

OCEAN RIG



Ocean Rig UDW Inc.

4th Quarter Ended December 31, 2014 Earnings Presentation



NASDAQ: "ORIG"
February 26, 2015

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 not statements of historical facts.

The forward-looking statements in this presentation 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, which have not been independently verified by the Company. 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 that may affect our actual results are further described in reports filed by Ocean Rig UDW Inc. with the US Securities and Exchange Commission.

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Q4 & FY2014 financial results

Results for Q4 2014

Net Revenue from drilling contracts: \$499.4 million

Adjusted EBITDA: \$276.7 million

Net Income: \$87.5 million or \$0.66 per share

Results for FY 2014

Net Revenue from drilling contracts: \$1,817.1 million

Adjusted EBITDA: \$962.5 million

Reported Net Income: \$259.8 million or \$1.96 per share

Plus: Non-cash write offs and breakage costs from debt refinancings: \$54.6 million or \$0.42 per share

Adjusted Net Income: \$314.4 million or \$2.38 per share



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Key highlights

- Achieved appx. 95% and 96% average fleet wide operating performance for the fourth quarter and full year¹ 2014, respectively
- Entered into syndicated secured commercial loan for up to \$475 million to finance the delivery of *Ocean Rig Apollo*
- Declared dividend of \$0.19 per share with respect to Q4 2014 operations, to shareholders on record as of March 10, 2015 and payable on March 23, 2015

1) Excluding Ocean Rig Mylos extraordinary BOP vendor related issue

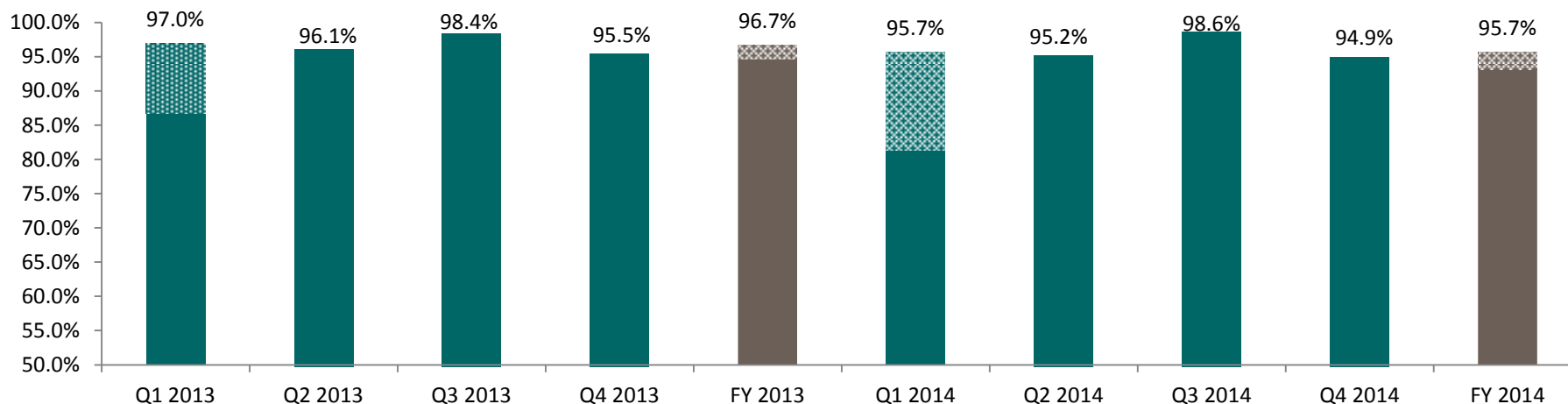


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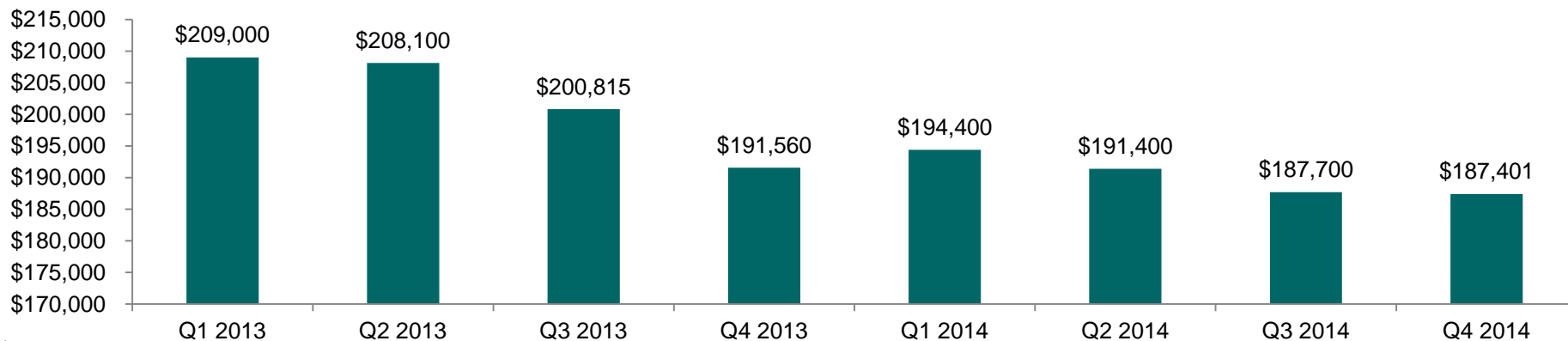


Strong operational performance & significant cost reductions

Fleet Operational Performance¹ Data



Fleet Average Operating Expenses Data (direct & onshore opex)



