KRATOS DEFENSE & SECURITY SOLUTIONS, INC.
Form 10-Q
October 05, 2007

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2007

o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES AND EXCHANGE ACT OF 1934

Commission file number 0-27231

KRATOS DEFENSE & SECURITY SOLUTIONS, INC.

(Exact name of Registrant as specified in its charter)

(Registrant formerly known as: Wireless Facilities, Inc.)

Delaware	**13-3818604**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

4810 Eastgate Mall
San Diego, CA 92121
(858) 228-2000

(Address, including zip code, and telephone number, including area code, of Registrant s principal executive offices)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes o No x

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer or a non-accelerated filer (as defined in Rule 12b-2 of the Exchange Act):

Large Accelerated Filer o Accelerated Filer x Non-Accelerated Filer o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No x

As of September 14, 2007, 74,061,650 shares of the registrant s common stock were outstanding.

KRATOS DEFENSE & SECURITY SOLUTIONS, INC.
FORM 10-Q
FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2007
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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

KRATOS DEFENSE & SECURITY SOLUTIONS, INC.
CONSOLIDATED BALANCE SHEETS
(in millions, except par value and number of shares)
(Unaudited)

	December 31, 2006	March 31, 2007
Assets		
Current assets:		
Cash and cash equivalents	$ 5.4	$ 8.0
Restricted cash	1.0	1.0
Accounts receivable, net	59.3	54.4
Income taxes receivable	1.8	2.0
Prepaid expenses	2.1	1.6
Other current assets	3.4	4.0
Current assets of discontinued operations	67.0	51.9
Total current assets	140.0	122.9
Property and equipment, net	6.1	6.2
Goodwill	129.9	130.2
Other intangibles, net	13.4	12.7
Deferred tax assets	6.5	6.5
Investments in unconsolidated affiliates	2.1	2.1
Other assets	2.0	2.8
Non current assets of discontinued operations	37.0	22.9
Total assets	$ 337.0	$ 306.3
Liabilities and Stockholders Equity		
Current liabilities:		
Accounts payable	$ 16.4	$ 11.9
Accrued expenses	5.0	9.0
Accrued compensation	6.4	7.7
Line of credit	51.0	51.0
Billings in excess of costs on completed contracts	4.0	3.0
Deferred tax liabilities	1.3	1.4
Accrual for contingent acquisition consideration	9.8	8.9
Accrual for unused office space	0.8	0.8
Capital lease obligations and other short-term debt	0.4	0.3
Current liabilities of discontinued operations	48.8	38.5
Total current liabilities	143.9	132.5
Accrual for unused office space, net of current portion	1.8	1.5
Other liabilities	2.9	4.0
Other long term liabilities of discontinued operations	1.3	1.3
Total liabilities	149.9	139.3
Commitments and contingencies (Notes 5, 6, 7, 9 and 13)		
Stockholders equity:		
Preferred stock, 5,000,000 shares authorized, Series B Convertible Preferred Stock, $.001 par value; 10,000 shares outstanding at December 31, 2006 and March 31, 2007, (liquidation preference $5.0 million)		
Common Stock, $.001 par value, 195,000,000 shares authorized; 73,883,950 shares issued and outstanding at December 31, 2006 and March 31, 2007		
Additional paid-in capital	391.7	391.9
Accumulated deficit	(204.6)	(224.9)
Total stockholders equity	187.1	167.0
Total liabilities and stockholders equity	$ 337.0	$ 306.3

See accompanying notes to unaudited consolidated financial statements.

KRATOS DEFENSE & SECURITY SOLUTIONS, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(in millions, except per share amounts)
(Unaudited)

	Three months ended March 31,	
	2006	2007
Revenues	$ 32.9	$ 49.0
Cost of revenues	26.7	41.7
Gross profit	6.2	7.3
Selling, general and administrative expenses	7.9	9.1
Stock option investigation and related fees		1.5
Operating loss	(1.7)	(3.3)
Other income (expense), net:		
Interest income, net	0.1	
Other income, net	0.1	0.5
Total other income, net	0.2	0.5
Loss before income taxes	(1.5)	(2.8)
Provision (benefit) for income taxes	(0.8)	0.2
Loss from continuing operations	(0.7)	(3.0)
Loss from discontinued operations	(0.1)	(17.1)
Net loss	$ (0.8)	$ (20.1)
Basic loss per common share:		
Loss from continuing operations	$ (0.01)	$ (0.04)
Loss from discontinued operations	(0.00)	(0.23)
Net loss	$ (0.01)	$ (0.27)
Diluted earnings (loss) per common share:		
Loss from continuing operations	$ (0.01)	$ (0.04)
Loss from discontinued operations	(0.00)	(0.23)
Net loss	$ (0.01)	$ (0.27)
Weighted average common shares outstanding:		
Basic	72.3	73.9
Diluted	72.3	73.9

See accompanying notes to unaudited consolidated financial statements.

KRATOS DEFENSE & SECURITY SOLUTIONS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in millions)
(Unaudited)

	Three months ended March 31,	
	2006	2007
Operating activities:		
Net loss	$ (0.8)	$ (20.1)
Less loss from discontinued operations	(0.1)	(17.1)
Loss from continuing operations	(0.7)	(3.0)
Adjustments to reconcile net loss from continuing operations to net cash provided by (used in) continuing operations:		
Depreciation and amortization	1.1	1.2
Deferred income taxes	(0.5)	0.1
Asset impairment charges and net loss on disposition of fixed assets		0.1
Stock-based compensation	0.5	0.2
Changes in assets and liabilities, net of acquisitions and divestitures:		
Accounts receivable	(2.1)	4.9
Prepaid expenses	(0.2)	0.5
Other assets	(1.3)	(0.7)
Accounts payable	(1.5)	(4.5)
Accrued expenses	(3.4)	4.0
Accrued compensation	0.2	1.3
Accrued contingent acquisition consideration	0.1	0.1
Billings in excess of costs on completed contracts	0.2	(1.0)
Income tax payable	2.3	(0.5)
Other liabilities	(0.2)	(0.2)
Net cash provided by (used in) continuing operations	(5.5)	2.5
Investing activities:		
Cash paid for contingent acquisition consideration	(7.3)	
Cash paid for acquisition, net of cash required		(0.1)
Proceeds from the disposition of discontinued operations	1.5	2.9
Capital expenditures	(0.7)	(0.7)
Net cash provided by (used in) investing activities from continuing operations	(6.5)	2.1
Financing activities:		
Borrowings under line of credit	7.0	4.0
Repayment under line of credit		(4.0)
Repayment of capital lease obligations	(0.1)	(0.1)
Net cash provided by (used in) financing activities from continuing operations	6.9	(0.1)
Net cash flows of continuing operations	(5.1)	4.5
Cash flows of discontinued operations		
Operating cash flows	4.0	(1.2)
Investing cash flows	(1.0)	(0.7)
Financing cash flows	0.5	
Effect of exchange rates on cash and cash equivalents	1.0	
Net cash flows of discontinued operations	4.5	(1.9)
Net increase (decrease) in cash and cash equivalents	(0.6)	2.6
Cash and cash equivalents at beginning of period	7.7	5.4
Cash and cash equivalents at end of period	$ 7.1	$ 8.0
Supplemental disclosure of cash flow information:		
Cash paid during the period for interest	0.1	1.1

See accompanying notes to unaudited consolidated financial statements.

KRATOS DEFENSE & SECURITY SOLUTIONS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Note 1. Organization and Summary of Significant Accounting Policies

(a) *Description of Business*

Kratos Defense & Security Solutions, Inc. (Kratos or the Company) was initially incorporated in the state of New York on December 19, 1994 as Wireless Facilities, Inc. (WFI), commenced operations in March 1995 and was reincorporated in Delaware in 1998. Kratos historically conducted business in three segments: Wireless Network Services (WNS), Government Network Services (WGS) and Enterprise Network Services (ENS). Kratos was an independent, global provider of outsourced communications and security systems engineering and integration services for the wireless communications industry through WNS, the U.S. government through WGS, and enterprise customers through ENS.

In 2006 and 2007, the Company undertook a transformation strategy that culminated in the divestiture in 2007 of its wireless-related businesses and chose to aggressively pursue business with the federal government, primarily the U.S. Department of Defense, through strategic acquisition. See Note 6, Significant Transactions. The Company s divestiture of its European wireless engineering services business which was discontinued and held for sale in December 2006 was completed in March 2007. In addition, the Company s divestiture of its domestic wireless engineering services business was completed on June 4, 2007. Accordingly, the accompanying financial statements reflect the domestic wireless engineering services business divestiture as of June 4, 2007 and the results from operations through the date of divestiture is reflected as discontinued operations in the accompanying statements of operations. Similarly, the Company s divestiture of its Wireless Network Deployment business, which was sold on July 24, 2007, is also reflected as a discontinued operation in the accompanying financial statements.

As a result of the divestment of the Company s wireless related assets and businesses in 2007, the Company changed its corporate name to Kratos Defense & Security Solutions, Inc. on September 12, 2007. The name was changed to reflect the Company s revised focus as a defense contractor and security systems integrator for the federal government and for state and local agencies and reflects the Company s business going forward. All previous financial statements prior to September 12, 2007 were issued under the Company s previous name, Wireless Facilities, Inc.

(b) *Basis of Presentation*

The information as of March 31, 2007, and for the three months ended March 31, 2006 and 2007 is unaudited. The consolidated balance sheet as of December 31, 2006 was derived from the Company s audited consolidated financial statements at that date. In the opinion of management, these unaudited consolidated financial statements include all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of our financial position, results of operations and cash flows for the interim periods presented. The results have been prepared in accordance with the instructions to Form 10-Q and do not necessarily include all information and footnotes necessary for presentation in accordance with accounting principles generally accepted in the United States of America. These unaudited consolidated financial statements should be read in conjunction with the consolidated financial statements and the related notes included in the Company s audited annual consolidated financial statements for the year ended December 31, 2006, filed on Form 10-K on September 11, 2007, under the WFI name, with the United States Securities and Exchange Commission (SEC). Interim operating results are not necessarily indicative of operating results expected in subsequent periods or for the year as a whole.

(c) Principles of Consolidation

The consolidated financial statements include the accounts of Kratos and its wholly-owned subsidiaries for which all inter-company transactions have been eliminated in consolidation. Kratos and its subsidiaries are collectively referred to herein as the Company.

Investments in unconsolidated affiliates are accounted for using the cost method as the Company owns less than 20% and the Company has no significant influence over the affiliates.

(d) Fiscal Year

The Company s fiscal year end is on the last day of the year, December 31st. The interim fiscal periods are on the last day of the calendar month of each quarter.

(e) Revenue Recognition

The Company provides services to customers under three primary types of contracts: fixed-price; time and materials; and cost reimbursable plus fixed fee. The Company realizes a portion of its revenue from long-term contracts and accounts for these contracts under the provisions of Statement of Position (SOP) 81-1, Accounting for Performance of Construction-Type and Certain Production-Type Contracts. Revenue on fixed-price contracts is recognized using the percentage-of-completion method of accounting based on the ratio of total costs incurred to date compared to estimated total costs to complete the contract. Estimates of costs to complete include materials, direct labor, overhead, and allowable general and administrative expenses (for government contracts). While the Company generally does not incur a material amount of set-up fees for its projects, such costs, if any, are excluded from the estimated total costs to complete the contract. Cost estimates are reviewed monthly on an individual contract basis, and are revised periodically throughout the life of the contract such that adjustments to profit resulting from revisions are made cumulative to the date of the revision. The full amount of an estimated loss associated with a contract is accrued and charged to operations in the period it is determined that it is probable a loss will be realized from the performance of the contract.

Significant management judgments and estimates, including the estimated costs to complete projects, which determine the project s percentage of completion and profit margin must be made and used in connection with the revenue recognized in any accounting period. In the future, the Company may realize actual results that differ from current estimates and the differences could be material.

Accordingly, the revenue the Company recognizes in a given financial reporting period depends on (1) the costs the Company has incurred for individual projects, (2) the Company s then current estimate of the total remaining costs to complete the individual projects and (3) current estimated contract value associated with the projects. If, in any period, we significantly increase or decrease our estimate of the total costs to complete a project, and/or reduce or increase the associated contract value, revenue for that period would be impacted. To the extent that the Company s estimates fluctuate over time or differ from actual results, gross margins in subsequent periods may vary significantly from previous estimates. Material differences may result in the amount and timing of the Company s revenue for any period if management made different judgments or utilized different estimates. In the event the Company is unable to provide reliable cost estimates on a given project, the Company records revenue using the completed contract method. There are no contracts for which the Company utilized the completed contract method for the quarter ended March 31, 2007.

Under the terms of substantially all of the Company s fixed price contracts, if a contract is terminated without proper cause by the customer, if the customer creates unplanned/unreasonable time delays, or if the customer modifies the contract tasks/scope, the Company has contractual rights to reimbursement in accordance with the terms and conditions regarding payment for work performed, but not yet billed

(i.e., unbilled trade accounts receivable) at a gross profit margin that is consistent with the overall project margin. Furthermore, certain additional provisions compensate the Company for additional or excess costs incurred, whereby any scope reductions or other modifications are subject to reimbursement of costs incurred to date with a reasonable profit margin based on the contract value and completed work at that time. The inherent aforementioned risks are reflected in the Company s ongoing periodic assessment of the total contract value and the associated revenue recognized. Total net unbilled accounts receivable at December 31, 2006 and March 31, 2007 were $23.4 million and $31.0 million, respectively. The Company periodically performs work under authorizations to proceed or work orders from its customers for which a formal purchase order may not be received until after the work has commenced. As of March 31, 2007, approximately $1.0 million of the Company s unbilled accounts receivable balance were under an authorization to proceed or work order from its customers where a formal purchase order had not yet been received.

Revenue from certain time and materials and fixed-price contracts are recognized when realized or realizable and earned, in accordance with Staff Accounting Bulletin (SAB) 101, as revised by SAB 104 (recognized when services are rendered at contracted labor rates, when materials are delivered and when other direct costs are incurred). Additionally, based on management s periodic assessment of the collectibility of its accounts receivable, credit worthiness and financial condition of customers, the Company determines if collection is reasonably assured prior to the recognition of revenue.

Cost reimbursable contracts for the government provide for reimbursement of costs plus the payment of a fee. The Company records the fee as costs are incurred. Under time and materials contracts, the Company is reimbursed for labor hours at negotiated hourly billing rates and is reimbursed for travel and other direct expenses at actual costs plus applied general and administrative expenses. Under certain of the Company s contractual arrangements, the Company may also recognize revenue for out-of-pocket expenses in accordance with EITF 01-14 Income Statement Characterization of Reimbursements Received for Out-of-Pocket Expenses Incurred. Depending on the contractual arrangement, these expenses may be reimbursed with or without a fee.

Under certain of its contracts, the Company provides supplier procurement services and materials for its customers. The Company records revenue on these arrangements on a gross or net basis in accordance with EITF 99-19, Reporting Revenue Gross as a Principal versus Net as an Agent, depending on the specific circumstances of the arrangement. The Company considers the following criteria, among others, for recording revenue on a gross or net basis:

(1) Whether the Company acts as a principal in the transaction;

(2) Whether the Company takes title to the products;

(3) Whether the Company assumes risks and rewards of ownership, such as risk of loss for collection, delivery or returns;

(4) Whether the Company serves as an agent or broker, with compensation on a commission or fee basis; and

(5) Whether the Company assumes the credit risk for the amount billed to the customer subsequent to delivery.

(f) Inventory

Inventories which are comprised primarily of supplies including parts and materials are stated at the lower of cost or market and are included in other current assets in the accompanying balance sheets. The Company regularly reviews inventory quantities on hand, future purchase commitments with its suppliers, and the estimated utility of its inventory. If the Company review indicates a reduction in utility below

carrying value, it reduces its inventory to a new cost basis. As of December 31, 2006 and March 31, 2007, the Company had $1.6 million and $2.0 million, respectively, of inventories which were reflected in Other Current Assets on the Consolidated Balance Sheet.

(g) Use of Estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles in the United States (US GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Such estimates include revenue recognition, allowance for doubtful accounts, valuation of long-lived assets including identifiable intangibles and goodwill, accounting for income taxes including the related valuation allowance on the deferred tax asset, accruals for partial self-insurance, contingencies and litigation and contingent acquisition consideration. In the future, the Company may realize actual results that differ from the current reported estimates and if the estimates that we have used change in the future, such changes could have a material impact on the Company s consolidated financial position, results of operations and cash flows.

(h) Reclassifications

The accompanying statements of cash flows separately reflect the operating and investing portions of the cash flows attributable to the Company s discontinued operations for each of the periods presented. These amounts were reported on a combined basis as a single amount in prior statements of cash flows. In addition, the balance sheets and statements of operations have been reclassified to present the discontinued operations.

Note 2. Recent Accounting Pronouncements

In September 2006, the FASB issued SFAS No. 157, Fair Value Measurements (SFAS 157). This new standard provides guidance for using fair value to measure assets and liabilities and information about the extent to which companies measure assets and liabilities at fair value, the information used to measure fair value, and the effect of fair value measurements on earnings. This framework is intended to provide increased consistency in how fair value determinations are made under various existing accounting standards which permit, or in some cases require, estimates of fair market value. SFAS 157 also expands financial statement disclosure requirements about a company s use of fair value measurements, including the effect of such measures on earnings. The provisions of SFAS 157 are effective for financial statements issued for fiscal years beginning after November 15, 2007. The Company is in the process of determining the impact of this statement on its consolidated financial statements.

In February 2007, the FASB issued FASB Statement No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities Including an Amendment of FASB Statement No. 115.* This standard permits an entity to choose to measure many financial instruments and certain other items at fair value. This option is available to all entities, including not-for-profit organizations. Most of the provisions in Statement 159 are elective; however, the amendment to FASB Statement No. 115, *Accounting for Certain Investments in Debt and Equity Securities* applies to all entities with available-for-sale and trading securities. Some requirements apply differently to entities that do not report net income. The FASB s stated objective in issuing this standard is as follows: to improve financial reporting by providing entities with the opportunity to mitigate volatility in reported earnings caused by measuring related assets and liabilities differently without having to apply complex hedge accounting provisions.

The fair value option established by Statement 159 permits all entities to choose to measure eligible items at fair value at specified election dates. A business entity will report unrealized gains and losses on

items for which the fair value option has been elected in earnings (or another performance indicator if the business entity does not report earnings) at each subsequent reporting date. A not-for-profit organization will report unrealized gains and losses in its statement of activities or similar statement. The fair value option: (a) may be applied instrument by instrument, with a few exceptions, such as investments otherwise accounted for by the equity method; (b) is irrevocable (unless a new election date occurs); and (c) is applied only to entire instruments and not to portions of instruments.

Statement 159 is effective as of the beginning of an entity s first fiscal year that begins after November 15, 2007. Early adoption is permitted as of the beginning of the previous fiscal year provided that the entity makes that choice in the first 120 days of that fiscal year and also elects to apply the provisions of FASB Statement No. 157, *Fair Value Measurements.* The Company is currently evaluating if it will elect the fair value option for any of its eligible financial instruments and other items.

