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

# FORM 10-Q

(Mark one)

☑ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

**For the quarterly period ended June 30, 2025**

**OR**

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

**For the transition period from _____ to _____**

**Commission file number 001-38373**



## Transocean Ltd.

(Exact name of registrant as specified in its charter)

| **Switzerland** | **98-0599916** |
|---|---|
| (State or other jurisdiction of incorporation or organization) | (I.R.S. Employer Identification No.) |
| **Turmstrasse 30**<br>**Steinhausen, Switzerland** | **6312** |
| (Address of principal executive offices) | (Zip Code) |

**+41 (41) 749-0500**

(Registrant's telephone number, including area code)

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

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

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

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

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

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

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

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

As of July 29 2025, 943,124,986 shares were outstanding.

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# PART I. FINANCIAL INFORMATION

## ITEM I. FINANCIAL STATEMENTS

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

| | Three months ended June 30, | | Six months ended June 30, | |
|---|---|---|---|---|
| | 2025 | 2024 | 2025 | 2024 |
| **Contract drilling revenues** | $ 988 | $ 861 | $ 1,894 | $ 1,624 |
| **Costs and expenses** | | | | |
| Operating and maintenance | 599 | 534 | 1,217 | 1,057 |
| Depreciation and amortization | 175 | 184 | 351 | 369 |
| General and administrative | 49 | 59 | 99 | 111 |
| | 823 | 777 | 1,667 | 1,537 |
| Loss on impairment of assets | (1,136) | (143) | (1,136) | (143) |
| Gain (loss) on disposal of assets, net | 7 | — | 9 | (6) |
| **Operating loss** | (964) | (59) | (900) | (62) |
| **Other income (expense), net** | | | | |
| Interest income | 10 | 14 | 18 | 29 |
| Interest expense, net of amounts capitalized | (112) | (74) | (228) | (191) |
| Gain on retirement of debt | — | 140 | — | 140 |
| Other, net | (27) | 12 | (23) | 24 |
| | (129) | 92 | (233) | 2 |
| **Income (loss) before income tax expense (benefit)** | (1,093) | 33 | (1,133) | (60) |
| Income tax expense (benefit) | (155) | 156 | (116) | (35) |
| **Net loss** | (938) | (123) | (1,017) | (25) |
| Net income attributable to noncontrolling interest | — | — | — | — |
| **Net loss attributable to controlling interest** | $ (938) | $ (123) | $ (1,017) | $ (25) |
| **Loss per share, basic and diluted** | $ (1.06) | $ (0.15) | $ (1.15) | $ (0.03) |
| **Weighted-average shares outstanding, basic and diluted** | 888 | 824 | 885 | 821 |

See accompanying notes.

# TRANSOCEAN LTD. AND SUBSIDIARIES
# CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

(in millions)
(Unaudited)

| | Three months ended June 30, | | Six months ended June 30, | |
|---|---|---|---|---|
| | 2025 | 2024 | 2025 | 2024 |
| **Net loss** | $ (938) | $ (123) | $ (1,017) | $ (25) |
| Net income attributable to noncontrolling interest | — | — | — | — |
| **Net loss attributable to controlling interest** | (938) | (123) | (1,017) | (25) |
| | | | | |
| Components of net periodic benefit costs before reclassifications | — | (2) | (3) | (4) |
| Components of net periodic benefit costs reclassified to net loss | — | 1 | — | 1 |
| **Other comprehensive loss before income taxes** | — | (1) | (3) | (3) |
| Income taxes related to other comprehensive loss | — | — | — | — |
| | | | | |
| **Other comprehensive loss** | — | (1) | (3) | (3) |
| Other comprehensive income attributable to noncontrolling interest | — | — | — | — |
| **Other comprehensive loss attributable to controlling interest** | — | (1) | (3) | (3) |
| | | | | |
| **Total comprehensive loss** | (938) | (124) | (1,020) | (28) |
| Total comprehensive income attributable to noncontrolling interest | — | — | — | — |
| **Total comprehensive loss attributable to controlling interest** | $ (938) | $ (124) | $ (1,020) | $ (28) |

See accompanying notes.

# TRANSOCEAN LTD. AND SUBSIDIARIES
# CONDENSED CONSOLIDATED BALANCE SHEETS

(in millions, except share data)
(Unaudited)

| | June 30, 2025 | December 31, 2024 |
|---|---|---|
| **Assets** | | |
| Cash and cash equivalents | $ 377 | $ 560 |
| Accounts receivable, net of allowance of $2 at June 30, 2025 and December 31, 2024 | 577 | 564 |
| Materials and supplies, net of allowance of $167 and $178 at June 30, 2025 and December 31, 2024, respectively | 427 | 439 |
| Assets held for sale | 43 | 343 |
| Restricted cash and cash equivalents | 395 | 381 |
| Other current assets | 181 | 165 |
| Total current assets | 2,000 | 2,452 |
| | | |
| Property and equipment | 20,957 | 22,417 |
| Less accumulated depreciation | (6,205) | (6,586) |
| Property and equipment, net | 14,752 | 15,831 |
| | | |
| Deferred tax assets, net | 48 | 45 |
| Other assets | 1,011 | 1,043 |
| Total assets | $ 17,811 | $ 19,371 |
| | | |
| **Liabilities and equity** | | |
| Accounts payable | $ 253 | $ 255 |
| Accrued income taxes | 8 | 31 |
| Debt due within one year | 666 | 686 |
| Other current liabilities | 655 | 691 |
| Total current liabilities | 1,582 | 1,663 |
| | | |
| Long-term debt | 5,885 | 6,195 |
| Deferred tax liabilities, net | 345 | 499 |
| Other long-term liabilities | 645 | 729 |
| Total long-term liabilities | 6,875 | 7,423 |
| | | |
| Commitments and contingencies | | |
| | | |
| Shares, $0.10 par value, 1,204,009,681 authorized, 141,262,093 conditionally authorized, 1,204,009,681 issued and 902,249,348 outstanding at June 30, 2025, and 1,057,879,029 authorized, 141,262,093 conditionally authorized, 940,828,901 issued and 875,830,772 outstanding at December 31, 2024 | 90 | 87 |
| Additional paid-in capital | 14,966 | 14,880 |
| Accumulated deficit | (5,562) | (4,545) |
| Accumulated other comprehensive loss | (141) | (138) |
| Total controlling interest shareholders' equity | 9,353 | 10,284 |
| Noncontrolling interest | 1 | 1 |
| Total equity | 9,354 | 10,285 |
| Total liabilities and equity | $ 17,811 | $ 19,371 |

See accompanying notes.

# TRANSOCEAN LTD. AND SUBSIDIARIES
# CONDENSED CONSOLIDATED STATEMENTS OF EQUITY

(in millions)
(Unaudited)

| | Three months ended June 30, | | Six months ended June 30, | |
|---|---|---|---|---|
| | 2025 | 2024 | 2025 | 2024 |
| **Shares** | | | | |
| Balance, beginning of period | $ 88 | $ 82 | $ 87 | $ 81 |
| Issuance of shares | 2 | 5 | 3 | 6 |
| Balance, end of period | 90 | $ 87 | $ 90 | $ 87 |
| **Additional paid-in capital** | | | | |
| Balance, beginning of period | $ 14,887 | $ 14,553 | $ 14,880 | $ 14,544 |
| Share-based compensation | 8 | 15 | 16 | 26 |
| Issuance of shares | 71 | 291 | 70 | 289 |
| Balance, end of period | $ 14,966 | $ 14,859 | $ 14,966 | $ 14,859 |
| **Accumulated deficit** | | | | |
| Balance, beginning of period | $ (4,624) | $ (3,935) | $ (4,545) | $ (4,033) |
| Net loss attributable to controlling interest | (938) | (123) | (1,017) | (25) |
| Balance, end of period | $ (5,562) | $ (4,058) | $ (5,562) | $ (4,058) |
| **Accumulated other comprehensive loss** | | | | |
| Balance, beginning of period | $ (141) | $ (179) | $ (138) | $ (177) |
| Other comprehensive loss attributable to controlling interest | — | (1) | (3) | (3) |
| Balance, end of period | $ (141) | $ (180) | $ (141) | $ (180) |
| **Total controlling interest shareholders' equity** | | | | |
| Balance, beginning of period | $ 10,210 | $ 10,521 | $ 10,284 | $ 10,415 |
| Total comprehensive loss attributable to controlling interest | (938) | (124) | (1,020) | (28) |
| Share-based compensation | 8 | 15 | 16 | 26 |
| Issuance of shares | 73 | 296 | 73 | 295 |
| Balance, end of period | $ 9,353 | $ 10,708 | $ 9,353 | $ 10,708 |
| **Noncontrolling interest** | | | | |
| Balance, beginning of period | $ 1 | $ 1 | $ 1 | $ 1 |
| Balance, end of period | $ 1 | $ 1 | $ 1 | $ 1 |
| **Total equity** | | | | |
| Balance, beginning of period | $ 10,211 | $ 10,522 | $ 10,285 | $ 10,416 |
| Total comprehensive loss | (938) | (124) | (1,020) | (28) |
| Share-based compensation | 8 | 15 | 16 | 26 |
| Issuance of shares | 73 | 296 | 73 | 295 |
| Balance, end of period | $ 9,354 | $ 10,709 | $ 9,354 | $ 10,709 |

See accompanying notes.