Notes

1) Operational performance calculated based on revenue earning days over available contracted drilling days (i.e. calendar days net of mobilization, acceptance testing, uncontracted/idle and drydock days. Shaded parts indicate extraordinary downtime effect



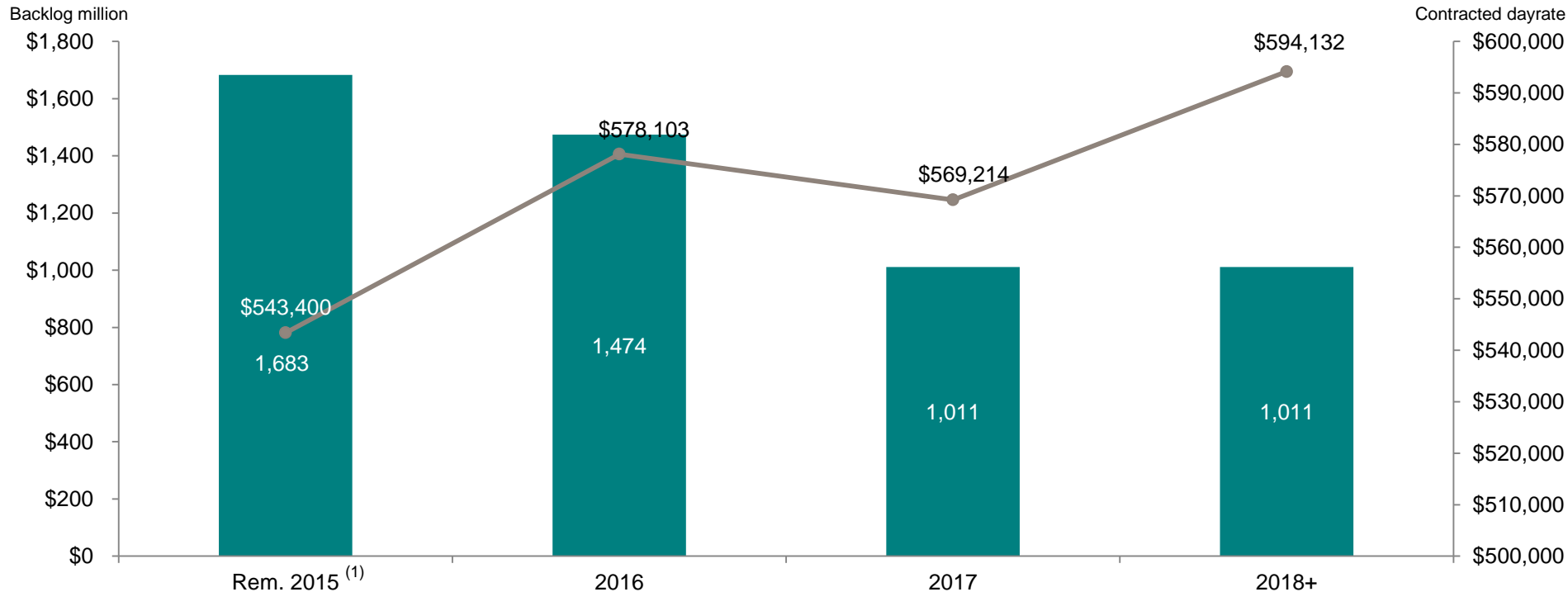
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Solid backlog insulates ORIG from market softness

- Ocean Rig's fleet is 93% contracted in 2015 and 65% contracted in 2016
- For 2016, our uncontracted units would only need to earn a dayrate of \$351,000, in order for us to earn an average fleet-wide dayrate of \$500,000

Revenue Backlog & Weighted Average Contracted Dayrate



⁽¹⁾Remaining 2015 backlog from 02/24/2015 to 12/31/2015
Backlog as of February 24, 2015; based on contracted units

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Operational & Financial Highlights



Solid multi-year fleet employment profile

- Average contract remaining fixed period of 2.5 years, 3.9 years with options
- 93%, 65% calendar days under contract in 2015 and 2016 respectively
- \$5.2 billion revenue backlog

Year	2014	2015				2016				2017				
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
Contract Coverage	100%	93%				65%				39%				
Leiv Eiriksson	Rig Management Norway								3 X 1 year options (through 2019)					
Eirik Raude	Lukoil	Mob	Premier Oil					2 x 8 well options						
Ocean Rig Corcovado	Petrobras			Petrobras (through Q2 2018)										
Ocean Rig Olympia	Total ¹					Eni ^{2,3}								
Ocean Rig Poseidon	Eni ²													
Ocean Rig Mykonos	Petrobras			Petrobras (through Q1 2018)										
Ocean Rig Mylos	Repsol									options for up to 2 years (through Q2 2019)				
Ocean Rig Skyros	Total		Eni ^{2,3}			Total (through Q3 2021)								
Ocean Rig Athena	ConocoPhillips										options for up to 2 years (through 2018)			
Ocean Rig Apollo	Expected Delivery Q1 2015	Mob	Total (through Q1 2018)											
Ocean Rig Santorini	Expected Delivery Q2 2016								Mob					
Ocean Rig TBN #1	Expected Delivery Q1 2017										Mob			
Ocean Rig TBN #2	Expected Delivery Q2 2017											Mob		

- 1) Total has announced their intention to redeliver the unit to us early; we intend to legally defend our rights if we are not able to reach amicable solution
- 2) Subject to final approval from local partners
- 3) Current plan: *Ocean Rig Skyros* from March through August and *Ocean Rig Olympia* from November to December

