

Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

Part I Reporting Issuer

1 Issuer's name Seadrill Limited and Seadrill New Finance Limited		2 Issuer's employer identification number (EIN) N/A	
3 Name of contact for additional information John T. Roche	4 Telephone No. of contact +44 20 8011 4715	5 Email address of contact: John.Roche@seadrill.com	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact 4th Floor, Par-la-Ville Place 14 Par-la-Ville Road		7 City, town, or post office, state, and ZIP code of contact Hamilton HM08, Bermuda	
8 Date of action July 2, 2018		9 Classification and description See Attached	
10 CUSIP number See Attached	11 Serial number(s) See Attached	12 Ticker symbol See Attached	13 Account number(s) See Attached

Part II Organizational Action Attach additional statements if needed. See back of form for additional questions.

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 ▶ See Attached.

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 ▶ See Attached.

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 Attached.

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 Attached.

Multiple horizontal lines for listing applicable Internal Revenue Code sections and subsections.

18 Can any resulting loss be recognized? ▶ See Attached.

Multiple horizontal lines for providing information regarding the recognition of resulting loss.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ See Attached.

Multiple horizontal lines for providing any other necessary information for the adjustment.

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 ▶ *[Handwritten Signature]*

Date ▶ August 10, 2018

Print your name ▶ SOUSANA E. SOUSA

Title ▶ SECRETARY

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
Attachment to Form 8937
Report of Organization Actions Affecting Basis of Securities

The information contained in Form 8937 and this attachment does not constitute tax advice and does not purport to take into account any shareholder's or note holder's specific circumstances (including holders that may be subject to special tax rules or that held the relevant claims or equity interests as other than a capital asset). Shareholders and note holders are urged to consult their own tax advisors regarding U.S. tax consequences of the transaction described herein and the impact to tax basis resulting from the transaction.

Form 8937, Part I, Line 10

Classification and Description (Line 9)	CUSIP Number (Line 10)	Serial Number (Line 11)	Ticker Symbol (Line 12)	Account Number (Line 13)
Common Shares of Old Seadrill	G7945E105	N/A	SDRL	N/A
5.625% Senior Unsecured Notes due 9/15/2017 of Old Seadrill	811727AA4	N/A	N/A	N/A
6.125% Senior Unsecured Notes due 9/15/2020 of Old Seadrill	811727AB2	N/A	N/A	N/A
Floating Rate Notes due 3/12/2018 of Old Seadrill	N/A	N/A	N/A	N/A
Floating Rate Notes due 3/18/2019 of Old Seadrill	N/A	N/A	N/A	N/A
New Common Shares	G7998G106	N/A	SDRL	N/A
New Secured Notes	81173JAA7	N/A	N/A	N/A

For a description of the claims against, and equity interests in, Old Seadrill (as defined below) and certain of its wholly and partially-owned subsidiaries, please reference the Plan and Disclosure Statement (each as defined below).

Form 8937, Part II, Line 14

On September 12, 2017, Seadrill Limited (the "Old Seadrill") filed a voluntary petition for relief ("Bankruptcy Filing") under Chapter 11 of Title 11 of the United States Code (the "Bankruptcy Code") in the United States Bankruptcy Court for the Southern District of Texas, Victoria Division ("Bankruptcy Court"). On April 17, 2018, the Bankruptcy Court entered an order pursuant to the Bankruptcy Code, which approved and confirmed the Debtors' Second Amended Joint Chapter 11 Plan (as modified) of Reorganization, as amended and supplemented (the "Plan"). On July 2, 2018 (the "Effective Date"), Old Seadrill satisfied the conditions of the Plan and the Plan became effective.

As part of the transactions undertaken pursuant to the Plan, on the Effective Date, the economic interests in the existing shares of Old Seadrill were extinguished and New SDRL Limited, a Bermuda exempted company limited by shares, issued certain of its shares ("New Common Shares") to holders of existing shares of Old Seadrill. On the Effective Date, New SDRL Limited became the ultimate parent company of Old Seadrill's subsidiaries and was renamed Seadrill Limited ("New Seadrill"). In addition, on the Effective Date, Seadrill New Finance Limited ("New Finance"), a wholly-owned indirect subsidiary of New Seadrill, issued \$880 million in principal amount of new secured notes (the "New Secured Notes"). Holders of certain claims against, and equity interests in, Old Seadrill and certain of its wholly and partially-owned affiliates and subsidiaries then-partially owned subsidiaries (including North Atlantic Drilling Limited and Sevan Drilling Ltd received recoveries set forth in the Plan and the associated disclosure statement (the

“Disclosure Statement”).¹ The potential U.S. federal income tax consequences of the implementation of the Plan and Disclosure Statement to certain holders of claims and equity interests (specifically, those holders of claims and equity interests whose basis in their previously-held property potentially may have essentially “carried into” the consideration received under the Plan because of the potential application of certain nonrecognition rules) is described below.

