

OCEAN RIG



Ocean Rig UDW Inc.

3rd Quarter Ended September 30, 2011
Earnings Presentation



NASDAQ: "ORIG"
November 8, 2011

Forward Looking Statements

Matters discussed in this presentation may constitute forward-looking statements. Forward-looking statements reflect the Company's current views with respect to future events and financial performance and may include statements concerning plans, objectives, goals, strategies, future events or performance, and underlying assumptions and other statements, which are other than statements of historical facts.

The forward-looking statements in this release are based upon various assumptions, many of which are based, in turn, upon further assumptions, including without limitation, management's examination of historical operating trends, data contained in our records and other data available from third parties. Although Ocean Rig UDW Inc believes that these assumptions were reasonable when made, because these assumptions are inherently subject to significant uncertainties and contingencies which are difficult or impossible to predict and are beyond our control, Ocean Rig UDW Inc cannot assure you that it will achieve or accomplish these expectations, beliefs or projections. Important factors that, in the Company's view, could cause actual results to differ materially from those discussed in the forward-looking statements include the strength of world economies and currencies, general market conditions, including changes in charter hire rates and vessel values, changes in demand that may affect attitudes of time charterers to scheduled and unscheduled drydocking, changes in Ocean Rig UDW Inc's operating expenses, including bunker prices, dry-docking and insurance costs, or actions taken by regulatory authorities, potential liability from pending or future litigation, domestic and international political conditions, potential disruption of shipping routes due to accidents and political events or acts by terrorists.

Risks and uncertainties are further described in reports filed by Ocean Rig UDW Inc. with the US Securities and Exchange Commission.



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Financial Highlights



Q3 2011 Results

Reported Net Income: \$ 49.1 million or \$ 0.37 per share

Plus	Losses incurred on our interest rate swaps	\$ 15.5 m
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Adjusted Net Income: \$ 64.6 million or \$ 0.49 per share

Adjusted earnings well ahead of analyst estimates



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Solid Quarter – Selected Data

<i>(in \$ thousands)</i>	<u>Q3 - 2010</u>	<u>Q3 - 2011</u>
Income Statement Data		
Total Revenues	114,184	226,036
Operating Costs	(26,846)	(84,639)
General & Administrative Expenses	(4,157)	(6,845)
Other	4,288	(993)
EBITDA	87,469	133,559

<i>(in \$ thousands)</i>	<u>Q3 - 2010</u>	<u>Q3 - 2011</u>
Cash Flow Data		
Net Cash Provided by Operating Activities	55,146	116,733



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Healthy Liquidity & Capital Structure

(\$ in millions)	September 30, 2011
Cash	329.8
Restricted cash	166.1
Secured debt	2,277.8
9.500% senior unsecured notes due 2016 ⁽¹⁾	489.1
Total debt ⁽¹⁾	2,766.9
Total shareholders' equity	2,958.9
Total capitalization	5,725.8
Net Debt	2,271.0
Debt to capitalization	48%
Net Debt to Capitalization	40%

Ownership ⁽²⁾	
Shares Outstanding	131.7 million
Free float shares	34.4 million
% of free float shares	26.1%
% ownership DRYS	73.9%

- Common shares commenced trading on Nasdaq, symbol "ORIG", on October 6th
- Unsecured notes commenced trading on Oslo Alternative Bond Market (ABM)

(1) Net of financing fees

(2) Ownership adjusted for OceanFreight Acquisition



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Minimal Growth Capex

- No material Capex until 2H 2013
- Already invested in excess of \$720 million of our own funds in our 2013 newbuilds
- Remaining capex to be funded primarily with debt financing

	Total Capex	Already Funded	Remaining Capex ⁽¹⁾		
			2012	2013	2013 Delivery
NB #1	650	242	-	408	July
NB #2	649	242	-	407	October
NB #3	658	242	-	416	November
Total	\$1,957	\$726	-	\$1,231	



(1) Represents construction payments and other construction-related expenses (excluding financing costs).



