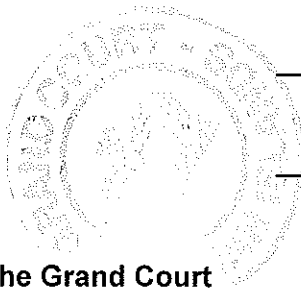


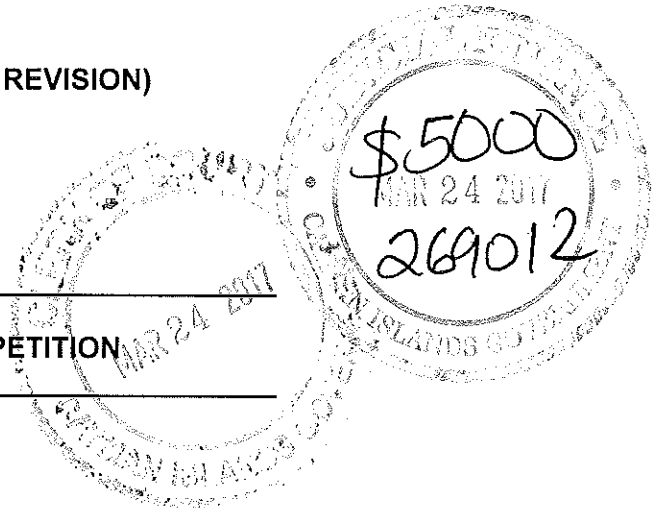
IN THE GRAND COURT OF THE CAYMAN ISLANDS
FINANCIAL SERVICES DIVISION

CAUSE NO: FSD ⁰⁰⁵⁷ OF 2017 ()

IN THE MATTER OF THE COMPANIES LAW (2016 REVISION)
AND
IN THE MATTER OF OCEAN RIG UDW INC.



WINDING UP PETITION



To the Grand Court

The humble petition of Ocean Rig UDW Inc. ("UDW"), an exempted company with limited liability incorporated under the laws of the Cayman Islands with registration number 310396, shows that:

Background

- 1 UDW was incorporated in the Marshall Islands on 10 December 2007 (registration number 27330) under the Marshall Islands Business Corporations Act. On 14 April 2016, the Company transferred to the Cayman Islands by way of continuation and was registered as an exempted company limited by shares pursuant to Part XII of the then revision of the Companies Law.
- 2 The registered office of UDW is c/o Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.
- 3 As at the date of the Petition the nominal capital of UDW is US\$15 million, divided into 1 million ordinary shares with a nominal value of US\$0.01 each, and 500,000,000 preferred shares with a nominal value of US\$0.01 each. As at the date of the Petition the amount of the capital of UDW paid up or credited as paid up is US\$825,868.

This Petition was presented by Maples and Calder, attorneys for the Petitioner, whose address for service is PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. (Ref:CJM/MCL/713299-02/49221864)

4 The objects for which UDW was established are unrestricted and as more particularly set out in its Memorandum of Association.

Business of the Group

5 UDW is the holding company of the Ocean Rig group of companies (the "**Group**").

6 The business of the Group is principally to own and operate a fleet of semi-submersible and ultra-deep water drilling rigs and vessels which are contracted to drill oil and gas wells for customers, which are typically major oil and gas companies.

7 The Group is structured into four debt silos and the non-silo subsidiary group.

Assets

8 The principal assets of UDW comprise:

8.1 shares in Drill Rigs Holdings Inc ("**DRH**");

8.2 shares in Drillships Ocean Ventures Inc. ("**DOV**");

8.3 shares in Drillships Financing Holding Inc. ("**DFH**");

8.4 shares in Drillship Alonissos Shareholders Inc. ("**DAS**") (together with DRH, DOV and DFH the "**Silo Subsidiaries**"); and

8.5 shares in other direct non-Silo Subsidiaries.

9 DRH, DOV and DFH are insolvent. The shares of DRH, DOV and DFH have been pledged by UDW as security for the guarantees it has granted in respect of the principal debt obligations of each of those companies as set out in paragraphs 21, 24 and 27 below.

10 All of the assets of DAS have been pledged in favour of its secured creditors. Accordingly, no value flows from DAS to UDW.

