Risk Factors Comparison 2024-02-28 to 2023-02-28 Form: 10-K

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~~Risks Related to Our Business and Operations – We can provide no assurance that our drilling contracts will not be terminated early or that our current backlog of contract drilling revenue ultimately will be realized " in Item 1A of this report. Competition Based on industry data, as of the date of this report, there are approximately 685 mobile drilling rigs (drillships, semisubmersibles and jack- up rigs) in service worldwide, including approximately 190 floater rigs. Despite consolidation in previous years, the offshore contract drilling industry remains highly competitive with numerous industry participants, none of which at the present time has a dominant market share. Some of our competitors may have greater financial or other resources than we do. Drilling contracts are traditionally awarded on a competitive bid basis. Price is typically the primary factor in determining which qualified contractor is awarded a job. Customers may also consider rig availability and location, a drilling contractor' s operational and safety performance record, and condition and suitability of equipment. We believe we compete favorably with respect to these factors. We compete in a single, global offshore drilling market, but competition may vary significantly by region at any particular time. See " – Markets. " Competition for offshore rigs generally takes place on a worldwide basis, as these rigs are mobile and may be moved, although at a cost that may be substantial, from one region to another. It is characteristic of the offshore drilling industry to move rigs from areas of low utilization and dayrates to areas of greater activity and relatively higher dayrates. The current market remains very competitive. See " Risk Factors – Risks Related to Our Business and Operations – Our industry is highly competitive, with an oversupply of drilling rigs and intense price competition " in Item 1A of this report. Governmental Regulation and Environmental Matters Our operations are subject to numerous international, foreign, U. S., state and local laws and regulations that relate directly or indirectly to our operations, including regulations controlling the discharge of materials into the environment, requiring removal and clean- up under some circumstances, or otherwise relating to the protection of the environment, and may include laws or regulations pertaining to climate change, carbon emissions or energy use. See " Risk Factors – Regulatory and Legal Risks – We are subject to extensive domestic and international laws and regulations that could significantly limit our business activities and revenues and increase our costs, " " Risk Factors – Environmental, Social and Governance Risks – Any future regulations relating to greenhouse gases and climate change could have a material adverse effect on our business " and " Risk Factors – Regulatory and Legal Risks – If we, or our customers, are unable to acquire or renew permits and approvals required for drilling operations, we may be forced to delay, suspend or cease our operations " in Item 1A of this report. Human Capital Employees As of December 31, 2022, we managed a global workforce of approximately 2, 100 persons including international crew personnel, a portion of whom are furnished through independent labor contractors. A portion of our workforce outside of the U. S. is represented by collective bargaining agreements. As of December 31, 2022, over 57 % of our global workforce had been employed by us for five years or more, with an average tenure of approximately 10 years. Core Values and Culture Our global culture is shaped by our Values & Behaviors: • Take Ownership – Run to the challenge; deliver on what you promise. • Go Beyond – Solve tomorrow' s problems today; make it better than you found it. • Have Courage – Challenge conventional thinking; speak up, even when it' s tough. • Exercise Care – Respect that every action has consequences; never cut corners. • Win Together – Learn from each other; share success; champion a " Culture of We. " These core values establish the foundation for our culture and represent the key expectations we have of our employees. Our commitment to Health, Safety and the Environment (or HSE) applies throughout our business. In addition, we recognize the importance of identifying, assessing and promoting Environmental, Social and Governance (or ESG) issues as a fundamental part of conducting business. Along with our core values, we expect our employees to act in accordance with our Code of Business Conduct and Ethics, which we refer to as our Code of Conduct. Our Code of Conduct covers various topics including legal compliance, conflicts of interest, accuracy of financial reporting and disclosure, confidentiality, discrimination and harassment, anti- corruption, safety and health and reporting ethical violations. The Code of Conduct reflects our commitment to operating in a fair, honest, responsible and ethical manner and also provides direction for reporting complaints in the event of alleged violations of our policies (including through an anonymous hotline). Talent Management and Training We take a systemic approach to hiring, training and developing our employees. This includes creating goals aligned to company priorities and providing employees periodic feedback in order to assess and adjust individual performance. We also employ a succession planning process that identifies suitable candidates, and their development needs, for key positions in our company. We generally review the succession plan annually. We provide a comprehensive training program that endeavors to ensure that employees on our rig crews receive position- specific training as an integral part of their career development. We utilize a competency verification program for establishing and verifying the knowledge, skills and abilities needed by each employee to perform their assigned job function in a safe and environmentally sound manner. The safety of our employees and stakeholders is our highest priority. We pride ourselves on being an innovative leader in the development and implementation of sophisticated and efficient job safety programs. We not only try to work safely; we also strive to achieve zero incident operations, or ZIO, through our comprehensive safety initiatives. Achieving ZIO means operating at peak performance and completing each task without harm to our people, the environment or our equipment. Information About Our Executive Officers We have included information on our executive officers in Part I of this report in reliance on General Instruction G (3) to Form 10- K. Our executive officers are elected annually by our Board of Directors (or Board) and serve at the discretion of our Board until their successors are duly elected and qualified, or until their earlier death, resignation, disqualification or removal from office. Information with respect to our executive officers is set forth below. Name Age as of January 31, 2023 Position Bernie Wolford, Jr. President, Chief Executive Officer and Director David L. Roland Senior Vice President, General Counsel~~

~~and Secretary Dominic A. Savarino Senior Vice President and Chief Financial Officer Bernie Wolford, Jr. has served as our President, Chief Executive Officer and a member of the Board since May 2021. Mr. Wolford previously served as the Chief Executive Officer and a director of Pacific Drilling S. A., an offshore drilling contractor, from November 2018 to April 2021. From 2010 to 2018, Mr. Wolford served in senior operational roles at Noble Corporation, another offshore drilling contractor, including five years as the company' s Senior Vice President – Operations. David L. Roland has served as our Senior Vice President, General Counsel and Secretary since September 2014. Dominic A. Savarino has served as our Senior Vice President and Chief Financial Officer since September 2021. Mr. Savarino previously served as our Vice President and Chief Accounting & Tax Officer since May 2020 and as our Vice President and Chief Tax Officer since November 2017. Prior to joining Diamond Offshore, Mr. Savarino served as Vice President, Tax at Baker Hughes, Inc. from 2016 to 2017 and held a variety of positions at McDermott International, Inc., including Vice President, Tax from 2015 to 2016. Available Information We are subject to the informational requirements of the Securities Exchange Act of 1934, as amended (or the Exchange Act), and accordingly file annual, quarterly and current reports on Forms 10- K, 10- Q and 8- K, respectively, any amendments to those reports and other information with the United States Securities and Exchange Commission (or SEC). Our SEC filings are available to the public from the SEC' s Internet site at www. sec. gov or from our Internet site at www. diamondoffshore. com. Our website provides a hyperlink to a third- party SEC filings website where these reports may be viewed and printed at no cost as soon as reasonably practicable after we have electronically filed such material with, or furnished it to, the SEC. The preceding Internet addresses and all other Internet addresses referenced in this report are for information purposes only and are not intended to be a hyperlink. Accordingly, no information found or provided at such Internet addresses or at our website in general (or at other websites linked to our website) is intended or deemed to be incorporated by reference into this report and such information should not be considered a part of this report or any other filing that we make with the SEC. Disclosure of Material Non- Public Information We announce material information through our filings with the SEC, press releases and / or public conference calls and webcasts. Based on guidance from the SEC, we may also use our website at www. diamondoffshore. com as a means of disclosing material financial information and other material non- public information and for complying with our disclosure obligations under Regulation FD. Such disclosures will be included on our website in the ' Investors' section. Accordingly, we encourage investors, the media and others interested in our company to monitor such portions of our website, in addition to following our SEC filings, press releases and public conference calls and webcasts. Item 1A. Risk Factors.