Houlihan Lokey

Milbank

Lender Update

OCEAN RIG UDW, INC

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PRIVILEGED & CONFIDENTIAL | SUBJECT TO COMMON INTEREST | PRELIMINARY & DRAFT – SUBJECT TO MATERIAL CHANGE | PREPARED AT THE REQUEST AND WITH THE INPUT OF COUNSEL

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Business Plan: Fleet Overview

Contract Coverage Overview

Drilling Unit	Debt Facility[3]	Type	Built	Charterer	Expiration	Contract Coverage (2017 / 2018 / 2019 / 2020)
Leiv Eiriksson	DRH $484mm bonds	Semi-sub	2001	Lundin	12/31/17	$145k; Rig assumed to be sold on January 1, 2018 for $50 million
Eirik Raude		Semi-sub	2002			Rig assumed to be sold on August 1, 2017 for $10 million
OR Corcovado	DFH $1.9bn TLB	Drillship	2011	Petrobras	05/14/18	$450k
OR Olympia		Drillship	2011			
OR Poseidon		Drillship	2011	ENI	08/21/17	$582k $115k[1]
OR Mykonos		Drillship	2011	Petrobras	03/20/18	$450k
OR Mylos	DOV $1.3bn TLB	Drillship	2013			
OR Skyros		Drillship	2013	Total	09/30/21	$569k; $512k[2]; $512k[2]
OR Athena		Drillship	2014			
OR Apollo	DAS Facility	Drillship	2015			Apollo cash flows are ring-fenced until June 2018
OR Paros	Unencumbered	Drillship	2011			

Firm Contract | Spot Market | Yard Stay | Cold Stacked | Warm Stacked

Source: Based on Business Plan assumptions

(1) Assumes $115,000 per day starting on June 2, 2017

(2) Assumes at 10% discount starting on January 1, 2018

(3) As of 6/30/2017 including accrued interest and excluding treasury bonds

Assumptions: Operating Assumptions

Revenue

- Analysis is predicated on the operating rigs, spot rates and earnings efficiency per management guidance
- Warm stacked rigs become operational starting on January 1, 2020
- Cold stacked rigs become operational starting on the following schedule:
  - January 1, 2021 (OR Athena and OR Poseidon)
  - January 1, 2022 (OR Apollo and OR Mylos)
  - January 1, 2023 (OR Olympia and OR Paros)
- Assumed spot rates as follows:

($/day)	2020	2021	2022	2023	2024	2025	2026
Dayrates	$250,000	$300,000	$300,000	$350,000	$350,000	$350,000	$350,000

- 95% earnings efficiency on available drilling days
- Cash revenue payments are received 75 days after service provided
- Includes the termination payments for:
  – OR Olympia: $28.9 million in June 2017 (ENI) and $20.0 million in December 2017 (Total)
  – OR Athena: Aggregate termination payments of $108.7 million comprising of $35.5 million in February 2017 and $18.3 million every month from March 2017 through June 2017
  – Eirik Raude: $25.0 million in February 2017 (Premier)
- Local taxes and commissions on operating revenue and termination payments booked of 7%

Rig Running Costs

- Rig running cost on each respective month includes:
  – Opex running expenses
  – Other planned downtime running expenses
- Schedule for the rigs in operation assumes an annual escalation of 3% starting in 2019 as follows:

($/day)	2017-2018	2019	2020	2021	2022	2023	2024	2025	2026
Opex Rate	$123,000	$126,690	$130,491	$134,405	$138,438	$142,591	$146,868	$151,274	$155,813

- **Cold stacked rigs:** $100,000 per day during the first 60 days; $5,000 per day thereafter
- **Warm stacked rigs:** $100,000 per day during the first 60 days; $40,000 per day thereafter

Assumptions: Operating Assumptions (cont.)

Dry Dock Running Costs

- Dry dock expenses are incurred every 5 years as follows:

	Vessel Type	1st DD Date	2nd DD Date	Off-Hire Days	Cost
Poseidon	Drillship	Nov-25		50	$35,000,000
Corcovado	Drillship	Aug-21	Aug-26	50	$35,000,000
Mykonos	Drillship	Jun-17	Jun-22	50	$35,000,000
Mylos	Drillship	Nov-26		50	$35,000,000
Skyros	Drillship	Jan-19	Jan-24	50	$35,000,000
Apollo	Drillship	Nov-26		50	$35,000,000
Athena	Drillship	Nov-25		50	$35,000,000

Special Items

- Special items pertaining to maintenance expenditures in 2017 are scheduled as follows and $5 million assumed per operating rig per annum thereafter

	Leiv Eiriksson	Corcovado	Mykonos	Poseidon	Skyros	Total
2017 Special Items	$3,400,000	$3,900,000	$3,000,000	$2,200,000	$2,500,000	$15,000,000

- No cost is assumed for stacked rigs

Cash G&A

- Schedule for the total cash G&A assumes an annual escalation of 3% starting in 2019 as follows:

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
G&A	$76,000,000	$76,000,000	$78,280,000	$80,628,400	$83,047,252	$85,538,670	$88,104,830	$90,747,975	$93,470,414	$96,274,526

- Cash G&A is allocated pro rata by number of owned rigs, and when rigs are sold, the absolute cash G&A is reallocated across all remaining rigs

Projects Costs

- Project costs includes special survey expenses, deactivation and reactivation costs
- Cold stacked rigs:
  – $5 million de-activation cost
  – $50 million reactivation cost
- Warm stacked rigs:
  – $5 million de-activation cost
  – $15 million reactivation cost
- No provisions have been taken into account for the managed pressure drilling (“MPD”) upgrade project related to the Petrobras contracts (OR Corcovado and OR Mykonos), which are expected to have no effect from a cash flow perspective

Assumptions: Operating Assumptions (cont.)