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

| | Six months ended June 30, | |
|---|---|---|
| | 2025 | 2024 |
| **Cash flows from operating activities** | | |
| Net loss | $ (1,017) | $ (25) |
| Adjustments to reconcile to net cash provided by operating activities: | | |
| Amortization of contract intangible asset | — | 4 |
| Depreciation and amortization | 351 | 369 |
| Share-based compensation expense | 16 | 26 |
| Loss on impairment of assets | 1,136 | 143 |
| (Gain) loss on disposal of assets, net | (9) | 6 |
| Amortization of debt-related balances, net | 25 | 26 |
| Gain on adjustment to bifurcated compound exchange feature | (65) | (79) |
| Gain on retirement of debt | — | (140) |
| Loss on impairment of investment in unconsolidated affiliate | — | 5 |
| Deferred income tax benefit | (157) | (56) |
| Other, net | 31 | (11) |
| Changes in deferred revenues, net | (84) | 97 |
| Changes in deferred costs, net | 16 | (49) |
| Changes in other operating assets and liabilities, net | (89) | (269) |
| Net cash provided by operating activities | 154 | 47 |
| **Cash flows from investing activities** | | |
| Capital expenditures | (84) | (167) |
| Investment in loan to unconsolidated affiliate | — | (3) |
| Proceeds from disposal of assets, net of costs to sell | 10 | 51 |
| Proceeds from disposal of equity investment in unconsolidated affiliate | 4 | — |
| Cash acquired in acquisition of unconsolidated affiliate | — | 5 |
| Net cash used in investing activities | (70) | (114) |
| **Cash flows from financing activities** | | |
| Repayments of debt | (240) | (1,815) |
| Proceeds from issuance of debt, net of issue costs | — | 1,767 |
| Other, net | (13) | (5) |
| Net cash used in financing activities | (253) | (53) |
| Net decrease in unrestricted and restricted cash and cash equivalents | (169) | (120) |
| Unrestricted and restricted cash and cash equivalents, beginning of period | 941 | 995 |
| Unrestricted and restricted cash and cash equivalents, end of period | $ 772 | $ 875 |

See accompanying notes.

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

## NOTE 1—BUSINESS

Transocean Ltd. (together with its subsidiaries and predecessors, unless the context requires otherwise, "Transocean," "we," "us" or "our") is a leading international provider of offshore contract drilling services for oil and gas wells. As of June 30, 2025, we owned or had partial ownership interests in and operated a fleet of 32 mobile offshore drilling units, consisting of 24 ultra-deepwater floaters and eight harsh environment floaters.

## NOTE 2—SIGNIFICANT ACCOUNTING POLICIES

**Presentation**—We prepared our accompanying unaudited condensed consolidated financial statements in accordance with accounting principles generally accepted in the United States ("U.S.") for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X promulgated by the U.S. Securities and Exchange Commission. Pursuant to such rules and regulations, these financial statements do not include all disclosures required by accounting principles generally accepted in the U.S. for complete financial statements. The condensed consolidated financial statements reflect all adjustments, which are, in the opinion of management, necessary for a fair presentation of the financial position, results of operations and cash flows for the interim periods. Such adjustments are considered to be of a normal recurring nature unless otherwise noted. Operating results for the three and six months ended June 30, 2025, are not necessarily indicative of the results that may be expected for the year ending December 31, 2025, or for any future period. The accompanying condensed consolidated financial statements and notes thereto should be read in conjunction with the audited consolidated financial statements and notes thereto as of December 31, 2024 and 2023, and for each of the three years in the period ended December 31, 2024, included in our annual report on Form 10K filed on February 18, 2025.

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

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

## NOTE 3—ACCOUNTING STANDARDS UPDATES

### *Recently issued accounting standards updates not yet adopted*

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

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

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

## NOTE 4—REVENUES

**Overview**—For most of our contracts with customers, our drilling services represent a single performance obligation that is satisfied over time, the duration of which varies by contract. As of June 30, 2025, the drilling contract with the longest expected remaining duration, excluding unexercised options, extends through August 2029.

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

| | Three months ended June 30, | | | | | | Six months ended June 30, | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2025 | | | 2024 | | | 2025 | | | 2024 | | |
| | Ultra-deepwater floaters | Harsh environment floaters | Total | Ultra-deepwater floaters | Harsh environment floaters | Total | Ultra-deepwater floaters | Harsh environment floaters | Total | Ultra-deepwater floaters | Harsh environment floaters | Total |
| U.S. | $ 408 | $ — | $ 408 | $ 406 | $ — | $ 406 | $ 802 | $ — | $ 802 | $ 776 | $ — | $ 776 |
| Brazil | 221 | — | 221 | 150 | — | 150 | 413 | — | 413 | 305 | — | 305 |
| Norway | — | 140 | 140 | — | 163 | 163 | — | 299 | 299 | — | 314 | 314 |
| Other countries (a) | 70 | 149 | 219 | 50 | 92 | 142 | 142 | 238 | 380 | 94 | 135 | 229 |
| Total contract drilling revenues | $ 699 | $ 289 | $ 988 | $ 606 | $ 255 | $ 861 | $ 1,357 | $ 537 | $ 1,894 | $ 1,175 | $ 449 | $ 1,624 |

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

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

| | June 30, 2025 | December 31 2024 |
|---|---|---|
| Deferred contract revenues, recorded in other current liabilities | $ 222 | $ 231 |
| Deferred contract revenues, recorded in other long-term liabilities | 137 | 212 |
| Total contract liabilities | $ 359 | $ 443 |

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

| | Six months ended June 30, | |
|---|---|---|
| | 2025 | 2024 |
| Total contract liabilities, beginning of period | $ 443 | $ 398 |
| Decrease due to recognition of revenues for goods and services | (130) | (104) |
| Increase due to goods and services transferred over time | 46 | 201 |
| Total contract liabilities, end of period | $ 359 | $ 495 |

**Pre-operating costs**—In the three and six months ended June 30, 2025, we recognized pre-operating costs of $42 million and $79 million, respectively, recorded in operating and maintenance costs. In the three and six months ended June 30, 2024, we recognized pre-operating costs of $28 million and $48 million, respectively, recorded in operating and maintenance costs. At June 30, 2025 and December 31, 2024, the carrying amount of our unrecognized pre-operating costs to obtain contracts was $208 million and $224 million, respectively, recorded in other assets.

## NOTE 5—LONG-LIVED ASSETS

**Acquisition**—In June 2024, we acquired the outstanding 67.0 percent ownership interest in Orion Holdings (Cayman) Limited (together with its subsidiary, "Orion"), the Cayman Islands company that owned the harsh environment floater *Transocean Norge*, in exchange for noncash consideration with an aggregate fair value of $431 million, including 55.5 million Transocean Ltd. shares and $130 million aggregate principal amount of 8.00% senior notes due February 2027 (the "8.00% Senior Notes"). As a result, Orion became our wholly owned subsidiary. The acquisition included $ 517 million of property and equipment associated with *Transocean Norge*, together with $5 million of cash and cash equivalents and $4 million of accounts receivable from us. We recorded the transaction using the asset acquisition method of accounting. See Note 6—Debt and Note 10—Equity.

**Held-for-sale asset impairments**—In June 2025, we announced our intent to dispose of the ultra-deepwater floaters *Discoverer Luanda* and *GSF Development Driller I* and their related assets. Together with the incremental impairment of *Development Driller III* and *Discoverer Inspiration* and their related assets, which were previously classified as held for sale, in the three and six months ended June 30, 2025, we recognized an aggregate loss of $1.14 billion ($1.13 billion, or $1.27 per diluted share, net of tax) associated with the impairment of *Development Driller III*, *Discoverer Inspiration*, *Discoverer Luanda* and *GSF Development Driller I*, together with related assets.

In June 2024, we committed to the sale of the ultra-deepwater floater *Deepwater Nautilus* and related assets for expected aggregate net cash proceeds of $53 million. In the three and six months ended June 30, 2024, we recognized a loss of $143 million ($138 million or $0.17 per diluted share, net of tax) associated with the impairment of the rig and related assets, which we determined were impaired at the time that we classified the assets as held for sale.

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

**Held-for-sale assets**—At June 30, 2025, the aggregate carrying amount of our assets held for sale, including *Development Driller III*, *Discoverer Inspiration*, *Discoverer Luanda* and *GSF Development Driller I*, together with related assets, was $43 million. At December 31, 2024, the aggregate carrying amount of our assets held for sale, including *Development Driller III* and *Discoverer Inspiration*, together with related assets, was $343 million.

**Disposals**—In July 2025, we completed the sale of *Discoverer Luanda* and *GSF Development Driller I*, together with related assets, for aggregate net cash proceeds of $26 million. In February 2024, we completed the sale of the harsh environment floaters *Paul B. Loyd, Jr.* and *Transocean Leader*, together with related assets, for aggregate net cash proceeds of $49 million, including $6 million received as a deposit in the year ended December 31, 2023. In the six months ended June 30, 2025 and 2024, we received aggregate net cash proceeds of $10 million and $3 million, respectively, and recognized an aggregate net gain of $9 million and aggregate net loss of $6 million, respectively, associated with the disposal of assets unrelated to rig sales.

## NOTE 6—DEBT

### *Overview*

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

| | Principal amount | | Carrying amount | |
|---|---|---|---|---|
| | June 30, 2025 | December 31, 2024 | June 30, 2025 | December 31, 2024 |
| 4.00% Senior Guaranteed Exchangeable Bonds due December 2025 | $ 184 | $ 234 | $ 182 | $ 227 |
| 6.875% Senior Secured Notes due February 2027 | 289 | 330 | 287 | 328 |
| 8.00% Senior Notes due February 2027 | 655 | 655 | 654 | 653 |
| 7.45% Notes due April 2027 | 52 | 52 | 52 | 52 |
| 8.00% Debentures due April 2027 | 22 | 22 | 22 | 22 |
| 4.50% Shipyard Loans due September 2027 | 269 | 329 | 256 | 310 |
| 8.375% Senior Secured Notes due February 2028 | 475 | 525 | 469 | 518 |
| 7.00% Notes due June 2028 | 261 | 261 | 263 | 263 |
| 8.00% Senior Secured Notes due September 2028 | 265 | 295 | 262 | 292 |
| 8.25% Senior Notes due May 2029 | 900 | 900 | 888 | 887 |
| 4.625% Senior Guaranteed Exchangeable Bonds due September 2029 | 259 | 259 | 229 | 286 |
| 8.75% Senior Secured Notes due February 2030 | 940 | 999 | 924 | 981 |
| 7.50% Notes due April 2031 | 396 | 396 | 395 | 395 |
| 8.50% Senior Notes due May 2031 | 900 | 900 | 887 | 886 |
| 6.80% Senior Notes due March 2038 | 610 | 610 | 605 | 605 |
| 7.35% Senior Notes due December 2041 | 177 | 177 | 176 | 176 |
| Total debt | 6,654 | 6,944 | 6,551 | 6,881 |
| Less debt due within one year | | | | |
| 4.00% Senior Guaranteed Exchangeable Bonds due December 2025 | 184 | 234 | 182 | 227 |
| 6.875% Senior Secured Notes due February 2027 | 83 | 83 | 82 | 82 |
| 4.50% Shipyard Loans due September 2027 | 120 | 120 | 110 | 108 |
| 8.375% Senior Secured Notes due February 2028 | 117 | 100 | 115 | 97 |
| 8.00% Senior Secured Notes due September 2028 | 65 | 60 | 64 | 59 |
| 8.75% Senior Secured Notes due February 2030 | 117 | 117 | 113 | 113 |
| Total debt due within one year | 686 | 714 | 666 | 686 |
| Total long-term debt | $ 5,968 | $ 6,230 | $ 5,885 | $ 6,195 |

