

IN THE GRAND COURT OF THE CAYMAN ISLANDS
FINANCIAL SERVICES DIVISION



CAUSE NO: FSD103 OF 2017 ()

IN THE MATTER OF SECTION 86 OF THE COMPANIES LAW (2016 REVISION)

AND

IN THE MATTER OF DRILLSHIPS OCEAN VENTURES INC. (IN PROVISIONAL LIQUIDATION)



PETITION



To the Grand Court

The humble petition of Drillships Ocean Ventures Inc (in provisional liquidation) ("DOV") of PO Box 309, Uglan House, Grand Cayman, KY1-1104, Cayman Islands, shows that:

Introduction

- 1 The object of this Petition is to seek the sanction of the Court pursuant to section 86 of the Companies Law (2016 Revision) (the "**Companies Law**") to a proposed Scheme of Arrangement (the "**DOV Scheme**") between DOV and its secured creditors (as detailed at paragraph 27 below) (the "**DOV Scheme Creditors**").
- 2 Save where otherwise indicated, capitalised terms in this Petition are defined in the DOV Scheme. A copy of the Scheme shall be exhibited to an affidavit made by Antonios Kandyliadis, which shall be filed with this Honourable Court.

The Petitioner

- 3 DOV was incorporated in the Marshall Islands on 26 June 2012 (registration number 55652) under the Marshall Islands Business Corporations Act. On 18 October 2016, DOV was registered as a foreign company under the Companies Law with registration number 316137.

This Petition was presented by Maples and Calder, attorneys for the Petitioner, whose address for service is PO Box 309, Uglan House, Grand Cayman, KY1-1104, Cayman Islands. (Ref: CJM/MCL/713299-03/50783222)

The registered agent of DOV is c/o Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, MH96960, Marshall Islands.

- 4 DOV's foreign registered office is at c/o Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands and has been since 18 October 2016. The Group's (as defined below) principal executive offices have been located in the Cayman Islands since 27 September 2016.
- 5 As at the date of this Petition the authorised share capital of DOV is 500 registered shares with no par value. As at the date of this Petition, DOV has 500 shares in issue, which shares are fully paid or credited as fully paid and are held by Ocean Rig UDW Inc. ("**UDW**") as the sole shareholder.
- 6 The objects for which DOV was established are unrestricted and generally to carry out the objects more particularly set out in its Articles of Incorporation dated 26 June 2012.

Business of the Group

- 7 The Ocean Rig group of companies (the "**Group**") is an international offshore drilling contractor providing oilfield services for offshore oil and gas exploration, development and production drilling and specialising in the ultra-deep water and harsh-environment segment of the offshore drilling industry. 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.
- 8 The Group's operating subsidiaries own a fleet of 11 offshore drilling rigs which, when in operation, are contracted out to be used in drilling projects across the world, including in Brazil, Norway and West Africa.
- 9 The Group is structured into four debt silos and the non-silo subsidiary group.
- 10 DOV is a holding company of one of the four debt silos within the Group.

Assets

- 11 The principal assets of DOV comprise shares in its wholly owned subsidiaries being:

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- 11.1 Drillships Ventures Projects Inc. ("**DVP**");
 - 11.2 Drillship Skiathos Shareholders Inc.;
 - 11.3 Drillship Skyros Shareholders Inc.;
 - 11.4 Drillship Kythnos Shareholders Inc.; and
 - 11.5 Drillships Ocean Ventures Operations Inc.
- 12 All of the shares and assets of DOV's direct and indirect subsidiaries have been pledged as security in respect of the guarantees they have granted as set out in paragraphs 16.1, 16.2 and 16.3 below (together the "**DOV Subsidiary Guarantors**"), except for the shares of OR Senegal Operations Inc.

DOV's Principal Financial Indebtedness

- 13 The principal liabilities of DOV consist of an aggregate principal amount of US\$1.27 billion (plus accrued interest of US\$12.6 million as at 31 March 2017) pursuant to a US\$1.3 billion credit agreement dated 25 July 2014 between DOV, DVP and certain lenders (the "**Lenders**") (the "**DOV Credit Facility**").
- 14 The interest rate payable on the DOV Credit Facility is LIBOR plus 4.5%¹ per annum payable quarterly on 25 January, 25 April, 25 July and 25 October each year, equivalent to approximately US\$18 million per quarter. In addition, a payment of principal is due on the same dates in the amount of US\$3.3 million. DOV and DVP are jointly and severally liable for all payments of principal and interest pursuant to this facility.
- 15 Pursuant to a guarantee agreement dated 25 July 2014 between DOV, DVP, UDW the 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 "**DOV Guarantee**" and "**DOV Subsidiary Guarantee**") respectively.

¹ Interest under the DOV Credit Facility is calculated at LIBOR plus 4.5%. The LIBOR rate is floored at 1.0%

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

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

16.2 DOV pledged all of the shares in its direct subsidiaries as security in respect of its payment obligations in respect of the DOV Credit Facility; and

16.3 the DOV Subsidiary Guarantors granted security over all of their assets in support of the DOV Subsidiary Guarantee.

The Restructuring and Provisional Liquidation of DOV

17 On 23 March 2017, UDW, Drill Rigs Holdings Inc. ("**DRH**"), Drillships Financing Holding Inc. ("**DFH**") and DOV entered into a restructuring support agreement² ("**RSA**") with an ad hoc group of DOV and DFH creditors. Under the terms of the RSA, the parties undertook to take all steps necessary to support, implement, or otherwise give effect to the restructuring of the Group's Existing Debt on the terms set out in Schedule 3 to the RSA (the "**Restructuring**") and the Schemes of Arrangement proposed by UDW, DRH, DFH and DOV (as applicable).