In May 2007, the FASB issued FASB Staff Position (FSP) FIN 48-1 Definition of Settlement in FASB Interpretation No. 48 (FSP FIN 48-1). FSP FIN 48-1 provides guidance on how to determine whether a tax position is effectively settled for the purpose of recognizing previously unrecognized tax benefits. FSP FIN 48-1 is effective retroactively to January 1, 2007. The implementation of this standard did not have a material impact on our consolidated financial statements.

Note 3. Stock-based Compensation

The Company had the following three stock option plans under which shares were available for grant at March 31, 2007: the 1999 Equity Incentive Plan (the 1999 Plan), the 2000 Non-Statutory Stock Option Plan (the 2000 Plan) and the 2005 Equity Incentive Plan (the 2005 Plan).

On January 10, 2007, the Compensation Committee of the Board approved a form of Restricted Stock Unit Agreement (the RSU Agreement) to govern the issuance of restricted stock units (RSU) to executive officers under the Company s 2005 Plan. Each RSU represents the right to receive a share of common stock (a Share) on the vesting date. Unless and until the RSUs vest, the Employee will have no right to receive Shares under such RSUs. Prior to actual distribution of Shares pursuant to any vested RSUs, such RSUs will represent an unsecured obligation of the Company, payable (if at all) only from the general assets of the Company. The RSUs that may be awarded to executive officers under the RSU Agreement will vest according to vesting schedules specified in the notice of grant accompanying each grant.

The following table summarizes the Company s Restricted Stock Unit activity:

	Restricted Stock Units (000 s)	**Weighted-Average Grant-Date Fair Value**
	(Shares in Thousands)	
Outstanding, beginning of year		$
Grants	2,666	2.30
Payments		
Cancellations/Forfeitures		
Outstanding restricted stock units, March 31, 2007	2,666	$ 2.30

Effective January 2007, for various business reasons, the Company discontinued issuing stock option grants as a form of incentive compensation in lieu of other equity-based incentives. Prior to that time, the Company issued stock option grants as a form of incentive compensation.

The following table shows the amounts recognized in the financial statements for the three months ended March 31, 2006 and 2007 for share-based compensation expense related to employees (in millions, except per share data). The share-based compensation expense for the three months ended March 31, 2006 relates to stock option grants and the compensation expense for the three months ended March 31, 2007 primarily relates to the grant of restricted stock units. As of March 31, 2007, all restricted stock units were unvested. In addition, for the three months ended March 31, 2006 and 2007, there was no incremental tax benefit from stock options exercised in the period.

	Three months ended March 31, 2006	**Three months ended March 31, 2007**
Cost of revenues	$ 0.1	$
Selling, general and administrative	0.4	0.1
Total cost of employee share-based compensation included in loss from continuing operations before income tax	0.5	0.1
Benefit for income taxes	(0.2)	
Amount increasing net loss from continuing operations	0.3	0.1
Amount increasing net loss from discontinued operations	0.3	0.0
Amount increasing net loss	$ 0.6	$ 0.1
Total impact on net loss per common share:		
Basic	$ (0.01)	(0.00)
Diluted	$ (0.01)	(0.00)

The Company recorded $ 0.0 million and $ 0.1 million in share-based compensation expense during the three months ended March 31, 2006 and March 31, 2007, respectively, related to share-based awards granted during those periods. The remaining share-based compensation expense primarily relates to stock option awards granted in earlier periods.

Note 4. Net Income (loss) Per Common Share

The Company calculates net income (loss) per share in accordance with the provisions of SFAS No. 128, Earnings Per Share . Under SFAS No. 128, basic net income (loss) per common share is calculated by dividing net income (loss) by the weighted-average number of common shares outstanding during the reporting period. The Company adopted EITF No. 03-6 Participating Securities and the Two-Class Method Under FASB Statement No. 128 on January 1, 2006. In accordance with EITF No. 03-6, the Company determined that its Series B Convertible Preferred Stock were participating securities and therefore were required to be included in the weighted average basic shares if dilutive. Diluted net income (loss) per common share reflects the effects of potentially dilutive securities. Weighted average shares used to compute basic and diluted net income (loss) per share are presented below (in millions):

	For the Three Months Ended March 31	
	2006	2007
Loss from continuing operations	$ (0.7)	$ (3.0)
Loss from discontinued operations	(0.1)	(17.1)
Net loss	$ (0.8)	$ (20.1)
Shares used in basic per share amounts:		
Weighted average common shares outstanding	72.3	73.9
Shares used in diluted per share amounts:		
Dilutive effect of stock options		
Dilutive weighted average shares	72.3	73.9
Basic net loss per share from continuing operations	$ (0.01)	$ (0.04)
Basic net loss per share from discontinued operations	(0.00)	(0.23)
Basic net loss per share	$ (0.01)	$ (0.27)
Diluted net loss per share from continuing operations	$ (0.01)	$ (0.04)
Diluted net loss per share from discontinued operations	(0.00)	(0.23)
Diluted net loss per share	$ (0.01)	$ (0.27)
Anti-dilutive weighted average shares from assumed conversion of Series B Convertible Preferred Stock	2.5	1.0
Anti-dilutive weighted shares from stock options excluded from calculation	13.5	10.8
Average per share market value of common stock	$ 4.90	$ 2.11
Average outstanding stock option exercise price per share	$ 6.20	$ 6.21

Note 5. Income Taxes

In July 2006, the FASB issued Interpretation No. 48, Accounting for Uncertainty in Income Taxes An Interpretation of FASB Statement No. 109 (FIN 48). FIN 48 clarifies the accounting for uncertainty in income taxes recognized in an entity s financial statements in accordance with FASB Statement No. 109, Accounting for Income Taxes, and prescribes a recognition threshold and measurement attributes for financial statement disclosure of tax positions taken or expected to be taken on a tax return. Under FIN 48, the impact of an uncertain income tax position must be recognized at the largest amount that is more-likely-than-not to be sustained upon audit by the relevant taxing authority. An uncertain income tax position will not be recognized if it has less than a 50% likelihood of being sustained. Additionally, FIN 48 provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition.

The Company adopted the provisions of FIN 48 on January 1, 2007. The total liability for unrecognized tax benefits as of the date of adoption was $4.7 million. As a result of the implementation of FIN 48, the Company recognized a $0.7 million increase in the liability for unrecognized tax benefits, with $0.2 million net decrease in valuation allowance, $0.1 million charged to retained earnings, and $0.4 million recorded to goodwill. In addition, the Company reduced its gross deferred tax assets by $10.8 million for unrecognized tax benefits, which was offset by a reduction in its valuation allowance by the same amount.

Included in the balance of unrecognized tax benefits at January 1, 2007, are $15.1 million of tax benefits that, if recognized, would affect the effective tax rate. Note that of this amount, $10.8 million of tax benefit may also be impacted by an increase in the valuation allowance, depending upon the Company s financial condition at the time the benefits are recognized.

The Company recognizes interest and penalties related to unrecognized tax benefits in provision for income taxes. Upon adoption of FIN 48 on January 1, 2007, the Company did not record any interest or penalties.

The Company is subject to taxation in the U.S., various state and foreign tax jurisdictions. The Company s tax years for 2001 and forward are subject to examination by the U.S., foreign and state tax authorities due to the existence of net operating loss carryforwards.

During the first quarter of 2007, the Company s liability for unrecognized tax benefits was reduced by $1.4 million to a balance of $3.3 million at March 31, 2007. The reduction was the result of the expiration of the statute of limitations for certain federal, foreign and state tax returns. The recognition of these tax benefits resulted in a credit to the tax provision for discontinued operations of $1.2 million and a reduction to goodwill for $0.2 million.

In assessing the realizability of deferred tax assets, management considers, on a periodic basis, whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. As such, Management has determined that it is appropriate to maintain a full valuation allowance against its deferred tax assets, with the exception of an amount equal to its deferred tax liabilities which can be expected to reverse. Management will continue to evaluate the necessity to maintain a valuation allowance against its deferred tax asset.

As of March 31, 2007, the Company had a net deferred tax liability of $1.4 million. The deferred tax assets and liabilities were allocated between continuing operations and discontinued operations based upon the underlying asset or liability that produced the deferred taxes. The following table presents the deferred tax assets and liabilities of continuing operations and discontinued operations.

	March 31, 2007		
Deferred taxes	**Continuing Operations**	**Discontinued Operations**	**Total**
Long term assets	$ 6.5	$ 2.8	$ 9.3
Short term liabilities	1.3	8.3	9.6
Long term liabilities		1.1	1.1
Total liabilities	1.3	9.4	10.7
Net, deferred tax assets (liabilities)	$ 5.2	$ (6.6)	$ (1.4)

Note 6. Significant Transactions

(a) Discontinued Operations South American and Latin American Operations, EMEA Operations and WNS Operations

On December 28, 2006, the Board of Directors of the Company approved a plan to divest portions of the Company s business where critical mass had not been achieved. This plan involved the divestiture of

the Company s EMEA operations and its remaining South American operations. We determined that these operations met the criteria to be classified as held for sale. Accordingly, we have reflected these operations as discontinued in accordance with SFAS No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets in our financial statements commencing as of and for the year ended December 31, 2006.

On March 9, 2007, the Company signed a Definitive Agreement with LCC International (LCCI) to sell the Company s EMEA operations in a cash for stock transaction valued at $4 million. The transactions contemplated by the agreement were completed on March 9, 2007 resulting in a gain on disposition of approximately $3.3 million recorded in the first quarter of 2007.

On April 20, 2007, the Company entered into an Equity Purchase Agreement to sell all of the issued and outstanding equity of its interests of its wholly owned subsidiary WFI Brazil Techlogia en Telecomunicaciones LTDA, to Strategic Project Services, LLC (SPS). The consideration included the assumption of substantially all outstanding liabilities of WFI Brazil, nominal cash consideration, and additional earn-out consideration based on 25 percent of net receivables collected subsequent to the closing date. The Company recorded an impairment charge of approximately $5.2 million as of December 31, 2006 to reduce the current carrying value of the Brazil operations to their estimated fair value based upon current indications of interest resulting in an approximate gain on disposition of $0.2 million due to lower than expected selling costs.

On May 29, 2007, the Company entered into an Asset Purchase Agreement (the *Acquisition Agreement*) with LCC International, Inc. (*LCCI*) pursuant to which the Company agreed to sell to LCCI all of the assets used in the conduct of the operation of the Company s Wireless Network Services business segment that provides engineering services to the non-government wireless communications industry in the United States on the terms set forth in the Acquisition Agreement, subject to the satisfaction of certain closing conditions. The Board of Directors of each of the Company and LCCI approved the Acquisition and the Acquisition Agreement.

The aggregate consideration paid by LCCI in connection with the Acquisition was $46 million subject to certain adjustments. Pursuant to the terms of the Acquisition Agreement, LCCI delivered a subordinated promissory note for the principal amount of $21.6 million (the *Subordinated Promissory Note*), subject to working capital adjustments, and paid $17 million in cash at the closing, and the Company has retained an estimated $7.4 million in net accounts receivable of the Business, subject to working capital adjustments. The transaction was completed on June 4, 2007.

On July 5, 2007, the Company announced that it had sold the $21.6 million Subordinated Promissory Note in a transaction arranged by KeyBanc Capital Markets (KeyBanc). The Company received approximately $19.6 million in net cash proceeds, reflecting a discount from par value of less than five percent and aggregate transaction fees of approximately $1 million, which includes a $0.75 million fee to KeyBanc, an affiliate of the Company s lender. The note was acquired by a fund affiliated with Silver Point Capital, L.P. (Silver Point). The Company did not provide any guaranty for LCCI s payment obligations. Certain post closing adjustments that, under the terms of the sale of the U.S. Wireless Engineering business were expected to be made to the principal amount of the Note, may instead be made by payments between the Company and LCCI, or between Silver Point and the Company, as applicable.

On August 10, 2007, in accordance with the terms of the Acquisition Agreement, the Company provided the closing balance sheet working capital calculation, which indicated a $2.6 million working capital adjustment is due to the Company as an increase to the balance of the Subordinated Promissory Note. LCCI had thirty days to review the calculation and notify the Company of any dispute. On September 11, 2007, the Company received a letter from LCCI challenging the Company s notice and data supporting the calculations. The Company and LCCI are working to resolve the issues as soon as practicable.

On July 7, 2007, the Company entered into a definitive agreement with an affiliate of Platinum Equity to sell the Company s Wireless Deployment business. Platinum is a Los Angeles based private equity firm whose portfolio includes service and distribution businesses in a number of market sectors. The total consideration for the acquisition is $24 million including $18 million in cash at closing, subject to post closing working capital adjustments, and an aggregate $6 million in a three-year earn-out arrangement through 2010. The deal includes a Transition Services Agreement for the transition of certain services for a period of six months. The assets sold to Platinum Equity include all of the Company s Wireless Deployment business, and the Wireless Facilities name. The transaction closed on July 24, 2007.

The Company determined that the U.S. engineering and U.S. deployment operations met the criteria to be classified as held for sale in the first quarter of 2007. Accordingly, the Company has reflected these operations as discontinued and assessed these assets for impairment in accordance with SFAS No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets . The Company determined that the assets of the U.S. deployment operations were impaired and recorded an impairment charge of approximately $13.4 million in the first quarter of 2007. The fair value of the assets was determined by utilizing the sale price less costs to sell the business. We recorded a gain in discontinued operations from the sale of the U.S. engineering operations of $14.8 million in the second quarter of 2007.

The determination that the U.S. engineering business and U.S. deployment operations met the criteria to be classified as held for sale in the first quarter of 2007 was also a triggering event under SFAS 142 Goodwill and Other Intangible Assets (SFAS 142) that resulted in an accelerated review of our goodwill and intangibles assets with indefinite lives. In accordance with SFAS 142, the Company allocated the goodwill for the WNS reporting unit based upon the fair value of the engineering business and the deployment business. The fair values used were based upon market information obtained as a result of the sale of the businesses. This resulted in an impairment of approximately $7.2 million related to goodwill for this reporting unit which was recorded in the first quarter of 2007.

In addition, in accordance with EITF 87-24, *Allocation of Interest to Discontinued Operations* (EITF 87-24), interest expense incurred on the debt that was required to be repaid as a result of the sales of our wireless network services business was allocated to discontinued operations for the periods presented. During the three months ended March 31, 2007 interest expense allocated to discontinued operations was approximately $1.1 million. During the three months ended March 31, 2006 no interest expense was allocated to discontinued operations as we entered into our current credit agreement on October 2, 2006.

The following table presents the revenue and net income (loss) before tax for the Latin American and South American operations (in millions):

	For the Three Months Ended March 31	
	2006	**2007**
Revenue	$ 9.0	$ 1.7
Net loss before tax	$ (0.0)	$ (0.4)

The net income after tax of $0.7 million for the three months ended March 31, 2007 reported in discontinued operations included an income tax benefit of $1.2 million due to a reduction of a FIN 48 liability relating to uncertain tax positions in tax years for which the statute of limitations expired during the first quarter of 2007.

The following table presents the revenue and net income before tax for the EMEA operations (in millions):

	For the Three Months Ended March 31	
	2006	2007
Revenue	$ 4.6	$ 3.1
Net income before tax	$ 0.1	$ 2.5

The net income after tax of $2.5 million for the three months ended March 31, 2007 included a $3.3 million gain from the sale of our EMEA operation to LCCI, which was completed in March 2007 and is reported in loss from discontinued operations.

The following table presents the revenue and net income (loss) before tax for the U.S. wireless engineering operations (in millions):

	For the Three Months Ended March 31	
	2006	2007
Revenue	$ 17.9	$ 13.5
Net income (loss) before tax	$ 0.8	$ (0.9)

The net loss after tax was $0.9 million for the three months ended March 31, 2007.

The following table presents the revenue and net loss before tax for the U.S. wireless deployment operations (in millions):

	For the Three Months Ended March 31	
	2006	2007
Revenue	$ 25.4	$ 28.7
Net loss before tax	$ (0.6)	$ (19.4)

The net loss after tax of $19.4 million for the three months ended March 31, 2007 includes a total impairment of $20.6 million related to an impairment of $13.4 million for the net assets and $7.2 million related to an impairment of goodwill of the deployment operations which is reported in loss from discontinued operations.

Total tax expense for discontinued operations was $0.4 million for the three months ended March 31, 2006 and total tax benefit for discontinued operations was $1.1 million for the three months ended March 31, 2007.

Following is a summary of the assets and liabilities of discontinued operations as of December 31, 2006 and March 31, 2007 (in millions) for each of the operations:

	December 31, 2006				
	Latin and South America	EMEA	Engineering	Deployment	Total
Cash	$ 1.6	$ 1.4	$	$	$ 3.0
Accounts receivable, net	3.5	3.7	15.0	41.5	63.7
Other current assets	1.6	0.8	0.3	2.2	4.9
Impairment allowance	(4.3)	(0.3)			(4.6)
Current assets of discontinued operations	$ 2.4	$ 5.6	$ 15.3	$ 43.7	$ 67.0
Property, plant and equipment	$ 0.4	$ 0.9	$ 2.0	$ 5.8	$ 9.1
Goodwill			18.3	7.2	25.5
Deferred tax assets	2.1			0.7	2.8
Impairment allowance	(0.4)				(0.4)
Non-current assets of discontinued operations	$ 2.1	$ 0.9	$ 20.3	$ 13.7	$ 37.0
Accounts payable	$ 0.4	$ 0.5	$ 1.0	$ 9.5	$ 11.4
Accrued expenses	2.2	2.5	6.1	11.3	22.1
Billings in excess of cost on completed contracts	0.2	0.1	1.0	2.4	3.7
Income taxes payable	2.6	0.3			2.9
Deferred tax liabilities	2.1		0.3	5.9	8.3
Other current liabilities		0.4			0.4
Current liabilities of discontinued operations	$ 7.5	$ 3.8	$ 8.4	$ 29.1	$ 48.8
Non-current liabilities of discontinued operations	$ 0.2	$	$ 1.1	$	$ 1.3

	March 31, 2007 Latin and South America	EMEA	Engineering	Deployment	Total
Cash	$ 1.4	$ 0.1	$	$	$ 1.5
Accounts receivable, net	3.5		14.4	40.8	58.7
Other current assets	1.8		0.4	1.2	3.4
Impairment allowance	(4.3)			(7.4)	(11.7)
Current assets of discontinued operations	$ 2.4	$ 0.1	$ 14.8	$ 34.6	$ 51.9
Property, plant and equipment			1.8	6.1	7.9
Deferred tax assets	2.1			0.7	2.8
Goodwill			18.3		18.3
Impairment allowance				(6.1)	(6.1)
Non-current assets of discontinued operations	$ 2.1	$	$ 20.1	$ 0.7	$ 22.9
Accounts payable	$ 0.5	$	$ 1.3	$ 7.6	$ 9.4
Accrued expenses	2.2		5.1	8.6	15.9
Billings in excess of cost on completed contracts	0.2		0.6	1.5	2.3
Income taxes payable	1.9	0.2			2.1
Deferred tax liabilities	2.1		0.4	5.9	8.4
Other current liabilities			0.2	0.2	0.4
Current liabilities of discontinued operations	$ 6.9	$ 0.2	$ 7.6	$ 23.8	$ 38.5
Deferred tax liabilities	$	$	$ 1.1	$	$ 1.1
Other Long term liabilities	0.2	0.0			0.2
Non-current liabilities of discontinued operations	$ 0.2	$ 0.0	$ 1.1	$	$ 1.3

Note 7. Acquisitions

The following tables summarize the changes in the carrying amounts of goodwill and other finite-life intangible assets for the three months ended March 31, 2007, (in millions):

	Government Network Services
Goodwill	
	609,825

Total stockholders' equity:

Preferred shares, $0.01 par value; 500,000,000 shares authorized, nil issued and outstanding at June 30, 2017, actual; 100,000,000 shares authorized, nil issued and outstanding at June 30, 2017, pro forma

Common shares, $0.01 par value, 1,000,000,000,000 shares authorized, 160,888,606 shares issued, actual; 1,000,000,000,000 shares authorized, at June 30, 2017, actual; 1,800,000,000 shares authorized, 91,555,982 issued at June 30, 2017, pro forma[2]

1,609

916

Treasury shares, 78,301,755 shares at $0.01 par value, at June 30, 2017, actual; nil shares authorized and issued at June 30, 2017, pro forma[3]

(783
)

-

Additional paid-in capital

3,524,582

5,355,625

Accumulated other comprehensive income

3,346

3,346

Accumulated deficit

(3,368,657
)

(2,217,378
)
Total stockholders' equity

160,097

3,142,509

Total capitalization

$
3,960,621

$
3,752,334

[1] Consists of amounts borrowed under the $1.3 billion Senior Secured Term Loan B Facility, $1.9 billion Secured Term Loan B Facility, the 7.25% Senior Unsecured Notes due 2019 and the 6.50% Senior Secured Notes due 2017. For more information on the principal balances under our long-term debt as of June 30, 2017, see note 9 to our consolidated financial statements, which are incorporated by reference herein.