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

**Scheduled maturities**—At June 30, 2025, scheduled maturities of our debt were as follows (in millions):

| | Total |
|---|---|
| **Twelve months ending June 30,** | |
| 2026 | $ 686 |
| 2027 | 1,402 |
| 2028 | 607 |
| 2029 | 1,147 |
| 2030 | 729 |
| Thereafter | 2,083 |
| Total principal amount of debt | 6,654 |
| Total unamortized debt-related balances, net | (174) |
| Bifurcated compound exchange feature, at estimated fair value | 71 |
| Total carrying amount of debt | $ 6,551 |

### *Credit agreement*

**Secured Credit Facility**—We have a secured revolving credit facility established under a bank credit agreement (as amended from time to time, the "Secured Credit Facility"), which has a borrowing capacity of $510 million through its maturity on June 22, 2028. Throughout the term of the Secured Credit Facility, we pay a facility fee on the amount of the underlying commitment, which ranges from 0.375 percent to 1.00 percent based on the credit rating of the Secured Credit Facility. We may borrow under the Secured Credit Facility at a forward-looking term rate based on the secured overnight financing rate ("Term SOFR") plus a margin and a Term SOFR spread adjustment of 0.10 percent. The Secured Credit Facility is subject to permitted extensions and certain early maturity triggers, including if on any date the aggregate amount of scheduled principal repayments of indebtedness, with certain exceptions, due within 91 days thereof is equal to or in excess of $325 million and available cash is less than $250 million. The Secured Credit Facility permits us to increase the aggregate amount of commitments by up to $250 million. The Secured Credit Facility is guaranteed by Transocean Ltd. and certain wholly owned subsidiaries. At June 30, 2025, based on the credit rating of the Secured Credit Facility as of that date, the Secured Credit Facility Margin was 2.875 percent and the facility fee was 0.625 percent. At June 30, 2025, we had no borrowings outstanding, $23 million of letters of credit issued, and we had $487 million of available borrowing capacity under the Secured Credit Facility.

### *Exchangeable bonds*

**Exchange terms**—At June 30, 2025, 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 |
|---|---|---|---|
| 4.00% Senior Guaranteed Exchangeable Bonds due December 2025 | 190.4762 | $ 5.25 | 35 |
| 4.625% Senior Guaranteed Exchangeable Bonds due September 2029 | 290.6618 | $ 3.44 | 75 |

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

**Effective interest rates and fair values**—At June 30, 2025, the effective interest rates and estimated fair values of our exchangeable bonds were as follows (in millions, except effective interest rates):

| | Effective interest rate | Fair value |
|---|---|---|
| 4.00% Senior Guaranteed Exchangeable Bonds due December 2025 | 6.9% | $ 184 |
| 4.625% Senior Guaranteed Exchangeable Bonds due September 2029 | 18.3% | $ 281 |

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

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

| | Three months ended June 30, | | Six months ended June 30, | |
|---|---|---|---|---|
| | 2025 | 2024 | 2025 | 2024 |
| Contractual interest | $ 6 | $ 5 | $ 11 | $ 10 |
| Amortization | 5 | 5 | 11 | 10 |
| Gain on adjustment to bifurcated compound exchange feature | (29) | (69) | (65) | (79) |
| Total | $ (18) | $ (59) | $ (43) | $ (59) |

The indenture governing the 4.625% Exchangeable Bonds contains a compound exchange feature that, in addition to the exchange terms presented above, requires us to pay holders a make-whole premium of future interest through March 30, 2028, for exchanges exercised during a redemption notice period. Such compound exchange feature is not considered indexed to our stock and, therefore, must be bifurcated from the host debt instrument. Accordingly, we recognize changes to the liability for the estimated fair value of the bifurcated compound exchange feature with a corresponding adjustment to interest expense. At June 30, 2025 and December 31, 2024, the carrying amount of the bifurcated compound exchange feature, recorded as a component of the carrying amount of debt, was $71 million and $136 million, respectively.

**Exchanges**—In June 2025, we entered into separate, individually negotiated agreements (as amended thereafter, the "Exchange Agreements") with certain holders of the 4.00% Exchangeable Bonds, pursuant to which the holders agreed to exchange up to $157 million aggregate principal amount of such bonds for a specified period beginning June 20, 2025. These exchange transactions were subject to specified limit prices, whereby the daily exchange transactions ceased in the event that, and for so long as, the trading price of Transocean Ltd. shares declined below such limit prices. In the three and six months ended June 30, 2025, the holders exchanged $50 million aggregate principal amount of 4.00% Exchangeable Bonds under the terms of the Exchange Agreements and received an aggregate 18.6 million Transocean Ltd. shares, which included an aggregate 9.2 million shares incremental to the number of shares issuable pursuant to the governing indenture based upon the principal amount exchanged. Accordingly, in the three and six months ended June 30, 2025, we recognized a loss of $24 million, recorded in other, net, associated with these transactions. In July 2025, the holders exchanged $107 million aggregate principal amount of 4.00% Exchangeable Bonds under the terms of the Exchange Agreements and received an aggregate 40.8 million Transocean Ltd. shares, which included an aggregate 20.4 million shares incremental to the number of shares issuable pursuant to the governing indenture based upon the principal amount exchanged. In the three months ending September 30, 2025, we expect to recognize a loss of $56 million associated with these transactions.

### *Debt issuance*

**Senior notes**—In April 2024, we issued $900 million aggregate principal amount of 8.25% senior notes due May 2029 and $900 million aggregate principal amount of 8.50% senior notes due May 2031, and we received $1.77 billion aggregate cash proceeds, net of issue costs.

In June 2024, as partial consideration to acquire the outstanding 67.0 percent ownership interest in Orion, we issued $130 million aggregate principal amount of 8.00% Senior Notes with an equivalent aggregate fair value as additional debt securities under the indenture governing such notes. See Note 5—Long-Lived Assets and Note 10—Equity.

### *Early debt retirement*

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

| | Six months ended June 30, 2024 | | |
|---|---|---|---|
| | Tendered | Redeemed | Total |
| 7.25% Senior Notes due November 2025 | $ 249 | $ 105 | $ 354 |
| 7.50% Senior Notes due January 2026 | — | 569 | 569 |
| 11.50% Senior Guaranteed Notes due January 2027 | 596 | — | 596 |
| 8.00% Senior Notes due February 2027 | — | 87 | 87 |
| Aggregate principal amount of debt retired | $ 845 | $ 761 | $ 1,606 |
| Aggregate cash payment | $ 886 | $ 763 | $ 1,649 |
| Aggregate net gain (loss) | $ 144 | $ (4) | $ 140 |

## NOTE 7—INCOME TAXES

**Tax provision and rate**—In the six months ended June 30, 2025 and 2024, our effective tax rate was 10.3 percent and 57.8 percent, respectively, based on loss before income tax benefit. In the six months ended June 30, 2025 and 2024, the effect of various discrete period tax items was a net tax benefit of $189 million and $128 million, respectively. In the six months ended June 30, 2025, such discrete items included changes to various uncertain tax positions, valuation allowances and rig-basis changes related to impairment. In the six months ended June 30, 2024, such discrete items included changes to deferred taxes due to rig ownership changes, rig movement and contract expirations across multiple jurisdictions. In the six months ended June 30, 2025 and 2024, our effective tax rate, excluding discrete items, was 268.9 percent and (179.3) percent, respectively, based on income or loss before income tax expense.

In the six months ended June 30, 2025, we recognized a net tax benefit of $169 million, primarily resulting from a release of an uncertain tax position.

**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 June 30, 2025, the remaining aggregate tax assessment, including interest and penalties, was for corporate income tax of BRL 511 million, equivalent to $94 million, and indirect tax of BRL 93 million, equivalent to $17 million. We believe our returns are materially correct as filed, and we are vigorously contesting these assessments. An unfavorable outcome on these proposed assessments could have a material adverse effect on our condensed consolidated statement of financial position, results of operations or cash flows.

## NOTE 8—LOSS PER SHARE

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

| | Three months ended June 30, | | Six months ended June 30, | |
|---|---|---|---|---|
| | 2025 | 2024 | 2025 | 2024 |
| **Numerator for loss per share, basic and diluted** | | | | |
| Net loss attributable to controlling interest | $ (938) | $ (123) | $ (1,017) | $ (25) |
| **Denominator for loss per share, basic and diluted** | | | | |
| Weighted-average shares for per share calculation | 888 | 824 | 885 | 821 |
| **Loss per share, basic and diluted** | $ (1.06) | $ (0.15) | $ (1.15) | $ (0.03) |

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

| | Three months ended June 30, | | Six months ended June 30, | |
|---|---|---|---|---|
| | 2025 | 2024 | 2025 | 2024 |
| Exchangeable bonds | 119 | 120 | 119 | 120 |
| Share-based awards | 17 | 11 | 17 | 12 |
| Warrants (a) | — | 8 | — | 8 |

(a) For the three and six months ended June 30, 2025, the warrants were antidilutive since the average price for our shares was less than the exercise price for the warrants.

