

OCEAN RIG



Ocean Rig UDW Inc.

2nd Quarter Ended June 30, 2014 Earnings Presentation



NASDAQ: "ORIG"
August 6, 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.

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Q2 2014 financial results

Net Revenue from drilling contracts: \$441.4 million

Adjusted EBITDA: \$231.8 million

Net Income: \$69.6 million or \$0.53 per share



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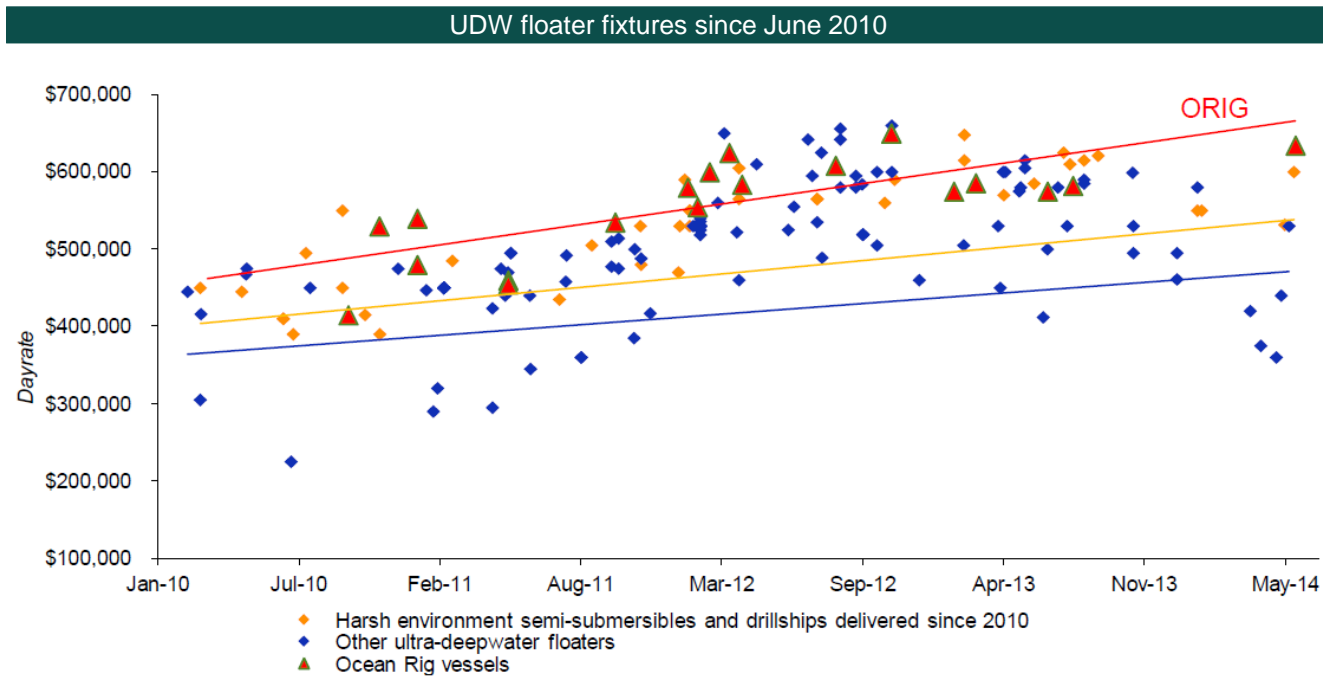


Key highlights

- Achieved 96.3% average fleet wide operating performance for the second quarter
- OCR Athena commenced drilling operations on June 7th, 2014 under the ConocoPhillips contract (75 days since sailing from Korea including full acceptance)
- Signed 6-well minimum contract with Premier Oil for Eirik Raude (Q4 2014 through Q3 2015)
- Signed 6 year contract with Total for OCR Skyros (Q3 2015 through Q3 2021)
- Declared dividend of \$0.19 per share with respect to Q2 2014 operations, to shareholders on record as of August 1st, and payable on August 11, 2014
- Refinanced Bank/ECA facility with new \$1.3 billion Senior Secured Term Loan B, extended maturity until July 2021, MLP-friendly provisions



Proven ability to source premium contractual terms



- Ability to achieve premium contractual terms for one of the industry's leading fleets
- New contracts incorporate provisions for increased earnings efficiency
 - On-hire maintenance days and specific on-hire BOP maintenance

Source: IHS Petrodata.



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Potential for Valuation Enhancement Through Proposed MLP

(million)	Ocean RIG
Market Capitalization @ \$17.50/ share	\$2,308
Plus: Debt Outstanding	4,486
Less: Total Cash	536
Less: Construction in Progress	516
Current Enterprise Value (9 unit fleet)	5,741
Implied Enterprise Value per UDW unit	\$638

Driller MLPs trade at a valuation of \$1.1-1.2 billion per UDW unit



ORIG ability to monetize its drilling assets at high valuation through dropdowns in the MLP

ORIG Implied Enterprise Value with MLP subsidiary	\$9,900
ORIG Implied Market Capitalization with MLP subsidiary	\$6,466

← **\$49.00/ORIG share**

Driller MLPs (million)	Peer Group
Sadrill Partners Implied Enterprise Value per UDW unit	\$1,190
Transocean Partners Implied Enterprise Value per UDW unit	\$1,130

Note: Peer group EV/UDW rig as of August 1st, 2014. SDLP valuation pro forma for recent follow-on offering, Term Loan issuance and acquisition of 28% interest in Sadrill Operating LP; SDLP valuation assumed \$200 - 210 mil EV per non-UDW asset



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Operational & Financial Highlights

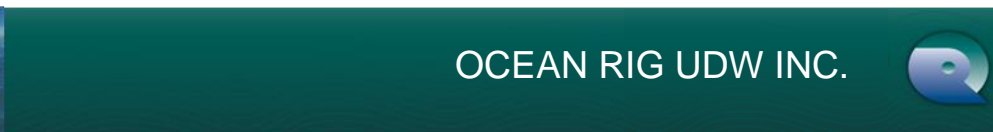


Solid multi-year fleet employment profile

- Average contract remaining fixed period of 2.3 years, 3.8 years with options
- 100%, 72%, 39% calendar days under contract in 2014, 2015, and 2016 respectively
- \$4.8 billion revenue backlog