11 As at 1 January 2017, the primary assets of UDW's other non-Silo Subsidiaries comprise US\$182.1 million in cash held at Alley Finance Co ("**Alley Finance**"), and the vessel *Ocean Rig Paros* which was purchased by the Group in 2016 for US\$65 million.

Liabilities

- 12 The principal current and contingent liabilities of UDW are as follows.
- 13 Pursuant to an indenture dated 26 March 2014 of which Deutsche Bank Trust Company Americas is trustee, UDW issued to certain investors senior unsecured notes (the "**SUNs**") in the principal amount of US\$500 million, due on 1 April 2019. The coupon bears interest at the rate of 7.25% per annum payable twice yearly on 1 April and 1 October each year (or the next business day thereafter).
- 14 In or around the last quarter of 2015 and the first quarter of 2016 approximately 73.8% of the SUNs (as measured by their principal face value) were purchased by Alley Finance. On 17 March 2017, Alley Finance released UDW from its obligations under the SUNs held by Alley Finance under an intra-Group agreement (the "**GSA**"). As at the date of this Petition, SUNs in the principal amount of approximately US\$131.0 million remain outstanding.
- 15 On 3 April 2017, an interest coupon in the amount of approximately US\$4.8 million is due to be paid to SUN noteholders. On 1 October 2017, a further payment of approximately US\$4.8 million will be due to be paid to SUN noteholders.
- 16 UDW is also a guarantor in respect of certain indebtedness as follows.

DRH Senior Secured Notes

- 17 Pursuant to an indenture dated 20 September 2012 of which U.S. Bank National Association is trustee, DRH issued to certain investors senior secured notes (the "**SSNs**") in the principal amount of US\$800 million. The SSNs mature on 1 October 2017 when the principal will be due to be paid.
- 18 In or around the last quarter of 2015 and the first quarter of 2016 approximately 42.5% of the SSNs (as measured by their principal face value) were purchased collectively by Alley Finance and Algarve Finance Ltd ("**Algarve**"). DRH has been released from all obligations under the SSNs by Alley Finance and Algarve under the GSA. As at the date of this Petition, SSNs in the principal amount of approximately US\$459.7 remain outstanding.
- 19 The coupon on the SSNs bears interest at the rate of 6.5% per annum payable twice yearly on 1 April and 1 October each year (or the next business day thereafter).

- 20 On 3 April 2017, an interest coupon in the amount of approximately US\$14.9 million is due to be paid to SSN noteholders.
- 21 Pursuant to the indenture referred to in paragraph 17 above, UDW and certain of DRH's subsidiaries (the "**DRH Subsidiary Guarantors**") have guaranteed DRH's obligations to pay both the interest and principal in respect of the SSNs (the "**SSN UDW Guarantee**" and "**SSN Subsidiary Guarantee**" respectively).
- 22 Pursuant to a pledge and security agreement, dated 20 September 2012, between UDW, DRH, the SSNs Subsidiary Guarantors and Deutsche Bank Trust Company Americas as Collateral Agent:
- 22.1 UDW pledged all of its shares in DRH as security in support of the SSNs UDW Guarantee;
- 22.2 the DRH Subsidiary Guarantors granted security over all of their assets in support of the SSNs Subsidiary Guarantee; and
- 22.3 DRH pledged all of the shares in its direct subsidiaries as security in respect of its payment obligations in respect of the SSNs.

DFH Credit Facility ("**DFH Credit Facility**")

- 23 Pursuant to a syndicated credit facility between DFH and certain lenders dated 12 July 2013, DFH and Drillships Projects Inc ("**DP**") (a wholly-owned direct subsidiary of DFH) borrowed US\$1.83 billion. The interest rate payable is LIBOR plus 5% per annum payable quarterly on 12 April, 12 July, 12 October and 12 January each year, equivalent to approximately US\$28.5 million per quarter. In addition, a payment of principal is due on the same dates in the amount of US\$4.8 million. DFH and DP are jointly and severally liable for all payments of principal and interest pursuant to this facility.
- 24 Pursuant to a guarantee agreement dated 12 July 2013, between DFH, UDW, DP, certain of DFH's subsidiaries (the "**DFH Subsidiary Guarantors**") and Deutsche Bank AG New York Branch as Collateral Agent, UDW and the DFH Subsidiary Guarantors have guaranteed all of the obligations of DFH and DP to pay both the interest and principal under the DFH Credit

Facility (the "**UDW DFH Facility Guarantee**" and "**DFH Subsidiary Guarantee**" respectively).

