

OCEAN RIG



Ocean Rig UDW Inc.

1st Quarter Ended March 31, 2014
Earnings Presentation



NASDAQ: "ORIG"
May 23, 2014

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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Q1 2014 financial results

	Net Revenue from drilling contracts: \$360.8 million
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	Adjusted EBITDA: \$172.2 million
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	Reported Net Loss: \$1.5 million or \$0.01 per share
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Plus:	Non-cash write offs and redemption costs from debt repayment: \$32.6 million or \$0.25 per share
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	Adjusted Net Income: \$31.1 million or \$0.24 per share
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Key highlights

- Achieved 86% (94% excluding OCR Mylos) average fleet wide operating performance for the first quarter
- OCR Athena delivered on March 24th, 2014 and expected to commence drilling operations under the contract with ConocoPhillips in late June
- OCR Skyros commenced drilling operations on March 2nd, 2014 under the Total contract (71 days since sailing from Korea including full acceptance)
- OCR Skyros awarded 6 year contract¹ from Total
- Declared dividend of \$0.19 per share with respect to Q1 2014 operations, to shareholders on record as of May 20th, and payable on May 30, 2014
- Deferred delivery of OCR Santorini from late-2015 to mid-2016
- Refinanced unsecured notes with new \$500 million unsecured notes, extended maturity until April 2019
- Refinanced tranche B-2 of Term Loans, extended maturity until earliest Q3 2020

1) Subject to signing final documentation

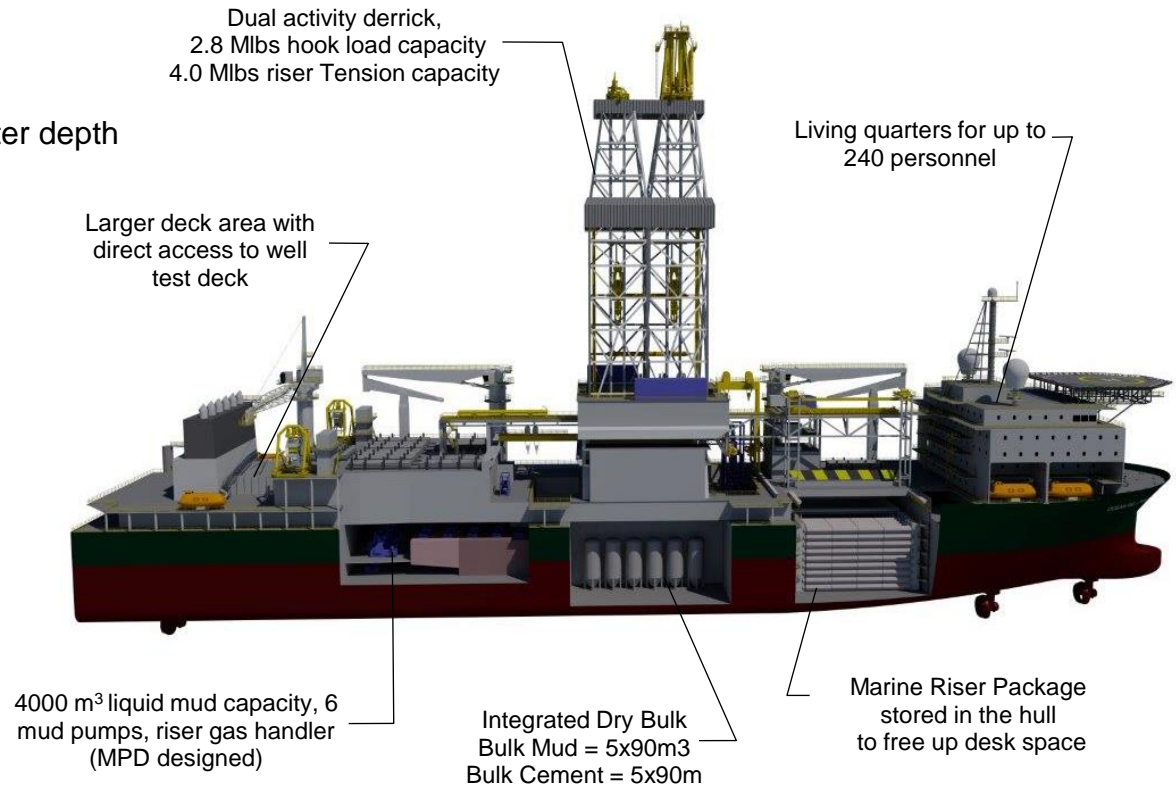


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Advanced design 7th generation newbuild drillships