Backlog data as of February 10, 2015



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Q4 2014- Revenue and operating expenses summary

- During the quarter, we had 828 calendar days of which 29 days were uncontracted
- Resulting in 799 available contracted drilling days, of which 758 were revenue earning days i.e. 95% contracted operating efficiency⁽¹⁾

Drilling Unit	Mobilization/ Uncontracted Days	Available Contracted Drilling Days (a)	Off-hire Days (b)	Revenue Earning Days (a-b)	Contracted Operating Efficiency ⁽¹⁾ (c)	Amortization of Deferred Revenues (\$ mln)
Total Fleet	29	799	41	758	94.9%	\$48.1

- Our daily direct and onshore rig operating expenses this quarter averaged \$187,401/unit versus \$187,700/unit during Q3 2014, and \$191,560/unit during Q4 2013

Drilling Unit	Q4 2014 Direct & Onshore Rig Opex		Q4 2014 Amortization of Deferred Opex
	(in USD million)	(\$ per day)	(in USD million)
Total / Average Fleet	\$155.2	\$187,401	\$29.8

Notes:

(1) Contracted Operating Efficiency defined as Revenue Earning Days over Available Contracted Drilling Days

Any differences due to rounding



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Income Statement

	Q4 2014
REVENUES:	
<i>Drilling revenues, net</i>	451.3
<i>Amortization of deferred revenue</i>	48.1
Total Revenues from drilling contracts	499.4
EXPENSES:	
<i>Direct & onshore rig operating expenses</i>	155.2
<i>Maintenance expenses & other items, net</i>	9.9
<i>Amortization of deferred operating expenses</i>	29.8
Total drilling rig operating expenses	194.8
Depreciation and amortization	84.5
General and administrative expenses	34.8
Other, net	-3.5
Operating income/(loss)	188.7
OTHER INCOME/(EXPENSES):	
Net interest and finance costs	-62.3
Gain/(loss) on interest rate swaps	-6.4
Other, net	3.5
Total other expenses	-65.3
Income taxes	-36.0
Net income/ (loss)	87.5
Earnings/ (loss) per common share, basic and diluted	\$0.66
Weighted average number of shares, basic and diluted	131,851,422

Any differences due to rounding



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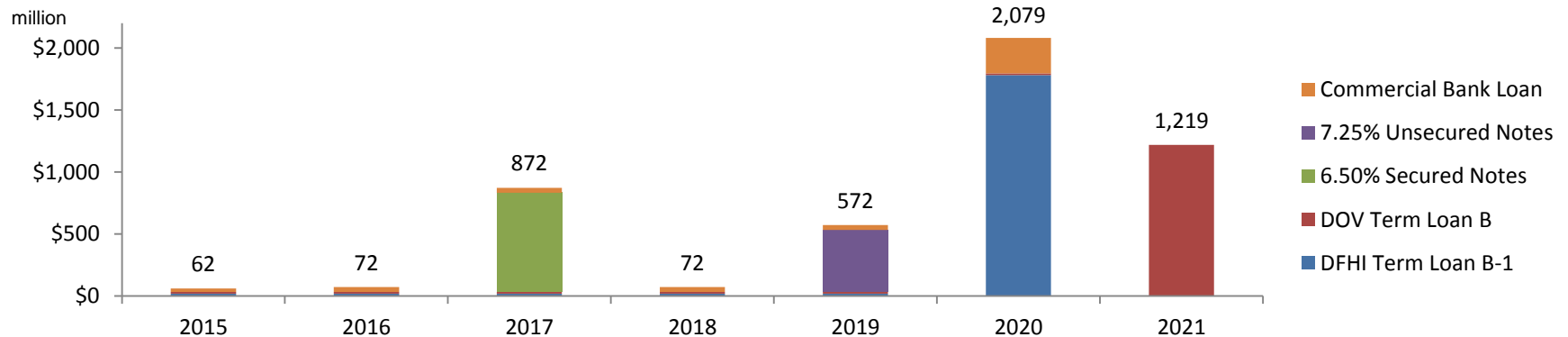


Solid Balance Sheet

- Weighted average maturity of 5.2 years
- No near-term maturities; next significant maturity in Q4 2017
- Free cash: \$528.9 million

	<i>DFHI Term Loan B-1</i>	<i>7.25% Unsecured Notes</i>	<i>6.50% Secured Notes</i>	<i>DOV Term Loan B</i>	<i>Commercial Bank Loan</i>
Amount Outstanding ⁽¹⁾	\$1,876mil	\$500 mil	\$800 mil	\$1,297 mil	up to \$475 mil
Interest Rate Margin ⁽²⁾ / Coupon	5.00%	7.25%	6.50%	4.50%	2.10%
Libor Floor	1.00%	N/A	N/A	1.00%	No floor
Annual Amortization ⁽³⁾	\$19.0 mil	N/A	N/A	\$13.0 mil	\$40.0 mil
Earliest Maturity	Q3 2020	Q2 2019	Q4 2017	Q3 2021	Q1 2020

Current maturity profile



(1) As of 12/31/2014, PRO FORMA for drawdown of committed Commercial Bank Loan

(2) Assumes Eurodollar Rate Loan

(3) Term loans amortize quarterly

All data Pro Forma for drawdown of \$475 mil Commercial Bank Loan; actual drawdown amount might vary