## NOTE 9—CONTINGENCIES

### *Legal proceedings*

**Asbestos litigation**—In 2014, several of our subsidiaries were named, along with numerous other unaffiliated defendants, in complaints filed in Louisiana. The plaintiffs, former employees of some of the defendants, generally allege that the defendants used or manufactured asbestos-containing drilling mud additives for use in connection with drilling operations, claiming negligence, products liability, strict liability and claims allowed under the Jones Act and general maritime law. One of our subsidiaries has been named in similar complaints filed in Illinois, Missouri and California. As of June 30, 2025, three plaintiffs have claims pending in Louisiana and 28 plaintiffs in the aggregate have claims pending in Illinois, Missouri and California, in which we have or may have an interest. We intend to defend these lawsuits vigorously, although we can provide no assurance as to the outcome. We historically have maintained broad liability insurance, although we can provide no assurance as to whether insurance will cover the liabilities, if any, arising out of these claims. Based on our evaluation of the exposure to date, we do not expect the liability, if any, resulting from these claims to have a material adverse effect on our condensed consolidated statement of financial position, results of operations or cash flows.

One of our subsidiaries was named as a defendant, along with numerous other companies, in lawsuits arising out of the subsidiary's manufacture and sale of heat exchangers, and involvement in the construction and refurbishment of major industrial complexes, alleging bodily injury or personal injury as a result of exposure to asbestos. As of June 30, 2025, the subsidiary was a defendant in approximately 373 lawsuits with a corresponding number of plaintiffs. For many of these lawsuits, we have not been provided sufficient information from the plaintiffs to determine whether all or some of the plaintiffs have claims against the subsidiary, the basis of any such claims, or the nature of their alleged injuries. The operating assets of the subsidiary were sold in 1989. We have a coverage-in-place agreement with certain insurers and additional coverage issued by other insurers. Overall, we believe the subsidiary has sufficient resources to respond to both the current lawsuits as well as future lawsuits of a similar nature. While we cannot predict or provide assurance as to the outcome of these matters, we do not expect the ultimate liability, if any, resulting from these claims to have a material adverse effect on our condensed consolidated statement of financial position, results of operations or cash flows.

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

### *Environmental matters*

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

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

## NOTE 10—EQUITY

**Share issuance**—In June 2025, we issued 18.6 million Transocean Ltd. shares with an aggregate fair value of $49 million to certain holders of the 4.00% Exchangeable Bonds pursuant to the Exchange Agreements. In July 2025, we issued 40.8 million Transocean Ltd. shares with an aggregate fair value of $111 million to certain holders of the 4.00% Exchangeable Bonds pursuant to the Exchange Agreements. See Note 6—Debt.

In June 2024, we issued 55.5 million Transocean Ltd. shares with an aggregate fair value of $297 million as partial consideration to acquire the outstanding 67.0 percent ownership interest in Orion. See Note 5—Long-Lived Assets and Note 6—Debt.

## NOTE 11—FINANCIAL INSTRUMENTS

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

| | June 30, 2025 | | December 31, 2024 | |
|---|---|---|---|---|
| | Carrying amount | Fair value | Carrying amount | Fair value |
| Cash and cash equivalents | $ 377 | $ 377 | $ 560 | $ 560 |
| Restricted cash and cash equivalents | 395 | 395 | 381 | 381 |
| Total debt | 6,551 | 6,239 | 6,881 | 6,888 |

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

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

**Total debt**—The carrying amount of our total debt represents the principal amount, together with unamortized discounts, premiums and issue costs. The carrying amount and fair value of our total debt also includes amounts related to certain exchangeable debt instruments (see Note 6—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.

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

### FORWARD-LOOKING INFORMATION

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

- the effect of any disputes and actions with respect to production levels by, among or between major oil and gas producing countries and any expectations we may have with respect thereto;
- our results of operations, our cash flow from operations, our revenue efficiency and other performance indicators and optimization of rig-based spending;
- the offshore drilling market, including the effects of variations in commodity prices, supply and demand, utilization rates, dayrates, customer drilling programs, stacking and reactivation of rigs, effects of new rigs on the market, the impact of changes to regulations in jurisdictions in which we operate and changes in the global economy or market outlook for our industry, or the various geographies in which we operate;
- customer drilling contracts, including contract backlog, force majeure provisions, contract awards, commencements, extensions, cancellations, terminations, renegotiations, contract option exercises, contract revenues, early termination fees, indemnity provisions and rig mobilizations;
- the addition of renewable or other energy alternatives to meet local, regional or global demand for energy, efforts by us or our customers, to reduce greenhouse gas emissions or operating intensity thereof;
- liquidity, including availability under our Secured Credit Facility, as defined in this periodic report, and adequacy of cash flows for our obligations;
- debt, including interest rates, credit ratings and our evaluation or decisions with respect to any potential liability management transactions or strategic alternatives intended to prudently manage our liquidity, debt maturities and other aspects of our capital structure and any litigation, potential or alleged defaults and discussions with creditors related thereto;
- newbuild, upgrade, shipyard, reactivations and other capital projects, including the level of expected capital expenditures and the timing and cost of completing capital projects, delivery and operating commencement dates, relinquishment or abandonment, expected downtime and lost revenues;
- the cost and timing of acquisitions, reactivations and the proceeds and timing of dispositions;
- tax matters, including our effective tax rate, uncertain tax positions, changes in tax laws, treaties and regulations, tax assessments, tax incentive programs and liabilities for tax issues in the tax jurisdictions in which we operate or have a taxable presence;
- legal and regulatory matters, including results and effects of current or potential legal proceedings and governmental audits and assessments, outcomes and effects of internal and governmental investigations, customs and environmental matters;
- insurance matters, risk tolerance and risk response, including adequacy and solvency of insurance, renewal of insurance, insurance proceeds and cash investments of our wholly owned captive insurance company;
- effects of accounting changes and adoption of accounting policies; and
- investment in recruitment, retention and personnel development initiatives, the timing of, and other matters concerning, severance payments, benefit payments and maintaining agreements with labor unions.

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

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

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

- those described under "Item 1A. Risk Factors" included in Part I of our annual report on Form 10-K for the year ended December 31, 2024;
- the effects of actions by, or disputes among or between, members of the Organization of the 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;
- our operational performance;
- the cancellation of drilling contracts currently included in our reported contract backlog;
- losses on impairment of long-lived assets;
- shipyard and other delays;
- the results of meetings of our shareholders;
- changes in political, social and economic conditions, including the effects of political and military disputes;
- the possibility of changes in tax, environmental, trade, immigration and other laws, regulations and policies, including the imposition of tariffs, economic or trade sanctions or other trade barriers and actions of government that impact, whether directly or indirectly, oil and gas operations;
- the effect and results of litigation, regulatory matters, settlements, audits, assessments and contingencies;
- the effects of public health threats, pandemics and epidemics and the potential adverse impacts thereof;
- the availability of borrowings under our Secured Credit Facility; and
- other factors discussed in this quarterly report and in our other filings with the U.S. Securities and Exchange Commission ("SEC"), which are available free of charge on the SEC website at *www.sec.gov*.

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

## INTRODUCTION

Transocean Ltd. (together with its subsidiaries and predecessors, unless the context requires otherwise, "Transocean," "we," "us" or "our") is a leading international provider of offshore contract drilling services for oil and gas wells. As of July 29, 2025, we owned or had partial ownership interests in and operated 32 mobile offshore drilling units, consisting of 24 ultra-deepwater floaters and eight harsh environment floaters.

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

We perform contract drilling services by deploying our high-specification fleet in a single, global market that is geographically dispersed in oil and gas exploration and development areas throughout the world. Although rigs can be moved from one region to another, the cost of moving rigs and the availability of rig-moving vessels may cause the supply and demand balance to fluctuate somewhat between regions. Still, significant variations between regions do not tend to persist long term because of rig mobility. The location of our rigs and the allocation of resources to operate, build or upgrade our rigs are determined by the activities and needs of our customers.

Our discussion and analysis of our financial condition, operating results and liquidity and capital resources are based upon, and should be read in conjunction with, our condensed consolidated financial statements and the notes thereto, included under "Item 1. Financial Statements" in this quarterly report on Form 10-Q and with "Part II. Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" in our annual report on Form 10-K for the year ended December 31, 2024.

## SIGNIFICANT EVENTS

**Held-for-sale asset impairments**—In the three and six months ended June 30, 2025, we recognized an aggregate loss of $1.14 billion ($1.13 billion, or $1.27 per diluted share, net of tax), associated with the impairment of two ultra-deepwater floaters, together with related assets, which we determined were impaired at the time we classified the assets as held for sale and two ultra-deepwater floaters, together with related assets, which were previously classified as held for sale and we determined were further impaired. See "—Operating Results."

**Disposal of assets**—In July 2025, we completed the sale of *Discoverer Luanda* and *GSF Development Driller I*, together with related assets, for aggregate net cash proceeds of $26 million. See "—Liquidity and Capital Resources."

**Debt exchanges**—In June 2025, we entered into separate, individually negotiated agreements (as amended thereafter, the "Exchange Agreements") with certain holders of the 4.00% senior guaranteed exchangeable bonds due December 2025 (the "4.00% Exchangeable Bonds"), pursuant to which the holders agreed to exchange up to $157 million aggregate principal amount of such bonds. In June and July 2025, holders exchanged $157 million aggregate principal amount of 4.00% Exchangeable Bonds under the terms of the Exchange Agreements and received an aggregate 59.4 million Transocean Ltd. shares. See "—Operating Results" and "—Liquidity and Capital Resources."

## OUTLOOK

**Drilling market**—Our industry outlook remains positive, informed by numerous long-term forecasts that indicate hydrocarbons will continue to be a critical source of energy for the foreseeable future, despite the significant relative growth in alternative energy technologies. Economic forecasts also project that many countries that are not members of the Organization for Economic Co-operation and Development will continue to experience rapid population growth and improving standards of living, which, with the addition of energy intensive new technologies, such as artificial intelligence, will compound the increase in energy demand well into the future. As a result, governments globally are rapidly revising their energy strategies to emphasize and secure expanded sources of energy rather than transitioning away from fossil fuels. These actions reflect a distinct trend that acknowledges the continuing need for accessible, reliable, cost-effective and transportable energy. We expect that this trend will continue and contribute to robust, long-term demand for oil and gas.