- Signed a contract to construct two advanced-specification 7th generation drillships at Samsung Heavy Industries
- \$685 million total cost for each drillship
- Expected delivery in Q1 and Q2 2017
- Optimized for development drilling
- Capable of drilling in up to 12,000 feet water depth
- Increased motion stability eco-hull design
- Dual 7-ram BOP ready
- Larger hoisting and rising capacity
- Larger deck space and storage capacity



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Operational & Financial Highlights



Solid multi-year fleet employment profile

- Average contract remaining fixed period of 2.4 years, 3.7 years with options
- 99%, 72%, 39% calendar days under contract¹ in 2014, 2015, and 2016 respectively
- \$5.0 billion backlog¹ up from \$1.6 billion in early 2012

Year	2014				2015				2016				2017					
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		
Contract Coverage	99%				72%				39%									
Leiv Eiriksson	Rig Management Norway (led by Total)											3 X 1 year options (through 2019)						
Eirik Raude	Lukoil																	
Ocean Rig Corcovado	Petrobras																	
Ocean Rig Olympia	Total								2 x 1 year options (through Q3 2017)									
Ocean Rig Poseidon	Eni											2 x 1 year options (mid 2018)						
Ocean Rig Mykonos	Petrobras																	
Ocean Rig Mylos	Repsol												options for up to 2 years (through 2018)					
Ocean Rig Skyros	Mob	Total					Total (through Q3 2021)											
Ocean Rig Athena	Delivered March 2014	Mob	ConocoPhillips												options for up to 2 years (through 2018)			
Ocean Rig Apollo	Expected Delivery January 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) Including Skyros 6 year contract, subject to final signatures



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Q1 2014- Revenue analysis

- During the quarter, we had 728 calendar days and 69 days spent on mobilization
- Resulting in 659 available drilling days, of which 566 were revenue earning days i.e. 86% operating efficiency⁽¹⁾

Drilling Unit	Mobilization Days	Available Drilling Days (a)	Off-hire Days (b)	Revenue Earning Days (a-b)	Operating Efficiency ⁽¹⁾ (c)	Amortization of Deferred Revenues (\$ mln)
Leiv Eiriksson	0	90	2	88	98%	\$8.0
Eirik Raude	0	90	0	90	100%	\$1.1
OCR Corcovado	0	90	5	85	95%	\$3.6
OCR Olympia	0	90	2	88	98%	\$0.8
OCR Poseidon	0	90	0	90	100%	\$1.7
OCR Mykonos	0	90	19	71	79%	\$3.8
OCR Mylos	0	90	59	31	35%	\$9.9
OCR Skyros	61	29	7	23	78%	\$3.9
OCR Athena	8	0	0	0	NA	\$0.0
Total	69	659	93	566	85.9%	\$32.7

**94.0% excluding
OCR Mylos**

Notes:

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

Any differences due to rounding



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Q1 2014- OPEX analysis

Drilling Unit	Q1 2014 Direct & Onshore Rig Opex		Q1 2014 Amortization of Deferred Opex (in USD million)
	(in USD million)	(\$ per day)	
Leiv Eiriksson	20.9	232,635	4.8
Eirik Raude	12.8	142,090	0.0
OCR Corcovado	18.0	200,417	3.4
OCR Olympia	18.0	200,059	0.3
OCR Poseidon	17.3	192,263	1.1
OCR Mykonos	17.5	194,161	4.8
OCR Mylos	15.8	175,389	3.0
OCR Skyros	7.7	265,181	2.3
OCR Athena	0.0	NA	0.0
Total	128.1		19.7

\$194,400 ORIG fleet average Direct & Onshore daily Rig Opex

Notes:
Opex analysis excludes maintenance capex & other items, net treated as Opex for accounting purposes (total \$3.7 million in Q1 2014)
Any differences due to rounding



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Income Statement

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

	Q1 2014
REVENUES:	
<i>Drilling revenues</i>	328.0
<i>Amortization of deferred revenue</i>	32.7
Total Revenues from drilling contracts	360.8
EXPENSES:	
<i>Direct & onshore rig operating expenses</i>	128.1
<i>Maintenance expenses & other items, net</i>	3.7
<i>Amortization of deferred operating expenses</i>	19.7
Total drilling rig operating expenses	151.5
Depreciation and amortization	76.7
General and administrative expenses	35.4
Other, net	1.6
Operating income/(loss)	95.5
OTHER INCOME/(EXPENSES):	
Net interest and finance costs	-86.1
Gain/(loss) on interest rate swaps	-2.2
Other, net	0.0
Income taxes	-8.8
Total other expenses	-97.1
Net income/ (loss)	-1.5
Earnings/ (loss) per common share, basic and diluted	-\$0.01
Weighted average number of shares, basic and diluted	131,844,886