[2] The number of common shares authorized, pro forma consists of one billion five hundred million (1,500,000,000) Class A common shares of a par value of $0.01 each, and three hundred million (300,000,000) Class B common shares of a par value of $0.01 each. The number of common shares issued, pro forma gives effect to (i) the reverse stock split effective as of September 21, 2017, which reduced the number of common shares issued and outstanding, actual from 82,586,851 shares to approximately 8,975 shares and (ii) the issuance on September 22, 2017, of an aggregate of 90,651,603 common shares, of which 82,126,810 common shares were issued to Scheme Creditors or their nominees and an additional 8,524,793 common shares were issued to Prime Cap pursuant to the Management Services Agreement. At the EGM, shareholders will vote on proposals to (i) adopt the Second Amended and Restated Memorandum and Articles of Association of the Company, (ii) reduce the authorized share capital of the Company and (iii) re-designate issued and unissued authorized common shares as Class A common shares and Class B common shares of the Company, to reduce the number of unissued authorized preferred shares of the Company and to cancel the remaining unissued authorized common shares. An additional 895,404 Class B common shares will be issued to certain Scheme Creditors or their nominees following the adoption of the Second Amended and Restated Memorandum and Articles of Association at the EGM.

[3] Effective as of September 21, 2017, the 22,222,222 common shares, actual held by the Company in treasury and the 56,079,533 common shares, actual held by our wholly owned subsidiary, Ocean Rig Investments Inc., and treated as treasury shares were cancelled and retired.

DIVIDEND POLICY

Our long-term objective is to pay a regular dividend in support of our main objective to maximize shareholder returns. We had paid a quarterly cash dividend of $1,748 per common share commencing with the conclusion of first quarter of 2014 until the board of directors, citing market conditions, suspended the quarterly dividend following the dividend paid with respect to the quarter ended March 31, 2015. During the year ended December 31, 2016 and through and including the date hereof, no dividends were paid. During the year ended December 31, 2015, we paid dividends of $50.3 million out of which $29.8 million were paid to DryShips Inc. ("DryShips") by virtue of its then-shareholding of our common shares.

Because we are a holding company with no material assets other than the shares of our subsidiaries through which we conduct our operations, our ability to pay dividends will depend on our subsidiaries distributing their earnings and cash flow to us.

Any future dividends declared will be at the discretion of our board of directors, which approval must include at least two Lender Directors, and will depend upon our financial condition, earnings and other factors, including the covenants contained in the New Credit Agreement, and is further subject to restrictions contained in our New Credit Agreement and future debt agreements. Our ability to pay dividends is also subject to Cayman Islands law. Dividends may be paid out of profits. "Profits" is not defined under the Companies Law (2016 Revision) of the Cayman Islands, but may include income and realised and unrealised gains. The share premium account may be used to fund a bonus issue and a cash dividend, subject to our being able to pay our debts as they fall due in the ordinary course of business immediately following the date of the dividend and if our articles of association so permit.

Under the Second Amended and Restated Memorandum and Articles of Association, our common shareholders will be entitled to receive, to the extent permitted by law, and to share equally and ratably, share for share, such dividends as may be declared from time to time by the board of directors, whether payable in cash, property, securities or otherwise.

We believe that, under current U.S. law, any future dividend payments from our then current and accumulated earnings and profits, as determined under U.S. federal income tax principles, would constitute "qualified dividend income" and, as a consequence, non-corporate U.S. shareholders would generally be subject to the same preferential U.S. federal income tax rates applicable to long-term capital gains with respect to such dividend payments. Distributions in excess of our earnings and profits, as so calculated, will be treated first as a non-taxable return of capital to the extent of a U.S. stockholder's tax basis in its shares of common stock on a dollar-for-dollar basis and thereafter as capital gain. See "Taxation" for additional information relating to the tax treatment of our dividend payments.

PRINCIPAL AND SELLING SHAREHOLDERS

The following table sets forth the beneficial ownership of our common shares, as of September 27, 2017, held by:

- each person or entity that we know beneficially owns 5% or more of our common stock, as well as the selling shareholders;
- each of our executive officers and directors; and
- all our executive officers and directors as a group.

The table below has been prepared, in part, based upon information available to us or furnished to us by the selling shareholders as of September 27, 2017. The selling shareholders identified below may have exercised or converted, or sold, transferred or otherwise disposed of, some or all of their securities since the date on which the information in the following table is presented, in transactions exempt from or not subject to the registration requirements of the Securities Act.

Beneficial ownership is determined in accordance with the rules of the SEC and includes a voting or investment power with respect to, or the power to receive the economic benefit of ownership of, the securities. In computing the number of common shares beneficially owned by a person and the percentage ownership of that person, common shares subject to options or warrants held by that person that are currently exercisable or convertible, or exercisable or convertible within 60 days of September 27, 2017, are deemed to be beneficially owned by that person. These shares, however, are not deemed outstanding for the purpose of computing the percentage ownership of any other person. All of our shareholders, including the shareholders listed in the table below, are entitled to one vote for each common share held.

	Beneficial Ownership Prior to Offering				Beneficial Ownership After Offering		
Name	Number	Percent of Shares(1)		Number of Shares Registered for Sale Pursuant to this Prospectus	Number	Percent of Shares	
5% Shareholders:							
Certain funds managed by Avenue Capital Group(2)	6,919,442	7.6	%	6,919,442	—	—	
BlueMountain Capital Management, LLC(3)	9,846,060	10.9	%	9,846,060	—	—	
Elliott Funds(4)	18,494,587	20.4	%	18,494,587	—	—	
Canyon Capital Advisors LLC(5)	6,407,661	7.1	%	—	—	—	
Total	41,667,750	46.0	%	35,260,089			
Directors and Executive Officers(6)							
George Economou(7)	8,525,596	9.4	%	—	8,525,596	9.4	%
Anthony Kandylidis(8)	182	*		—	182	*	
Executive Officers and Directors as a Group (2 persons)	8,525,778	9.4	%	—	8,525,778	9.4	%

* Less than 1.0% of our total outstanding common shares.

(1) Based on 90,660,578 common shares outstanding as of September 27, 2017.

(2) Avenue Capital Management II, L.P. is the investment manager of each of Avenue Energy Opportunities Fund, L.P., Avenue PPF Opportunities Fund, L.P., Avenue Special Opportunities Fund II, L.P. and Avenue Investments, L.P. and may be deemed to have voting and dispositive power over the shares owned by such entities. Avenue Energy Opportunities Partners LLC is the general partner of Avenue Energy Opportunities Fund, L.P. Avenue PPF Opportunities Fund GenPar, LLC is the general partner of Avenue PPF Opportunities Fund, L.P. Avenue SO Capital Partners II, LLC is the general partner of Avenue Special Opportunities Fund II, L.P. Avenue Partners, LLC is the general partner of Avenue Investments, L.P. Avenue Europe International Management, L.P. is the investment manager of each of Avenue ASRS Europe Opportunities Fund, L.P., Avenue Europe Opportunities Master Fund, L.P., Avenue Europe Special Situations Fund III (Euro), L.P., and Avenue Europe Special Situations Fund III (U.S.), L.P. and may be deemed to have voting and dispositive power over the shares owned by such entities. Avenue Europe Opportunities Master Fund, L.P. owns its interest in the 80,907 through GL Europe Luxembourg S.a.r.l. Avenue Europe Special Situations Fund III (Euro), L.P. owns its interest in the 85,807 through GL Europe Luxembourg III (Euro) Investments S.a.r.l. Avenue Europe Special Situations Fund III (US), L.P. owns its interest in the 351,710 through GL Europe Luxembourg III (US) Investments S.a.r.l. Avenue ASRS Europe Opportunities Fund, L.P. owns its interest in the 74,213 through GL Europe ASRS Investments S.a.r.l. Avenue-ASRS Europe Opportunities Fund GenPar, LLC is the general partner of Avenue ASRS Europe Opportunities Fund, L.P. Avenue Europe Opportunities Fund GenPar, LLC is the general partner of Avenue Europe Opportunities Master Fund, L.P. Avenue Europe Capital Partners III, LLC is the general partner of Avenue Europe Special Situations Fund III (Euro), L.P. and Avenue Europe Special Situations Fund III (U.S.), L.P. The mailing address of each of the entities identified in this paragraph is c/o Avenue Capital Group, 399 Park Avenue, 6th floor, New York, NY 10022.

(3) BlueMountain Capital Management, LLC is the investment manager of each of Blue Mountain Credit Alternatives Master Fund L.P., BlueMountain Foinaven Master Fund L.P., BlueMountain Guadalupe Peak Fund L.P., BlueMountain Logan Opportunities Master Fund L.P., BlueMountain Montenvers Master Fund SCA SICAV-SIF, BlueMountain Summit Trading L.P., BlueMountain Fursan Fund L.P., BlueMountain Kicking Horse Fund L.P. and BlueMountain Timberline Ltd. and may be deemed to have shared voting power and/or shared investment power with respect to the securities described herein. The executive partners of BlueMountain Capital Management, LLC, which are Andrew Feldstein, Stephen Siderow, Derek Smith and Michael Liberman, may also be deemed to have shared voting power and/or shared investment power over the securities described herein. Each of the foregoing entities and persons disclaims beneficial ownership of the securities described herein other than each BlueMountain fund to the extent of its direct holdings. The mailing address of each of the entities and persons identified in this paragraph is c/o BlueMountain Capital Management, LLC, 280 Park Ave., 12th Floor, New York, New York 10017.

(4) "Elliott Funds" shall be collectively Elliott International, L.P., which owns 12,124,085 shares, Elliott Associates, L.P., which owns 5,695,240 shares, Greenwich (Japan) Limited, which owns 452,244 shares, Gateshead (Japan) LLC, which owns 212,826 shares, and The Liverpool Limited Partnership, which owns 10,192 shares. Paul E. Singer, Elliott Capital Advisors, L.P., and Elliott Special GP, LLC, are the general partners of Elliott Associates, L.P. Each has the power to vote and dispose of the shares owned by Elliott Associates, L.P. and are each regulated by the U.S. Securities and Exchange Commission as an investment advisor. Hambledon, Inc., the sole general partner of Elliott International, L.P., and Elliott International Capital Advisors Inc., the sole investment manager of Elliott International, L.P., each has the power to vote and dispose of the shares owned by Elliott International, L.P. and are each regulated by the U.S. Securities and Exchange Commission as an investment advisor. Elliott Associates, L.P. is the sole member and managing member of Gateshead (Japan) LLC. Elliott Associates, L.P. is also the sole limited partner of The Liverpool Limited Partnership and is the sole shareholder of Liverpool Associates, Ltd., which is the sole general partner of The Liverpool Limited Partnership. The registered address of Elliott Associates, L.P., and Gateshead (Japan) LLC is c/o The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington DE 19801, United States. The registered address of The Liverpool Limited Partnership is c/o Appleby Services (Bermuda) Ltd., Canon's Court, 22 Victoria Street, Hamilton, HM 12 Bermuda. Elliott International, L.P. is the sole shareholder of Greenwich (Japan) Limited. The registered address of Elliott International, L.P. and Greenwich (Japan) Limited is c/o Maples & Calder, PO Box 309, Ugland House, South Church Street, George Town, Cayman Islands.

(5) With respect to the 6,407,661 common shares, Canyon Capital Advisors LLC is the investment advisor, or trading manager to, each of Amundi Absolute Return Canyon Fund P.L.C., in respect of Amundi Absolute Return Canyon Reflection Fund, Canyon-ASP Fund, L.P., Canyon Balanced Master Fund, Ltd., Canyon Blue Credit Investment Fund L.P., Canyon Distressed Opportunity Investing Fund II, L.P., Canyon Distressed Opportunity Master Fund II, L.P., Canyon-GFR Master Fund II, L.P., Canyon NZ-DOF Investing, L.P., Canyon-SL Value Fund, L.P., Canyon Value Realization Fund, L.P., Canyon Value Realization MAC 18 Ltd., EP Canyon Ltd., Permal Managed Account Platform ICAV for and on behalf of P Canyon IE, and The Canyon Value Realization Master Fund, L.P. Joshua S. Friedman and Mitchell R. Julis are the co-chairmen and co-chief executive officers of Canyon Capital Advisors LLC and may be deemed to share voting and dispositive power over the shares described herein. The address for each of the Canyon funds or accounts for purposes hereof is c/o Canyon Capital Advisors LLC, 2000 Avenue of the Stars, 11th Floor, Los Angeles, California, 90067.

(6) Unless otherwise indicated, the business address of each beneficial owner identified is c/o Ocean Rig Cayman Management Services SEZC Limited, Po Box 309, Ugland House, South Church Street George Town, Grand Cayman, KYI -1104 Cayman Islands.

(7) George Economou, our Chairman and Chief Executive Officer and Class A Director, may be deemed to beneficially own 8,524,793 of these shares through Prime Cap Shipping Inc., a Cayman Islands corporation controlled by Mr. Economou. Mr. Economou may be deemed to beneficially own 704 of these shares through Sphinx Investment Corp., a Marshall Islands corporation controlled by Mr. Economou. Mr. Economou may be deemed to beneficially own 65 of these shares through Azara Services S.A., a Marshall Islands corporation controlled by Mr. Economou. Mr. Economou may be deemed to beneficially own 8 of these shares through Elios Investments Inc., a wholly owned subsidiary of the Entrepreneurial Spirit Foundation, a Lichtenstein foundation, or the Foundation, the beneficiaries of which are Mr. Economou and members of Mr. Economou's family. Mr. Economou may be deemed to beneficially own 15 of these shares through Entrepreneurial Spirit Holdings Inc., a Liberian corporation that is wholly owned by the Foundation. Mr. Economou may be deemed to beneficially own 11 of these shares through Fabiana Services S.A., a Marshall Islands corporation, of which Mr. Economou is the controlling person. Upon issuance of the Class B common shares (as described elsewhere in this prospectus), the 8,524,739 common shares held by Prime Cap would represent 9.31% of the post-Restructuring equity of the Company.

(8) Anthony Kandylidis, our President and Chief Financial Officer may be deemed to beneficially own 170 of these shares through Steel Wheel Investments Limited, a Marshall Islands corporation controlled by Mr. Kandylidis. Mr. Kandylidis, may be deemed to beneficially own 12 of these shares through Basset Holdings Inc., a Marshall Islands corporation controlled by Mr. Kandylidis.

PLAN OF DISTRIBUTION

We are registering the shares offered by this prospectus on behalf of the selling shareholders. The selling shareholders, which as used herein includes donees, pledgees, transferees, or other successors-in-interest selling common shares or interests in common shares received after the date of this prospectus from the selling shareholders as a gift, pledge, partnership distribution, or other non-sale related transfer, may, from time to time, sell, transfer, or otherwise dispose of any or all of their common shares on any stock exchange, market or trading facility on which the shares are traded or in private transactions. These dispositions may be at fixed prices, at prevailing market prices at the time of sale, at prices related to the prevailing market price, at varying prices determined at the time of sale, or at negotiated prices. The selling shareholders may, from time to time, pledge or grant a security interest in some or all of the common shares owned by such shareholder and, if he defaults in the performance of his secured obligations, the pledgees or secured parties may offer and sell the common shares, from time to time, under this prospectus, or under an amendment or supplement to this prospectus under Rule 424(b)(3) or other applicable provision of the Securities Act amending the list of selling shareholders to include the pledgee, transferee, or other successors in interest as selling shareholders under this prospectus. The selling shareholders may use any one or more of the following methods when disposing of their shares:

- ordinary brokerage transactions and transactions in which the broker-dealer solicits purchasers;
- block trades in which the broker-dealer will attempt to sell the shares as agent, but may position and resell a portion of the block as principal to facilitate the transaction;
- purchases by a broker-dealer as principal and resale by the broker-dealer for its account;
- an exchange distribution in accordance with the rules of the applicable exchange;
- privately negotiated transactions;
- short sales effected after the effective date of the registration statement of which this prospectus forms a part;
- through the writing or settlement of options or other hedging transactions, whether through an options exchange or otherwise;
- broker-dealers may agree with the selling shareholders to sell a specified number of such shares at a stipulated price per share;
- a combination of any such methods of sale; and
- any other method permitted pursuant to applicable law.

In connection with the sale of common shares or interests therein, the selling shareholders may enter into hedging transactions with broker-dealers or other financial institutions, which may in turn engage in short sales of the common shares in the course of hedging the positions they assume. The selling shareholders may also sell common shares short and deliver these securities to close out their short positions, or loan or pledge the common shares to broker-dealers that in turn may sell these securities. The selling shareholders may also enter into option or other transactions with broker-dealers or other financial institutions or the creation of one or more derivative securities which require the delivery to such broker-dealer or other financial institution of shares offered by this prospectus, which shares such broker-dealer or other financial institution may resell pursuant to this prospectus (as supplemented or amended to reflect such transaction).

If the common shares are sold through broker dealers, the selling shareholders will be responsible for discounts or commissions or agent's commissions. The aggregate proceeds to the selling shareholders from the sale of the common shares offered by them will be the purchase price of the common shares less discounts or commissions, if any. The selling shareholders reserve the right to accept and, together with their respective agents from time to time, to reject, in whole or in part, any proposed purchase of common shares to be made directly or through agents. We will not receive any of the proceeds from this offering.