Restructuring Assumptions	■ Potential Scheme Filing Date: April 1, 2017 ■ Potential Scheme Emergence Date: June 30, 2017 ■ Potential Scheme Filing Cost: $40 million spread between January 1, 2017 and June 30, 2017

Existing Cash and Debt Assumptions	■ As part of the restructuring, all cash flows associated with the DAS silo (OR Apollo) are ring-fenced, and thus, not included in the ORIG consolidated cash flows until June 30, 2018 (given that the OR Apollo is cold stacked, cash flows from July 1, 2018 to December 31, 2019 are reduced by $10,000 per day due to rig running costs)
	■ Existing debt obligations are assumed to be paid in normal course until Potential Scheme Filing Date
	■ With regards to all debt facilities with the exception of the DAS facility (the “Affected Facilities”):
	  ■ On Potential Scheme Filing Date (April 1, 2017), it is assumed that:
	    ■ No debt service payments (interest or amortization) are made on or after the Potential Scheme Filing Date
	    ■ All interest accrued from the Affected Facilities’ respective last interest payment date through the Potential Scheme Emergence Date is added to the respective outstanding claims
	  ■ On Potential Scheme Emergence Date (June 30, 2017), it is assumed that:
	    ■ All principal amounts outstanding are cancelled / extinguished
	  ■ Projected cash balance of $888 million (net of the DAS silo cash balance) as of June 30, 2017 before scheme Cash Consideration, Term Loan Early Consent Fee, and DRH Early Consent Fee
	  ■ Projected pro forma cash balance of $568 million as of July 1, 2017 and adjusted for scheme cash consideration and consent fees

Transaction Assumptions	■ On Potential Scheme Emergence Date (June 30, 2017), it is assumed that:
	  ■ Term Loan Early Consent Fee: DFH / DOV Lenders receive a Term Loan Consent Fee of $30 million
	  ■ DRH Early Consent Fee: DRH Bondholders receive a DRH Early Consent Fee of $2.5 million
	  ■ Cash Consideration: DFH / DOV / DRH creditors receive a $288 million cash payment, comprising
	    ■ $343 million Cash Consideration; less
	    ■ $55 million of interest accrued and paid after September 30, 2016
	  ■ New Debt: DFH / DOV creditors receive a $450 million Debt Consideration
	    ■ Maturity: June 30, 2024
	    ■ Interest: 8.0% per annum, cash interest
	■ Proceeds from disposal of semi-submersibles in Q3’17 and Q4’17 are assumed to remain at UDW and not used to pay down outstanding debt

Samsung Assumptions	■ Does not assume any revenues, operating expenses, or capital expenditures related to the Samsung newbuilds

Consolidated: Financial Projections

$288mm Cash Consideration / $450mm Debt Consideration – Annual Cash Flows

($ in millions, except for spot rates)

Period	2H17[(1)]	2018[(1)]	2019	2020	2021	2022	2023	2024	2025	2026
Ending Number of Rigs Operational	4	1	1	3	5	7	9	9	9	9
Warm Stacked	-	2	2	-	-	-	-	-	-	-
Cold Stacked	5	6	6	6	4	2	-	-	-	-
Total	9	9	9	9	9	9	9	9	9	9
Average Spot Rate				$250,000	$300,000	$300,000	$350,000	$350,000	$350,000	$350,000
Contracted Revenue	$302.4	$365.1	$153.3	$178.2	$177.7	$ -	$ -	$ -	$ -	$ -
Uncontracted Revenue	-	-	-	130.2	340.7	661.5	1,000.5	1,078.6	1,092.3	1,042.4
Gross Revenue	$302.4	$365.1	$153.3	$308.3	$518.4	$661.5	$1,000.5	$1,078.6	$1,092.3	$1,042.4
Taxes and Commissions	(19.6)	(18.8)	(10.7)	(24.6)	(39.3)	(50.0)	(76.5)	(75.5)	(74.1)	(73.0)
Net Revenue	$282.8	$346.2	$142.6	$283.7	$479.1	$611.5	$924.0	$1,003.1	$1,018.1	$969.4
Rig Running Cost	(107.1)	(109.0)	(86.4)	(154.3)	(252.6)	(357.4)	(468.4)	(483.8)	(496.9)	(511.8)
Special Items	(6.9)	(8.3)	(5.0)	(15.0)	(25.0)	(35.0)	(45.0)	(45.1)	(45.0)	(45.0)
Operating EBITDA	$168.8	$228.9	$51.2	$114.4	$201.5	$219.2	$410.6	$474.2	$476.2	$412.6
Projects Costs	(14.0)	(10.0)	(65.0)	(100.0)	(135.0)	(135.0)	-	(35.0)	(70.0)	(105.0)
G&A	(38.0)	(76.0)	(78.3)	(80.6)	(83.0)	(85.5)	(88.1)	(90.7)	(93.5)	(96.3)
EBITDA	$116.8	$142.9	($92.1)	($66.2)	($16.5)	($1.4)	$322.5	$348.5	$312.7	$211.3
Plus: Termination Payments	20.0	-	-	-	-	-	-	-	-	-
Less: Taxes on Termination Payments	(1.4)	-	-	-	-	-	-	-	-	-
Plus: Disposal of Semisubmersibles	10.0	50.0	-	-	-	-	-	-	-	-
Unlevered Free Cash Flow	$145.4	$192.9	($92.1)	($66.2)	($16.5)	($1.4)	$322.5	$348.5	$312.7	$211.3
Interest Expense	(18.4)	(36.5)	(36.5)	(36.6)	(36.5)	(36.5)	(36.5)	(18.2)	-	-
Debt Principal Amortization	-	-	-	-	-	-	-	-	-	-
Debt Principal Repayment	-	-	-	-	-	-	-	(450.0)	-	-
Financing CF	(18.4)	(36.5)	(36.5)	(36.6)	(36.5)	(36.5)	(36.5)	(468.2)	$ -	$ -
Levered Free Cash Flow	$127.0	$156.4	($128.6)	($102.8)	($53.0)	($37.9)	$286.0	($119.7)	$312.7	$211.3
BoP Cash Bal. (Total Avail. plus Restricted)	$567.6	$694.5	$851.0	$722.4	$619.5	$566.5	$528.6	$814.6	$694.9	$1,007.6
Change in Available Cash Balance	127.0	156.4	(128.6)	(102.8)	(53.0)	(37.9)	286.0	(119.7)	312.7	211.3
EoP Cash Balance (Available)	$694.5	$851.0	$722.4	$619.5	$566.5	$528.6	$814.6	$694.9	$1,007.6	$1,218.9

(1) 2H17 includes sale of Eirik Raude and ring-fencing of the Apollo. 2018 includes sale of the Leiv Eiriksson and Apollo returning to Ocean Rig