Year	2014			2015				2016				2017			
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Contract Coverage	100%			72%				39%							
Leiv Eiriksson	Rig Management Norway (led by Total)										3 X 1 year options (through 2019)				
Eirik Raude	Lukoil				Premier Oil		2 x 8 well options								
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	Total					[Hatched Box]		Total (through Q3 2021)							
Ocean Rig Athena	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				

Note: Negotiations on-going for Skyros contract from Q1 2015 to Q3 2015



Q2 2014- Revenue analysis

- During the quarter, we had 819 calendar days and 67 days spent on mobilization
- Resulting in 752 available drilling days, of which 724 were revenue earning days i.e. 96% 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	91	2	89	97%	\$7.7
Eirik Raude	0	91	0	91	100%	\$1.5
OCR Corcovado	0	91	2	89	97%	\$3.7
OCR Olympia	0	91	0	91	100%	\$0.8
OCR Poseidon	0	91	1	90	98%	\$1.7
OCR Mykonos	0	91	17	74	81%	\$3.8
OCR Mylos	0	91	2	89	97%	\$10.2
OCR Skyros	0	91	1	90	99%	\$17.8
OCR Athena	67	24	1	23	NA	\$1.9
Total	67	752	28	724	96.3%	\$49.0

Notes:

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

Any differences due to rounding



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Q2 2014- OPEX analysis

Drilling Unit	Q2 2014 Direct & Onshore Rig Opex		Q2 2014 Amortization of Deferred Opex (in USD million)
	(in USD million)	(\$ per day)	
Leiv Eiriksson	20.2	221,544	4.8
Eirik Raude	16.1	176,401	0.0
OCR Corcovado	17.6	193,285	3.4
OCR Olympia	18.1	199,325	0.3
OCR Poseidon	16.8	184,956	1.1
OCR Mykonos	18.8	206,328	4.9
OCR Mylos	17.6	192,877	2.9
OCR Skyros	16.1	176,742	10.8
OCR Athena	2.7	178,061	1.3
Total	143.9		29.6

\$191,400 ORIG fleet average Direct & Onshore daily Rig Opex

Notes:
Opex analysis excludes maintenance capex & other items, net treated as Opex for accounting purposes (total \$9.6 million in Q2 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)

	Q2 2014
REVENUES:	
<i>Drilling revenues</i>	392.5
<i>Amortization of deferred revenue</i>	49.0
Total Revenues from drilling contracts	441.4
EXPENSES:	
<i>Direct & onshore rig operating expenses</i>	143.9
<i>Maintenance expenses & other items, net</i>	9.6
<i>Amortization of deferred operating expenses</i>	29.6
Total drilling rig operating expenses	183.1
Depreciation and amortization	81.4
General and administrative expenses	28.0
Other, net	0.0
Operating income/(loss)	149.0
OTHER INCOME/(EXPENSES):	
Net interest and finance costs	-57.7
Gain/(loss) on interest rate swaps	-8.0
Other, net	1.4
Total other expenses	-64.3
Income taxes	-15.1
Net income/ (loss)	69.6
Earnings/ (loss) per common share, basic and diluted	\$0.53
Weighted average number of shares, basic and diluted	131,830,175

Any differences due to rounding



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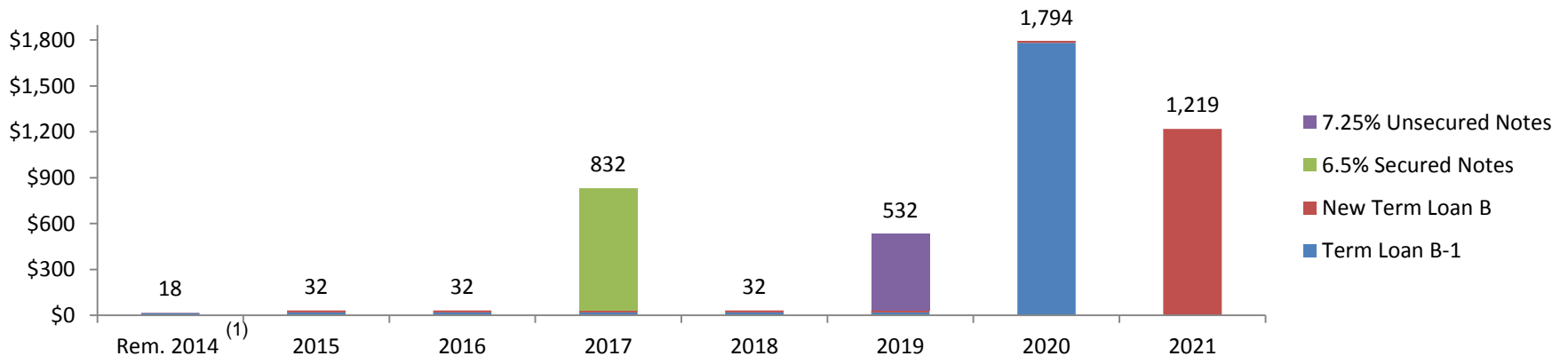


Improved debt maturity profile

- Weighted average maturity of 5.7 years
- No near-term maturities; next significant maturity in Q4 2017

	<i>Term Loan B-1</i>	<i>7.25% Unsecured Notes</i>	<i>6.50% Secured Notes</i>	<i>New Term Loan B</i>
Amount Outstanding ⁽¹⁾	\$1,886 mil	\$500 mil	\$800 mil	\$1,300 mil
Interest Rate Margin ⁽²⁾ / Coupon	5.00%	7.25%	6.50%	4.50%
Libor Floor	1.00%	N/A	N/A	1.00%
Annual Amortization ⁽³⁾	\$19.0 mil	N/A	N/A	\$13.0 mil
Earliest Maturity	Q3 2020	Q3 2019	Q4 2017	Q3 2021

Current maturity profile



- (1) As of 6/30/2014 and pro forma for new Term Loan B facility
 (2) Assumes Eurodollar Rate Loan
 (3) Term loans amortize quarterly