25 Pursuant to a pledge and security agreement dated 12 July 2013, between UDW, DFH, DP, the DFH Subsidiary Guarantors and Deutsche Bank AG New York Branch as Collateral Agent;

25.1 UDW pledged all of its shares in DFH as security in support of the UDW DFH Facility Guarantee;

25.2 the DFH Subsidiary Guarantors granted security over all of their assets in support of the DFH Subsidiary Guarantee; and

25.3 DFH pledged all of the shares in its direct subsidiaries as security in respect of its payment obligations in respect of the DFH Facility.

DOV Credit Facility ("**DOV Credit Facility**")

26 Pursuant to a syndicated credit facility between DOV and certain lenders dated 25 July 2014, DOV and Drillships Ventures Projects Inc. ("**DVP**") (a wholly-owned direct subsidiary of DOV) borrowed US\$1.27 billion. The interest rate payable is LIBOR plus 4.5% per annum payable quarterly on 25 April, 25 July, 25 October and 25 January each year, equivalent to approximately US\$17.9 million per quarter. In addition, a payment of principal is due on the same dates in the amount of US\$3.37 million. DOV and DVP are jointly and severally liable for all payments of principal and interest pursuant to this facility.

27 Pursuant to a guarantee agreement dated 25 July 2014 between DOV, DVP, UDW, certain DOV subsidiaries (the "**DOV Subsidiary Guarantors**") and Deutsche Bank AG New York Branch as Collateral Agent, UDW and the DOV Subsidiary Guarantors have guaranteed all of the obligations of DOV and DVP to pay both the interest and principal under the DOV Credit Facility (the "**UDW DOV Facility Guarantee**" and "**DOV Subsidiary Guarantee**" respectively).

28 Pursuant to a pledge and security agreement dated 25 July 2014, between DOV, DVP, UDW, the DOV Subsidiary Guarantors and Deutsche Bank AG New York Branch as Collateral Agent:

28.1 UDW pledged all of its shares in DOV as security in support of the UDW DOV Facility Guarantee;

28.2 the DOV Subsidiary Guarantors granted security over of all of their assets in support of the DOV Subsidiary Guarantee; and

28.3 DOV pledged all of the shares in its direct subsidiaries as security in respect of its payment obligations in respect of the DOV Facility.

Insolvency

29 DRH will be unable to pay the principal in the amount of US\$459.7 million owed by it to SSN noteholders when the same becomes due and payable on 1 October 2017 and UDW will also be unable to pay the same pursuant to the SSNs UDW Guarantee.

30 Pursuant to section 6.01(5) of the SUNs indenture, a default by either or both of DRH and UDW to pay any amount due under the SSNs will amount to a cross-default under the SUNs.

31 Pursuant to section 6.02 of the SUNs indenture, the principal amount, being US\$131.0 million will be accelerated and become immediately due and payable by UDW if so declared under the SUN indenture by the Trustee or holders of at least 25% in aggregate principal amount of SUNs then outstanding.

32 In addition, a default by either or both of DRH and UDW to pay any amount due in respect of the SSNs will amount to a cross-default under section 8(a)(5) of each of the DOV Credit Facility and DFH Credit Facility respectively.

33 Pursuant to section 8(b) of each of the DOV Credit Facility and DFH Credit Facility respectively, on such a cross-default the principal amounts owed, being US\$1.27 billion and US\$1.83 billion respectively as at the date of this Petition, will be accelerated and become immediately due and payable by DFH (and DP) and DOV (and DVP) if so declared under the respective facilities by the Administrative Agent or lenders to whom 50% or more of the aggregate total outstanding amounts are owed.

34 DFH and DOV will be unable to pay those amounts and accordingly UDW will be called upon to do so under the UDW DOV Facility Guarantee and UDW DFH Facility Guarantee respectively. In those events UDW would have insufficient assets to pay these amounts.

35 Further, presentation of this Petition constitutes an event of default under each of the SUNs indenture (section 6.01(8)), SSNs indenture (section 6.01(9)), DOV Credit Facility (section 8(a)(9)) and DFH Credit Facility (section 8(a)(9)) respectively. All amounts due thereunder will, as a result of the presentation of this Petition, be automatically accelerated and become due and payable.