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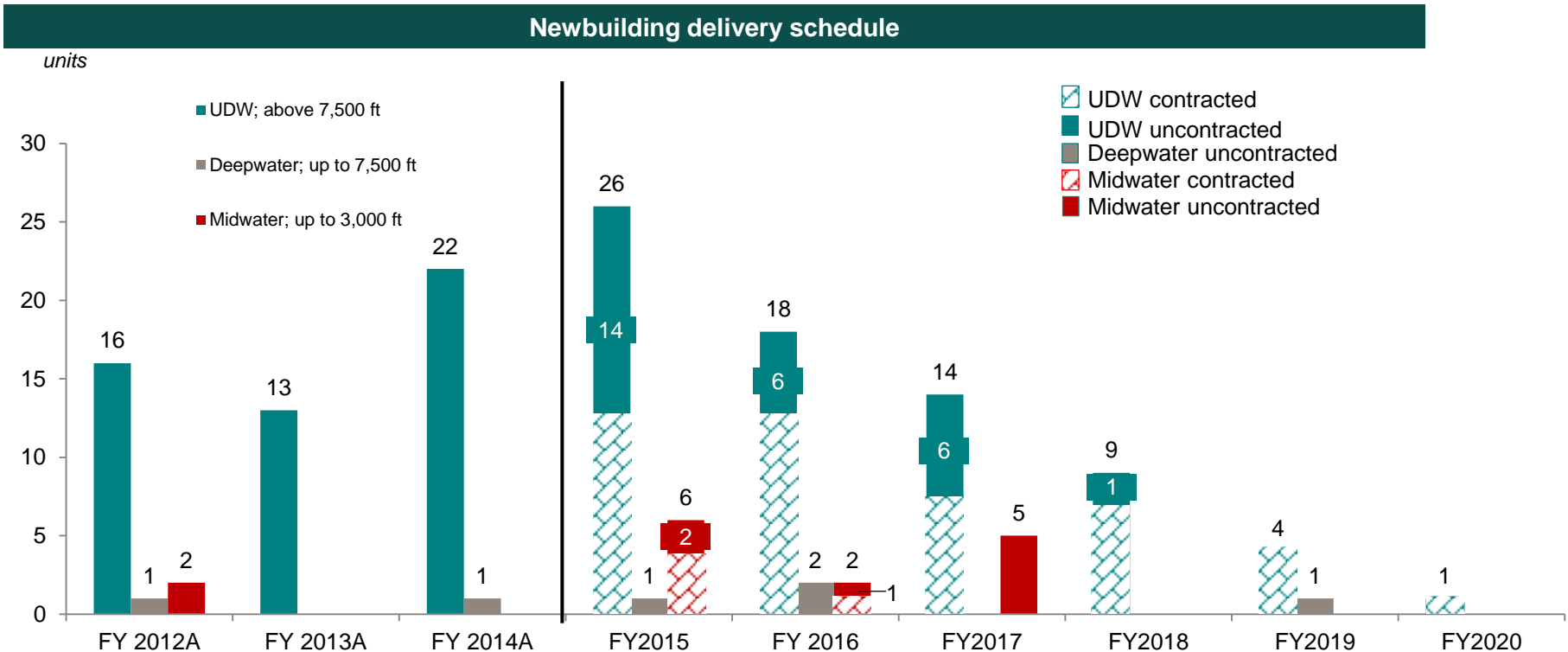


Industry Overview



Supply of uncontracted newbuilds decreasing in 2016 and beyond

- 27 out of a total 72 UDW capable newbuilds are currently uncontracted
- Only 17 mid and deepwater newbuilds in total (of which 5 are already contracted)
- SETE Brazil has 29 doubtful newbuilds (2 in '15, 8 in '16, 6 in '17, 13 in 18+)



Source: IHS Petrodata, Company data, Wall Street Research

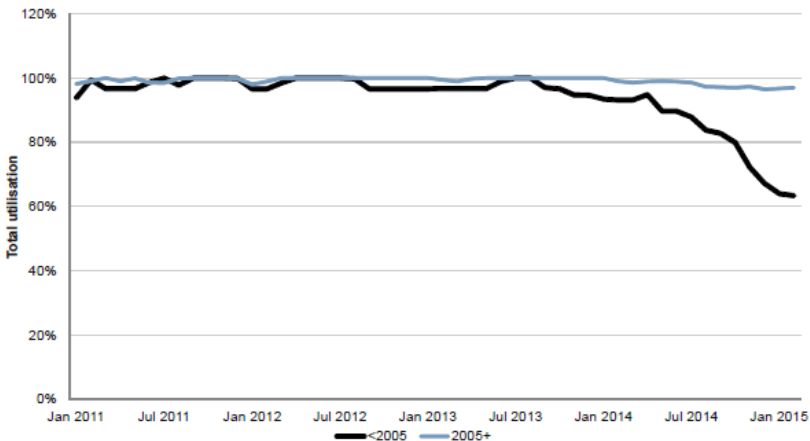


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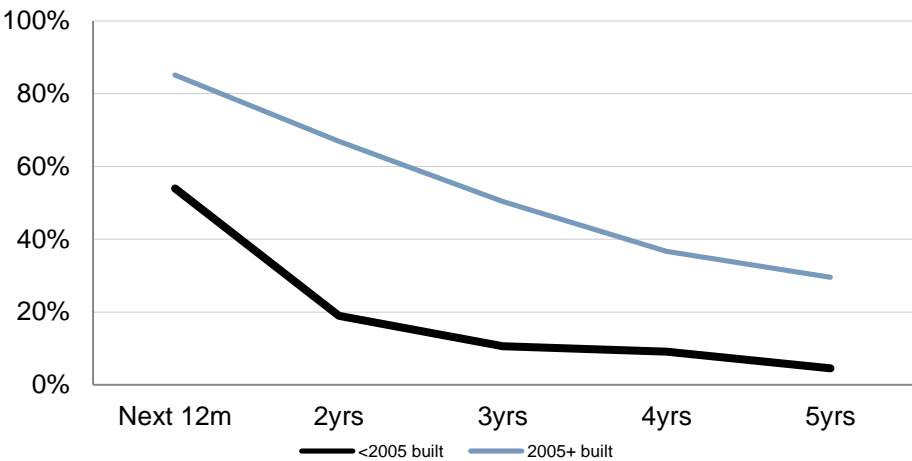
Older units unable to secure new contracts → more stacking and scrapping

