement period. We recognize share-based compensation expense in the same financial statement line item as cash compensation paid to the respective employees or non-employee directors. We recognize such compensation expense on a straight-line basis over the service period through the date the employee or non-employee director is no longer required to provide service to earn the award. See Note 15—Share-Based Compensation.

Capitalized interest—We capitalize interest costs for qualifying construction and upgrade projects and only capitalize interest costs during periods in which progress for the construction projects continues to be underway. In the years ended December 31, 2021, 2020 and 2019, we capitalized interest costs of \$50 million, \$47 million and \$38 million, respectively, for our construction work in progress.

Functional currency—We consider the U.S. dollar to be the functional currency for all of our operations since the majority of our revenues and expenditures are denominated in U.S. dollars, which limits our exposure to currency exchange rate fluctuations. We recognize currency exchange rate gains and losses in other, net. In the years ended December 31, 2021, 2020 and 2019, we recognized a net loss of \$1 million, a net loss of \$8 million and a net gain of \$2 million, respectively, related to currency exchange rates.

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

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

We measure deferred tax assets and liabilities using enacted tax rates that will apply in the years in which the deferred tax assets and liabilities are expected to be recovered or paid. In evaluating our ability to realize deferred tax assets, we consider all available positive and negative evidence, including projected future taxable income and the existence of cumulative losses in recent years. We record a valuation allowance for deferred tax assets when it is more likely than not that some or all of the benefit from the deferred tax asset will not be realized. For example, we may record a valuation allowance for deferred tax assets resulting from net operating losses incurred during the year in certain jurisdictions for which the benefit of the losses will not be realized or for foreign tax credit carryforwards that may expire prior to their utilization. See Note 11—Income Taxes.

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

Restricted cash and cash equivalents—We maintain restricted cash and cash equivalents that are either pledged for debt service under certain bond indentures, as required under certain bank credit arrangements, or held in accounts that are subject to restrictions due to legislation, regulation or court order. We classify such restricted cash and cash equivalents in current assets if the restriction is expected to expire or otherwise be resolved within one year or if such funds are considered to offset liabilities that are properly classified as current liabilities. See Note 9—Debt and Note 13—Commitments and Contingencies.

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

Materials and supplies—We record materials and supplies at their average cost less an allowance for excess items. We estimate the allowance for excess items based on historical experience and expectations for future use of the materials and supplies. During the year ended December 31, 2021, we identified certain materials and supplies that were in excess of our expected future usage based on our current market outlook. As a result of these items, we increased our allowance by \$28 million (\$0.04 per diluted share, net of tax). At December 31, 2021 and 2020, our allowance for excess items was \$183 million and \$143 million, respectively.

Assets held for sale—We classify an asset as held for sale when the facts and circumstances meet the criteria for such classification, including the following: (a) we have committed to a plan to sell the asset, (b) the asset is available for immediate sale, (c) we have initiated actions to complete the sale, including locating a buyer, (d) the sale is expected to be completed within one year, (e) the asset is being actively marketed at a price that is reasonable relative to its fair value, and (f) the plan to sell is unlikely to be subject to significant changes or termination. At December 31, 2021 and 2020, we had no assets classified as held for sale.

Property and equipment—We apply judgment to account for our property and equipment, consisting primarily of offshore drilling rigs and related equipment, related to estimates and assumptions for cost capitalization, useful lives and salvage values. We base our estimates and assumptions on historical experience and expectations regarding future industry conditions and operations. At December 31, 2021, the aggregate carrying amount of our property and equipment represented approximately 83 percent of our total assets.

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

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

Long-lived asset impairment—We review the carrying amounts of long-lived assets, including property and equipment and right-of-use assets, for potential impairment when events occur or circumstances change that indicate that the carrying amount of such assets may not be recoverable. For assets classified as held and used, we determine recoverability by evaluating the estimated undiscounted future net cash flows based on projected dayrates and utilization of the asset group under review. We consider our asset groups to be ultra-deepwater floaters and harsh environment floaters. When an impairment of one or more of our asset groups is indicated, we measure the impairment as the amount by which the asset group's carrying amount exceeds its estimated fair value. We measure the fair values of our asset groups by applying a variety of valuation methods, incorporating a combination of cost, income and market approaches, using projected discounted cash flows and estimates of the exchange price that would be received for the assets in the principal or most advantageous market for the assets in an orderly transaction between market participants as of the measurement date. For an asset classified as held for sale, we consider the asset to be impaired to the extent its carrying amount exceeds its estimated fair value less cost to sell. See Note 7—Long-Lived Assets.

Equity investments and impairment—We review our equity-method investments, and other equity investments for which a readily determinable fair value is not available, for potential impairment when events or changes in circumstances indicate that the carrying amount of the investment might not be recoverable in the near term. If we determine that an impairment that is other than temporary exists, we recognize an impairment loss, measured as the amount by which the carrying amount of the investment exceeds its estimated fair value. To estimate the fair value of the investment, we apply valuation methods that rely primarily on the income and market approaches. In the years ended December 31, 2021 and 2020, we recognized a loss of \$37 million and \$62 million, respectively, associated with the other-than-temporary impairment of the carrying amount of our equity investments. See Note 4—Unconsolidated Affiliates.

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

We measure our actuarially determined obligations and related costs for our defined benefit pension and other postemployment benefit plans, retiree life insurance and medical benefits, by applying assumptions, the most significant of which include long-term rate of return on plan assets, discount rates and mortality rates. For the long-term rate of return, we develop our assumptions regarding the expected rate of return on plan assets based on historical experience and projected long-term investment returns, and we weight the assumptions based on each plan's asset allocation. For the discount rate, we base our assumptions on a yield curve approach using Aa-rated corporate

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

bonds and the expected timing of future benefit payments. At December 31, 2021 and 2020, our pension and other postemployment benefit plan obligations represented an aggregate liability of \$132 million and \$277 million, respectively, and an aggregate asset of \$102 million and \$37 million, respectively, representing the funded status of the plans. See Note 10—Postemployment Benefit Plans.

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

NOTE 3—ACCOUNTING STANDARDS UPDATE

Recently adopted accounting standards

Debt with conversion and other options—Effective January 1, 2021, we early adopted the accounting standards update that simplifies the accounting for convertible instruments, such as our exchangeable debt, by limiting the accounting models that result in separately recognizing embedded conversion features from the host contract. The accounting standards update also enhances information transparency by making targeted improvements to the disclosures for convertible instruments and earnings per share guidance. Our adoption did not result in any accounting changes for the 0.50% exchangeable senior bonds due January 2023 (the “0.50% Exchangeable Senior Bonds”) or the 2.50% senior guaranteed exchangeable bonds due January 2027 (the “2.50% Senior Guaranteed Exchangeable Bonds”). Under previous accounting guidance, for the 4.00% senior guaranteed exchangeable bonds due December 2025 (the “4.00% Senior Guaranteed Exchangeable Bonds”), we would have recorded the debt and exchange features separately and, consequently, we would have recognized in current and future periods greater amortization, as a component of interest expense. See Note 9—Debt.

NOTE 4—UNCONSOLIDATED AFFILIATES

Equity investments—We hold noncontrolling equity investments in various unconsolidated companies, including (a) our 33.0 percent ownership interest in Orion Holdings (Cayman) Limited (together with its subsidiary, “Orion”), a Cayman Islands company that, through its wholly owned subsidiary, owns the harsh environment floater *Transocean Norge*, and (b) our interests in certain companies that are involved in researching and developing technology to improve efficiency, reliability, sustainability and safety for drilling and other activities. At December 31, 2021 and 2020, the aggregate carrying amount of our equity investments was \$91 million and \$138 million, respectively, recorded in other assets.

Our equity-method investment in Orion is the most significant of our equity investments. In the years ended December 31, 2020 and 2019, we made an aggregate cash contribution of \$8 million and \$74 million, respectively, to Orion. In the years ended December 31, 2021 and 2020, we recognized a loss of \$37 million and \$59 million, respectively, which had no tax effect, recorded in other, net, associated with the impairment of our equity investment in Orion upon determination that the carrying amount exceeded the estimated fair value and that the impairment was other than temporary. We estimated the fair value of our investment by applying the income method using significant unobservable inputs, representative of Level 3 fair value measurements, including an assumed discount rate of 12 percent and assumptions about the future performance of the investment, such as future demand and supply for harsh environment floaters, rig utilization, revenue efficiency and dayrates. At December 31, 2021 and 2020, the aggregate carrying amount of our equity investment in Orion was \$57 million and \$104 million, respectively.

Related party transactions—We engage in certain related party transactions with our unconsolidated affiliates, the most significant of which are under agreements with Orion. We have a management services agreement for the operation and maintenance of the harsh environment floater *Transocean Norge* and a marketing services agreement for the marketing of the rig. We also leased the rig under a short-term bareboat charter agreement, which expired in June 2021. Prior to the rig’s placement into service, we also engaged in certain related party transactions with Orion under a shipyard care agreement for the construction of the rig and other matters related to its completion and delivery. Additionally, we procure services and equipment from other unconsolidated affiliates for technological innovation.

In the years ended December 31, 2021, 2020 and 2019, we received an aggregate cash payment of \$16 million, \$46 million and \$96 million, respectively, under the shipyard care agreement with Orion, primarily related to the commissioning, preparation and mobilization of *Transocean Norge*. In the years ended December 31, 2021, 2020 and 2019, we recognized rent expense of \$12 million, \$22 million and \$9 million, respectively, recorded in operating and maintenance costs, and made an aggregate cash payment of \$15 million, \$22 million and \$6 million, respectively, to charter the rig and rent other equipment from Orion. In the years ended December 31, 2021, 2020 and 2019, we made an aggregate cash payment of \$6 million, \$15 million and \$11 million, respectively, to other unconsolidated affiliates for research and development and for equipment to reduce emissions and improve reliability.

Additionally, in June 2021, Orion refinanced its shipyard loans under a financing arrangement for \$100 million, in which we participated at a rate equivalent to our ownership interest in Orion. Borrowings under the financing arrangement are secured by

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

Transocean Norge. The financing arrangement, which expires in June 2024, requires interest to be paid on outstanding borrowings at the London Interbank Offered Rate plus a margin of 6.50 percent per annum. In the year ended December 31, 2021, we made a cash investment in loans of \$33 million. At December 31, 2021, the outstanding borrowings, including accrued and unpaid interest, due to us under the financing arrangement were \$34 million, recorded in other assets.

NOTE 5—REVENUES

Overview—We earn revenues primarily by performing the following activities: (i) providing our drilling rig, work crews, related equipment and services necessary to operate the rig (ii) delivering the drilling rig by mobilizing to and demobilizing from the drill location, and (iii) performing certain pre-operating activities, including rig preparation activities or equipment modifications required for the contract. These services represent a single performance obligation under our drilling contracts with customers that is satisfied over time, the duration of which varies by contract. At December 31, 2021, the drilling contract with the longest expected remaining duration, excluding unexercised options, extends through February 2028.

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

	Year ended December 31, 2021				Year ended December 31, 2020				Year ended December 31, 2019			
	U.S.	Norway	Other (a)	Total	U.S.	Norway	Other (a)	Total	U.S.	Norway	Other (a)	Total
Ultra-deepwater floaters	\$ 1,096	\$ —	\$ 624	\$ 1,720	\$ 1,302	\$ —	\$ 792	\$ 2,094	\$ 1,264	\$ —	\$ 693	\$ 1,957
Harsh environment floaters	2	790	44	836	—	876	170	1,046	—	775	294	1,069
Deepwater floaters	—	—	—	—	—	—	—	—	—	—	7	7
Midwater floaters	—	—	—	—	—	—	12	12	—	—	55	55
Total contract drilling revenues	\$ 1,098	\$ 790	\$ 668	\$ 2,556	\$ 1,302	\$ 876	\$ 974	\$ 3,152	\$ 1,264	\$ 775	\$ 1,049	\$ 3,088

(a) Other represents the aggregate value for countries in which we operate that individually had attributable operating revenues representing less than 10 percent of consolidated operating revenues earned.

Major customers—For the year ended December 31, 2021, Shell plc (together with its affiliates, “Shell”) and Equinor ASA (together with its affiliates, “Equinor”) represented approximately 31 percent and 30 percent, respectively, of our consolidated operating revenues. For the year ended December 31, 2020, Shell, Equinor and Chevron Corporation (together with its affiliates, “Chevron”) represented approximately 28 percent, 27 percent and 14 percent, respectively, of our consolidated operating revenues. For the year ended December 31, 2019, Shell, Equinor and Chevron represented approximately 26 percent, 21 percent and 17 percent, respectively, of our consolidated operating revenues.

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

	December 31,	
	2021	2020
Deferred contract revenues, recorded in other current liabilities	\$ 83	\$ 133
Deferred contract revenues, recorded in other long-term liabilities	265	323
Total contract liabilities	\$ 348	\$ 456

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

	Years ended December 31,	
	2021	2020
Total contract liabilities, beginning of period	\$ 456	\$ 529
Decrease due to recognition of revenues for goods and services	(149)	(184)
Increase due to goods and services transferred over time	41	111
Total contract liabilities, end of period	\$ 348	\$ 456

Performance obligations satisfied in prior periods—In June 2020, we entered into a settlement and mutual release agreement with a customer, which provided for the final settlement of disputes related to performance obligations satisfied in prior periods. In connection with the settlement, among other things, our customer agreed to pay us \$185 million in four equal installments through January 15, 2023. In the year ended December 31, 2020, we recognized revenues of \$177 million, representing the discounted value of the future payments, and recorded corresponding accounts receivable, net of imputed interest. In the years ended December 31, 2021 and 2020, we received an aggregate cash payment of \$46 million in scheduled installments under the arrangement. At December 31, 2021 and 2020, the aggregate carrying amount of the related receivable was \$90 million and \$133 million, respectively, net of imputed interest, including \$46 million and \$45 million, respectively, recorded in accounts receivable, and \$44 million and \$88 million, respectively, recorded in other assets.

In the year ended December 31, 2019, we recognized revenues of \$10 million for other performance obligations satisfied in prior periods due to certain revenues recognized on a cash basis.

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

Pre-operating costs—In the years ended December 31, 2021, 2020 and 2019, we recognized pre-operating costs of \$48 million, \$60 million and \$18 million, respectively, recorded in operating and maintenance costs. At December 31, 2021 and 2020, the unrecognized pre-operating costs to obtain contracts was \$21 million and \$20 million, respectively, recorded in other assets.

NOTE 6—CONTRACT INTANGIBLE ASSETS

The gross carrying amount and accumulated amortization of our drilling contract intangible assets were as follows (in millions):

	Year ended December 31, 2021			Year ended December 31, 2020		
	Gross carrying amount	Accumulated amortization	Net carrying amount	Gross carrying amount	Accumulated amortization	Net carrying amount
Drilling contract intangible assets						
Balance, beginning of period	\$ 907	\$ (514)	\$ 393	\$ 907	\$ (299)	\$ 608
Amortization	—	(220)	(220)	—	(215)	(215)
Balance, end of period	<u>\$ 907</u>	<u>\$ (734)</u>	<u>\$ 173</u>	<u>\$ 907</u>	<u>\$ (514)</u>	<u>\$ 393</u>

As of December 31, 2021, the estimated future amortization over the expected remaining contract periods, the longest of which currently extends through March 2024, was as follows (in millions):

	Total
Years ending December 31,	
2022	\$ 117
2023	52
2024	4
Total carrying amount of contract intangible assets	<u>\$ 173</u>

NOTE 7—LONG-LIVED ASSETS

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

	December 31,	
	2021	2020
Long-lived assets		
U.S.	\$ 5,779	\$ 6,007
Norway	3,379	3,560
Greece	3,162	3,294
Other countries (a)	5,293	5,347
Total long-lived assets	<u>\$ 17,613</u>	<u>\$ 18,208</u>

- (a) Other countries represents the aggregate value for countries in which we operate that individually had attributable long-lived assets representing less than 10 percent of consolidated long-lived assets.

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

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

	Years ended December 31,		
	2021	2020	2019
Construction work in progress, beginning of period	\$ 828	\$ 753	\$ 632
Capital expenditures			
Newbuild construction program	174	143	129
Other equipment and construction projects	34	122	258
Total capital expenditures	208	265	387
Changes in accrued capital additions	13	(33)	20
Construction work in progress impaired	—	—	(5)
Property and equipment placed into service	(32)	(157)	(281)
Construction work in progress, end of period	<u>\$ 1,017</u>	<u>\$ 828</u>	<u>\$ 753</u>

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

Impairments of assets held and used—During the year ended December 31, 2020, we identified indicators that the carrying amounts of our asset groups may not be recoverable. Such indicators included significant declines in commodity prices and the market value of our stock, a reduction of expected demand for our drilling services as our customers announced reductions of capital investments in response to commodity prices and a reduction of projected dayrates. As a result of our testing, we determined that the carrying amount of our midwater floater asset group was impaired. In the year ended December 31, 2020, we recognized a loss of \$31 million (\$0.05 per diluted share), which had no tax effect, associated with the impairment of our midwater floater asset group. We estimated the fair value of the rig and related assets in this asset group by applying the market approach using significant other observable inputs, representative of Level 2 fair value measurements, including the marketability of the rig and prices of comparable rigs that may be sold for scrap value.

Impairments of assets held for sale—In the year ended December 31, 2020, we recognized an aggregate loss of \$556 million (\$0.90 per diluted share), which had no tax effect, associated with the impairment of the ultra-deepwater floater *GSF Development Driller II*, the harsh environment floaters *Polar Pioneer* and *Songa Dee* and the midwater floaters *Sedco 711*, *Sedco 714* and *Transocean 712*, along with related assets, which we determined were impaired at the time that we classified the assets as held for sale. In the year ended December 31, 2019, we recognized an aggregate loss of \$578 million (\$0.94 per diluted share), which had no tax effect, associated with the impairment of the ultra-deepwater floaters *Discoverer Deep Seas*, *Discoverer Enterprise* and *Discoverer Spirit*, along with related assets, which we determined were impaired at the time we classified the assets as held for sale.

We measured the impairment of the drilling units and related assets as the amount by which the carrying amount exceeded the estimated fair value less costs to sell. We estimated the fair value of the assets using significant other observable inputs, representative of Level 2 fair value measurements, including indicative market values for the drilling units and related assets to be sold for scrap value or binding contracts to sell such assets for alternative purposes. If we commit to plans to sell additional rigs for values below the respective carrying amounts, we will be required to recognize additional losses in future periods associated with the impairment of such assets.

Dispositions—During the year ended December 31, 2021, in connection with our efforts to dispose of non-strategic assets, we completed the sale of the harsh environment floater *Leiv Eiriksson* and related assets. In the year ended December 31, 2021, we received aggregate net cash proceeds of \$4 million and recognized an aggregate net loss of \$57 million (\$0.09 per diluted share), which had no tax effect, primarily associated with the disposal of these assets. In the year ended December 31, 2021, we received aggregate net cash proceeds of \$5 million and recognized an aggregate net loss of \$5 million associated with the disposal of assets unrelated to rig sales.

During the year ended December 31, 2020, we completed the sale of the ultra-deepwater floater *GSF Development Driller II*, the harsh environment floaters *Polar Pioneer*, *Songa Dee* and *Transocean Arctic* and the midwater floaters *Sedco 711*, *Sedco 714* and *Transocean 712*, along with related assets. In the year ended December 31, 2020, we received aggregate net cash proceeds of \$20 million and recognized an aggregate net loss of \$61 million (\$0.10 per diluted share), which had no tax effect, associated with the disposal of these assets. In the year ended December 31, 2020, we received aggregate net cash proceeds of \$4 million and recognized an aggregate net loss of \$23 million associated with the disposal of assets unrelated to rig sales.