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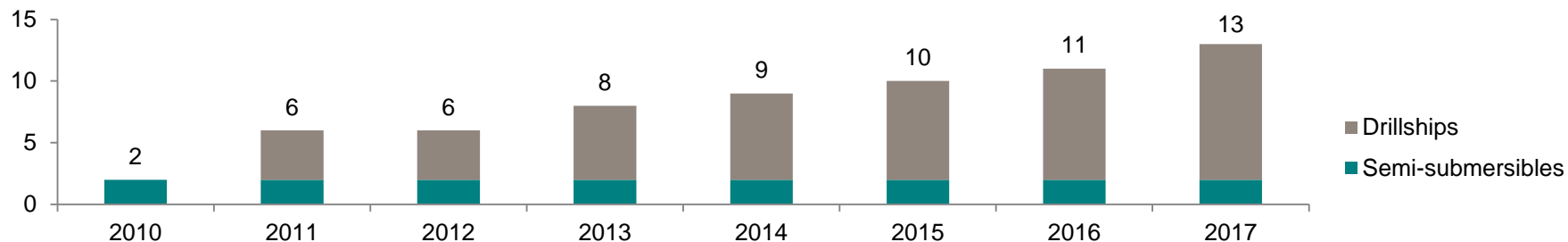


Growth capital expenditure program

- \$516 million equity invested for our newbuildings

(\$ million)	Total Delivered Cost	Funded From Equity (as of June 30, 2014)	Remaining Cost ⁽¹⁾			Delivery
			2015	2016	2017	
OCR Apollo	\$683	\$236	\$447			Jan-15
OCR Santorini	600	127		\$473		Jun-16
OCR TBN #1	685	77	64	64	\$481	Feb-17
OCR TBN #2	685	77	64	64	481	Jun-17
Total Capex	\$2,653	\$516	\$574	\$600	\$962	
Expected Debt Incurrence			450	450	900	
Net Capex			\$124	\$150	\$62	

On-the-water drilling units



(1) Represents construction payments and construction related expenses (excluding financing costs) as of June 30, 2014

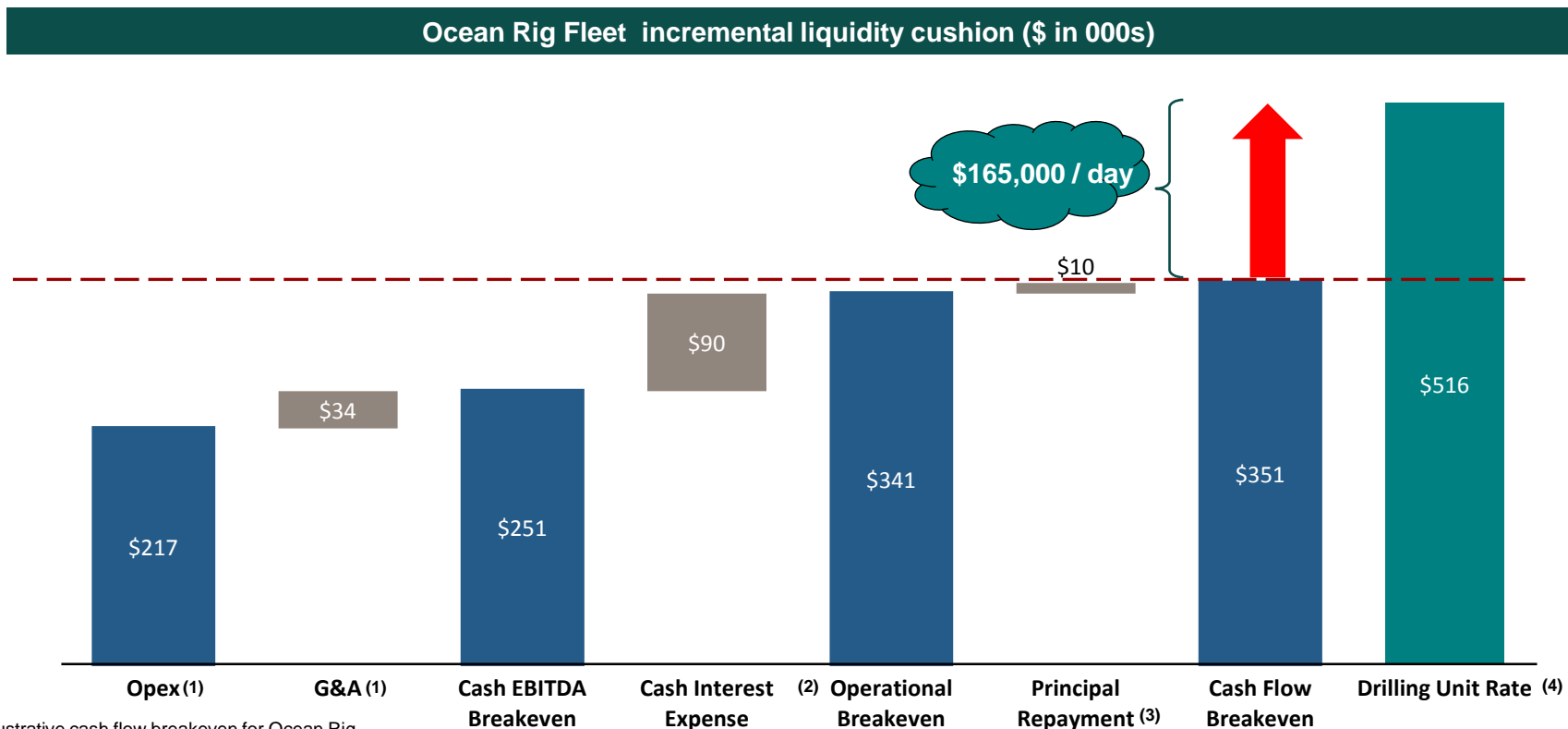


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Strong free cashflow generation

- Ocean Rig's fleet is estimated to have \$60 million of annual free cash flow on a per-unit and \$540 million on a 9-fleet basis at 92.5% utilization



Note: Illustrative cash flow breakeven for Ocean Rig

- (1) Based on management assumptions; includes \$200k per day in operating expenses and \$16.75k per day in maintenance capex
- (2) Based on capital structure pro forma for new Term Loan B facility, including cash swap interest
- (3) Based on Company amortization schedule pro forma for new Term Loan B facility
- (4) Based on average fleet wide net contracted dayrates, 4.0% taxes and 92.5% utilization