Any differences due to rounding



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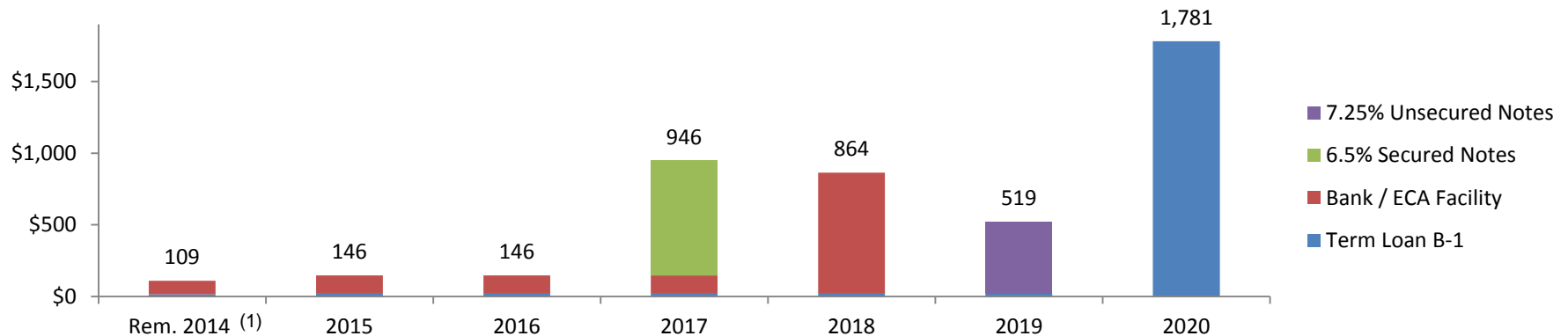


Improved debt maturity profile

- Weighted average maturity of 5.1 years
- No near-term maturities; next significant maturity in Q4 2017

	<i>Term Loan B-1</i>	<i>7.25% Unsecured Notes</i>	<i>6.5% Secured Notes</i>	<i>Bank / ECA Facility</i>
Amount Outstanding ⁽¹⁾	\$1,891 mil	\$500 mil	\$800 mil	\$1,319 mil
Interest Rate Margin ⁽²⁾ / Coupon	5.00%	7.25%	6.50%	3.50%
Libor Floor	1.00%	N/A	N/A	3M Libor
Annual Amortization ⁽³⁾	\$19.0 mil	N/A	N/A	\$126.7 mil
Earliest Maturity	Q3 2020	Q3 2019	Q4 2017	Q3 2018

Current maturity profile



(1) As of 3/31/2014 and pro forma for 100% redemption of 9.5% Senior Unsecured Notes

(2) Assumes Eurodollar Rate Loan

(3) Term loans & bank/ECA facility amortize quarterly

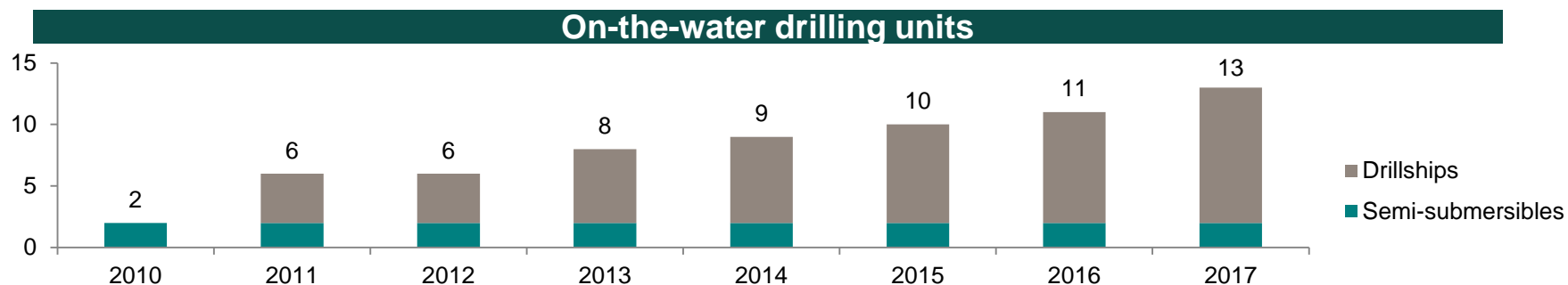
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Growth capital expenditure program