During the year ended December 31, 2019, we completed the sale of the ultra-deepwater floaters *Deepwater Frontier*, *Deepwater Millennium*, *Discoverer Deep Seas*, *Discoverer Enterprise*, *Discoverer Spirit* and *Ocean Rig Paros*, the harsh environment floater *Eirik Raude*, the deepwater floaters *Jack Bates* and *Transocean 706* and the midwater floaters *Actinia* and *Songa Delta*, along with related assets. In the year ended December 31, 2019, we received aggregate net cash proceeds of \$64 million and recognized an aggregate net gain of \$4 million (\$0.01 per diluted share), which had no tax effect, associated with the disposal of these assets. In the year ended December 31, 2019, we received aggregate net cash proceeds of \$6 million and recognized an aggregate net loss of \$16 million associated with the disposal of assets unrelated to rig sales.

Cancelled construction contracts—In the year ended December 31, 2019, we recognized income of \$132 million, recorded in other income, net, associated with the cancellation of certain construction contracts acquired in December 2018 in connection with our acquisition of Ocean Rig UDW Inc., a Cayman Islands exempted company with limited liability, for the construction of two ultra-deepwater drillships. Under the acquisition method of accounting for the business combination, the contract liabilities represented the amount by which the remaining payments due under the acquired contracts were above market construction rates for similar drilling units, measured as of the acquisition date.

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

NOTE 8—LEASES

Overview—Our operating leases are principally for office space, storage facilities, operating equipment and land. At December 31, 2021, our operating leases had a weighted-average discount rate of 6.4 percent and a weighted-average remaining lease term of 13.5 years.

Our finance lease for the ultra-deepwater drillship *Petrobras 10000* has an implicit interest rate of 7.8 percent and requires scheduled monthly installments through the lease expiration in August 2029, after which we are obligated to acquire the drillship from the lessor for one dollar. We recognize expense for the amortization of the right-of-use asset in depreciation and amortization.

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

Lease costs	Years ended December 31,		
	2021	2020	2019
Short-term lease costs	\$ 17	\$ 27	\$ 13
Operating lease costs	12	13	25
Finance lease costs, amortization of right-of-use asset	20	21	21
Finance lease costs, interest on lease liability	33	36	39
Total lease costs	<u>\$ 82</u>	<u>\$ 97</u>	<u>\$ 98</u>

In the year ended December 31, 2019, we recognized a loss of \$26 million, with no tax effect, associated with the impairment of right-of-use assets and leasehold improvements for certain office facilities that we vacated or committed to sublease.

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

	Years ended December 31,		
	2021	2020	2019
Cash paid for amounts included in the measurement of lease liabilities:			
Operating cash flows from operating leases	13	\$ 17	\$ 19
Operating cash flows from finance lease	37	36	39
Financing cash flows from finance lease	33	35	32

At December 31, 2021, the aggregate future minimum lease payments were as follows (in millions):

Years ending December 31,	Operating leases	Finance lease
2022	\$ 14	\$ 71
2023	13	70
2024	13	71
2025	13	70
2026	12	71
Thereafter	113	188
Total future minimum rental payment	178	541
Less amount representing imputed interest	(61)	(135)
Present value of future minimum rental payments	117	406
Current portion, recorded in other current liabilities	8	40
Long-term lease liabilities, recorded in other long-term liabilities	<u>\$ 109</u>	<u>\$ 366</u>

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

NOTE 9—DEBT

Overview

Outstanding debt—The aggregate principal amounts and aggregate carrying amounts, including the contractual interest payments of debt restructured in the year ended December 31, 2020 and unamortized debt-related balances, such as discounts, premiums and issue costs, were as follows (in millions):

		Principal amount		Carrying amount	
		December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
6.375% Senior Notes due December 2021	(a)	\$ —	\$ 38	\$ —	\$ 38
5.52% Senior Secured Notes due May 2022	(b)	18	111	18	111
3.80% Senior Notes due October 2022	(a)	27	27	27	27
0.50% Exchangeable Senior Bonds due January 2023	(a)	140	463	140	462
5.375% Senior Secured Notes due May 2023	(c)	306	364	304	360
5.875% Senior Secured Notes due January 2024	(c)	435	585	430	577
7.75% Senior Secured Notes due October 2024	(c)	300	360	296	354
6.25% Senior Secured Notes due December 2024	(c)	313	375	309	369
6.125% Senior Secured Notes due August 2025	(c)	402	468	397	461
7.25% Senior Notes due November 2025	(d)	411	411	406	405
4.00% Senior Guaranteed Exchangeable Bonds due December 2025	(e)	294	—	264	—
7.50% Senior Notes due January 2026	(d)	569	569	565	565
2.50% Senior Guaranteed Exchangeable Bonds due January 2027	(e)	238	238	271	277
11.50% Senior Guaranteed Notes due January 2027	(e)	687	687	1,078	1,139
6.875% Senior Secured Notes due February 2027	(c)	550	550	544	542
8.00% Senior Notes due February 2027	(d)	612	612	607	606
7.45% Notes due April 2027	(a)	52	52	52	51
8.00% Debentures due April 2027	(a)	22	22	22	22
7.00% Notes due June 2028	(f)	261	261	265	266
7.50% Notes due April 2031	(a)	396	396	394	394
6.80% Senior Notes due March 2038	(a)	610	610	605	605
7.35% Senior Notes due December 2041	(a)	177	177	176	176
Total debt		6,820	7,376	7,170	7,807
Less debt due within one year					
6.375% Senior Notes due December 2021	(a)	—	38	—	38
5.52% Senior Secured Notes due May 2022	(b)	18	93	18	92
3.80% Senior Notes due October 2022	(a)	27	—	27	—
5.375% Senior Secured Notes due May 2023	(c)	63	47	62	46
5.875% Senior Secured Notes due January 2024	(c)	83	83	80	80
7.75% Senior Secured Notes due October 2024	(c)	60	60	58	58
6.25% Senior Secured Notes due December 2024	(c)	62	62	61	60
6.125% Senior Secured Notes due August 2025	(c)	66	66	64	64
2.50% Senior Guaranteed Exchangeable Bonds due January 2027	(e)	—	—	6	6
11.50% Senior Guaranteed Notes due January 2027	(e)	—	—	70	61
6.875% Senior Secured Notes due February 2027	(c)	69	—	67	—
Total debt due within one year		448	449	513	505
Total long-term debt		\$ 6,372	\$ 6,927	\$ 6,657	\$ 7,302

- (a) Transocean Inc., a 100 percent owned direct subsidiary of Transocean Ltd., is the issuer of the notes and debentures (the “Legacy Guaranteed Notes”). The Legacy Guaranteed Notes are fully and unconditionally, jointly and severally, guaranteed by Transocean Ltd.
- (b) The subsidiary issuer of the unregistered senior secured notes is a wholly owned indirect subsidiary of Transocean Inc. The senior secured notes are fully and unconditionally guaranteed by the owner of the collateral rig.
- (c) Each subsidiary issuer of the respective unregistered senior secured notes is a wholly owned indirect subsidiary of Transocean Inc. The senior secured notes are fully and unconditionally, jointly and severally, guaranteed by Transocean Ltd., Transocean Inc. and, in each case, the owner of the respective collateral rig or rigs.
- (d) Transocean Inc. is the issuer of the unregistered notes (collectively, the “Priority Guaranteed Notes”). The guaranteed senior unsecured notes are fully and unconditionally, jointly and severally, guaranteed by Transocean Ltd. and certain wholly owned indirect subsidiaries of Transocean Inc. and rank equal in right of payment of all of our existing and future unsecured unsubordinated obligations. Such notes are structurally senior to the Legacy Guaranteed Notes and the 7.00% notes due June 2028 and are structurally subordinate to the Senior Priority Guaranteed Notes, as defined below, to the extent of the value of the assets of the subsidiaries guaranteeing the notes.
- (e) Transocean Inc. is the issuer of the unregistered notes (together, the “Senior Priority Guaranteed Notes”). The priority guaranteed senior unsecured notes are fully and unconditionally, jointly and severally, guaranteed by Transocean Ltd. and certain wholly owned indirect subsidiaries of Transocean Inc. and rank equal in right of payment of all of our existing and future unsecured unsubordinated obligations. Such notes are structurally senior to the Priority Guaranteed Notes to the extent of the value of the assets of the subsidiaries guaranteeing the notes.
- (f) The subsidiary issuer of the registered notes is a wholly owned indirect subsidiary of Transocean Inc. The notes are fully and unconditionally guaranteed by Transocean Inc.

TRANSOCEAN LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—continued

Transocean Ltd. has no independent assets or operations, and its other subsidiaries not owned indirectly through Transocean Inc. are minor. Transocean Inc. has no independent assets and operations, other than those related to its investments in non-guarantor operating companies and balances primarily pertaining to its cash and cash equivalents and debt. Transocean Ltd. and Transocean Inc. are not subject to any significant restrictions on their ability to obtain funds from their consolidated subsidiaries by dividends, loans or capital distributions.

Indentures—The indentures that govern our debt generally contain covenants that, among other things, limit our ability to incur certain liens on our drilling units without equally and ratably securing the notes, to engage in certain sale and lease back transactions covering any of our drilling units, to allow our subsidiaries to incur certain additional debt, or to engage in certain merger, consolidation or reorganization transactions or to enter into a scheme of arrangement qualifying as an amalgamation.

The indentures that govern the 5.52% senior secured notes due May 2022 (the “5.52% Senior Secured Notes”), the 5.375% Senior Secured Notes due May 2023 (the “5.375% Senior Secured Notes”), the 5.875% senior secured notes due January 2024, the 7.75% senior secured notes due October 2024, the 6.25% senior secured notes due December 2024, the 6.125% senior secured notes due August 2025 and the 6.875% senior secured notes due February 2027 (the “6.875% Senior Secured Notes”) contain covenants that limit the ability of our subsidiaries that own or operate the collateral rigs to declare or pay dividends to their affiliates.

The indentures that govern the 4.00% Senior Guaranteed Exchangeable Bonds, the 2.50% Senior Guaranteed Exchangeable Bonds and the 0.50% Exchangeable Senior Bonds require such bonds to be repurchased upon the occurrence of certain fundamental changes and events, at specified prices depending on the particular fundamental change or event, which include changes and events related to certain (i) change of control events applicable to Transocean Ltd. or Transocean Inc., (ii) the failure of our shares to be listed or quoted on a national securities exchange and (iii) specified tax matters.

Interest rate adjustments—The interest rates for certain of our notes are subject to adjustment from time to time upon a change to the credit rating of our non-credit enhanced senior unsecured long-term debt. At December 31, 2021, the interest rate in effect for the 3.80% senior notes due October 2022 and the 7.35% senior notes due December 2041 was 5.80 percent and 9.35 percent, respectively.

Scheduled maturities—At December 31, 2021, the scheduled maturities of our debt, including the principal installments and other installments, representing the contractual interest payments of previously restructured debt, were as follows (in millions):

	Principal installments	Other installments	Total
Years ending December 31,			
2022	\$ 448	\$ 76	\$ 524
2023	722	76	798
2024	786	77	863
2025	992	77	1,069
2026	652	78	730
Thereafter	3,220	39	3,259
Total installments of debt	<u>\$ 6,820</u>	<u>\$ 423</u>	<u>7,243</u>
Total unamortized debt-related balances, net			(73)
Total carrying amount of debt			<u>\$ 7,170</u>

Credit agreements

Secured Credit Facility—As of December 31, 2021, we have a \$1.33 billion secured revolving credit facility established under a bank credit agreement (as amended from time to time, the “Secured Credit Facility”), which is scheduled to expire on June 22, 2023. The Secured Credit Facility is guaranteed by Transocean Ltd. and certain wholly owned subsidiaries. The Secured Credit Facility is secured by, among other things, a lien on the ultra-deepwater floaters *Deepwater Asgard*, *Deepwater Corcovado*, *Deepwater Invictus*, *Deepwater Mykonos*, *Deepwater Orion*, *Deepwater Skyros*, *Development Driller III*, *Dhirubhai Deepwater KG2* and *Discoverer Inspiration* and the harsh environment floaters *Transocean Barents* and *Transocean Spitsbergen*, and at December 31, 2021, the aggregate carrying amount of which was \$5.07 billion. The maximum borrowing capacity will be reduced to \$1.00 billion if, and so long as, our leverage ratio, measured as the aggregate principal amount of debt outstanding to earnings before interest, taxes, depreciation and amortization, exceeds 10.00 to 1.00. The Secured Credit Facility contains covenants that, among other things, include maintenance of 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 \$500 million. The Secured Credit Facility also restricts the ability of Transocean Ltd. and certain of our subsidiaries to, among other things, merge, consolidate or otherwise make changes to the corporate structure, incur liens, incur additional indebtedness, enter into transactions with affiliates and pay dividends and other distributions.

We may borrow under the Secured Credit Facility at either (1) the reserve adjusted London Interbank Offered Rate plus a margin (the “Secured Credit Facility Margin”), which ranges from 2.625 percent to 3.375 percent based on the credit rating of the Secured Credit Facility, or (2) the base rate specified in the credit agreement plus the Secured Credit Facility Margin, minus one percent per annum. Throughout the term of the Secured Credit Facility, we pay a facility fee on the amount of the underlying commitment which ranges from 0.375 percent to 1.00 percent based on the credit rating of the Secured Credit Facility. At December 31, 2021, based on the credit rating of

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

the Secured Credit Facility on that date, the Secured Credit Facility Margin was 3.375 percent and the facility fee was 0.875 percent. At December 31, 2021, we had no borrowings outstanding, \$17 million of letters of credit issued, and we had \$1.32 billion of available borrowing capacity under the Secured Credit Facility.

Shipyard financing arrangement—In June 2021, Transocean Offshore Deepwater Holdings Limited, a Cayman Islands company and our wholly owned indirect subsidiary, entered into credit agreements with Jurong Shipyard Pte Ltd. establishing facilities (the “Shipyard Loans”) to finance all or a portion of the final payments expected to be owed to the shipyard upon delivery of the ultra-deepwater floaters *Deepwater Atlas* and *Deepwater Titan*. The Shipyard Loans are guaranteed by Transocean Inc. Borrowings under the Shipyard Loan for *Deepwater Atlas* will be secured by, among other security, a lien on the rig. In certain circumstances, borrowings under the Shipyard Loan for *Deepwater Titan* may also be secured by, among other security, a lien on the rig. We will repay the borrowings, together with interest of 4.5 percent per annum, according to the selected installment schedule over a maximum of a six-year period following delivery of the drilling rigs. We have the right to prepay any outstanding borrowings, in full or in part, without penalty. The Shipyard Loans contain covenants that, among other things, limit the ability of the subsidiary owners of the drilling rigs to incur certain types of additional indebtedness or make certain additional commitments or investments. At December 31, 2021, we had no borrowings outstanding under the Shipyard Loans.

Exchangeable bonds

Exchange terms—At December 31, 2021, 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:

	Exchange rate	Implied exchange price	Shares issuable
0.50% Exchangeable Senior Bonds due January 2023	97.29756	\$ 10.28	13.6
4.00% Senior Guaranteed Exchangeable Bonds due December 2025	190.47620	5.25	56.0
2.50% Senior Guaranteed Exchangeable Bonds due January 2027	162.16260	6.17	38.6

The exchange rates of our exchangeable bonds, identified above, are subject to adjustment upon the occurrence of certain events. The 0.50% Exchangeable Senior Bonds may be exchanged by holders into Transocean Ltd. shares at any time prior to the close of business on the business day immediately preceding the maturity date. The 2.50% Senior Guaranteed Exchangeable Bonds may be exchanged by holders into Transocean Ltd. shares at any time prior to the close of business on the second business day immediately preceding the maturity date or redemption date. The 4.00% Senior 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 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 December 31, 2021, 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
0.50% Exchangeable Senior Bonds due January 2023	0.5%	\$ 119
4.00% Senior Guaranteed Exchangeable Bonds due December 2025	6.9%	278
2.50% Senior Guaranteed Exchangeable Bonds due January 2027	0.0%	196

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.

Related balances—At December 31, 2021 and 2020, the premium associated with the original issuance of the 0.50% Exchangeable Senior Bonds had a carrying amount of \$172 million, recorded in equity as a component of additional paid-in capital.

Debt issuance

Senior guaranteed exchangeable bonds—On February 26, 2021, we issued \$294 million aggregate principal amount of the 4.00% Senior Guaranteed Exchangeable Bonds and made an aggregate cash payment of \$11 million in private exchanges (collectively, the “2021 Private Exchange”) for \$323 million aggregate principal amount of the 0.50% Exchangeable Senior Bonds. In the year ended December 31, 2021, as a result of the 2021 Private Exchange, we recognized a gain of \$51 million (\$0.08 per diluted share), with no tax effect, associated with the retirement of debt (see “—Debt restructuring, repayment and retirement”). The initial carrying amount of the 4.00% Senior Guaranteed Exchangeable Bonds, measured at the estimated fair value on the date of issuance, was \$260 million. We estimated the fair value of the exchangeable debt instrument, including the exchange feature, by employing a binomial lattice model using significant other observable inputs, representative of Level 2 fair value measurements, including the terms and credit spreads of our debt and expected volatility of the market price for our shares.

On August 14, 2020, we issued \$238 million aggregate principal amount of 2.50% Senior Guaranteed Exchangeable Bonds in non-cash private exchanges (collectively, the “2020 Private Exchange”) for \$397 million aggregate principal amount of the

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

0.50% Exchangeable Senior Bonds. In the year ended December 31, 2020, as a result of the 2020 Private Exchange, we recognized a gain of \$72 million (\$0.12 per diluted share), with no tax effect, associated with the restructuring of debt (see “—Debt restructuring, repayment and retirement”). We may redeem all or a portion of the 2.50% Senior Guaranteed Exchangeable Bonds (i) on or after August 14, 2022, if certain conditions related to the price of our shares have been satisfied, at a price equal to 100 percent of the aggregate principal amount and (ii) on or after August 14, 2023, at specified redemption prices. We recorded the conversion feature of the 2.50% Senior Guaranteed Exchangeable Bonds, measured at its estimated fair value of \$46 million, to additional paid-in capital. We estimated the fair value by employing a binomial lattice model using significant other observable inputs, representative of Level 2 fair value measurements, including the expected volatility of the market price for our shares.

Related party transactions—In August 2020, Perestroika AS, an entity affiliated with one of our directors that beneficially owns approximately 10 percent of our shares, exchanged \$356 million aggregate principal amount of the 0.50% Exchangeable Senior Bonds for \$213 million aggregate principal amount of 2.50% Senior Guaranteed Exchangeable Bonds. Perestroika AS has certain registration rights related to its shares and shares that may be issued in connection with any exchange of its 2.50% Senior Guaranteed Exchangeable Bonds. At December 31, 2021 and 2020, Perestroika AS held \$213 million aggregate principal amount of the 2.50% Senior Guaranteed Exchangeable Bonds.

Guaranteed senior unsecured notes—On January 17, 2020, we issued \$750 million aggregate principal amount of 8.00% senior notes due February 2027 (the “8.00% Senior Notes”), and we received aggregate cash proceeds of \$743 million, net of issue costs. We may redeem all or a portion of the 8.00% Senior Notes on or prior to February 1, 2023 at a price equal to 100 percent of the aggregate principal amount plus a make-whole premium, and subsequently, at specified redemption prices.