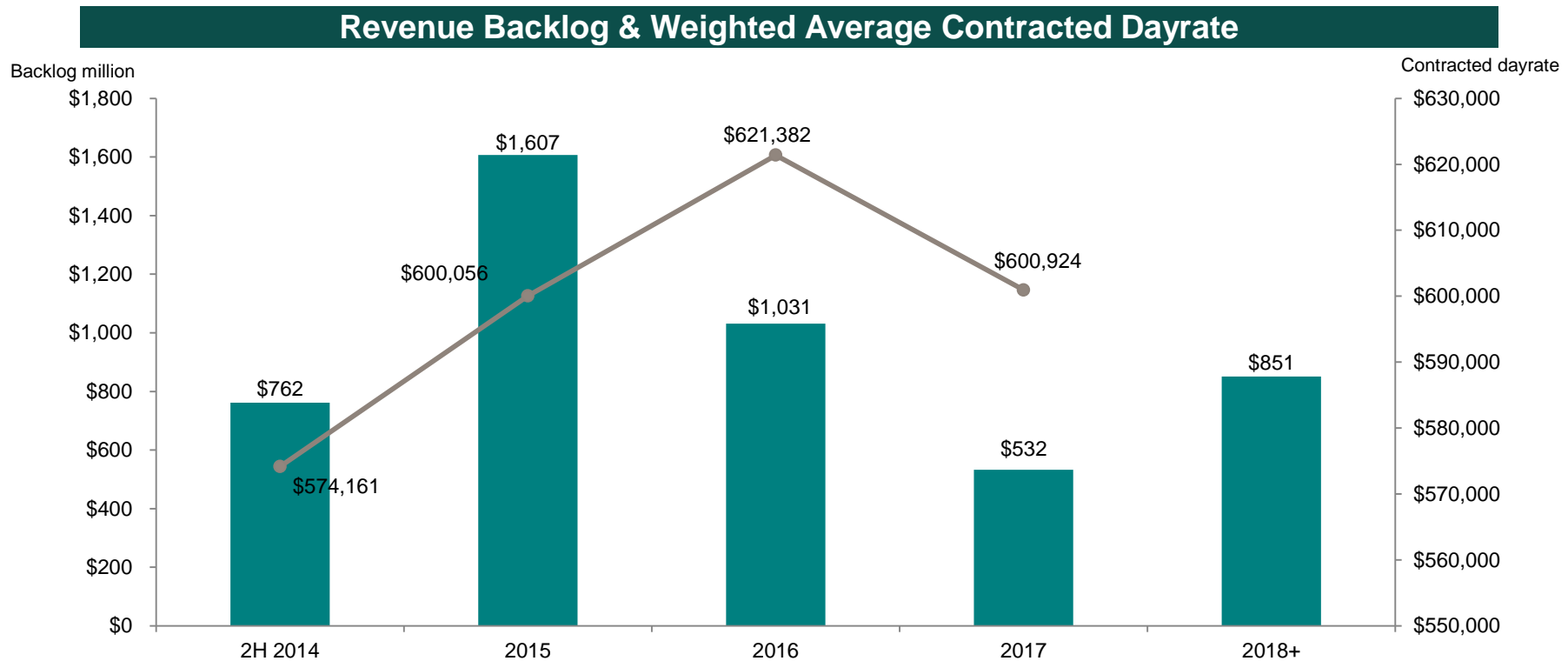


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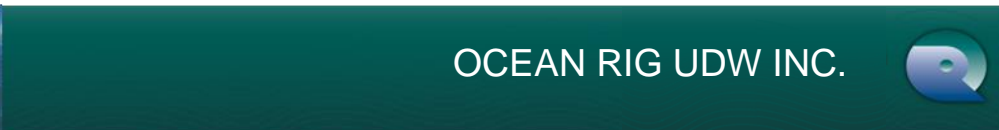


Solid backlog insulates ORIG from market softness

- Ocean Rig's fleet is fully contracted in 2014
- For 2015 and 2016, our uncontracted units would only need to earn a dayrate of \$368,000 in order for us to earn an average fleet-wide dayrate of \$500,000