Form 8937, Part II, Line 15

In general, the U.S. federal income tax treatment of holders of claims will depend, in part, on whether the receipt of consideration under the Plan qualifies as an exchange of “stock or securities” pursuant to a tax free reorganization or if, instead, the consideration under the Plan is treated as having been received in a fully taxable disposition. Whether the receipt of consideration under the Plan qualifies for reorganization treatment will depend on, among other things, (a) whether the claim being exchanged constitutes a “security” and (b) whether the debtor against which a claim is asserted is the same entity that is issuing the consideration under the Plan.

Neither the Internal Revenue Code (the “Code”) nor the Treasury Regulations promulgated thereunder defines the term “security.” Whether a debt instrument constitutes a “security” for U.S. federal income tax purposes is determined based on all the relevant facts and circumstances, but most authorities have held that the length of the term of a debt instrument is an important factor in determining whether such instrument is a security for U.S. federal income tax purposes. These authorities have indicated that a term of less than five years is evidence that the instrument is not a security, whereas a term of ten years or more is evidence that it is a security. There are numerous other factors that could be taken into account in determining whether a debt instrument is a security, including the security for payment, the creditworthiness of the obligor, the subordination or lack thereof to other creditors, the right to vote or otherwise participate in the management of the obligor, convertibility of the instrument into an equity interest of the obligor, whether payments of interest are fixed, variable, or contingent, and whether such payments are made on a current basis or accrued. New Seadrill has not made any determinations regarding the treatment of any particular claim as a security under U.S. federal income tax law.

U.S. Federal Income Tax Consequences to Holders of Interests in Old Seadrill

Because the New Common Shares are, from a legal perspective, stock in a different entity than Old Seadrill, the U.S. federal income tax treatment of the receipt of New Common Shares by any holder of an interest in Old Seadrill is uncertain.

If New Seadrill is treated as the same entity as Old Seadrill for U.S. federal income tax purposes, then the receipt of the New Common Shares should not give rise to any gain or loss. In that case, a holder should re-allocate its tax basis in its existing interests in Old Seadrill to the New Common Shares received pursuant to the Plan.

If New Seadrill is not treated as the same entity as Old Seadrill for U.S. federal income tax purposes, then the exchange of the interests in Old Seadrill under the Plan will likely be treated as a taxable exchange under section 1001 of the Code. In that case, a holder’s aggregate tax basis in the New Common Shares received generally would equal their fair market value on the Effective Date.

¹ Capitalized terms used and not defined herein shall have the meaning ascribed to them in the Plan or Disclosure Statement, as applicable.

U.S. Federal Income Tax Consequences to Holders of General Unsecured Claims Against Old Seadrill

Treatment if General Unsecured Claims are "Securities" of Old Seadrill and At Least Some of the Consideration Received Under the Plan Constitutes Stock or Securities of Old Seadrill

If a general unsecured claim against Old Seadrill is determined to be a "security" of Old Seadrill and at least some of the consideration received is also deemed to be a stock or a "security" of Old Seadrill, then the exchange of such claims pursuant to the Plan should be treated as a reorganization under the Code. Other than with respect to any amounts received that are attributable to accrued but untaxed interest (or original issue discount ("OID")), and subject to the rules relating to market discount, a holder of such a claim should recognize gain (but not loss), to the extent of the lesser of (a) the amount of gain realized from the exchange (generally equal to the fair market value of all of the consideration (or issue price of debt instruments), including cash, received, minus the holder's adjusted basis, if any, in the claim) or (b) the cash and the fair market value (or issue price of debt instruments) of "other property" received that is not permitted to be received under sections 354 and 356 of the Code without recognition of gain.

With respect to non-cash consideration that is treated as a "stock or security" of Old Seadrill, a holder should obtain a tax basis in such property, other than any such amounts treated as received in satisfaction of accrued but untaxed interest (or OID), and subject to the rules relating to market discount, equal to (a) the tax basis of the claim surrendered, less (b) the cash received, plus (c) gain recognized (if any).

With respect to non-cash consideration that is not treated as a "stock or security" of Old Seadrill, holders should obtain a tax basis in such property, other than any amounts treated as received in satisfaction of OID, and subject to the rules relating to market discount, equal to the property's fair market value (or issue price, in the case of debt instruments) as of the date such property is distributed to the holder.

Because the New Common Shares are, from a legal perspective, stock in a different entity than Old Seadrill, it is unclear whether any of the consideration received under the Plan will be treated as a "stock or security" of Seadrill.

Treatment if General Unsecured Claims against Old Seadrill are Not "Securities" of Old Seadrill or None of the Consideration Received Under the Plan Constitutes Stock or Securities of Old Seadrill

If a general unsecured claim against Old Seadrill is not determined to be a "security" of Old Seadrill, then the exchange of the general unsecured claims against Old Seadrill under the Plan will likely be treated as a taxable exchange under section 1001 of the Code.

Holders of such claims should obtain a tax basis in the non-cash consideration received, other than any such amounts treated as received in satisfaction of accrued but untaxed interest (or OID, if any), equal to such property's fair market value as of the date such property is distributed to the holder.