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Debt Profile

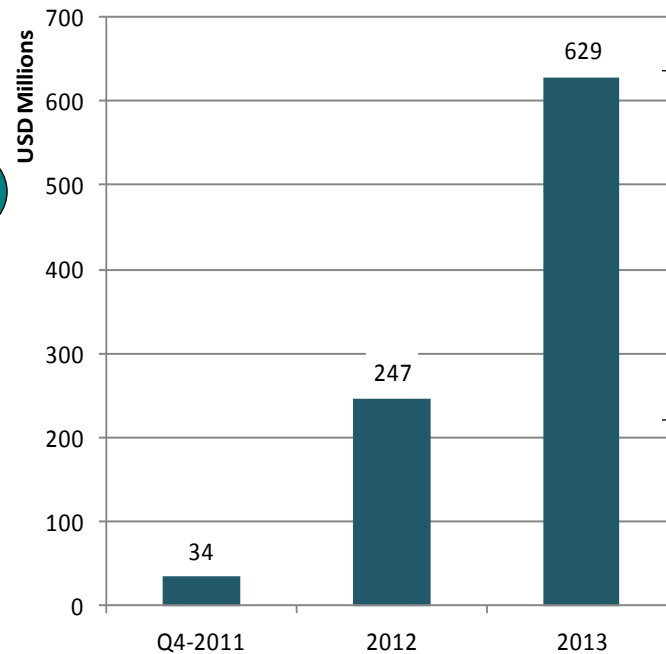
- Financing efforts successfully concluded for all 2011 deliveries

Debt Outstanding Actual 9/30

2 Semisubmersible rigs	Amortizing	\$140.0
	Balloon (9/2013)	\$400.0
		<hr/> \$540.0
Corcovado - Olympia	Amortizing	\$316.7
	Balloon (4/2016)	\$466.6
		<hr/> \$783.4
Poseidon - Mykonos	Amortizing	\$990.0
	Balloon	\$0.0
		<hr/> \$990.0
Total Bank Debt		\$2,313.3

Low balloon
to collateral
value

Scheduled Debt Repayments



\$400 million balloon
to be refinanced



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Company Update



Fleet Update – All Drillships delivered as of 9/30

Two harsh environment semis



Two of only 15 drilling units worldwide equipped to operate in both ultra-deepwater +harsh environment

Four 6th generation drillships



Of 30 UDW drilling units to be delivered in 2011 only 10 have dual activity drilling capabilities. We own four of these units

Three 7th generation NB drillships



	Leiv Eiriksson	Eirik Raude	Corcovado	Olympia	Poseidon	Mykonos	NB #1	NB #2	NB #3
Generation	5th		6th				7th		
Month Built	November	November	January	March	July	September	July	October	November
Year Built	2001	2002	2011				2013		
Yard	Dalian / Friede Goldman Irving		Samsung “sister-ships”						
Water Depth	7,500 ft	10,000 ft	10,000 ft				12,000 ft		
Drilling Depth	30,000 ft		40,000 ft				40,000 ft		
Dual Activity	No	No	Yes						

- Standardization of our seven “sister-ships” results in significant economies of scale, including lower training and operating costs



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\$1.8 billion Backlog

- Entered into drilling contracts for three additional wells offshore West Africa for an estimated backlog of \$96 million. The new contracts commenced in direct continuation after the completion of the Tullow contract
- The charterer, Vanco-Lukoil, for the Ocean Rig Olympia did not exercise it's option to extend the term of the original contract in West Africa at the operating day rate of \$415,000. The contract is scheduled to expire in April 2012

Unit	Year built	Redelivery	Operating area	Backlog (\$m)
Leiv Eiriksson	2001	Q4 – 11	Greenland	\$ 28
Leiv Eiriksson	2001	Q3 – 12	Falklands	\$ 126
Eirik Raude	2002	Q4 – 11	Offshore Ghana	\$ 51
Eirik Raude	2002	Q2 – 12	Ivory Coast	\$ 56
OCR Corcovado	2011	Q4 – 11	Greenland	\$ 28
OCR Corcovado	2011	Q1 – 15	Brazil	\$ 534
OCR Olympia	2011	Q2 – 12	W. Africa	\$ 90
OCR Poseidon	2011	Q2 – 13	Tanzania	\$ 349
OCR Mykonos	2011	Q4 – 14	Brazil	\$ 528
Total				\$1,790

Note: Backlog as of September 30, 2011, as adjusted for material developments thereafter



