

OCEAN RIG



Ocean Rig UDW Inc.

4th Quarter Ended December 31, 2011
Earnings Presentation



NASDAQ: "ORIG"
February 23, 2012

Forward Looking Statements

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

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

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



OCEAN RIG UDW INC.



Financial Highlights



Q4 2011 Results

Reported Net Income: \$ 36.5 million or \$ 0.28 per share

Analyst Consensus¹: \$ 0.21 per share

12th Consecutive Profitable Quarter

¹ Based on Bloomberg Adjusted EPS Consensus data 2/16/2012



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Selected Income Statement and Cashflow Data

<i>(in \$ thousands, except EPS)</i>	Q 4 -2010	Q 4 2011	FY 2010	FY 2011
Total Revenues	102,300	237,658	405,712	699,649
Adjusted EBITDA ⁽¹⁾	63,614	128,771	266,546	377,885
Net Income, <i>as reported</i>	53,391	36,502	134,761	95,298
EPS	\$0.50	\$0.28	\$1.30	\$0.72
Net Cash Provided by Operating Activities	67,597	51,602	221,798	262,250

(1) Represents net income before interest, taxes, depreciation and amortization, vessel impairments, and gains or losses on interest rate swaps.



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Healthy Liquidity & Capital Structure

(\$ in millions)	December 31, 2011
Cash	250.9
Restricted cash	182.1
Secured debt	2,246.1
9.500% senior unsecured notes due 2016 ⁽¹⁾	489.7
Total debt ⁽¹⁾	2,735.8
Total shareholders' equity	2,998.5
Total capitalization	5,734.3
Net Debt	2,302.8
Debt to capitalization	48%
Net Debt to Capitalization	40%

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

(1) Net of financing fees



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Minimal Construction Cost

- No material construction costs until 2H 2013
- Already invested in excess of \$720 million of our own funds in our 2013 newbuilds
- Remaining construction costs to be funded primarily with debt financing
- Upgrades improve vessel specifications and employment prospects

(S millions)

	Total Delivered Cost	Already Funded	Remaining Cost ⁽¹⁾		
			2012	2013	2013 Delivery
NB #1	665	242	-	423	July
NB #2	665	242	-	423	October
NB #3	678	242	-	436	November
Total	\$2,008	\$726	-	\$1,282	

No Major Construction Costs in 2012

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



Debt Profile

- Our aggressive loan amortization schedule increases shareholder value
- Entered into two amortizing interest rate swap agreements for a notional amount of \$700 million.
- Fixed interest rate at approx. 0.9% through April 2016

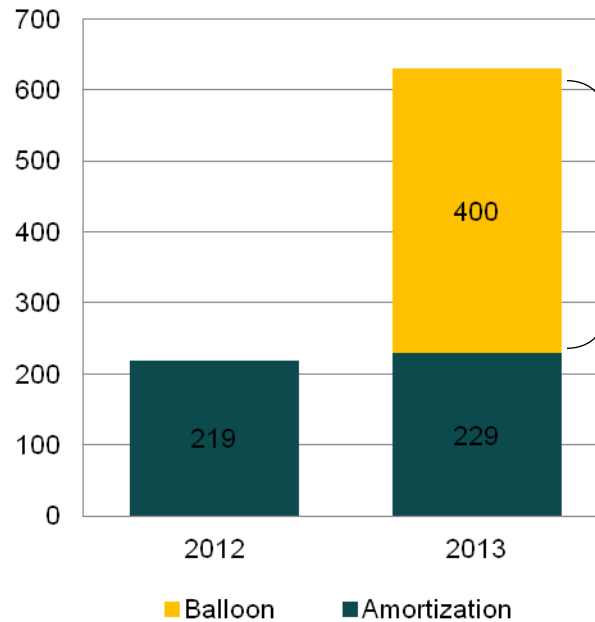
(S millions)

Ocean Rig Debt Outstanding as of 31/12/2011				
Facility	Amortizing	Balloon	Maturity	Total
\$1,040m facility	122.5	400.0	Sep-13	522.5
\$800m facility	300.0	466.7	Apr-16	766.7
\$990m facility	990.0	0.0	Dec-20	990.0
Total OCR bank debt	1,412.5	866.7		2,279.2