Priority guaranteed senior unsecured notes—On September 11, 2020, we issued \$687 million aggregate principal amount of 11.50% senior guaranteed notes due January 2027 (the “11.50% Senior Guaranteed Notes”) in non-cash exchange offers, pursuant to an exchange offer memorandum, dated August 10, 2020, as supplemented, for an aggregate principal amount of \$1.5 billion of several series of our existing debt securities that were validly tendered and accepted for purchase (the “2020 Exchange Offers” and, together with the 2020 Private Exchange, the “2020 Exchange Transactions”). In the year ended December 31, 2020, as a result of the 2020 Exchange Offers, we recognized a gain of \$355 million (\$0.58 per diluted share), with no tax effect, associated with the restructuring of debt (see “—Debt restructuring, repayment and retirement”). We may redeem all or a portion of the 11.50% Senior Guaranteed Notes prior to July 30, 2023 at a price equal to 100 percent of the aggregate principal amount plus a make-whole premium, and subsequently, at specified redemption prices. We may also use the net cash proceeds of certain equity offerings by Transocean Ltd. to redeem, on one or more occasions prior to July 30, 2023, up to a maximum of 40 percent of the original aggregate principal amount of the 11.50% Senior Guaranteed Notes, subject to certain adjustments, at a redemption price equal to 111.50 percent of the aggregate principal amount.

Senior secured notes—On February 1, 2019, we issued \$550 million aggregate principal amount of 6.875% Senior Secured Notes, and we received \$539 million aggregate cash proceeds, net of discount and issue costs. The 6.875% Senior Secured Notes are secured by the assets and earnings associated with the ultra-deepwater floater *Deepwater Poseidon* and the equity of the wholly owned subsidiaries that own or operate the collateral rig. Additionally, we are required to maintain certain balances in restricted cash accounts to satisfy debt service requirements. We are required to pay semiannual installments of principal and interest. We may redeem all or a portion of the 6.875% Senior Secured Notes on or prior to February 1, 2022 at a price equal to 100 percent of the aggregate principal amount plus a make-whole premium, and subsequently, at specified redemption prices.

On May 24, 2019, we issued \$525 million aggregate principal amount of 5.375% Senior Secured Notes, and we received \$517 million aggregate cash proceeds, net of discount and issue costs. The 5.375% Senior Secured Notes are secured by the assets and earnings associated with the harsh environment floaters *Transocean Endurance* and *Transocean Equinox* and the equity of the wholly owned subsidiaries that own or operate the collateral rigs. Additionally, we are required to maintain certain balances in restricted cash accounts to satisfy debt service requirements. We are required to pay semiannual installments of principal and interest. We may redeem all or a portion of the 5.375% Senior Secured Notes on or prior to May 15, 2021 at a price equal to 100 percent of the aggregate principal amount plus a make-whole premium, and subsequently, at specified redemption prices.

Encumbered assets—At December 31, 2021, we had restricted cash and cash equivalents of \$409 million deposited in restricted accounts to satisfy debt service and reserve requirements for the senior secured notes. At December 31, 2021, the rigs encumbered for the senior secured notes, including *Deepwater Conqueror*, *Deepwater Pontus*, *Deepwater Proteus*, *Deepwater Thalassa*, *Deepwater Poseidon*, *Transocean Enabler*, *Transocean Encourage*, *Transocean Endurance* and *Transocean Equinox*, had an aggregate carrying amount of \$5.93 billion. We will be required to redeem the senior secured notes at a price equal to 100 percent of the aggregate principal amount without a make-whole premium, upon the occurrence of certain events related to the respective collateral rigs and related drilling contracts.

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

Debt restructuring, repayment and retirement

Restructuring and early retirement—During the years ended December 31, 2021, 2020 and 2019, we restructured or retired certain notes as a result of exchange offers, private exchanges, redemption, tender offers and open market repurchases. We recorded the 2020 Exchange Transactions completed in August 2020 and September 2020 under ASC 470-60, Troubled Debt Restructuring by Debtors. The aggregate principal amounts, cash payments and recognized gain or loss for such transactions were as follows (in millions):

	Year ended December 31, 2021			Year ended December 31, 2020					Year ended December 31, 2019		
	Exchange	Repurchase	Total	Exchange	Redeem	Tender	Repurchase	Total	Tender	Repurchase	Total
6.50% Senior Notes due November 2020	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 38	\$ 15	\$ 53	\$ 57	\$ 23	\$ 80
6.375% Senior Notes due December 2021	—	—	—	37	—	77	69	183	63	43	106
3.80% Senior Notes due October 2022	—	—	—	136	—	10	16	162	190	32	222
0.50% Exchangeable Senior Bonds due January 2023	323	—	323	397	—	—	4	401	—	—	—
5.375% Senior Secured Notes due May 2023	—	11	11	—	—	103	43	146	—	—	—
9.00% Senior Notes due July 2023	—	—	—	—	714	—	—	714	200	336	536
5.875% Senior Secured Notes due January 2024	—	68	68	—	—	—	—	—	—	—	—
7.25% Senior Notes due November 2025	—	—	—	207	—	132	—	339	—	—	—
7.50% Senior Notes due January 2026	—	—	—	181	—	—	—	181	—	—	—
8.00% Senior Notes due February 2027	—	—	—	138	—	—	—	138	—	—	—
7.45% Notes due April 2027	—	—	—	35	—	—	—	35	—	—	—
8.00% Debentures due April 2027	—	—	—	35	—	—	—	35	—	—	—
7.00% Notes due June 2028	—	—	—	39	—	—	—	39	—	—	—
7.50% Notes due April 2031	—	—	—	192	—	—	—	192	—	—	—
6.80% Senior Notes due March 2038	—	—	—	390	—	—	—	390	—	—	—
7.35% Senior Notes due December 2041	—	—	—	123	—	—	—	123	—	—	—
Aggregate principal amount restructured or retired	\$ 323	\$ 79	\$ 402	\$ 1,910	\$ 714	\$ 360	\$ 147	\$ 3,131	\$ 510	\$ 434	\$ 944
Aggregate cash payment	\$ 11	\$ 79	\$ 90	\$ 10	\$ 767	\$ 222	\$ 110	\$ 1,109	\$ 522	\$ 449	\$ 971
Aggregate principal amount of debt issued in exchanges	\$ 294	\$ —	\$ 294	\$ 925	\$ —	\$ —	\$ —	\$ 925	\$ —	\$ —	\$ —
Aggregate net gain (loss)	\$ 51	\$ —	\$ 51	\$ 427	\$ (65)	\$ 135	\$ 36	\$ 533	\$ (18)	\$ (23)	\$ (41)

Scheduled maturities and installments—On the scheduled maturity date of December 15, 2021, we made a cash payment of \$38 million to repay an equivalent aggregate principal amount of the outstanding 6.375% senior notes due December 2021. On the scheduled maturity date of November 16, 2020, we made a cash payment of \$153 million to repay an equivalent aggregate principal amount of the outstanding 6.50% senior notes due November 2020. In the years ended December 31, 2021, 2020 and 2019, we made an aggregate cash payment of \$478 million, \$375 million and \$354 million, respectively, to repay other indebtedness in scheduled installments.

NOTE 10—POSTEMPLOYMENT BENEFIT PLANS

Defined contribution plans

We sponsor defined contribution plans for our employees in most markets in which we operate worldwide, the most significant of which were as follows: (1) a qualified savings plan covering certain eligible employees working in the U.S., (2) various savings plans covering eligible employees working in Norway, (3) a non-qualified savings plan covering certain eligible employees working outside the U.S., the United Kingdom (“U.K.”) and Norway and (4) a qualified savings plan covering certain eligible employees working in the U.K. In the years ended December 31, 2021, 2020 and 2019, we recognized expense of \$52 million, \$56 million and \$52 million, respectively, related to our defined contribution plans, recorded in the same financial statement line item as cash compensation paid to the respective employees.

Defined benefit pension and other postemployment benefit plans

Overview—As of December 31, 2021, we had defined benefit plans in the U.S., including three funded and three unfunded defined benefit plans (the “U.S. Plans”), and in the U.K., we had one funded defined benefit plan (the “U.K. Plan”). During the year ended December 31, 2021, as required by local authorities, we terminated our two remaining plans in Norway (together with the U.K. Plan, the “Non-U.S. Plans”). We also maintain certain unfunded other postemployment benefit plans (collectively, the “OPEB Plans”), under which benefits to eligible participants diminish during a phase-out period ending December 31, 2025. We maintain the benefit obligations under our plans until they are fully satisfied.

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

	Year ended December 31, 2021			Year ended December 31, 2020			Year ended December 31, 2019		
	U.S. Plans	Non-U.S. Plans	OPEB Plans	U.S. Plans	Non-U.S. Plans	OPEB Plans	U.S. Plans	Non-U.S. Plans	OPEB Plans
Discount rate	2.60 %	1.50 %	1.21 %	3.27 %	2.10 %	2.39 %	4.32 %	2.86 %	3.56 %
Expected rate of return	5.51 %	3.20 %	na	5.90 %	3.10 %	na	6.20 %	4.39 %	na

“na” means not applicable.

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

Net periodic benefit costs recognized included the following components (in millions):

	Year ended December 31, 2021				Year ended December 31, 2020				Year ended December 31, 2019			
	U.S. Plans	Non-U.S. Plans	OPEB Plans	Total	U.S. Plans	Non-U.S. Plans	OPEB Plans	Total	U.S. Plans	Non-U.S. Plans	OPEB Plans	Total
Net periodic benefit costs												
Service cost	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1	\$ —	\$ 1	\$ —	\$ 7	\$ —	\$ 7
Interest cost	47	6	—	53	55	8	—	63	63	10	1	74
Expected return on plan assets	(66)	(13)	—	(79)	(67)	(14)	—	(81)	(71)	(17)	—	(88)
Settlements and curtailments	—	(2)	—	(2)	1	12	—	13	1	2	—	3
Actuarial loss, net	11	1	—	12	9	1	1	11	3	—	—	3
Prior service gain, net	—	—	(2)	(2)	—	—	(2)	(2)	—	—	(2)	(2)
Net periodic benefit costs (income)	\$ (8)	\$ (8)	\$ (2)	\$ (18)	\$ (2)	\$ 8	\$ (1)	\$ 5	\$ (4)	\$ 2	\$ (1)	\$ (3)

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

	December 31, 2021			December 31, 2020		
	U.S. Plans	U.K. Plan	OPEB Plans	U.S. Plans	Non-U.S. Plans	OPEB Plans
Discount rate	2.91 %	1.90 %	1.83 %	2.60 %	1.50 %	1.21 %
Expected long-term rate of return	4.82 %	2.00 %	na	5.51 %	3.20 %	na

“na” means not applicable.

The changes in projected benefit obligation, plan assets and funded status and the amounts recognized on our consolidated balance sheets were as follows (in millions):

	Year ended December 31, 2021				Year ended December 31, 2020			
	U.S. Plans	Non-U.S. Plans	OPEB Plans	Total	U.S. Plans	Non-U.S. Plans	OPEB Plans	Total
Change in projected benefit obligation								
Projected benefit obligation, beginning of period	\$ 1,825	\$ 384	\$ 16	\$ 2,225	\$ 1,696	\$ 395	\$ 17	\$ 2,108
Actuarial losses (gains), net	(72)	(21)	(1)	(94)	148	46	1	195
Service cost	—	—	—	—	—	1	—	1
Interest cost	47	6	—	53	55	8	—	63
Currency exchange rate changes	—	(2)	—	(2)	—	9	—	9
Benefits paid	(76)	(17)	(2)	(95)	(72)	(24)	(2)	(98)
Settlements	—	(2)	—	(2)	(2)	(52)	—	(54)
Plan amendment	—	—	—	—	—	1	—	1
Projected benefit obligation, end of period	1,724	348	13	2,085	1,825	384	16	2,225
Change in plan assets								
Fair value of plan assets, beginning of period	1,565	420	—	1,985	1,369	430	—	1,799
Actual return on plan assets	131	29	—	160	267	50	—	317
Currency exchange rate changes	—	(3)	—	(3)	—	6	—	6
Employer contributions	1	7	2	10	3	9	2	14
Benefits paid	(76)	(17)	(2)	(95)	(72)	(24)	(2)	(98)
Settlements	—	(2)	—	(2)	(2)	(51)	—	(53)
Fair value of plan assets, end of period	1,621	434	—	2,055	1,565	420	—	1,985
Funded status, end of period	\$ (103)	\$ 86	\$ (13)	\$ (30)	\$ (260)	\$ 36	\$ (16)	\$ (240)
Balance sheet classification, end of period:								
Pension asset, non-current	\$ 16	\$ 86	\$ —	\$ 102	\$ —	\$ 37	\$ —	\$ 37
Pension liability, current	(1)	—	(3)	(4)	(1)	(1)	(3)	(5)
Pension liability, non-current	(118)	—	(10)	(128)	(259)	—	(13)	(272)
Accumulated other comprehensive loss (income), before taxes	95	42	(10)	127	242	80	(10)	312
Accumulated benefit obligation, end of period	\$ 1,724	\$ 348	\$ 13	\$ 2,085	\$ 1,825	\$ 384	\$ 16	\$ 2,225

Certain amounts related to plans with a projected benefit obligation in excess of plan assets were as follows (in millions):

	December 31, 2021				December 31, 2020			
	U.S. Plans	U.K. Plan	OPEB Plans	Total	U.S. Plans	Non-U.S. Plans	OPEB Plans	Total
Projected benefit obligation	\$ 140	\$ —	\$ 13	\$ 153	\$ 1,825	\$ 2	\$ 16	\$ 1,843
Fair value of plan assets	20	—	—	20	1,565	1	—	1,566

Certain amounts related to plans with an accumulated benefit obligation in excess of plan assets were as follows (in millions):

	December 31, 2021				December 31, 2020			
	U.S. Plans	U.K. Plan	OPEB Plans	Total	U.S. Plans	Non-U.S. Plans	OPEB Plans	Total
Accumulated benefit obligation	\$ 140	\$ —	\$ 13	\$ 153	\$ 1,825	\$ 2	\$ 16	\$ 1,843
Fair value of plan assets	20	—	—	20	1,565	1	—	1,566

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

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

	December 31, 2021				December 31, 2020			
	U.S. Plans	U.K. Plan	OPEB Plans	Total	U.S. Plans	Non-U.S. Plans	OPEB Plans	Total
Actuarial loss, net	\$ 95	\$ 40	\$ —	\$ 135	\$ 242	\$ 78	\$ 2	\$ 322
Prior service cost, net	—	2	(10)	(8)	—	2	(12)	(10)
Accumulated other comprehensive loss (income), before taxes	\$ 95	\$ 42	\$ (10)	\$ 127	\$ 242	\$ 80	\$ (10)	\$ 312

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

	December 31, 2021				December 31, 2020			
	Target allocation		Actual allocation		Target allocation		Actual allocation	
	U.S. Plans	U.K. Plan	U.S. Plans	U.K. Plan	U.S. Plans	Non-U.S. Plans	U.S. Plans	Non-U.S. Plans
Equity securities	38 %	19 %	38 %	19 %	50 %	27 %	55 %	25 %
Fixed income securities	62 %	81 %	62 %	80 %	50 %	73 %	45 %	74 %
Other investments	— %	— %	— %	1 %	— %	— %	— %	1 %
Total	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %

We periodically review our investment policies, plan assets and asset allocation strategies to evaluate performance relative to specified objectives. In determining our asset allocation strategies for the U.S. Plans, we review the results of regression models to assess the most appropriate target allocation for each plan, given the plan's status, demographics and duration. For the U.K. Plan, the plan trustees establish the asset allocation strategies consistent with the regulations of the U.K. pension regulators and in consultation with financial advisors and company representatives. Investment managers for the U.S. Plans and the U.K. Plan are given established ranges within which the investments may deviate from the target allocations.

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

	December 31, 2021								
	Significant observable inputs			Significant other observable inputs			Total		
	U.S. Plans	U.K. Plan	Total	U.S. Plans	U.K. Plan	Total	U.S. Plans	U.K. Plan	Total
Mutual funds									
U.S. equity funds	\$ 421	\$ —	\$ 421	\$ —	\$ —	\$ —	\$ 421	\$ —	\$ 421
Non-U.S. equity funds	184	—	184	7	85	92	191	85	276
Bond funds	999	—	999	4	346	350	1,003	346	1,349
Total mutual funds	1,604	—	1,604	11	431	442	1,615	431	2,046
Other investments									
Cash and money market funds	6	3	9	—	—	—	6	3	9
Total investments	\$ 1,610	\$ 3	\$ 1,613	\$ 11	\$ 431	\$ 442	\$ 1,621	\$ 434	\$ 2,055

	December 31, 2020								
	Significant observable inputs			Significant other observable inputs			Total		
	U.S. Plans	Non-U.S. Plans	Total	U.S. Plans	Non-U.S. Plans	Total	U.S. Plans	Non-U.S. Plans	Total
Mutual funds									
U.S. equity funds	\$ 586	\$ —	\$ 586	\$ —	\$ —	\$ —	\$ 586	\$ —	\$ 586
Non-U.S. equity funds	263	—	263	7	103	110	270	103	373
Bond funds	699	—	699	4	310	314	703	310	1,013
Total mutual funds	1,548	—	1,548	11	413	424	1,559	413	1,972
Other investments									
Cash and money market funds	6	6	12	—	—	—	6	6	12
Investment contracts	—	—	—	—	1	1	—	1	1
Total other investments	6	6	12	—	1	1	6	7	13
Total investments	\$ 1,554	\$ 6	\$ 1,560	\$ 11	\$ 414	\$ 425	\$ 1,565	\$ 420	\$ 1,985

We estimated the fair values of the plan assets by applying the market approach, as categorized above, using either (i) significant observable inputs, representative of Level 1 fair value measurements, including market prices of actively traded funds, or (ii) significant other observable inputs, representative of Level 2 fair value measurements, including market prices of the underlying securities in the collective trust funds. The U.S. Plans and the U.K. Plan invest in passively and actively managed funds that are referenced to or benchmarked against market indices. The plan investment managers have discretion to select the securities held within each asset category. Given this discretion, the managers may occasionally invest in our debt or equity securities and may hold either long or short positions in such securities. Since plan investment managers are required to maintain well diversified portfolios, the actual investment in our securities would be immaterial relative to asset categories and the overall plan assets.

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

Funding contributions and benefit payments—In the years ended December 31, 2021, 2020 and 2019, we made an aggregate contribution of \$10 million, \$14 million and \$22 million, respectively, to the defined benefit pension plans and the OPEB Plans using our cash flows from operations. In the year ending December 31, 2022, we expect to make an aggregate contribution of \$4 million, including \$1 million and \$3 million to the defined benefit pension plans and the OPEB Plans, respectively.

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

	U.S. Plans	U.K. Plan	OPEB Plans	Total
Years ending December 31,				
2022	\$ 82	\$ 6	\$ 3	\$ 91
2023	83	6	3	92
2024	83	6	3	92
2025	84	7	2	93
2026	84	8	1	93
2027 - 2031	424	52	1	477

NOTE 11—INCOME TAXES

Overview—Transocean Ltd., a holding company and Swiss resident, is subject to Swiss federal, cantonal and communal income tax. For Swiss income taxes, however, qualifying net dividend income and net capital gains on the sale of qualifying investments in subsidiaries are exempt from taxation. Consequently, there is not a direct relationship between our Swiss earnings before income taxes and our Swiss income tax expense.