In addition to steadily increasing demand, the existing supply of oil and gas is depleting more rapidly than forecasted and requires replenishment. This is the result of the significant underinvestment in new exploration and field development projects by oil and gas producers over the last several years. We believe the combination of greater energy demand and the accelerating decline of existing reserves will result in oil and gas producers focusing on materially increasing their investment in exploration and development activities offshore, including in harsh environment and deepwater market sectors.

We expect the price of oil will continue to exhibit volatility in response to numerous factors, including uncertainty about future output from the major oil and gas producing countries, geopolitical events, governmental economic policies and regulations, and global economic growth. Nevertheless, we expect project economics to remain at levels that are solidly supportive of investment in deepwater and harsh environment exploration and development projects. This is due, in part, to the favorable economic returns generated by deepwater and harsh environment fields, which have sizable and sustainable production volumes with relatively lower carbon intensity compared to other

sources of hydrocarbons. Given this, we expect a significant portion of the spending in fossil fuel development will continue to be allocated to deepwater and harsh environment projects.

We believe that the marketable supply of and demand for ultra-deepwater and harsh environment rigs will remain balanced with respect to the high-specification rigs preferred by many of our customers for their projects. We currently expect some increased pressure on rig utilization into 2026 for various reasons, including operators' strategic decisions that impact project-specific timelines. This utilization pressure could continue to result in the scrapping of less competitive assets.

While the long-term outlook for offshore drilling activity remains robust in every major deepwater geographic sector, our customers continue to be disciplined in their investment of capital. As anticipated, tendering activity and contract awards have improved in the second quarter of 2025, and additional contracts are expected to be awarded in late 2025 or early 2026 for work commencing in late 2026 or 2027.

We currently anticipate demand to begin to accelerate in Norway, the largest region for harsh environment rigs, in late 2026 and extend through the end of the decade. Several of the high-specification semisubmersible rigs that departed the region to work in other emerging harsh environment regions may ultimately return to fulfill the anticipated increase in demand in Norway. Current contract durations, including subsequent extensions applicable to most of these rigs, along with other factors affecting supply and demand for drilling rigs referenced above, are likely to continue to have a favorable influence on contracting activities.

**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 July 16, 2025, the uncommitted fleet rates for the remainder of 2025 and each of the four years in the period ending December 31, 2029 were as follows:

| | 2025 | 2026 | 2027 | 2028 | 2029 |
|---|---|---|---|---|---|
| **Uncommitted fleet rate** | | | | | |
| Ultra-deepwater floaters | 33 % | 47 % | 66 % | 87 % | 95 % |
| Harsh environment floaters | 12 % | 21 % | 79 % | 100 % | 100 % |

## PERFORMANCE AND OTHER KEY INDICATORS

**Contract backlog**—We believe our industry-leading contract backlog distinguishes us from the competition and provides indicators of our future revenue-earning opportunities. Contract backlog is defined as the maximum contractual operating dayrate multiplied by the number of days remaining in the firm contract period, excluding revenues for mobilization, demobilization, contract preparation, other incentive provisions or reimbursement revenues, which are not expected to be material to our contract drilling revenues. The contract backlog represents the maximum contract drilling revenues that can be earned considering the contractual operating dayrate in effect during the firm contract period. The contract backlog for our fleet was as follows:

| | July 16, 2025 | April 16, 2025 | February 12, 2025 |
|---|---|---|---|
| | | (in millions) | |
| **Contract backlog** | | | |
| Ultra-deepwater floaters | $ 5,468 | $ 6,040 | $ 6,363 |
| Harsh environment floaters | 1,758 | 1,886 | 1,965 |
| Total contract backlog | $ 7,226 | $ 7,926 | $ 8,328 |

Our contract backlog includes only firm commitments, which are represented by signed drilling contracts or, in some cases, by other definitive agreements awaiting contract execution. It does not include conditional agreements and options to extend firm commitments.

The contractual operating dayrate may be higher than the actual dayrate we ultimately receive because an alternative contractual dayrate, such as a waiting-on-weather rate, repair rate, standby rate or force majeure rate, may apply under certain circumstances. The contractual operating dayrate may also be higher than the actual dayrate we ultimately receive because of a number of factors, including rig downtime 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.

**Average daily revenue**—We believe average daily revenue provides a comparative measurement unit for our revenue-earning performance. Average daily revenue is defined as operating revenues, excluding revenues for contract terminations, reimbursements and contract intangible amortization, earned per operating day. An operating day is defined as a day for which a rig is contracted to earn a dayrate during the firm contract period after operations commence. The average daily revenue for our fleet was as follows:

| | Three months ended | | |
|---|---|---|---|
| | June 30, 2025 | March 31, 2025 | June 30, 2024 |
| **Average daily revenue** | | | |
| Ultra-deepwater floaters | $ 457,200 | $ 443,600 | $ 433,900 |
| Harsh environment floaters | $ 462,400 | $ 443,600 | $ 449,600 |
| Total fleet average daily revenue | $ 458,600 | $ 443,600 | $ 438,300 |

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

**Revenue efficiency**—We believe revenue efficiency measures our ability to ultimately convert our contract backlog into revenues. Revenue efficiency is defined as actual operating revenues, excluding revenues for contract terminations and reimbursements, for the measurement period divided by the maximum revenue calculated for the measurement period, expressed as a percentage. Maximum revenue is defined as the greatest amount of contract drilling revenues the drilling unit could earn for the measurement period, excluding revenues for incentive provisions, reimbursements and contract terminations. The revenue efficiency rates for our fleet were as follows:

| | Three months ended | | |
|---|---|---|---|
| | June 30, 2025 | March 31, 2025 | June 30, 2024 |
| **Revenue efficiency** | | | |
| Ultra-deepwater floaters | 96.7 % | 94.3 % | 96.5 % |
| Harsh environment floaters | 96.3 % | 99.3 % | 98.1 % |
| Total fleet average revenue efficiency | 96.6 % | 95.5 % | 96.9 % |

Our revenue efficiency rate varies due to revenues earned under alternative contractual dayrates, such as a waiting-on-weather rate, repair rate, standby rate, force majeure rate or zero rate, that may apply under certain circumstances. Our revenue efficiency rate is also affected by incentive performance bonuses or penalties. We include newbuilds in the calculation when the rigs commence operations upon acceptance by the customer. We exclude rigs that are not operating under contract, such as those that are stacked.

**Rig utilization**—We present our rig utilization as an indicator of our ability to secure work for our fleet. Rig utilization is defined as the total number of operating days divided by the total number of rig calendar days in the measurement period, expressed as a percentage. The rig utilization rates for our fleet were as follows:

| | Three months ended | | |
|---|---|---|---|
| | June 30, 2025 | March 31, 2025 | June 30, 2024 |
| **Rig utilization** | | | |
| Ultra-deepwater floaters | 64.7 % | 61.5 % | 53.5 % |
| Harsh environment floaters | 75.3 % | 69.5 % | 73.0 % |
| Total fleet average rig utilization | 67.3 % | 63.4 % | 57.8 % |

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

## OPERATING RESULTS

***Three months ended June 30, 2025 compared to the three months ended June 30, 2024***

The following is an analysis of our operating results. See "—Performance and Other Key Indicators" for definitions of operating days, average daily revenue, revenue efficiency and rig utilization.

| | Three months ended June 30, | | | |
|---|---|---|---|---|
| | 2025 | 2024 | Change | % Change |
| | (In millions, except day amounts and percentages) | | | |
| Operating days | 2,040 | 1,890 | 150 | 8 % |
| Average daily revenue | $ 458,600 | $ 438,300 | $ 20,300 | 5 % |
| Revenue efficiency | 96.6 % | 96.9 % | | |
| Rig utilization | 67.3 % | 57.8 % | | |
| Contract drilling revenues | $ 988 | $ 861 | $ 127 | 15 % |
| Operating and maintenance expense | (599) | (534) | (65) | (12)% |
| Depreciation and amortization expense | (175) | (184) | 9 | 5 % |
| General and administrative expense | (49) | (59) | 10 | 17 % |
| Loss on impairment of assets | (1,136) | (143) | (993) | nm |
| Gain on disposal of assets, net | 7 | — | 7 | nm |
| Operating loss | (964) | (59) | (905) | nm |
| Other income (expense), net | | | | |
| Interest income | 10 | 14 | (4) | (29)% |
| Interest expense, net of amounts capitalized | (112) | (74) | (38) | (51)% |
| Gain on retirement of debt | — | 140 | (140) | nm |
| Other, net | (27) | 12 | (39) | nm |
| Income (loss) before income tax (expense) benefit | (1,093) | 33 | (1,126) | nm |
| Income tax (expense) benefit | 155 | (156) | 311 | nm |
| Net loss | $ (938) | $ (123) | $ (815) | nm |

"nm" means not meaningful.

**Contract drilling revenues**—Contract drilling revenues increased for the three months ended June 30, 2025, compared to the three months ended June 30, 2024, primarily due to the following: (a) approximately $40 million resulting from increased activity for the operations of the newbuild ultra-deepwater floater *Deepwater Aquila*, (b) approximately $35 million resulting from higher average daily revenues, (c) approximately $25 million resulting from increased utilization, (d) approximately $20 million resulting from increased reimbursement revenues and (e) approximately $5 million resulting from improved revenue efficiency for the remaining fleet.