- \$516 million equity invested for our newbuildings
- Ordered two advanced-specification 7th generation drillships from Samsung Heavy Industries
 - Expected delivery in Q1 and Q2 2017 respectively

(\$ million)	Total Delivered Cost	Funded From Equity (as of May 15 2014)	Remaining Cost ⁽¹⁾				Delivery
			Rem. 2014	2015	2016	2017	
OCR Apollo	683	236	0	447			Jan-15
OCR Santorini	600	127	0		473		Jun-16
OCR TBN #1	685	77	0	64	64	481	Feb-17
OCR TBN #2	685	77	0	64	64	481	Jun-17
Total	2,653	516	0	574	600	962	



(1) Represents construction payments and construction related expenses (excluding financing costs) as of **March 31 2014**



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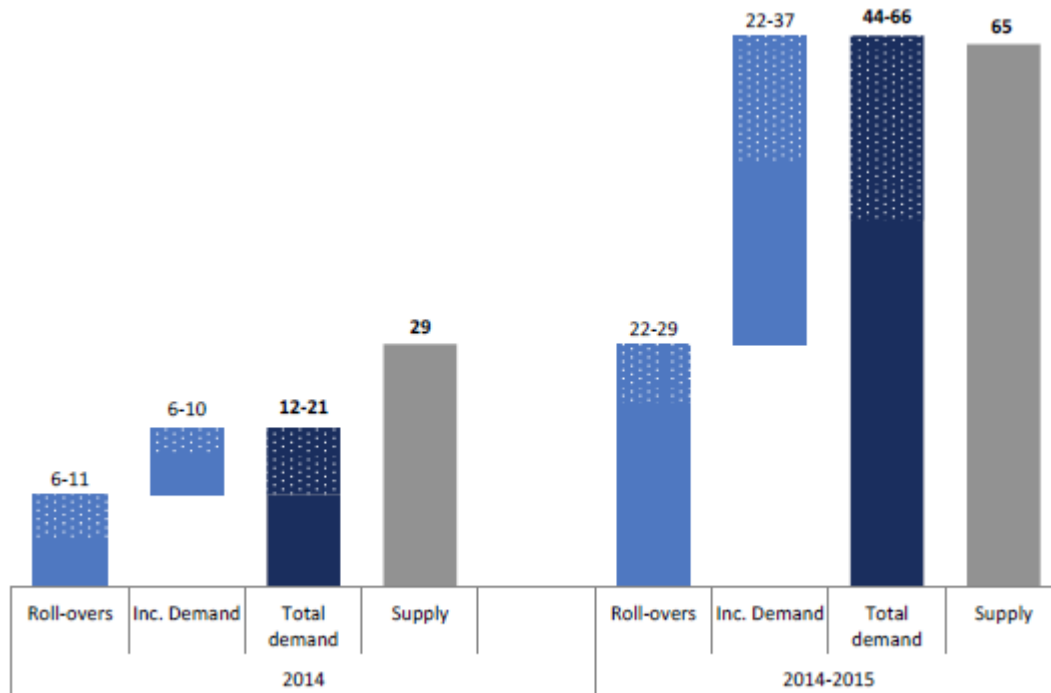


Industry Overview



Challenging UDW market in 2014 and 2015

UDW Supply and Demand



Recovery from late 2015:

- Attrition of floaters.
- Need for oil reserves replacement.
- Renewed interest in areas such as Mexico and Brazil.
- Escalation of development activities in Africa.