Tax provision and rate—In the years ended December 31, 2021, 2020 and 2019, our effective tax rate was (25.7) percent, (5.1) percent and (4.9) percent, respectively, based on loss before income tax expense. The relationship between our provision for or benefit from income taxes and our income or loss before income taxes can vary significantly from period to period considering, among other factors, (a) the overall level of income before income taxes, (b) changes in the blend of income that is taxed based on gross revenues rather than income before taxes, (c) rig movements between taxing jurisdictions and (d) our rig operating structures.

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

	Years ended December 31,		
	2021	2020	2019
Current tax benefit	\$ (7)	\$ (33)	\$ (189)
Deferred tax expense	128	60	248
Income tax expense	<u>\$ 121</u>	<u>\$ 27</u>	<u>\$ 59</u>

A reconciliation of the income tax benefit computed at the Swiss holding company federal statutory rate of 7.83% and our reported consolidated income tax expense was as follows (in millions):

	Years ended December 31,		
	2021	2020	2019
Income tax benefit at Swiss federal statutory rate	\$ (36)	\$ (42)	\$ (94)
Changes in valuation allowance	1,167	(31)	37
Earnings subject to rates different than the Swiss federal statutory rate	78	82	189
Deemed profits taxes	17	19	22
Jurisdictional ownership changes of certain assets	16	—	—
Withholding taxes	10	6	11
Losses on impairment	5	52	35
Changes in unrecognized tax benefits, net	(43)	(15)	(268)
Swiss Federal Act on Tax Reform and AHV Financing	(1,095)	—	—
Base erosion and anti-abuse tax	—	5	21
U.S. Coronavirus Aid, Relief, and Economic Security Act	—	(28)	—
Operating structural changes	—	—	98
Other, net	2	(21)	8
Income tax expense	<u>\$ 121</u>	<u>\$ 27</u>	<u>\$ 59</u>

In January 2020, Switzerland made effective the Federal Act on Tax Reform and AHV Financing (“TRAF”), which will subject us to ordinary taxation, effective January 1, 2022, following the expiration of our transition rulings. In November 2021, we reached an agreement with the Swiss tax authorities regarding the manner by which TRAF will apply to certain Swiss subsidiaries, which will allow us to access historic depreciation and costs related to financing assets not previously deducted on Swiss tax returns, which can be apportioned to offset taxable income based on the remaining useful lives of the rigs and financing assets. In the year ended December 31, 2021, we recorded a deferred tax liability of \$238 million and a deferred tax asset of \$1.33 billion, offset with a valuation allowance of \$1.17 billion.

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

The Coronavirus Aid, Relief, and Economic Security Act, enacted in March 2020, made certain changes to U.S. tax law, including, among others, extending up to five years the carryback period for net operating losses generated between December 31, 2017 and January 1, 2021. In the year ended December 31, 2020, we recognized an income tax benefit of \$28 million related to the carryback of our net operating losses under this provision.

In the year ended December 31, 2019, as a result of the U.S. base erosion and anti-abuse tax, we recognized income tax expense of \$21 million related to the bareboat charter structure of our U.S. operations, a significant portion of which was contractually reimbursed by our customers under a change-in-law provision in our drilling contracts.

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

	December 31,	
	2021	2020
Deferred tax assets		
Swiss historic depreciation and financing asset costs	\$ 1,333	\$ —
Net operating loss carryforwards	915	809
Interest expense limitation	67	72
United Kingdom charter limitation	53	40
Accrued expenses	23	18
Tax credits	19	21
Deferred income	7	14
Accrued payroll costs not currently deductible	2	46
Loss contingencies	2	3
Other	31	27
Valuation allowance	(1,820)	(685)
Total deferred tax assets	<u>632</u>	<u>365</u>
Deferred tax liabilities		
Depreciation	(1,052)	(658)
Contract intangible amortization	(11)	(6)
Other	(9)	(7)
Total deferred tax liabilities	<u>(1,072)</u>	<u>(671)</u>
Deferred tax assets (liabilities), net	<u>\$ (440)</u>	<u>\$ (306)</u>

As of December 31, 2021, we include taxes related to the earnings of all of our subsidiaries since we no longer consider the earnings of any of our subsidiaries to be indefinitely reinvested.

At December 31, 2021 and 2020, our deferred tax assets included U.S. foreign tax credits of \$19 million and \$21 million, respectively, which will expire between 2024 and 2031. Deferred tax assets related to our net operating losses were generated in various worldwide tax jurisdictions. At December 31, 2021, our net deferred tax assets related to our net operating loss carryforwards included \$668 million, which do not expire, and \$247 million, which will expire between 2022 and 2038.

As of December 31, 2021, our consolidated cumulative loss incurred over the recent three-year period represented significant objective negative evidence for the evaluation of the realizability of our deferred tax assets. Although such evidence has limited our ability to consider other subjective evidence, we evaluate each jurisdiction separately. We consider objective evidence, such as contract backlog activity, in jurisdictions in which we have profitable contracts, and the ability to carryback losses or utilize losses against potential exposures. If estimated future taxable income changes during the carryforward periods or if the cumulative loss is no longer present, we may adjust the amount of deferred tax assets that we expect to realize. At December 31, 2021 and 2020, due to uncertainty of realization, we had a valuation allowance of \$1.82 billion and \$685 million, respectively, on net operating losses and other deferred tax assets due to the uncertainty of realization.

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

	Years ended December 31,		
	2021	2020	2019
Balance, beginning of period	\$ 378	\$ 335	\$ 408
Additions for current year tax positions	28	90	144
Additions for prior year tax positions	46	11	6
Reductions related to statute of limitation expirations and changes in law	(19)	(7)	(138)
Reductions due to settlements	(31)	—	(19)
Reductions for prior year tax positions	—	(51)	(66)
Balance, end of period	<u>\$ 402</u>	<u>\$ 378</u>	<u>\$ 335</u>

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

Our unrecognized tax benefits, including related interest and penalties that we recognize as a component of income tax expense, were as follows (in millions):

	December 31,	
	2021	2020
Unrecognized tax benefits, excluding interest and penalties	\$ 402	\$ 378
Interest and penalties	33	41
Unrecognized tax benefits, including interest and penalties	<u>\$ 435</u>	<u>\$ 419</u>

In the years ended December 31, 2021, 2020 and 2019, we recognized, as a component of our income tax provision, expense of \$8 million, expense of \$7 million and benefit of \$72 million, respectively, related to interest and penalties associated with our unrecognized tax benefits. As of December 31, 2021, we have unrecognized benefits of \$435 million, including interest and penalties, against which we have recorded net operating loss deferred tax assets of \$320 million, resulting in net unrecognized tax benefits of \$115 million, including interest and penalties, that upon reversal would favorably impact our effective tax rate. During the year ending December 31, 2022, it is reasonably possible that our existing liabilities for unrecognized tax benefits may increase or decrease, primarily due to the progression of open audits and the expiration of statutes of limitation. However, we cannot reasonably estimate a range of potential changes in our existing liabilities for unrecognized tax benefits due to various uncertainties, such as the unresolved nature of various audits.

Tax 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. As of December 31, 2021, the remaining aggregate tax assessment, including interest and penalties, was for corporate income tax of BRL 638 million, equivalent to approximately \$115 million, and indirect tax of BRL 110 million, equivalent to \$20 million. We believe our returns are materially correct as filed, and we are vigorously contesting these assessments. An unfavorable outcome on these proposed assessments could have a material adverse effect on our consolidated statement of financial position, results of operations or cash flows.

NOTE 12—LOSS PER SHARE

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

	Years ended December 31,		
	2021	2020	2019
Numerator for loss per share, basic and diluted			
Net loss attributable to controlling interest	\$ (592)	\$ (567)	\$ (1,255)
Denominator for loss per share, basic and diluted			
Weighted-average shares outstanding	636	614	611
Effect of share-based awards	1	1	1
Weighted-average shares for per share calculation	<u>637</u>	<u>615</u>	<u>612</u>
Loss per share, basic and diluted	<u>\$ (0.93)</u>	<u>\$ (0.92)</u>	<u>\$ (2.05)</u>

In the years ended December 31, 2021, 2020 and 2019, we excluded from the calculation 12.6 million, 10.8 million and 12.0 million share-based awards, respectively, since the effect would have been anti-dilutive. In the years ended December 31, 2021, 2020 and 2019, we excluded from the calculation 104.4 million, 84.0 million and 84.0 million shares, respectively, issuable upon conversion of the 0.50% Exchangeable Senior Bonds, the 2.50% Senior Guaranteed Exchangeable Bonds and the 4.00% Senior Guaranteed Exchangeable Bonds since the effect would have been anti-dilutive.

NOTE 13—COMMITMENTS AND CONTINGENCIES

Purchase and service agreement obligations

We have purchase obligations with shipyards and other contractors primarily related to our newbuild construction programs. We also have long-term service agreements with original equipment manufacturers to provide services and parts, primarily related to our pressure

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

control systems and drilling systems. The future payments required under our service agreements were estimated based on our projected operating activity and may vary subject to actual operating activity. At December 31, 2021, the aggregate future payments required under our purchase obligations and our service agreement obligations were as follows (in millions):

Years ending December 31,	Purchase obligations	Service agreement obligations
2022	\$ 950	\$ 116
2023	52	121
2024	—	126
2025	—	130
2026	—	134
Thereafter	—	173
Total	<u>\$ 1,002</u>	<u>\$ 800</u>

Letters of credit and surety bonds

At December 31, 2021 and 2020, we had outstanding letters of credit totaling \$18 million and \$24 million, respectively, issued under various committed and uncommitted credit lines provided by banks to guarantee various contract bidding, performance activities and customs obligations. At December 31, 2021 and 2020, we also had outstanding surety bonds totaling \$146 million and \$153 million, respectively, to secure customs obligations related to the importation of our rigs and certain performance and other obligations. At December 31, 2021 and 2020, the aggregate cash collateral held by institutions to secure our letters of credit and surety bonds was \$8 million.

Legal proceedings

Debt exchange litigation and purported notice of default—Prior to the consummation of the 2020 Exchange Transactions (see Note 9—Debt), we completed certain internal reorganization transactions (the “Internal Reorganization”). In September 2020, funds managed by, or affiliated with, Whitebox Advisors LLC (“Whitebox”) as holders of certain series of our notes subject to the 2020 Exchange Offers, filed a claim (the “Claim”) in the U.S. District Court for the Southern District of New York (the “Trial Court”) related to such certain internal reorganization transactions and the 2020 Exchange Offers. Additionally, in September and October 2020, Whitebox and funds managed by, or affiliated with, Pacific Investment Management Company LLC, as debtholders, together with certain other advisors and debtholders, provided purported notices of alleged default with respect to the indentures governing, respectively, the 8.00% Senior Notes and the 7.25% senior notes due November 2025 (the “7.25% Senior Notes”).

On September 23, 2020, we filed an answer to the Claim with the Trial Court and asserted counterclaims seeking a declaratory judgment that, among other matters, the Internal Reorganization did not cause a default under the indenture governing the 8.00% Senior Notes. Concurrently, with our answer and counterclaims, we also submitted a motion for summary judgment seeking an expedited judgment on our request for declaratory judgment. Whitebox subsequently submitted a cross-motion for summary judgment seeking dismissal of our counterclaims. On November 30, 2020, while awaiting the Trial Court’s ruling on our motion for summary judgment, we amended certain of our financing documents and implemented certain internal reorganization transactions, which resolved the allegations contained in the purported notices of default. On December 17, 2020, the Trial Court issued its ruling granting our motion for summary judgment and denying the plaintiffs’ cross-motion for summary judgment, holding, among other matters, that the allegations contained in the purported notice of default did not constitute a default under the indenture governing the 8.00% Senior Notes. Whitebox has appealed the Trial Court’s ruling.

The facts alleged in the purported notice of default under the 8.00% Senior Notes were the same as the facts underlying the Claim and the purported notice of default under the 7.25% Senior Notes. Accordingly, following the amendment and internal reorganization transactions on November 30, 2020, and the subsequent ruling from the Trial Court granting our motion for summary judgment, we do not expect the liability, if any, resulting from these matters to have a material adverse effect on our consolidated statement of financial position, results of operations or cash flows. See Note 20—Subsequent Event.

Asbestos litigation—In 2004, several of our subsidiaries were named, along with numerous other unaffiliated defendants, in complaints filed in the Circuit Courts of the State of Mississippi, and in 2014, a group of similar complaints were filed in Louisiana. The plaintiffs, former employees of some of the defendants, generally allege that the defendants used or manufactured asbestos containing drilling mud additives for use in connection with drilling operations, claiming negligence, products liability, strict liability and claims allowed under the Jones Act and general maritime law. The plaintiffs generally seek awards of unspecified compensatory and punitive damages, but the court-appointed special master has ruled that a Jones Act employer defendant, such as us, cannot be sued for punitive damages. One of our subsidiaries was named in additional complaints filed in Illinois and Missouri, where the plaintiffs similarly allege that the defendants manufactured asbestos containing products or used asbestos-containing drilling mud additives in connection with land-based drilling operations. At December 31, 2021, 11 plaintiffs have claims pending in Louisiana and 9 plaintiffs have claims pending in Illinois and Missouri, in which we have or may have an interest. We intend to defend these lawsuits vigorously, although we can provide no assurance as to the outcome. We historically have maintained broad liability insurance, although we are not certain whether insurance will cover the liabilities, if any, arising out of these claims. Based on our evaluation of the exposure to date, we do not expect the liability, if any, resulting from these claims to have a material adverse effect on our consolidated statement of financial position, results of operations or cash flows.

TRANSOCEAN LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—continued

One of our subsidiaries was named as a defendant, along with numerous other companies, in lawsuits arising out of the subsidiary's manufacture and sale of heat exchangers, and involvement in the construction and refurbishment of major industrial complexes alleging bodily injury or personal injury as a result of exposure to asbestos. As of December 31, 2021, the subsidiary was a defendant in approximately 250 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 consolidated statement of financial position, results of operations or cash flows.

Macondo well incident—In June 2020, the U.S. District Court for the Eastern District of Louisiana (the "MDL Court") released the then-remaining \$125 million of assets held in the escrow account established to satisfy our remaining obligations under the settlement agreement that we and the Plaintiff Steering Committee filed in May 2015 with the MDL Court, in which most claims against us for damages related to the blowout of the Macondo well in April 2010 were consolidated by the U.S. Judicial Panel on Multidistrict Litigation. Following the release of assets, all significant litigation, including civil and criminal claims, resulting from the Macondo well incident had been resolved.

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

Environmental matters

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

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

NOTE 14—EQUITY

Share issuance—In June 2021, we commenced an at the market equity offering program (the "ATM Program") with no expected expiration. On June 14, 2021, we entered into an equity distribution agreement with a sales agent for the offer and sale of our shares, with up to a maximum aggregate net offering price of \$400 million, under the ATM Program. We intend to use the net proceeds from the ATM Program for general corporate purposes, which may include, among other things the repayment or refinancing of indebtedness and the funding of working capital, capital expenditures, investments and additional balance sheet liquidity. In the year ended December 31, 2021, we received aggregate cash proceeds of \$158 million, net of issue costs, for the aggregate sale of 36.1 million shares, under the ATM Program.

Shares held by subsidiaries—One of our subsidiaries holds our shares for future use to deliver shares in connection with sales under the ATM Program and in connection with awards granted under our incentive plans or other rights to acquire our shares. At December 31, 2021 and 2020, our subsidiary held 72.7 million and 24.5 million shares, respectively.

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

NOTE 15—SHARE-BASED COMPENSATION

Overview

We have a long-term incentive plan (the “Long-Term Incentive Plan”) for executives, key employees and non-employee directors under which awards can be granted in the form of restricted share units, restricted shares, stock options, stock appreciation rights and cash performance awards. Awards may be granted as service awards that are earned over a defined service period or as performance awards that are earned based on the achievement of certain market factors or performance targets or a combination of market factors and performance targets. The compensation committee of our board of directors determines the terms and conditions of the awards granted under the Long-Term Incentive Plan. At December 31, 2021, we had 85.7 million shares authorized and 30.0 million shares available to be granted under the Long-Term Incentive Plan. At December 31, 2021, the total unrecognized compensation cost related to our unvested share-based awards was \$29 million, which we expect to recognize over a weighted-average period of 1.8 years.

Service awards typically vest either in three equal annual installments beginning on the first anniversary date of the grant or in an aggregate installment at the end of the stated vesting period. Service-based stock options, once fully vested, are typically exercisable during a seven-year period. Performance awards typically vest in one aggregate installment following the ultimate determination date. Performance awards are typically subject to a three-year measurement period during which the number of shares to be issued remains uncertain until the end of the performance period, at which time the awarded number of shares to be issued is determined.

Service awards

Restricted share units—A restricted share unit is a notional unit that is equal to one share but has no voting rights until the underlying share is issued. The following table summarizes unvested activity during the year ended December 31, 2021 for service-based units granted under our incentive plan:

	Number of units	Weighted-average grant-date fair value per unit
Unvested at January 1, 2021	8,902,970	\$ 3.14
Granted	6,148,361	3.56
Vested	(4,368,749)	3.75
Forfeited	(19,717)	6.24
Unvested at December 31, 2021	10,662,865	\$ 3.13

In the year ended December 31, 2021, the vested service-based units had an aggregate grant-date fair value of \$16 million. During the years ended December 31, 2020 and 2019, we granted 7,093,421 and 3,044,494 service-based units, respectively, with a per unit weighted-average grant-date fair value of \$1.41 and \$8.33, respectively. During the years ended December 31, 2020 and 2019, we had 2,817,155 and 2,224,030 service-based units, respectively, that vested with an aggregate grant-date fair value of \$24 million and \$23 million, respectively.

Stock options—The following table summarizes activity during the year ended December 31, 2021 for vested and unvested service-based stock options outstanding under our incentive plan:

	Number of shares under option	Weighted-average exercise price per share	Weighted-average remaining contractual term (years)	Aggregate intrinsic value (in millions)
Outstanding at January 1, 2021	4,385,147	\$ 12.31	6.62	\$ —
Forfeited	(74,728)	19.21		
Expired	(47,145)	78.76		
Outstanding at December 31, 2021	4,263,274	\$ 11.45	5.70	\$ —
Vested and exercisable at December 31, 2021	3,780,586	\$ 11.85	5.52	\$ —

In the years ended December 31, 2021, 2020 and 2019, the vested stock options had an aggregate grant-date fair value of \$9 million, \$12 million and \$10 million, respectively. At December 31, 2021 and 2020, there were outstanding unvested stock options to purchase 482,688 and 1,355,448 shares, respectively. During the year ended December 31, 2019, we granted stock options to purchase 1,594,528 shares with a per option weighted-average grant-date fair value of \$8.35.

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

Performance awards

Restricted share units—We grant performance awards in the form of restricted share units that can be earned depending on the achievement of market factors and performance targets. The number of shares ultimately earned per unit is quantified upon completion of the specified period at the ultimate determination date. The following table summarizes unvested activity during the year ended December 31, 2021 for performance-based units under our incentive plan:

	Number of units	Weighted-average grant-date fair value per unit
Unvested at January 1, 2021	3,560,884	\$ 4.40
Granted	3,025,512	3.70
Vested	(1,030,424)	10.77
Forfeited	(166,582)	10.79
Unvested at December 31, 2021	5,389,390	\$ 2.59

In each of the years ended December 31, 2021, 2020 and 2019, the vested performance-based units had an aggregate grant-date fair value of \$11 million. During the years ended December 31, 2020 and 2019, we granted 2,530,460 and 1,067,316 performance-based units, respectively, with a per unit weighted-average grant-date fair value of \$1.80 and \$10.77, respectively.