**Costs and expenses**—Operating and maintenance costs and expenses increased for the three months ended June 30, 2025, compared to the three months ended June 30, 2024, primarily due to the following: (a) approximately $40 million resulting from increased activity for the operations of our active fleet, (b) approximately $20 million resulting from increased reimbursable costs, (c) approximately $15 million resulting from the operations of our newbuild *Deepwater Aquila* and (d) approximately $10 million resulting from the effect of inflation on personnel and other operating costs. These increases were partially offset by the following: (a) approximately $10 million resulting from rigs classified as held for sale and (b) approximately $5 million resulting from costs associated with the early retirement of certain personnel in the three months ended June 30, 2024.

Depreciation and amortization expense decreased for the three months ended June 30, 2025, compared to the three months ended June 30, 2024, primarily due to (a) $19 million resulting from rigs sold or classified as held for sale, partially offset by (b) $11 million resulting from one acquired harsh environment floater, one newbuild ultra-deepwater floater and other equipment placed into service.

General and administrative costs and expenses decreased for the three months ended June 30, 2025, compared to the three months ended June 30, 2024, primarily due to (a) approximately $5 million resulting from decreased legal and professional fees and (b) approximately $4 million resulting from decreased personnel costs, primarily associated with the early retirement of certain personnel in the earlier year.

**Impairment or disposal of assets**—In the three months ended June 30, 2025, we recognized a loss on impairment of our held-for-sale assets, including the ultra-deepwater floaters *Development Driller III*, *Discoverer Inspiration*, *Discoverer Luanda* and *GSF Development Driller I*, together with related assets. In the three months ended June 30, 2024, we recognized a loss on impairment of our held-for-sale assets, including the ultra-deepwater floater *Deepwater Nautilus* and related assets.

In the three months ended June 30, 2025, we recognized an aggregate net gain on disposal of assets unrelated to rig sales.

**Other income and expense**—Interest expense, net of amounts capitalized, increased in the three months ended June 30, 2025, compared to the three months ended June 30, 2024, primarily due to the following: (a) $40 million increased interest resulting from changes to the fair value of the bifurcated compound exchange feature embedded in the indenture governing the 4.625% senior guaranteed exchangeable bonds due September 2029 (the "4.625% Exchangeable Bonds"), (b) $9 million increased interest resulting from debt issued

in the earlier year and (c) $8 million increased interest resulting from interest costs capitalized for our newbuild construction program completed in the earlier year, partially offset by (d) $14 million decreased interest resulting from debt repaid as scheduled or early retired.

In the three months ended June 30, 2024, we recognized a net gain on retirement of debt as follows: (a) an aggregate net gain of $144 million resulting from retirement of notes validly tendered in the tender offers completed in the period, partially offset by (b) an aggregate net loss of $4 million associated with the redemption and early retirement of $761 million aggregate principal amount of our debt securities.

Other expense, net, increased in the three months ended June 30, 2025, compared to the three months ended June 30, 2024, primarily due to the following: (a) a loss of $24 million associated with the issuance of additional Transocean Ltd. shares to certain holders of 4.00% Exchangeable Bonds in the current-year period pursuant to the Exchange Agreements, (b) a net increased loss of $10 million related to currency exchange rate changes and (c) decreased income of $4 million related to the non-service components of net periodic benefit income.

**Income tax expense or benefit**—In the three months ended June 30, 2025 and 2024, our effective tax rate was 14.2 percent and 474.5 percent, respectively, based on income or loss before income tax expense or benefit. In the three months ended June 30, 2025 and 2024, the effect of various discrete period tax items was a net tax benefit of $203 million and $7 million, respectively. In the three months ended June 30, 2025, such discrete items included changes to various uncertain tax positions, valuation allowances and rig-basis changes related to impairment. In the three months ended June 30, 2024, such discrete items included changes to deferred taxes due to a loss on the impairment of assets. In the three months ended June 30, 2025 and 2024, our effective tax rate, excluding discrete items, was 70.0 percent and 416.3 percent, respectively, based on income before income tax expense.

Due to our operating activities and organizational structure, our income tax expense or benefit does not change proportionally with our income or loss before income taxes. We may have subsidiaries with tax expense on taxable earnings that exceeds the tax benefits in other jurisdictions, or vice versa, which sometimes results in a negative effective tax rate or unusually large effective tax rates relative to consolidated income or loss before income tax expense or benefit. Our earnings are unevenly distributed across jurisdictions and may experience variability in timing among interim periods throughout the year and such variability may influence the allocation of income tax expense or benefit to the respective interim period. The annual effective tax rate used to allocate income tax expense or benefit to interim periods may also be influenced by the removal of loss jurisdictions from the calculations. Our rig operating structures further complicate our tax calculations, especially in instances where we have more than one operating structure for the taxing jurisdiction and, thus, more than one method of calculating taxes depending on the operating structure utilized by the rig under the contract.

***Six months ended June 30, 2025 compared to the six months ended June 30, 2024***

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.

| | Six months ended June 30, | | | |
|---|---|---|---|---|
| | 2025 | 2024 | Change | % Change |
| | (In millions, except day amounts and percentages) | | | |
| Operating days | 3,980 | 3,675 | 305 | 8 % |
| Average daily revenue | $ 451,300 | $ 423,700 | $ 27,600 | 7 % |
| Revenue efficiency | 96.1 % | 95.0 % | | |
| Rig utilization | 65.3 % | 55.8 % | | |
| Contract drilling revenues | $ 1,894 | $ 1,624 | $ 270 | 17 % |
| Operating and maintenance expense | (1,217) | (1,057) | (160) | (15)% |
| Depreciation and amortization expense | (351) | (369) | 18 | 5 % |
| General and administrative expense | (99) | (111) | 12 | 11 % |
| Loss on impairment of assets | (1,136) | (143) | (993) | nm |
| Gain (loss) on disposal of assets, net | 9 | (6) | 15 | nm |
| Operating loss | (900) | (62) | (838) | nm |
| Other income (expense), net | | | | |
| Interest income | 18 | 29 | (11) | (38)% |
| Interest expense, net of amounts capitalized | (228) | (191) | (37) | (19)% |
| Gain on retirement of debt | — | 140 | (140) | nm |
| Other, net | (23) | 24 | (47) | nm |
| Loss before income tax benefit | (1,133) | (60) | (1,073) | nm |
| Income tax benefit | 116 | 35 | 81 | nm |
| Net loss | $ (1,017) | $ (25) | $ (992) | nm |

"nm" means not meaningful.

**Contract drilling revenues**—Contract drilling revenues increased for the six months ended June 30, 2025, compared to the six months ended June 30, 2024, primarily due to the following: (a) approximately $85 million resulting from increased utilization, (b) approximately $70 million resulting from increased activity for the operations of the newbuild *Deepwater Aquila*, (c) approximately

$60 million resulting from higher average daily revenues, (d) approximately $35 million resulting from increased revenue efficiency for the fleet and (e) approximately $25 million resulting from increased reimbursement revenues. These increases were partially offset by approximately $10 million resulting from one less calendar day in the six months ended June 30, 2025.

**Costs and expenses**—Operating and maintenance costs and expenses increased for the six months ended June 30, 2025, compared to the six months ended June 30, 2024, primarily due to the following: (a) approximately $80 million resulting from increased activity for the operations of our active fleet, (b) approximately $35 million resulting from the operations of our newbuild *Deepwater Aquila*, (c) a non-cash loss of $34 million in the current period resulting from an unfavorable legal outcome, (d) approximately $25 million resulting from increased reimbursable costs and (e) approximately $20 million resulting from the effect of inflation on personnel and other operating costs. These increases were partially offset by the following: (a) approximately $25 million resulting from rigs classified as held for sale or sold, (b) approximately $10 million resulting from favorable currency exchange rates and (c) approximately $5 million resulting from costs associated with the early retirement of certain personnel in the six months ended June 30, 2024.

Depreciation and amortization expense decreased for the six months ended June 30, 2025, compared to the six months ended June 30, 2024, primarily due to (a) $34 million resulting from rigs sold or classified as held for sale and (b) $5 million resulting from assets that had reached the end of their useful lives or had been retired, partially offset by (c) $23 million resulting from one acquired harsh environment floater, one newbuild ultra-deepwater floater and other equipment placed into service.

General and administrative costs and expenses decreased for the six months ended June 30, 2025, compared to the six months ended June 30, 2024, primarily due to approximately $7 million resulting from decreased personnel costs, primarily associated with the early retirement of certain personnel in the earlier year.

**Impairment or disposal of assets**—In the six months ended June 30, 2025, we recognized a loss on impairment of our held-for-sale assets, including *Development Driller III*, *Discoverer Inspiration*, *Discoverer Luanda* and *GSF Development Driller I*, together with related assets. In the six months ended June 30, 2024, we recognized a loss on impairment of our held-for-sale assets, including *Deepwater Nautilus* and related assets.

In the six months ended June 30, 2025 and 2024, we recognized an aggregate net gain or loss on disposal of assets unrelated to rig sales.

**Other income and expense**—Interest expense, net of amounts capitalized, increased in the six months ended June 30, 2025, compared to the six months ended June 30, 2024, primarily due to the following: (a) $49 million increased interest resulting from debt issued in the earlier year, (b) $15 million increased interest resulting from interest costs capitalized for our newbuild construction program completed in the earlier year and (c) $14 million increased interest resulting from changes to the fair value of the bifurcated compound exchange feature embedded in the indenture governing the 4.625% Exchangeable Bonds, partially offset by (d) $42 million decreased interest resulting from debt repaid as scheduled or early retired.

In the six months ended June 30, 2024, we recognized a net gain on retirement of debt as follows: (a) an aggregate net gain of $144 million resulting from retirement of notes validly tendered in the tender offers completed in the period, partially offset by (b) an aggregate net loss of $4 million associated with the redemption and early retirement of $761 million aggregate principal amount of our debt securities.

Other expense, net, increased in the six months ended June 30, 2025, compared to the six months ended June 30, 2024, primarily due to the following: (a) a loss of $24 million associated with the issuance of additional Transocean Ltd. shares to certain holders of 4.00% Exchangeable Bonds in the current-year period pursuant to the Exchange Agreements, (b) a net increased loss of $19 million related to currency exchange rate changes and (c) decreased income of $9 million related to the non-service components of net periodic benefit income, partially offset by (d) increased income of $5 million associated with our dual-activity patent.