Exercise of the Note Rights

A holder that elected to exercise the Note Rights should be treated as purchasing, in exchange for its Note Rights and the amount of cash funded by the holder to exercise the Note Rights, the New Common Shares and New Secured Notes it is entitled to purchase pursuant to the Note Rights. Such a purchase will generally be treated as the exercise of an option under general tax principles, and as such a holder should not recognize income, gain or loss for U.S. federal income tax purposes when it exercises the Note Rights. A holder's tax basis in the New Common Shares and New Secured Notes received should equal the sum of (i) the amount of cash paid to exercise the Note Rights plus (ii) such holder's tax basis in its Note Rights immediately before the option is exercised. After allocating the issue price of the "investment unit", as described below,

a holder should further allocate tax basis in its Note Rights immediately before its exercise between the New Common Shares and New Secured Notes in accordance with their respective fair market values.

Exercise of the Equity Rights

A holder that elected to exercise the Equity Rights should be treated as purchasing, in exchange for its Equity Rights and the amount of cash funded by the holder to exercise the Equity Rights, the New Common Shares it was entitled to purchase pursuant to the Equity Rights. Such a purchase will generally be treated as the exercise of an option under general tax principles, and as such a holder should not recognize income, gain or loss for U.S. federal income tax purposes when it exercises the Equity Rights. A holder's aggregate tax basis in the New Common Shares will equal the sum of (i) the amount of cash paid by the holder to exercise its Equity Rights plus (ii) such holder's tax basis in its Equity Rights immediately before the option is exercised.

Form 8937, Part II, Line 16

Upon the exercise of the Note Rights, a holder received both New Common Shares and New Secured Notes. The New Common Shares and New Secured Notes should constitute an "investment unit" for U.S. federal income tax purposes (the "Note Rights Investment Unit"). Accordingly, the issue price of the New Secured Notes depended on the issue price of the Note Rights Investment Unit. Because the Note Rights Investment Unit is identical to the investment unit received by other parties to the investment agreement between Old Seadrill, certain of its subsidiaries, and the commitment parties thereto (the "Investment Agreement", and the units, the "Other Investment Agreement Investment Units"), although the issue is not free from doubt, New Seadrill and New Finance will report that the issue price of the Note Rights Investment Unit is identical to the issue price of the Other Investment Agreement Investment Units. For U.S. federal income tax purposes, because the Other Investment Agreement Investment Units are being issued solely for a set amount of cash, the issue price of each Other Investment Agreement Investment Unit will be equal to the amount of cash paid to acquire the Other Investment Agreement Investment Unit. That issue price will then be allocated between the New Common Shares and New Secured Notes based on their respective fair market values, with the amount allocated to the New Secured Notes determining the issue price of the New Secured Notes.

Fair market value generally is the price at which property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of the facts. U.S. federal income tax law does not specifically prescribe how you should determine the fair market values of the New Common Shares or the New Secured Notes for purposes of allocating your tax basis. You should consult your tax advisor to determine what measure of fair market value is appropriate. There are several possible methods for determining the fair market values of New Common Shares and New Secured Notes. One possible approach is to use the average of the high and low trading price for the New Common Shares on the day after the Effective Date (i.e., the first day of trading) and the average of the high and low trading price for the New Secured Notes on the day after the Effective Date as an indication of the fair market value. Based on that approach, the fair market value of the New Common Shares would be \$20.38 (based on trades reported on the New York Stock Exchange) and the fair market value of the New Secured Notes would be \$1,040.0 per \$1,000 of stated principal amount (based on trades reported on FINRA's Trade Reporting and Compliance Engine). Other approaches to determine fair market value may also be possible. You are not bound by the approach illustrated above and may, in consultation with your tax advisor, use another approach in determining fair market values for New Common Shares and New Secured Notes (subject to the consistency rule noted below with respect to the determination of the issue price of the New Secured Notes by New Seadrill and New Finance).

Under the Investment Agreement, purchasers of the Other Investment Agreement Investment Units received 62.074 New Common Shares for each \$1,000 principal amount of New Secured Notes. The

purchase price, after reduction for the 1% Closing Fee (as defined in the Investment Agreement), was \$990.00 for each \$1,000.00 principal amount of New Secured Notes. Accordingly, based on the discussions above regarding fair market value and determination of issue price, New Seadrill and New Finance determined the issue price of the New Secured Notes, for U.S. federal income tax purposes, as \$446.67 per \$1,000.00 of stated principal amount.

The determination by New Seadrill and New Finance of the issue price of the New Secured Notes is binding on all holders unless a holder specifically discloses a different determination in connection with the filing of its tax return.

Form 8937, Part II, Line 17

The tax treatment is based on the following Code sections and subsections:

Sections 354(a), 356, 358, 368(a)(1)(E), 1001, 1273

Form 8937, Part II, Line 18

If the receipt of consideration under the Plan qualifies as an exchange of stock or securities pursuant to a tax-free reorganization for U.S. federal income tax purposes, no loss can be recognized.

If the receipt of consideration under the Plan does not qualify as a tax-free reorganization for U.S. federal income tax purposes, it may result in a loss to a holder in an amount generally equal to the excess (if any) of the holder's adjusted tax basis in its interests in Old Seadrill over the fair market value of the consideration received under the Plan.

Form 8937, Part II, Line 19

The reportable tax year is 2018 with respect to calendar year taxpayers.