Source: Pareto Securities

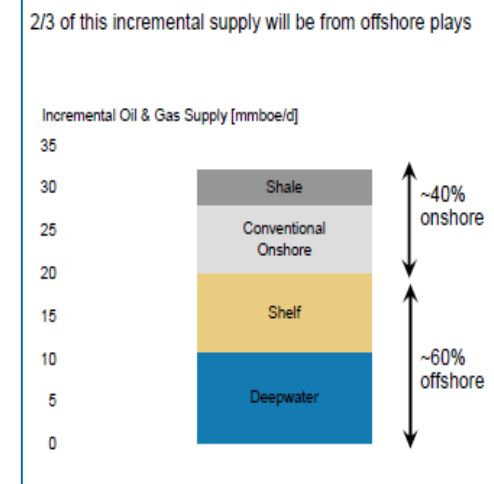
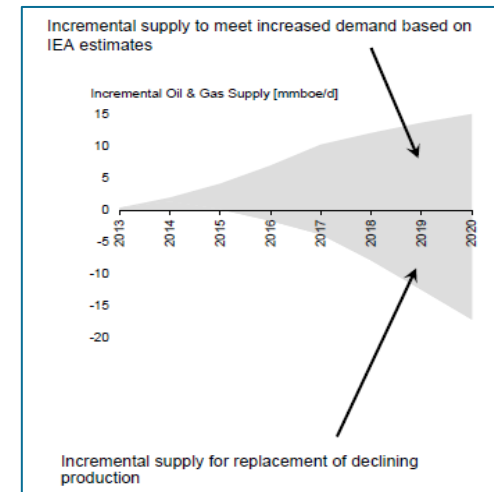
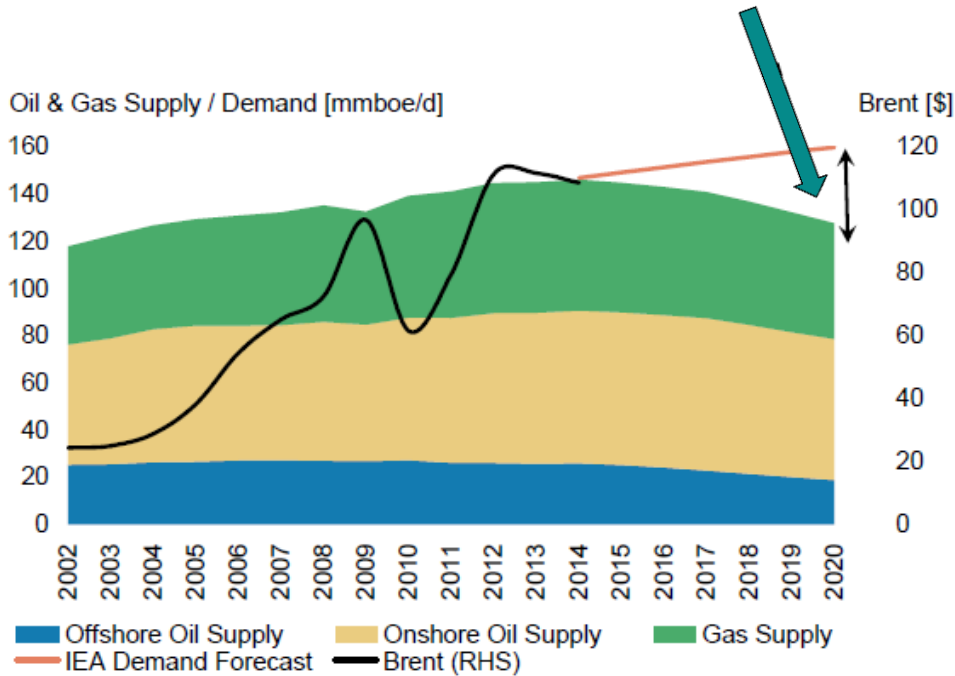


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Market recovery from late 2015

Production gap of 32mmboe/day in 2020



Source: Industry sources, wall street research

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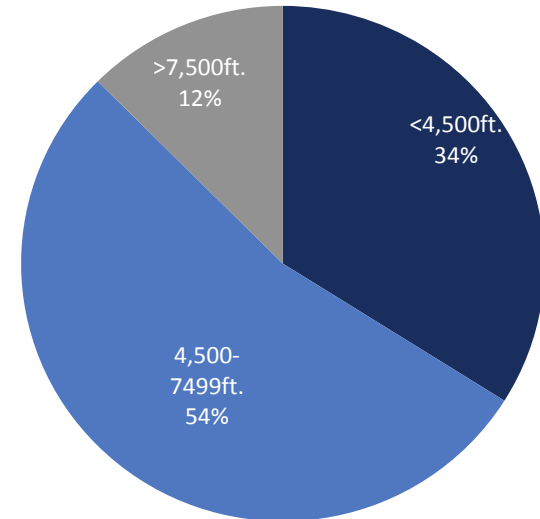