~~ Our business is subject to a variety of risks and uncertainties, including those described below, that could have a material adverse effect on our business, reputation, financial condition, results of operations, cash flows (including negative cash flows) and prospects. You should carefully consider these risks when evaluating us and our securities. The following material risks and uncertainties are not the only ones facing our company. We are also subject to other risks and uncertainties not known to us or not described below as well as a variety of risks that affect many other companies generally that may also have a material adverse effect on our business, reputation, financial condition, results of operations, cash flows (including negative cash flows) and prospects. Risk Factors Summary The following is a summary of the principal risks that could adversely affect our business, operations and financial results. **Risks Related to Our Business and Operations** • The worldwide demand for drilling services has historically been dependent on the price of oil. • Our business depends on the level of activity in the offshore oil and gas industry, which has been cyclical, is currently emerging from a protracted downturn and is significantly affected by many factors outside of our control. • Our industry is highly competitive, with an oversupply of drilling rigs and intense price competition. • We can provide no assurance that our drilling contracts will not be terminated early or that our current backlog of contract drilling revenue ultimately will be realized. • We may not be able to renew or replace expiring contracts for our rigs. • Our customer base is concentrated. • Our contract drilling expense includes fixed costs that will not decline in proportion to decreases in rig utilization and dayrates. • We must make substantial capital and operating expenditures to reactivate, build, maintain and upgrade our drilling fleet. • Our business involves numerous operating hazards that could expose us to significant losses and significant damage claims. We are not fully insured against all of these risks and our contractual indemnity provisions may not fully protect us. • Any significant cyber- attack or other interruption in network security or the operation of critical information technology systems could materially disrupt our operations and adversely affect our business. • Acts of terrorism, piracy and political and social unrest could affect the markets for drilling services, which may have a material adverse effect on us. • We rely on third ~~parties~~ **- party suppliers, manufacturers and service providers** to secure and service equipment, components and parts used in rig operations, conversions, upgrades and construction. • Contracts for our drilling rigs are generally fixed dayrate contracts, and increases in our operating costs could adversely affect our profitability. • **Inflation may adversely affect our operating results and increase working capital investments required tooperate our business. •** The ~~impacts~~ - **impact** of **public health threats, such as** the COVID- 19 pandemic **,** and efforts to mitigate the spread of ~~the virus~~ **such threats** have adversely impacted, and could continue to adversely impact, our business, operations and financial results. • Unionization efforts and labor regulations in certain countries in which we operate could materially increase our costs or limit our flexibility in how we manage our personnel. ~~• Inflation may adversely affect our operating results and increase working capital investments required to operate our business,~~ • Failure to obtain and retain highly skilled personnel could hurt our operations. • As part of our business strategy, we may pursue business opportunities that include acquisitions of businesses or drilling rigs, mergers or joint ventures or other investments, and such transactions would present various risks and uncertainties. Financial and Tax Risks • Our financial performance after emergence from bankruptcy may not be comparable to our historical financial information as a result of the implementation of the Plan and the transactions contemplated thereby and our adoption of fresh start accounting. • ~~The debt instruments we entered into on the Effective Date~~ **Our Senior Secured Second Lien Notes and revolving credit agreement** contain various restrictive covenants **,** limiting the discretion of our management in operating certain aspects of our business. • Our variable rate indebtedness subjects us to interest rate risk **that** ~~and the transition away from LIBOR~~ could have an adverse impact on us. • The exercise of all or any number of the outstanding Emergence Warrants or the granting or vesting of stock-based awards will dilute the interests of the holders of our ~~New Diamond Common~~ **common** ~~Shares~~ **stock** . • We may incur additional asset impairments and / or rig retirements as a result of reduced demand for certain offshore drilling rigs. • Changes in tax laws and policies, effective income tax rates or adverse outcomes resulting from examination of our tax returns could adversely affect our financial results. • Our consolidated effective income tax rate may vary substantially from one reporting period to another. • Changes in accounting principles and financial reporting requirements could adversely affect us. **Environmental, Social and Governance Risks** • Regulations relating to greenhouse gases and climate change could have a material adverse effect on our business. • Consumer preference **and increasing demand** for alternative fuels and electric-powered vehicles may lead to reduced demand for contract drilling services. • Increased focus on climate change, the environmental and social impacts of fossil fuel extraction and use and other ESG matters could result in additional costs or risks and adversely impact our business and reputation and our access to capital and ability to refinance our debt. • Global energy supply may shift from our industry' s basis, hydrocarbons, to non- hydrocarbon sources, including wind, solar, nuclear and hydroelectric, which, in turn, may adversely affect demand for our services. **Regulatory and Legal Risks** • We are subject to extensive domestic and international laws and regulations that could significantly limit our business activities and revenues and increase our costs. • If we, or our customers, are unable to acquire or renew permits and approvals required for drilling operations, we may be forced to delay, suspend or cease our operations. • Significant portions of our operations are conducted outside the U. S. and involve additional risks not associated with U. S. domestic operations. • We may be subject to litigation and disputes that could have a material adverse effect on us. For a more complete discussion of the material risks facing our business, see below. Demand for our drilling services depends in large part upon the oil and natural gas industry' s offshore exploration and production activity and expenditure levels, which are directly affected by oil and gas prices and market expectations of potential changes in oil and gas prices. **After a period** ~~Beginning in the second half~~ of ~~2014~~ **historical, high commodity prices** , oil prices declined significantly, ~~resulting~~ **beginning in the second half of 2014, and resulted** in a sharp decline in the demand for offshore drilling services, including services that we provide ~~, and have~~ **. The reduction in demand has** had a material adverse effect on our results of operations and cash flows compared to ~~years~~ **periods** before the decline. Although oil prices have increased from previous lows, the return of low oil prices could stall the recovery of our industry and would continue to have a material adverse effect on many of our customers and, therefore, demand for our services and our financial condition, results of operations and cash flows, including negative cash flows. Oil prices have been, and are expected to continue to be, volatile and are affected by numerous factors beyond our control, including: • worldwide supply and demand for oil and gas; • the level of economic activity in energy- consuming markets; • the worldwide economic environment and economic trends, including recessions and the level of international trade activity; • the ability of the Organization of Petroleum Exporting Countries, and 10 other oil producing countries, including Russia and Mexico, or OPEC , to set and maintain production levels and pricing; • the level of production in non- OPEC countries, including U. S. domestic onshore oil production; • civil unrest and the worldwide political and military environment, including uncertainty or instability resulting from an escalation or additional outbreak of armed hostilities involving the Middle East, Russia, Myanmar, **Senegal,** other oil-producing regions or other geographic areas or further acts of terrorism in the U. S. or elsewhere, such as the **current armed** ~~conflict~~ **conflicts** between Russia and Ukraine **and Israel and Hamas** ; • the cost of exploring for, developing, producing and delivering oil and gas, both onshore and offshore; • the discovery rate of new oil and gas reserves; • the rate of decline of existing and new oil and gas reserves and production; • available pipeline and other oil and gas transportation and refining capacity; • the ability of oil and gas companies to raise capital; • weather conditions, including hurricanes, which can affect oil and gas operations over a wide area; • natural disasters or incidents resulting from operating hazards inherent in offshore drilling, such as oil spills; • the policies of various governments regarding exploration and development of their oil and gas reserves; • international sanctions on oil- producing countries, or the lifting of such sanctions; • technological advances affecting energy consumption, including development and exploitation of alternative fuels or energy sources; • laws and regulations relating to environmental or energy security matters, including those addressing alternative energy sources, the phase- out of fossil fuel vehicles or the risks of global climate change; • domestic and foreign tax policy; and • advances in exploration and development technology. Although, historically, higher sustained commodity prices have generally resulted in increases in offshore drilling projects, short- term or temporary increases in the price of oil and gas will not necessarily result in an increase in offshore drilling activity or an increase in the market demand for our rigs. The timing of commitment to offshore activity in a cycle depends on project deployment times, reserve replacement needs, availability of capital and alternative options for resource development, among other things. Timing can also be affected by availability, access to, and cost of equipment to perform work. Demand for our drilling services depends upon the level of offshore oil and gas exploration, development and production in markets worldwide, and those activities depend in large part on oil and gas prices, worldwide demand for oil and gas and a variety of political and economic factors. The level of offshore drilling activity is adversely affected when operators reduce or defer new investment in offshore projects, reduce or suspend their drilling budgets or reallocate their drilling budgets away from offshore drilling in favor of other priorities, such as renewable energy or land- based projects, which have reduced, and may in the future further reduce, demand for our rigs. As a result, our business and the oil and gas industry in general are subject to cyclical fluctuations. As a result of the cyclical fluctuations in the market, there have been periods of lower demand, excess rig supply and lower dayrates, followed by periods of higher