**Income tax expense or benefit**—In the six months ended June 30, 2025 and 2024, our effective tax rate was 10.3 percent and 57.8 percent, respectively, based on loss before income tax benefit. In the six months ended June 30, 2025 and 2024, the effect of various discrete period tax items was a net tax benefit of $189 million and $128 million, respectively. In the six months ended June 30, 2025, such discrete items included changes to various uncertain tax positions, valuation allowances and rig-basis changes related to impairment. In the six months ended June 30, 2024, such discrete items included changes to deferred taxes due to rig ownership changes, rig movement and contract expirations across multiple jurisdictions. In the six months ended June 30, 2025 and 2024, our effective tax rate, excluding discrete items, was 268.9 percent and (179.3) percent, respectively, based on income or loss before income tax expense.

Due to our operating activities and organizational structure, our income tax expense or benefit does not change proportionally with our income or loss before income taxes. We may have subsidiaries with tax expense on taxable earnings that exceeds the tax benefits in other jurisdictions, or vice versa, which sometimes results in a negative effective tax rate or unusually large effective tax rates relative to consolidated income or loss before income tax expense or benefit. Our earnings are unevenly distributed across jurisdictions and may experience variability in timing among interim periods throughout the year and such variability may influence the allocation of income tax expense or benefit to the respective interim period. The annual effective tax rate used to allocate income tax expense or benefit to interim periods may also be influenced by the removal of loss jurisdictions from the calculations. Our rig operating structures further complicate our tax calculations, especially in instances where we have more than one operating structure for the taxing jurisdiction and, thus, more than one method of calculating taxes depending on the operating structure utilized by the rig under the contract.

## LIQUIDITY AND CAPITAL RESOURCES

### *Sources and uses of cash*

In the six months ended June 30, 2025, our primary source of cash was net cash provided by operating activities. Our primary uses of cash were debt repayments and capital expenditures.

| | Six months ended June 30, | | |
|---|---|---|---|
| | 2025 | 2024 | Change |
| | | (in millions) | |
| **Cash flows from operating activities** | | | |
| Net loss | $ (1,017) | $ (25) | $ (992) |
| Non-cash items, net | 1,328 | 293 | 1,035 |
| Changes in operating assets and liabilities, net | (157) | (221) | 64 |
| | $ 154 | $ 47 | $ 107 |

Net cash provided by operating activities increased primarily due to (a) increased cash received from customers, partially offset by (b) increased cash paid for interest.

| | Six months ended June 30, | | |
|---|---|---|---|
| | 2025 | 2024 | Change |
| | | (in millions) | |
| **Cash flows from investing activities** | | | |
| Capital expenditures | $ (84) | $ (167) | $ 83 |
| Investment in loan to unconsolidated affiliate | — | (3) | 3 |
| Proceeds from disposal of assets, net of costs to sell | 10 | 51 | (41) |
| Proceeds from disposal of investment in unconsolidated affiliate | 4 | — | 4 |
| Cash acquired in acquisition of unconsolidated affiliate | — | 5 | (5) |
| | $ (70) | $ (114) | $ 44 |

Net cash used in investing activities decreased primarily due to (a) reduced capital expenditures, resulting principally from the completion of our newbuild construction program in the earlier year, partially offset by (b) reduced proceeds from disposal of assets.

| | Six months ended June 30, | | |
|---|---|---|---|
| | 2025 | 2024 | Change |
| | | (in millions) | |
| **Cash flows from financing activities** | | | |
| Repayments of debt | $ (240) | $ (1,815) | $ 1,575 |
| Proceeds from issuance of debt, net of issue costs | — | 1,767 | (1,767) |
| Other, net | (13) | (5) | (8) |
| | $ (253) | $ (53) | $ (200) |

Net cash used in financing activities increased primarily due to (a) net cash proceeds from the issuance of $900 million aggregate principal amount of 8.25% senior notes due May 2029 and $900 million aggregate principal amount of 8.50% senior secured notes due May 2031 in the earlier year with no comparable activity in the current-year period, partially offset by (b) decreased cash used to repay debt, resulting principally from the early retirement of $1.61 billion aggregate principal amount of certain of our debt securities in the prior-year period.

### *Sources and uses of liquidity*

**Overview**—We expect to use existing unrestricted cash balances, cash flows from operating activities, borrowings under our Secured Credit Facility, proceeds from the disposal of assets or proceeds from the issuance of debt or shares to fulfill anticipated near-term obligations, which may include capital expenditures, working capital and other operational requirements, scheduled debt maturities, or other debt-related deposits or reservations of unrestricted cash. At June 30, 2025, we had $377 million in unrestricted cash and cash equivalents and $395 million in restricted cash and cash equivalents. We have generated positive cash flows from operating activities over recent years and, although we cannot provide assurances, we expect that such cash flows will continue to be positive over the next year. For example, among other factors, if we incur costs for reactivation or contract preparation of multiple rigs or to otherwise assure the marketability of our fleet or general economic, financial, industry or business conditions deteriorate, our cash flows from operations may be reduced or negative.

We have a Secured Credit Facility that provides us with a borrowing capacity of $510 million through its maturity on June 22, 2028. Our Secured Credit Facility, which is secured by, among other things, a lien on eight of our ultra-deepwater floaters and two of our harsh environment floaters, contains certain restrictive covenants, including a minimum guarantee coverage ratio of 3.0 to 1.0, a minimum collateral coverage ratio of 2.1 to 1.0 and a minimum liquidity requirement of $200 million, among others. The Secured Credit Facility also restricts the ability of Transocean Ltd. and certain of our subsidiaries to, among other things, merge, consolidate or otherwise make changes to the corporate structure, incur liens, incur additional indebtedness, enter into transactions with affiliates and permits, subject to certain conditions,

us to pay dividends and repurchase our shares. For more information about our Secured Credit Facility and our outstanding debt instruments, see Notes to Condensed Consolidated Financial Statements—Note 6—Debt.

Although we currently anticipate relying on these sources of liquidity, including cash flows from operating activities and borrowings under our Secured Credit Facility, among others, we may in the future consider establishing additional financing arrangements with banks or other capital providers, and subject to market conditions and other factors, we may be required to provide collateral for any such future financing arrangements. Our secured indentures include collateral rig leverage ratios, and during periods, such as in the three months ended March 31, 2025, when certain of these rigs have experienced reduced levels of operating efficiency or utilization, we have deposited unrestricted cash into the applicable debt service reserve account to maintain compliance with the applicable covenant. We may in the future deposit a portion of our unrestricted cash or, in lieu thereof, take other actions, including seeking covenant relief or other consents of holders of certain of our secured debt, as applicable.

**Debt and equity markets**—From time to time, we seek to access the capital markets, including with respect to potential liability management transactions. For example, we have completed multiple debt and equity transactions, including tender offers, redemptions, exchanges and retirement of existing debt, in connection with our ongoing efforts to prudently manage our capital structure and improve our liquidity position. Subject to then-existing market conditions and our expected liquidity needs, among other factors, we may use existing unrestricted cash balances, cash flows from operating activities, or proceeds from asset sales to pursue liability management transactions, including among others, purchasing or exchanging any of our debt, equity or equity-linked securities in the open market, in privately negotiated transactions, or through tender or exchange offers, or by redeeming any of our outstanding debt securities pursuant to the terms of the applicable governing document, if applicable. Any future purchases, exchanges or other transactions may be on the same terms or on terms that are more or less favorable to holders than the terms of any prior transaction. We can provide no assurance as to which, if any, of these alternatives, or combinations thereof, we may choose to pursue in the future, if at all, or as to the timing with respect to any future transactions. For more information about our debt and equity transactions, see Notes to Condensed Consolidated Financial Statements—Note 6—Debt and Note 10—Equity.

Our ability and willingness to access the debt and equity markets is a function of a variety of factors, including, among others, general economic, industry or market conditions, market perceptions of us and our industry and credit rating agencies' views of our debt. General economic or market conditions could have an adverse effect on our business and financial position and on the business and financial position of our customers, suppliers and lenders and could affect our ability to access the capital markets on acceptable terms or at all and our future need or ability to borrow under our Secured Credit Facility. In addition to our potential sources of funding, the effects of such global events could impact our liquidity or cause us to need to alter our allocation or sources of capital, implement further cost reduction measures and change our financial strategy. Additionally, the rating of our long-term debt is below investment grade, which is causing us to experience increased fees and interest rates under our Secured Credit Facility and indentures governing certain of our senior notes. Future downgrades may further restrict our ability to access the debt market for sources of capital and may negatively impact the cost of such capital at a time when we would like, or need, to access such markets, which could have an impact on our flexibility to react to changing economic and business conditions.

**Drilling fleet**—From time to time, we review possible acquisitions of businesses and drilling rigs, as well as noncontrolling ownership interests in other companies, and we may make significant future capital commitments for such purposes. We may also consider investments related to major rig upgrades, new rig construction, or the acquisition of a rig under construction. Any such acquisition or investment has involved, and in the future could involve, the payment by us of a substantial amount of cash or the issuance of a substantial number of additional shares or other securities. Our failure to subsequently secure drilling contracts in these instances, if not already secured, could have an adverse effect on our results of operations or cash flows.

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, 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 market demand for required components and resources. We intend to fund the cash requirements for our projected capital expenditures by using available cash balances, cash generated from operations and asset sales, borrowings under our Secured Credit Facility and financing arrangements with banks or other capital providers. Economic conditions and other factors could impact the availability of these sources of funding.

From time to time, we may review the possible disposition of certain drilling assets. As of June 30, 2025, we have classified as held for sale four ultra-deepwater floaters, together with related assets. We have committed to sell these drilling units for recycling, and considering market conditions, we may identify additional lower-specification drilling units to be sold for scrap, recycling or alternative purposes. See Notes to Condensed Consolidated Financial Statements—Note 5—Long-Lived Assets.