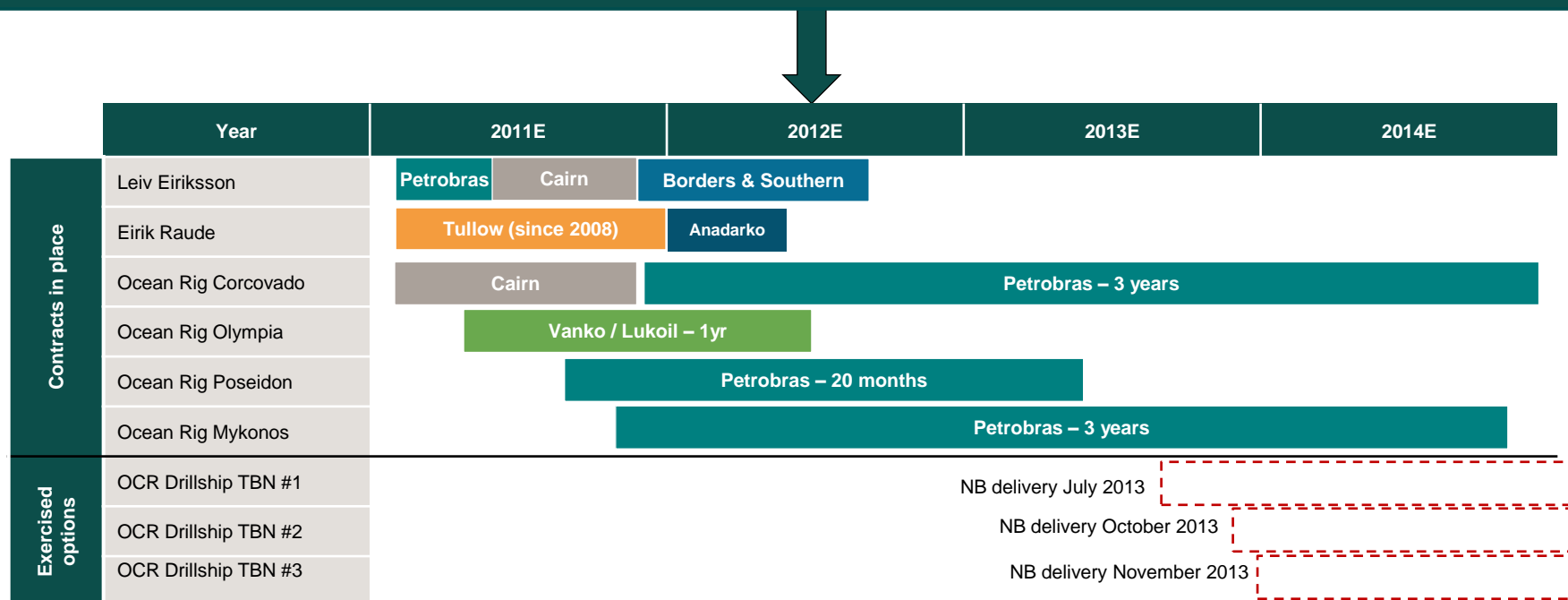
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Employment Strategy

- Working on all six cylinders for the first time

Unique opportunity to capitalize on strong market rates with three drilling units open for employment in 2012



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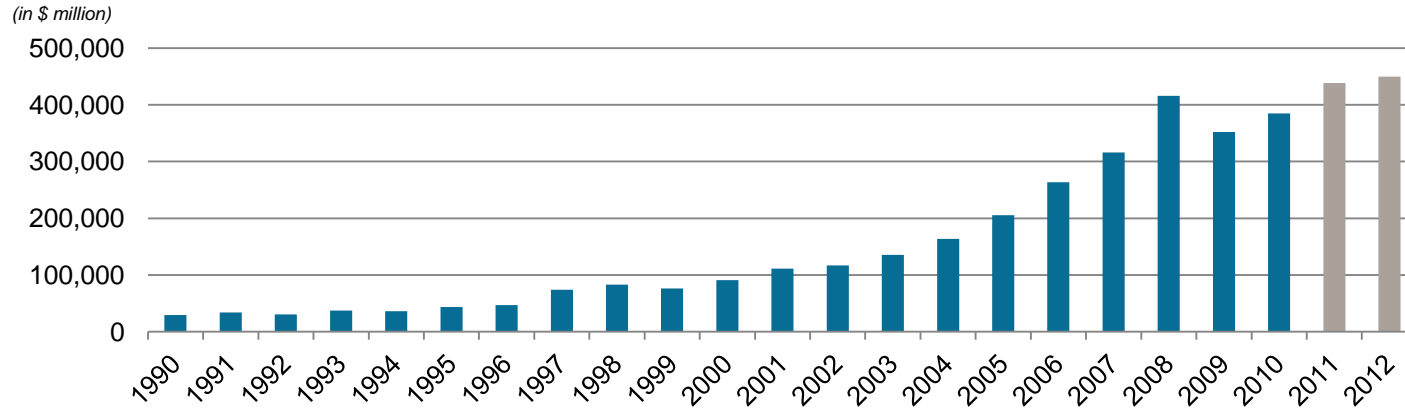