NOTE 16—SUPPLEMENTAL BALANCE SHEET INFORMATION

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

	December 31,	
	2021	2020
Other current liabilities		
Accrued employee benefits and payroll-related liabilities	\$ 178	\$ 224
Accrued interest	121	128
Accrued taxes, other than income	52	66
Finance lease liability	40	37
Operating lease liabilities	8	8
Deferred revenues	83	133
Contingent liabilities	60	60
Other	3	3
Total other current liabilities	\$ 545	\$ 659

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

	December 31,	
	2021	2020
Other long-term liabilities		
Postemployment benefit plan obligations	\$ 128	\$ 272
Finance lease liability	366	407
Operating lease liabilities	109	114
Income taxes payable	157	202
Deferred revenues	265	323
Other	43	48
Total other long-term liabilities	\$ 1,068	\$ 1,366

NOTE 17—SUPPLEMENTAL CASH FLOW INFORMATION

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

	Years ended December 31,		
	2021	2020	2019
Changes in other operating assets and liabilities			
Decrease in accounts receivable	\$ 137	\$ 67	\$ 87
Increase in other assets	(13)	(113)	(30)
Decrease in accounts payable and other current liabilities	(52)	(254)	(21)
Increase (decrease) in other long-term liabilities	(3)	2	(34)
Change in income taxes receivable / payable, net	(17)	(69)	(303)
Change in receivables from / payables to affiliates, net	(15)	14	(10)
	\$ 37	\$ (353)	\$ (311)

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

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

	Years ended December 31,		
	2021	2020	2019
Certain cash operating activities			
Cash payments for interest	\$ 429	\$ 593	\$ 648
Cash payments for income taxes	57	70	121
Non-cash investing and financing activities			
Capital additions, accrued at end of period	(a) \$ 28	\$ 15	\$ 48
Issuance of debt in exchange transactions	(b) 294	925	—
Equity component of exchangeable debt	(c) —	46	—

- (a) Additions to property and equipment for which we had accrued a corresponding liability in accounts payable at the end of the period. See Note 7—Long-Lived Assets.
- (b) In the year ended December 31, 2021, in connection with the 2021 Private Exchange, we issued \$294 million aggregate principal amount of the 4.00% Senior Guaranteed Exchangeable Bonds. In the year ended December 31, 2020, in connection with the 2020 Exchange Transactions, we issued \$687 million and \$238 million aggregate principal amount of the 11.50% Senior Guaranteed Notes and the 2.50% Senior Guaranteed Exchangeable Bonds, respectively. See Note 9—Debt.
- (c) In connection with the issuance of the 2.50% Senior Guaranteed Exchangeable Bonds, we recorded the conversion feature, measured at its estimated fair value, to additional paid-in capital. See Note 9—Debt.

NOTE 18—FINANCIAL INSTRUMENTS

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

	December 31, 2021		December 31, 2020	
	Carrying amount	Fair value	Carrying amount	Fair value
Cash and cash equivalents	\$ 976	\$ 976	\$ 1,154	\$ 1,154
Restricted cash and cash equivalents	436	436	406	406
Long-term loans receivable from unconsolidated affiliates	36	33	2	2
Total debt	7,170	5,661	7,807	4,820

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

NOTE 19—RISK CONCENTRATION

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

Currency exchange rate risk—We are exposed to currency exchange rate risk primarily related to employee compensation costs and purchasing costs that are denominated in currencies other than our functional currency, the U.S. dollar. We use a variety of techniques to minimize the exposure to currency exchange rate risk, including the structuring of customer contract payment terms and occasional use of forward exchange contracts. Our primary tool to manage currency exchange rate risk involves structuring customer contracts to provide

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

for payment in both U.S. dollars and local currency. The payment portion denominated in local currency is based on anticipated local currency requirements over the contract term. Due to various factors, including customer acceptance, local banking laws, national content requirements, other statutory requirements, local currency convertibility, local inflation and revenue efficiency, actual local currency needs may vary from those realized in the customer contracts, resulting in partial exposure to currency exchange rate risk. The currency exchange effect resulting from our international operations generally has not had a material impact on our operating results.

Credit risk—We are exposed to concentrations of credit risk primarily related to our restricted and unrestricted cash and cash equivalents and customer receivables, both current and long-term. We generally maintain our restricted and unrestricted cash and cash equivalents in time deposits at commercial banks with high credit ratings or mutual funds, which invest exclusively in high-quality money market instruments, and we limit the amount of exposure to any one institution and do not believe we are exposed to any significant credit risk. Regarding our customer receivables, which are dispersed in various countries, we earn our revenues by providing our drilling services to integrated energy companies, government-owned or government-controlled energy companies and other independent energy companies. We establish an allowance for credit losses by applying an expected loss rate based on current and forecasted future and historical experience. Although we have encountered only isolated credit concerns related to independent energy companies, we occasionally require collateral or other security to support customer receivables. In certain instances, when we determine that collection is not reasonably assured, we may occasionally offer extended payment terms and recognize revenues associated with the contract on a cash basis.

Labor agreements—At December 31, 2021, we had a global workforce of approximately 5,530 individuals, including approximately 530 contractors. Approximately 42 percent of our total workforce, working primarily in Norway, Brazil and the U.K., are represented by, and some of our contracted labor work is subject to, collective bargaining agreements, substantially all of which are subject to annual salary negotiation. Negotiations over annual salary or other labor matters could result in higher personnel or other costs or increased operational restrictions or disruptions. The outcome of any such negotiation generally affects the market for all offshore employees, not only union members. A failure to reach an agreement on certain key issues could result in strikes, lockouts or other work stoppages.

NOTE 20—SUBSEQUENT EVENT

Debt exchange litigation and purported notice of default—On February 1, 2022, the U.S. Court of Appeals for the Second Circuit dismissed as moot the appeal filed by funds managed by, or affiliated with, Whitebox following the ruling by the Trial Court on December 17, 2020, which among other matters, granted our motion for summary judgment in connection with the previously disclosed lawsuit filed against us in September 2020 by Whitebox.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

We have not had a change in or disagreement with our accountants within 24 months prior to the date of our most recent financial statements or in any period subsequent to such date.

ITEM 9A. CONTROLS AND PROCEDURES

Disclosure controls and procedures—Our disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed in our reports filed or submitted under the Exchange Act is (1) accumulated and communicated to our management, including our Chief Executive Officer, who is our principal executive officer, and our Chief Financial Officer, who is our principal financial officer, to allow timely decisions regarding required disclosure and (2) recorded, processed, summarized and reported within the time periods specified in the U.S. Securities and Exchange Commission's rules and forms. Under the supervision and with the participation of management, including our Chief Executive Officer and Chief Financial Officer, we performed an evaluation of the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of December 31, 2021.

Internal control over financial reporting—There has been no change to our internal control over financial reporting during the quarter ended December 31, 2021 that has materially affected or is reasonably likely to materially affect our internal control over financial reporting. See "Management's Report on Internal Control Over Financial Reporting" and "Report of Independent Registered Public Accounting Firm," included in Item 8 of this annual report.

ITEM 9B. OTHER INFORMATION

None.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

ITEM 11. EXECUTIVE COMPENSATION

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED SHAREHOLDER MATTERS

ITEM 13. CERTAIN RELATIONSHIPS, RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by Items 10, 11, 12, 13 and 14 is incorporated herein by reference to our definitive proxy statement for our 2022 annual general meeting of shareholders, which will be filed with the U.S. Securities and Exchange Commission pursuant to Regulation 14A under the Securities Exchange Act of 1934 within 120 days of December 31, 2021. Certain information with respect to our executive officers is set forth at the end of Part I of this annual report under the caption "Information About our Executive Officers."

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(A) INDEX TO FINANCIAL STATEMENTS, FINANCIAL STATEMENT SCHEDULES AND EXHIBITS

(1) Index to Financial Statements

Included in Part II of this report:	Page
Management's Report on Internal Control Over Financial Reporting	AR-41
Reports of Independent Registered Public Accounting Firm (PCAOB ID 00042)	AR-42
Report of Statutory Auditor on the Consolidated Financial Statements	AR-45
Consolidated Statements of Operations	AR-47
Consolidated Statements of Comprehensive Loss	AR-48
Consolidated Balance Sheets	AR-49
Consolidated Statements of Equity	AR-50
Consolidated Statements of Cash Flows	AR-51
Notes to Consolidated Financial Statements	AR-52

Financial statements of unconsolidated subsidiaries are not presented herein because such subsidiaries do not meet the significance test.

(2) Financial Statement Schedules

Transocean Ltd. and Subsidiaries Schedule II - Valuation and Qualifying Accounts (In millions)

	Balance at beginning of period	Charge to cost and expenses	Additions Charge to other accounts -describe	Deductions -describe	Balance at end of period
Year ended December 31, 2019					
Reserves and allowances deducted from asset accounts:					
Allowance for excess materials and supplies	\$ 134	3	—	10 (a)	\$ 127
Valuation allowance on deferred tax assets	681	37	—	2 (b)	716
Year ended December 31, 2020					
Reserves and allowances deducted from asset accounts:					
Allowance for credit losses	\$ —	—	2 (c)	—	\$ 2
Allowance for excess materials and supplies	127	25	—	9 (a)	143
Valuation allowance on deferred tax assets	716	(31)	—	—	685
Year ended December 31, 2021					
Reserves and allowances deducted from asset accounts:					
Allowance for credit losses	\$ 2	—	—	—	\$ 2
Allowance for excess materials and supplies	143	43	—	3 (a)	183
Valuation allowance on deferred tax assets	685	1,167	—	32 (b)	1,820

- (a) Amount related to materials and supplies on rigs and related assets sold or classified as held for sale.
- (b) Amount related to adjustments to other deferred tax assets with valuation allowances.
- (c) Amount related to an adjustment to the allowance for credit losses with a corresponding entry to accumulated deficit associated with our adoption of the accounting standards update that requires an entity to estimate an expected lifetime credit loss on financial assets ranging from short-term trade accounts receivable to long-term financings without retrospective application.

(3) Exhibits

The following exhibits are filed or furnished, as indicated, or incorporated by reference to the location indicated:

NUMBER	DESCRIPTION	LOCATION
1.1	Equity Distribution Agreement, dated as of June 14, 2021, by and between Transocean Ltd. and Jefferies LLC	Exhibit 1.1 to Transocean Ltd.'s Current Report on Form 8-K (Commission File No. 001-38373) filed on June 15, 2021
2.1	Agreement and Plan of Merger, dated September 3, 2018, by and among Transocean Ltd., Transocean Oceanus Holdings Limited, Transocean Oceanus Limited and Ocean Rig UDW Inc.	Exhibit 2.1 to Transocean Ltd.'s Current Report on Form 8-K (Commission File No. 001-38373) filed on September 4, 2018
3.1	Articles of Association of Transocean Ltd.	Exhibit 3.1 to Transocean Ltd.'s Quarterly Report on Form 10-Q (Commission File No. 001-38373) for the quarter ended September 30, 2021 filed on November 2, 2021
3.2	Organizational Regulations of Transocean Ltd., amended, effective as of April 7, 2021	Exhibit 3.1 to Transocean Ltd.'s Current Report on Form 8-K (Commission File No. 000-53533) filed on April 7, 2021
4.1	Description of Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934	Filed with our Annual Report on Form 10-K for the year ended December 31, 2021
4.2	Indenture dated as of February 26, 2021 by and among Transocean Inc., the guarantors and Wells Fargo Bank, National Association	Exhibit 4.1 to Transocean Ltd.'s Current Report on Form 8-K (Commission File No. 001-38373) filed on February 26, 2021
4.3	Credit Agreement dated June 22, 2018, among Transocean Inc., the lenders parties thereto and Citibank, N.A., as administrative agent and collateral agent.	Exhibit 4.1 to Transocean Ltd.'s Current Report on Form 8-K (Commission File No. 001-38373) filed on June 27, 2018
4.4	Increase of Commitments and First Amendment to Credit Agreement, dated May 13, 2019, among Transocean Inc., the lenders and issuing banks parties thereto, Citibank, N.A., as administrative agent, and for the limited purposes set forth therein, Transocean Ltd. and certain of its subsidiaries	Exhibit 10.1 to Transocean Ltd.'s Current Report on Form 8-K (Commission File No. 001-38373) filed on May 13, 2019
4.5	Increase of Commitments, Second Amendment to Credit Agreement and First Amendment to Guaranties, dated July 15, 2019, among Transocean Inc., the lenders and issuing banks parties thereto, Citibank, N.A., as administrative agent, and for the limited purposes set forth therein, Transocean Ltd. and certain of its subsidiaries	Exhibit 10.1 to Transocean Ltd.'s Current Report on Form 8-K (Commission File No. 001-38373) filed on July 15, 2019
4.6	Curative Agreement, dated September 24, 2019, between Transocean Inc. and Citibank, N.A., as administrative agent for the lenders under the Credit Agreement dated June 22, 2018, as amended	Exhibit 10.2 to Transocean Ltd.'s Quarterly Report on Form 10-Q (Commission File No. 001-38373) for the quarter ended September 30, 2019
4.7	Increase of Commitments and Third Amendment to Credit Agreement, dated December 23, 2019, among Transocean Inc., the lenders and issuing banks parties thereto, Citibank, N.A., as administrative agent, and for the limited purposes set forth therein, Transocean Ltd. and certain of its subsidiaries	Exhibit 4.6 to Transocean Ltd.'s Annual Report on Form 10-K (Commission File No. 001-38373) filed on February 18, 2020
4.8	Indenture, dated July 13, 2018, by and among Transocean Guardian Limited, the Guarantors and Wells Fargo Bank, National Association	Exhibit 4.1 to Transocean Ltd.'s Current Report on Form 8-K (Commission File No. 001-38373) filed on July 17, 2018
4.9	Indenture, dated July 20, 2018, by and among Transocean Pontus Limited, the Guarantors and Wells Fargo Bank, National Association.	Exhibit 4.1 to Transocean Ltd.'s Current Report on Form 8-K (Commission File No. 001-38373) filed on July 24, 2018
4.10	First Supplemental Indenture, dated April 15, 2019, by and among Transocean Pontus Limited, Wells Fargo Bank, National Association, as trustee and collateral agent, and the Note Parties, supplementing the Indenture dated as of July 20, 2018	Exhibit 4.4 to Transocean Ltd.'s Quarterly Report on Form 10-Q (Commission File No. 001-38373) for the quarter ended March 31, 2019
4.11	Indenture dated as of April 15, 1997 between Transocean Offshore Inc. and Texas Commerce Bank National Association, as trustee	Exhibit 4.1 to Transocean Offshore Inc.'s Current Report on Form 8-K (Commission File No. 001-07746) filed on April 30, 1997
4.12	First Supplemental Indenture dated as of April 15, 1997 between Transocean Offshore Inc. and Texas Commerce Bank National Association, as trustee, supplementing the Indenture dated as of April 15, 1997	Exhibit 4.2 to Transocean Offshore Inc.'s Current Report on Form 8-K (Commission File No. 001-07746) filed on April 30, 1997
4.13	Second Supplemental Indenture dated as of May 14, 1999 between Transocean Offshore (Texas) Inc., Transocean Offshore Inc. and Chase Bank of Texas, National Association, as trustee	Exhibit 4.5 to Transocean Offshore Inc.'s Post-Effective Amendment No.1 to Registration Statement on Form S-3 (Registration No. 333-59001-99) filed on June 29, 1999
4.14	Fifth Supplemental Indenture, dated as of December 18, 2008, among Transocean Ltd., Transocean Inc. and The Bank of New York Mellon Trust Company, N.A., as trustee	Exhibit 4.4 to Transocean Ltd.'s Current Report on Form 8-K (Commission File No. 333-75899) filed on December 19, 2008

NUMBER	DESCRIPTION	LOCATION
4.15	Form of 7.45% Notes due April 15, 2027	Exhibit 4.3 to Transocean Offshore Inc.'s Current Report on Form 8-K (Commission File No. 001-07746) filed on April 30, 1997
4.16	Form of 8.00% Debentures due April 15, 2027	Exhibit 4.4 to Transocean Offshore Inc.'s Current Report on Form 8-K (Commission File No. 001-07746) filed on April 30, 1997
4.17	Officers' Certificate establishing the terms of the 7.50% Notes due April 15, 2031	Exhibit 4.3 to Transocean Sedco Forex Inc.'s Current Report on Form 8-K (Commission File No. 333-75899) filed on April 9, 2001
4.18	Officers' Certificate establishing the terms of the 7.375% Notes due April 15, 2018	Exhibit 4.14 to Transocean Sedco Forex Inc.'s Annual Report on Form 10-K (Commission File No. 333-75899) for the fiscal year ended December 31, 2001
4.19	Indenture dated as of September 1, 1997, between Global Marine Inc. and Wilmington Trust Company, as Trustee, relating to Debt Securities of Global Marine Inc.	Exhibit 4.1 of Global Marine Inc.'s Registration Statement on Form S-4 (No. 333-39033) filed on October 30, 1997
4.20	First Supplemental Indenture dated as of June 23, 2000, between Global Marine Inc. and Wilmington Trust Company, as Trustee, relating to Debt Securities of Global Marine Inc.	Exhibit 4.2 of Global Marine Inc.'s Quarterly Report on Form 10-Q (Commission File No. 001-05471) for the quarter ended June 30, 2000
4.21	Second Supplemental Indenture dated as of November 20, 2001, between Global Marine Inc. and Wilmington Trust Company, as Trustee, relating to Debt Securities of Global Marine Inc.	Exhibit 4.2 to GlobalSantaFe Corporation's Annual Report on Form 10-K (Commission File No. 001-14634) for the year ended December 31, 2004
4.22	Third Supplemental Indenture, dated as of July 29, 2019, among Global Marine Inc, Transocean Inc. and Wilmington Trust Company, as trustee, relating to Debt Securities of Global Marine Inc.	Exhibit 4.1 to Transocean Ltd.'s Current Report on Form 8-K (Commission File No. 001-38373) filed on July 29, 2019
4.23	Form of 7% Note Due 2028	Exhibit 4.2 of Global Marine Inc.'s Current Report on Form 8-K (Commission File No. 001-05471) filed on May 22, 1998
4.24	Terms of 7% Notes Due 2028	Exhibit 4.1 of Global Marine Inc.'s Current Report on Form 8-K (Commission File No. 001-05471) filed on May 22, 1998
4.25	Indenture, dated as of December 11, 2007, between Transocean Inc. and Wells Fargo Bank, National Association	Exhibit 4.36 to Transocean Inc.'s Annual Report on Form 10-K (Commission File No. 333-75899) for the year ended December 31, 2007
4.26	First Supplemental Indenture, dated as of December 11, 2007, between Transocean Inc. and Wells Fargo Bank, National Association	Exhibit 4.37 to Transocean Inc.'s Annual Report on Form 10-K (Commission File No. 333-75899) for the year ended December 31, 2007
4.27	Third Supplemental Indenture, dated as of December 18, 2008, among Transocean Ltd., Transocean Inc. and Wells Fargo Bank, National Association, as trustee	Exhibit 4.3 to Transocean Ltd.'s Current Report on Form 8-K (Commission File No. 333-75899) filed on December 19, 2008
4.28	Fourth Supplemental Indenture, dated as of September 21, 2010, among Transocean Ltd., Transocean Inc. and Wells Fargo Bank, National Association, as trustee	Exhibit 4.1 to Transocean Ltd.'s Quarterly Report on Form 10-Q (Commission File No. 000-53533) for the quarter ended September 30, 2010
4.29	Fifth Supplemental Indenture, dated as of December 5, 2011, among Transocean Ltd., Transocean Inc. and Wells Fargo Bank, National Association, as trustee	Exhibit 4.3 to Transocean Ltd.'s Current Report on Form 8-K (Commission File No. 000-53533) filed on December 5, 2011
4.30	Sixth Supplemental Indenture, dated as of September 13, 2012, among Transocean Inc., Transocean Ltd. and Wells Fargo Bank, National Association, as trustee	Exhibit 4.3 to Transocean Ltd.'s Current Report on Form 8-K (Commission File No. 000-53533) filed on September 13, 2012
4.31	Indenture, dated as of July 21, 2016, by and among Transocean Inc., the Guarantors and Wells Fargo Bank, National Association	Exhibit 4.1 to Transocean Ltd.'s Current Report on Form 8-K (Commission File No. 000-53533) filed on July 22, 2016
4.32	Indenture, dated as of October 19, 2016, by and among Transocean Phoenix 2 Limited, Transocean Ltd., Transocean Inc., Triton Capital II GmbH and Wells Fargo Bank, National Association	Exhibit 4.1 to Transocean Ltd.'s Current Report on Form 8-K (Commission File No. 000-53533) filed on October 20, 2016
4.33	First Supplemental Indenture, dated April 15, 2019, by and among Transocean Phoenix 2 Limited, Wells Fargo Bank, National Association, as trustee and collateral agent, and the Note Parties supplementing the Indenture dated as of October 19, 2016	Exhibit 4.2 to Transocean Ltd.'s Quarterly Report on Form 10-Q (Commission File No. 001-38373) for the quarter ended March 31, 2019
4.34	Indenture, dated December 8, 2016, by and among Transocean Proteus Limited, the Guarantors and Wells Fargo Bank, National Association	Exhibit 4.1 to Transocean Ltd.'s Current Report on Form 8-K (Commission File No. 000-53533) filed on December 8, 2016