Consolidated: Financial Metrics

Credit Metrics - $288mm Cash Consideration / $450mm Debt Consideration

Year	2H17	2018	2019	2020	2021	2022	2023	2024	2025	2026
Credit Metrics										
Adj. EBITDA/Interest Expense	7.1x	4.2x	NM	0.9x	3.2x	3.7x	8.8x	21.1x	NA	NA
Adj. EBITDA/Capex	9.3x	15.3x	NM	0.3x	0.9x	1.0x	NA	11.0x	5.5x	3.0x
Adj. EBITDA/(Interest Expense + Capex)	4.0x	3.3x	NM	0.2x	0.7x	0.8x	8.8x	7.2x	5.5x	3.0x
Total Debt / Adj. EBITDA	3.4x	2.9x	NM	13.3x	3.8x	3.4x	1.4x	-	-	-
EoP Cash Balance	694.5	851.0	722.4	619.5	566.5	528.6	814.6	694.9	1,007.6	1,218.9
Applicable Financials										
Adjusted EBITDA	130.8	152.9	(27.1)	33.8	118.5	133.6	322.5	383.5	382.7	316.3
Total Debt	450.0	450.0	450.0	450.0	450.0	450.0	450.0	-	-	-
Interest Expense	18.4	36.5	36.5	36.6	36.5	36.5	36.5	18.2	-	-
Swap Settlement Costs	-	-	-	-	-	-	-	-	-	-
Project Costs (Capex)	14.0	10.0	65.0	100.0	135.0	135.0	-	35.0	70.0	105.0
Adjusted EBITDA(1)										
EBITDA	$116.8	$142.9	($92.1)	($66.2)	($16.5)	($1.4)	$322.5	$348.5	$312.7	$211.3
Plus: Project Costs	14.0	10.0	65.0	100.0	135.0	135.0	-	35.0	70.0	105.0
Adjusted EBITDA(1)	$130.8	$152.9	($27.1)	$33.8	$118.5	$133.6	$322.5	$383.5	$382.7	$316.3

(1) *EBITDA plus project costs*

Proposed Transaction

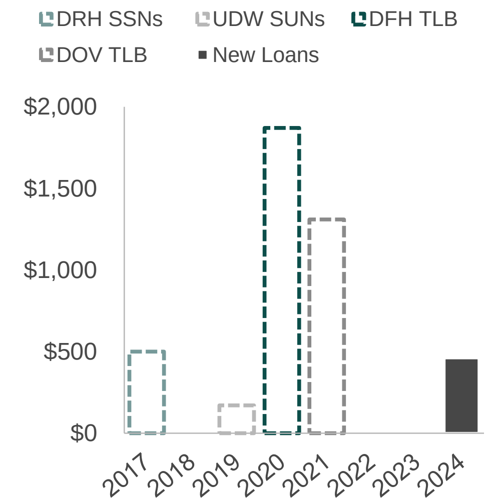
Summary

- Avenue Capital Management ("Avenue"), BlueMountain Capital Management ("BlueMountain"), Elliott Capital Management ("Elliott") and Lion Point Capital ("Lion Point") (collectively, the "Ad Hoc Group") began discussions in 2016 with Ocean Rig regarding a potential restructuring of their balance sheet ("Proposed Restructuring Transaction")
- The following pages provide an update to all of the Drillships Ocean Ventures Inc. ("DOV") lenders and Drillships Financing Holding Inc. ("DFH") lenders (collectively, the "Term Loan Lenders") and detail the terms of the Proposed Restructuring Transaction
  - The Proposed Restructuring Transaction results in a $3.4 billion de-leveraging of the balance sheet

Pro Forma Capital Structure(1)

($ in millions)	Amt. Out.(2)	Adj.	Pro Forma	Associated Collateral(3)	Interest Rate	Maturity
Secured Debt Outstanding						
New $450mm Debt Consideration	-	$450	$450	*Corcovado, Mykonos, Olympia, Poseidon, Mylos, Skyros, Athena, Paros, Apollo (4)*	8.00%	Jun-24
DFH Term Loan	1,894	(1,894)	-	~~Corcovado, Mykonos, Olympia, Poseidon~~	L + 5.00%	Jul-20
DOV Term Loan	1,304	(1,304)	-	~~Mylos, Skyros, Athena~~	L + 4.50%	Jul-21
6.50% Senior Secured Notes	484	(484)	-	~~Eirik Raude, Leiv Eiriksson~~	6.50%	Oct-17
Total Secured Debt	**$3,682**	**($3,232)**	**$450**			
Unsecured Debt Outstanding						
7.25% Senior Notes	$139	($139)	-		7.25%	Apr-19
Total Unsecured Debt	**$139**	**($139)**	**-**			
Total Debt	**$3,822**	**($3,372)**	**$450**			
Cash	888	(320)	568			
Net Debt	**$2,934**	**($3,051)**	**($118)**			
Equity Splits						
Existing Shareholders	*100.0%*					
Existing Creditors			*90.5%*			
MEP			*9.5%*			

PF Debt Repayment Profile



(1) Cash flows related to the OR Apollo termination payment will be ring fenced and used to pay down debt under the DAS Facility
(2) Debt amounts as of 6/30/2017 including accrued interest
(3) The $450mm Debt Consideration will be secured by all the rigs under the DFH / DOV Facilities and the OR Paros
(4) To be provided in the future through a springing lien once the DAS Facility has been fully repaid

Proposed Transaction

Terms & Allocations

- The key terms of the Proposed Restructuring Transaction are:
  - $30 million early consent fee payable pro rata in cash to Term Loan Lenders (the “Term Loan Early Consent Fee”) that timely sign the restructuring agreement (“RA”)
  - $2.5 million early consent fee payable pro rata in cash to Drillrigs Holding Inc. (“DRH”) Bondholders (the “DRH Early Consent Fee”) that timely sign the RA
  - The Term Loan Lenders, holders of DRH 6.50% Secured Bonds (“DRH Bonds”), and holders of UDW 7.25% Unsecured Bonds (“UDW Bonds”) exchange their debt for the applicable combination of:
    - $450 million new debt (the “Debt Consideration”) (8.0% cash interest, bullet maturity in June 2024)(1); and
    - $288 million cash consideration (the “Cash Consideration”)(2);
    - 100% of the pro forma equity (the “Equity Consideration”), subject to dilution from a management equity plan (“MEP”) allocated pro rata based on the recovery value of their respective claims

Overview of Transaction(3)

Stakeholder	Claim	Fee	Allocation			
	Outstanding Principal(4)	Early Consent Fee	Cash(2)	Debt	Equity (%)	Equity ($)
DFH Term Loan	$1,894 million	$18 million	$143 million	$236 million	45.7%	$838 million
DOV Term Loan	$1,304 million	$12 million	$135 million	$214 million	39.0%	$715 million
DRH Secured Bonds	$484 million	$3 million	$10 million	None	5.0%	$92 million
UDW Unsecured Bonds	$139 million	None	None	None	0.7%	$13 million
Management Team	N/A	None	None	None	9.5%	$174 million
Total Consideration	**$3,822 million**	**$33 million**	**$288 million**	**$450 million**	**100.0%**	**$1,832 million**