Backlog as of July 31, 2014; based on contracted units

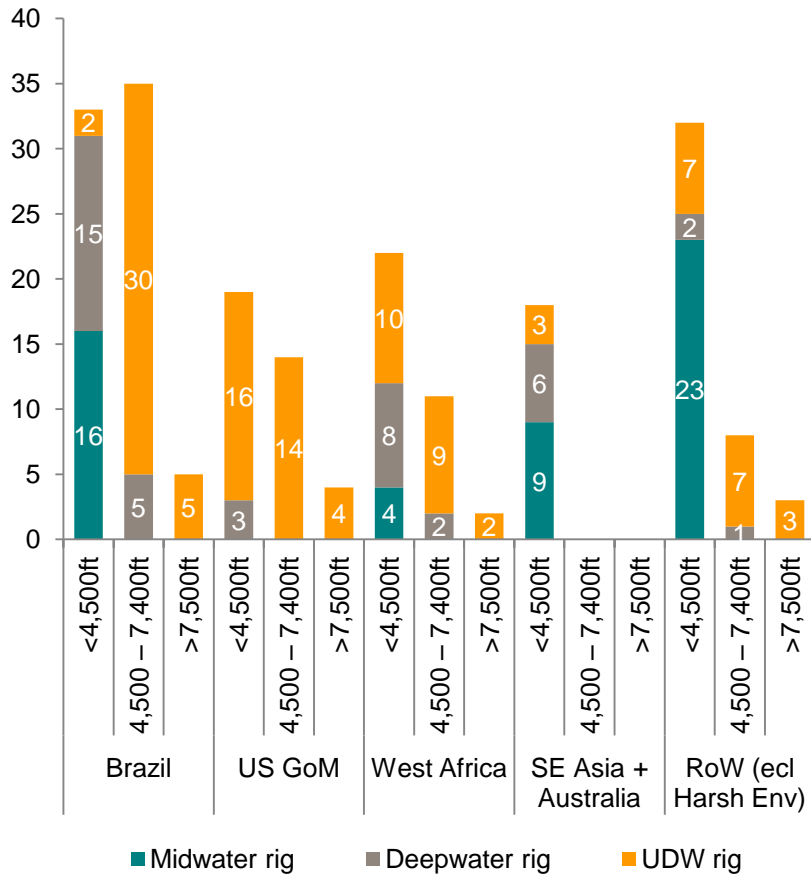


Industry Overview

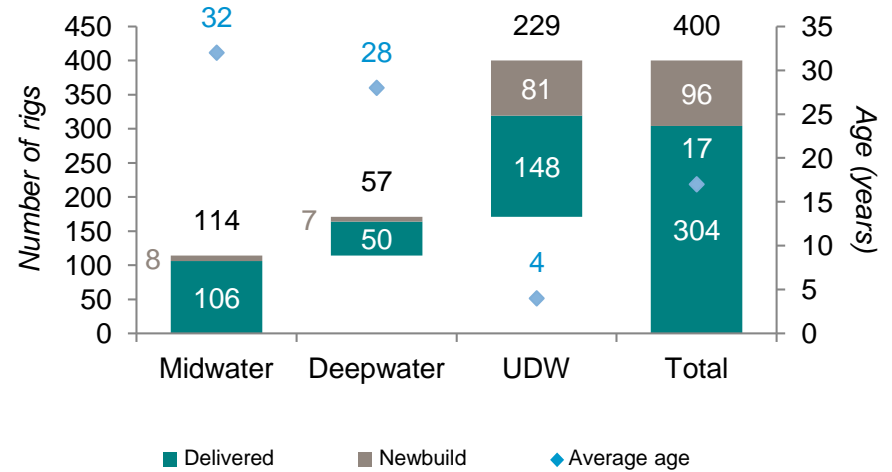


Overview of floater fleet

Fleet distribution by current water depth of operations



Floater Fleet Age Profile



(1) UDWs built before/after 2005
Source: Pareto Research, IHS Petrodata, SubseaIQ,

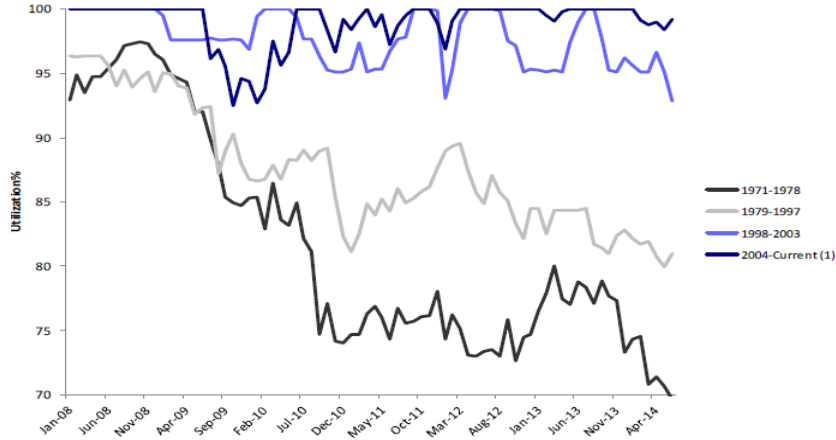


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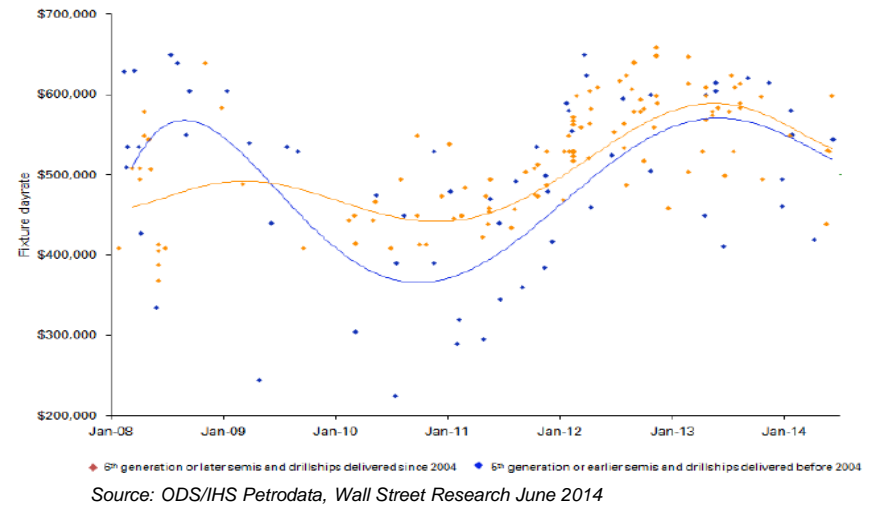
Modern and advanced UDW rigs outperform older units

Floaters Utilization based on build year



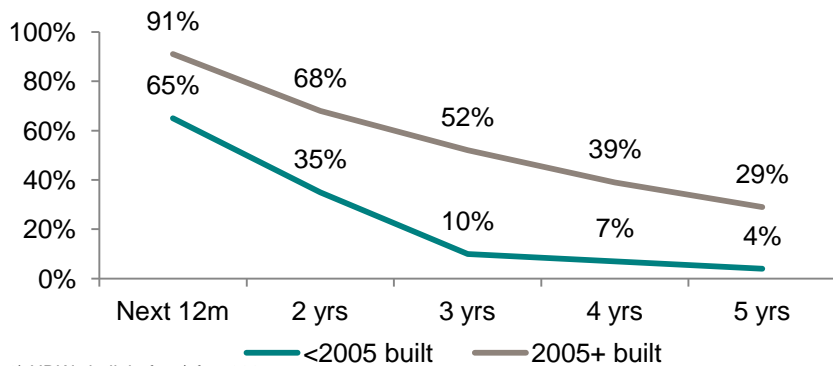
1) 2004- current adjusted to remove impact of Ocean Courage and Petrobras 10,000 in 2009 which were subject to construction finance issues and unable to work