NUMBER	DESCRIPTION	LOCATION
4.35	First Supplemental Indenture, dated April 15, 2019, by and among Transocean Proteus Limited, Wells Fargo Bank, National Association, as trustee and collateral agent, and the Note Parties, supplementing the Indenture dated as of December 8, 2016	Exhibit 4.3 to Transocean Ltd.'s Quarterly Report on Form 10-Q (Commission File No. 001-38373) for the quarter ended March 31, 2019
4.36	Indenture dated as of October 17, 2017, by and among Transocean Inc., the guarantors party thereto and Wells Fargo Bank, National Association	Exhibit 4.1 to Transocean Ltd.'s Current Report on Form 8-K (Commission File No. 000-53533) filed on October 17, 2017
4.37	Indenture, dated January 30, 2018, among Transocean Inc., Transocean Ltd., as guarantor, and Computershare Trust Company N.A. and Computershare Trust Company of Canada, as co-trustees	Exhibit 4.1 to Transocean Ltd.'s Current Report on Form 8-K (Commission File No. 001-38373) filed on January 30, 2018
4.38	Form of 0.50% Exchangeable Senior Bonds due 2023	Exhibit A of Exhibit 4.1 to Transocean Ltd.'s Current Report on Form 8-K (Commission File No. 001-38373) filed on January 30, 2018
4.39	Registration Rights Agreement, dated as of January 30, 2018, among Transocean Ltd., Transocean Inc., and the security holders named therein	Exhibit 4.3 to Transocean Ltd.'s Current Report on Form 8-K (Commission File No. 001-38373) filed on January 30, 2018
4.40	Indenture, dated October 25, 2018, among Transocean Inc., the guarantors party thereto and Wells Fargo Bank, National Association, as trustee	Exhibit 4.32 to Transocean Ltd.'s Annual Report on Form 10-K (Commission File No. 001-38373) filed on February 19, 2019
4.41	Indenture, dated February 1, 2019, by and among Transocean Poseidon Limited, the Guarantors and Wells Fargo Bank, National Association, as trustee and collateral agent	Exhibit 4.1 to Transocean Ltd.'s Current Report on Form 8-K (Commission File No. 001-38373) filed on February 1, 2019
4.42	Indenture, dated May 24, 2019, by and among Transocean Sentry Limited, the Guarantors and Wells Fargo Bank, National Association, as trustee and collateral agent	Exhibit 4.1 to Transocean Ltd.'s Current Report on Form 8-K (Commission File No. 001-38373) filed on May 29, 2019
4.43	Indenture, dated January 17, 2020, by and among Transocean Inc., the guarantors party thereto and Wells Fargo Bank, National Association	Exhibit 4.1 to Transocean Ltd.'s Current Report on Form 8-K (Commission File No. 001-38373) filed on January 17, 2020
4.44	Indenture, dated as of August 14, 2020, by and among Transocean Inc., the guarantors party thereto and Wells Fargo Bank, National Association	Exhibit 4.1 to Transocean Ltd.'s Current Report on Form 8-K (Commission File No. 001-38373) filed on August 14, 2020
4.45	Amendment to Registration Rights Agreement, dated as of August 14, 2020, by and among Transocean Ltd., Transocean Inc. and Perestroika (Cyprus) Ltd.	Exhibit 4.2 to Transocean Ltd.'s Current Report on Form 8-K (Commission File No. 001-38373) filed on August 14, 2020
4.46	Indenture, dated as of September 11, 2020, by and among Transocean Inc., the guarantors party thereto and Wells Fargo Bank, National Association	Exhibit 4.1 to Transocean Ltd.'s Current Report on Form 8-K (Commission File No. 001-38373) filed on September 11, 2020
4.47	Supplemental Indenture, dated November 30, 2020, by and among Transocean Inc., Transocean Ltd., certain of Transocean Inc.'s subsidiaries, and Wells Fargo Bank, National Association, as trustee, supplementing the Indenture dated as of September 11, 2020.	Exhibit 4.1 to Transocean Ltd.'s Current Report on Form 8-K (Commission File No. 001-38373) filed on December 1, 2020
4.48	Supplemental Indenture, dated November 30, 2020, by and among Transocean Inc., Transocean Ltd., certain of Transocean Inc.'s subsidiaries, and Wells Fargo Bank, National Association, as trustee, supplementing the Indenture dated as of August 14, 2020.	Exhibit 4.2 to Transocean Ltd.'s Current Report on Form 8-K (Commission File No. 001-38373) filed on December 1, 2020
4.49	Fourth Amendment to Credit Agreement, dated November 30, 2020, among Transocean Inc., the lenders and issuing banks parties thereto, Citibank, N.A., as administrative agent, and for the limited purposes set forth therein, certain of Transocean Inc.'s subsidiaries.	Exhibit 10.1 to Transocean Ltd.'s Current Report on Form 8-K (Commission File No. 001-38373) filed on December 1, 2020.
* 10.1	Amended and Restated 2015 Transocean Ltd. Long-Term Incentive Plan	Exhibit 10.1 to Transocean Ltd.'s Current Report on Form 8-K (Commission File No. 001-38373) filed on June 1, 2021
10.2	Shipyard Credit Agreement for <i>Deepwater Atlas</i> , dated as of June 5, 2021, by and between Jurong Shipyard Pte. Ltd. and Transocean Offshore Deepwater Holdings Limited	Exhibit 10.2 to Transocean Ltd.'s Quarterly Report on Form 10-Q (Commission File No. 001-38373) for the quarter ended June 30, 2021 filed on August 3, 2021
10.3	Shipyard Credit Agreement for <i>Deepwater Titan</i> , dated as of June 5, 2021, by and between Jurong Shipyard Pte. Ltd. and Transocean Offshore Deepwater Holdings Limited	Exhibit 10.3 to Transocean Ltd.'s Quarterly Report on Form 10-Q (Commission File No. 001-38373) for the quarter ended June 30, 2021 filed on August 3, 2021
10.4	Form of Voting and Support Agreement, by and among Transocean Ltd. and certain shareholders of Ocean Rig UDW Inc.	Exhibit 10.1 to Transocean Ltd.'s Current Report on Form 8-K (Commission File No. 001-38373) filed on September 4, 2018
10.5	Form of Voting and Support Agreement, by and among Ocean Rig UDW Inc. and certain shareholders of Transocean Ltd.	Exhibit 10.2 to Transocean Ltd.'s Current Report on Form 8-K (Commission File No. 001-38373) filed on September 4, 2018.
* 10.6	Long-Term Incentive Plan of Transocean Ltd. (as amended and restated as of February 12, 2009)	Exhibit 10.5 to Transocean Ltd.'s Annual Report on Form 10-K (Commission File No. 000-53533) for the year ended December 31, 2008

NUMBER	DESCRIPTION	LOCATION
* 10.7	First Amendment to Long-Term Incentive Plan of Transocean Ltd. (as amended and restated as of February 12, 2009)	Exhibit 10.1 to Transocean Ltd.'s Current Report on Form 8-K (Commission File No. 000-53533) filed on May 22, 2013
* 10.8	Deferred Compensation Plan of Transocean Offshore Inc., as amended and restated effective January 1, 2000	Exhibit 10.10 to Transocean Sedco Forex Inc.'s Annual Report on Form 10-K (Commission File No. 333-75899) for the year ended December 31, 1999
* 10.9	GlobalSantaFe Corporation Key Employee Deferred Compensation Plan effective January 1, 2001 and Amendment to GlobalSantaFe Corporation Key Employee Deferred Compensation Plan effective November 20, 2001	Exhibit 10.33 to the GlobalSantaFe Corporation Annual Report on Form 10-K (Commission File No. 001-14634) for the year ended December 31, 2004
* 10.10	Amendment to Transocean Inc. Deferred Compensation Plan	Exhibit 10.1 to Transocean Inc.'s Current Report on Form 8-K (Commission File No. 333-75899) filed on December 29, 2005
* 10.11	Form of 2004 Performance-Based Nonqualified Share Option Award Letter	Exhibit 10.2 to Transocean Inc.'s Current Report on Form 8-K (Commission File No. 333-75899) filed on February 15, 2005
* 10.12	Form of 2004 Director Deferred Unit Award	Exhibit 10.4 to Transocean Inc.'s Current Report on Form 8-K (Commission File No. 333-75899) filed on February 15, 2005
* 10.13	Form of 2008 Director Deferred Unit Award	Exhibit 10.20 to Transocean Ltd.'s Annual Report on Form 10-K (Commission File No. 000-53533) for the year ended December 31, 2008
* 10.14	Form of 2009 Director Deferred Unit Award	Exhibit 10.19 to Transocean Ltd.'s Annual Report on Form 10-K (Commission File No. 000-53533) for the year ended December 31, 2009
* 10.15	Terms and Conditions of 2013 Director Deferred Unit Award	Exhibit 10.14 to Transocean Ltd.'s Annual Report on Form 10-K (Commission File No. 000-53533) for the year ended December 31, 2015
* 10.16	Terms and Conditions of 2014 Director Deferred Unit Award	Exhibit 10.15 to Transocean Ltd.'s Annual Report on Form 10-K (Commission File No. 000-53533) for the year ended December 31, 2015
* 10.17	Terms and Conditions of 2015 Director Restricted Share Unit Award	Exhibit 10.16 to Transocean Ltd.'s Annual Report on Form 10-K (Commission File No. 000-53533) for the year ended December 31, 2015
* 10.18	Terms and Conditions of 2014 Executive Equity Award	Exhibit 10.19 to Transocean Ltd.'s Annual Report on Form 10-K (Commission File No. 000-53533) for the year ended December 31, 2015
* 10.19	Terms and Conditions of 2015 Executive Equity Award	Exhibit 10.20 to Transocean Ltd.'s Annual Report on Form 10-K (Commission File No. 000-53533) for the year ended December 31, 2015
10.20	Terms and Conditions of the July 2008 Nonqualified Share Option Award	Exhibit 10.2 to Transocean Inc.'s Annual Report on Form 10-Q (Commission File No. 333-75899) for the quarter ended June 30, 2008
* 10.21	Terms and Conditions of the February 2009 Nonqualified Share Option Award	Exhibit 10.30 to Transocean Ltd.'s Annual Report on Form 10-K (Commission File No. 000-53533) for the year ended December 31, 2008
* 10.22	Terms and Conditions of the February 2012 Long Term Incentive Plan Award	Exhibit 10.28 to Transocean Ltd.'s Annual Report on Form 10-K (Commission File No. 000-53533) for the year ended December 31, 2011
* 10.23	Transocean Ltd. Incentive Recoupment Policy	Exhibit 10.30 to Transocean Ltd.'s Annual Report on Form 10-K (Commission File No. 000-53533) for the year ended December 31, 2012
10.24	Form of Novation Agreement dated as of November 27, 2007 by and among GlobalSantaFe Corporation, Transocean Offshore Deepwater Drilling Inc. and certain executives	Exhibit 10.1 to Transocean Inc.'s Current Report on Form 8-K (Commission File No. 333-75899) filed on December 3, 2007
* 10.25	Global Marine Inc. 1990 Non-Employee Director Stock Option Plan	Exhibit 10.18 of Global Marine Inc.'s Annual Report on Form 10-K (Commission File No. 001-05471) for the year ended December 31, 1991
* 10.26	First Amendment to Global Marine Inc. 1990 Non-Employee Director Stock Option Plan	Exhibit 10.1 of Global Marine Inc.'s Quarterly Report on Form 10-Q (Commission File No. 001-05471) for the quarter ended June 30, 1995

NUMBER	DESCRIPTION	LOCATION
* 10.27	Second Amendment to Global Marine Inc. 1990 Non-Employee Director Stock Option Plan	Exhibit 10.37 of Global Marine Inc.'s Annual Report on Form 10-K (Commission File No. 001-05471) for the year ended December 31, 1996
* 10.28	1997 Long-Term Incentive Plan	GlobalSantaFe Corporation's Registration Statement on Form S-8 (No. 333-7070) filed June 13, 1997
* 10.29	Amendment to 1997 Long Term Incentive Compensation Plan	Exhibit 10.25 of GlobalSantaFe Corporation's Annual Report on Form 20-F (Commission File No. 001-14634) for the year ended December 31, 1998
* 10.30	Amendment to 1997 Long Term Incentive Plan, dated December 1, 1999	Exhibit 10.33 of GlobalSantaFe Corporation's Annual Report on Form 20-F (Commission File No. 001-14634) for the year ended December 31, 1999
* 10.31	GlobalSantaFe Corporation 1998 Stock Option and Incentive Plan	Exhibit 10.1 of Global Marine Inc.'s Quarterly Report on Form 10-Q (Commission File No. 001-05471) for the quarter ended March 31, 1998
* 10.32	First Amendment to GlobalSantaFe Corporation 1998 Stock Option and Incentive Plan	Exhibit 10.2 of Global Marine Inc.'s Quarterly Report on Form 10-Q (Commission File No. 001-05471) for the quarter ended June 30, 2000
* 10.33	GlobalSantaFe Corporation 2001 Non-Employee Director Stock Option and Incentive Plan	Exhibit 4.8 of GlobalSantaFe Corporation's Registration Statement on Form S-8 (No. 333-73878) filed on November 21, 2001
* 10.34	GlobalSantaFe Corporation 2001 Long-Term Incentive Plan	Exhibit A to GlobalSantaFe Corporation's definitive proxy statement (Commission File No. 001-14634) filed on March 21, 2001
* 10.35	GlobalSantaFe 2003 Long-Term Incentive Plan (as Amended and Restated Effective June 7, 2005)	Exhibit 10.4 to GlobalSantaFe Corporation's Quarterly Report on Form 10-Q (Commission File No. 001-14634) for the quarter ended June 30, 2005
* 10.36	Transocean Ltd. Pension Equalization Plan, as amended and restated, effective January 1, 2009	Exhibit 10.41 to Transocean Ltd.'s Annual Report on Form 10-K (Commission File No. 000-53533) for the year ended December 31, 2008
* 10.37	Transocean U.S. Supplemental Retirement Benefit Plan, as amended and restated, effective as of November 27, 2007	Exhibit 10.11 to Transocean Inc.'s Current Report on Form 8-K (Commission File No. 333-75899) filed on December 3, 2007
* 10.38	GlobalSantaFe Corporation Supplemental Executive Retirement Plan	Exhibit 10.1 to the GlobalSantaFe Corporation Quarterly Report on Form 10-Q (Commission File No. 001-14634) for the quarter ended September 30, 2002
* 10.39	Transocean U.S. Supplemental Savings Plan, as amended and restated, effective as of January 1, 2009	Exhibit 10.44 to Transocean Ltd.'s Annual Report on Form 10-K (Commission File No. 000-53533) for the year ended December 31, 2008
10.40	Form of Indemnification Agreement entered into between Transocean Ltd. and each of its Directors and Executive Officers	Exhibit 10.1 to Transocean Inc.'s Current Report on Form 8-K (Commission File No. 333-75899) filed on October 10, 2008
* 10.41	Form of Assignment Memorandum for Executive Officers	Exhibit 10.6 to Transocean Ltd.'s Current Report on Form 8-K (Commission File No. 000-53533) filed on December 19, 2008
10.42	Drilling Contract between Vastar Resources, Inc. and R&B Falcon Drilling Co. dated December 9, 1998 with respect to <i>Deepwater Horizon</i> , as amended	Exhibit 10.1 to Transocean Ltd.'s Quarterly Report on Form 10-Q (Commission File No. 000-53533) for the quarterly period ended June 30, 2010
* 10.43	Executive Severance Benefit Policy	Exhibit 10.1 to Transocean Ltd.'s Current Report on Form 8-K (Commission File No. 000-53533) filed on February 23, 2012
10.44	Term Sheet Agreement for a Transocean and PSC/DHEPDS Settlement, dated May 20, 2015, among Triton Asset Leasing GmbH, Transocean Deepwater Inc., Transocean Offshore Deepwater Drilling Inc., Transocean Holdings LLC, the Plaintiffs Steering Committee in MDL 2179, and the <i>Deepwater Horizon</i> Economic and Property Damages Settlement Class	Exhibit 10.3 to Transocean Ltd.'s Quarterly Report on Form 10-Q (Commission File No. 000-53533) for the quarter ended June 30, 2015
10.45	Confidential Settlement Agreement, Mutual Releases and Agreement to Indemnify, dated May 20, 2015, among Transocean Offshore Deepwater Drilling Inc., Transocean Deepwater Inc., Transocean Holdings LLC, Triton Asset Leasing GmbH, BP Exploration and Production Inc. and BP America Production Co.	Exhibit 10.6 to Transocean Ltd.'s Quarterly Report on Form 10-Q (Commission File No. 000-53533) for the quarter ended June 30, 2015