Low balloon to collateral value

(S millions)

Scheduled Debt Repayments



\$400 million balloon to be refinanced Vs. FMV of assets of approx. \$1.5 billion



Company Update



\$2.3 billion Backlog

- Signed new drilling contract for the Leiv Eiriksson with a consortium lead by an Oil Major for drilling offshore Norway. The maximum total revenue backlog is estimated at \$653 million for a period of 1,070 days
- Signed new drilling contract for the Eirik Raude with an independent operator for three wells offshore West Africa. The maximum total revenue backlog is estimated at \$52 million for a period of 60 days. The drilling rig will then proceed to its scheduled drydocking
- Extended the existing drilling contract for the 6th generation drillship Ocean Rig Olympia by 47 days. The additional backlog is estimated at just over \$28 million

Unit	Year built	Redelivery	Operating area	Backlog (\$m)
Leiv Eiriksson	2001	Q3 – 12	Falklands	\$ 126
Leiv Eiriksson	2001	Q4 – 15	North Sea	\$ 653
Eirik Raude	2002	Q1 – 12	Ghana	\$5
Eirik Raude	2002	Q2 – 12	Ivory Coast	\$ 56
Eirik Raude	2002	Q3 – 12	West Africa	\$ 52
Ocean Rig Corcovado	2011	Q1 – 15	Brazil	\$ 534
Ocean Rig Olympia	2011	Q2 – 12	West Africa	\$ 90
Ocean Rig Poseidon	2011	Q2 – 13	Tanzania	\$ 291
Ocean Rig Mykonos	2011	Q1 – 15	Brazil	\$ 528
Total				\$2,335

Backlog as of 12/31/2011 adjusted for announced contracts thereafter



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Employment Strategy

- Taking advantage of tight 2012 market to secure lucrative long term contracts
 - Our 6th generation drillship *Ocean Rig Olympia* open for employment Q2 2012
 - Our harsh environment rig *Eirik Raude* open for employment Q4 2012

Year		2011	2012E		2013E	2014E
Contracts in place	Leiv Eiriksson	Borders & Southern			Mobilization & Setup	Rig Management Norway (lead by Oil Major)
	Eirik Raude	Tullow	Anadarko	Independents	DD ¹	
	Ocean Rig Corcovado	Petrobras				
	Ocean Rig Olympia	Vanko / Lukoil/ Tullow – 1yr				
	Ocean Rig Poseidon	Petrobras				
	Ocean Rig Mykonos	Petrobras				
Exercised options	OCR Drillship TBN #1	NB delivery July 2013				
	OCR Drillship TBN #2	NB delivery October 2013				
	OCR Drillship TBN #3	NB delivery November 2013				

*1: 10 year classification survey (Drydock)



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All Units Operated Efficiently in 2011

Two harsh environment semis



Four 6th generation drillships



FY2011 Earnings Efficiency:

LE	ER	Corcovado	Olympia	Poseidon	Mykonos
97.6%	97.4%	93.0%	91.0%	93.5%	Mobilizing to Brazil