(1) DFH / DOV scheme only
(2) $343mm less cash interest payments made with respect to interest accrued after September 30, 2016 ($55mm)
(3) Detail on allocations beginning on slide 19
(4) Debt amounts as of 6/30/2017 including accrued interest

Imputed Valuation Summary

Imputed enterprise value as at June 30, 2017 based on a DCF methodology with a WACC of 11.5% and EBITDA terminal multiple range of 6.0x to 8.0x

Illustrative Valuation by Silo as of 6/30/17

($ in millions)

Entities	Collateral	Low	Mid	High
DRH Silo	*Leiv Eiriksson* *Eirik Raude*	$54	$54	$54
DFH Silo	*OR Corcovado* *OR Mykonos* *OR Olympia* *OR Poseidon*	631	692	754
DOV Silo	*OR Mylos* *OR Skyros* *OR Athena*	703	749	795
Non-Silo Entities	*OR Apollo* *OR Paros*	188	219	249
Imputed Enterprise Value		**$1,576**	**$1,714**	**$1,853**

Note: The imputed valuation summary displayed above has not been prepared by Houlihan Lokey and does not represent Houlihan Lokey's view on Ocean Rig

Proposed Transaction

Summary Allocation Methodology

Transaction Consideration	Amount	"Silo" Allocations	"Parent" Allocations
Cash Consideration	■ $288mm[1]	■ Pro rata allocation to creditors of DRH, DOV and DFH based on the imputed distributable value of their respective silos ■ The $343mm Cash Consideration is reduced by an amount equal to all cash interest payments made with respect to interest accrued after September 30, 2016 on the DOV/DFH Loans ($55mm)	■ N/A
Debt Consideration	■ $450mm	■ Pro rata allocation to creditors of DOV and DFH based on the imputed distributable value of their respective silos	■ N/A
Equity Consideration	■ 100% subject to the MEP	■ $-value equivalent, by silo, of: ■ Silo imputed distributable value; less ■ Silo Cash Consideration; less ■ Silo Debt Consideration (if applicable)	■ $-value equivalent of imputed distributable value of the Parent, allocated pro rata based on all Parent claims

(1) $343mm less cash interest payments made with respect to interest accrued after September 30, 2016 ($55mm)

Proposed Transaction

Summary of Imputed Distributable Value

Imputed Distributable Value – Midpoint

($ in millions)

	Silo Subsidiaries					
	DFH Term Loan	**DOV Term Loan**	**DRH Bond**	**Total Silo Subsidiaries**	**Non-Silo Subsidiaries + Parent**	**Grand Total**
Relevant Rigs	OR Corcovado OR Olympia OR Poseidon OR Mykonos	OR Mylos OR Skyros OR Athena	Leiv Eiriksson Eirik Raude		OR Apollo OR Paros	
Imputed Silo/Non-Silo Value	$692	$749	$54	$1,495	$219	$1,714
Imputed Cash on Balance Sheet	423	258	9	690	165	855
Imputed Distributable Value	**$1,115**	**$1,008**	**$63**	**$2,186**	**$383**	**$2,570**

Note: Imputed distributable value as of 6/30/2017

Proposed Transaction

Summary of Imputed “Silo” Allocations (DRH Scheme Sanctioned)

Summary of Imputed “Silo” Allocations

($ in millions)

	DFH Term Loans	DOV Term Loans	DRH Bonds	UDW Bonds	MEP Equity	Total
Imputed Silo Distributable Value	$1,115	$1,008	$63	-		$2,186
Imputed Silo Distributable Value (% of total)	*51.0%*	*46.1%*	*2.9%*	-	-	*100.0%*
						-
Cash Consideration[1]	$175	$158	$10	-	-	$343
Less: Interest Paid	(32)	(23)				($55)
Adjusted Silo Cash Consideration	**$143**	**$135**	**$10**	**-**	**-**	**$288**
Silo Debt Consideration	**$236**	**$214**	**-**	**-**	**-**	**$450**
Silo Equity Consideration (Pre-MEP)	$736	$659	$53	-	-	$1,448
Less: MEP Equity Dilution	($70)	($63)	($5)	-	$138	-
Silo Equity Consideration (Post-MEP)	**$666**	**$596**	**$48**	**-**	**$138**	**$1,448**
Total Silo Consideration (Post-MEP)	**$1,045**	**$945**	**$58**	**-**	**$138**	**$2,186**

(1) Cash Recovery is $343mmless cash interest payments made with respect to interest accrued after September 30, 2016

Proposed Transaction

Summary of Imputed "Parent" Allocations (DRH Scheme Sanctioned)

Summary of Imputed "Parent" Allocations

($ in millions)

	DFH Term Loans	DOV Term Loans	DRH Bonds	UDW Bonds	MEP Equity	Total
Parent Distributable Value	N/A	N/A	N/A	N/A	N/A	$383
Parent Claim[1]	$1,894	$1,304	$484	$139	-	$3,822
Parent Claim (% of total)	*49.6%*	*34.1%*	*12.7%*	*3.6%*	-	*100.0%*
Parent Equity Consideration	$190	$131	$49	$14		$383
Less: MEP Equity Dilution	($18)	($12)	($5)	($1)	$36	-
Parent Equity Consideration (Post-MEP)	**$172**	**$118**	**$44**	**$13**	**$36**	**$383**
Total Parent Consideration (Post-MEP)	**$172**	**$118**	**$44**	**$13**	**$36**	**$383**

(1) Net of treasury bonds and as of 6/30/2017

Proposed Transaction

Summary of Imputed Total Allocations (DRH Scheme Sanctioned)

Total Allocations

($ in millions)

	DFH Term Loans	DOV Term Loans	DRH Bonds	UDW Bonds	MEP Equity	Total
Silo Cash Consideration	**$143**	**$135**	**$10**	**-**	**-**	**$288**
Silo Debt Consideration	**$236**	**$214**	**-**	**-**	**-**	**$450**
Silo Equity Consideration (Post-MEP)	$666	$596	$48	-	$138	$1,311
Parent Equity Consideration (Post-MEP)	172	118	44	13	36	$383
Total Equity Consideration (Post-MEP)	**$838**	**$715**	**$92**	**$13**	**$174**	**$1,832**
Equity Ownership (%) (Post-MEP)	*45.7%*	*39.0%*	*5.0%*	*0.7%*	*9.5%*	*100.0%*
Total Consideration (Post-MEP)	**$1,217**	**$1,063**	**$102**	**$13**	**$174**	**$2,570**
Memo: Total Consideration (Pre-MEP)	*$1,305*	*$1,139*	*$112*	*$14*	*-*	*$2,570*
Memo: Cash Consent Fee	*$18*	*$12*	*$3*			