Industry Overview



UDW industry – strong fundamentals

Oil companies CAPEX at all-time high levels and growing



GoM factor

- GoM more active, and looking to become even more active in 2012
 - Recent fixtures in the GoM region
- Oil drilling has recovered to about 20 wells, up from less than 5 wells recently
- Drilling activity still lags the pre-Macondo level of about 30 wells
- Significant pent-up demand

Source: Fondsfinans, Bloomberg



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Recent UDW Fixtures – Rising Rates

Date	Rig	Operator	Contractor	Region	Rate	Start-up	Duration (months)
May-11	Pacific Scirocco	Total	Pacific Drilling	WAFR	\$470k	Q3-11	12
May-11	DeepSea Metro II	Petrobras	Odfjell	SAM	438	Q1-12	36
May-11	OCR Corcovado	Petrobras	Ocean Rig	SAM	460	Q4-11	36
May-11	OCR Mykonos	Petrobras	Ocean Rig	SAM	455	Q4-11	36
May-11	Ocean Blackhawk	Anadarko	Diamond Offshore	WW	490	Q2-13	60
May-11	Ocean Blackhornet	Anadarko	Diamond Offshore	WW	490	Q4-13	60
May-11	Maersk Deliverer	Cabinda Gulf	Maersk	WAFR	450	Q1-11	24
May-11	Sedco Energy	Tullow	Transocean	WAFR	440	Q3-11	32
Jun-11	Saipem 10000	ENI	Saipem	WAFR	450	Q3-12	24
Jul-11	Songa Eclipse	Total	Songa	WAFR	435	Q3-11	18
Jul-11	Ocean Valor	Petrobras	Diamond Offshore	SAM	440	Q4-13	24
Jul-11	Discoverer India	Chevron	Transocean	GOM	508	Q3-11	18
Aug-11	Pacific Mistral	Petrobras	Pacific Drilling	SAM	458	Q3-11	36
Aug-11	Discoverer Enterprise	BP	Transocean	GOM	492	Q3-12	18
Sep-11	ENSCO 8505	Consortium	Ensco	GOM	475	Q2-12	24
Sep-11	West Hercules	Statoil	Seadrill	NS	505	Q2-12	48
Sep-11	Saipem 12000	Total	Saipem	WAFR	425	Q3-15	24
Oct-11	West Capricorn	BP	Seadrill	GOM	490	Q2-12	60
Oct-11	West Leo	Tullow	Seadrill	WAFR	510	Q2-12	12
Oct-11	Stena Drillmax	Hess	Stena	WAFR	500	Q1-12	18
Oct-11	Atwood Condor	Hess	Atwood	GOM	515	Q3-12	21
Oct-11	Ensco DS 6	BP	Ensco	WAFR	515	Q1-12	60
Oct-11	Maersk Discoverer	BP	Maersk	MED	485	Q2-12	48

