

Part II Organizational Action *(continued)*

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ [See attachment](#)

18 Can any resulting loss be recognized? ▶ [See attachment](#)

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ [See attachment](#)

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here
Signature ▶  Date ▶ 17/05/2023

Print your name ▶ **Grant Creed** Title ▶ **EVP and CFO**

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ▶	Firm's EIN ▶			
	Firm's address ▶	Phone no.			

Seadrill Limited
EIN: N/A
Attachment to Form 8937
Report of Organizational Actions Affecting Basis of Securities

The information contained in Form 8937 and this attachment does not constitute tax advice and is not intended to be a complete analysis or description of all potential U.S. federal income tax consequences of the Merger (as defined below). In addition, this information does not address tax consequences which may vary depending on the individual circumstances of Aquadrill LLC unitholders, or any non-income tax or any foreign, state or local tax consequences of the Merger. Accordingly, shareholders are strongly urged to consult with their own tax advisors to determine the particular U.S. federal, state, local or foreign income or other tax consequences of the Merger to them, including the amount of gain or loss, if any, that they recognized in the Merger and the tax basis in the Seadrill Limited common shares received in the Merger.

Part II:

Line 14. Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action:

Effective April 3, 2023, Seadrill Merger Sub, LLC, a direct wholly-owned subsidiary of Seadrill Limited ("Seadrill"), merged with and into Aquadrill LLC ("Aquadrill"), with Aquadrill surviving the merger as a direct subsidiary of Seadrill (the "Merger"). The Merger was structured to qualify as a reorganization under section 368(a) of the Internal Revenue Code of 1986, as amended (the "Code"). Pursuant to the Agreement and Plan of Merger, holders of Aquadrill common units received 1.41295 Seadrill common shares as merger consideration for each Aquadrill common unit and received cash in lieu of any fractional Seadrill common shares.

Line 15. Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis:

Each former holder of Aquadrill common units that is subject to U.S. tax is responsible for determining such holder's own gain and allowable loss resulting from the exchange of shares as a result of the Merger, and from future dispositions of the Seadrill common shares received in the Merger. Seadrill is supplying this information to assist former holders of Aquadrill common units in determining the amount of any gain or loss that must be recognized as a result of the exchange and to determine the tax basis such holder takes in the Seadrill common shares received in the Merger.

Assuming the Merger qualifies as a "reorganization" within the meaning of Section 368(a) of the Code, former holders of Aquadrill common units who exchanged their Aquadrill common units for Seadrill common shares generally did not recognize any gain or loss for U.S. federal income tax purposes, except with respect to cash, if any, received in lieu of fractional Seadrill common shares. However, a U.S. holder of Aquadrill common units that is a "five-percent transferee shareholder" with respect to Seadrill may be required to enter into a gain recognition agreement

under Section 367 of the Code with respect to the transfer of its common units in order to obtain non-recognition treatment in the Merger.

Each former holder of Aquadrill common units that received cash in lieu of any fractional Seadrill common shares generally recognized capital gain or loss equal to the difference between the amount of cash received and the tax basis in such fractional share, determined as described below. The holder's gain or loss on the deemed sale of a fractional Seadrill common share is based on a price per Seadrill common share of \$38.14.¹

Each holder's aggregate adjusted U.S. tax basis in the Seadrill common shares received in the Merger (including the fractional shares for which cash was paid) equals such holder's aggregate adjusted U.S. tax basis in the Aquadrill common units surrendered in the Merger.

A holder of Aquadrill common units that owned multiple blocks of Aquadrill common units (such as tranches of Aquadrill common units purchased at different times or for different prices) should see the below response to Part II, Line 16.

Stock Exchange Example 1 – No Fractional Share. A U.S. holder of 100,000 Aquadrill common units with a \$15.00 adjusted U.S. tax basis per unit (i.e., \$1,500,000.00 aggregate adjusted U.S. tax basis) would have \$1,500,000.00 tax basis in 141,295 Seadrill common shares received in the Merger (100,000 Aquadrill common units multiplied by the 1.41295 exchange ratio). This example assumes that all such holder's Aquadrill common units were acquired on the same date and at the same price.

Stock Exchange Example 2 – With Fractional Share. A U.S. holder of 45,000 Aquadrill common units with \$15.00 adjusted U.S. tax basis per unit (i.e., \$675,000.00 aggregate adjusted U.S. tax basis) would have \$675,000.00 tax basis in 63,582.75 Seadrill common shares received in the Merger (45,000 Aquadrill common units multiplied by the 1.41295 exchange ratio). Such holder would take an aggregate U.S. tax basis of approximately \$674,992.04 in the 63,582 whole Seadrill common shares actually received (i.e., \$675,000 aggregate tax basis less the approximately \$7.96 tax basis in the fractional share (approximately \$10.62 tax basis per Seadrill common share multiplied by the 0.75 fractional share)). This example assumes that all such holder's Aquadrill common units were acquired on the same date and at the same price.

The sale of the fractional Seadrill common share for approximately \$28.61 (i.e., \$38.14 multiplied by 0.75 shares) would result in approximately \$20.65 of taxable gain (i.e., \$328.61 cash received less approximately \$7.96 of tax basis) to such holder.

Line 16. Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates:

See the examples described in the above response to Part II, Line 15 for illustrative calculations of the adjusted U.S. tax basis of the Seadrill common shares received by former holders of Aquadrill common units in the Merger and the calculation of any gain or loss required to be recognized by such holders with respect to fractional Seadrill common shares.

¹ Fractional shares of all holders were aggregated and sold on the market at \$38.14 per share on April 5, 2023.

A former holder of Aquadrill common units who acquired Aquadrill common units on different dates or at different prices should consult its tax advisor regarding the determination of any gain or loss in respect of fractional Seadrill common shares, and the tax bases of particular Seadrill common shares received in the Merger.

Line 17. List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based:

Sections 354, 356, 358, 367, 368, 1001 and 1223.

Line 18. Can any resulting loss be recognized?

Generally, no loss may be recognized in the exchange of the shares, except with respect to cash received in lieu of any fractional shares.

Line 19. Provide any other information necessary to implement the adjustment, such as the reportable tax year:

The tax consequences of the exchange of shares in the Merger should be reported by a holder in its taxable year that includes April 3, 2023.

The holding period for the Seadrill common shares received in the Merger (including any fractional shares for which cash was paid) generally would include the holding period for the Aquadrill common units surrendered therefor in the Merger.

Holders should consult their tax advisors to determine the tax consequences to them of the Merger.