demand, shorter rig supply and higher dayrates. We cannot predict the timing or duration of such fluctuations. Periods of lower demand or excess rig supply intensify the competition in the industry and often result in periods of lower utilization and lower dayrates. During these periods, our rigs may not be able to obtain contracts for future work and may be idle for long periods of time or may be able to obtain work only under contracts with lower dayrates or less favorable terms. Additionally, prolonged periods of low utilization and dayrates have in the past resulted in, and may in the future result in, the recognition of further impairment charges on certain of our drilling rigs if future cash flow estimates, based upon information available to management at the time, indicate that the carrying value of these rigs may not be recoverable. See " – We may incur additional asset impairments and / or rig retirements as a result of reduced demand for certain offshore drilling rigs. " The offshore contract drilling industry remains highly competitive with numerous industry participants. Some of our competitors are larger companies, have larger or more technologically advanced fleets and have greater financial or other resources than we do. The drilling industry has experienced consolidation and may experience additional consolidation, which could create additional large competitors. Moreover, as a result of the ~~recent~~ reductions in demand for oil and natural gas services **during the most recent industry downturn** , certain of our competitors have engaged in bankruptcy proceedings, debt refinancing transactions, management changes or other strategic initiatives in an attempt to reduce operating costs to maintain a favorable position in the market. This could result in such competitors emerging with stronger or healthier balance sheets and in turn an improved ability to compete with us in the future. Drilling contracts are traditionally awarded on a competitive bid basis. Price is typically the primary factor in determining which qualified contractor is awarded a job; however, rig availability and location, a drilling contractor' s safety record and the quality and technical capability of service and equipment are also considered. As of the date of this report, based on industry data, there are approximately 190 floater rigs currently available to meet customer drilling needs in the offshore contract drilling market, and many of these rigs are not currently contracted and / or are cold stacked. In addition, during industry downturns like the one we are emerging from, rig operators may take lower dayrates and shorter contract durations to keep their rigs operational. Our customers may terminate our drilling contracts under certain circumstances, such as the destruction or loss of a drilling rig, our suspension of drilling operations for a specified period of time as a result of a breakdown of major equipment, excessive downtime for repairs, failure to meet minimum performance criteria (including customer acceptance testing) or, in some cases, due to other events beyond the control of either party. In addition, some of our drilling contracts permit the customer to terminate the contract after specified notice periods, often by tendering contractually specified termination amounts, which may not fully compensate us for the loss of the contract. In some cases, our drilling contracts may permit the customer to terminate the contract without cause, upon little or no notice or without making an early termination payment to us. During depressed market conditions, certain customers have utilized, and may in the future utilize, such contract clauses to seek to renegotiate or terminate a drilling contract or claim that we have breached provisions of our drilling contracts in order to avoid their obligations to us under circumstances where we believe we are in compliance with the contracts. Additionally, because of depressed commodity prices, restricted credit markets, economic downturns, changes in priorities, strategy or government regulations, customer consolidation or other factors beyond our control, a customer may no longer want or need a rig that is currently under contract or may be able to obtain a comparable rig at a lower dayrate. For these reasons, customers have sought and may in the future seek to renegotiate the terms of our existing drilling contracts, terminate our contracts without justification or repudiate or otherwise fail to perform their obligations under our contracts. As a result of such contract renegotiations or terminations, our contract backlog has been and may in the future be adversely impacted. We might not recover any compensation (or any recovery we obtain may not fully compensate us for the loss of the contract) and we may be required to idle one or more rigs for an extended period of time. These results in some cases in the past have had, and may in the future have, a material adverse effect on our financial condition, results of operations and cash flows. See "- Our industry is highly competitive, with an oversupply of drilling rigs and intense price competition **.** " ~~.~~ Our ability to renew or replace expiring contracts or obtain new contracts, and the terms of any such contracts, will depend on various factors, including market conditions and the specific needs of our customers, at such times. Given the historically cyclical and highly competitive nature of our industry, we may not be able to renew or replace the contracts or we may be required to renew or replace expiring contracts or obtain new contracts at dayrates that are below existing dayrates, or that have terms that are less favorable to us, including shorter durations, than our existing contracts. Moreover, we may be unable to secure contracts for these rigs. Failure to secure contracts for a rig may result in a decision to cold stack the rig, which puts the rig at risk for impairment and may competitively disadvantage the rig as many customers have expressed a preference for ready or warm- stacked rigs over cold- stacked rigs. If a decision is made to cold stack a rig, our operating costs for the rig are typically reduced; however, we will incur additional costs associated with cold stacking the rig (particularly if we cold stack a newer rig, such as a drillship or other DP semisubmersible rig, for which cold- stacking costs are typically substantially higher than for an older non- DP rig). In addition, the costs to reactivate a cold- stacked rig may be substantial. See " – We must make substantial capital and operating expenditures to reactivate, build, maintain and upgrade our drilling fleet. " We provide offshore drilling services to a customer base that includes major and independent oil and gas companies and government- owned oil companies. During ~~the Successor period for the year 2022~~ **2023** , **a single** ~~our two customers in the GOM (in the aggregate) and one~~ customer with operations in **both** the GOM ~~,~~ **and U. K. and another customer with operations offshore** Senegal and Australia accounted for ~~37~~ **approximately 48** % and ~~30~~ **22** %, respectively, of our total consolidated revenue for the year. In addition, the number of customers we have performed services for has declined from 35 in 2014 to ~~nine~~ **eight** in ~~2022~~ **2023** . For the five- year period from ~~2023~~ **2024** to ~~2027~~ **2028** , $ 1. ~~4~~ **1** billion (or 78 %) of our current contracted backlog is attributable to future operations with ~~three~~ **ten** customers, including one customer contracted for ~~five rigs and another customer contracted for~~ **four** ~~three~~ rigs. The loss of a significant customer, whether due to economic or market reasons, reasons of competition or consolidation or any other reason, could have a material adverse impact on our financial condition, results of operations and cash flows, especially in a declining market where the number of our working drilling rigs is declining along with the number of our active customers. In addition, if a significant customer experiences liquidity constraints or other financial difficulties, or elects to terminate one of our drilling contracts, it could have a material adverse effect on our utilization rates in the affected market and also displace demand for our other drilling rigs as the resulting excess supply enters the market. Our contract drilling expense includes all direct and indirect costs associated with the operation, maintenance and support of our drilling equipment, which is often not affected by changes in dayrates and utilization. During periods of reduced revenue and / or activity, certain of our fixed costs will not decline and often we may incur additional operating costs, such as fuel and catering costs, for which the customer generally reimburses us when a rig is under contract. During times of reduced dayrates and utilization, reductions in costs may not be immediate as we may incur additional costs associated with cold stacking a rig (particularly if we cold stack a newer rig, such as a drillship or other DP semisubmersible rig, for which cold- stacking costs are typically substantially higher than for **a** ~~an older~~ non- DP rig), or we may not be able to fully reduce the cost of our support operations in a particular geographic region due to the need to support the remaining drilling rigs in that region. Accordingly, a decline in revenue due to lower dayrates and / or utilization may not be offset by a corresponding decrease in contract drilling expense . Beginning in March 2020, the......, results of operations or cash flows . Our business is highly capital intensive and dependent on having sufficient cash flow and / or available sources of financing in order to fund our capital expenditure requirements. Our expenditures could increase as a result of changes in offshore drilling technology; the cost of labor and materials; customer requirements; the cost of replacement parts for existing drilling rigs; the geographic location of the rigs; and industry standards. Changes in offshore drilling technology, customer requirements for new or upgraded equipment and competition within our industry may require us to make significant capital expenditures in order to maintain our competitiveness. In addition, changes in governmental regulations, safety or other equipment standards, including those relating to **public health threats** ~~the COVID- 19 pandemic~~ , as well as compliance with standards imposed by maritime self- regulatory organizations, may require us to make additional unforeseen capital expenditures. As a result, we may be required to take our rigs out of service for extended periods of time, with corresponding losses of revenues, in order to make such alterations or to add such equipment. Depending on the length of time that a rig has been cold stacked, we may incur significant costs to restore the rig to drilling capability, which may also include capital expenditures due to the possible technological obsolescence of the rig. Market conditions, such as during an industry downturn, may not justify these