Modern & advanced UDW rigs outperform older units

Industry Trends

- Increased safety awareness
- Deeper and more challenging wells
- Focus on enhanced drilling efficiency
- Deeper water depths
- More remote drilling locations
- Higher regulatory requirements
- Advances in well construction techniques

UDW capable rigs preferred in all water depths



Source: Pareto Securities

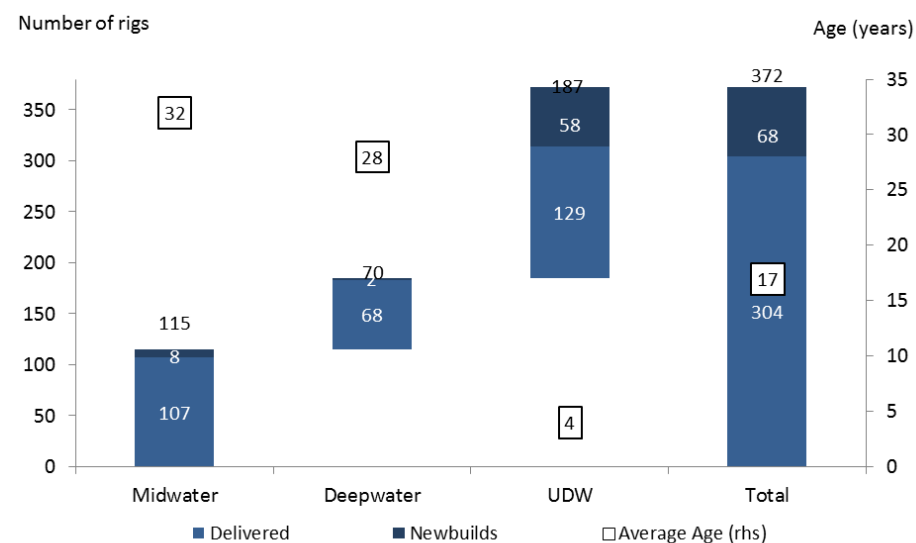


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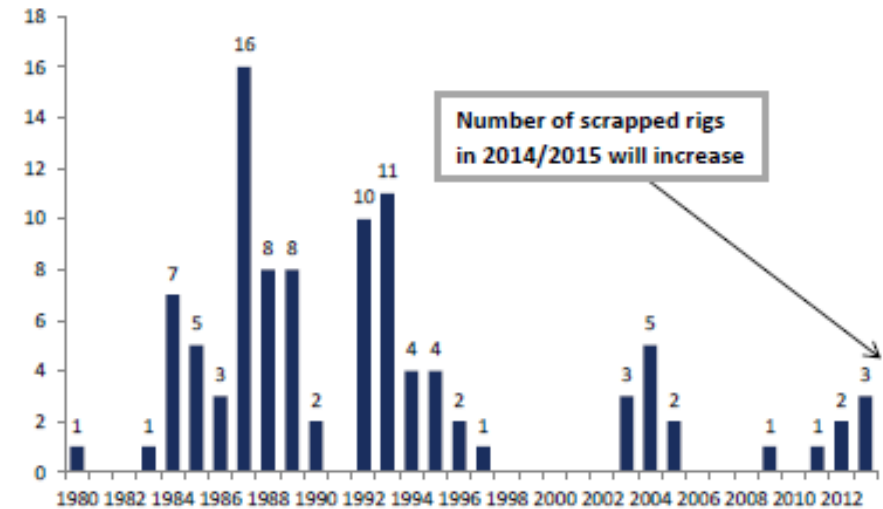


Attrition of floater rigs will support market recovery

Floater Fleet Age Profile



Floater Scrapping



- Vast majority of midwater and deepwater floaters are over 20 years old and becoming obsolete
- About 37% of mid and deep water fleet in excess of 30 years and expected to be stacked or scrapped

Source: Pareto Securities

Source: Pareto Securities



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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 Q1 2014 operations and payable on May 30, 2014
 - Targeting Master Limited Partnership (MLP) IPO before year end
- Measured and well-timed growth plans
 - No uncontracted newbuild drillship deliveries through the down-cycle (2014-2015)
 - Fleet expansion with delivery of premium 12,000ft water depth 7th generation drillships in 2017
 - Moderate Pre-delivery Capex covered through strong contracted cash flows from operations
 - Delivery Capex covered through diverse and attractive funding sources (banks, ECAs, bonds)
- Attractive cash flow dynamics
 - Significant contracted cash flow with \$5.0 billion backlog⁽¹⁾
 - Diverse mix of high quality counterparties with staggered contract maturities