Industry Overview



Recent UDW Fixtures – High Rates

➤ High rates for high quality UDW assets

Date	Name	Contractor	Operator	Area	Rate US\$	Start Date	Duration (mnts)	Fixture Type	Water depth capable	DP	Moored	Dual
Oct-11	WEST CAPRICORN	Seadrill	BP	Gulf of Mexico	490 000	May-12	60	New Contract	10 000	Y	N	N
Oct-11	STENA DRILLMAX	Stena Drilling	Hess	West Africa	500 000	Mar-12	6	New Contract	10 000	Y	N	Y
Oct-11	MAERSK DISCOVERER	Maersk	BP	Mediterranean	485 000	Jun-12	48	New Contract	10 000	Y	Y	Y
Oct-11	ATWOOD CONDOR	Atwood Oceanics Inc.	Hess	Gulf of Mexico	515 000	Sep-12	21	New Contract	7 500	Y	N	N
Oct-11	MAERSK DEVELOPER	Maersk	Anadarko	Gulf of Mexico		Oct-11	3	Sublet	10 000	Y	Y	Y
Oct-11	EIRIK RAUDE	Ocean Rig ASA	Anadarko	West Africa	535 000	Dec-11	4	New Contract	10 000	Y	Y	N
Oct-11	GSF EXPLORER	Transocean	Marathon	Asia Pacific	510 000	Jul-12	2	Exercised Option	7 800	Y	N	N
Oct-11	OCEAN CONFIDENCE	Diamond Offshore	Murphy	Gulf of Mexico	512 500	Mar-13	12	Extension	10 000	Y	Y	N
Oct-11	OCEAN MONARCH	Diamond Offshore	NIKO Resources	Asia Pacific	385 000	Sep-12	48	New Contract	10 000	N	Y	N
Oct-11	NOBLE CLYDE BOUDREAUX	Noble Drilling	Shell	Australia and New Z	420 000	Oct-12	32	Extension	10 000	N	Y	Y
Nov-11	OCEAN MONARCH	Diamond Offshore	Talisman	Asia Pacific	345 000	Apr-12	4	Sublet	10 000	N	Y	N
Nov-11	WEST AQUARIUS	Seadrill	ExxonMobil	North America ex. G	590 000	Apr-13	28	Extension	10 000	Y	Y	N
Nov-11	BELFORD DOLPHIN	Fred Olsen Energy	Anadarko	East and South Afric	480 000	Jan-12	48	Extension	10 000	Y	N	N
Nov-11	BOLETTE DOLPHIN	Fred Olsen Energy	Anadarko	East and South Afric	488 000	Nov-13	48	New Contract	12 000	Y	N	Y
Nov-11	WEST POLARIS	Seadrill	Total	West Africa	540 000	Mar-12	5	Sublet	10 000	Y	N	Y
Dec-11	DEEPWATER DISCOVERY	Transocean	Petrobras	South America	425 000	Dec-11	1	Sublet	10 000	Y	N	N
Dec-11	OCEAN RIG OLYMPIA	Ocean Rig ASA	Tullow	West Africa	500 000	Dec-11	4	New Contract	10 000	Y	N	Y
Dec-11	DEEPSEA SHETLAND	Odfjell Drilling AS	BP	North Sea	450 000	Aug-14	84	New Contract	7 500	Y	Y	N
Dec-11	STENA ICEMAX	Stena Drilling	Shell	South America		Feb-12	61	New Contract	10 000	Y	N	Y
Jan-12	OCEAN ENDEAVOR	Diamond Offshore	Burullus	Mediterranean	285 000	May-12		Exercised Option	8 000	N	Y	N
Jan-12	WEST NAVIGATOR	Seadrill	DONG	North Sea	620 000	Jan-13	3	Sublet	7 500	Y	N	Y
Jan-12	NOBLE JIMDAY	Noble Drilling	Shell	Gulf of Mexico	530 000	Jan-13	36	New Contract	12 000	Y	N	N
Jan-12	WEST NAVIGATOR	Seadrill	Shell	North Sea	585 000	Jan-13	18	Extension	7 500	Y	N	Y
Jan-12	ENSCO 8502	EnSCO	Apache	Gulf of Mexico	490 000	Apr-12	2	Sublet	8 500	Y	N	N
Jan-12	EIRIK RAUDE	Ocean Rig ASA	Ophir	West Africa	619 000	May-12	2	New Contract	10 000	Y	Y	N
Jan-12	NOBLE JIMDAY	Noble Drilling	Shell	Gulf of Mexico	530 000	Feb-12	2	New Contract	12 000	Y	N	N
Jan-12	NOBLE JIMDAY	Noble Drilling	TBA	Gulf of Mexico	560 000	Apr-12	2	New Contract	12 000	Y	N	N
Jan-12	ENSCO 8506	EnSCO	Anadarko	Gulf of Mexico	530 000	Oct-12	30	New Contract	8 500	Y	N	N
Feb-12	LEIV EIRIKSSON	Ocean Rig ASA	RMN	North Sea	545 000	Nov-12	24	New Contract	7 500	Y	N	N
Feb-12	DEEPWATER PATHFINDER	Transocean	Murphy	Gulf of Mexico		Mar-12	5	Sublet	7 500	Y	N	N