The selling shareholders also may resell all or a portion of the common shares in open market transactions in reliance upon Rule 144 under the Securities Act, provided that they meet the criteria and conform to the requirements of that rule.

The selling shareholders and any underwriters, broker-dealers, or agents that participate in the sale of our common shares or interests therein may be deemed to be "underwriters" within the meaning of Section 2(a)(11) of the Securities Act. Any discounts, commissions, concessions, or profit they earn on any resale of the shares may be deemed to be underwriting discounts and commissions under the Securities Act. If a selling shareholder is deemed an "underwriter" within the meaning of Section 2(a)(11) of the Securities Act, he will be subject to the prospectus delivery requirements of the Securities Act. We will make copies of this prospectus (as it may be supplemented or amended from time to time) available to the selling shareholders for the purpose of satisfying the prospectus delivery requirements of the Securities Act.

To the extent required, the common shares to be sold, the respective purchase prices and public offering prices, the names of any agents, dealers, or underwriters, and any applicable commissions or discounts with respect to a particular offer will be set forth in an accompanying prospectus supplement or, if appropriate, a post-effective amendment to the registration statement that includes this prospectus.

In order to comply with the securities laws of some states, if applicable, the common shares may be sold in these jurisdictions only through registered or licensed brokers or dealers. In addition, in some states the common shares may not be sold unless they have been registered or qualified for sale or an exemption from registration or qualification requirements is available and is complied with.

The selling shareholders and any other person participating in a distribution of the common shares covered by this prospectus will be subject to the applicable provisions of the Exchange Act and the rules and regulations thereunder, including Regulation M, which may limit the timing of purchases and sales of any of the common shares by the selling shareholders and any other such person. To the extent applicable, Regulation M may also restrict the ability of any person engaged in the distribution of the common shares to engage in market-making activities with respect to the common shares.

DESCRIPTION OF SHARE CAPITAL

Following the Restructuring and pursuant to the Schemes, we will hold an Extraordinary General Meeting of shareholders on November 3, 2017, or the EGM, for the purpose of soliciting shareholder approval to the adoption of the Second Amended and Restated Memorandum and Articles of Association. Pursuant to the Schemes, Scheme Creditors, including the selling shareholders named in this prospectus or certain of their affiliates, which beneficially own in the aggregate at least two-thirds of the outstanding shares entitled to vote at the EGM, granted proxies to vote in favor of adopting the Second Amended and Restated Memorandum and Articles of Association.

Unless otherwise indicated, the following description of our share capital, certain provisions of our Second Amended and Restated Memorandum and Articles of Association, as will be in effect upon adoption at the EGM, and certain provisions of Cayman Islands law are summaries. You should also refer to the form of Second Amended and Restated Memorandum and Articles of Association included as an exhibit hereto.

For a description of our current share capital, please see our current Amended and Restated Memorandum and Articles of Association, a copy of which is filed as an exhibit to our registration statement on Form F-4, as amended, dated July 6, 2016, and incorporated by reference in this prospectus.

For purposes of the description of our share capital below, references to "us," "we" and "our" refer only to Ocean Rig UDW Inc. and not any of our subsidiaries.

We are incorporated as an exempted company with limited liability under Cayman Islands law and our affairs are governed by the provisions of our Second Amended and Restated Memorandum and Articles of Association, as may be further amended and restated from time to time, and by the provisions of the Companies Law (2016 Revision) of the Cayman Islands, or the Companies Law. In this section, unless otherwise defined capitalized terms shall have the meaning prescribed in the Second Amended and Restated Memorandum and Articles of Association.

Purpose

As provided in our Second Amended and Restated Memorandum and Articles of Association, subject to the Companies Law, we have full capacity to carry on or undertake any business or activity, do any act or enter into any transaction, and, for such purposes, full rights, powers and privileges. Our registered office is c/o Maples Corporate Services Limited, P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

Authorized Capitalization

Pursuant to our Second Amended and Restated Memorandum and Articles of Association, our authorized share capital will be (i) one billion eight hundred million (1,800,000,000) common shares, consisting of one billion five hundred million (1,500,000,000) Class A common shares of a par value of $0.01 each, and three hundred million (300,000,000) Class B common shares of a par value of $0.01 each, and (ii) one hundred million (100,000,000) preferred shares of par value $0.01 each. As of the date of this prospectus, and until the adoption of the Second Amended and Restated Memorandum and Articles of Association at the EGM scheduled to be held on November 3, 2017, our authorized share capital is one trillion (1,000,000,000,000) common shares of a par value of $0.01 each and five hundred million (500,000,000) preferred shares of a par value of $0.01 each. Common shares outstanding prior to the adoption of the Second Amended and Restated Memorandum and Articles of Association will remain outstanding after such adoption and will be reclassified as Class A common shares on our register of members.

As of September 27, 2017, 90,660,578 common shares were issued and outstanding and nil common shares were held in our treasury. No preferred shares were issued and outstanding. Pursuant to the Schemes, and promptly following the adoption of the Second Amended and Restated Memorandum and Articles of Association at the EGM, we will issue an aggregate of 895,404 Class B common shares to certain Scheme Creditors which elected to receive such shares in lieu of Class A common shares pursuant to the Schemes. In addition, we will reserve 895,404 Class A common shares for future issuance upon conversion of these 895,404 Class B common shares and an additional 299,104,596 Class B common shares for future issuance.

History of Share Capital

We were formed under the laws of the Republic of the Marshall Islands on December 10, 2007, under the name Primelead Shareholders Inc. and as a wholly-owned subsidiary of DryShips.

On April 14, 2016, we effected the redomiciliation of our company from the Republic of the Marshall Islands to the Cayman Islands.

At our annual meeting of shareholders held on April 24, 2017, our shareholders (i) approved an increase in our authorized share capital of one billion (1,000,000,000) common shares of a par value of $0.01 each and five hundred million (500,000,000) preferred shares of a par value of $0.01 each to one trillion (1,000,000,000,000) common shares of a par value of $0.01 each and five hundred million (500,000,000) preferred shares of a par value of $0.01 each, and (ii) authorized the board of directors to effect one or more reverse stock splits of our issued common shares at a ratio of not less than one-for two and not more than one-for-100,000, with the exact ratio to be set at a whole number within this range to be determined by the board, or any duly constituted committee thereof, at any time after approval by the shareholders, and authorized the board to implement any such reverse stock split at its discretion.

On September 21, 2017, the 22,222,222 common shares (without giving effect to the 1-for-9,200 reverse stock split) held by us in treasury and the 56,079,533 common shares (without giving effect to the 1-for-9,200 reverse stock split) held by our wholly owned subsidiary, Ocean Rig Investments Inc., and treated as treasury shares were cancelled and retired.

On September 21, 2017, we effected a 1-for-9,200 reverse stock split of our common shares. Our common shares commenced trading on a split-adjusted basis on September 22, 2017. The reverse stock split reduced the number of our issued and outstanding common shares from approximately 82,586,851 to approximately 8,976 and affected all issued and outstanding common shares. The number of our authorized common shares and the par value and other terms of our common shares were not affected by the reverse stock split. No fractional shares were issued in connection with the reverse stock split. Shareholders who would have otherwise been entitled to receive a fractional share as a result of the reverse stock split received a cash payment in lieu thereof. The reverse stock split was completed in order to comply with NASDAQ's listing requirements and meet the minimum bid requirement for continued listing on NASDAQ.

On September 22, 2017, in connection with the Restructuring and pursuant to the Schemes, we issued 82,126,810 common shares to Scheme Creditors as part of the consideration for their claims to our indebtedness. An additional 8,524,793 common shares were issued to Prime Cap, a company affiliated with the Company's Chairman and Chief Executive Officer, Mr. George Economou.

Upon the adoption of the Second Amended and Restated Memorandum and Articles of Association at the EGM scheduled to be held on November 3, 2017, our authorized share capital will be reclassified from one trillion (1,000,000,000,000) common shares of a par value of $0.01 each and five hundred million (500,000,000) preferred shares of a par value of $0.01 each to (i) one billion eight hundred million (1,800,000,000) common shares, consisting of one billion five hundred million (1,500,000,000) Class A common shares of a par value of $0.01 each, and three hundred million (300,000,000) Class B common shares of a par value of $0.01 each, and (ii) one hundred million (100,000,000) preferred shares of par value $0.01 each. Common shares outstanding prior to the adoption of the Second Amended and Restated Memorandum and Articles of Association will remain outstanding after such adoption and will be reclassified as Class A common shares on our register of members.

Promptly following the adoption of the Second Amended and Restated Memorandum and Articles of Association at the EGM scheduled to be held on November 3, 2017, we will issue an aggregate of 895,404 Class B common shares to certain Scheme Creditors which elected to receive such shares in lieu of Class A common shares pursuant to the Schemes.

Description of Class A common shares

Under our Second Amended and Restated Memorandum and Articles of Association, the Class A common shares and Class B common shares have identical economic and voting rights. The Class B common shares are intended to be a security that is not a "margin security" as defined in Regulation T of the Board of Governors of the U.S. Federal Reserve System and, accordingly, the Class B common shares are not and will not be listed on any national securities exchange or any national market system. Except as provided by law or under our Second Amended and Restated Memorandum and Articles of Association, holders of Class A common shares and Class B common shares are entitled to one vote for each share held of record on all matters submitted to a vote or for the consent of the of the shareholders and do not have cumulative voting rights. Subject to preferences that may be applicable to any outstanding preferred shares, holders of our common shares will be entitled to receive ratably all dividends, if any, declared by the board of directors out of funds legally available for dividends in accordance with the Second Amended and Restated Memorandum and Articles of Association. The holders of our common shares will have such conversion, redemption or pre-emptive rights to any of our shares as provided in the Second Amended and Restated Memorandum and Articles of Association and as summarized below. The rights, preferences and privileges of holders of our common shares will be subject to the rights of the holders of any of our preferred shares, which we may issue in the future.

Conversion Rights

Subject to the terms and conditions of the Second Amended and Restated Memorandum and Articles of Association: (i) each Class A common share held by a Scheme Creditor shall upon notice to the Company within thirty-one (31) days after the adoption of the Second Amended and Restated Memorandum and Articles of Association, be convertible once into one fully paid and non-assessable Class B common share; and (ii) each Class B common share shall be convertible at any time or from time to time, at the option of the respective holder thereof into one fully paid and non-assessable Class A common share pursuant to the procedures outlined in the Second Amended and Restated Memorandum and Articles of Association.

Drag-Along Rights

Prior to the Termination Date (as defined below), if the Lender Shareholder Parties holding a majority of the then-outstanding shares held by all Lender Shareholder Parties (collectively, the "Drag-Along Sellers") propose to effect a transaction (or series of related transactions) approved by the Board of Directors pursuant to which one or more persons directly or indirectly acquire (whether by merger, consolidation or sale or transfer of shares or other equity interests): (a) all or substantially all of the outstanding shares; or (b) all or substantially all of the assets of the Company as determined on a consolidated basis (whether by share transfer, asset transfer or merger) (such transaction or series of related transactions, a "Drag-Along Sale"), the Drag-Along Sellers shall have the right to require each of the other shareholders of the Company to transfer their shares in such Drag-Along Sale in accordance with the Second Amended and Restated Memorandum and Articles of Association and require all other shareholders of the Company take related actions in order to facilitate such Drag-Along Sale.

Prior to the Termination Date, if TMS, the Company or any other Group Company, or any director or officer of any of the foregoing, has been approached by or otherwise receives an Acquisition Proposal from one or more potential purchasers or any of their respective representatives:

- TMS and the Group Companies shall deliver such Acquisition Proposal (or, in the case of an Acquisition Proposal provided orally, a written summary thereof) to the Lender Directors, and all amendments, modifications and supplements thereto, in each case promptly, and in no event later than two business days, following its receipt thereof;
- the Majority Lender Directors shall have the power and authority to direct the Company and the board to, as promptly as practicable, bring such Acquisition Proposal to a vote of the shareholders, without any recommendation to reject such proposal from the Company, the board or any other person unless approved by Majority Lender Directors; and

- if such Acquisition Proposal is approved by the affirmative vote of holders of a majority of the then-outstanding shares, the Company shall use commercially reasonable efforts to pursue and consummate such Acquisition Proposal, such Acquisition Proposal shall constitute a "Drag-Along Sale" for purposes of the Second Amended and Restated Memorandum and Articles of Association, not less than two Lender Directors shall constitute the "Drag-Along Sellers" with respect to such Drag-Along Sale and such Drag-Along Sellers shall have the right to require each shareholder of the Company to transfer their shares in such Drag-Along Sale in accordance with the Second Amended and Restated Memorandum and Articles of Association.

Pre-emptive Rights

Prior to the earlier to occur of the Termination Date and the listing of the Class A common shares on a U.S. national securities exchange registered with the SEC, in the event that the Company proposes to sell or otherwise issue (a "Proposed Offering") shares, warrants, options, securities or instruments convertible into or exercisable or exchangeable for shares, and all other rights to acquire shares of the Company (the "Dilutive Securities"), other than in a Permitted Offering, each holder of at least 3% of the outstanding shares (as of the date of the Company Sale Notice) that is an Accredited Investor (as of such date and the date of the closing of the Proposed Offering) (each, a "Preemptive Rights Shareholder") shall have the right to acquire that number or amount of such Dilutive Securities as is determined in accordance with the Second Amended and Restated Memorandum and Articles of Association, at the same price and upon the same terms and conditions as such Dilutive Securities are being offered by the Company in the Proposed Offering. No Dilutive Securities shall be issued by the Company to any person unless the Company has first offered such securities to each Preemptive Rights Shareholder in the accordance with the Second Amended and Restated Memorandum and Articles of Association.

Governance Agreements

In connection with the Restructuring and pursuant to the Schemes, we entered into the Governance Agreements with certain Scheme Creditors, including the selling shareholders named in this prospectus, providing for certain governance and shareholders' rights, including the registration rights, voting agreement and indemnification agreement described below. The Governance Agreement will terminate on the Termination Date, provided that the exculpation and indemnification rights described below will survive any such termination and the registration rights will terminate as set forth below.

Registration Rights

Certain holders of our common shares which, together with their respective affiliates, hold 10% or more of our outstanding common shares (each, an "Eligible Holder") are entitled to certain customary demand and piggyback registration rights with respect to such shares under the Securities Act. These shares are collectively referred to herein as registrable securities.

These registration rights are subject to certain conditions and limitations, including our right to delay or withdraw a registration statement under certain circumstances. The registration statement of which this prospectus forms a part is being filed pursuant to certain initial registration rights with respect to such registrable securities. Under the demand registration rights, each Eligible Holder has the right to demand that we file a registration statement under the Securities Act covering any or all of such holder's registrable securities then outstanding, and further have the right to demand that we effectuate the distribution of any or all of such holder's registrable securities by means of an underwritten offering pursuant to an effective registration statement, subject to certain limitations. The holders' piggyback registration rights provide that, if at any time we propose to register any securities for public sale, the Eligible Holders will each be entitled to notice of the registration and will have the right to include their registrable securities in the registration statement.

We will generally pay all expenses relating to any demand or piggyback registration, other than underwriting discounts and commissions, subject to specified conditions and limitations.

The registration rights are subject to customary indemnification and contribution provisions, as well as customary restrictions such as blackout periods and, if an underwritten offering is contemplated, limitations on the number of shares to be included in the underwritten offering that may be imposed by the managing underwriter.

These registration rights will terminate with respect to any particular Eligible Holder when such Eligible Holder ceases to beneficially own any registrable securities.

Voting Agreement

The Lender Shareholder Parties have agreed to vote all of their shares against any resolution or matter that is presented for a vote at any annual or extraordinary meeting of shareholders, or by written consent in lieu of a meeting, that proposes or would approve or effect any amendment of, or proposal to amend, the Articles or any winding-up, or proposal to wind-up, the Company unless, in each case, such resolution or matters has been approved by the board of directors and the board has recommended to the shareholders that they approve such resolution or matter.

Furthermore, the Lender Shareholder Parties have agreed to vote, in person or by proxy, all of their shares at any annual or extraordinary meeting of shareholders, or by written consent in lieu of a meeting, and take all other necessary action within their control to effect the provisions of the Articles, including causing the election or removal of directors and filling of board vacancies, in each case in accordance with the Articles, and against any matter that is presented to shareholder for a vote or consent that is inconsistent with any provision of the Articles. None of the Lender Shareholder Parties who entered into the Governance Agreement or their affiliates will have any liability as a result of designating any individual as a director or proposing to designate any individual for election as a director, for any act or omission by such individual in his or her capacity as a director, or for voting for any such individual in accordance with the provisions of the Governance Agreement, unless such party breached or violated the Governance Agreement.

Indemnification Agreement

We have agreed to enter into an indemnification agreement with each Lender Director upon their appointment to the board of directors and with each Lender Appointing Person designating a Lender Director upon their assuming the position of Lender Appointing Person. These indemnification agreements will provide substantially the same advancement and indemnification rights as granted to our officers and other directors under the Articles. See "—Limitations on Liability and Indemnification of Officers and Directors."

Corporate Governance

Prior to the appointment of the three Lender Appointing Persons as contemplated in the Articles, we have agreed not to take any action if such action would otherwise require the approval of the Lender Directors as contemplated in the Articles. If three Lender Appointing Persons have not been determined within two business days after the effective date of the Articles, our board of directors will not take any action after such date, other than to assist in determining the three Lender Appointing Persons and subsequent appointment of the three Lender Directors. Notwithstanding the foregoing, we may effectuate one reverse stock split prior to the appointment of the three Lender Directors for the purpose of maintaining the listing of our common shares on the NASDAQ.

Directors

The board of directors is constituted with seven persons. Currently the board of directors is constituted as follows: George Economou, Chrysoula Kandylidis, Michael Pearson, Vassilis Karamitsanis, George Kokkodis, and John Liveris. Following the date on which the Lender Appointing Persons shall have been determined pursuant to the Second Amended and Restated Memorandum and Articles of Association, the following persons shall be appointed as directors:

- four directors, including the Chairman of the Board, appointed by the Chief Executive Officer or his affiliate so long as the Management Agreement has not been terminated;

- with respect to each of up to three Lender Appointing Persons, so long as such Lender Appointing Person holds 7.5% or more of the total outstanding shares, one Lender Director designated by such Lender Appointing Person; provided, however, that if any Lender Appointing Person fails to appoint or no longer has the right to appoint a Lender Director, then such director shall be designated by a majority of the remaining Lender Directors; and
- to the extent the number of directors designated is fewer than seven, the remaining directors shall be designated by the shareholders representing a majority of the then-outstanding shares held by all shareholders.

Furthermore, no less than 50% of the members of each committee of the board of directors will consist of Lender Directors and, in the event of any deadlock on any committee, the relevant matter will be referred to the entire board for consideration.

Following the later of the fifth anniversary of the Restructuring Effective Date and the day immediately preceding the fifth annual general meeting of shareholders held after the Restructuring Effective Date, unless such provision is earlier terminated, or the Termination Date, the board of directors will be divided into three classes with staggered, three-year terms and cumulative voting in the election of directors will be prohibited.