UDW dayrates by age/generation



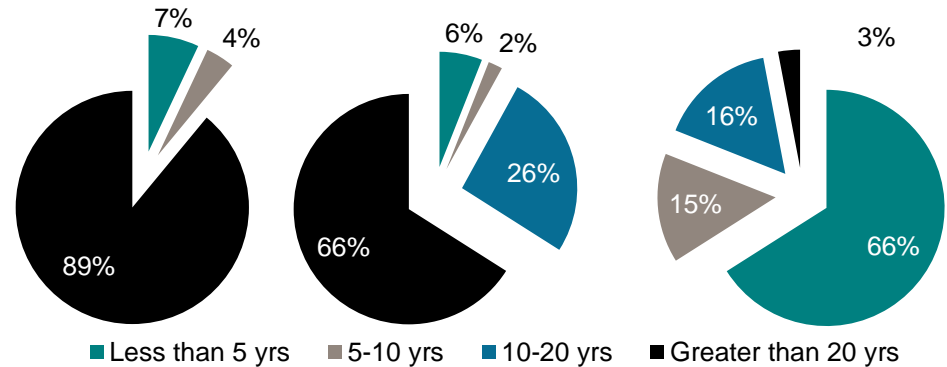
Source: ODS/IHS Petrodata, Wall Street Research June 2014

Forward contract coverage⁽²⁾



2) UDWs built before/after 2005
Source: Nordea Research

Age profile of MW – DW - UDW fleets



Source: ODS/IHS Petrodata

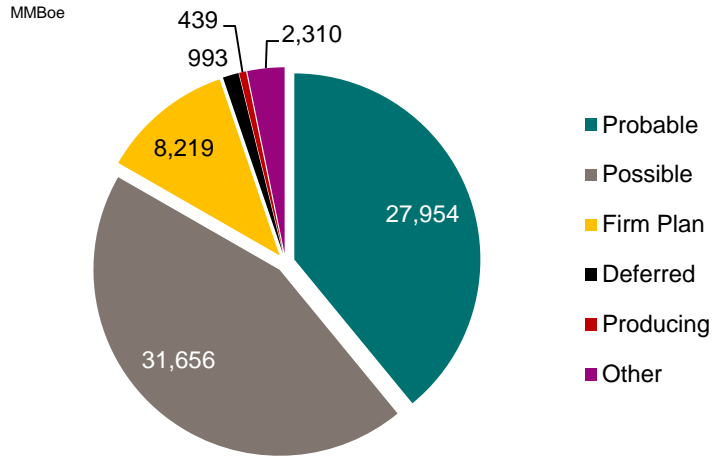


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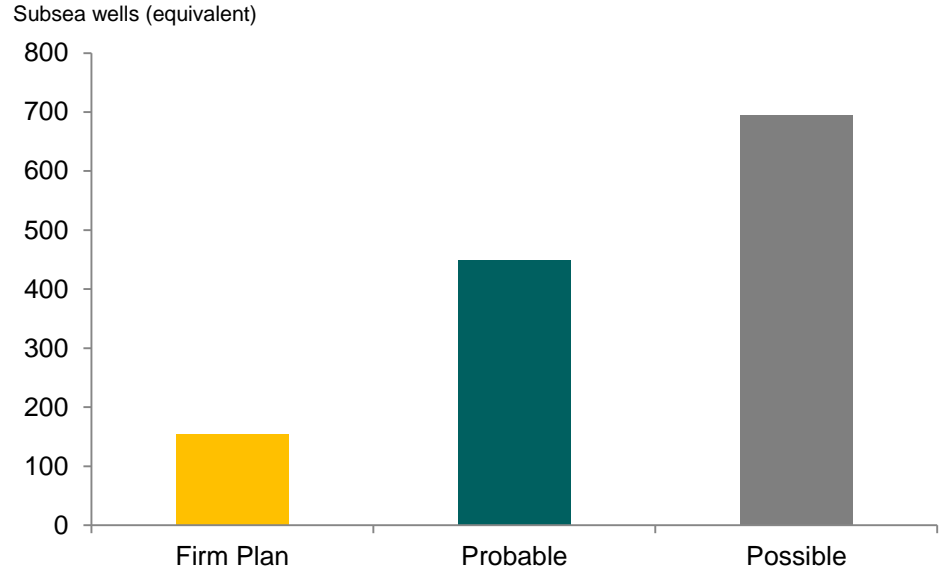


Development of offshore reserves

Development of offshore reserves discovered since 2010⁽¹⁾



Incremental demand from 2010-2013 exploratory drilling campaign

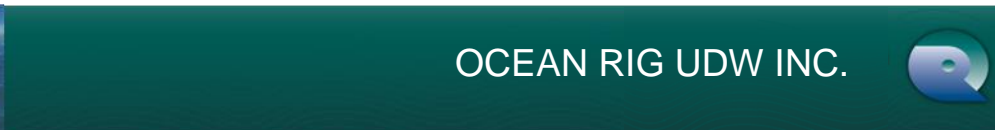


- 2010 through 2013 marked a period of significant oil & gas reserves discovery
- Development of offshore oil reserves discovered between 2010-2013 has been minimal⁽¹⁾
 - Less than 1% of identified reserves currently in production mode
 - Only 11% of identified reserves currently scheduled for development
- Global oil and gas consumption is set to outpace production growth, necessitating development of these reserves
 - Just “firm plan” and “probable” development of reserves require drilling of 600 wells or 100 rig years⁽²⁾

Source: IHS Petrodata, Infield, DNB Markets

(1) Offshore oil reserves discovered in water depths greater than 390 feet (midwater to UDW)

(2) Assuming 60 days per well including time to relocate and set-up between wells



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 Q2 2014 operations and payable on August 11, 2014
 - Targeting Master Limited Partnership (MLP) IPO before year end
- Measured and well-timed growth plans
 - No uncontracted newbuild drillship deliveries through the soft-cycle
 - Fleet expansion with delivery of premium 12,000ft water depth 7th generation drillships in 2016 and 2017
 - Moderate pre-delivery capex covered through strong contracted cash flows from operations
 - 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 \$4.8 billion backlog⁽¹⁾
 - Diverse mix of high quality counterparties with staggered contract maturities

(1) Backlog as of July 31, 2014



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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 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