(1) Backlog as of May 15, 2014. Includes Ocean Rig Skyros contract subject to final signatures



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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 (1/15), 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 7,500-10,000 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

Built at Samsung Heavy Industries

Sister drillships

12,000ft water depth capability

7 ram BOPs capable

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

(in \$ million)	March 31, 2014
Total cash	728.1
Bank / ECA Facility ⁽¹⁾	1,298.6
B-1 Term Loans ⁽¹⁾	1,834.1
6.50% senior secured notes due 2017 ⁽¹⁾	785.4
7.25% senior unsecured notes due 2016 ⁽¹⁾	491.3
Total debt ⁽¹⁾	4,409.4
Total shareholders' equity	2,979.3
Total capitalization	7,388.7
Net Debt	3,681.3
Debt to capitalization	59.7%
Net Debt to Capitalization	49.8%

Ownership on March 31 st , 2014	
Shares Outstanding	131.9 million
Free float shares	53.4 million
% of free float shares	40.6 %
% ownership DRYS	59.4 %

Equity market capitalization: \$ 2,242 mil
 Current Enterprise Value ⁽²⁾: \$5,713 mil
 Fully Delivered Enterprise Value⁽³⁾: \$8,366 mil

(1) Net of capitalized financing fees
 (2) On a 9 unit fleet basis
 (3) On a 13 unit fleet basis
 Assumes \$17.00 share price



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Strong contract backlog provides cash flow visibility

Unit	Year built	Redelivery	Counterparties	Counterparty's parent credit rating	Operating area	Backlog ⁽²⁾ (\$mm)
Leiv Eiriksson	2001	Q2 – 16	Rig Management Norway ⁽¹⁾	–	Norway	\$382
Eirik Raude	2002	Q4 – 14	Lukoil	Baa2 / BBB	Ivory Coast	\$116
Ocean Rig Corcovado	2011	Q2 – 15	Petrobras	Baa1 / BBB	Brazil	\$168
Ocean Rig Olympia	2011	Q3 – 15	Total	Aa1 / AA-	Angola	\$271
Ocean Rig Poseidon	2011	Q2 – 16	Eni	A3 / A	Angola	\$528
Ocean Rig Mykonos	2011	Q1 – 15	Petrobras	Baa1 / BBB	Brazil	\$142
Ocean Rig Mylos	2013	Q4 – 16	Repsol	Baa3/BBB-	Brazil	\$579
Ocean Rig Skyros	2013	Q1 – 15	Total	Aa1 / AA-	Angola	\$116
		Q3 – 21				\$1,264
Ocean Rig Athena	2014	Q2 – 17	ConocoPhillips	A1 / A	Angola	\$758
Ocean Rig Apollo	2015	Q1 – 18	Total	Aa1 / AA-	Congo	\$670
Total						\$5.0 billion

(1) Rig Management Consortium led by Total

(2) As of May 15th 2014

Credit Ratings as of March 2014



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2014 Net drilling revenue indicative calculator

- To calculate FY2014 Revenues from drilling contracts add to the 9M net drilling revenue calculated below:
 - approximately \$133.4 million in projected amortization of deferred revenues
 - Net revenues from drilling contracts of \$360.8 million in Q1 2014

Drilling Unit	Mobilization Days			Available Drilling Days (a)	Average Drilling Day Rate for 9M 2014 (b)	Earnings Efficiency Guidance (c)	Gross Revenue (a) x (b) x (c) = (d)	Local Agent Fees & Commissions (e)	Net Drilling Revenue (d) * (100%-e)
	Q2 2014	Q3 2014	Q4 2014	9M 2014			FY 2014		FY 2014
Leiv Eiriksson				275	\$551,600	92.50%	?	3.00%	?
Eirik Raude			25	250	\$575,000	92.50%	?	3.00%	?
OCR Corcovado				275	\$458,900	92.50%	?	3.00%	?
OCR Olympia				275	\$589,200	92.50%	?	3.00%	?
OCR Poseidon				275	\$685,600	92.50%	?	3.00%	?
OCR Mykonos				275	\$453,900	92.50%	?	3.00%	?
OCR Mylos				275	\$626,300	92.50%	?	3.00%	?
OCR Skyros				275	\$571,300	92.50%	?	3.00%	?
OCR Athena	91			184	\$636,800	92.50%	?	3.00%	?
OCR Apollo				0	N/A	92.50%	?	3.00%	?
OCR Santorini				0	N/A	92.50%	?	3.00%	?
OCR TBN #1				0	N/A	92.50%	?	3.00%	?
OCR TBN #2				0	N/A	92.50%	?	3.00%	?
Total	91	0	25	2,359			?		?