Election and removal of directors

Voluntary Removal. For so long as the Chief Executive Officer or a Lender Appointing Person is entitled to designate a director, such Appointing Person may remove its designated director(s) upon written notice to the Company and such director, and, upon removal of such director(s), shall be entitled to designate his or her replacement.

Involuntary Removal for Cause. The board of directors, acting by affirmative vote of at least two-thirds of the directors, may remove any director for Cause. In addition, prior to the Termination Date, the Majority Lender Directors may remove any director or officer for Cause. If any director removed for Cause was appointed by an Appointing Person that continues to have a right to appoint such director, upon such removal, such Appointing Person shall be entitled to designate his or her replacement. As used in the Second Amended and Restated Memorandum and Articles of Association, "Cause" means, prior to the Termination Date, the indictment or conviction of, or a plea of guilty or no contest to, a fraud or felony on the part of a director, and after the Termination Date, actual fraud or wilful default on the part of a director of the Company (and, for the avoidance of doubt, no person shall be found to have committed actual fraud or wilful default unless or until a court of competent jurisdiction shall have made a final and un-appealable finding to that effect).

Termination of the Management Agreement. Upon termination of the Management Agreement, any directors appointed by the Chief Executive Officer that have not resigned shall be removed.

Other Removals. Except as provided in the Second Amended and Restated Memorandum and Articles of Association, prior to the Termination Date, no director may be removed.

Vacation of Office of Director. The office of a director shall be vacated if the director gives notice in writing to the Company that he resigns the office of director, the director dies, becomes bankrupt or makes any arrangement or composition with his creditors generally, or the director is found to be or becomes of unsound mind.

Required Lender Director Approval for Certain Actions

Prior to the appointment of the three Lender Appointing Persons, the Company will not take any action if such action would otherwise require the approval of the Lender Directors. Following the appointment of the three Lender Appointing Persons and prior to the Termination Date, the Company will not, and will not permit any of its direct or indirect subsidiaries (collectively, the "Group Companies"), to take certain actions unless such action has been expressly approved by the board of directors, which approval must include at least two of the Lender Directors ("Majority Lender Directors"). These actions include, among other actions as set forth in the Second Amended and Restated Memorandum and Articles of Association:

- the issuance of our common shares or other securities, or the redemption of any equity interests;

- the payment of dividends, if any, on our common shares;
- the incurrence or modification of debt;
- amendments to the Second Amended and Restated Memorandum and Articles of Association;
- the entering into of certain extraordinary transactions;
- commitments to construct or the construction of, any new vessel, or any purchase or acquisition of any vessel;
- the adoption of, amendment or modification to, termination of, or waiver of any provision under, any equity incentive plan, bonus incentive plan, severance plan, or employee benefit plan;
- the grant or award of any severance, equity or non-cash bonus entitlement to any director, officer or employee of the Company or any of its subsidiaries, or any amendment to or waiver of any term of any such grant or award;
- the entering into of any Related Party Transaction other than a Permitted Related Party Transaction, or the amendment, modification or termination of any Related Party Transaction (including any Permitted Related Party Transaction); and
- the exercise of any termination rights and remedies under, the amendment, modification or supplement of, or the waiver of any provision under, the Management Services Agreement.

Where one or more officers of the Company or any of its subsidiaries are directed to take any action by the Majority Lender Directors and such officer or officers fail to promptly take such action as directed, the Majority Lender Directors shall have the power and authority to hire and appoint, and set the compensation and other employment terms for, one or more authorized officers of the Company and delegate authority to such officer or officers to take such action.

The Majority Lender Directors also have the power and authority to direct the Company and the board to, as promptly as practicable, bring an Acquisition Proposal to a vote of the shareholders, without any recommendation to reject such proposal from the Company, the board of directors or any other person unless approved by the Majority Lender Directors.

Observer Rights

As set forth in the Second Amended and Restated Memorandum and Articles of Association, so long as a Lender Appointing Person has a right to appoint a Lender Director, but does not appoint an officer or employee of such Appointing Person or its Affiliate to serve as a Lender Director, it shall have the right to appoint, remove and replace one person to act as an observer to the board and each committee thereof by providing written notice of such appointment, removal or replacement, as the case may be, to the Company.

Shareholder Meetings

Under our Second Amended and Restated Memorandum and Articles of Association, the Company will have an annual general meeting of its shareholders and the annual general meeting of shareholders will be held on such day and at such time and place within or outside of the Cayman Islands as the board of directors may determine for the purpose of electing directors and of transacting such other business as may be property brought before the meeting. All general meetings, other than annual general meetings, shall be called extraordinary general meetings, or the Extraordinary General Meetings.

Notice of every annual and Extraordinary General Meeting of shareholders, other than any meeting the giving of notice of which is otherwise prescribed by law, stating the date, time, place and purpose thereof, and in the case of Extraordinary General Meetings, the name of the person or persons at whose direction the notice is being issued, shall be given personally or sent by registered mail or facsimile, at least fifteen (15) but not more than forty five (45) calendar days before such meeting (except in respect of an Extraordinary General Meeting called following the issuance of an Accelerated Termination Notice), to each shareholder of record entitled to vote thereat and to each shareholder of record who, by reason of any action proposed at such meeting would be entitled to have his shares appraised if such action were taken, and the notice shall include a statement of that purpose and to that effect. If mailed, notice shall be deemed to have been given when deposited in the mail, directed to the shareholder at his address as the same appears on the Register of Members of the Company or at such address as to which the shareholder has given notice to the Secretary. Notice of a meeting need not be given to any shareholder who submits a signed waiver of notice, whether before or after the meeting, or who attends the meeting without protesting prior to the conclusion thereof the lack of notice to him.

At all meetings of shareholders for the transaction of business, except as otherwise expressly provided by law, there must be present either in person or by proxy shareholders of record holding at least one-third of the shares issued and outstanding and entitled to vote at such meetings in order to constitute a quorum.

Business Combinations and Dissenters' Rights

Mergers and Similar Arrangements. In certain circumstances the Companies Law allows for mergers or consolidations between two Cayman Islands companies, or between a Cayman Islands company and a company incorporated in another jurisdiction (provided that is facilitated by the laws of that other jurisdiction).

Where the merger or consolidation is between two Cayman Islands companies, the directors of each company must approve a written plan of merger or consolidation containing certain prescribed information. That plan or merger or consolidation must then be authorized by either (a) a special resolution (usually a majority of 66 2/3 % in value) of the shareholders of each company; or (b) such other authorization, if any, as may be specified in such constituent company's articles of association. A shareholder has the right to vote on a merger or consolidation regardless of whether the shares that he holds otherwise give him voting rights. No shareholder resolution is required for a merger between a parent company (i.e., a company that owns at least 90% of the issued shares of each class in a subsidiary company) and its subsidiary company. The consent of each holder of a fixed or floating security interest of a constituent company must be obtained, unless the court waives such requirement. If the Cayman Islands Registrar of Companies is satisfied that the requirements of the Companies Law (which includes certain other formalities) have been complied with, the Registrar of Companies will register the plan of merger or consolidation.

Where the merger or consolidation involves a foreign company, the procedure is similar, save that with respect to the foreign company, the director of the Cayman Islands company is required to make a declaration to the effect that, having made due enquiry, he is of the opinion that the requirements set out below have been met: (i) that the merger or consolidation is permitted or not prohibited by the constitutional documents of the foreign company and by the laws of the jurisdiction in which the foreign company is incorporated, and that those laws and any requirements of those constitutional documents have been or will be complied with; (ii) that no petition or other similar proceeding has been filed and remains outstanding or order made or resolution adopted to wind up or liquidate the foreign company in any jurisdictions; (iii) that no receiver, trustee, administrator or other similar person has been appointed in any jurisdiction and is acting in respect of the foreign company, its affairs or its property or any part thereof; (iv) that no scheme, order, compromise or other similar arrangement has been entered into or made in any jurisdiction whereby the rights of creditors of the foreign company are and continue to be suspended or restricted.

Where the surviving company is the Cayman Islands company, the director of the Cayman Islands company is further required to make a declaration to the effect that, having made due enquiry, he is of the opinion that the requirements set out below have been met: (i) that the foreign company is able to pay its debts as they fall due and that the merger or consolidated is bona fide and not intended to defraud unsecured creditors of the foreign company; (ii) that in respect of the transfer of any security interest granted by the foreign company to the surviving or consolidated company (a) consent or approval to the transfer has been obtained, released or waived; (b) the transfer is permitted by and has been approved in accordance with the constitutional documents of the foreign company; and (c) the laws of the jurisdiction of the foreign company with respect to the transfer have been or will be complied with; (iii) that the foreign company will, upon the merger or consolidation becoming effective, cease to be incorporated, registered or

exist under the laws of the relevant foreign jurisdiction; and (iv) that there is no other reason why it would be against the public interest to permit the merger or consolidation.

Dissenters' Rights. Where the above procedures are adopted, the Companies Law provides for a right of dissenting shareholders to be paid a payment of the fair value of his shares upon their dissenting to the merger or consolidation if they follow a prescribed procedure. In essence, that procedure is as follows (a) the shareholder must give his written objection to the merger or consolidation to the constituent company before the vote on the merger or consolidation, including a statement that the shareholder proposes to demand payment for his shares if the merger or consolidation is authorized by the vote; (b) within 20 days following the date on which the merger or consolidation is approved by the shareholders, the constituent company must give written notice to each shareholder who made a written objection; (c) a shareholder must within 20 days following receipt of such notice from the constituent company, give the constituent company a written notice of his intention to dissent including, among other details, a demand for payment of the fair value of his shares; (d) within seven days following the date of the expiration of the period set out in paragraph (b) above or seven days following the date on which the plan of merger or consolidation is filed, whichever is later, the constituent company, the surviving company or the consolidated company must make a written offer to each dissenting shareholder to purchase his shares at a price that the company determines is the fair value and if the company and the shareholder agree the price within 30 days following the date on which the offer was made, the company must pay the shareholder such amount; (e) if the company and the shareholder fail to agree a price within such 30 day period, within 20 days following the date on which such 30 day period expires, the company (and any dissenting shareholder) must file a petition with the Cayman Islands Grand Court to determine the fair value and such petition must be accompanied by a list of the names and addresses of the dissenting shareholders with whom agreements as to the fair value of their shares have not been reached by the company. At the hearing of that petition, the court has the power to determine the fair value of the shares together with a fair rate of interest, if any, to be paid by the company upon the amount determined to be the fair value. Any dissenting shareholder whose name appears on the list filed by the company may participate fully in all proceedings until the determination of fair value is reached. These rights of a dissenting shareholder are not be available in certain circumstances, for example, to dissenters holding shares of any class in respect of which an open market exists on a recognized stock exchange or recognized interdealer quotation system at the relevant date or where the consideration for such shares to be contributed are shares of any company listed on a national securities exchange or shares of the surviving or consolidated company. Moreover, Cayman Islands law also has separate statutory provisions that facilitate the reconstruction or amalgamation of companies in certain circumstances, schemes of arrangement will generally be more suited for complex mergers or other transactions involving widely held companies, commonly referred to in the Cayman Islands as a "scheme of arrangement" which may be tantamount to a merger. In the event that a merger was sought pursuant to a scheme of arrangement (the procedure of which are more rigorous and take longer to complete than the procedures typically required to consummate a merger in the United States), the arrangement in question must be approved by a majority in number of each class of shareholders and creditors with whom the arrangement is to be made and who must in addition represent three-fourths in value of each such class of shareholders or creditors, as the case may be, that are present and voting either in person or by proxy at a meeting, or meeting summoned for that purpose. The convening of the meetings and subsequently the terms of the arrangement must be sanctioned by the Grand Court of the Cayman Islands. While a dissenting shareholder would have the right to express to the court the view that the transaction should not be approved, the court can be expected to approve the arrangement if it satisfies itself that:

- we are not proposing to act illegally or beyond the scope of our corporate authority and the statutory provisions as to majority vote have been complied with;
- the shareholders have been fairly represented at the meeting in question;
- the arrangement is such as a businessman would reasonably approve; and
- the arrangement is not one that would more properly be sanctioned under some other provision of the Companies Law or that would amount to a "fraud on the minority."

If a scheme of arrangement or takeover offer (as described below) is approved, any dissenting shareholder would have no rights comparable to appraisal rights, which would otherwise ordinarily be available to dissenting shareholders of United States corporations, providing rights to receive payment in cash for the judicially determined value of the shares.

Squeeze-out Provisions. When a takeover offer is made and accepted by holders of 90% of the shares to whom the offer is made within four months, the offeror may, within a two-month period, require the holders of the remaining shares to transfer such shares on the terms of the offer. An objection can be made to the Grand Court of the Cayman Islands but this is unlikely to succeed unless there is evidence of fraud, bad faith, collusion or inequitable treatment of the shareholders.

Further, transactions similar to a merger, reconstruction and/or an amalgamation may in some circumstances be achieved through other means to these statutory provisions, such as a share capital exchange, asset acquisition or control, through contractual arrangements, of an operating business.

Shareholders' Derivative Suits

Our Cayman Islands counsel is not aware of any reported class action having been brought in a Cayman Islands court. Derivative actions have been brought in the Cayman Islands courts, and the Cayman Islands courts have confirmed the availability for such actions. In most cases, we will be the proper plaintiff in any claim based on a breach of duty owed to us, and a claim against (for example) our officers or directors usually may not be brought by a shareholder. However, based on English authorities, which would in all likelihood be of persuasive authority and be applied by a court in the Cayman Islands, exceptions to the foregoing principle apply in circumstances in which:

- a company is acting, or proposing to act, illegally or beyond the scope of its authority;
- the act complained of, although not beyond the scope of the authority, could be effected if duly authorized by more than the number of votes which have actually been obtained; or
- those who control the company are perpetrating a "fraud on the minority."

A shareholder may have a direct right of action against us where the individual rights of that shareholder have been infringed or are about to be infringed.

Limitations on Liability and Indemnification of Officers and Directors

Although the Companies Law (2013 Revision) of the Cayman Islands does not specifically restrict a Cayman Islands exempted company's ability to indemnify its directors or officers, it does not expressly provide for such indemnification either. Certain Commonwealth case law (which is likely to be persuasive in the Cayman Islands), however, indicates that the indemnification is generally permissible, unless there had been wilful default, wilful neglect, breach of fiduciary duty, unconscionable behavior or behavior which falls within the broad stable of conduct identifiable as 'equitable fraud' on the part of the director or officer in question.

Under our Second Amended and Restated Memorandum and Articles of Association, every director and officer of the Company (which for the avoidance of doubt, shall not include auditors of the Company), together with every former director and former officer of the Company, which we refer to as an Indemnified Person, shall be indemnified out of the assets of the Company against any liability, action, proceeding, claim, demand, costs, damages or expenses, including legal expenses, whatsoever which they or any of them may incur as a result of any act or failure to act in carrying out their functions other than such liability (if any) that they may incur (i) by reason of their own actual fraud or wilful default, or (ii) as a result of the insurance policy maintained by the Company not available due to such person's willful failure to disclose to the insurance provider (where, in the absence of such failure to disclose, the insurance maintained by the Company would have otherwise been available). No Indemnified Person shall be liable to the Company for any loss or damage incurred by the Company as a result (whether direct or indirect) of the carrying out of their functions unless that liability arises through the actual fraud or wilful default of such Indemnified Person. No person shall be found to have committed actual fraud or wilful default under the Second Amended and Restated Memorandum and Articles of Association unless or until a court of competent jurisdiction shall have made a final and un-appealable finding to that effect.

The directors, on behalf of the Company, may purchase and maintain insurance for the benefit of any director or other officer of the Company against any liability which, by virtue of any rule of law, would otherwise attach to such person in respect of any negligence, default, breach of duty or breach of trust of which such person may be guilty in relation to the Company.

Anti-takeover Effect of Certain Provisions of our Second Amended and Restated Memorandum and Articles of Association

Several provisions of the Second Amended and Restated Memorandum and Articles of Association may have anti-takeover effects. These provisions will be intended to avoid costly takeover battles, lessen our vulnerability to a hostile change of control and enhance the ability of our board of directors to maximize shareholder value in connection with any unsolicited offer to acquire us. However, these anti-takeover provisions, which are summarized below, could also discourage, delay or prevent (1) the merger or acquisition of us by means of a tender offer, a proxy contest or otherwise that a shareholder may consider in its best interest and (2) the removal of incumbent officers and directors.

Blank Check Preferred Shares

Under the terms of our Second Amended and Restated Memorandum and Articles of Association, our board of directors will have the authority, without any further vote or action by our shareholders, to issue up to 100,000,000 of preferred shares. Our board of directors will be entitled to issue our preferred shares on terms calculated to discourage, delay or prevent a change of control of us or the removal of our management.

Limited Actions by Shareholders

Under our Second Amended and Restated Memorandum and Articles of Association, any action required or permitted to be taken by our shareholders must be effected at an annual general meeting or Extraordinary General Meeting of shareholders or by the unanimous written consent of our shareholders. Our Second Amended and Restated Memorandum and Articles of Association provide that, unless otherwise prescribed by law, only the Chairman of our board of directors, a majority of the board of directors or any officer of the Company who is also a director may call an Extraordinary General Meeting of our shareholders, and the business transacted at the special meeting is limited to the purposes stated in the notice. Accordingly, a shareholder may be prevented from calling an Extraordinary General Meeting for shareholder consideration of a proposal over the opposition of our board of directors and shareholder consideration of a proposal may be delayed until the next annual general meeting.

Advance Notice Requirements for Shareholder Proposals

Our Second Amended and Restated Memorandum and Articles of Association provide that shareholders seeking to bring business before an annual meeting of shareholders must provide timely notice of their proposal in writing to the corporate secretary. Generally, to be timely, a shareholder's notice must be delivered to, or mailed and received at the Registered Office of the Company not less than 90 days nor more than 180 days prior to the one year anniversary of the preceding year's annual general meeting of shareholders. Our Second Amended and Restated Memorandum and Articles of Association also specify requirements as to the form and content of a shareholder's notice. These provisions may impede shareholders' ability to bring matters before an annual general meeting of shareholders or make nominations for directors at an annual general meeting of shareholders.

Transfer Agent

The U.S. transfer agent for our common shares is American Stock Transfer & Trust Company LLC.

TAXATION

The following is a discussion of the material Cayman Islands and U.S. federal income tax considerations relevant to an investment decision by a U.S. Holder and a Non-U.S. Holder, each as defined below with respect to the common shares. This discussion does not purport to deal with the tax consequences of owning common shares to all categories of investors, some of which, such as dealers in securities, U.S. Holders whose functional currency is not the United States dollar and investors that own, actually or under applicable constructive ownership rules, 10% or more of our common shares, may be subject to special rules. This discussion deals only with holders who acquire common shares in this offering and hold the common shares as a capital asset. You are encouraged to consult your own tax advisors concerning the overall tax consequences arising in your own particular situation under U.S. federal, state, local or foreign law of the ownership of common shares.

Cayman Islands Tax Considerations

The following is a discussion on certain Cayman Islands income tax consequences of an investment in the Shares. The discussion is a general summary of present law, which is subject to prospective and retroactive change. It is not intended as tax advice, does not consider any investor's particular circumstances, and does not consider tax consequences other than those arising under Cayman Islands law.