Floaters Utilization



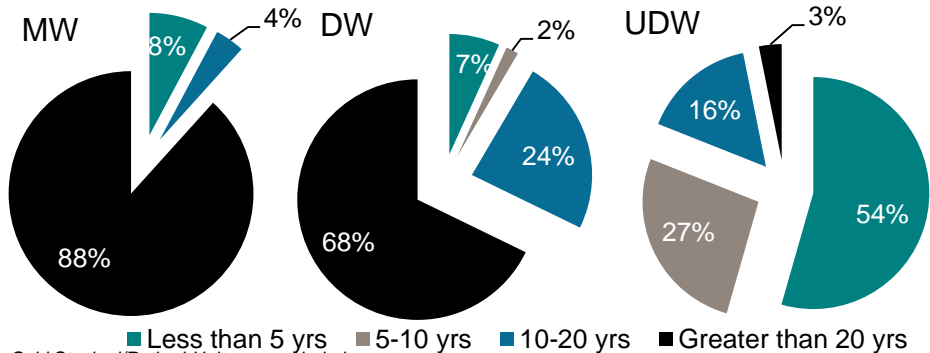
Source: Nordea Equity Research 02/04/2015

Forward contract coverage



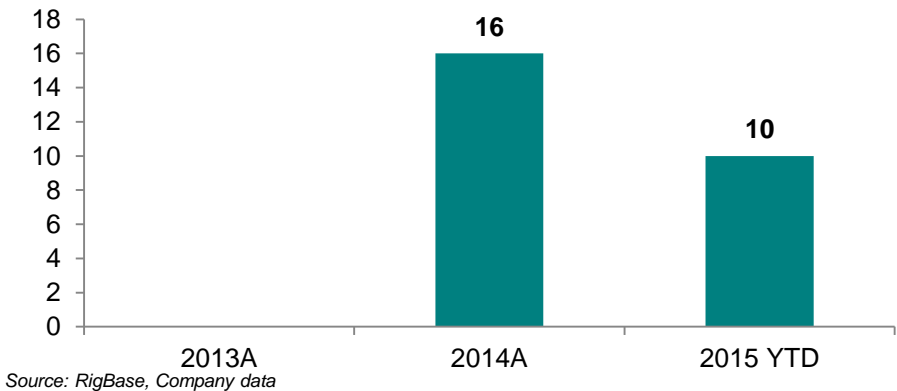
Source: Nordea Equity Research 02/07/2015

Age profile of MW – DW - UDW fleets



Cold Stacked/Retired Units are excluded
Source: IHS Petrodata

Scrapping Activity



Source: RigBase, Company data

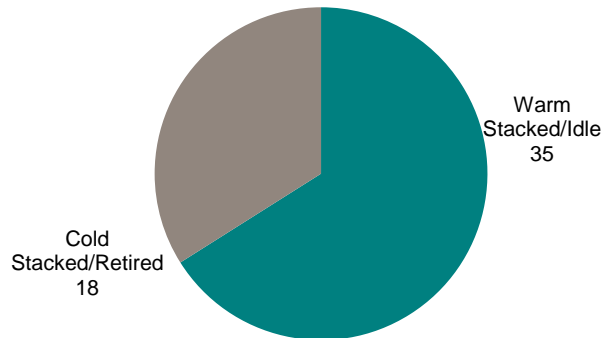


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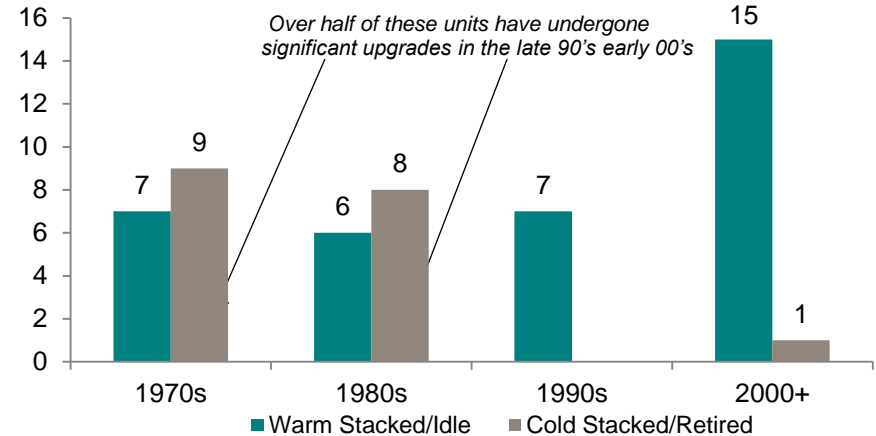