18 As at the date of this Petition, the RSA has been entered into by Scheme Creditors representing approximately 90% in value of the Existing Debt, representing approximately:

18.1 90% in value of the UDW Scheme Creditors;

18.2 99% in value of the DFH Scheme Creditors;

18.3 97% in value of the DOV Scheme Creditors; and

18.4 57% in value of the DRH Scheme Creditors.

19 On 24 March 2017 DOV: (i) presented a winding up petition (the "**DOV Winding Up Petition**") pursuant to section 92(d) of the Companies Law on the grounds that it was unable to pay its debts and/or that it was just and equitable to be wound up, and (ii) applied for an

² Since amended on 7 April 2017, 21 April 2017, 8 May 2017 and 17 May 2017.

order pursuant to section 104(1) of the Companies Law appointing Eleanor Fisher of AlixPartners (Cayman) Limited (now Kalo (Cayman) Limited) and Simon Appell of AlixPartners Services UK LLP as joint provisional liquidators of DOV on the grounds that DOV intended to present a compromise or arrangement to its creditors.

- 20 On 27 March 2017, Mr Appell and Ms Fisher were appointed as joint provisional liquidators of DOV (the "**JPLs**"). The JPLs were also appointed as joint provisional liquidators of each of UDW, DRH and DFH on 27 March 2017.
- 21 The JPLs were authorised to develop and propose a restructuring in respect of UDW, DFH, DOV and DRH in accordance with the terms of the RSA if the JPLs determined it appropriate to do so.
- 22 The filing of the DOV Winding Up Petition constituted an event of default under the DOV Credit Facility (section 8(a)(9)). All amounts due thereunder have, as a result, been automatically accelerated and become due and payable.

Objects and mechanics of the DOV Scheme and the Restructuring

- 23 The purpose of the Restructuring is to deleverage the Group and allow the Group and DOV to continue as going concerns.
- 24 The Restructuring will comprise four separate schemes of arrangement. The schemes of UDW, DFH and DOV are interconditional and all must be sanctioned by the Court in order for any of them to become effective. The DRH scheme of arrangement (the "**DRH Scheme**") is conditional on the UDW, DFH and DOV schemes being sanctioned, however, if the DRH Scheme is not sanctioned, the Restructuring will proceed without the DRH Scheme.
- 25 Pursuant to the schemes, the respective Scheme Creditors will transfer and/or release, in accordance with the terms of the schemes, their existing claims against UDW, DFH and DOV (as applicable) for some, or all of, cash, new debt and new equity issued by UDW.
- 26 If the DOV Scheme is approved at the DOV Scheme Meeting and is sanctioned by the Court and becomes effective:

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26.1 On the Restructuring Effective Date, subject to the other provisions of the DOV Scheme, each holder of a DOV Scheme Claim will (amongst other things):

- (a) release a portion of its claims under the DOV Credit Facility in exchange for DOV Cash Entitlements and DOV New Loan Entitlements;
- (b) transfer the balance of its claims under the DOV Credit Facility to UDW in exchange for its DOV New Share Entitlements; and
- (c) transfer to UDW in full, its rights against DVP, a wholly owned subsidiary of DOV and co-borrower under the DOV Credit Facility, and agree not to bring any proceedings in respect of those claims against DVP.

27 DOV has one class of DOV Scheme Creditor. This comprises the Lenders under the DOV Credit Facility.

Orders and Directions

28 DOV intends to make an application for, amongst other things, orders and directions:

28.1 that the relevant class of DOV Scheme Creditors affected by the DOV Scheme is that referred to at paragraph 27 above;

28.2 that DOV be at liberty to convene a single meeting of the holders of the DOV Scheme Claims (the "**DOV Scheme Meeting**") for the purpose of considering and, if thought fit, approving (with or without modification) the DOV Scheme;

28.3 as to the mode of delivery of a scheme document (which includes an explanatory statement and notice of the DOV Scheme Meeting) to, amongst others, the holders of the DOV Scheme Claims and that a record date be set for the purposes of dispatch and for the purposes of voting at the DOV Scheme Meeting; and

28.4 as to the appointment of one of the JPLs as chairman of the DOV Scheme Meeting, and for directions that the chairman of the DOV Scheme Meeting should report the result thereof to the Court.

29 That the resolution intended to be put to the DOV Scheme Creditors at the DOV Scheme Meeting is:

"THAT the Scheme of Arrangement, a copy of which has been tabled at this Scheme Meeting, be approved subject to any modification, addition or condition which the Grand Court of the Cayman Islands may think fit to approve or impose which would not directly or indirectly have a material adverse effect on the rights of the Scheme Creditors."

YOUR PETITIONER THEREFORE HUMBL Y PRAYS THAT:

- (1) the DOV Scheme may be sanctioned by the Court so as to be binding on each party thereto in accordance with its terms.
- (2) to this end, all necessary inquiries may be made and directions may be made and given.
- (3) such further or other relief as the Court shall see fit.

Dated the day of 2017.

Maples and Calder

Maples and Calder

Attorneys-at-Law for the Petitioner

ENDORSEMENT

This Petition has been presented to the Grand Court of the Cayman Islands on the day of 2017
and will be heard by the Grand Court of the Cayman Islands on the ^{10th} day of ^{Sept} 2017 at ¹⁰ a.m. /
~~p.m.~~ in the fore/after noon (or as soon thereafter as the Petition can be heard).

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