expenditures or enable us to operate our older rigs profitably during the remainder of their economic lives. We can provide no assurance that we will have access to adequate or economical sources of capital to fund our capital and operating expenditures. Our operations are subject to the significant hazards inherent in drilling for oil and gas offshore, such as blowouts, reservoir damage, loss of production, loss of well control, unstable or faulty sea floor conditions, fires and natural disasters such as hurricanes **. The** ~~, and the~~ frequency and severity of such natural disasters could be increased due to climate change. The occurrence of any of these types of events could result in the suspension of drilling operations, damage to or destruction of the equipment involved and injury or death to rig personnel and damage to producing or potentially productive oil and gas formations, oil spillage, oil leaks, well blowouts and extensive uncontrolled fires, any of which could cause significant environmental damage. In addition, offshore drilling operations are subject to marine hazards, including capsizing, grounding, collision and loss or damage from severe weather. Operations also may be suspended because of machinery breakdowns, abnormal drilling conditions, failure of suppliers or subcontractors to perform or supply goods or services or personnel shortages. Any of the foregoing events could result in significant damage or loss to our properties and assets or the properties and assets of others, injury or death to rig personnel or others, significant loss of revenues and significant damage claims against us. Our drilling contracts with our customers provide for varying levels of indemnity and allocation of liabilities between our customers and us with respect to the hazards and risks inherent in, and damages or losses arising out of, our operations, and we may not be fully protected. Our contracts are individually negotiated, and the levels of indemnity and allocation of liabilities in them can vary from contract to contract depending on market conditions, particular customer requirements and other factors existing at the time a contract is negotiated. We may incur liability for significant losses or damages under such provisions. Additionally, the enforceability of indemnification provisions in our contracts may be limited or prohibited by applicable law or such provisions may not be enforced by courts having jurisdiction, and we could be held liable for substantial losses or damages and for fines and penalties imposed by regulatory authorities. The indemnification provisions in our contracts may be subject to differing interpretations, and the laws or courts of certain jurisdictions may enforce such provisions while other laws or courts may find them to be unenforceable. The law with respect to the enforceability of indemnities varies from jurisdiction to jurisdiction and is unsettled under certain laws that are applicable to our contracts. There can be no assurance that our contracts with our customers, suppliers and subcontractors will fully protect us against all hazards and risks inherent in our operations. There can also be no assurance that those parties with contractual obligations to indemnify us will be financially able to do so or will otherwise honor their contractual obligations. We maintain liability insurance, which generally includes coverage for environmental damage; however, because of contractual provisions and policy limits, our insurance coverage may not adequately cover our losses and claim costs. In addition, certain risks and contingencies related to pollution, reservoir damage and environmental risks are generally not fully insurable. Although we currently have loss- of- hire insurance on certain **of our owned** rigs to cover lost cash flow when a rig is damaged (other than when caused by named windstorms in the U. S. Gulf of Mexico), we have not purchased loss- of- hire insurance for our entire fleet. There can be no assurance that we will continue to carry the insurance we currently maintain, that our insurance will cover all types of losses or that we will be able to maintain adequate insurance in the future at rates we consider to be reasonable or that we will be able to obtain insurance against some risks. In addition, our insurance may not cover losses associated with pandemics such as the COVID- 19 pandemic **or other global health threats** . We are self- insured for physical damage to rigs and equipment caused by named windstorms in the GOM. This results in a higher risk of material losses that are not covered by third party insurance contracts. In addition, certain of our shore- based facilities are located in geographic regions that are susceptible to damage or disruption from hurricanes and other weather events. Future hurricanes or similar natural disasters that impact our facilities, our personnel located at those facilities or our ongoing operations may negatively affect our financial position and operating results. **The Ocean GreatWhite reported an equipment incident on February 1, 2024 while located west of the Shetland Islands. The rig' s lower marine riser package, which we refer to as the LMRP, had been disconnected from the rig' s BOP on the well while waiting on harsh weather. Subsequently, the LMRP and the deployed riser string unintentionally separated from the rig, and the LMRP and riser dropped to the seabed. As of the date of this report, we are investigating the incident to understand the cause of the separation and we are evaluating the costs of recovery, repair and replacement of the damaged equipment,**

the expected duration of downtime associated with incident and any resulting loss of revenue. See " Management' s Discussion and Analysis of Financial Condition and Results of Operations – Recent Event " in Item 7 of this report. If an accident or other event occurs that exceeds our insurance coverage limits or is not an insurable event under our insurance policies, or is not fully covered by contractual indemnity, it could result in a significant loss to us and could have a material adverse effect on our financial condition, results of operations and cash flows. Our business has become increasingly dependent upon information technologies, computer systems and networks, including those maintained by us and those maintained and provided to us by third parties (for example, " software- as- a- service " and cloud solutions), to conduct day- to- day operations, and we are placing greater reliance on information technology to help support our operations and increase efficiency in our business functions. We are dependent upon our information technology and infrastructure, including operational and financial computer systems, to process the data necessary to conduct almost all aspects of our business. Computer, telecommunications and other business facilities and systems could become unavailable or impaired from a variety of causes including, among others, storms and other natural disasters, terrorist **or hacker** attacks **, the introduction of malicious computer viruses, ransomware** , utility outages, theft, design defects **, insider risk** , human error or complications encountered as existing systems are maintained, repaired, replaced or upgraded. It has been reported that known or unknown entities or groups have mounted so- called " cyber- attacks " on businesses and other organizations solely to disable or disrupt computer systems, disrupt operations and, in some cases, steal data. In addition, the U. S. government has issued public warnings that indicate that energy assets might be specific targets of cybersecurity threats. Cybersecurity risks and threats continue to grow and may be difficult to anticipate, prevent, discover or mitigate. A breach, failure or circumvention of our computer systems or networks, or those of our customers, vendors or others with whom we do business, including by ransomware or other attacks, could materially disrupt our business operations and our customers' operations and could result in the alteration, loss, theft or corruption of data, and unauthorized release of, unauthorized access to, or our loss of access to confidential, proprietary, sensitive or other critical data or systems concerning our company, business activities, employees, customers or vendors. As of the date of this report, many of our non- operational employees, including employees at our corporate headquarters, have a hybrid work arrangement, working both in the office and remotely, which increases various logistical challenges, inefficiencies and operational risks. Working remotely has significantly increased the use of remote networking and online conferencing services that enable employees to work outside of our corporate infrastructure and, in some cases, use their own personal devices. This " remote work " model has resulted in increased demand for information technology resources and may expose us to risk of security breaches or other cyber- incidents or attacks, loss of data, fraud and other disruptions as a consequence of more employees accessing sensitive and critical information from remote locations. Any such breach, failure or circumvention could result in loss of customers, financial losses, regulatory fines, substantial damage to property, bodily injury or loss of life, or misuse or corruption of critical data and proprietary information, could subject us to significant liabilities and could have a material adverse effect on our operations, financial condition, business or reputation. Further, as cyber incidents continue to evolve, we may be required to incur additional costs to continue to modify or enhance our protective measures or to investigate or remediate the effects of cyber incidents. Acts of terrorism, piracy and political and social unrest could affect the markets for drilling services, which may have a material adverse effect on our results of operations. Acts of terrorism and social unrest, brought about by world political events or otherwise, have caused instability in the world' s financial and insurance markets in the past and may occur in the future. Such acts could be directed against companies such as ours. In addition, acts of terrorism, piracy and social unrest could lead to increased volatility in prices for crude oil and natural gas and could adversely affect the market for offshore drilling services. Insurance premiums could increase and coverage may be unavailable in the future. Government regulations may effectively preclude us from engaging in business activities in certain countries. These regulations could be amended to cover countries where we currently operate or where we may wish to operate in the future ~~. We rely on third- party suppliers, manufacturers and service providers to secure and service equipment, components and parts used in rig operations, conversions, upgrades and construction~~ . Our reliance on third- party suppliers, manufacturers and service providers to provide equipment and services exposes us to volatility in the quality, price and availability of such items. Certain components, parts and