Appointment of JPLs to further Restructuring

36 For the reasons set out at paragraphs 29 to 35 above, UDW is insolvent. This has necessitated a proposed restructuring of UDW's liabilities under the SUNs and guarantees referred to in paragraphs 21, 24, and 27 above. The filing of this Petition is necessary in order to allow UDW to seek a moratorium through the appointment of joint provisional liquidators (together with ancillary relief under Chapter 15 of the United States Bankruptcy Code), so that the proposed restructuring can be promoted and duly considered by UDW's creditors.

Standing to petition and grounds for Winding up

37 Article 38 of UDW's Articles of Association authorises its board of directors to present a winding up petition to the Grand Court to wind up the company without the prior approval of a resolution of the shareholders passed at a general meeting.

38 On 23 March 2017, a resolution was passed at a duly convened board meeting that this winding up petition be presented to the Grand Court and that an ex parte application be filed by UDW pursuant to section 104(1) of the Companies Law (2016 Revision) (the "Law") seeking (among other relief) the appointment of Eleanor G. Fisher, of AlixPartners (Cayman) Limited, P.O. Box 776, 38 Market Street, 2nd Floor, Suite 4208, Camana Bay, Grand Cayman, KY1-9006, Cayman Islands and Simon Appell, of AlixPartners Services UK LLP, 6 New Street Square, London EC4A 3BF, United Kingdom, as Joint Provisional Liquidators of UDW for the purposes of seeking to implement a restructuring.

39 The board of directors has standing to present this winding up petition pursuant to section 94(2) of the Law.

- 40 UDW is both balance sheet insolvent and, following the presentation of this Petition, insolvent on a cash flow basis. Had the Petition not been presented, UDW would nevertheless have been unable to pay its debts as they fall due or would have become unable to pay its debts as they fall due from, at the latest, 1 October 2017.
- 41 In the premises UDW is unable to pay its debts within the meaning of section 92(d) of the Law.
- 42 Further and in the alternative, it is just and equitable that UDW should be wound up within the meaning of section 92(e) of the Law:
- 42.1 the value of UDW's liabilities including contingent and prospective liabilities exceeds the value of its assets;
- 42.2 it is plainly and commercially balance sheet insolvent; and / or
- 42.3 it is just and equitable to wind up UDW in order that it can take advantage of the procedure under section 86 of the Law with the benefit of the protection of the moratorium provided by the commencement of a provisional liquidation under section 104(3) of the Law.

YOUR PETITIONER THEREFORE HUMBL Y PRAYS THAT:

- (1) UDW be wound up;
- (2) Eleanor G. Fisher, of AlixPartners (Cayman) Limited, P.O. Box 776, 38 Market Street, 2nd Floor, Suite 4208, Camana Bay, Grand Cayman, KY1-9006, Cayman Islands and Simon Appell, of AlixPartners Services UK LLP, 6 New Street Square, London EC4A 3BF, United Kingdom be appointed as joint official liquidators ("JOLs") of UDW with power to act jointly and severally.
- (3) The JOLs shall not be required to give security for their appointment.
- (4) The JOLs are hereby authorised to take such steps as may be necessary or expedient for the protection of UDW's assets, and for that purpose may exercise any of the powers specified in Part I of the Third Schedule of the Law without further sanction of this Court.

- (5) The JOLs shall be at liberty to apply for further directions concerning their function and the exercise or proposed exercised of their powers.
- (6) Directions be given as to the advertisement of the appointment of the JOLs.
- (7) The JOLs' remuneration and expenses be paid out of the assets of UDW in accordance with Part III of the Insolvency Practitioner's Regulations 2008 (as amended) and CWR O. 20.
- (8) The costs of this Petition shall be paid out of the assets of UDW, as an expense of the liquidation, to be taxed if not agreed.
- (9) Such further or other relief be granted as the Court deems appropriate.

Dated the 24th day of March 2017.

Maples and Calder

Maples and Calder

NOTICE OF HEARING

TAKE NOTICE THAT the hearing of this petition will take place at the Law Courts, George Town, Grand Cayman, on _____ 2017 at _____ .

Any correspondence or communication with the Court relating to the hearing of this petition should be addressed to the Registrar of the Financial Services Division of the Grand Court at PO Box 495, Grand Cayman, KY1-1106, telephone 345 949 4296.