Source: Fearnleys



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Very Tight Supply

Name	Contractor	Status	Operator	Area	Country	Type	WD	2012														
								J	F	M	A	M	J	J	A	S	O	N	D			
LA MURALLA IV	IPC	Idle		Asia Pacific	South Korea	SS	7,500															
DEEP WATER EXPEDITION	Transocean	Yard / Available		Asia Pacific	Malaysia	DS	8,500															
OCEAN RIG OLYMPIA	Ocean Rig ASA	On Contract - New Contract	Tullow	West Africa	Ghana	DS	10,000															
ENSCO 8504	EnSCO	On Contract - New Contract	Total	Asia Pacific	Brunel	SS	8,500															
GSF EXPLORER	Transocean	On Contract - New Contract	Marathon	Asia Pacific	Indonesia	DS	7,800															
DEEP WATER NAUTILUS	Transocean	On Contract	Shell	Gulf of Mexico	USA	SS	8,000															
OCEAN ENDEAVOR	Diamond Offshore	On Contract - New Contract	Burullus	Mediterranean	Egypt	SS	8,000															
CATARINA	Retrostep AS	Under Construction / Available		Asia Pacific	South Korea	SS	10,000															
EIRIK RAUDE	Ocean Rig ASA	On Contract - New Contract	Anadarko	West Africa	Ivory Coast	SS	10,000															
WEST GEMINI	Seadrill	On Contract - New Contract	Total	West Africa	Angola	DS	10,000															
GSF DEVELOPMENT DRILLER I	Transocean	On Contract	BHP	Gulf of Mexico	USA	SS	7,500															
WEST POLARIS	Seadrill	On Contract - Exercised Option	ExxonMobil	West Africa	Nigeria	DS	10,000															
PACIFIC SCIROCCO	Pacific Drilling	On Contract - New Contract	Total	West Africa	Nigeria	DS	10,000															
DALIAN DEVELOPER	Vantage Drilling	Under Construction / Available		Asia Pacific	China	DS	10,000															

FIRM CONTRACT	
OPTION	
CONSTRUCTION/YARD	
NEWBUILDINGS	

➤ Positioned to capitalize on strong long-term market rates

The list keeps getting shorter!

Source: Fearnleys



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E&P Spending Continues to Increase

(\$ billion)

Announced 2012 Capital Budgets				
Type	Company	2011E	2012E	Δ2012E
Major	Chevron	25	29	15%
Major	ConocoPhillips	12	14	15%
Major	BG Group	7	9	28%
Major	Shell	21	26	20%
Major	BP	16	18	15%
Major	Total	17	20	18%
NOC	Statoil	14	15	6%
NOC	Pemex	19	21	10%
NOC	Petrobras	21	24	18%
Independent	Marathon	3	4	29%
Independent	Husky	4	4	-2%
Independent	Murphy Oil	3	3	-8%
Independent	Talisman	5	4	-11%
Independent	Lundin	1	1	40%
Independent	Premier Oil	1	1	14%
Independent	Noble Energy	3	4	37%
Total/average		171	196	14.6%

E&P spending expected to increase by 15-20% this year

Source: Pareto Securities Research (2/15/2012)



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Looking Forward



Our Achievements to Date

- Took delivery of all four 6th generation drillships on time and on budget
- Financed drillships despite challenging financial markets, issued \$500 million unsecured notes
- Recruited crew for all new rigs – now more than 1,355 employees
- Secured employment with significant backlog - \$2.3 billion
- Listed the company on NASDAQ

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



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Brazilian Rig Project

- A Consortium in which Ocean Rig is a participant, has been awarded five 15-year contracts from Petrobras
 - Daily rate of \$548,000
 - Over \$15 billion in revenue backlog
 - Strong foothold in Brazilian UDW drilling market
- Strategic decision with **ZERO** construction risk
 - Consortium Partner will construct five drillships in Brazil
 - We will not be an equity partner during the construction phase, we will only provide our expertise
 - Upon construction we will manage the vessels on behalf of the Consortium
- Significant upside potential
 - Upon construction, we have the option to acquire an equity stake