Proposed Transaction

Summary of Imputed Total Allocations (DRH Scheme Not Sanctioned)

- In the event that the DRH Scheme is not sanctioned, the DRH Bondholders will participate in the reorganized Ocean Rig only through their claim in the Parent Scheme
- The DRH Consent Fee will not be paid, and thus, the Cash Consideration for the transaction will be $290mm (Cash Consideration $345mm less $55mm of cash interest payments made with respect to interest accrued after September 30, 2016)

Total Allocations

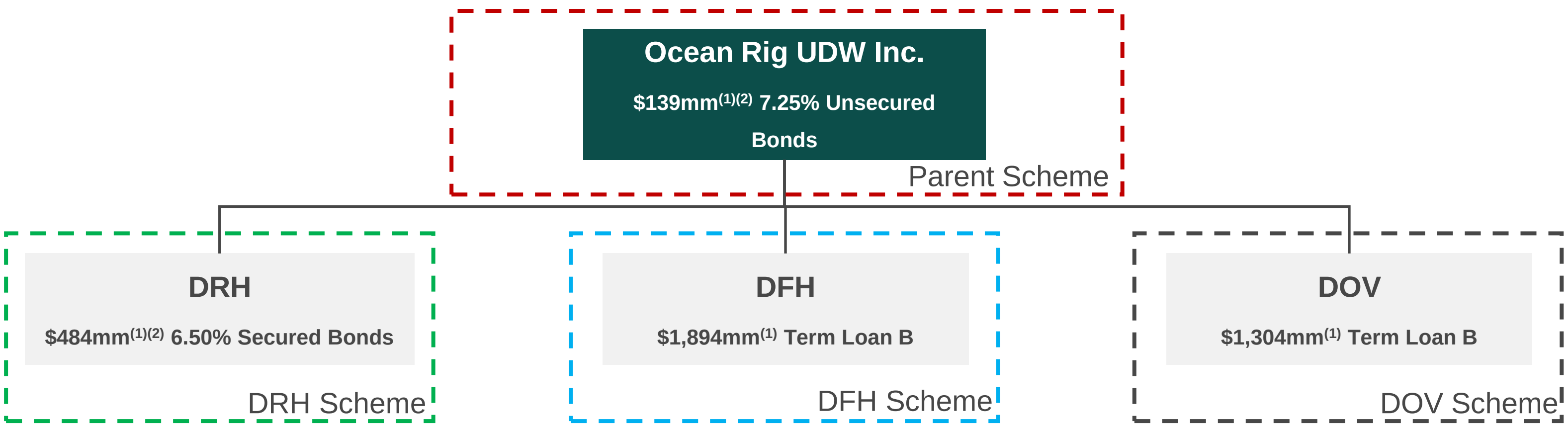
($ in millions)

	DFH Term Loans	DOV Term Loans	DRH Bonds	UDW Bonds	MEP Equity	Total
Silo Cash Consideration	**$149**	**$141**	**-**	**-**	**-**	**$290**
Silo Debt Consideration	**$236**	**$214**	**-**	**-**	**-**	**$450**
Silo Equity Consideration (Post-MEP)	$658	$589	-	-	$136	$1,247
Parent Equity Consideration (Post-MEP)	171	118	44	13	38	$383
Total Equity Consideration (Post-MEP)	**$829**	**$707**	**$44**	**$13**	**$173**	**$1,766**
Equity Ownership (%) (Post-MEP)	*47.0%*	*40.0%*	*2.5%*	*0.7%*	*9.8%*	*100.0%*
Total Consideration (Post-MEP)	**$1,215**	**$1,062**	**$44**	**$13**	**$173**	**$2,506**
Memo: Total Consideration (Pre-MEP)	*$1,305*	*$1,139*	*$49*	*$14*	*-*	*$2,506*
Memo: Cash Consent Fee	*$18*	*$12*	*-*			

Transaction Implementation

- Ocean Rig proposes to implement the transaction through four parallel Schemes of Arrangement in the Cayman Islands for Ocean Rig UDW, Inc. (“Parent”), DFH, DOV and DRH
- The approval of each Scheme of Arrangement requires the consent of 75% in value and 50% plus 1 in in number of those creditors voting at the relevant scheme meeting (e.g., for the DOV and DFH Schemes of Arrangement, consent of 75% in value and 50% plus 1 in number of the lenders under the DOV or DFH Term Loans respectively voting at the DOV or DFH scheme meetings)
- The Parent, DOV and DFH schemes are interconditional. The DRH scheme is conditional on the Parent scheme.
- Term Loan Lenders who sign the RA prior to [x] (the “Early Consent Date”) will be eligible to receive a pro rata share of the $30mm in consent fees (the “Term Loan Early Consent Fee”) payable in cash on the Effective Date
- DRH Bondholders who sign the RA prior to the Early Consent Date will be eligible to receive a pro rata share of the $2.5mm in consent fees (the “DRH Early Consent Fee”) payable in cash on the Effective Date

Overview of Corporate Structure and Parallel Schemes of Arrangement(1)



(1) Balances as of 6/30/2017 including accrued interest
(2) Balance net of treasury bonds

Proposed Timeline

Indicative Scheme Timeline[1]

Implementation Step	Timing
Scheme announced – Practice direction notice issued to known creditors, press release and stock exchange notices issued and newspaper adverts published	Launch Date (LD)
Convening Hearing	LD + 28 (28 days after Scheme announced)[2]
Scheme Meeting	LD + 49 (21 days after Convening Hearing)[3]
Sanction Hearing	LD + 59 (10 days after Scheme Meeting)[4]
Restructuring Effective Date	LD + 64 (5 days after Scheme is sanctioned at Sanction Hearing)

(1) Note that all of these times are on the basis of uncontested schemes of arrangement and dependent on court availability
(2) At least 21 days is advisable here following the decision in Indah Kiat, where the English court held that a 14 day period between the first announcement of the scheme and the convening hearing did not give bondholder creditors adequate notice of the scheme. However, although 21 days may be possible, this will be dependent on court availability
(3) 21 days is generally the shortest period between Convening Hearing and Scheme Meetings in order to allow documents to be sent to creditors and to provide creditors time to analyze the proposed restructuring (in some circumstances the court may require 28 days)
(4) It may be possible to shorten the 10 day time frame to 5 days but would depend solely on court availability