equipment that we use in our operations may be available only from a small number of suppliers, manufacturers or service providers. The failure of one or more third- party suppliers, manufacturers or service providers to provide equipment, components, parts or services, whether due to capacity constraints, production or delivery disruptions, price increases, quality control issues, recalls or other decreased availability of parts and equipment, is beyond our control and could materially disrupt our operations or result in the delay, renegotiation or cancellation of drilling contracts, thereby causing a loss of contract drilling backlog and / or revenue to us, as well as an increase in operating costs and an increased risk of additional asset impairments. Additionally, some of our suppliers, manufacturers and service providers have been negatively impacted by the industry downturn, global economic conditions (including inflation) and / or COVID- 19 pandemic. If certain of our suppliers, manufacturers or service providers were to experience significant cash flow issues, become insolvent or otherwise curtail or discontinue their business as a result of such conditions, it could result in a reduction or interruption in supplies, equipment or services available to us and / or a significant increase in the price of such supplies, equipment and services. Contracts for our drilling rigs are generally fixed dayrate contracts, and increases in our operating costs could adversely affect our profitability on those contracts. Our contracts for our drilling rigs generally provide for the payment of an agreed dayrate per rig operating day, although some contracts do provide for a limited escalation in dayrate due to increased operating costs we incur on the project. Over the term of a drilling contract, our operating costs may fluctuate due to inflation or other events beyond our control. In addition, equipment repair and maintenance expenses vary depending on the type of activity the rig is performing, the age and condition of the equipment and general market factors impacting relevant parts, components and services. The gross margin that we realize on these fixed dayrate contracts will fluctuate based on variations in our operating costs over the terms of the contracts. In addition, for contracts with dayrate escalation clauses, we may not be able to fully recover increased or unforeseen costs from our customers. **Inflation may adversely affect our operating results and increase working capital investments required to operate our business.Inflationary factors such as increases in labor costs,material costs and overhead costs have adversely affected,and may continue to adversely affect,our operating results.Inflationary pressures may also increase other costs to operate,maintain or reactivate our drilling rigs.Our contracts for our drilling rigs generally provide for the payment of an agreed dayrate per rig operating day.Although some contracts do provide for a limited escalation in dayrate due to increased operating costs we incur on the project,we may not be able to fully recover increased costs due to inflation from our customers.If we are unable to recoup such increased costs,our operating margins will decline.Continuing or worsening inflation could significantly increase our operating expenses and capital expenditures,which could in turn have a material adverse effect on our business,financial condition,results of operations or cash flows** .Beginning in March 2020,the COVID- 19 pandemic and the actions taken by businesses and governments in response to it significantly slowed global economic activity and disrupted financial markets and international trade,resulting in a sharp decline in global oil demand and prices.These events had a material adverse effect on our business.Due to worldwide travel restrictions and mandatory quarantine measures designed to prevent or reduce the spread of COVID- 19 in certain regions,we experienced increased difficulties,delays and costs in moving our personnel in and out of,and to work in,the various jurisdictions in which we operate. ~~The difficulties and delays resulted in increased costs and a shortage of available experienced rig personnel or rig personnel working unusually long periods before rotating off the rig.In some cases,we were unable to fully recover those increased costs from our customers.~~ We also experienced permitting and regulatory delays **,** ~~attributable to the COVID- 19 pandemic or reduced staffing at various regulatory agencies.We also experienced~~ temporary shutdowns due to COVID- 19 outbreaks on some of our drilling rigs **and** ~~,which resulted in a loss of revenue.Additionally,we experienced~~ disruptions to or restrictions on the ability of our suppliers,manufacturers and service providers to supply parts,equipment or services in some of the jurisdictions in which we operate,whether as a result of government actions,labor shortages,the inability to source parts or equipment from affected locations,or other effects related to the COVID- 19 outbreak **.These events** , ~~which~~ **or similar events in the future,** could have significant adverse consequences on our ability to meet our commitments to customers,including by increasing our operating costs and increasing the risk of rig downtime and contract delays or terminations. ~~While most of~~ **In May 2023,** ~~these~~ -- **the World Health Organization declared an end to COVID- 19 as a public health emergency,stressing that it does not mean that the disease is no longer a global threat.However,higher risk tolerance for individuals exists and travel and public contact in the regions in which we operate has increased to pre- pandemic levels.Most of the** measures and restrictions initially implemented **by us** during 2020 have since been relaxed or lifted ~~,any~~ **.Any** resurgence in COVID- 19 infections or new variants of the virus **as well as additional public health threats** could result in the imposition of new governmental lockdowns,quarantine requirements or other restrictions **,** ~~in an effort to slow the spread of the virus.The ultimate extent of the impact~~ **impacting** ~~of the COVID- 19 outbreak on~~ our ~~business~~ **ability to perform under our drilling contracts and,thus,negatively impacting our results of operations** and financial **condition** ~~position will continue to depend significantly on future developments,including the emergence of more contagious or vaccine-resistant strains of COVID- 19,the future duration,spread or containment of the outbreak,particularly within the geographic locations where we operate,and the related impact on overall economic activity and demand for oil and gas.Many of the other risks we face will be exacerbated by the COVID- 19 pandemic and any worsening of the business and economic environment as a result of it~~ .Outside of the U.S.,it is not unusual for us to be subject to collective bargaining agreements that require periodic salary negotiations,which usually result in higher personnel costs and other benefits.Efforts have been made from time to time to unionize other portions of our workforce.In addition,we have been subjected to strikes,work stoppages,or threats thereof,and other labor disruptions in certain countries where we operate.Additional unionization efforts,new collective bargaining agreements or work stoppages could materially increase our costs,reduce our revenues or limit our flexibility.Certain legal obligations in the countries in which we operate require us to contribute certain amounts to retirement funds or other benefit plans and restrict our ability to dismiss employees.Future regulations or court interpretations in these countries could increase our costs and have a material adverse effect on our business,financial condition,results of operations or cash flows. ~~Inflation may adversely affect our operating results and increase working capital investments required to operate our business.Inflationary factors such as increases in labor costs,material costs and overhead costs have adversely affected,and may continue to adversely affect,our operating results.Inflationary pressures may also increase other costs to operate or reactivate our drilling rigs.Our contracts for our drilling rigs generally provide for the payment of an agreed dayrate per rig operating day.Although some contracts do~~ We require highly skilled personnel to operate and provide technical services and support for our business. A well-trained, motivated and adequately- staffed work force has a positive impact on our ability to attract and retain business. As a result, our future success depends on our continuing ability to identify, hire, develop, motivate and retain skilled personnel for all areas of our organization. To the extent that demand for drilling services and / or the size of the active worldwide industry fleet increases, shortages of qualified personnel could arise, creating upward pressure on wages and difficulty in staffing and servicing our rigs **. Additionally, many of our drilling contracts specify a minimum number of crew (or Minimum POB) required to be on board the rig at all times while the rig is under contract. Although our rigs can safely operate with staffing below the contracted Minimum POB, the drilling contracts often provide for us to incur a financial penalty for failure to maintain the Minimum POB** . Our continued ability to compete effectively depends on our ability to attract new employees and to retain and motivate our existing employees. Heightened competition for skilled personnel could materially and adversely limit our operations and further increase our costs. In addition, the unexpected loss of members of management, qualified personnel or a significant number of employees due to disease ~~, including COVID- 19~~ , disability or death, could have a material adverse effect on us. We may pursue transactions that involve the acquisition of businesses or assets, mergers or joint ventures or other investments that we believe will enable us to further expand or enhance our business. Any such transaction would be evaluated on a case- by- case basis, and its consummation would depend upon numerous factors, including identifying suitable targets or assets that align with our business strategy, reaching agreement with the potential counterparties on acceptable terms, the receipt of any applicable regulatory and other approvals, and other conditions. Any such transactions would involve various risks including, among others, the following: • difficulties related to integrating or managing applicable parts of an acquired business or joint venture and unanticipated changes in customer and other third- party relationships subsequent to closing; • diversion of management' s attention from day- to- day operations; • failure to realize anticipated benefits, such as cost savings, revenue enhancements or business synergies; • the potential for substantial transaction expenses; and • potential accounting impairment or actual diminution or loss of value of our investment if future market, business or other conditions ultimately differ from our assumptions at the time any such transaction is consummated. Our capital structure was significantly impacted by the Plan. ~~We emerged from bankruptcy under Chapter 11 of the Bankruptcy Code on April 23, 2021.