Up to 12,000ft water depth capability

Dual 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

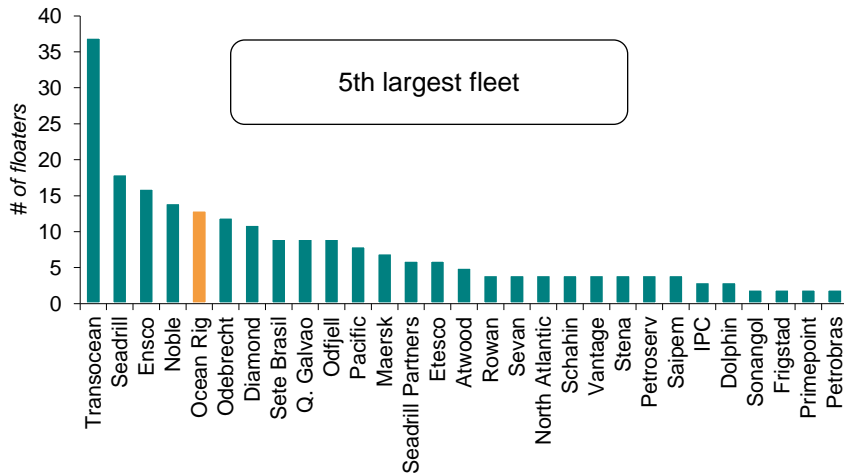


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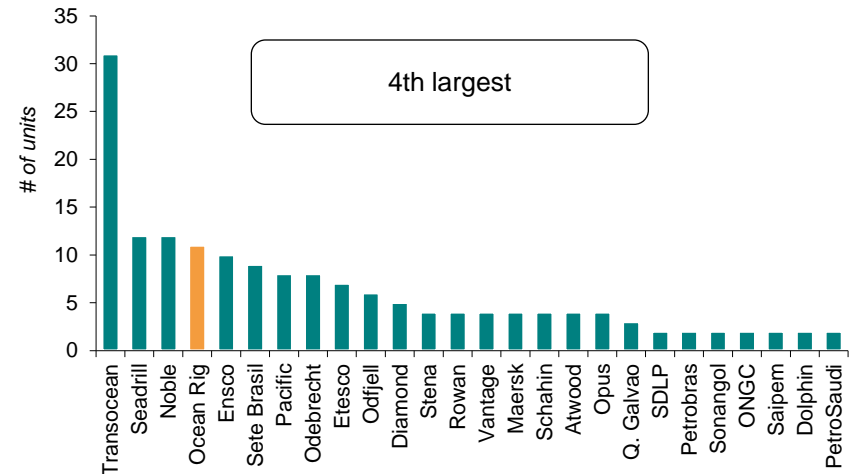


Pure-play ultra-deepwater driller with premium assets

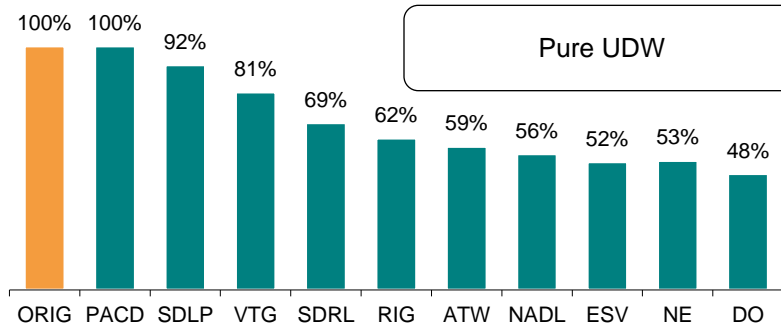
Owned & operated ultra-deepwater fleet⁽¹⁾



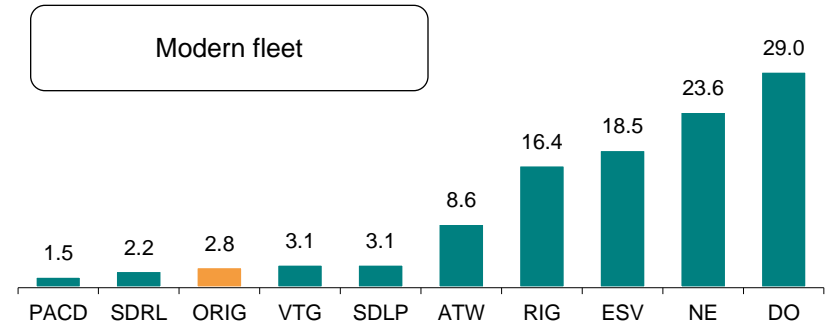
Owned & operated drillships



Fleet composition – Ultra-deepwater⁽¹⁾ as a % of NAV



Average fleet age⁽²⁾



(1) Ultra-deepwater defined as being capable of drilling in 7,500 feet of water or greater

(2) Includes newbuilds (assigned zero fleet age) and jackups

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

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Healthy liquidity & capital structure

<i>(in \$ million)</i>	<i>June 30, 2014</i>
Total cash	536.0
Bank / ECA Facility ⁽¹⁾	1,288.4
B-1 Term Loans ⁽¹⁾	1,831.3
6.50% senior secured notes due 2017 ⁽¹⁾	786.3
7.25% senior unsecured notes due 2016 ⁽¹⁾	491.5
Total debt ⁽¹⁾	4,397.5
Total shareholders' equity	3,025.3
Total capitalization	7,422.8
Net Debt	3,861.5
Debt to capitalization	59.2%
Net Debt to Capitalization	52.0%

<i>Ownership on August 1st, 2014</i>	
Shares Outstanding	131.9 million
Free float shares	53.4 million
% of free float shares	40.6 %
% ownership DRYS	59.4 %

Equity market capitalization: \$ 2,308 mil
 Current Enterprise Value ⁽²⁾: \$5,741mil
 Fully Delivered Enterprise Value⁽³⁾: \$8,394 mil