Implementation Risks

- To be discussed separately

RA Term Sheet Key Provisions

	Notes

Overview	▪ The Parent, DFH, DOV and DRH (collectively, the "Companies") and the "Supporting Creditors" will enter into the Restructuring Agreement (the "RA") to agree to the principal terms of the restructuring
	▪ The "Supporting Creditors" comprise the following creditors who have acceded to the RA:
	  ▪ Holders of DRH Bonds
	  ▪ Holders of Parent Bonds
	  ▪ Term Loan Lenders to DFH and/or DOV
	▪ The RA contemplates a separate scheme of arrangement in the Cayman Islands with respect to each of the four Companies
	▪ If the Parent Scheme is sanctioned, holders of Parent Bonds and the guarantee claims of the holders of the DRH Bonds and the Term Loans will receive a pro rata share of ordinary shares in the Parent
	▪ If the relevant schemes are sanctioned, the holders of DRH Bonds and the Term Loan Lenders will exchange their debt with the Parent, in return for a pro rata share of the applicable combination of (1) ordinary shares in the Parent, (2) $450 million in new loans (in the case of Term Loan Lenders only) and (3) cash
	  ▪ The cash component comprises a $375 million 'pot', reduced by cash used for payments of (i) interest payments to the Term Loan Lenders after September 30, 2016 through the effective date of the RA, (ii) the Term Loan Early Consent Fee and the DRH Early Consent Fee and (iii) the cash consideration option described below
	▪ Holders of claims against the Parent will have the right to elect to receive as consideration under the Parent scheme a cash amount equal to the value which would be distributed to such holder in an official liquidation of the Parent
	▪ The existing debt that is exchanged with the Parent will remain outstanding, although the debt will be amended to strip covenants, and will be subject to certain restrictions and subordination provisions set out in a new intercreditor agreement

RA Term Sheet Key Provisions

	Notes
Term Loan Early Consent Fee	▪ Term Loan Lenders who accede to the RA before the Early Consent Date are eligible to receive the Term Loan Early Consent Fee, which comprises a pro rata share of $30 million in cash. The fee is payable on the same date that the scheme consideration is distributed ▪ If a Term Lender (1) fails to vote in favor of the relevant Schemes or (2) commits a Material Breach of its obligations under the RA (and the Parent then terminates the RA with respect to the Term Lender), then the Term Lender will no longer be entitled to receive the fee ▪ If a Term Lender accedes to the RA before the Early Consent Date and then proceeds to acquire further Term Loans (even if after the passing of the Early Consent Date), it shall be entitled to the Term Loan Early Consent Fee with respect to the additional acquired Term Loans - provided that it has provided notice of its updated holdings to the Parent and Information Agent before the Record Date (2 BD before the scheme meetings). If it has acquired the additional Term Loans from another Supporting Creditor (i.e. a Term Lender that has acceded to the RA), the selling Supporting Creditor shall no longer be entitled to the fee with respect to the debt position sold
DRH Early Consent Fee	▪ If the DRH Scheme is sanctioned and becomes effective, Holders of DRH Bonds who accede to the RA before the Early Consent Date are eligible to receive the DRH Early Consent Fee, which comprises a pro rata share of $2.5 million in cash. The fee is payable on the same date that the scheme consideration is distributed ▪ If a Holder of DRH Bonds (1) fails to vote in favor of the relevant Schemes or (2) commits a Material Breach of its obligations under the RA (and the Parent then terminates the RA with respect to the Holder of DRH Bonds), then the Holder of DRH Bonds will no longer be entitled to receive the fee ▪ If a Holder of DRH Bonds accedes to the RA before the Early Consent Date and then proceeds to acquire further DRH Bonds (even if after the passing of the Early Consent Date), it shall be entitled to the DRH Early Consent Fee with respect to the additional acquired DRH Bonds - provided that it has provided notice of its updated holdings to the Parent and Information Agent before the Record Date (2 BD before the scheme meetings). If it has acquired the additional DRH Bonds from another Supporting Creditor (i.e. a Holder of DRH Bond that has acceded to the RA), the selling Supporting Creditor shall no longer be entitled to the fee with respect to the debt position sold

RA Term Sheet Key Provisions (cont.)

	Notes
Launch Trigger Date	▪ The scheme process will launch on the "Launch Trigger Date", which is the first date that: ▪ holders of at least 75% in value of claims against the Parent have become party to the RA; or ▪ holders of at least 90% in value of the Term Loans have become party to the RA; and ▪ a majority in number of DFH Lenders holding at least 75% in value of the DFH Loans have become party to the RA; ▪ a majority in number of DOV Lenders holding at least 75% in value of the DOV Loans have become party to the RA; ▪ the intercompany settlement has been completed ▪ a tax report from Deloitte & Touche LLP has been issued; and ▪ the key Restructuring Documents are in Agreed Form ▪ The Launch Trigger Date will not occur before March 20, 2017. If the Launch Trigger Date has not occurred by April 30, 2017, the Majority Supporting Lenders or the Parent can terminate the RA
Termination	▪ The RA will terminate on the date falling 130 days after the Launch Trigger Date (the Long Stop Date), on the Restructuring Effective Date or upon certain other triggers (including those described below) ▪ The Parent and the Majority Supporting Lenders can terminate the RA (i) by mutual agreement, (ii) if the Cayman Court refuses to convene the scheme meetings for, or sanction, any of the Parent scheme, the DFH scheme or the DOV scheme, (iii) if the Launch Trigger Date has not occurred by April 30, 2017 or (iv) if the requisite majorities fail to vote in favor of the schemes ▪ Majority Supporting Lenders have certain additional termination rights (subject to grace periods), including: ▪ The Group Members fail to use commercially reasonable efforts to ensure that the relevant steps are taken to implement the Scheme Implementation Steps ▪ The Parent or any of DFH, DOV or DRH is in Material Breach of its obligations under the RA ▪ The Parent or any member of the group is or becomes a Sanctions Target ▪ The Parent and its material Subsidiaries are unable to continue to manage their operations in the ordinary course of business ▪ Upon the occurrence of certain 'Specified Events of Default' (broadly speaking, the breach of certain Term Loan covenants). Note that other than with respect to a Specified Event of Default, Supporting Creditors undertake not to take any action, including acceleration or enforcement, with respect to their loans or claims against any Group member ▪ The Parent has certain additional termination rights (subject to grace periods), including: ▪ It or a material Subsidiary, in consultation with its counsel, determines that proceeding with the restructuring would be a breach of fiduciary duties ▪ One or more Supporting Creditors commits a Material Breach such that non-defaulting Supporting Creditors comprise 95% or less of any of the Launch Trigger Date thresholds

RA Term Sheet Key Provisions (cont.)