Stacking and scrapping of older units has accelerated

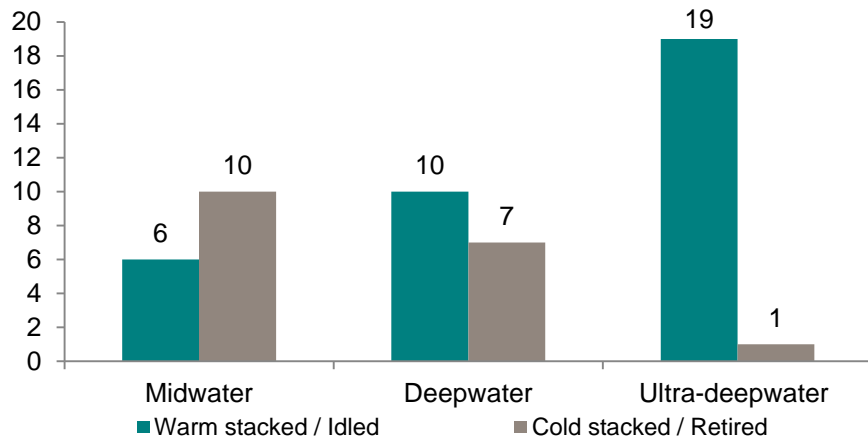
53 Idled/Stacked units



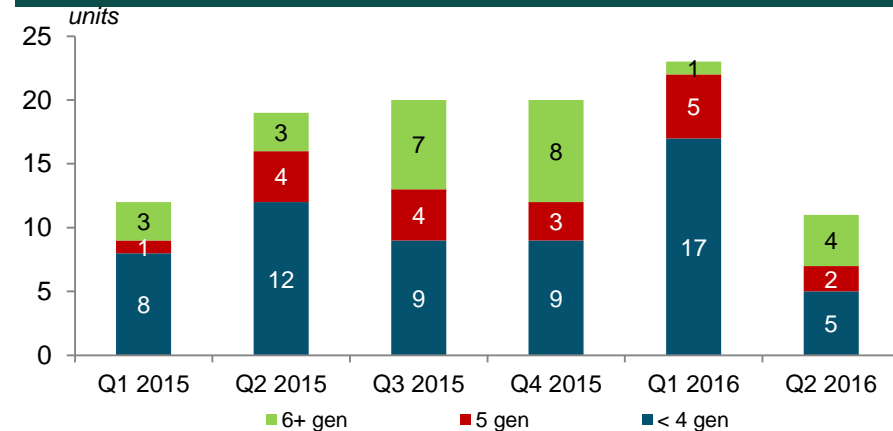
Stacked units by decade built



Idled/Stacked unit by water-depth capability



2015 – 1H 2016 contract roll-offs by generation



Note: Data as of February 20th 2015, excludes units currently idled but commencing contract next few months
Source: Company data ,Rigzone, IHS Petrodata

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Closing Remarks



Closing remarks

- Attractive portfolio of modern drilling units
 - Fleet of 11 modern (6th and 7th generation) UDW drillships and 2 UDW harsh environment semi-submersible rigs
 - Premium high specification standardized assets
- Value creation initiatives
 - Declared dividend of \$0.19 per share with respect to Q4 2014 operations and payable on March 23, 2015
 - Targeting Master Limited Partnership (MLP) IPO when market improves
- Measured and well-timed growth plans
 - No uncontracted newbuild drillship deliveries until the earliest 2H 2016
 - Fleet expansion with delivery of premium 7th generation drillships
 - Moderate pre-delivery capex covered through strong contracted cash flows from operations
 - Actively using our relationship with the shipyards to alleviate our capex burden
 - Proven access to diverse and attractive funding sources (term loans, bonds, ECAs) to fund majority portion of delivery capex
- Attractive cash flow dynamics
 - Significant contracted cash flow with \$5.2 billion backlog⁽¹⁾
 - Diverse mix of high quality counterparties with staggered contract maturities

(1) Backlog as of February 24, 2015



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Appendix



Pure-play ultra-deepwater driller with premium assets

Harsh environment UDW semis

5th generation semisubmersibles



Leiv Eiriksson



Eirik Raude

Sister drillships provide benefits from standardization

Four 6th and five 7th generation drillships



Corcovado, Olympia, Poseidon, Mykonos



Mylos, Skyros, Athena, Apollo (2/15), Santorini (6/16),

Optimized for development drilling

Two advanced spec 7th gen. drillships



TBN #1 (Q1 2017), TBN #2 (Q2 2017)

Built at Dalian/Friedman Goldman Irving

Up to 10,000 ft. water depth capacity

Up to 30,000 ft. drilling depth capacity

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

Winterized for operations in extreme climates, ideal for development drilling

Built at Samsung Heavy Industries

Sister drillships with common equipment, spare parts and training standards

Up to 10,000-12,000 ft. water depth capability

Up to 40,000 ft. drilling depth capability with 6 and 7 ram BOPs

Dual derricks for increased drilling activity/efficiency

Accommodations for up to 215 personnel on board

Ocean Rig Mylos & Ocean Rig Santorini equipped with dual BOPs

Ocean Rig Mylos equipped with MPD system, *Ocean Rig Corcovado & Ocean Rig Mykonos* MPD-ready upgrade paid by client

Built at Samsung Heavy Industries

Sister drillships

Up to 12,000ft water depth capability

Dual 7 ram BOPs

Dual derricks

Accommodations for up to 240 personnel

Increased variable deck load, deck space and storage capacity

Increased hoisting and riser capacity



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Healthy liquidity & capital structure