➤ Market trend shows longer charters and higher rates

Source: Fearnleys



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Very Tight Supply

RIG	BUILT	OPERATOR	AREA	COUNTRY	CONTRACTOR	TYPE	UDW	WD 1	2011												2012											
									J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D
LAMURALLA IV	2011	YARD/AVAILABLE	AP	S.Korea	IPC	SS	Y	7 500																								
ENSCO DS 6 (DEEP OCEAN MOLOKAI)	2011	YARD/AVAILABLE	AP	S.Korea	Enseo	DS	Y	10 000																								
NOBLE JIM DAY	2009	SHELL	GOM	USA	Noble	SS	Y	12 000																								
STENA ICEMAX	2011	YARD/AVAILABLE	AP	S.Korea	Stena	DS	Y	7 500																								
ENSCO 8504	2011	TOTAL	AP	Brunei	Enseo	SS	Y	8 500																								
OCEAN ENDEAVOR	1975	BURULLUS	MED	Egypt	Diamond	SS	Y	8 000																								
OCEAN RIG OLYMPIA	2011	VANCO	WAFR	Ghana	OCR	DS	Y	10 000																								
LEIV EIRIKSSON	2001	CAIRN/BORDERS & SOUTH	CAN/SEA	Greenland/Falklands	OCR	SS	Y	7 500																								
EIRIK RAUDE	2002	TULLOW/ANADARKO	WAFR	Ghana / Ivory Coast	OCR	SS	Y	10 000																								
ENSCO 8506	2012	YARD/AVAILABLE	AP	Singapore	Enseo	SS	Y	8 500																								
DEEPWATER NAUTILUS	2000	SHELL	GOM	USA	Transocean	SS	Y	8 000																								
CATARINA	2013	YARD/AVAILABLE	AP	S.Korea	Petroserv	SS	Y	10 000																								
WEST GEMINI	2010	TOTAL	WAFR	Angola	Seadrill	DS	Y	10 000																								
DEEPSEA METRO I	2011	BG (WOODSIDE)	AP/EAFR	S.Korea/Tanzania	Odjell	DS	Y	10 000																								
WEST POLARIS	2008	EXXONMOBIL	BRA	Brazil	Seadrill	DS	Y	10 000																								
GSF DEV. DRILLER 1	2004	BHP	GOM	USA	Transocean	SS	Y	7 500																								
DALIAN DEVELOPER	2012	YARD/AVAILABLE	AP	China	Vantage	DS	Y	10 000																								
WEST NAVIGATOR	2000	SHELL	NOR	Norway	Seadrill	DS	Y	8 200																								

FIRM CONTRACT
OPTION
CONSTRUCTION DELIVERY
NEWBUILDINGS



Our units are 3 of the 10 available for start-up in 2012

Source: Fearnleys



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Looking Forward



Where we were...

- Predecessor company established in 1996, with no rigs
- In 1997 placed orders for four bare decks at Dalian
- Took delivery of Eiriksson and Eirik Raude in 2001 and 2002
- In 2006 we were still a small drilling company with 342 employees facing many uncertainties
- Our parent company, DryShips Inc., first invested in us in 2007



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What we have done...

- Completed the acquisition of ORIG – May 2008
- Placed orders for 4 state-of-the-art 6th generation newbuilding drillships
- Financed drillships despite challenging financial markets
- Took delivery of all rigs on time and on budget
- Recruited crew for all new rigs – now more than 1,100 employees
- Secured employment with significant backlog - \$ 1.8 billion
- Listed the company in NASDAQ