~~ Upon our emergence from bankruptcy, we adopted fresh start accounting **, which** ~~. Fresh start accounting requires~~ **required** that new fair values be established for the Company' s assets, liabilities, and equity as of the date of emergence from bankruptcy on April 23, 2021. The Effective Date fair values of the Successor' s assets and liabilities differ materially from their recorded values as reflected on the historical balance sheets of the Predecessor. Accordingly, because fresh start accounting rules apply, our financial condition and results of operations following emergence from the Chapter 11 Cases may not be comparable to the financial condition or results of operations reflected in our historical financial statements prior to our emergence from bankruptcy. Our debt instruments contain various restrictive covenants that may limit our management' s discretion in certain respects and contain negative covenants that limit the borrower' s ability and the ability of its restricted subsidiaries to, among other things and subject to a number of important limitations and exceptions: • incur, assume or guarantee additional indebtedness; • create, incur or assume liens; • make investments **; • sell or otherwise dispose of certain assets** ; • enter into sale and leaseback transactions; • pay dividends or distributions on capital stock or redeem or repurchase capital stock; • enter into transactions with certain affiliates; • ~~repay~~ **prepay** , redeem or amend certain indebtedness; • sell stock of its subsidiaries; or • enter into certain burdensome agreements. Our failure to comply with these covenants could result in an event of default which, if not cured or waived, could result in all obligations under our debt instruments to be declared due and immediately payable, and all commitments under our revolving credit agreement to be terminated. In addition, our revolving credit agreement obligates the borrower and its restricted subsidiaries to comply with certain financial maintenance covenants and, under certain conditions, to make mandatory prepayments and reduce the amount of credit available under the revolving credit agreement. Such mandatory prepayments and commitment reductions may affect cash available for use in our business. See Note ~~11~~ **10** " **Long- Term** ~~Prepetition Revolving Credit Facility, Senior Notes and Exit~~ Debt " to our Consolidated Financial Statements included in Item 8 of this report. Borrowings under our ~~exit term loan credit agreement and exit~~ revolving credit ~~agreement~~ **facility** bear interest at variable rates, based on the applicable margin over market interest rates **, and expose us to interest rate risk. Market interest rates increased significantly during 2022 and 2023, increasing the cost of debt service on our variable rate indebtedness** . If market interest rates increase, our cost to borrow under ~~these~~ **our revolving** credit ~~facilities~~ **facility** may also increase even if the amount borrowed remains the same, and our net income and cash flows, including cash available for servicing our indebtedness, will correspondingly decrease. Although we may employ hedging strategies such that a portion of the aggregate principal amount outstanding under ~~these~~ **our revolving** credit ~~facilities~~ **facility** would effectively carry a fixed rate of interest, any hedging arrangement put in place may not offer complete protection from this risk. ~~Additionally, financial markets are in the process of transitioning away from the London Interbank Offered Rate (or LIBOR) to alternative benchmark rate (s), which transition is scheduled to be complete by mid- 2023. At this time, there can be no assurance as to whether any alternative benchmark or resulting interest rates may be more or less favorable than LIBOR or any other unforeseen impacts of the discontinuation of LIBOR. As a result, the proposals or consequences related to this transition could adversely affect our debt service obligations, financing costs, liquidity, financial condition, results of operations or cash flows and could impair our access to the capital markets.~~ On the Effective Date, our new organizational documents became effective authorizing the issuance of shares of common stock representing 100 % of the equity interests in the Company as reorganized on the Effective Date in accordance with the Plan ~~(or the New Diamond Common Shares)~~ . Also on the Effective Date, and pursuant to the Plan, we entered into a warrant agreement which ~~provides~~ **provided** for the issuance of an aggregate of 7. 5 million five- year warrants (or the Emergence Warrants). The Emergence Warrants have an exercise period of five years and are exercisable into 7 % of the ~~New Diamond Common~~ **common** ~~Shares~~ **stock representing 100 % of the equity interests of the Company as reorganized on the Effective Date in accordance with the Plan,** measured at the time of the exercise. The Emergence Warrants are initially exercisable for one ~~New Diamond~~ **share of our** ~~Common~~ **common** ~~Share~~ **stock** per Emergence Warrant at an exercise price of $ 29. 22 per Emergence Warrant. Additionally, pursuant to the terms of the Plan, the Diamond Offshore Drilling, Inc. 2021 Long- Term Stock Incentive Plan (or the Equity Incentive Plan) was adopted and approved on the Effective Date. The Equity Incentive Plan provides for the grant of stock options, stock appreciation rights (or SARs), restricted stock, restricted stock units (or RSUs), performance awards, and other stock- based awards or any combination thereof to eligible participants. The exercise of the Emergence Warrants or the granting or vesting of equity awards in the future will dilute the interests of the existing holders of our ~~New Diamond Common~~ **common** ~~Shares~~ **stock** and could have an adverse effect on the market for **our** ~~the New Diamond Common~~ **common** ~~Shares~~ **stock** , including the price that an investor could obtain for such shares **of our common stock** . ~~An~~ **In recent years, an** oversupply of drilling rigs in the offshore drilling market has resulted in numerous rigs being idled and, in some cases, retired and / or scrapped ~~over the past several years~~ . We evaluate our property and equipment for impairment whenever changes in circumstances indicate that the carrying amount of an asset may not be recoverable. We have incurred impairment charges in the past, and may incur additional impairment charges in the future related to the carrying value of our drilling rigs. Impairment write- offs could result if, for example, any of our rigs become obsolete or commercially less desirable due to changes in technology, market demand or market expectations or their carrying values become excessive due to the condition of the rig, cold stacking the rig, the expectation of cold stacking the rig in the near future, a decision to retire or scrap the rig, or spending in excess of budget on a newbuild, construction project, reactivation or major rig upgrade. We utilize an undiscounted probability- weighted cash flow analysis in testing an asset for potential impairment, reflecting management' s assumptions and estimates regarding the appropriate risk- adjusted dayrate by rig, future industry conditions and operations and other factors. Asset impairment evaluations are, by their nature, highly subjective. The use of different estimates and assumptions could result in materially different carrying values of our assets, which could impact the need to record an impairment charge and the amount of any charge taken. From 2012 to the date of this report, we have retired and sold 39 drilling rigs and recorded impairment losses aggregating $ 2. 9 billion. Historically, the longer a drilling rig remains cold stacked, the higher the cost of reactivation and, depending on the age, technological obsolescence and condition of the rig, the lower the likelihood that the rig will be reactivated at a future date. The current oversupply of rigs in our industry heightens the risk of future rig impairments. See " Management' s Discussion and Analysis of Financial Condition and Results of Operations – Critical Accounting Estimates – Property, Plant and Equipment " in Item 7 of this report and Note ~~5~~ **4** " Asset Impairments " to our Consolidated Financial Statements in Item 8 of this report. We can provide no assurance that our assumptions and estimates used in our asset impairment evaluations will ultimately be realized or that the current carrying value of our property and equipment will ultimately be realized. Tax laws and regulations are highly complex and subject to interpretation and disputes. We conduct our worldwide operations through various subsidiaries in a number of countries throughout the world. As a result, we are subject to highly complex tax laws, regulations and income tax treaties within and between the countries in which we operate as well as countries in which we may be resident, which may change and are subject to interpretation. In addition, in several of the international locations in which we operate, certain of our wholly- owned subsidiaries enter into agreements with each other to provide specialized services and equipment in support of our foreign operations. In such cases, we apply an intercompany transfer pricing methodology to determine the arm' s length amount to be charged for providing the services and equipment. In most cases, there are alternative transfer pricing methodologies that could be applied to these transactions and, if applied, could result in different chargeable amounts. As a result, we determine our income tax expense based on our interpretation of the applicable tax laws and regulations in effect in each jurisdiction for the period during which we operate and earn income. Our overall effective tax rate could be adversely affected by lower than anticipated earnings in countries where we have lower statutory rates and higher than anticipated earnings in countries where we have higher statutory rates, by changes in the valuation of our deferred tax assets and liabilities or by changes in tax laws, tax treaties, regulations, accounting principles or interpretations thereof in one or more countries in which we operate. In addition, changes in laws, treaties and regulations and the interpretation of such laws, treaties and regulations may put us at risk for future tax assessments and liabilities which could be substantial. Our income tax returns are subject to review and examination. We recognize the benefit of income tax positions we believe are more likely than not to be sustained on their merit should they be challenged by a tax authority. If any tax authority successfully challenges any tax position taken or any of our intercompany transfer pricing policies, or if the terms of certain income tax treaties are interpreted in a manner that is adverse to us