<i>(in \$ million)</i>	<i>December 31, 2014</i>
Total cash	531.5
Senior Secured Term Loan B Facility ⁽¹⁾	1,266.4
B-1 Term Loans ⁽¹⁾	1,825.7
6.50% senior secured notes due 2017 ⁽¹⁾	788.2
7.25% senior unsecured notes due 2016 ⁽¹⁾	492.2
Total debt ⁽¹⁾	4,372.5
Total shareholders' equity	3,166.3
Total capitalization	7,538.8
Net Debt	3,841.0
Debt to capitalization	58.0%
Net Debt to Capitalization	50.9%

<i>Ownership on February 25, 2015</i>	
Shares Outstanding	132.0 million
Free float shares	53.7 million
% of free float shares	40.7 %
% ownership DRYS	59.3 %

Equity market capitalization: \$ 1,188 mil
 Current Enterprise Value ⁽²⁾: \$ 4,613 mil
 Fully Delivered Enterprise Value ⁽³⁾: \$ 7,396 mil

(1) Net of capitalized financing fees

(2) On a 9 unit fleet basis,

(3) On a 13 unit fleet basis

Assumes \$ 9.00 share price




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Fleet status report

Date: 26-Feb-15

OCEAN RIG 		Year Built / Expected Delivery	Location	Customer	Estimated Commencement Date	Estimated Completion Date	Estimated Mobilization Days					Expected Idle & Off-hire Days					Footnote References					
UDW Unit Name							2014 Q4A	2015				2014 Q4A	2015									
								Q1E	Q2E	Q3E	Q4E		Q1E	Q2E	Q3E	Q4E						
Eirik Raude	2002	West Africa Falkland Islands	Lukoil Premier Oil	Q3 2013 Q1 2015	Q1 2015 Q4 2015		60			45	2					1 2						
Leiv Eiriksson	2001	Norway	Rig Management	Q2 2013	Q1 2016						1											
Ocean Rig Corcovado	2011	Brazil	Petrobras	May-12	Q2 2018						4											
Ocean Rig Olympia	2011	Gabon, Angola Angola	Total ENI	Jul-12 Nov-15	Feb-15 Dec-15							31	91	92	31	3 4						
Ocean Rig Poseidon	2011	Angola	ENI	Q2 2013	Q2 2017											5						
Ocean Rig Mykonos	2011	Brazil	Petrobras	Mar-12	Q1 2018						12					6						
Ocean Rig Mylos	2013	Brazil	Repsol Sinopec	Aug-13	Q3 2016						18					7						
Ocean Rig Skyros	2013	Nigeria, Angola Angola	ENI Total	Mar-15 Oct-15	Aug-15 Q3 2021				32		29	59				8 9						
Ocean Rig Athena	2014	Angola	ConocoPhillips	Mar-14	Q2 2017						4											
Ocean Rig Apollo	2015	Under construction Congo	NA Total	NA Mar-15	Mar-15 Q2 2018		15	46								10						
Ocean Rig Santorini	2016	Under construction	NA	NA	Jun-16																	
Ocean Rig TBN #1	2017	Under construction	NA	NA	Q1 - 2017																	
Ocean Rig TBN #2	2017	Under construction	NA	NA	Q2 - 2017																	
Total Days							0	75	46	32	45	70	90	91	92	31						

Footnotes

- 1 Unit completed Lukoil contract on January 9, 2015
- 2 Expected 60 days for mobilization and acceptance testing prior to commencement of Premier Oil contract
- 3 Expected early redelivery of unit by end of February; We are presently in discussions with Total E&P Angola and intend to legally defend our rights should we fail to reach an amicable solution
- 4 Actively looking for short-term contract until October 2015. Unit expected to commence drilling under new ENI contract (subject to final approval) in November 2015
- 5 Contract extension until Q2 2017 subject to final approval (including finalizing new ENI contracts)
- 6 BOP related issues downtime
- 7 Drill string related downtime
- 8 Unit completed Total contract on December 2, 2014. Unit expected to commence drilling under new ENI contract (subject to final approval) in March 2015
- 9 Expected 32 mobilization days in Q3 2015 prior to commencement of Total Kaombo contract
- 10 Expected delivery from the yard by mid March. Expected 61 days for mobilization and acceptance testing prior to commencement of Total contract

Definitions

Mobilization Days: Includes estimated days related to drilling unit mobilization/demobilization, acceptance testing, time between contracts and estimated days for contract related rig upgrades prior to contract commencement.

Idle & Off-hire Days: "Idle" are considered the days waiting to secure employment. Off-hire days estimate includes planned days for class survey dry-docks, planned days related to maintenance/repair work, etc. During Idle & Off-Hire days operating expenses are expensed in the period incurred.

Notes Any differences due to rounding

Fleet Status Report located on the Ocean Rig website (www.ocean-rig.com) in the Investor Relations section.



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Projected deferred revenue & expense amortization

As of February 18, 2015

(USD million)	<u>Q1A 2014</u>	<u>Q2A 2014</u>	<u>Q3A 2014</u>	<u>Q4A2014</u>	<u>FY 2014</u>	<u>Q1E 2015</u>	<u>Q2E 2015</u>	<u>Q3E 2015</u>	<u>Q4E 2015</u>	<u>FY 2015</u>
Amortization of deferred revenues	32.7	49.0	55.5	48.1	185.3	42.4	44.4	37.3	33.4	157.4
Amortization of deferred expenses	19.7	29.6	32.8	29.8	111.9	24.5	19.7	17.7	16.1	78.0

Includes current accounting schedule and projected additions from future mobilizations

Definitions

Deferred Revenues include lump sum fees received related to mobilization, capital expenditures reimbursable for contract related rig upgrades etc. These revenues are capitalized and amortized through the duration of the contract.