**We have become one of the
premier ultra deepwater
companies in the world**

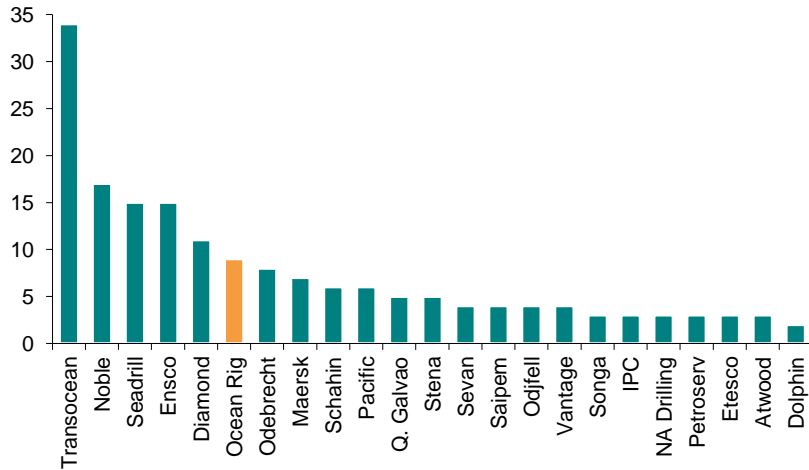


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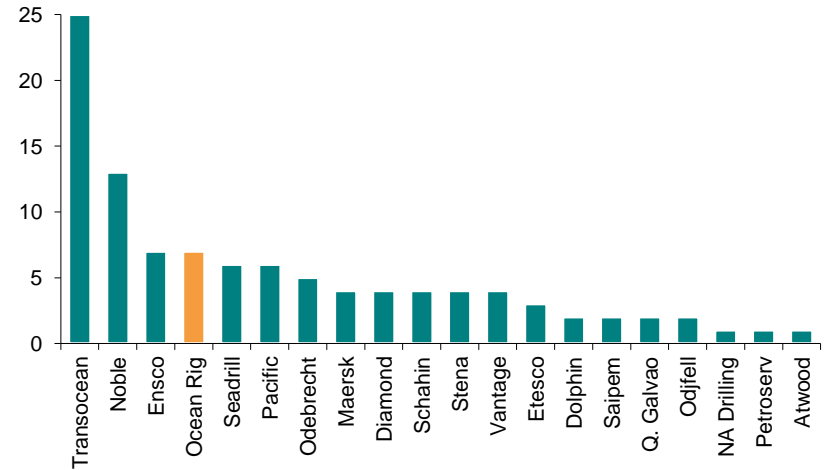


Where we are...

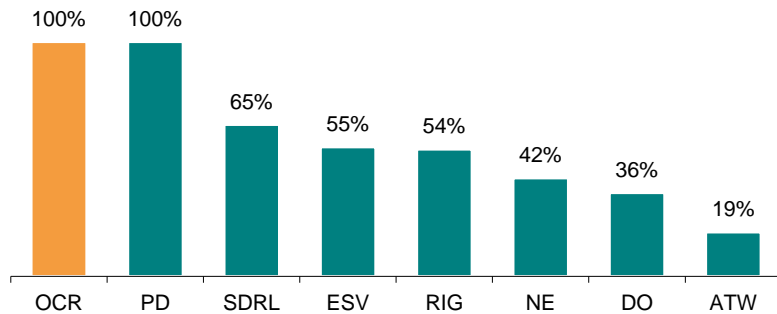
Owned & operated ultra-deepwater fleet⁽¹⁾



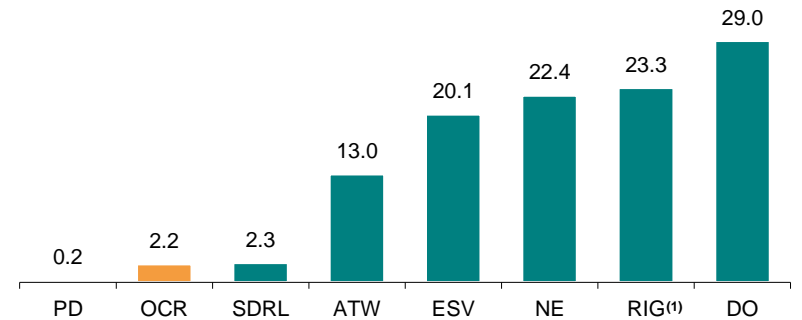
Owned & operated drillships⁽¹⁾



Fleet composition – Ultra-deepwater⁽²⁾ as a % of NAV



Average fleet age⁽³⁾



(1) Transocean pro forma for acquisition of Aker Drilling.

(2) Ultra-deepwater defined as 7,500 feet of water depth or greater.

(3) Includes newbuilds (assigned zero fleet age) and jackups.

Source: ODS Petrodata, includes 5G/6G unit in operation and under construction

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Where we want to be...

- Secure more contracts and build even stronger relationship with our clients
 - One of a handful of contractors with units open in 2012!
- By 2H 2013 to operate 9 state-of-the-art ultra deepwater drilling units
- Global reach, concurrently able to operate in all major oil and gas regions
- Significant economies of scale and efficiencies with 7 sister-ships
- Become the drilling contractor of choice for our customers and employees
- Continue our track record of safety
- Participate in the ultra deepwater drilling industry, enjoying strong fundamentals
- Realize shareholder value as a premier UDW drilling company



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Significant Earnings Power

- Significant earnings power not reflected in low Enterprise Value

EBITDA ⁽¹⁾ 6 drilling units (million)				
	Dayrate (\$ thousand)			
Utilization	450	500	550	600
97%	597	704	810	916
95%	578	682	786	890
93%	558	660	762	864

EBITDA ⁽¹⁾ 9 drilling units (million)				
	Dayrate (\$ thousand)			
Utilization	450	500	550	600
97%	911	1,070	1,230	1,389
95%	882	1,038	1,194	1,350
93%	852	1,005	1,158	1,310

(1) Scenario based on \$150,000 per vessel per day operating expenses and \$30 million firm G&A (assumes no mobilization, and no extraordinary and/or one-time expenses.)