	Notes
Scheme Implementation Steps	▪ If the Launch Trigger Date occurs, the members of the Group shall use commercially reasonable efforts to ensure that the "Scheme Implementation Steps" occur. These are: ▪ Appointing the PL. As soon as practicable after the Launch Trigger Date, ensuring that the relevant shareholders and board (as applicable) authorize the presentation of a winding up petition and application for the appointment of a Provisional Liquidator ("PL") to each of the Companies ▪ Sending out the Practice Direction Notice to Creditors. As soon as practicable after the appointment of the PL, the Companies shall send out the Practice Direction Notices to the relevant creditors, and shall apply to the Cayman Court for the relevant convening hearings to be scheduled ▪ Convening Orders. As soon thereafter as the Cayman Court is available for the convening hearings, the Cayman Court shall commence the convening hearings and upon conclusion of the hearings, shall grant the relevant convening orders ▪ Scheme Meetings. The scheme meetings shall then take place (NB this is not a prescribed step in the RA, but the scheme meetings will take place pursuant to the convening orders) ▪ Sanction Orders. As soon thereafter as the Cayman Court is available for the sanction hearings, the Cayman Court shall commence the sanction hearings and upon the conclusion of the hearings, shall grant the sanction orders with respect to each of the Parent, DFH and DOV. Note that the effectiveness of the schemes of these three Companies are contingent upon each other. The RA is drafted such that if the DRH scheme is not approved at the relevant meeting and/or is not sanctioned, the Scheme Implementation Steps still apply with respect to the other Companies ▪ Filing. By the Long Stop Date (which falls 130 days after the Launch Trigger Date), sanction orders with respect to the Parent scheme, the DFH scheme and the DOV scheme shall be filed with the Cayman Registrar of Companies ▪ The Scheme Implementation Steps do not apply to a Company if it is subject to a consensual restructuring

RA Term Sheet Key Provisions (cont.)

	Notes

Effectiveness	<u>Restructuring Effective Date</u>
	▪ The Restructuring Effective Date occurs when:
	  ▪ The Scheme Implementation Steps have occurred (see prior slide), or alternatively, consents with respect to a consensual restructuring have been obtained. Note that a failure to achieve any of the Scheme Implementation Steps with respect to DRH will not prevent the occurrence of the Restructuring Effective Date
	  ▪ The authorized share capital of the Parent has been increased to allow the issuance of new ordinary Parent shares to implement the restructuring
	  ▪ Chapter enforcement orders have been entered with respect to each scheme (unless a consensual restructuring is to be implemented or where the DRH scheme is not sanctioned)
	  ▪ The relevant Restructuring Documents have become fully and unconditionally effective
	  ▪ All professional advisor fees, costs and expenses have been paid
	<u>Post-restructuring</u>
	▪ The relevant Companies shall apply to the Cayman Court for the discharge of the PL and the withdrawal of the related winding-up petitions
	▪ The relevant members of the Group shall take steps to perfect the security relating to the new loans (to the extent it is not possible to complete these steps before the Restructuring Effective Date)

Other Provisions	<u>Transfer of Claims</u> ▪ The RA contains usual and customary restrictions on transfer of claims ▪ There is a market maker carve out <u>Representations and Warranties</u> ▪ Each party to the RA gives representations and warranties that are usual and customary for such agreements <u>Governing Law</u> ▪ The RA is governed by New York law

Exit Facility Key Provisions

Terms	Description
Borrowers	▪ Drillship Hydra Owners Inc., Drillship Paros Owners Inc., Drillship Kithira Owners Inc., Drillship Skopelos Owners Inc., Drillship Skiathos Owners Inc., Drillship Skyros Owners Inc., Drillship Kythnos Owners Inc. and Agon Shipping Inc.
Guarantors	▪ Ocean Rig UDW Inc. and certain of its direct and indirect subsidiaries
Collateral	▪ A lien on substantially all existing assets and after or newly acquired assets of the Borrowers and the Guarantors including (i) ship mortgages with respect to each vessel securing the Prepetition Facilities and Ocean Rig Paros, (ii) earnings assignments, (iii) cash of the Borrowers/Guarantors and (iv) assets with respect to the DAS Credit Agreement and DRH Indenture if prohibitions on liens under such agreements are removed
Amount	▪ $450 million ▪ Interest: 8.0%
Maturity	▪ 7 years
OID	▪ None
Amortization	▪ None

Exit Facility Key Provisions (cont.)

Terms	Description
Mandatory Prepayments	▪ (i) 100% of net cash proceeds of non-ordinary course asset sales, casualty events or condemnation events (subject to exclusions, baskets and reinvestment rights consistent with the Prepetition Facilities) (proceeds and reinvestment property to be subject to perfected first priority liens (subject to permitted liens)) and (ii) 100% of the net cash proceeds of debt incurrences (other than permitted debt)
Credit Rating	▪ Required
Negative Covenants	▪ Usual and customary for facilities of this type
Representations and Warranties	▪ Usual and customary for facilities of this type
Call Protection	▪ Callable at par (plus accrued interest) for six months without penalty or premium, and thereafter callable at 105%, 103% and 101% of par (plus accrued interest) in years 1, 2 and 3 and thereafter at par (plus accrued interest)
Covenant Suspension	▪ During any period of time that the Loans have an investment grade rating by each of S&P and Moody's and no Default or Event of Default has occurred and is continuing, the following covenants shall not apply: (i) transactions with affiliates, (ii) dividends and other restricted payments in respect of capital stock, (iii) indebtedness and (iv) sale of assets
Financial Covenants	▪ None
Events of Default	▪ Usual and customary for facilities of this type
Amendments and Voting	▪ Usual and customary for facilities of this type
Expenses and Indemnification	▪ Substantially consistent with the prepetition facilities