NUMBER	DESCRIPTION	LOCATION
10.46	Transocean Punitive Damages and Assigned Claims Settlement Agreement, dated May 29, 2015, among Transocean Offshore Deepwater Drilling Inc., Transocean Deepwater Inc., Transocean Holdings LLC, Triton Asset Leasing GmbH, the Plaintiffs Steering Committee in MDL 2179, and the <i>Deepwater Horizon</i> Economic and Property Damages Settlement Class	Exhibit 10.7 to Transocean Ltd.'s Quarterly Report on Form 10-Q (Commission File No. 000-53533) for the quarter ended June 30, 2015
* 10.47	Employment Agreement with Jeremy D. Thigpen effective September 1, 2016	Exhibit 10.1 to Transocean Ltd.'s Quarterly Report on Form 10-Q (Commission File No. 000-53533) for the quarter ended September 30, 2016
* 10.48	Employment Agreement with Mark L. Mey effective September 1, 2016	Exhibit 10.2 to Transocean Ltd.'s Quarterly Report on Form 10-Q (Commission File No. 000-53533) for the quarter ended September 30, 2016
* 10.49	Amended and Restated Performance Award and Cash Bonus Plan of Transocean Ltd.	Exhibit 10.48 to Transocean Ltd.'s Annual Report on Form 10-K (Commission File No. 001-38373) for the year ended December 31, 2020
* 10.50	Terms and Conditions of 2020 Executive Equity Awards	Exhibit 10.2 to Transocean Ltd.'s Quarterly Report on Form 10-Q (Commission File No. 001-38373) for the quarter ended June 30, 2020
* 10.51	Terms and Conditions of 2020 Director Restricted Share Unit Award	Exhibit 10.3 to Transocean Ltd.'s Quarterly Report on Form 10-Q (Commission File No. 001-38373) for the quarter ended June 30, 2020
* 10.52	Terms and Conditions of 2022 Executive Equity Awards	Filed with our Annual Report on Form 10-K for the year ended December 31, 2021
* 10.53	Employment Agreement with Keelan Adamson effective February 16, 2022	Exhibit 10.1 to Transocean Ltd.'s Current Report on Form 8-K (Commission File No. 001-38373) filed on February 17, 2022
21	Subsidiaries of Transocean Ltd.	Filed with our Annual Report on Form 10-K for the year ended December 31, 2021
23.1	Consent of Ernst & Young LLP	Filed with our Annual Report on Form 10-K for the year ended December 31, 2021
24	Powers of Attorney	Filed with our Annual Report on Form 10-K for the year ended December 31, 2021
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Filed with our Annual Report on Form 10-K for the year ended December 31, 2021
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Filed with our Annual Report on Form 10-K for the year ended December 31, 2021
32.1	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Furnished with our Annual Report on Form 10-K for the year ended December 31, 2021
32.2	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Furnished with our Annual Report on Form 10-K for the year ended December 31, 2021
101	Interactive data files pursuant to Rule 405 of Regulation S-T formatted in Inline Extensible Business Reporting Language: (i) our consolidated balance sheets as of December 31, 2021 and December 31, 2020; (ii) our consolidated statements of operations for the years ended December 31, 2021, 2020 and 2019; (iii) our consolidated statements of comprehensive loss for the years ended December 31, 2021, 2020 and 2019; (iv) our consolidated statements of equity for the years ended December 31, 2021, 2020 and 2019; (v) our consolidated statements of cash flows for the years ended December 31, 2021, 2020 and 2019; and (vi) the notes to consolidated financial statements	Filed with our Annual Report on Form 10-K for the year ended December 31, 2021
104	The cover page from our annual report on Form 10-K for the year ended December 31, 2021, formatted in Inline Extensible Business Reporting Language	Filed with our Annual Report on Form 10-K for the year ended December 31, 2021

* Compensatory plan or arrangement

Exhibits listed above as previously having been filed with the U.S. Securities and Exchange Commission are incorporated herein by reference pursuant to Rule 12b-32 under the Securities Exchange Act of 1934 and made a part hereof with the same effect as if filed herewith.

Certain instruments relating to our long-term debt and our subsidiaries have not been filed as exhibits since the total amount of securities authorized under any such instrument does not exceed 10 percent of our total assets and our subsidiaries on a consolidated basis. We agree to furnish a copy of each such instrument to the SEC upon request.

Certain agreements filed as exhibits to this Report may contain representations and warranties by the parties to such agreements. These representations and warranties have been made solely for the benefit of the parties to such agreements and (1) may be intended not as statements of fact, but rather as a way of allocating the risk to one of the parties if those statements prove to be inaccurate, (2) may have been qualified by certain disclosures that were made to other parties in connection with the negotiation of such agreements, which disclosures are not reflected in such agreements, and (3) may apply standards of materiality in a way that is different from what may be viewed as material to investors.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned; thereunto duly authorized, on February 23, 2022.

TRANSOCEAN LTD.

By: /s/ Mark L. Mey
Mark L. Mey
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

By: /s/ David Tonnel
David Tonnel
Senior Vice President and Chief Accounting Officer
(Principal Accounting Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant in the capacities indicated on February 23, 2022.

Signature	Title
* _____ Chadwick C. Deaton	Chairman of the Board of Directors
/s/ Jeremy D. Thigpen _____ Jeremy D. Thigpen	Chief Executive Officer (Principal Executive Officer)
/s/ Mark L. Mey _____ Mark L. Mey	Executive Vice President and Chief Financial Officer (Principal Financial Officer)
/s/ David Tonnel _____ David Tonnel	Senior Vice President and Chief Accounting Officer (Principal Accounting Officer)
* _____ Glyn A. Barker	Director
* _____ Vanessa C.L. Chang	Director
* _____ Frederico F. Curado	Director
* _____ Vincent J. Intrieri	Director
* _____ Samuel J. Merksamer	Director
* _____ Frederik W. Mohn	Director
* _____ Edward R. Muller	Director
* _____ Margareth Øvrum	Director
* _____ Diane de Saint Victor	Director
By: /s/ David Tonnel _____ (Attorney-in-Fact)	

TRANSOCEAN LTD.

STATUTORY FINANCIAL STATEMENTS
For the years ended December 31, 2021 and 2020

To the General Meeting of
Transocean Ltd., Steinhausen

Zurich, February 23, 2022

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the accompanying financial statements of Transocean Ltd., which comprise the statement of operations, balance sheet and notes, for the year ended December 31, 2021.



Board of Directors' responsibility

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.



Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the financial statements for the year ended December 31, 2021 comply with Swiss law and the company's articles of incorporation.



Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority

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

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

Impairment assessment of investments in subsidiaries

Area of emphasis

Transocean Ltd. evaluates its investments in subsidiaries for impairment annually and records an impairment loss when the carrying amount of such assets exceeds the recoverable amount. The assessment of the existence of any indicators of impairment of the carrying amount of investments in subsidiaries is judgmental. In the event that indicators of impairment are identified, the assessment of the recoverable amounts is also judgmental and requires estimation and the use of subjective assumptions.

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

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

See Note 3 to these financial statements for Transocean Ltd.'s disclosures related to investment in subsidiaries.

Our audit response

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

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

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

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

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



Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

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

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

Ernst & Young Ltd

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

/s/ Ralph Petermann
Certified public accountant

TRANSOCEAN LTD.
STATEMENTS OF OPERATIONS
(In thousands)

	Years ended December 31,			
	2021		2020	
Income				
Guarantee fee income	CHF	254	CHF	1,411
Financial income		—		2
Dividend income		26,876		147,653
Total income		27,130		149,066
Costs and expenses				
General and administrative		16,361		14,380
Loss on currency exchange		3,505		861
Financial expense		30,866		33,275
Total costs and expenses		50,732		48,516
Loss on impairment		(272,810)		(3,940,489)
Direct taxes		—		(270)
Net loss for the year	CHF	(296,412)	CHF	(3,840,209)

See accompanying notes.

TRANSOCEAN LTD.
BALANCE SHEETS
(In thousands)

	December 31,			
		2021		2020
Assets				
Cash	CHF	6,200	CHF	1,071
Receivables from subsidiaries		13,861		17,590
Other current assets		2,034		3,670
Total current assets		22,095		22,331
Investment in subsidiaries		4,200,876		4,473,374
Property and equipment		1,126		1,092
Less accumulated depreciation		1,126		1,092
Property and equipment, net		—		—
Other non-current assets		969		862
Total non-current assets		4,201,845		4,474,236
Total assets	CHF	4,223,940	CHF	4,496,567
Liabilities and shareholders' equity				
Accounts payable to subsidiaries	CHF	15,199	CHF	2,363
Interest payable to subsidiaries		65,338		41,482
Other current liabilities		3,444		1,247
Total current liabilities		83,981		45,092
Long-term interest bearing notes payable to subsidiary		1,649,193		1,763,798
Long-term lease liabilities		454		511
Deferred gains on foreign exchange translation		149,607		204,801
Total non-current liabilities		1,799,254		1,969,110
Share capital		72,817		63,967
Statutory capital reserves from capital contribution		4,099,358		11,953,457
Statutory capital reserves from capital contribution for shares held by subsidiaries		79,977		79,976
Free capital reserves from capital contribution		9,500,000		1,500,000
Accumulated loss				
Accumulated loss brought forward from previous years		(11,115,035)		(7,274,826)
Net loss for the year		(296,412)		(3,840,209)
Total shareholders' equity		2,340,705		2,482,365
Total liabilities and shareholders' equity	CHF	4,223,940	CHF	4,496,567

See accompanying notes.

TRANSOCEAN LTD.
NOTES TO STATUTORY FINANCIAL STATEMENTS

NOTE 1—GENERAL

Transocean Ltd. (the “Company”, “we”, “us”, or “our”) is the parent company of Transocean Inc., Transocean Management Services GmbH, and Transocean Quantum Holdings Limited, our direct wholly owned subsidiaries. Transocean Ltd. is registered with the commercial register in the canton of Zug, and its shares are listed on the New York Stock Exchange. At December 31, 2021 and 2020, we had fewer than 10 full-time employees.

NOTE 2—SIGNIFICANT ACCOUNTING POLICIES

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

Currency—We maintain our accounting records in U.S. dollars and translate them into Swiss francs for statutory reporting purposes. We translate into Swiss francs our assets and liabilities that are denominated in non-Swiss currencies using the year-end currency exchange rates, except prior-year transactions for our investments in subsidiaries and our shareholders’ equity, which are translated at historical exchange rates. We translate into Swiss francs our income statement transactions that are denominated in non-Swiss currencies using the average currency exchange rates for the year.

Our principal exchange rates were as follows:

	Average exchange rates for the years ended December 31,		Exchange rates at December 31,	
	2021	2020	2021	2020
CHF / USD	0.91	0.95	0.91	0.89
CHF / GBP	1.25	1.21	1.24	1.21
CHF / EUR	1.08	1.07	1.04	1.08

We recognize realized currency exchange and translation gains and losses arising from business transactions and net unrealized currency exchange and translation losses in current period earnings. We defer net unrealized currency exchange and translation gains.

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

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

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

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

Related parties—In the meaning of the CO, we consider related parties to be only shareholders, direct and indirect subsidiaries, and the board of directors.

TRANSOCEAN LTD.
NOTES TO STATUTORY FINANCIAL STATEMENTS—continued

NOTE 3—INVESTMENT IN SUBSIDIARIES

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

Company name	Purpose	Domicile	Ownership and voting interest	Share capital	Carrying amount as of December 31,	
					2021	2020
Transocean Inc.	Holding	Cayman Islands	100%	USD 3,192	CHF 4,200,768	CHF 4,473,266
Transocean Management Services GmbH	Management and administration	Switzerland	90%	CHF 20	CHF 108	CHF 108
Transocean Quantum Holdings Limited	Holding	Cayman Islands	100%	USD —	CHF —	CHF —

On July 16, 2020, we contributed USD 1 to Transocean Quantum Holdings Limited (TQHL), a Cayman Islands company limited by shares, formed to own and hold other entities.

Impairments—In the years ended December 31, 2021 and 2020, as a result of our annual impairment test, we determined that the carrying amount of our investments in subsidiaries was impaired, and, as a result, we recognized a loss of CHF 272 million and CHF 3.94 billion, respectively, associated with the impairment of our investment in Transocean Inc.

Principal indirect investments—Our principal indirect investments in subsidiaries were as follows:

December 31, 2021			December 31, 2020		
Company name	Domicile	Ownership and voting interest	Company name	Domicile	Ownership and voting interest
Deepwater Pacific 1 Inc.	British Virgin Islands	100%	Deepwater Pacific 1 Inc.	British Virgin Islands	100%
Global Marine Inc.	United States	100%	Global Marine Inc.	United States	100%
GSF Leasing Services GmbH	Switzerland	100%	GSF Leasing Services GmbH	Switzerland	100%
Sedco Forex International Inc.	Cayman Islands	100%	Sedco Forex International Inc.	Cayman Islands	100%
Transocean Asset Holdings 1 Limited	Cayman Islands	100%	Transocean Asset Holdings 1 Limited	Cayman Islands	100%
Transocean Asset Holdings 2 Limited	Cayman Islands	100%	Transocean Asset Holdings 2 Limited	Cayman Islands	100%
Transocean Asset Holdings 3 Limited	Cayman Islands	100%	Transocean Asset Holdings 3 Limited	Cayman Islands	100%
Transocean Conqueror Limited	Cayman Islands	100%	Transocean Conqueror Limited	Cayman Islands	100%
Transocean Deepwater Drilling Services Limited	Cayman Islands	100%	Transocean Deepwater Drilling Services Limited	Cayman Islands	100%
Transocean Drilling Offshore S.a.r.l	Luxembourg	100%	Transocean Drilling Offshore S.a.r.l	Luxembourg	100%
Transocean Drilling U.K. Limited	Scotland	100%	Transocean Drilling U.K. Limited	Scotland	100%
Transocean Entities Holdings GmbH	Switzerland	100%	Transocean Entities Holdings GmbH	Switzerland	100%
Transocean Financing GmbH	Switzerland	100%	Transocean Financing GmbH	Switzerland	100%
Transocean Guardian Limited	Cayman Islands	100%	Transocean Guardian Limited	Cayman Islands	100%
Transocean Holdings 1 Limited	Cayman Islands	100%	Transocean Holdings 1 Limited	Cayman Islands	100%
Transocean Holdings 2 Limited	Cayman Islands	100%	Transocean Holdings 2 Limited	Cayman Islands	100%
Transocean Holdings 3 Limited	Cayman Islands	100%	Transocean Holdings 3 Limited	Cayman Islands	100%
Transocean Hungary Holdings LLC	Hungary	100%	Transocean Hungary Holdings LLC	Hungary	100%
Transocean Offshore Deepwater Drilling Inc.	United States	100%	Transocean Offshore Deepwater Drilling Inc.	United States	100%
Transocean Offshore Deepwater Holdings Limited	Cayman Islands	100%	Transocean Offshore Deepwater Holdings Limited	Cayman Islands	100%
Transocean Offshore Holdings Limited	Cayman Islands	100%	Transocean Offshore Holdings Limited	Cayman Islands	100%
Transocean Offshore International Ventures Limited	Cayman Islands	100%	Transocean Offshore International Ventures Limited	Cayman Islands	100%
Transocean Phoenix 2 Limited	Cayman Islands	100%	Transocean Phoenix 2 Limited	Cayman Islands	100%
Transocean Pontus Limited	Cayman Islands	100%	Transocean Pontus Limited	Cayman Islands	100%
Transocean Poseidon Limited	Cayman Islands	100%	Transocean Poseidon Limited	Cayman Islands	100%
Transocean Proteus Limited	Cayman Islands	100%	Transocean Proteus Limited	Cayman Islands	100%
Transocean Quantum Management Limited	Cayman Islands	100%	Transocean Quantum Management Limited	Cayman Islands	100%
Transocean Sentry Limited	Cayman Islands	100%	Transocean Sentry Limited	Cayman Islands	100%
Transocean Sub Asset Holdings 1 Limited	Cayman Islands	100%	Transocean Sub Asset Holdings 1 Limited	Cayman Islands	100%
Transocean Sub Asset Holdings 2 Limited	Cayman Islands	100%	Transocean Sub Asset Holdings 2 Limited	Cayman Islands	100%
Transocean Sub Asset Holdings 3 Limited	Cayman Islands	100%	Transocean Sub Asset Holdings 3 Limited	Cayman Islands	100%
Transocean Worldwide Inc.	Cayman Islands	100%	Transocean Worldwide Inc.	Cayman Islands	100%
Triton Asset Leasing GmbH	Switzerland	100%	Triton Asset Leasing GmbH	Switzerland	100%
Triton Hungary Investments 1 LLC	Hungary	100%	Triton Hungary Investments 1 LLC	Hungary	100%
Triton Nautilus Asset Leasing GmbH	Switzerland	100%	Triton Nautilus Asset Leasing GmbH	Switzerland	100%
Triton Voyager Asset Leasing GmbH	Switzerland	100%	Triton Voyager Asset Leasing GmbH	Switzerland	100%

In the year ended December 31, 2020, we formed Transocean Sub Asset Holdings 1 Limited, Transocean Sub Asset Holdings 2 Limited and Transocean Sub Asset Holdings 3 Limited to own and hold other entities. Additionally, we formed Transocean Quantum Management Limited to manage the operations of certain of our drilling rigs. We also declared Triton Voyager Asset Leasing GmbH a principal indirect investment, as it acquired certain of our drilling rigs in the year ended December 31, 2020.

TRANSOCEAN LTD.
NOTES TO STATUTORY FINANCIAL STATEMENTS—continued

NOTE 4—SHAREHOLDERS' EQUITY

Overview—Changes in our shareholder's equity were as follows (in thousands):

	Share capital			Statutory capital reserves			Free reserves			
	Shares	Amount		from capital contribution	from capital contribution for shares held by subsidiaries (a)		Free capital reserves from capital contribution	Accumulated loss		Total shareholders' equity
Balance at December 31, 2019	617,971	CHF 61,797	CHF	11,953,444	CHF 79,973	CHF	1,500,000	CHF (7,274,826)	CHF	6,320,388
Shares issued to Transocean Inc.	21,703	2,170		—	—		—	—		2,170
Shares issued for exchanged debt	2	—		16	—		—	—		16
Own share transactions	—	—		(3)	3		—	—		—
Net loss for the year	—	—		—	—		—	(3,840,209)		(3,840,209)
Balance at December 31, 2020	639,676	63,967		11,953,457	79,976		1,500,000	(11,115,035)		2,482,365
Shares issued to Transocean Inc.	88,500	8,850		—	—		—	—		8,850
Release of statutory capital reserves from capital contribution	—	—		(8,000,000)	—		8,000,000	—		—
Shares issued under at-the-market equity offering	—	—		145,899	—		—	—		145,899
Shares issued for exchanged debt	—	—		3	—	—	—	—		3
Own share transactions	—	—		(1)	1	—	—	—		—
Net loss for the year	—	—		—	—		—	(296,412)		(296,412)
Balance at December 31, 2021	728,176	CHF 72,817	CHF	4,099,358	CHF 79,977	CHF	9,500,000	CHF (11,411,447)	CHF	2,340,705

- a) The statutory capital reserve from capital contribution for shares held by subsidiaries represents the aggregate cost of own shares held indirectly through Transocean Inc. During the years ended December 31, 2021 and 2020, Transocean Inc. withheld 418 and 1,784 own shares, respectively, through a broker arrangement in satisfaction of withholding taxes due by our employees upon the vesting of equity awards granted under our long-term incentive plan. See Note 5—Own Shares.

Authorized share capital—During the year ended December 31, 2021, our board of directors approved out of authorized share capital the issuance of 88.5 million of our shares, par value CHF 0.10 each, for an aggregate value of USD 10 million, equivalent to CHF 9 million, earmarked for the ATM Program. In May 2020, our board of directors approved out of authorized share capital the issuance of 21.7 million of our shares, par value CHF 0.10 each, for an aggregate value of USD 2 million, equivalent to CHF 2 million. At December 31, 2021, based on shareholder approval dated May 27, 2021, the remaining authority of our board of directors to issue shares out of authorized share capital is limited to a maximum of 163.2 million shares. Our board of directors is authorized to withdraw or limit the subscription rights of shareholders under certain circumstances with respect to a maximum of 26.1 million shares and to allot them to individual shareholders or other parties.