(1) Net of capitalized financing fees

(2) On a 9 unit fleet basis, pro forma for new Term Loan B facility

(3) On a 13 unit fleet basis, pro forma for new Term Loan B facility

Assumes \$17.50 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⁾	NR	Norway	\$340
Eirik Raude	2002	Q4 – 14	Lukoil	Baa2 / BBB-	S. Africa, Ivory Coast	\$72
		Q3 – 15	Premier Oil	NR	Falkland Islands	\$164
Ocean Rig Corcovado	2011	Q2 – 15	Petrobras	Baa1 / BBB-	Brazil	\$133
Ocean Rig Olympia	2011	Q3 – 15	Total	Aa1 / AA-	Angola	\$225
Ocean Rig Poseidon	2011	Q2 – 16	Eni	A3 / A	Angola	\$476
Ocean Rig Mykonos	2011	Q1 – 15	Petrobras	Baa1 / BBB-	Brazil	\$106
Ocean Rig Mylos	2013	Q4 – 16	Repsol	Baa2/BBB-	Brazil	\$531
Ocean Rig Skyros	2013	Q4 – 14	Total	Aa1 / AA-	Angola	\$71
		Q3 – 21				\$1,298
Ocean Rig Athena	2014	Q2 – 17	ConocoPhillips	A1 / A	Angola	\$686
Ocean Rig Apollo	2015	Q1 – 18	Total	Aa1 / AA-	Congo	\$681
Total						\$4.8 billion

(1) Rig Management Consortium led by Total

(2) As of July 31, 2014

Credit Ratings as of June 2014



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2014 indicative revenue calculator

- To calculate FY2014 Revenues from drilling contracts add to the 2H drilling revenue calculated below:
 - approximately \$100.9 million in projected amortization of deferred revenues
 - Net revenues from drilling contracts of \$360.8 million in 1H 2014

Drilling Unit	Mobilization Days		Available Drilling Days (a)	Average Drilling Day Rate for 2H 2014	Earnings Efficiency Guidance (c)	Gross Revenue (a) x (b) x (c) = (d)
	Q3 2014	Q4 2014	2H 2014	(b)		FY2014
Leiv Eiriksson			184	\$560,000	92.50%	?
Eirik Raude		28	156	\$575,000	92.50%	?
OCR Corcovado			184	\$464,800	92.50%	?
OCR Olympia			184	\$590,700	92.50%	?
OCR Poseidon			184	\$690,100	92.50%	?
OCR Mykonos			184	\$459,700	92.50%	?
OCR Mylos			184	\$627,700	92.50%	?
OCR Skyros			184	\$575,000	92.50%	?
OCR Athena			184	\$638,500	92.50%	?
OCR Apollo			184	N/A	92.50%	?
OCR Santorini			184	N/A	92.50%	?
OCR TBN #1			184	N/A	92.50%	?
OCR TBN #2			184	N/A	92.50%	?
Total	0	28	2,364			?

***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 August 1st 2014



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Fleet status report

Date: 1-Aug-14

UDW Unit Name	Year Built / Expected Delivery	Location	Customer	Estimated Commencement Date	Estimated Completion Date	Estimated Mobilization Days				Scheduled Off-Hire Days		Footnote References	Estimated Available Drilling Days			
						2014			2015	2014			2014	2015	2014	2015
						Q2A	Q3	Q4	Q1	Q2A	Q3E		Q2A	Q3	Q4	Q1
Eirik Raude	2002	West Africa Falkland Islands	Lukoil Premier Oil	Q3 2013 Q4 2014	Q4 2014 Q3 2015			28	22			1	91	92	64	68
Leiv Eiriksson	2001	Norway	Rig Management	Q2 2013	Q2 2016					2			91	92	92	90
Ocean Rig Corcovado	2011	Brazil	Petrobras	May-12	Q2 2015					2			91	92	92	90
Ocean Rig Olympia	2011	Gabon, Angola	Total	Jul-12	Q3 2015					0			91	92	92	90
Ocean Rig Poseidon	2011	Angola	ENI	Q2 2013	Q2 2016					1			91	92	92	90
Ocean Rig Mykonos	2011	Brazil	Petrobras	Mar-12	Q1 2015					17		2	91	92	92	90
Ocean Rig Mylos	2013	Brazil	Repsol Sinopec	Aug-13	Q3 2016					2			91	92	92	90
Ocean Rig Skyros	2013	Angola Angola	Total Total	Dec-13 Q3 2015	Q4 2014 Q3 2021					1			91	92	92	90
Ocean Rig Athena	2014	Angola	ConocoPhillips	Mar-14	Q2 2017	67				1		3	24	92	92	90
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						67	0	28	22	28	0		752	828	800	788

Footnotes

- 1 Total of 50 days, of which 28 in Q4 2014 and 22 in Q1 2015, for mobilization and acceptance testing prior to commencement of Premier Oil contract
- 2 Total 17 days off-hire due to BOP issues
- 3 Completed total of 75 days, of which 8 in Q1 2015 and 67 in Q2 2015, for mobilization and acceptance testing prior to commencement of ConocoPhillips 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.



OCEAN RIG UDW INC.



Projected deferred revenue & expense amortization

As of August 1, 2014

(USD million)

	<u>Q1A 2014</u>	<u>Q2A 2014</u>	<u>Q3E 2014</u>	<u>Q4E 2014</u>	<u>FY 2014</u>	<u>Q1E 2015</u>	<u>Q2E 2015</u>
Amortization of deferred revenues	32.7	49.0	53.3	47.6	182.6	40.3	37.8
Amortization of deferred expenses	19.7	29.6	33.4	30.2	112.9	23.9	19.1

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.



OCEAN RIG UDW INC.



Balance Sheet

(Expressed in Thousands of U.S. Dollars)

	<u>December 31, 2013</u>	<u>June 30, 2014</u>
<u>ASSETS</u>		
Cash, cash equivalents and restricted cash (current and non-current)	\$ 659,028	\$ 536,035
Other current assets	400,689	514,991
Advances for drillships under construction and related costs	662,313	561,878
Drilling rigs, drillships, machinery and equipment, net	5,777,025	6,366,301
Other non-current assets	121,395	138,614
Total assets	<u>7,620,450</u>	<u>8,117,819</u>
 <u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
Total debt	3,993,236	4,397,432
Total other liabilities	647,371	695,160
Total stockholders' equity	2,979,843	3,025,227
Total liabilities and stockholders' equity	<u>\$ 7,620,450</u>	<u>\$ 8,117,819</u>



OCEAN RIG UDW INC.