The Government of the Cayman Islands will not, under existing legislation, impose any income, corporate or capital gains tax, estate duty, inheritance tax, gift tax or withholding tax upon the Company. Interest, dividends and gains payable to the Company and all distributions by the Company will be received free of any Cayman Islands income or withholding taxes. The Company has registered as an exempted limited company under Cayman Islands law and the Company has applied for, and received, an undertaking from the Governor in Cabinet of the Cayman Islands to the effect that, for a period of 20 years from the date of the undertaking, no law which is enacted in the Cayman Islands imposing any tax to be levied on profits or income or gains or appreciations shall apply to the Company in respect of the operations or assets of the Company; and may further provide that any such taxes or any tax in the nature of estate duty or inheritance tax shall not be payable in respect of the obligations of the Company. The Cayman Islands are not party to a double tax treaty with any country that is applicable to any payments made to or by the Company.

The Cayman Islands has entered into two intergovernmental agreements to improve international tax compliance and the exchange of information – one with the United States and one with the United Kingdom (the "US IGA" and the "UK IGA", respectively). The Cayman Islands has also signed, along with over 80 other countries, a multilateral competent authority agreement to implement the OECD Standard for Automatic Exchange of Financial Account Information – Common Reporting Standard (the "CRS" and together with the US IGA and the UK IGA, "AEOI"). Cayman Islands regulations have been issued to give effect to the US IGA, the UK IGA and CRS (collectively, the "AEOI Regulations"). Pursuant to the AEOI Regulations, the Cayman Islands Tax Information Authority (the "TIA") has published guidance notes on the application of the US and UK IGAs and CRS.

All Cayman Islands "Financial Institutions" are required to comply with the registration, due diligence and reporting requirements of the AEOI Regulations, unless they are able to rely on an exemption that allows them to become a "Non-Reporting Financial Institution" (as defined in the relevant AEOI Regulations) with respect to one or more of the AEOI regimes, in which case only the registration requirement would apply under CRS.

The Company does not propose to rely on any reporting exemption and will therefore comply with the registration, due diligence and reporting requirements of the AEOI Regulations as a "Reporting Financial Institution".

As such, the Company is required to (i) register with the IRS to obtain a Global Intermediary Identification Number (for the purposes of the US IGA only), (ii) register with the TIA, and thereby notify the TIA of its status as a "Reporting Financial Institution", (iii) adopt and implement written policies and procedures setting out how it will address its obligations under CRS, (iv) conduct due diligence on its accounts to identify whether any such accounts are considered "Reportable Accounts", and (v) report information on such Reportable Accounts to the TIA. The TIA will transmit the information reported to it to the overseas fiscal authority relevant to a reportable account (e.g. the IRS in the case of a US Reportable Account) annually on an automatic basis. Under the terms of the US IGA, withholding will not be imposed on payments made to the Company unless the IRS has specifically listed the Company as a non-participating financial institution, or on payments made by the Company unless the Company has otherwise assumed responsibility for withholding under United States tax law.

U.S. Federal Income Tax Considerations

In the opinion of Seward & Kissel LLP, our United States counsel, the following are the material U.S. federal income tax consequences relevant to an investment decision by a U.S. Holder and a Non-U.S. Holder, each as defined below, with respect to our common shares. The following discussion of U.S. federal income tax matters is based on the U.S. Internal Revenue Code of 1986, as amended (the "Code"), judicial decisions, administrative pronouncements, and existing and proposed regulations issued by the U.S. Department of the Treasury, all of which are subject to change, possibly with retroactive effect.

Unless otherwise noted, references in the following discussion to the "Company," "we" and "us" are to Ocean Rig UDW Inc. and its subsidiaries on a consolidated basis.

If a partnership holds common shares, the tax treatment of a partner will generally depend upon the status of the partner and upon the activities of the partnership. If you are a partner in a partnership holding common shares, you are encouraged to consult your tax advisor.

Taxation of U.S. Holders

As used herein, the term "U.S. Holder" means a beneficial owner of common shares that is a U.S. citizen or resident, U.S. corporation or other U.S. entity taxable as a corporation, an estate the income of which is subject to U.S. federal income taxation regardless of its source, or a trust if a court within the United States is able to exercise primary jurisdiction over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust.

Distributions

Subject to the discussion of passive foreign investment companies below, any distributions made by us with respect to our common shares to a U.S. Holder, will generally constitute dividends, to the extent of our current or accumulated earnings and profits, as determined under U.S. federal income tax principles. Distributions in excess of our earnings and profits will be treated first as a nontaxable return of capital to the extent of the U.S. Holder's tax basis in his common shares on a dollar-for-dollar basis and thereafter as capital gain. Because we are not a U.S. corporation, U.S. Holders that are corporations will not be entitled to claim a dividends received deduction with respect to any distributions they receive from us. Dividends paid with respect to our common shares will generally be treated as "passive category income" or, in the case of certain types of U.S. Holders, "general category income" when computing allowable foreign tax credits for U.S. foreign tax credit purposes.

Dividends paid on our common shares to a U.S. Holder who is an individual, trust or estate (a "U.S. Individual Holder") will generally be treated as "qualified dividend income" that is taxable to such U.S. Individual Holders at preferential tax rates provided that (1) the common share is readily tradable on an established securities market in the United States (such as the NASDAQ Global Select Market, on which our common shares are listed); (2) we are not a passive foreign investment company for the taxable year during which the dividend is paid or the immediately preceding taxable year (which we do not believe we are, have been or will be); and (3) the U.S. Individual Holder has owned the common shares for more than 60 days in the 121-day period beginning 60 days before the date on which the common shares become ex-dividend. There is no assurance that any dividends paid on our common shares will be eligible for these preferential rates in the hands of a U.S. Individual Holder. Any dividends paid by us which are not eligible for these preferential rates will be taxed as ordinary income to a U.S. Holder.

Special rules may apply to any "extraordinary dividend" generally, a dividend in an amount which is equal to or in excess of ten percent of a stockholder's adjusted basis (or fair market value in certain circumstances) in a common share paid by us. If we pay an "extraordinary dividend" on our common shares that is treated as "qualified dividend income," then any loss derived by a U.S. Individual Holder from the sale or exchange of such common shares will be treated as long-term capital loss to the extent of such dividend.

Sale, Exchange or other Disposition of Common Shares

Assuming we do not constitute a passive foreign investment company for any taxable year, a U.S. Holder generally will recognize taxable gain or loss upon a sale, exchange or other disposition of our common shares in an amount equal to the difference between the amount realized by the U.S. Holder from such sale, exchange or other disposition and the U.S. Holder's tax basis in such stock. Such gain or loss will be treated as long-term capital gain or loss if the U.S. Holder's holding period is greater than one year at the time of the sale, exchange or other disposition. Such capital gain or loss will generally be treated as U.S. source income or loss, as applicable, for U.S. foreign tax credit purposes. A U.S. Holder's ability to deduct capital losses is subject to certain limitations.

Passive Foreign Investment Company Status and Significant Tax Consequences

Special U.S. federal income tax rules apply to a U.S. Holder that holds stock in a foreign corporation classified as a passive foreign investment company (a "PFIC") for U.S. federal income tax purposes. In general, a foreign corporation will be treated as a PFIC with respect to a U.S. shareholder in such foreign corporation, if, for any taxable year in which such shareholder holds stock in such foreign corporation, either:

- at least 75% of the corporation's gross income for such taxable year consists of passive income (e.g., dividends, interest, capital gains and rents derived other than in the active conduct of a rental business); or
- at least 50% of the average value of the assets held by the corporation during such taxable year produce, or are held for the production of, passive income.

For purposes of determining whether a foreign corporation is a PFIC, it will be treated as earning and owning its proportionate share of the income and assets, respectively, of any of its subsidiary corporations in which it owns at least 25% of the value of the subsidiary's stock. If Ocean Rig UDW Inc. is treated as a PFIC, then a U.S. person would be treated as indirectly owning shares of its foreign corporate subsidiaries for purposes of the PFIC rules.

Income earned by a foreign corporation in connection with the performance of services would not constitute passive income. By contrast, rental income would generally constitute "passive income" unless the foreign corporation is treated under specific rules as deriving its rental income in the active conduct of a trade or business.

We do not believe that we are currently a PFIC, although we may have been a PFIC for certain prior taxable years. Based on our current operations and future projections, we do not believe that we have been, are, or will be a PFIC with respect to any taxable year beginning with the 2009 taxable year. Although we intend to conduct our affairs in the future in a manner to avoid being classified as a PFIC, we cannot assure you that the nature of our operations will not change in the future.

Special U.S. federal income tax elections have been made or will be made in respect of certain of our subsidiaries. The effect of these special U.S. tax elections is to ignore or disregard the subsidiaries for which elections have been made as separate taxable entities and to treat them as part of their sole shareholder. Therefore, for purposes of the following discussion, for each subsidiary for which such an election has been made, the shareholder of such subsidiary, and not the subsidiary itself, will be treated as the owner of the subsidiary's assets and as receiving the subsidiary's income.

As discussed more fully below, if we were to be treated as a PFIC for any taxable year, a U.S. Holder would be subject to different taxation rules depending on whether the U.S. Holder makes an election to treat us as a "Qualified Electing Fund," which election we refer to as a "QEF election" or makes a "mark-to market" election with respect to our stock. In addition, if we were to be treated as a PFIC for any taxable year, a U.S. Holder that owns our common shares in that year would generally be required to file a Form 8621 with its U.S. federal income tax return for that year.

Taxation of U.S. Holders Making a Timely QEF Election

If a U.S. Holder makes a timely QEF election, which U.S. Holder we refer to as an "Electing Holder," the Electing Holder must report each year for U.S. federal income tax purposes his pro rata share of our ordinary earnings and our net capital gain, if any, for our taxable year that ends with or within the taxable year of the Electing Holder, regardless of whether or not distributions were received from us by the Electing Holder. The Electing Holder's adjusted tax basis in the common shares will be increased to reflect taxed but undistributed earnings and profits. Distributions of earnings and profits that had been previously taxed will result in a corresponding reduction in the adjusted tax basis in the common shares and will not be taxed again once distributed. An Electing Holder would generally recognize capital gain or loss on the sale, exchange or other disposition of the common shares. A U.S. Holder would make a QEF election with respect to any year that our company is a PFIC by filing Internal Revenue Service Form 8621 with his U.S. federal income tax return. If we were aware that we were to be treated as a PFIC for any taxable year, we would, if possible, provide each U.S. Holder with all necessary information in order to make the QEF election described above. It should be noted that we may not be able to provide such information if we did not become aware of our status as a PFIC in a timely manner.

Taxation of U.S. Holders Making a "Mark-to-Market" Election

Alternatively, if we were to be treated as a PFIC for any taxable year and our stock is treated as "marketable stock," a U.S. Holder would be allowed to make a "mark-to-market" election with respect to our common shares, provided the U.S. Holder completes and files IRS Form 8621 in accordance with the relevant instructions and related Treasury Regulations. Since our stock is traded on the NASDAQ Global Select Market, we believe that our stock is "marketable stock" for this purpose. If the "mark-to-market" election is made, the U.S. Holder generally would include as ordinary income in each taxable year the excess, if any, of the fair market value of the common shares at the end of the taxable year over such holder's adjusted tax basis in the common shares. The U.S. Holder would also be permitted an ordinary loss in respect of the excess, if any, of the U.S. Holder's adjusted tax basis in the common shares over its fair market value at the end of the taxable year, but only to the extent of the net amount previously included in income as a result of the mark-to-market election. A U.S. Holder's tax basis in his common shares would be adjusted to reflect any such income or loss amount. Gain realized on the sale, exchange or other disposition of the common shares would be treated as ordinary income, and any loss realized on the sale, exchange or other disposition of the common shares would be treated as ordinary loss to the extent that such loss does not exceed the net mark-to-market gains previously included by the U.S. Holder.

Taxation of U.S. Holders Not Making a Timely QEF Election or Mark-to-Market Election

Finally, if we were to be treated as a PFIC for any taxable year, a U.S. Holder who does not make a QEF election (or a mark-to-market election, if such election is available) for that year, whom we refer to as a "Non-Electing Holder," would be subject to special rules with respect to (1) any excess distribution (i.e., the portion of any distributions received by the Non-Electing Holder on the common shares in a taxable year in excess of 125 % of the average annual distributions received by the Non-Electing Holder in the three preceding taxable years, or, if shorter, the Non-Electing Holder's holding period for the common shares), and (2) any gain realized on the sale, exchange or other disposition of the common shares. Under these special rules:

the excess distribution or gain would be allocated ratably over the Non-Electing Holders' aggregate holding period for the common shares;

the amount allocated to the current taxable year and any taxable year before we became a PFIC would be taxed as ordinary income; and

the amount allocated to each of the other taxable years would be subject to tax at the highest rate of tax in effect for the applicable class of taxpayer for that year, and an interest charge for the deemed deferral benefit would be imposed with respect to the resulting tax attributable to each such other taxable year.

These penalties would not apply to a pension or profit sharing trust or other tax-exempt organization that did not borrow funds or otherwise utilize leverage in connection with its acquisition of the common shares. If a Non-Electing Holder who is an individual dies while owning the common shares, such holder's successor generally would not receive a step-up in tax basis with respect to such stock.

Taxation of "Non-U.S. Holders"

A beneficial owner of common shares that is not a U.S. Holder (other than a partnership) is referred to herein as a "Non-U.S. Holder."

Dividends on Common Shares

Non-U.S. Holders generally will not be subject to U.S. federal income tax or withholding tax on dividends received from us with respect to our common shares, unless that income is effectively connected with the Non-U.S. Holder's conduct of a trade or business in the United States. If the Non-U.S. Holder is entitled to the benefits of a U.S. income tax treaty with respect to those dividends, that income is taxable only if it is attributable to a permanent establishment maintained by the Non-U.S. Holder in the United States.

Sale, Exchange or Other Disposition of common shares

Non-U.S. Holders generally will not be subject to U.S. federal income tax or withholding tax on any gain realized upon the sale, exchange or other disposition of our common shares, unless:

the gain is effectively connected with the Non-U.S. Holder's conduct of a trade or business in the United States. If the Non-U.S. Holder is entitled to the benefits of an income tax treaty with respect to that gain, that gain is taxable only if it is attributable to a permanent establishment maintained by the Non-U.S. Holder in the United States; or

the Non-U.S. Holder is an individual who is present in the United States for 183 days or more during the taxable year of disposition and other conditions are met.

If the Non-U.S. Holder is engaged in a U.S. trade or business for U.S. federal income tax purposes, the income from the common shares, including dividends and the gain from the sale, exchange or other disposition of the shares that is effectively connected with the conduct of that trade or business will generally be subject to regular U.S. federal income tax in the same manner as discussed in the previous section relating to the taxation of U.S. Holders. In addition, if you are a corporate Non-U.S. Holder, your earnings and profits that are attributable to the effectively connected income, which are subject to certain adjustments, may be subject to an additional branch profits tax at a rate of 30%, or at a lower rate as may be specified by an applicable income tax treaty.

Backup Withholding and Information Reporting

In general, dividend payments, or other taxable distributions, made within the United States to a holder will be subject to information reporting requirements. Such payments will also be subject to "backup withholding" if paid to a non-corporate U.S. Holder who:

fails to provide an accurate taxpayer identification number;

is notified by the Internal Revenue Service that he has failed to report all interest or dividends required to be shown on his federal income tax returns; or

in certain circumstances, fails to comply with applicable certification requirements.

If a holder sells his common shares to or through a U.S. office or broker, the payment of the proceeds is subject to both U.S. backup withholding and information reporting unless the holder establishes an exemption. If a holder sells his common shares through a non-U.S. office of a non-U.S. broker and the sales proceeds are paid to the holder outside the United States then information reporting and backup withholding generally will not apply to that payment. However, U.S. information reporting requirements, but not backup withholding, will apply to a payment of sales proceeds, including a payment made to a holder outside the United States, if the holder sells his common shares through a non-U.S. office of a broker that is a U.S. person or has some other contacts with the United States.

Backup withholding is not an additional tax. Rather, a taxpayer generally may obtain a refund of any amounts withheld under backup withholding rules that exceed the taxpayer's income tax liability by filing a refund claim with the IRS.

Individuals who are U.S. Holders (and to the extent specified in applicable Treasury regulations, certain individuals who are Non-U.S. Holders and certain U.S. entities) who hold "specified foreign financial assets" (as defined in Section 6038D of the Code) are required to file IRS Form 8938 with information relating to the asset for each taxable year in which the aggregate value of all such assets exceeds $75,000 at any time during the taxable year or $50,000 on the last day of the taxable year (or such higher dollar amount as prescribed by applicable Treasury regulations). Specified foreign financial assets would include, among other assets, the common shares, unless the shares held through an account maintained with a U.S. financial institution. Substantial penalties apply to any failure to timely file IRS Form 8938, unless the failure is shown to be due to reasonable cause and not due to willful neglect. Additionally, in the event an individual U.S. Holder (and to the extent specified in applicable Treasury regulations, an individual Non-U.S. Holder or a U.S. entity) that is required to file IRS Form 8938 does not file such form, the statute of limitations on the assessment and collection of U.S. federal income taxes of such holder for the related tax year may not close until three years after the date that the required information is filed. U.S. Holders (including U.S. entities) and Non-U.S. Holders are encouraged consult their own tax advisors regarding their reporting obligations under this legislation.

Cyprus Tax Considerations

On March 9, 2017, we received a letter from the Republic of Cyprus Ministry of Finance stating that we have ceased to be considered as tax residents in the Republic of Cyprus as of December 31, 2016.

Other Tax Considerations

In addition to the tax consequences discussed above, we may be subject to tax in one or more other jurisdictions where we conduct activities. The amount of any such tax imposed upon our operations may be material.

We provide offshore drilling services to third parties through our fully owned subsidiaries. Such services may be provided in countries where the tax legislation subjects drilling revenue to withholding tax or other corporate taxes, and where the operating cost may also be increased due to tax requirements. The amount of such taxable income and liability will vary depending upon the level of our operations in such jurisdiction in any given taxable year. Distributions from our subsidiaries may be subject to withholding tax.

We do not benefit from income tax positions that we believe are more likely than not to be disallowed upon challenge by a tax authority. If any tax authority successfully challenges our operational structure, inter-company pricing policies or the taxable presence of our key subsidiaries in certain countries; or if the terms of certain income tax treaties are interpreted in a manner that is adverse to our structure; or if we lose a material tax dispute in any country, particularly in Brazil, Norway, Angola, Netherlands, Congo, Senegal, Cyprus, Jersey, South Africa, the United States, the U.K., Falkland Islands, Ivory Coast, Tanzania or Ghana our effective tax rate on our world-wide earnings could increase substantially and our earnings and cash flows from operations could be materially adversely affected.

EXPENSES OF THE OFFERING

The following table lists the costs and expenses payable by us in connection with the sale of the common shares covered by this prospectus other than any sales commissions or discounts, which expenses will be paid by the selling shareholders. All amounts shown are estimates except for the SEC registration fee.