*Our projections for mobilization days and earnings efficiency will differ from actual mobilization days and actual earnings efficiency respectively.

Any differences due to rounding

Data as of May 15th 2014




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Fleet status report

Date: 15-May-14

OCEAN RIG 						Date: 15 May 14				Date: 15 May 14		Date: 15 May 14				
Year Built / Expected		Location	Customer	Estimated Commencement	Estimated Completion	Estimated Mobilization Days				Scheduled Off-Hire Days		Footnote	Estimated Available Drilling Days			
						2014				2014			2014			
UDW Unit Name	Delivery			Date	Date	Q1A	Q2	Q3	Q4	Q1A	Q2	References	Q1A	Q2	Q3	Q4
Eirik Raude	2002	West Africa	Lukoil	Q3 2013	Q4 2014	25						1	90	91	92	67
Leiv Eiriksson	2001	Norway	Rig Management	Q2 2013	Q2 2016					2			90	91	92	92
Ocean Rig Corcovado	2011	Brazil	Petrobras	May-12	Q2 2015					5			90	91	92	92
Ocean Rig Olympia	2011	Gabon, Angola	Total	Jul-12	Q3 2015					2			90	91	92	92
Ocean Rig Poseidon	2011	Angola	ENI	Q2 2013	Q2 2016								90	91	92	92
Ocean Rig Mykonos	2011	Brazil	Petrobras	Mar-12	Q1 2015					1915		2	90	91	92	92
Ocean Rig Mylos	2013	Brazil	Repsol Sinopec	Aug-13	Q3 2016					59		3	90	91	92	92
Ocean Rig Skyros	2013	Angola	Total	Dec-13	Q1 2015	61				7		4	29	91	92	92
Ocean Rig Athena	2014	Under construction Angola	NA ConocoPhillips	NA Mar-14	Mar-14 Q2 2017	8	91				5		0	0	92	92
Ocean Rig Apollo	2015	Under construction Congo	NA Total	NA Jan-15	Jan-15 Q1 2018											
Ocean Rig Santorini	2015	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						69	91	0	25	93	15		659	728	828	803

Footnotes

- 1 Estimated mobilization following completion of Lukoil contract
- 2 Total 19 days off-hire due to BOP issues in Q1 2014, and projected 15 days off-hire in Q2 2014
- 3 Total 59 days off-hire due to series of BOP issues
- 4 Total of 72 days, of which 11 in Q4 2013 and 61 in Q1 2014, for mobilization and acceptance testing prior to commencement of Total contract
- 5 Estimated 99 days, of which 8 in Q1 2014 and 63 in Q2 2014, for mobilization and acceptance testing prior to commencement of 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.

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

Available Drilling Days: Calendar Days less estimated Mobilization days less estimated Off-Hire days; Available days do not include any utilization assumptions

Any differences due to rounding

Notes

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 May 15, 2014

(USD million)	<u>Q1A 2014</u>	<u>Q2E 2014</u>	<u>Q3E 2014</u>	<u>Q4E 2014</u>	<u>FY 2014</u>	<u>Q1E 2015</u>
Amortization of deferred revenues	32.7	43.5	47.1	42.7	166.1	33.0
Amortization of deferred expenses	19.7	25.9	27.8	25.4	98.8	19.4

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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Balance Sheet

(Expressed in Thousands of U.S. Dollars)

	<u>December 31, 2013</u>	<u>March 31, 2014</u>
<u>ASSETS</u>		
Cash, cash equivalents and restricted cash (current and non-current)	\$ 659,028	\$ 728,145
Other current assets	400,689	496,752
Advances for drillships under construction and related costs	662,313	338,058
Drilling rigs, drillships, machinery and equipment, net	5,777,025	6,461,812
Other non-current assets	121,395	133,101
Total assets	<u>7,620,450</u>	<u>8,157,868</u>
 <u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
Total debt	3,993,236	4,409,382
Total other liabilities	647,371	769,148
Total stockholders' equity	2,979,843	2,979,337
Total liabilities and stockholders' equity	<u>\$ 7,620,450</u>	<u>\$ 8,157,867</u>



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