Strong foothold with ZERO risk in fastest growing UDW market



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Our Resolutions for 2012

- Secure long-term contracts for *Ocean Rig Olympia* and *Eirik Raude*
- Maintain our track record of safety and highly efficient operations
- Become a premier drilling contractor for our customers and employees
- Work with our lenders to optimize our debt structure
- Increase visibility and liquidity of our shares to realize full shareholder value



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Appendix



Income Statement

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

	Three Months Ended December 31,		Year Ended December 31,	
	2010 (as restated)	2011	2010	2011
REVENUES:				
Revenues from drilling contracts	\$ 102,300	\$ 237,658	\$ 405,712	\$ 699,649
EXPENSES:				
Drilling rig operating expenses	33,015	93,056	119,369	281,833
Depreciation and amortization	17,831	54,529	75,092	162,532
General and administrative expenses and other	5,918	15,732	20,901	38,393
Operating income	45,536	74,341	190,350	216,891
OTHER INCOME/(EXPENSES):				
Interest and finance costs, net of interest income	770	(28,571)	4,046	(59,172)
Gain/(Loss) on interest rate swaps	12,478	703	(40,303)	(33,455)
Other, net	247	(99)	1,104	(1,538)
Income taxes	(5,640)	(9,872)	(20,436)	(27,428)
Total other income/(expenses)	7,855	(37,839)	(55,589)	(121,593)
Net income	\$ 53,391	\$ 36,502	\$ 134,761	\$ 95,298
Earnings per common share, basic and diluted	\$ 0.50	\$ 0.28	\$ 1.30	\$ 0.72
Weighted average number of shares, basic and diluted	106,231,090	131,696,928	103,908,279	131,696,928



OCEAN RIG UDW INC.



Balance Sheet

(Expressed in Thousands of U.S. Dollars)

	<u>December 31, 2010</u>	<u>December 31, 2011</u>
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 95,707	\$ 250,878
Restricted cash	512,793	57,060
Other current assets	63,506	212,647
Total current assets	<u>672,006</u>	<u>520,585</u>
FIXED ASSETS, NET:		
Advances for rigs assets under construction and acquisitions	1,888,490	754,925
Drilling rigs, machinery and equipment, net	1,249,333	4,538,838
Total fixed assets, net	<u>3,137,823</u>	<u>5,293,763</u>
OTHER NON-CURRENT ASSETS:		
Restricted cash	50,000	125,040
Other non-current assets	483,869	75,967
Total non-current assets	<u>533,869</u>	<u>201,007</u>
Total assets	<u>4,343,698</u>	<u>6,015,355</u>
 <u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
CURRENT LIABILITIES:		
Current portion of long-term debt	560,561	210,166
Other current liabilities	107,357	226,563
Total current liabilities	<u>667,918</u>	<u>436,729</u>
NON-CURRENT LIABILITIES:		
Long-term debt, net of current portion	696,986	2,525,599
Other non-current liabilities	97,712	54,571
Total non-current liabilities	<u>794,698</u>	<u>2,580,170</u>
STOCKHOLDERS' EQUITY:		
Total stockholders' equity	2,881,082	2,998,456
Total liabilities and stockholders' equity	<u>\$ 4,343,698</u>	<u>\$ 6,015,355</u>



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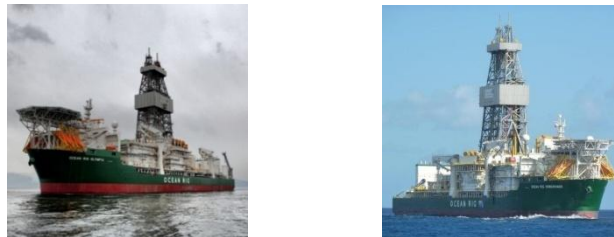
Our Ultra Deepwater Fleet

Two harsh environment semis



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

Four 6th generation drillships



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

Three 7th generation NB drillships



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

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



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