SEC Registration Fee	$92,399
Legal Fees and Expenses	$98,000
Accountants' Fees and Expenses	$35,647
Miscellaneous Costs	$3,954
Total	$230,000

ENFORCEABILITY OF CIVIL LIABILITIES

We are a Cayman Islands company and our principal administrative offices are located outside the United States in the Cayman Islands. All of our directors, officers and the experts named in this prospectus reside outside the United States. In addition, a substantial portion of our assets and the assets of our directors, officers and experts are located outside of the United States. As a result, it may be difficult or impossible for U.S. investors to serve process within the United States upon us or any of these persons. You may also have difficulty enforcing, both in and outside the United States, judgments you may obtain in U.S. courts against us or these persons in any action, including actions based upon the civil liability provisions of U.S. federal or state securities laws.

Furthermore, there is substantial doubt that courts in the countries in which we or our subsidiaries are incorporated or where our assets or the assets of our subsidiaries, directors or officers and such experts are located (i) would enforce judgments of U.S. courts obtained in actions against us or our subsidiaries, directors or officers and such experts based upon the civil liability provisions of applicable U.S. federal and state securities laws or (ii) would enforce, in original actions, liabilities against us or our subsidiaries, directors or officers and such experts based on those laws.

We have been advised by its Cayman Islands legal counsel, Maples and Calder, that the courts of the Cayman Islands are unlikely (i) to recognize or enforce against us judgments of courts of the United States predicated upon the civil liability provisions of the securities laws of the United States or any State; and (ii) in original actions brought in the Cayman Islands, to impose liabilities against us predicated upon the civil liability provisions of the securities laws of the United States or any State, so far as the liabilities imposed by those provisions are penal in nature. In those circumstances, although there is no statutory enforcement in the Cayman Islands of judgments obtained in the United States, the courts of the Cayman Islands will recognize and enforce a foreign money judgment of a foreign court of competent jurisdiction without retrial on the merits based on the principle that a judgment of a competent foreign court imposes upon the judgment debtor an obligation to pay the sum for which judgment has been given provided certain conditions are met. For a foreign judgment to be enforced in the Cayman Islands, such judgment must be final and conclusive and for a liquidated sum, and must not be in respect of taxes or a fine or penalty, inconsistent with a Cayman Islands judgment in respect of the same matter, impeachable on the grounds of fraud or obtained in a manner, and or be of a kind the enforcement of which is, contrary to natural justice or the public policy of the Cayman Islands (awards of punitive or multiple damages may well be held to be contrary to public policy). A Cayman Islands Court may stay enforcement proceedings if concurrent proceedings are being brought elsewhere.

LEGAL MATTERS

Matters relating to United States law will be passed upon for us by Seward & Kissel LLP, New York, New York. The validity of the common shares and certain other matters relating to Cayman Islands law will be passed upon for us by Maples and Calder, Cayman Islands.

EXPERTS

The consolidated financial statements of Ocean Rig UDW Inc, appearing in Ocean Rig UDW Inc.'s Annual Report (Form 20-F) for the year ended December 31, 2016, (including financial statement schedule appearing therein) and the effectiveness of Ocean Rig UDW Inc.'s internal control over financial reporting as of December 31, 2016 have been audited by Ernst & Young (Hellas) Certified Auditors-Accountants S.A., independent registered public accounting firm, as set forth in their reports thereon, included therein, and incorporated herein by reference. Such consolidated financial statements are incorporated herein by reference in reliance upon such reports given on the authority of such firm as experts in accounting and auditing. The address of Ernst & Young (Hellas) Certified Auditors-Accountants S.A. is Chimarras 8B, 15125, Maroussi, Greece and is registered as a corporate body with the public register for company auditors-accountants kept with the Body of Certified-Auditors-Accountants, or SOEL, Greece with registration number 107.

WHERE YOU CAN FIND MORE INFORMATION

Incorporation of Documents by Reference

We have elected to incorporate by reference certain information in this prospectus pursuant to General Instruction VI of Form F-1. The Commission allows us to "incorporate by reference" information that we file with it. This means that we can disclose important information to you by referring you to those filed documents. The information incorporated by reference is considered to be a part of this prospectus. Information in this prospectus supersedes information incorporated by reference that we filed with the SEC prior to the date of this prospectus.

We hereby incorporate by reference the documents listed below:

- Our Report on Form 6-K filed with the Commission on September 13, 2017 containing our Management's Discussion and Analysis of Financial Condition and Results of Operations and the unaudited audited consolidated financial statements and related notes thereto as of and for the six months ended June 30, 2017;
- Our Annual Report on Form 20-F for the year ended December 31, 2016, filed with the Commission on March 22, 2017, containing our audited consolidated financial statements for the most recent fiscal year for which those statements have been filed; and
- The description of our common shares and the rights of our shareholders contained in our Registration Statement on Form F-4, as amended (File No. 333-210118), filed with the Commission on July 6, 2016.

Any statement contained in a document incorporated or deemed to be incorporated by reference in this prospectus will be deemed modified, superseded or replaced for purposes of this prospectus to the extent that a statement contained in this prospectus modifies, supersedes or replaces such statement.

You may request a free copy of documents incorporated by reference in this prospectus (other than exhibits thereto not specifically incorporated by reference) by writing or telephoning us at the following address:

Ocean Rig UDW Inc.
Ocean Rig Cayman Management Services SEZC Limited
3rd Floor Flagship Building
Harbour Drive, Grand Cayman,
Cayman Islands
+1 345 327 9232

Information Provided by the Company

We are subject to the informational requirements of the Exchange Act and, in accordance therewith, we file reports and other information with the SEC. These materials may be inspected and copied at the public reference facilities maintained by the SEC at 100 F Street, N.E., Washington, D.C. 20549, or from the SEC's website http://www.sec.gov. You may obtain information on the operation of the public reference room by calling 1 (800) SEC-0330 and you may obtain copies at prescribed rates. Our filings are also available on our website at http://www.ocean-rig.com. This web address is provided as an inactive textual reference only. Information included on our website is not a part of this prospectus. This prospectus is part of a registration statement that we filed with the SEC. The registration statement contains more information than this prospectus regarding our common shares and us, including exhibits.

We will furnish holders of our common shares with annual reports containing audited financial statements and a report by our independent registered public accounting firm. The audited financial statements will be prepared in accordance with U.S. GAAP. As a "foreign private issuer," we are exempt from the rules under the Exchange Act prescribing the furnishing and content of proxy statements to shareholders. While we furnish proxy statements to shareholders in accordance with the rules of any stock exchange on which our common shares may be listed in the future, those proxy statements will not conform to Schedule 14A of the proxy rules promulgated under the Exchange Act. In addition, as a "foreign private issuer," our officers and directors are exempt from the rules under the Exchange Act relating to short swing profit reporting and liability.

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The Company is providing the following unaudited pro forma condensed consolidated financial information to aid you in your analysis of the financial aspects of the Restructuring.

The following unaudited pro forma condensed consolidated balance sheet as of June 30, 2017 and the unaudited consolidated statement of operations for the six-month period ended June 30, 2017 and year ended December 31, 2016 are based on the separate historical financial statements of the Company after giving effect to pro forma events that are related to the Restructuring and are factually supportable and in the case of the unaudited condensed consolidated pro forma statement of operations, are expected to have a continuing impact on the consolidated results. The Company's unaudited pro forma condensed consolidated financial information has been prepared on the basis of the Company's successful emergence from Restructuring.

The unaudited condensed consolidated pro forma financial information includes certain adjustments, which we believe to be reasonable, to give effect to Restructuring, which are described in the notes below. The historical financial information has been adjusted to give effect to pro forma items that are: (1) directly attributable to the Restructuring, (2) factually supportable, and (3) with respect to the statement of operations, expected to have a continuing impact on the consolidated results. The unaudited condensed consolidated pro forma balance sheet was prepared as if the Restructuring occurred as of June 30, 2017. The unaudited pro forma condensed consolidated statement of operations for the year ended December 31, 2016 and six month period ended June 30, 2017 was prepared as if the Restructuring had occurred as of January 1, 2016 and January 1, 2017, respectively. This unaudited pro forma condensed consolidated financial information should be read in conjunction with the historical financial statements and related notes of the Company, which is included in this registration statement.

The unaudited pro forma condensed consolidated financial information is for illustrative purposes only. The financial results may have been different had the company's restructuring plan not been approved. You should not rely on the unaudited pro forma condensed consolidated financial information as being indicative of the historical results that would have been achieved had the company restructuring plan been approved.

OCEAN RIG UDW INC.
Unaudited pro forma condensed consolidated balance sheet
As of June 30, 2017
(Expressed in thousands of U.S. Dollars)

	June 30, 2017 (Historical)	Pro forma adjustments	Note 2	Final Pro forma June 30, 2017
ASSETS	(I)	(II)		(III)=(I)+(II)
CURRENT ASSETS:				
Cash and cash equivalents	$941,623	$(325,800)	(a)	$615,823
Restricted cash	36,758	-		36,758
Trade accounts receivable, net of allowance for doubtful receivables	237,476	-		237,476
Assets held for sale	59,008	-		59,008
Other current assets	29,017	-		29,017
Total current assets	1,303,882	(325,800)		978,082
FIXED ASSETS, NET:				
Advances for drilling units under construction and related costs	562,909	-		562,909
Drilling units, machinery and equipment, net	2,324,599	-		2,324,599
Total fixed assets, net	2,887,508	-		2,887,508
OTHER NON-CURRENT ASSETS:				
Restricted cash	-	-		-
Other non-current assets	4,828	5,000	(b)	9,828
Total non-current assets, net	4,828	5,000		9,828
Total assets	$4,196,218	$(320,800)		$3,875,418
LIABILITIES AND STOCKHOLDERS' EQUITY				
CURRENT LIABILITIES:				
Current portion of long-term debt, net of deferred financing costs	$159,825	$-		$159,825
Current portion of long-term debt, net of deferred financing costs, subject to compromise	3,640,699	(3,640,699)	(c)	-
Due to related parties	180	-		180
Accounts payable and other current liabilities	39,203	-		39,203
Accrued liabilities	161,170	(112,513)	(d)	48,657
Deferred revenue	15,736	-		15,736
Total current liabilities	4,016,813	(3,753,212)		263,601
NON-CURRENT LIABILITIES:				
Long term debt, net of current portion and deferred financing costs	-	450,000	(e)	450,000
Deferred revenue	17,022	-		17,022
Other non-current liabilities	2,286	-		2,286
Total non-current liabilities	19,308	450,000		469,308
STOCKHOLDERS' EQUITY:				
	-	-		-
Common stock, $0.01 par value	1,609	(693)	(f)	916
Treasury stock	(783)	783	(g)	-

Additional paid-in capital	3,524,582	1,831,043	(h)	5,355,625
Accumulated other comprehensive income	3,346	-		3,346
Accumulated deficit	(3,368,657)	1,151,279	(i)	(2,217,378)
Total stockholders' equity	160,097	2,982,412		3,142,509
Total liabilities and stockholders' equity	$4,196,218	$(320,800)		$3,875,418

OCEAN RIG UDW INC.
Unaudited pro forma condensed consolidated statement of operation
For the six-month period ended June 30, 2017
(Expressed in thousands of U.S. Dollars)

	June 30, 2017 (Historical)	Pro forma Adjustments	Note 3	Final Pro forma June 30, 2017
REVENUES:	(I)	(II)		(III)=(I)+(II)
Revenues	$587,317	$ -		$587,317
EXPENSES:				
Drilling units operating expenses	146,194	-		146,194
Depreciation and amortization	62,649	-		62,649
General and administrative expenses	31,091	44,400	(a)	75,491
Loss on sale of fixed assets	139	-		139
Legal settlements and other, net	-	-		-
Operating income	347,244	(44,400)		302,844
OTHER INCOME/ (EXPENSES):				
Interest and finance costs	(124,357)	120,484	(b)	(3,873)
Interest income	3,148	-		3,148
Loss on interest rate swaps	-	-		-
Reorganization expenses	(41,043)	41,043	(c)	-
Other, net	1,212	-		1,212
Total other (expenses)/income, net	(161,040)	161,527		487
INCOME BEFORE INCOME TAXES	186,204	117,127		303,331
Income taxes	(37,013)	-		(37,013)
NET INCOME ATTRIBUTABLE TO OCEAN RIG UDW INC.	$149,191	$ 117,127		$266,318
NET INCOME ATTRIBUTABLE TO OCEAN RIG UDW INC. COMMON STOCKHOLDERS	$149,010			$241,521
EARNINGS PER SHARE ATTRIBUTABLE TO COMMON STOCKHOLDERS, BASIC AND DILUTED	$1.81			$2.91
WEIGHTED AVERAGE NUMBER OF COMMON SHARES, BASIC AND DILUTED	82,485,348			83,031,189

OCEAN RIG UDW INC.
Unaudited pro forma condensed consolidated statement of operation
For the year ended December 31, 2016
(Expressed in thousands of U.S. Dollars)

	December 31, 2016 (Historical)	Pro forma Adjustments	Note 4	Final Pro forma December 31, 2016
REVENUES:	(I)	(II)		(III)=(I)+(II)
Revenues	$1,653,667	$ -		$1,653,667
EXPENSES:				
Drilling units operating expenses	454,329	-		454,329
Depreciation and amortization	334,155	-		334,155
Impairment Loss	3,776,338	-		3,776,338
General and administrative expenses	103,961	88,800	(a)	192,761
Loss on sale of fixed assets	25,274	-		25,274
Legal settlements and other, net	(8,720)	-		(8,720)
Operating loss	(3,031,670)	(88,800)		(3,120,470)
OTHER INCOME/ (EXPENSES):				
Interest and finance costs	(226,981)	206,713	(b)	(20,268)
Interest income	3,449	-		3,449
Loss on interest rate swaps	(4,388)	-		(4,388)
Gain from repurchase of senior notes	125,001	-		125,001
Other, net	(614)	-		(614)
Total other (expenses)/income, net	(103,533)	206,713		103,180
LOSS BEFORE INCOME TAXES	(3,135,203)	117,913		(3,017,290)
Income taxes	(106,315)	-		(106,315)
NET LOSS ATTRIBUTABLE TO OCEAN RIG UDW INC.	$(3,241,518)	$ 117,913		$(3,123,605)
NET LOSS ATTRIBUTABLE TO OCEAN RIG UDW INC. COMMON STOCKHOLDERS	$(3,241,518)			$(3,123,605)
LOSS PER SHARE ATTRIBUTABLE TO COMMON STOCKHOLDERS, BASIC AND DILUTED	$(33.43)			$(37.62)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES, BASIC AND DILUTED	96,950,847			83,031,189

OCEAN RIG UDW INC.
Notes to the pro forma information
(Expressed in thousands of U.S. Dollars unless otherwise stated)

Note 1 — Description of transaction and basis of presentation:

Description of transaction

Ocean Rig UDW and certain of its subsidiaries, Drillships Financing Holding Inc., or DFH, Drillships Ocean Ventures Inc., or DOV, and Drill Rigs Holdings Inc., or DRH, which collectively refer to as the Scheme Companies, have implemented a financial restructuring plan, which is refer to as the Restructuring. As a result the Scheme Companies' aggregate outstanding indebtedness owed to third parties has been reduced from approximately $3.7 billion of principal (plus accrued interest) to $450 million, effective as of the Restructuring Effective Date.

Assumptions

Pro forma adjustments giving effect to the Restructuring have been reflected in the unaudited condensed consolidated pro forma balance sheet assuming the transaction was completed on June 30, 2017 and are discussed in Note 2. Pro forma adjustments giving effect to the Restructuring have been reflected in the unaudited condensed consolidated pro forma statement of operations assuming the transaction was completed on January 1, 2016 and January 1, 2017 respectively, and are discussed in Note 3 and Note 4, respectively.

With respect to the pro forma adjustments related to the unaudited condensed consolidated pro forma balance sheet, recurring and non-recurring adjustments are taken into consideration. With respect to the pro forma adjustments related to the unaudited condensed consolidated pro forma statement of operations, only adjustments that are expected to have a continuing impact on the statement of operations are taken into consideration. Only adjustments that are factually supportable, can be estimated reliably and are directly attributable to the Restructuring are taken into consideration in the unaudited condensed consolidated balance sheets and the unaudited condensed consolidated statement of operations.

Note 2 — Unaudited Pro Forma Condensed Consolidated Balance Sheet Adjustments:

(a) Represents the following adjustments to cash and cash equivalents:

- A decrease of $320,800, representing the cash consideration and early consent fee given to reduce the outstanding indebtedness to third parties.
- A decrease of $5,000, representing the security payment to the escrow agent.

(b) Represents the following adjustments to other non-current assets:

- An increase of $5,000, representing the security payment to the escrow agent.

(c) Represents the following adjustments to current portion of long-term debt, net of deferred financing costs, subject to compromise:

- A decrease of $320,800, representing the cash consideration and early consent fee given to reduce the outstanding indebtedness to third parties of the Scheme Companies.
- A decrease of $450,000, representing the new credit agreement that consists of a $450 million senior secured term loan facility, bearing interest at 8.00% per annum and with a maturity date in September 2024. The new secured Debt has been re-classified as non-current long-term debt, net of deferred financing costs.

OCEAN RIG UDW INC.
Notes to the pro forma information
(Expressed in thousands of U.S. Dollars unless otherwise stated)

- A decrease of $1,831,133 representing the value of the post-Restructuring equity of the Company to scheme Creditors or their nominees as part of the consideration for their claims to the outstanding indebtedness of the Scheme Companies. The new shares that will be issued are 91,547,007 with an assumed market closing price of $20.00 per share.
- A decrease of $1,038,766, representing the reorganization gain of the Company as a result of the reduction of the indebtedness to third parties of the scheme companies.

(d) Represents the following adjustments to accrued liabilities:

- A decrease of $130,613, representing the accrued interest and default interest of the old indebtedness to third parties of the scheme companies.
- An increase of $18,100, representing the accrued interest of the new secured debt of $450,000.

(e) Represents the following adjustments to long-term debt, net of current portion and deferred financing costs:

- An increase of $450,000, representing the new credit agreement that consists of a $450 million senior secured term loan facility, bearing interest at 8.00% per annum and with a maturity date in September 2024.

(f) Represents the following adjustments to common stock:

- A decrease of $826, representing the reverse stock split of 1-for-9,200 that reduced the number of the issued and outstanding common shares from approximately 82,586,851 to approximately 8,975.
- A decrease of $783, representing the cancelation of 78,301,755 treasury shares at par value.
- An increase of $916, representing the 91,555,982 issued and outstanding shares at par value as of June 30, 2017.

(g) Represents the following adjustments to treasury stock:

- An increase of $783, representing the cancelation of 78,301,755 treasury shares at par value.

(h) Represents the following adjustments to additional paid-in capital

- An increase of $1,830,217 representing the value of the post-Restructuring equity of the Company to scheme Creditors or their nominees as part of the consideration for their claims to the outstanding indebtedness of the Scheme Companies. The new shares that will be issued are 91,547,007 with an assumed market closing price of $20.00.
- An increase of $826, representing the reverse stock split that reduced the number of the issued and outstanding common shares from approximately 82,586,851 to approximately 8,975.