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Recent M&A Transaction

Transaction reveals market valuations for high-spec ultra deepwater assets are meaningfully below intrinsic values

- On August 15, 2011, Transocean announced an all cash NOK 26.5 offer for 100% of Aker Drilling
- Offer price at whopping premium of 99% over closing price prior to announcement
- Analysts' median estimates on Aker's fleet are \$960 million for delivered assets and \$650 million for 2013 newbuildings
- We applied the median implied rig values to estimate the Ocean Rig UDW value
 - Enterprise value⁽¹⁾ of approximately \$7.7 billion including our three 2013 newbuildings
 - Equity value of approximately \$4.2 billion or **\$31.95 per share**⁽²⁾

ORIG still very undervalued

(1) Based on 9/30/2011 net debt and remaining capex

(2) Based on 131,696,928 shares



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Appendix



Income Statement

*(Expressed in Thousands of U.S. Dollars
except for share and per share data)*

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2010 (as restated)	2011	2010 (as restated)	2011
REVENUES:				
Revenues from drilling contracts	\$ 114,184	\$ 226,036	\$ 303,412	\$ 461,991
EXPENSES:				
Drilling rig operating expenses	26,846	84,639	86,354	188,777
Depreciation and amortization	19,295	43,095	57,261	108,003
Loss on sale of assets, net	321	-	751	87
General and administrative expenses	4,157	6,845	14,232	22,574
Operating income	63,565	91,457	144,814	142,550
OTHER INCOME / (EXPENSES):				
Interest and finance costs, net of interest income	3,189	(18,010)	3,276	(29,830)
Loss on interest rate swaps	(18,280)	(15,542)	(52,781)	(34,158)
Other, net	4,609	(993)	857	(1,439)
Income taxes	(2,858)	(7,778)	(14,796)	(17,556)
Total other expenses	(13,340)	(42,323)	(63,444)	(82,983)
Net income	\$ 50,225	\$ 49,134	\$ 81,370	\$ 59,567
Earnings per common share, basic and diluted	\$ 0.38	\$ 0.37	\$ 0.62	\$ 0.45
Weighted average number of shares, basic and diluted	131,696,928	131,696,928	131,696,928	131,696,928



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Balance Sheet

(Expressed in Thousands of U.S. Dollars)

	December 31, 2010	September 30, 2011
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 95,707	\$ 329,836
Restricted cash	512,793	41,085
Trade accounts receivable	24,286	69,615
Other current assets	39,220	66,491
Total current assets	672,006	507,027
FIXED ASSETS, NET:		
Advances for assets under construction and acquisitions	1,888,490	745,606
Drilling rigs, machinery and equipment, net	1,249,333	4,530,884
Total fixed assets, net	3,137,823	5,276,490
OTHER NON-CURRENT ASSETS:		
Restricted cash	50,000	125,021
Other non-current assets	483,869	82,819
Total non-current assets	533,869	207,840
Total assets	4,343,698	5,991,357
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
CURRENT LIABILITIES:		
Current portion of long-term debt	560,561	219,167
Other current liabilities	107,357	185,302
Total current liabilities	667,918	404,469
NON-CURRENT LIABILITIES		
Long-term debt, net of current portion	696,986	2,547,787
Other non-current liabilities	97,712	80,163
Total non-current liabilities	794,698	2,627,950
STOCKHOLDERS' EQUITY:		
Total stockholders' equity	2,881,082	2,958,938
Total liabilities and stockholders' equity	\$ 4,343,698	\$ 5,991,357



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Depreciation

<i>(in \$ thousands)</i>	Leiv Eiriksson	Eirik Raude	OCR Corcovado	OCR Olympia	OCR Poseidon	OCR Mykonos
Book Cost	682,191	712,196	882,572	874,089	816,277	810,263
Residual Value	35,000	35,000	50,000	50,000	50,000	50,000
Depreciable Basis	647,191	677,196	832,572	824,089	766,277	760,263
Remaining Accounting Useful Life (years)	17	19	23	23	23	22
Daily Depreciation	103	99	100	100	93	93



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Mobilization Effect

- Q4 revenues earned and costs incurred during mobilization are deferred and amortized over the post mobilization (i.e. drilling) remaining term of the contracts⁽¹⁾

Period	Unit	Estimated Revenue Recognition Days
Q4 2011	OCR Mykonos	5 days
	OCR Corcovado	50 days
	Leiv Eiriksson	50 days

¹ Applies only to so called “well contracts”