In May 2021, we received a deposit of CHF 5.4 million in our capital increase account from Transocean Inc. In October 2021, we issued to Transocean Inc. shares with par value of CHF 4.2 million. At December 31, 2021, we hold CHF 5.4 million of freely available funds in an escrow account, recorded in cash, and we have a liability of CHF 1.2 million, payable to Transocean Inc. and recorded in accounts payable to subsidiaries, for the unused balance.

Conditional share capital—Our articles of association provide for a conditional share capital that permits us to issue up to 142.4 million additional shares, under the following circumstances, without obtaining additional shareholder approval:

- (1) through the exercise of conversion, exchange, option, warrant or similar rights for the subscription of shares granted in connection with bonds, options, warrants or other securities newly or already issued in national or international capital markets or new or already existing contractual obligations convertible into or exercisable or exchangeable for our shares or the shares of one of our group companies or any of their respective predecessors; or
- (2) in connection with the issuance of shares, options or other share-based awards to directors, employees, contractors, consultants or other persons providing services to us.

In connection with the issuance of bonds, notes, warrants or other financial instruments or contractual obligations that are convertible into, exercisable for or exchangeable for our registered shares, our board of directors is authorized to withdraw or limit the advance subscription rights of shareholders under certain circumstances. In connection with the issuance of shares, options or other share-based awards to directors, employees, contractors, consultants or other persons providing services to us, the preemptive rights and the advance subscription rights of shareholders are excluded. In the years ended December 31, 2021 and 2020, we issued 291 shares and 1,751 shares, respectively, out of conditional share capital to holders that exercised their options to exchange the 0.50% exchangeable senior bonds due 2023 into our shares. In March 2019, we and Transocean Inc. entered into an option agreement, pursuant to which we granted Transocean Inc. the right to acquire 12.0 million shares from us to satisfy obligations under our share-based compensation plans. In March 2019, we issued to 1.4 million shares out of conditional share capital to Transocean Inc. upon partial exercise of its right to acquire our shares under the option agreement in exchange for USD 12 million, equivalent to CHF 12 million. At December 31, 2021 and 2020, our board of directors were authorized to issue up to a maximum of 142.4 million shares out of conditional share capital.

TRANSOCEAN LTD.
NOTES TO STATUTORY FINANCIAL STATEMENTS—continued

Share issuance—In June 2021, we commenced an at-the-market equity offering (the “ATM Program”) with no expected expiration. On June 14, 2021, we entered into an equity distribution agreement with a sales agent for the offer and sale of our shares, with up to a maximum aggregate net offering price of USD 400 million, equivalent to CHF 360 million, under the ATM Program. We intend to use the net proceeds from the ATM Program for general corporate purposes, which may include, among other things, the repayment or refinancing of indebtedness and the funding of working capital, capital expenditures, investments, and additional balance sheet liquidity. In the year ended December 31, 2021, we received aggregate cash proceeds of USD 158 million, equivalent to CHF 146 million, net of issue costs, for the aggregate sale of 36.1 million shares, under the ATM Program.

Qualified capital loss—As of December 31, 2020, our balance sheet presented a qualified loss since our net assets cover less than 50 percent of our statutory share capital and statutory capital reserves. Under Swiss law, if assets cover less than 50 percent of our statutory share capital and statutory capital reserves, the board of directors must propose measures to address such a capital loss. In May 2021, shareholders at our 2021 annual general meeting approved the release of CHF 8.00 billion of statutory capital reserves from capital contribution for allocation to free capital reserves from capital contribution, thereby remediating the qualified capital loss and reducing the statutory capital reserves from capital contribution, which, unlike free capital reserves, are part of the equity capital against which excess coverage is measured.

NOTE 5—OWN SHARES

Overview—The following is a summary of changes in the registered shares held by Transocean Inc. to satisfy obligations under our share-based compensation plans (in thousands, except percentages):

	Own shares	Total shares issued	Percentage of shares issued
Balance at December 31, 2019	6,067	617,971	0.98%
Transfers under share-based compensation plans	(3,267)		
Shares issued to Transocean Inc.	21,703		
Balance at December 31, 2020	24,503	639,676	3.83%
Transfers under share-based compensation plans	(4,399)		
Shares released from escrow	123		
Shares issued to Transocean Inc.	88,500		
Shares issued under at-the-market equity offering	(36,089)		
Shares issued in prior period	33		
Balance at December 31, 2021	72,671	728,176	9.98%

Shares held by subsidiaries—Transocean Inc. holds our shares to satisfy our obligations to deliver shares in connection with awards granted under our incentive plans or other rights to acquire our shares through equity offerings. In the years ended December 31, 2021 and 2020, we transferred 4.4 million and 3.3 million shares, respectively, at historical cost, from the own shares held by Transocean Inc. to satisfy obligations under our share-based compensation plans. In the years ended December 31, 2021 and 2020, we received cash proceeds of less than CHF 1 million for own shares transferred in exchange for equity awards exercised or withheld for taxes under our share-based compensation plans. At December 31, 2021 and 2020, Transocean Inc. held 72.6 million and 24.5 million of our shares, respectively.

Share repurchase program—In May 2009, at our annual general meeting, our shareholders approved and authorized our board of directors, at its discretion, to repurchase an amount of our shares for cancellation with an aggregate purchase price of up to CHF 3.50 billion. At December 31, 2021, the authorization remaining under the share repurchase program was for the repurchase of our outstanding shares for an aggregate cost of up to CHF 3.24 billion. The share repurchase program may be suspended or discontinued by our board of directors or company management, as applicable, at any time.

NOTE 6—SHARE OWNERSHIP

Significant shareholders—Certain significant shareholders have reported to us that they held, directly or through their affiliates, the following beneficial interests in excess of 5 percent of our issued share capital (in thousands, except percentages):

December 31, 2021			December 31, 2020		
Name	Number of shares	Percentage of issued share capital	Name	Number of shares	Percentage of issued share capital
The Vanguard Group	51,597	7.87%	The Vanguard Group	55,619	9.04%
PRIMECAP Management Company	47,524	7.25%	PRIMECAP Management Company	48,543	7.89%
			BlackRock, Inc	43,406	7.04%
Frederik W. Mohn / Perestroika AS	46,213	7.05%	Frederik W. Mohn / Perestroika AS	33,237	5.40%

TRANSOCEAN LTD.
NOTES TO STATUTORY FINANCIAL STATEMENTS—continued

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

Name	December 31, 2021		December 31, 2020	
	Vested shares and unvested share units	Stock options and conversion rights	Vested shares and unvested share units	Stock options and conversion rights
Chadwick C. Deaton	383,050	—	311,991	—
Glyn A. Barker	254,785	—	200,521	—
Vanessa C.L. Chang	297,427	—	351,244	—
Frederico F. Curado	254,785	—	200,521	—
Tan Ek Kia (a)	—	—	210,031	—
Vincent J. Intrieri	270,025	—	215,761	—
Samuel J. Merksamer	260,761	—	206,497	—
Frederick W. Mohn (b)	46,213,271	34,618,147	33,236,859	34,619,801
Edward R. Muller	285,951	—	231,687	—
Margareth Øvrum	54,264	—	—	—
Diane de Saint Victor	162,446	—	98,182	—
Jeremy D. Thigpen	5,386,489	1,212,621	3,617,211	1,212,621
Total	53,823,254	35,830,768	38,880,505	35,832,357

a) Mr. Tan retired from the board, effective May 27, 2021.

b) Mr. Mohn and his affiliates hold conversion rights associated with the Exchangeable Bonds.

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

Name	December 31, 2021					December 31, 2020				
	Number of shares held	Number of granted share units vesting in 2022	Number of granted share units vesting in 2023	Number of granted share units vesting in 2024	Total shares and share units	Number of shares held	Number of granted share units vesting in 2021	Number of granted share units vesting in 2022	Number of granted share units vesting in 2023	Total shares and share units
Jeremy D. Thigpen	1,327,579	1,611,342	1,760,272	362,319	5,061,512	886,710	810,284	1,249,023	363,637	3,309,654
Mark L. Mey	581,024	612,200	643,048	130,435	1,966,707	411,772	312,539	481,766	140,259	1,346,336
Keelan I. Adamson	286,371	481,730	532,736	109,904	1,410,741	176,911	220,364	371,827	109,091	878,193
Total	2,194,974	2,705,272	2,936,056	602,658	8,438,960	1,475,393	1,343,187	2,102,616	612,987	5,534,183

The number of granted share units vesting in future years represents the vesting of previously granted service awards and performance awards in the form of share units. Total shares exclude vested but unissued shares for share units granted from 2019 to 2021, which are expected to be issued in the first quarter of 2022.

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

Name	December 31, 2021					December 31, 2020				
	Number of granted stock options vested and outstanding	Number of granted stock options vesting in 2022	Number of granted stock options vesting in 2023	Number of granted stock options vesting in 2024	Total vested and unvested stock options	Number of granted stock options vested and outstanding	Number of granted stock options vesting in 2021	Number of granted stock options vesting in 2022	Number of granted stock options vesting in 2023	Total vested and unvested stock options
Jeremy D. Thigpen	1,068,588	144,033	—	—	1,212,621	814,906	253,682	144,033	—	1,212,621
Mark L. Mey	430,041	55,556	—	—	485,597	332,191	97,850	55,556	—	485,597
Keelan I. Adamson	252,041	37,037	—	—	289,078	197,506	58,027	37,037	—	292,570
Total	1,750,670	236,626	—	—	1,987,296	1,344,603	409,559	236,626	—	1,990,788

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

Name	December 31, 2021		December 31, 2020	
	Number of share units granted	Value of share units	Number of share units granted	Value of share units
Board members	1,646,392	CHF 5,433,619	1,012,209	CHF 1,331,979
Executive management team	3,528,383	11,625,713	3,218,182	4,774,105
Employees	26,221	84,589	23,458	30,869
Total	5,200,996	CHF 17,143,921	4,253,849	CHF 6,136,953

TRANSOCEAN LTD.
NOTES TO STATUTORY FINANCIAL STATEMENTS—continued

NOTE 7—GUARANTEES, CONTINGENCIES AND COMMITMENTS

Transocean Inc. and certain indirect subsidiaries' debt obligations—Transocean Inc., Transocean Guardian Limited, Transocean Phoenix 2 Limited, Transocean Pontus Limited, Transocean Poseidon Limited, Transocean Proteus Limited and Transocean Sentry Limited have each issued certain debt securities or entered into other credit arrangements, including notes, bank credit agreements, debentures, surety bonds and letters of credit. We agreed to guarantee certain of these debt securities or other credit arrangements in exchange for a guarantee fee from our subsidiaries. With certain exceptions under the indentures of the debt securities issued by our subsidiaries, we are not subject to significant restrictions on our ability to obtain funds from our consolidated subsidiaries by dividends, loans or return of capital distributions. At December 31, 2021 and 2020, the aggregate carrying amount of debt that we have guaranteed was USD 6.89 billion and USD 7.43 billion, respectively, equivalent to approximately CHF 6.28 billion and CHF 6.58 billion, respectively. In the years ended December 31, 2021 and 2020, we recognized guarantee fee income of CHF 1 million.

Surety bond performance obligations—On August 18, 2020, we provided a guarantee in favor of our subsidiaries issuing or reinsuring or procuring the issue or reinsurance of surety bonds in Brazil. At December 31, 2021, our guarantee was in support of \$53 million of outstanding surety bonds.

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

NOTE 8—RELATED PARTY TRANSACTIONS

Credit agreements—On June 1, 2011, we and Transocean Inc., as the borrower and lender, respectively, entered into a credit agreement establishing a USD 2.00 billion revolving credit facility. Under the terms of the agreement, as amended, interest is incurred on outstanding borrowings at a variable rate based on the Swiss Safe Harbor Rate and payable at maturity. At December 31, 2021 and 2020, we had borrowings of USD 4 million and USD 92 million, respectively, equivalent to approximately CHF 4 million and CHF 81 million, respectively, outstanding under the revolving credit facility at a rate of 1.25 percent.

On November 30, 2018, we and Transocean Inc., as the borrower and lender, respectively, entered into a credit agreement establishing a USD 1.20 billion revolving credit facility, which is scheduled to expire on December 5, 2024. Under the terms of the agreement, as amended, interest is incurred on outstanding borrowings at a variable rate based on the Swiss Safe Harbor Rate and payable at maturity. At December 31, 2021 and 2020, we had borrowings of USD 1.13 billion and USD 1.20 billion, equivalent to CHF 1.03 billion and CHF 1.06 billion, respectively, outstanding under the credit facility at an interest rate of 1.25 percent.

Exchangeable notes—On February 26, 2021, we issued to Transocean Inc. USD 294 million aggregate principal amount of an exchangeable loan note (the “4.0% note”) with interest payable semiannually at a rate of 4.0 percent per annum in a non-cash exchange for USD 323 million aggregate principal amount of the 0.5 percent loan note. The 4.0% note may be converted at any time prior to the maturity date at an exchange rate of 190.4762 shares per USD 1,000 note, which implies a conversion price of USD 5.25 per share, subject to adjustment upon the occurrence of certain events. Transocean Inc. may require us to repurchase all or a portion of the 4.0% note upon the occurrence of certain events. At December 31 2021, the outstanding principal amount of the 4.0% note was USD 294 million, equivalent to approximately CHF 268 million.

On August 14, 2020, we issued to Transocean Inc. USD 238 million aggregate principal amount of an exchangeable loan note (the “2.5% note”) with interest payable semiannually at a rate of 2.5 percent per annum in a non-cash exchange for USD 397 million aggregate principal amount of the 0.5 percent loan note. The 2.5% note may be exchanged at any time prior to the maturity date at an exchange rate of 162.1626 shares per USD 1,000 note, which implies a conversion price of USD 6.17 per share, subject to adjustment upon the occurrence of certain events. Transocean Inc. may require us to repurchase all or a portion of the 2.5% note upon the occurrence of certain events. At December 31, 2021 and 2020, the outstanding principal amount of the 2.5% note was USD 238 million, equivalent to approximately CHF 217 million and CHF 210 million, respectively.

In the year ended December 31, 2018, we issued to Transocean Inc. USD 863 million aggregate principal amount of an exchangeable loan note, as amended (the “0.5% note”), with interest payable at maturity at a rate of 0.50 percent per annum. The 0.5% note may be exchanged at any time prior to the maturity date at an exchange rate of 97.29756 shares per USD 1,000 note, which implies a conversion price of USD 10.28 per share, subject to adjustment upon the occurrence of certain events. Transocean Inc. may require us to repurchase all or a portion of the 0.5% note upon the occurrence of certain events. In the year ended December 31, 2021 and 2020, Transocean Inc. made a distribution of USD 29 million and USD 162 million, respectively, equivalent to approximately CHF 27 million and CHF 148 million, respectively, in satisfaction of amounts due under the 0.5% note. At December 31, 2021 and 2020, the outstanding principal amount of the 0.5% note was USD 140 million and USD 463 million, respectively, equivalent to approximately CHF 128 million and CHF 409 million, respectively.

General and administrative services—Our subsidiaries perform on our behalf certain general and administrative services, including executive administration, procurement and payables, treasury and cash management, personnel and payroll, accounting and other administrative functions. In the years ended December 31, 2021 and 2020, we recognized such costs of less than CHF 1 million, recorded in general and administrative costs and expenses.

BOARD OF DIRECTORS

Chadwick C. Deaton
Chair, Transocean Ltd.

Glyn A. Barker
Former Vice Chair, U.K. PwC

Vanessa C.L. Chang
Former Director and Shareholder,
EL & EL Investments

Frederico F. Curado
Former Chief Executive Officer,
Ultrapar S.A.

Vincent J. Intrieri
Founder and Chief Executive Officer,
VDA Capital Management LLC

Samuel J. Merksamer
Partner, Softbank Investment
Advisers

Frederik W. Mohn
Former Director and Chair,
Songa Offshore SE
Owner and Managing Director,
Perestroika AS

Edward R. Muller
Former Chair, Chief Executive Officer
and President, GenOn Energy
Former Vice Chair, NRG Energy Inc.

Margareth Øvrum
Former Executive Vice President
for Equinor Development and
Production Brazil

Diane de Saint Victor
Former General Counsel and
Company Secretary, ABB Ltd.

Jeremy D. Thigpen
Chief Executive Officer,
Transocean Ltd.

EXECUTIVE MANAGEMENT

Jeremy D. Thigpen
Chief Executive Officer

Keelan Adamson
President and
Chief Operating Officer

Mark L. Mey
Executive Vice President and
Chief Financial Officer

Howard E. Davis
Executive Vice President,
Chief Administrative Officer and
Chief Information Officer

Brady Long
Executive Vice President and
General Counsel

CORPORATE INFORMATION

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Transfer Agent and Registrar

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Proxy solicitor

Georgeson LLC
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New York, New York 10104

Independent Registered Public Accounting Firm

Ernst & Young LLP
Houston, Texas
Swiss Auditor
Ernst & Young Ltd.
Zurich, Switzerland

Financial Information

Financial analysts and shareholders should visit the company's website at: www.deepwater.com, or call Investor Relations at +1 713-232-7500 for information about Transocean Ltd.

NYSE Annual CEO Certification and Sarbanes-Oxley Section 302 Certifications

We submitted the annual chief executive officer certification to the NYSE as required under the corporate governance rules. We also filed the chief executive officer certifications required under section 302 of the Sarbanes-Oxley Act of 2002 as an exhibit to our 2021 Annual Report on Form 10-K.

Stock Exchange Listing

Transocean Ltd. shares are listed on the New York Stock Exchange ("NYSE") under the symbol RIG. The following table represents the intraday high and low per-share prices as reported on the NYSE for the periods indicated.

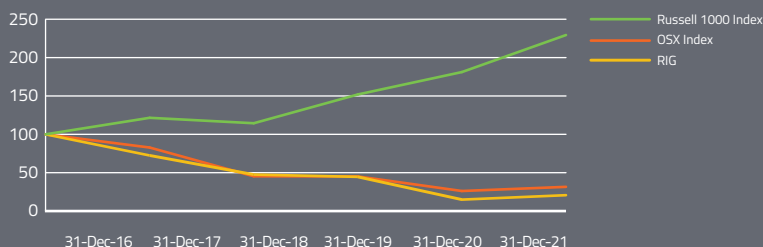
NYSE (USD)	2021		2020	
	HIGH	LOW	HIGH	LOW
First Quarter	4.81	2.25	7.28	1.01
Second Quarter	4.86	3.01	3.82	0.76
Third Quarter	5.13	2.81	2.62	0.79
Fourth Quarter	4.20	2.63	2.70	0.65

Performance Graph¹

The graph below compares the cumulative total shareholder return of our shares, the Philadelphia Oil Service Sector Index ("OSX"), and the Russell 1000 Index over our last five fiscal years. The graph assumes that \$100 was invested in our shares, the OSX, and the Russell 1000 Index on December 31, 2016, and that all dividends were reinvested on the date of payment.

Indexed Cumulative Total Shareholder Return

December 31, 2016 - December 31, 2021



DATE	DEC-16	DEC-17	DEC-18	DEC-19	DEC-20	DEC-21
Russell 1000 Index	\$100.00	\$121.53	\$114.45	\$151.94	\$181.18	\$229.41
OSX Index	\$100.00	\$82.80	\$45.36	\$45.11	\$26.13	\$31.55
RIG	\$100.00	\$72.46	\$47.56	\$44.57	\$14.93	\$20.69

¹The above Performance Graph and related information shall not be deemed "soliciting material" or to be "filed" with the SEC, nor shall such information be incorporated by reference into any future filing under the Securities Act of 1933 or Securities Exchange Act of 1934, each as amended, except to the extent that we specifically incorporate it by reference into such filing.