(i) Represents the following adjustments to accumulated deficit:

- An increase of $1,038,766, representing the reorganization gain of the Company as a result of the reduction of the indebtedness to third parties of the scheme companies.

OCEAN RIG UDW INC.
Notes to the pro forma information
(Expressed in thousands of U.S. Dollars unless otherwise stated)

- An increase of $130,613, representing the accrued interest and default interest of the old indebtedness to third parties of the scheme companies.
- A decrease of $18,100, representing the accrued interest of the new secured debt of $ 450,000.

Note 3 — Unaudited Pro Forma Condensed Consolidated Statement of Operations Adjustments for the six-month period ended June 30, 2017

(a) Represents the following adjustments to general and administrative expenses:

- An increase of $44,400 representing the amortization of stock based compensation related to the 8,524,793 common shares, subject to vesting over four years, granted to Prime Cap Shipping Inc., a company affiliated with the Registrant's Chairman and Chief Executive Officer, Mr. George Economou.

(b) Represents the following adjustments to interest and finance costs:

- A decrease of $137,390 representing the interest cost (including default interest) and amortized cost of the discharged debt facilities.
- An increase of $18,100 representing the estimated interest cost of the new secured debt of $450,000. The calculation of the estimated interest cost assumes that the new secured debt was drawn on January 1, 2017.
- A decrease of $1,194 representing the adjustment of capitalized interest, over the advances for drilling units under construction, at the Company's post restructuring weighted rate of debt.

(c) Represents the following adjustments to reorganization expenses:

- Professional and Legal Fees that are directly associated with the Restructuring amounting to $41,043 have been eliminated as non-recurring costs.

Note 4 — Unaudited Pro Forma Condensed Consolidated Statement of Operations Adjustments for the year ended December 31, 2016:

(a) Represents the following adjustments to general and administrative expenses:

- An increase of $88,800 representing the amortization of stock based compensation related to the 8,524,793 common shares, subject to vesting over four years, granted to Prime Cap Shipping Inc., a company affiliated with the Registrant's Chairman and Chief Executive Officer, Mr. George Economou.

(b) Represents the following adjustments to interest and finance costs:

- A decrease of $243,395 representing the interest cost and amortized cost of the discharged debt facilities.
- An increase of $36,000 representing the estimated interest cost of the new secured debt of $450,000. The calculation of the estimated interest cost assumes that the new secured debt was drawn on January 1, 2016.
- An increase of $682 representing the adjustment of capitalized interest, over the advances for drilling units under construction, at the Company's post restructuring weighted rate of debt.

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 6. Indemnification of Directors and Officers

Under Section 78 of the Companies Law of the Cayman Islands, the liability of the directors, managers or the managing director of a Cayman Islands company may, if so provided by the company's memorandum of association, be unlimited. Cayman Islands law does not otherwise limit the extent to which a company's memorandum and articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Cayman Islands courts to be contrary to public policy, such as to provide indemnification against actual fraud or willful default or the consequences of committing a crime.

The Registrant's amended and restated memorandum and articles of association provide for indemnification of the current and former officers and directors of the Registrant to the maximum extent permitted by law, including for any liability incurred in their capacities as such, except through their own actual fraud or willful default.

The Registrant has entered and will enter, pursuant to certain Governance Agreements entered into by the Registrant with certain shareholders of the Registrant dated September 22, 2017 (the "Governance Agreements"), into indemnification agreements with each of its current directors and executive officers and each Lender Director and Lender Appointing Person, as such persons are defined in the Registrant's Second Amended and Restated Memorandum and Articles of Association, to provide these persons additional contractual assurances regarding the scope of the indemnification set forth in the Registrant's amended and restated memorandum and articles of association and to provide additional procedural protections.

The Registrant has directors' and officers' liability insurance for its directors and officers.

The Registrant's Governance Agreements with certain shareholders also provide for cross-indemnification in connection with the registration of our common shares on behalf of such shareholders.

Item 7. Recent Sales of Unregistered Securities

On September 22, 2017, the Registrant and certain of its subsidiaries effected schemes of arrangement under Section 86 of the Companies Law (2016 Revision) of the Cayman Islands to implement a financial restructuring plan. The schemes provided for substantial deleveraging of the scheme companies through an exchange by their creditors of approximately $3.7 billion principal amount of debt for new equity of the Registrant, approximately $288 million in cash and $450 million of new secured debt. Pursuant to the schemes, the Registrant issued an aggregate of 82,126,810 common shares to scheme creditors or their nominees as part of the consideration for their claims to the scheme companies' indebtedness. In addition, certain scheme creditors elected to receive in lieu of common shares an aggregate of 895,404 Class B common shares of the Registrant, to be issued following the adoption of the Second Amended and Restated Memorandum and Articles of Association of the Registrant. The common shares were issued and the Class B common shares will be issued pursuant to the schemes in an exchange transaction exempt from registration under Section 3(a)(10) of the Securities Act.

On September 22, 2017, the Registrant issued 8,524,793 common shares, subject to vesting over four years, to Prime Cap Shipping Inc., a company affiliated with the Registrant's Chairman and Chief Executive Officer, Mr. George Economou, pursuant to the Management Services Agreement dated September 22, 2017, entered into by the Registrant and certain of its subsidiaries with TMS Offshore Services Ltd. The issuance of common shares to Prime Cap Shipping Inc. was exempt from registration under Section 4(a)(2) of the Securities Act as a transaction not involving a public offering.

Item 8. Exhibits and Financial Statement Schedules

Exhibit Number	Description of Exhibit
1.1*	Underwriting Agreement
3.1	Amended and Restated Memorandum and Articles of Association, incorporated by reference to Exhibit 3.4 to the Post-Effective Amendment to Registration Statement on Form F-4 of Ocean Rig UDW Inc. (Registration No. 333-210118), filed with the SEC on July 7, 2016.
3.2**	Form of Second Amended and Restated Memorandum and Articles of Association
4.1	Form of Stock Certificate, incorporated by reference to exhibit 4.1 to the Registration Statement on Form F-4 of Ocean Rig UDW Inc. (Registration No. 333-175940), filed with the SEC on August 17, 2011
5.1	Opinion of Maples and Calder, as to the legality of the common shares
8.1	Opinion of Maples and Calder, as to certain Cayman Islands tax matters
8.2	Opinion of Seward & Kissel LLP, as to certain U.S. tax matters
10.1	Drillship Master Agreement between DryShips Inc. and a major shipyard in Korea incorporated by reference to exhibit 10.1 to the Registration Statement on Form F-4 of Ocean Rig UDW Inc. (Registration No. 333-175940), filed with the SEC on August 1, 2011.
10.2	Novation Agreement between a major shipyard in Korea , DryShips Inc. and Ocean Rig UDW Inc., incorporated by reference to exhibit 10.2 to the Registration Statement on Form F-4 of Ocean Rig UDW Inc. (Registration No. 333-175940), filed with the SEC on August 1, 2011.
10.3	Addendum No. 1 dated May 16, 2011 to a Drillship Master Agreement, dated November 22, 2010, between DryShips Inc. and a major shipyard in Korea, as novated by a Novation Agreement, dated December 30, 2010, a major shipyard in Korea, DryShips Inc. and Ocean Rig UDW Inc., incorporated by reference to exhibit 10.3 to the Registration Statement on Form F-4 of Ocean Rig UDW Inc. (Registration No. 333-175940), filed with the SEC on August 1, 2011.
10.4	Addendum No. 2 dated January 27, 2012 to a Drillship Master Agreement, dated November 22, 2010, between DryShips Inc. and a major shipyard in Korea, as novated by a Novation Agreement, dated December 30, 2010 and as amended, incorporated by reference to exhibit 4.4 to the Annual Report on Form 20-F of Ocean Rig UDW Inc. for the fiscal year ended December 31, 2011, filed with the SEC on March 14, 2012.
10.5	Addendum No. 3 dated April 2, 2012, to a Drillship Master Agreement, dated November 22, 2010, between DryShips Inc. and a major shipyard in Korea, as novated by a Novation Agreement, dated December 30, 2010, and as amended incorporated by reference to exhibit 4.5 to the Annual Report on Form 20-F of Ocean Rig UDW Inc. for the fiscal year ended December 31, 2012, filed with the SEC on March 22, 2013.
10.6	

	Addendum No. 4, dated September 3, 2012, to a Drillship Master Agreement, dated November 22, 2010, between DryShips Inc. and a major shipyard in Korea, as novated by a Novation Agreement, dated December 30, 2010, and as amended incorporated by reference to exhibit 4.6 to the Annual Report on Form 20-F of Ocean Rig UDW Inc. for the fiscal year ended December 31, 2012, filed with the SEC on March 22, 2013.
10.7	Management Agreement, dated December 13, 2013, by and between Drillship Skyros Owners Inc., as the Owner, and Ocean Rig Management Inc., as the Manager, incorporated by reference to exhibit 4.59 to the Annual Report on Form 20-F of Ocean Rig UDW Inc. for the fiscal year ended December 31, 2014, filed with the SEC on March 9, 2015.
10.8	Management Agreement, dated February 25, 2014, by and between Drillship Kythnos Owners Inc., as the Owner, and Ocean Rig Management Inc., as the Manager, incorporated by reference to exhibit 4.60 to the Annual Report on Form 20-F of Ocean Rig UDW Inc. for the fiscal year ended December 31, 2014, filed with the SEC on March 9, 2015.
10.9	Management Agreement, dated April 17, 2014, by and between Drillship Hydra Owners Inc., as the Owner, and Ocean Rig Management Inc., as the Manager, incorporated by reference to exhibit 4.61 to the Annual Report on Form 20-F of Ocean Rig UDW Inc. for the fiscal year ended December 31, 2014, filed with the SEC on March 9, 2015.
10.10	Management Agreement, dated April 17, 2014, by and between Drillship Kithira Owners Inc., as the Owner, and Ocean Rig Management Inc., as the Manager, incorporated by reference to exhibit 4.62 to the Annual Report on Form 20-F of Ocean Rig UDW Inc. for the fiscal year ended December 31, 2014, filed with the SEC on March 9, 2015.
10.11	Management Agreement, dated April 17, 2014, by and between Drillship Paros Owners Inc., as the Owner, and Ocean Rig Management Inc., as the Manager, incorporated by reference to exhibit 4.63 to the Annual Report on Form 20-F of Ocean Rig UDW Inc. for the fiscal year ended December 31, 2014, filed with the SEC on March 9, 2015.
10.12	Management Agreement, dated April 17, 2014, by and between Ocean Rig 1 Inc., as the Owner, and Ocean Rig Management Inc., as the Manager, incorporated by reference to exhibit 4.64 to the Annual Report on Form 20-F of Ocean Rig UDW Inc. for the fiscal year ended December 31, 2014, filed with the SEC on March 9, 2015.
10.13	Management Agreement, dated April 17, 2014, by and between Ocean Rig 2 Inc., as the Owner, and Ocean Rig Management Inc., as the Manager, incorporated by reference to exhibit 4.65 to the Annual Report on Form 20-F of Ocean Rig UDW Inc. for the fiscal year ended December 31, 2014, filed with the SEC on March 9, 2015.
10.14	Management Agreement, dated April 17, 2014, by and between Drillship Skiathos Owners Inc., as the Owner, and Ocean Rig Management Inc., as the Manager, incorporated by reference to exhibit 4.66 to the Annual Report on Form 20-F of Ocean Rig UDW Inc. for the fiscal year ended December 31, 2014, filed with the SEC on March 9, 2015.

10.15	Management Agreement, dated April 17, 2014, by and between Drillship Skopelos Owners Inc., as the Owner, and Ocean Rig Management Inc., as the Manager, incorporated by reference to exhibit 4.67 to the Annual Report on Form 20-F of Ocean Rig UDW Inc. for the fiscal year ended December 31, 2014, filed with the SEC on March 9, 2015.
10.16	Management Agreement, dated February 17, 2015, by and between Drillship Alonissos Owners Inc., as the Owner, and Ocean Rig Management Inc., as the Manager, incorporated by reference to exhibit 4.68 to the Annual Report on Form 20-F of Ocean Rig UDW Inc. for the fiscal year ended December 31, 2014, filed with the SEC on March 9, 2015.
10.17	Time charter party for offshore service vessels by and between Dianthus Maritime Ltd. and Ocean Rig Global Chartering Inc. dated March 29, 2016, incorporated by reference to exhibit 4.54 to the Annual Report on Form 20-F of DryShips Inc. for the fiscal year ended December 31, 2016, filed with the SEC on March 13, 2017.
10.18	Time charter party for offshore service vessels between Fiore Shipping Inc. and Ocean Rig Global Chartering Inc. dated March 29, 2016, incorporated by reference to exhibit 4.55 to the Annual Report on Form 20-F of DryShips Inc. for the fiscal year ended December 31, 2016, filed with the SEC on March 13, 2017.
10.19	Put and Call Option Agreement between Drillship Alonissos Shareholders Inc. as Borrower, Ocean Rig UDW Inc. as Purchaser and Drillship Alonissos Owners Inc. as Drillship Owner, dated August 31, 2016 incorporated by reference to Exhibit 4.41 to the Annual Report on Form 20-F of Ocean Rig UDW Inc. for the fiscal year ended December 31, 2016, filed with the SEC on March 22, 2017.
10.20	Trust Agreement of Drillship Alonissos Stock Trust, dated August 31, 2016, incorporated by reference to Exhibit 4.42 to the Annual Report on Form 20-F of Ocean Rig UDW Inc. for the fiscal year ended December 31, 2016, filed with the SEC on March 22, 2017.
10.21	Restructuring Agreement by and among Ocean Rig UDW Inc., Drillships Financing Holding Inc., Drillships Ocean Ventures Inc., Drill Rigs Holdings Inc. and The Supporting Creditors thereto, dated March 23, 2017 filed with the SEC on Form 6-K on March 28, 2017 (included within Exhibit 10.1).
10.22	Waiver to Restructuring Support Agreement dated March 23, 2017, filed with the SEC on Form 6-K on March 28, 2017 (included within Exhibit 10.2).
10.23	Credit Agreement, dated September 22, 2017, by and among Ocean Rig, as parent, several of Ocean Rig's subsidiaries, as borrowers, the lenders party thereto, and Deutsche Bank AG New York Branch as administrative agent and collateral agent incorporated by reference from Exhibit 10.1 of the Form 6-K filed with the SEC on September 22, 2017.
10.24	Intercreditor Agreement, dated September 22, 2017, by and among Ocean Rig, as parent, several of Ocean Rig's subsidiaries as borrowers, any First Lien Collateral Agent, as defined therein, and Deutsche Bank AG New York Branch, as collateral agent incorporated by reference from Exhibit 10.2 of the Form 6-K filed with the SEC on September 22, 2017.
10.25	Form of the Governance Agreement, entered into by and among Ocean Rig, the subsidiaries of Ocean Rig party thereto and various Scheme Creditors incorporated by reference from Exhibit 10.3 of the Form 6-K filed with the SEC on September 22, 2017

10.26	Management Services Agreement, dated September 22, 2017, by and among Ocean Rig, the subsidiaries of Ocean Rig party thereto and TMS Offshore Services Ltd. incorporated by reference from Exhibit 10.4 of the Form 6-K filed with the SEC on September 22, 2017.
21.1	Subsidiaries of Ocean Rig UDW Inc
23.1	Consent of Independent Registered Public Accounting Firm
23.2	Consent of Maples and Calder (included within Exhibit 5.1)
23.3	Consent of Seward & Kissel LLP (included within Exhibit 8.2)
24.1	Power of Attorney (included in the signature page hereto)
*	To be filed, if necessary, by amendment.
**	To be filed by amendment.

Item 9. Undertakings

(a) The undersigned registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement, unless the information required to be included in a post-effective amendment by paragraphs (i), (ii) and (iii) below is contained in reports filed with or furnished to the Commission by the registrant pursuant to section 13 or section 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in the registration statement, or is contained in a form of a prospectus filed pursuant to Rule 424(b) that is part of the registration statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933, as amended;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20 percent change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement;

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, as amended, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(4) To file a post-effective amendment to the registration statement to include any financial statements required by Item 8.A. of Form 20-F at the start of any delayed offering or throughout a continuous offering. Financial statements and information otherwise required by Section 10(a)(3) of the Securities Act of 1933, as amended, need not be furnished, provided, that the registrant includes in the prospectus, by means of a post-effective amendment, financial statements required pursuant to this paragraph (a)(4) and other information necessary to ensure that all other information in the prospectus is at least as current as the date of those financial statements.

(5) That, for the purpose of determining liability under the Securities Act of 1933, as amended, to any purchaser;

(i) Each prospectus filed by the registrant pursuant to Rule 424(b)(3) shall be deemed to be part of the registration statement as of the date the filed prospectus was deemed part of and included in the registration statement; and

(ii) Each prospectus required to be filed pursuant to Rule 424(b)(2), (b)(5), or (b)(7) as part of a registration statement in reliance on Rule 430B relating to an offering made pursuant to Rule 415(a)(1)(i), (vii), or (x) for the purpose of providing the information required by section 10(a) of the Securities Act of 1933 shall be deemed to be part of and included in the registration statement as of the earlier of the date such form of prospectus is first used after effectiveness or the date of the first contract of sale of securities in the offering described in the prospectus. As provided in Rule 430B, for liability purposes of the issuer and any person that is at that date an underwriter, such date shall be deemed to be a new effective date of the registration statement relating to the securities in the registration statement to which that prospectus relates, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof. Provided, however, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such effective date, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such effective date.

(b) The undersigned registrant hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of the registrant's annual report pursuant to section 13(a) or section 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to

Section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(c) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act of 1933 and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act of 1933 and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Athens, Greece, on September 27, 2017.

OCEAN RIG UDW INC.

By: /s/ George Economou
Name: George Economou
Title: Chief Executive Officer and Chairman of the Board of Directors

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints each of Gary J. Wolfe and Edward S. Horton his true and lawful attorney-in-fact and agent, with full powers of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any or all amendments (including post-effective amendments) to this Registration Statement and any related registration statement filed pursuant to Rule 462(b), and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorney-in-fact and agent full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully for all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agent, or his substitute.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities on September 27, 2017.

Signature	Title
/s/ George Economou George Economou	Chief Executive Officer, Chairman of the Board of Directors and Director (Principal Executive Officer)
/s/ Antonios Kandylidis Antonios Kandylidis	President and Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)
/s/ Michael Pearson Michael Pearson	Director
/s/ Vassilis Karamitsanis Vassilis Karamitsanis	Director
/s/ John Liveris John Liveris	Director
/s/ Chrysoula Kandylidis Chrysoula Kandylidis	Director

/s/ George Kokkodis

Director

George Kokkodis

AUTHORIZED REPRESENTATIVE

Pursuant to the requirements of the Securities Act of 1933, as amended, the undersigned, the duly authorized representative of the Registrant in the United States, has signed this registration statement in the City of Newark, State of Delaware, on September 27, 2017.

PUGLISI & ASSOCIATES

By: /s/ Donald J. Puglisi
Name: Donald J. Puglisi
Title: Authorized Representative