or our operations, or if we lose a material tax dispute in any country, our effective tax rate on our worldwide earnings could increase substantially. Our consolidated effective income tax rate is impacted by the mix between our domestic and international pre- tax earnings or losses, as well as the mix of the international tax jurisdictions in which we operate. We cannot provide any assurance as to what our consolidated effective income tax rate will be in the future due to, among other factors, uncertainty regarding the nature and extent of our business activities in any particular jurisdiction in the future and the tax laws of such jurisdictions, as well as potential changes in U. S. and foreign tax laws, regulations or treaties or the interpretation or enforcement thereof, changes in the administrative practices and precedents of tax authorities or any reclassification or other matter (such as changes in applicable accounting rules) that increases the amounts we have provided for income taxes or deferred tax assets and liabilities in our consolidated financial statements. This variability may cause our consolidated effective income tax rate to vary substantially from one reporting period to another. Changes in accounting principles and financial reporting requirements could adversely affect our results of operations or financial condition. We are required to prepare our financial statements in accordance with accounting principles generally accepted in the U. S. (or GAAP), as promulgated by the FASB. It is possible that future accounting standards that we are required to adopt could change the current accounting treatment that we apply to our consolidated financial statements and that such changes could have a material adverse effect on our results of operations and financial condition. Governments around the world are increasingly considering and adopting laws and regulations to address climate change issues. Lawmakers and regulators in the U. S. and other jurisdictions where we operate have focused increasingly on restricting the emission of carbon dioxide, methane and other " greenhouse " gases and have proposed or enacted regulations requiring reporting of greenhouse gas emissions and restricting such emissions, including increased fuel efficiency standards, carbon taxes or cap and trade systems, restrictive permitting, and incentives for renewable energy. For example, the SEC has proposed a mandatory climate change reporting framework that, if implemented, is likely to materially increase the amount of time, monitoring and reporting costs related to these matters. These and other new environmental regulations may unfavorably impact us, our suppliers and our customers. In addition to potential impacts on our business resulting from climate- change legislation or regulations, our business also could be materially adversely affected by climate- change related physical changes or changes in weather patterns. An increase in severe weather patterns could result in damages to or loss of our drilling rigs, impact our ability to conduct our operations and / or result in a disruption of our customers' operations. Moreover, there is increased focus, including by governmental and non- governmental organizations, investors and other stakeholders on these and other sustainability matters. Increasing attention to the risks of climate change has resulted in an increased possibility of lawsuits or investigations brought by public and private entities against oil and natural gas companies in connection with their greenhouse gas emissions. In addition, efforts have been made and continue to be made in the international community toward the adoption of international treaties or protocols that would address global climate change issues and impose reductions of hydrocarbon- based fuels. Laws or regulations incentivizing or mandating the use of alternative energy sources such as wind power and solar energy have been enacted in some jurisdictions. Additionally, numerous large cities globally and several countries have adopted programs to mandate or incentivize the conversion from internal combustion engine powered vehicles to electric- powered vehicles, which may reduce demand for oil and natural gas and our drilling services. Such policies or other laws, regulations, treaties and international agreements related to greenhouse gases, climate change, carbon emissions or energy use may negatively impact the price of oil relative to other energy sources, reduce demand for hydrocarbons and thereby reduce demand for our drilling services, limit drilling in the offshore oil and natural gas industry, or otherwise unfavorably impact our business, our suppliers and our customers, and result in increased compliance costs and additional operating restrictions, all of which could materially adversely affect our business, operations, financial condition, operating results or cash flows. Consumer preference and increasing demand for alternative fuels, energy sources and electric- powered vehicles may lead to reduced demand for contract drilling services. The increasing penetration of renewable energy into the energy supply mix, and consumer preference and increasing demand for alternative fuels, energy sources and electric- powered vehicles may adversely impact the demand for oil and natural gas and, consequently, our contract drilling services. The evolving shift of the global energy system from fossil- based and other non- renewable energy sources to more renewable energy sources, commonly referred to as the energy transition, could have a material adverse impact on our results of operations, financial position and cash flows. As a result of changes in consumer preferences and uncertainty regarding the pace of the energy transition and expected impacts on oil and natural gas demand, some customers are transitioning their businesses to renewable energy projects and away from oil and natural gas exploration and production, which could result in reduced capital spending on oil and natural gas projects and in turn reduced demand for contract drilling services. Increased focus on climate change, the environmental and social impacts of fossil fuel extraction and use, and other ESG matters could result in additional costs or risks and adversely impact our business and reputation and our access to capital and ability to refinance our debt. Stakeholders, such as investors, customers, regulators and the lending community, have increased their focus on environmental, social and governance matters, including practices related to greenhouse gas emissions and climate change. Additionally, an increasing percentage of the investment community considers sustainability factors in making investment decisions, and an increasing number of entities are considering sustainability factors in awarding business. If we are unable to meet our commitments and targets and appropriately address sustainability enhancement, we may lose customers or business partners, and our reputation may be negatively affected. It may be more difficult for us to compete effectively, all of which could have a material adverse effect on our business, reputation, financial condition, results of operations, cash flows (including negative cash flows) and prospects. Moreover, in recent years some leading asset managers have expressed a commitment to divest from investments in fossil fuels due to concerns over climate change, and some pension and endowment funds and other investors have begun to divest fossil fuel equities and pressure lenders to limit funding to companies engaged in the extraction of fossil fuels. ~~These efforts intensified during the COVID- 19 pandemic, both in the U. S. and throughout the world.~~ In addition, the increased focus by the investment community on ESG- related practices and disclosures, including emission rates and overall impacts to global climate, has created, and will create for the foreseeable future, increased pressure regarding enhancement and modification of the disclosure and governance practices in our industry. The initiatives aimed at limiting climate change and reducing air pollution and the emission of greenhouse gases, including divestment from the oil and gas industry, could significantly interfere with our operations and business activities and restrict our ability to access the capital markets and refinance our debt. Our business involves the extraction of hydrocarbons or fossil fuels from the seabed. The U. S. Energy Information Administration anticipates that oil and natural gas will continue to account for a significant portion of energy fuel mix both in the U. S. and globally through 2040. However, driven by concerns over the risks of climate change, a number of countries have adopted or are considering the adoption of regulatory frameworks to reduce greenhouse gas emissions, including emissions from the production and use of oil and gas and their product, with an ultimate goal of the abolishment of coal and other non- renewable energy sources such as oil and gas. Energy transition, or the shift to sustainable economies by means of renewable energy, has become more prevalent due to the negative effects of climate change. As our customers become more fully committed to energy transition, demand for our services may decrease. A decrease in demand for our services could have a material adverse effect on our financial condition, results of operations and cash flows. Certain countries are subject to restrictions, sanctions and embargoes imposed by the U. S. government or other governmental or international authorities. These restrictions, sanctions and embargoes may prohibit or limit us from participating in certain business activities in those countries. Our operations are also subject to numerous local, state and federal laws and regulations in the U. S. and in foreign jurisdictions concerning the containment and disposal of hazardous materials, the remediation of contaminated properties and the protection of the environment. Laws and regulations protecting the environment have become increasingly stringent, and may in some cases impose " strict liability, " rendering a person liable for environmental damage without regard to negligence or fault on the part of that person. Failure to comply with such laws and regulations could subject us to civil or criminal enforcement action, for which we may not receive contractual indemnification or have insurance coverage, and could result in the issuance of injunctions restricting some or all of our activities in the affected areas. We may be required to make significant expenditures for additional capital equipment or inspection and recertification thereof to comply with existing or new governmental laws and regulations. It is also possible that these laws and regulations may in the future add significantly to our operating costs or result in a substantial reduction in revenues associated with downtime required to install such equipment or may otherwise significantly limit drilling activity. In addition, these laws and regulations require us to perform certain regulatory inspections, which we refer to as