Deferred Expenses include costs (recurring operating expenses, tug boats & helicopter rentals etc.) incurred during mobilization, capital expenditures for contract related rig upgrades etc. These costs are capitalized and amortized through the duration of the contract.

Mobilization revenue based on current estimates; actual revenue and actual expenses will differ from projections. Our projections for mobilization days will differ from actual mobilization days
 Mobilization expenses based on estimated mobilization days indicatively multiplied by \$200,000/day estimated operating expenses
 Differences due to rounding.

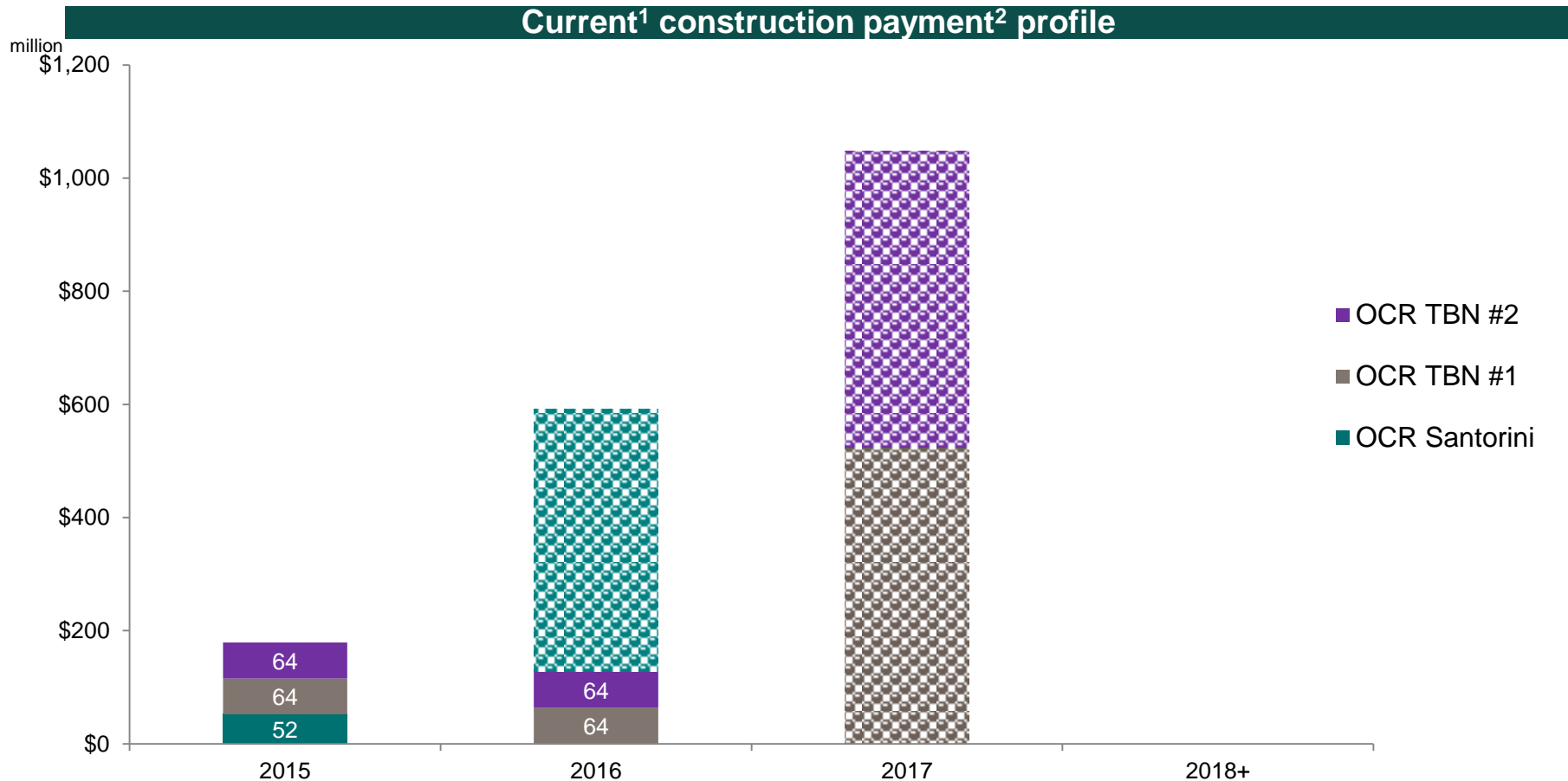


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Managing our capital expenditure program

- \$280 million equity invested for our three newbuildings through Q4 2014s



1) Represents remaining construction payments and construction related expenses (excluding financing costs) pro forma for delivery of Ocean Rig Apollo

2) Delivered cost includes recent order of second BOP unit



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Balance Sheet

(Expressed in Thousands of U.S. Dollars)

	<u>December 31, 2013</u>	<u>December 31, 2014</u>
<u>ASSETS</u>		
Cash, cash equivalents and restricted cash (current and non-current)	\$ 659,028	\$ 531,497
Other current assets	400,689	446,695
Advances for drillships under construction and related costs	662,313	622,507
Drilling rigs, drillships, machinery and equipment, net	5,777,025	6,207,633
Other non-current assets	121,395	233,289
Total assets	<u>7,620,450</u>	<u>8,041,621</u>
 <u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
Total debt	3,993,236	4,372,450
Total other liabilities	647,371	502,895
Total stockholders' equity	2,979,843	3,166,276
Total liabilities and stockholders' equity	<u>\$ 7,620,450</u>	<u>\$ 8,041,621</u>



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