**Contractual obligations and other commercial commitments**—As of June 30, 2025, there have been no material changes to our contractual obligations or other commercial commitments as previously disclosed in "Part II. Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" in our annual report on Form 10-K for the year ended December 31, 2024. For additional information about our debt obligations and scheduled maturities, see Notes to Condensed Consolidated Financial Statements—Note 6—Debt.

## CRITICAL ACCOUNTING POLICIES AND ESTIMATES

As of June 30, 2025, there have been no material changes to the critical accounting policies and estimates that we use as a basis for applying judgments, assumptions and estimates to prepare our condensed consolidated financial statements, as previously disclosed in "Part II. Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies and Estimates" in our annual report on Form 10-K for the year ended December 31, 2024.

## OTHER MATTERS

### *Regulatory matters*

We occasionally receive inquiries from governmental regulatory agencies regarding our operations around the world, including inquiries with respect to various tax, environmental, regulatory and compliance matters. To the extent appropriate under the circumstances, we investigate such matters, respond to such inquiries and cooperate with the regulatory agencies. See Notes to Condensed Consolidated Financial Statements—Note 9—Contingencies.

### *Tax matters*

We conduct operations through our various subsidiaries in countries throughout the world. Each country has its own tax regimes with varying statutory rates, deductions and tax attributes, which are subject to changes resulting from new legislation, interpretation or guidance. From time to time, as a result of these changes, we may revise previously evaluated tax positions, which could cause us to adjust our recorded tax assets and liabilities. Tax authorities in certain jurisdictions are examining our tax returns and, in some cases, have issued assessments. We intend to defend our tax positions vigorously. Although we can provide no assurance as to the outcome of the aforementioned changes, examinations or assessments, we do not expect the ultimate liability to have a material adverse effect on our condensed consolidated statement of financial position or results of operations; however, it could have a material adverse effect on our condensed consolidated statement of cash flows. See Notes to Condensed Consolidated Financial Statements —Note 7—Income Taxes.

## ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

**Overview**—We are exposed to interest rate risk, primarily associated with our long-term debt, including current maturities. Additionally, we are exposed to equity price risk related to certain of our exchangeable bonds and currency exchange rate risk related to our international operations. With the exception of the following, there have been no material changes to our market risks as previously disclosed in "Part II. Item 7A. Quantitative and Qualitative Disclosures About Market Risk" in our annual report on Form 10-K for the year ended December 31, 2024.

**Interest rate risk**—The following table presents the scheduled installment amounts and related weighted-average interest rates of our long-term debt instruments by contractual maturity date. The following table presents information as of June 30, 2025 (in millions, except interest rate percentages):

| | Twelve months ending June 30, | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 2026 | 2027 | 2028 | 2029 | 2030 | Thereafter | Total | Fair value |
| **Debt** | | | | | | | | |
| Fixed rate (USD) | $ 686 | $ 1,402 | $ 607 | $ 1,147 | $ 729 | $ 2,083 | $ 6,654 | $ 6,239 |
| Average interest rate | 6.37 % | 7.55 % | 7.82 % | 8.27 % | 7.28 % | 7.88 % | | |

At June 30, 2025 and December 31, 2024, the fair value of our outstanding debt was $6.24 billion and $6.89 billion, respectively. During the six months ended June 30, 2025, the fair value of our debt decreased by $649 million due to the following: (a) a net decrease of $354 million resulting from changes in the market prices of our outstanding debt, (b) a decrease of $242 million resulting from scheduled repayments and (c) a decrease of $53 million due to principal reduction of the 4.00% Exchangeable Bonds pursuant to the Exchange Agreements.

## ITEM 4. CONTROLS AND PROCEDURES

**Disclosure controls and procedures**—Our disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed in our reports filed or submitted under the U.S. Securities Exchange Act of 1934 is (1) accumulated and communicated to our management, including our Chief Executive Officer, who is our principal executive officer, and our Chief Financial Officer, who is our principal financial officer, to allow timely decisions regarding required disclosure and (2) recorded, processed, summarized and reported within the time periods specified in the SEC'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 June 30, 2025.

**Internal control over financial reporting**—There were no changes to our internal control over financial reporting during the quarter ended June 30, 2025, that have materially affected or are reasonably likely to materially affect our internal control over financial reporting.

# PART II. OTHER INFORMATION

## ITEM 1. LEGAL PROCEEDINGS

Transocean Ltd. (together with its subsidiaries and predecessors, unless the context requires otherwise, "Transocean," "we," "us," or "our") has certain actions, claims and other matters pending as discussed and reported in "Part II. Item 8. Financial Statements and Supplementary Data—Notes to Consolidated Financial Statements—Note 12—Commitments and Contingencies" and "Part II. Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations—Other Matters—Regulatory matters" in our annual report on Form 10-K for the year ended December 31, 2024. We are also involved in various tax matters as described in "Part II. Item 8. Financial Statements and Supplementary Data—Notes to Consolidated Financial Statements—Note 10—Income Taxes" and in "Part II. Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations—Other Matters—Tax matters" in our annual report on Form 10-K for the year ended December 31, 2024. All such actions, claims, tax and other matters are incorporated herein by reference.

As of June 30, 2025, we were involved in a number of other lawsuits, regulatory matters, disputes and claims, asserted and unasserted, all of which constitute ordinary routine litigation incidental to our business and for which we do not expect the liability, if any, to have a material adverse effect on our condensed consolidated financial position, results of operations or cash flows. We cannot predict with certainty the outcome or effect of any of the matters referred to above or of any such other pending, threatened or possible litigation or legal proceedings. We can provide no assurance that our beliefs or expectations as to the outcome or effect of any lawsuit or claim or dispute will prove correct, and the eventual outcome of these matters could materially differ from management's current estimates.

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

In addition to the legal proceedings described above, we may from time to time identify other matters that we monitor through our compliance program or in response to events arising generally within our industry and in the markets where we do business. We evaluate matters on a case-by-case basis, investigate allegations in accordance with our policies and cooperate with applicable governmental authorities. Through the process of monitoring and proactive investigation, we strive to ensure no violation of our policies, Code of Integrity or law has occurred or will occur; however, we can provide no assurance as to the outcome of these matters.

## ITEM 1A. RISK FACTORS

There have been no material changes to the risk factors as previously disclosed in "Part I. Item 1A. Risk Factors" in our annual report on Form 10-K for the year ended December 31, 2024.

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

### ISSUER PURCHASES OF EQUITY SECURITIES

| Period | Total number of shares purchased | Average price paid per share | Total number of shares purchased as part of publicly announced plans or programs | Approximate dollar value of shares that may yet be purchased under the plans or programs (in millions) (a) |
|---|---|---|---|---|
| April 2025 | — | $ — | — | $ 4,089 |
| May 2025 | — | — | — | 4,089 |
| June 2025 | — | — | — | 4,089 |
| Total | — | $ — | — | $ 4,089 |

(a) In May 2009, at our annual general meeting, shareholders approved and authorized our board of directors, at its discretion, to repurchase for cancellation any amount of our shares for an aggregate purchase price of up to CHF 3.50 billion. At June 30, 2025, the authorization remaining under the share repurchase program was for

the repurchase of our outstanding shares for an aggregate purchase price of up to CHF 3.24 billion, equivalent to $4.09 billion. The share repurchase program could be suspended or discontinued by our board of directors or company management, as applicable, at any time.

## ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

## ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

## ITEM 5. OTHER INFORMATION

During the three months ended June 30, 2025, no director or officer of Transocean adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

## ITEM 6. EXHIBITS

The following exhibits are filed or furnished herewith, as indicated, or incorporated by reference to the location indicated:

| Number | Description | Location |
|---|---|---|
| 3.1 | Articles of Association of Transocean Ltd. | Exhibit 3.2 to Transocean Ltd.'s Current Report on Form 8-K (Commission File No. 001-38373) filed on June 3, 2025 |
| 3.2 | Organizational Regulations of Transocean Ltd., amended effective as of May 30, 2025 | Exhibit 3.3 to Transocean Ltd.'s Current Report on Form 8-K (Commission File No. 001-38373) filed on June 3, 2025 |
| 10.1 | Amended and Restated Transocean Ltd. 2015 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 3, 2025 |
| 10.2 | Employment Agreement with Keelan I. Adamson dated April 29, 2025 | Exhibit 10.3 to Transocean Ltd.'s Current Report on Form 10-Q (Commission File No. 001-38373) filed on April 29, 2025 |
| 10.3 | Employment Agreement with Jeremy D. Thigpen dated April 29, 2025 | Exhibit 10.4 to Transocean Ltd.'s Current Report on Form 10-Q (Commission File No. 001-38373) filed on April 29, 2025 |
| 31.1 | Certification of Chief Executive Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934 and Section 302 of the Sarbanes-Oxley Act of 2002 | Filed herewith |
| 31.2 | Certification of Chief Financial Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934 and Section 302 of the Sarbanes-Oxley Act of 2002 | Filed herewith |
| 32.1 | Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 | Furnished herewith |
| 32.2 | Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 | Furnished herewith |
| 101 | Interactive data files pursuant to Rule 405 of Regulation S-T formatted in Inline Extensible Business Reporting Language: (i) our condensed consolidated statements of operations for the three and six months ended June 30, 2025 and 2024; (ii) our condensed consolidated statements of comprehensive loss for the three and six months ended June 30 2025 and 2024; (iii) our condensed consolidated balance sheets as of June 30, 2025 and December 31, 2024; (iv) our condensed consolidated statements of equity for the three and six months ended June 30, 2025 and 2024; (v) our condensed consolidated statements of cash flows for the six months ended June 30, 2025 and 2024; and (vi) the notes to condensed consolidated financial statements | Filed herewith |
| 104 | The cover page from our quarterly report on Form 10-Q for the quarterly period ended June 30, 2025, formatted in Inline Extensible Business Reporting Language | Filed herewith |

## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized, on August 5, 2025.

TRANSOCEAN LTD.

By: /s/ Robert Thaddeus Vayda
Robert Thaddeus Vayda
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

By: /s/ Jason Pack
Jason Pack
Senior Vice President and Chief Accounting Officer
(Principal Accounting Officer)