a special survey. For most of our rigs, these special surveys are due every five years, although the inspection interval for our North Sea rigs is two- and- one- half years. Our operating income is negatively impacted during these special surveys. These special surveys are generally performed in a shipyard and require scheduled downtime, which can negatively impact operating revenue. Operating expenses may also increase as a result of these special surveys due to repair and maintenance costs that arise as a result of the inspection process. Repair and maintenance activities may also have been previously planned to take place during this mandatory downtime. The number of rigs undergoing a special survey will vary from year to year, as well as from quarter to quarter. Operating income may also be negatively impacted by intermediate surveys, which are performed at interim periods between special surveys. Although an intermediate survey normally does not require shipyard time, the survey may require some downtime for the rig. We can provide no assurance as to the exact timing and / or duration of downtime and / or the costs or lost revenues associated with regulatory inspections, planned rig mobilizations and other shipyard projects. In addition, the offshore drilling industry is dependent on demand for services from the oil and gas exploration industry and, accordingly, can be affected by changes in tax and other laws relating to the energy business generally. In addition, the energy sector could be negatively impacted by executive orders and suspensions, as the administration focuses on the impact of climate change, targeting a fully clean energy economy and net-zero emissions by 2050. Governments in some countries are increasingly active in regulating and controlling the ownership of concessions, the exploration for oil and gas and other aspects of the oil and gas industry. The modification of existing laws or regulations or the adoption of new laws or regulations curtailing exploratory or developmental drilling for oil and gas for economic, environmental or other reasons could limit drilling opportunities. U. S. federal, state, foreign and international laws and regulations address oil spill prevention and control and impose a variety of obligations on us related to the prevention of oil spills and liability for damages resulting from such spills. Some of these laws and regulations have significantly expanded liability exposure across all segments of the oil and gas industry. For example, the United States Oil Pollution Act of 1990 imposes strict and, with limited exceptions, joint and several liability upon each responsible party for oil removal costs and a variety of public and private damages. Failure to comply with such laws and regulations could subject us to civil or criminal enforcement action, for which we may not receive contractual indemnification or have insurance coverage, and could result in the issuance of injunctions restricting some or all of our activities in the affected areas. In addition, legislative and regulatory developments may occur that could substantially increase our exposure to liabilities that might arise in connection with our operations. Oil and natural gas exploration and production operations require numerous permits and approvals for us and our customers from governmental agencies in the areas in which we operate or expect to operate. Depending on the area of operation, the burden of obtaining such permits and approvals to commence such operations may reside with us, our customers or both. Obtaining all necessary permits and approvals may necessitate substantial expenditures to comply with the requirements of these permits and approvals, future changes to these permits or approvals, or any adverse change in the interpretation of existing permits and approvals. In addition, such regulatory requirements and restrictions could also delay or curtail our operations. Our operations outside the U. S. accounted for approximately **48 %,** 53 %, 41 % ~~, and~~ **and** 55 ~~% and 54~~ % of our total consolidated revenues for the Successor periods for the ~~year~~ **years** ended December 31, **2023 and** 2022 and **the period** from April 24, 2021 through December 31, 2021 and the Predecessor ~~periods~~ **period** from January 1, 2021 through April 23, 2021 ~~and the year ended December 31, 2020~~ , respectively, and include, or have included, operations in Senegal, Brazil, Australia, Myanmar and the U. K. Because we operate in various regions throughout the world, we are exposed to a variety of risks inherent in international operations, including risks of war or conflicts; political and economic instability and disruption; civil disturbance; acts of piracy, terrorism or other assaults on property or personnel; corruption; possible economic and legal sanctions (such as possible restrictions against countries that the U. S. government may consider to be state sponsors of terrorism); changes in global monetary and trade policies, laws and regulations; fluctuations in currency exchange rates; restrictions on currency exchange; controls over the repatriation of income or capital; and other risks. We may not have insurance coverage for these risks, or we may not be able to obtain adequate insurance coverage for such events at reasonable rates. Our operations may become restricted, disrupted or prohibited in any country in which any of these risks occur ~~. On January 29, 2020, the European Parliament approved the U. K.' s withdrawal from the European Union, commonly referred to as Brexit. The U. K. officially left the European Union on January 31, 2020. In December 2020, the U. K. and the European Union announced they had entered into a post- Brexit agreement regarding certain aspects of trade and other strategic and political issues, potentially avoiding some of the anticipated disruption of a no- deal Brexit. The impact of Brexit, the December 2020 post- Brexit agreement between the U. K. and the European Union, and the terms of their post- Brexit relationship not addressed in that agreement, as well as the future relationship between the U. K. and the European Union, remain uncertain for companies that do business in the U. K. and the overall global economy. Approximately 9 %, 18 % and 11 % of our total revenues for the Successor period for the year ended December 31, 2022 and from April 24, 2021 through December 31, 2021 and the Predecessor period from January 1, 2021 through April 23, 2021, respectively, were generated in the U. K. The effects of Brexit and the December 2020 post- Brexit agreement between the U. K. and the European Union, or similar events in other jurisdictions, could depress economic activity or impact global markets, including foreign exchange and securities markets, which may have an adverse impact on our business and operations as a result of changes in currency exchange rates, tariffs, treaties and other regulatory matters~~ . We are also subject to the following risks in connection with our international operations: • kidnapping of personnel; • seizure, expropriation, nationalization, deprivation, malicious damage or other loss of possession or use of property or equipment; • renegotiation or nullification of existing contracts; • disputes and legal proceedings in international jurisdictions; • changing social, political and economic conditions; • imposition of wage and price controls, trade barriers, export controls or import- export quotas; • difficulties in collecting accounts receivable and longer collection periods; • fluctuations in currency exchange rates and restrictions on currency exchange; • regulatory or financial requirements to comply with foreign bureaucratic actions; • restriction or disruption of business activities; • limitation of our access to markets for periods of time; • travel limitations or operational problems caused by public health threats, including the COVID- 19 pandemic, or changes in immigration policies; • difficulties in supplying, repairing or replacing equipment or transporting personnel in remote locations; • difficulties in obtaining visas or work permits for our employees on a timely basis; and • changing taxation policies and confiscatory or discriminatory taxation. We are also subject to the regulations of the U. S. Treasury Department' s Office of Foreign Assets Control and other U. S. laws and regulations governing our international operations in addition to domestic and international anti- bribery laws and sanctions, trade laws and regulations, customs laws and regulations, and other restrictions imposed by other governmental or international authorities. Failure to comply with these laws and regulations could result in criminal and civil penalties, economic sanctions, seizure of shipments and / or the contractual withholding of monies owed to us, among other things. We have operated and may in the future operate in parts of the world where strict compliance with anti- corruption and anti- bribery laws may conflict with local customs and practices. Any failure to comply with the U. S. Foreign Corrupt Practices Act, the U. K. Bribery Act 2010 or other anti- corruption laws due to our own acts or omissions or the acts or omissions of others, including our partners, agents or vendors, could subject us to substantial fines, sanctions, civil and / or criminal penalties and curtailment of operations in certain jurisdictions. In addition, international contract drilling operations are subject to various laws and regulations in countries in which we operate, including laws and regulations relating to the equipping and operation of drilling rigs; import- export quotas or other trade barriers; repatriation of foreign earnings or capital; oil and gas exploration and development; local content requirements; taxation of offshore earnings and earnings of expatriate personnel; and use and compensation of local employees and suppliers by foreign contractors. We are, from time to time, involved in litigation and disputes. These matters may include, among other things, contract disputes, personal injury claims, environmental claims or proceedings, asbestos and other toxic tort claims, employment and tax matters, claims of infringement of patent and other intellectual property rights, and other litigation that arises in the ordinary course of our business. We cannot predict with certainty the outcome or effect of any dispute, claim or other litigation matter, and there can be no assurance as to the ultimate outcome of any litigation. We may not have insurance for litigation or claims that may arise, or if we do have insurance coverage it may not be sufficient, insurers may not remain solvent, other claims may exhaust some or all of the insurance available to us or insurers may interpret our insurance policies such that they do not cover losses for which we make claims or may otherwise dispute claims made. Litigation may have a material adverse effect on us because of potential adverse outcomes, defense costs, the diversion of our management' s resources and other risk factors inherent in litigation or relating to the claims that may arise.