SHA Term Sheet Key Provisions

Terms	Description

Board of Directors	▪ *Board*: 7 Directors Maximum
	  ▪ 4 designated by ORIG CEO
	  ▪ 3 designated by each Lender Appointing Person (each appointee, a Lender Director) [nomination mechanics in process]
	    ▪ If there are three of fewer 5% Lender Shareholders, then each will become a Lender Appointing Person for a five year term; and
	    ▪ If there are more than three 5% Lender Shareholders, then the three largest (approved by Ocean Rig, which approval must be given for each of the three largest DOV/DFH Lenders as of the date of the RA) will become a Lender Appointing Person and if not approved then the next largest 5% Lender Shareholder (approved by Ocean Rig) shall be a Lender Appointing Person
	    ▪ Must not be less than three Lender Appointing Persons
	    ▪ If any Appointing Person's share ownership declines below 5% of the total shares outstanding, the Appointing Person shall lose its right to appoint a Lender Director and the remaining Lender Directors, acting by a majority will appoint a replacement independent director
	  ▪ The Board acting by 2/3 vote, may remove any director for cause; a majority of the Lender Directors may remove any director or officer if such director or officer is indicted or convicted of, or gave a plea of guilty or not contest to, fraud or a felony
	  ▪ Committees: No less than 50% of the members of each committee shall constitute Lender Directors, and in event of a deadlock, the relevant matter shall be referred to the full Board for consideration
	▪ Board following Shareholders' Agreement Termination Date: 7 Directors Maximum, terms staggered over 3 year periods with 3 classes of directors
	  ▪ Independent Directors: No less than 50% of the Board and each committee shall constitute Independent Outside Directors

Supermajority Management Matters	▪ Major Actions: At all times prior to the Shareholders' Agreement Termination Date, Parent shall not and shall not permit any of its Subsidiaries (together with Parent, the "Companies") to take any Major Actions unless such Major Action has been expressly approved by the Board, which approval includes a majority of the Lender Directors
	  ▪ All issuances and purchases of debt and equity;
	  ▪ All asset sales and purchase;
	  ▪ All merger or acquisition transactions;
	  ▪ All material new contracts and material amendments to contracts;
	  ▪ All material corporate structure changes;
	  ▪ All Related Party Transactions other than Permitted Related Party Transactions (see next page); and
	  ▪ Approval of Annual Operating Budget

SHA Term Sheet Key Provisions (cont.)

Terms	Description
Majority Lender Director Authority	▪ A majority of the Lender Directors have the power and authority to do the following under the Management Agreements: ▪ Exercise all termination rights and remedies, including cures of default and making payments on behalf of the Companies, requesting services and selecting an arbitrator
Reports	▪ *Annual Financials* ▪ *Quarterly Financials* ▪ *MD&A* ▪ *Shareholder Calls*
D&O Insurance	▪ Requirement of at least $400 million, subject to market availability
Acquisition Proposals	▪ If Parent receives a proposal to acquire Parent, the Lender Directors will have the right to direct Parent to bring the proposal to a vote of the shareholders and, if approved, to pursue and consummate the transaction
Drag Rights	▪ Yes.
Registration Rights	▪ Appointing Persons and 10% Shareholders
Preemptive Rights	▪ For 5% shareholders who are Accredited Investors
Permitted Related Party Transactions	▪ Include: (i) the Management Agreement, (ii) any Related Party Transaction expressly permitted by the Management Agreement, and (iii) any Related Party Transaction that both (A) is on terms at least as favorable to Parent and its subsidiaries as could be obtained on an arm's-length basis and (B) involves less than $500,000 in value and/or payments and, when taken together with other Related Party Transactions entered into pursuant to this clause (B), would not exceed $5,000,000 in the aggregate of value and/or payments in any 12-month period
Amendments	▪ Requires approval of (a) Board, (b) majority of the Lender Directors, (c) majority of the Shareholder Parties, and (d) 66 2/3% of the DOV / DFH Lender Shareholder Parties
Term	▪ Shall remain in effect until the earlier of (a) the date on which the Board and certain shareholder parties agree to terminate the Shareholders Agreement and (b) the later of (x) the fifth anniversary of the Effective Date and (y) the day immediately preceding the fifth annual meeting of shareholders of Parent; provided that certain provisions shall survive such termination date
Governing Law	▪ New York

MSA Term Sheet Key Provisions

Terms	Description
Overview	▪ The Parent and its Subsidiaries (collectively, the "Companies") and TMS will enter into the MSA to agree to the principal terms of the engagement of TMS to provide services to the Companies
Duration	▪ 10 years subject to annual one year renewable extensions with the approval of the Board
Security Deposit	▪ On the MSA Effective Date, the Parent shall place in escrow a security deposit of $5 million, which shall be refundable to Parent at the end of the Term
Fees	▪ Fixed Annual Cash Payments of $15.5 million, paid monthly ▪ Reasonable out-of-pocket and travel expenses, invoiced monthly ▪ Commercial Fee of 1.0% on all monies earned under any drilling contract entered into after the MSA Effective Date ▪ Manning Fees ▪ Termination Fee ▪ Termination by Parent without Cause of the greater of either (a) $150 million, reduced ratably over the term of the Management Agreement or (b) $30 million

MSA Term Sheet Key Provisions (cont.)

Terms	Description

Incentive Payments	▪ ("Bonus Fee") up to an additional $10 million per year based on the following criteria:
	▪ *Uptime*
	  ▪ Metric: Revenue Efficiency
	  ▪ Formula: Percentage of Bonus Fee based on thresholds of Revenue Efficiency for the full calendar year
	    ▪ 0% Bonus Fee for less than 93% Revenue Efficiency;
	    ▪ Proportionally increasing Bonus Fee between 0-100% for 93.1% to 97% Revenue Efficiency; and
	    ▪ 100% Bonus Fee for greater than 97% Revenue Efficiency
	  ▪ Maximum Amount of Bonus Fee with respect to the Uptime metric per year: $2.5 million
	▪ *Safety Record*
	  ▪ Metric: Total Recordable Incident Rate ("TRIR")
	  ▪ Formula: Calculated based on fixed rates as follows:
	    ▪ 50% Bonus Fee for TRIR under 0.4
	    ▪ 100% Bonus Fee for TRIR under 0.3
	  ▪ Maximum Amount of Bonus Fee with respect to the Safety Record metric per year: $2.5 million
	▪ *Annual Approved Budget*
	  ▪ Metric: Performance of Annual Approved Budget ("Budget")
	  ▪ Formula: Compare financial performance of the Companies with the Budget
	    ▪ 100% Bonus Fee for at or better than Budget;
	    ▪ If Companies miss the Budget by 10% or less, TMS shall receive 50% Bonus Fee
	    ▪ If Companies miss the Budget by 19.9% or less, TMS shall receive 25% Bonus Fee
	  ▪ Maximum Amount of Bonus Fee with respect to the Budget metric per year: $2.5 million
	▪ *Strategic Priorities*
	  ▪ Metric: Performance of enumerated goals proposed by a majority of the Lender Directors annually
	  ▪ Formula: Bonus Fee set by a majority of the Lender Directors
	  ▪ Maximum Amount of Bonus Fee with respect to the Strategic Priorities metric per year: $2.5 million