

Preliminary Draft Subject to Change and Amendment

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For Professional Eyes Only

Project Olympus

February 18, 2017

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Operating and Financial Assumptions

Contract Coverage Overview

Drilling Unit	Debt Facility	Type	Built	Charterer	Expiration	2017	2018	2019	2020
Leiv Eiriksson	\$800mm bond	Semi-sub	2001	Lundin	12/31/17	\$145k	Rig assumed to be sold on January 1, 2018 for \$50 million		
Erik Raude		Semi-sub	2002				Rig assumed to be sold on August 1, 2017 for \$10 million		
OR Corcovado	DFH \$1.8bn TLB	Drillship	2011	Petrobras	05/14/18	\$450k			
OR Olympia		Drillship	2011						
OR Poseidon		Drillship	2011	ENI	08/21/17	\$582k	\$115k		
OR Mykonos		Drillship	2011	Petrobras	03/20/18	\$450k			
OR Mylos	DOV \$1.3bn TLB	Drillship	2013	Repsol	08/26/16				
OR Skyros		Drillship	2013	Total	09/30/21	\$569k	\$512k ⁽¹⁾	\$512k ⁽¹⁾	
OR Athena		Drillship	2014	Conoco.	12/31/16				
OR Apollo	\$475mm TL	Drillship	2015			Apollo cash flows are ring-fenced until June 2018			
OR Paros	Unencumbered	Drillship	2011						

■ Firm Contract
 ■ Spot Market
 ■ Yard Stay
 ■ Cold Stacked
 ■ Warm Stacked

Source: ORIG management

(1) Assumes a 10% discount starting on January 1, 2018

Operating and Financial Assumptions

Operating Assumptions

Revenue	<ul style="list-style-type: none"> ■ Analysis is predicated on the operating rigs, spot rates and earnings efficiency per Management guidance ■ Warm stacked rigs become operational starting on January 1, 2020 ■ Cold stacked rigs become operational starting on the following schedule: <ul style="list-style-type: none"> – January 1, 2021: Athena and Poseidon – January 1, 2022: Apollo and Mylos – January 1, 2023: Olympia and Paros ■ Assumed spot rates as follows: 																			
	<table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <thead> <tr> <th></th> <th>2020</th> <th>2021</th> <th>2022</th> <th>2023</th> <th>2024</th> <th>2025</th> <th>2026</th> </tr> </thead> <tbody> <tr> <td style="text-align: left;">Spot Rates</td> <td>\$250,000</td> <td>\$300,000</td> <td>\$300,000</td> <td>\$350,000</td> <td>\$350,000</td> <td>\$350,000</td> <td>\$350,000</td> </tr> </tbody> </table>		2020	2021	2022	2023	2024	2025	2026	Spot Rates	\$250,000	\$300,000	\$300,000	\$350,000	\$350,000	\$350,000	\$350,000			
	2020	2021	2022	2023	2024	2025	2026													
Spot Rates	\$250,000	\$300,000	\$300,000	\$350,000	\$350,000	\$350,000	\$350,000													
Rig Running Costs	<ul style="list-style-type: none"> ■ 95% earnings efficiency on available drilling days ■ Cash revenue payments are received 75 days after service provided ■ Includes the termination payments for: <ul style="list-style-type: none"> – Olympia: \$28.9 million in June 2017 (ENI) and \$20.0 million in December 2017 (Total) – Athena: Aggregate termination payments of \$108.7 million comprising of: \$35.5 million in February 2017 and \$18.3 million every month from March 2017 through June 2017 – Erik Raude: \$25.0 million in February 2017 (Premier) ■ Local taxes and commissions on operating revenue and termination payments booked of 7% 																			
	<ul style="list-style-type: none"> ■ Rig running cost on each respective month includes: <ul style="list-style-type: none"> – Opex running expenses – Other planned downtime running expenses ■ Schedule for the rigs in operation assumes an annual escalation of 3% starting in 2019 as follows: <table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <thead> <tr> <th></th> <th>2017 - 2018</th> <th>2019</th> <th>2020</th> <th>2021</th> <th>2022</th> <th>2023</th> <th>2024</th> <th>2025</th> <th>2026</th> </tr> </thead> <tbody> <tr> <td style="text-align: left;">Opex Rate</td> <td>\$123,000</td> <td>\$126,690</td> <td>\$130,491</td> <td>\$134,405</td> <td>\$138,438</td> <td>\$142,591</td> <td>\$146,868</td> <td>\$151,274</td> <td>\$155,813</td> </tr> </tbody> </table> <ul style="list-style-type: none"> ■ Cold stacked rigs: \$100,000 per day during the first 60 days; \$5,000 per day thereafter ■ Warm stacked rigs: \$100,000 per day during the first 60 days; \$40,000 per day thereafter 		2017 - 2018	2019	2020	2021	2022	2023	2024	2025	2026	Opex Rate	\$123,000	\$126,690	\$130,491	\$134,405	\$138,438	\$142,591	\$146,868	\$151,274
	2017 - 2018	2019	2020	2021	2022	2023	2024	2025	2026											
Opex Rate	\$123,000	\$126,690	\$130,491	\$134,405	\$138,438	\$142,591	\$146,868	\$151,274	\$155,813											

Operating and Financial Assumptions

Operating Assumptions (Cont'd)

Dry Dock Running Costs	■ Dry dock expenses are incurred every 5 years as follows:									
		<u>Vessel Type</u>	<u>1st DD Date</u>	<u>2nd DD Date</u>	<u>Off-Hire Days</u>	<u>Cost</u>				
		Poseidon	Drillship	Nov-25		50	\$35,000,000			
		Corcovado	Drillship	Aug-21	Aug-26	50	\$35,000,000			
		Mykonos	Drillship	Jun-17	Jun-22	50	\$35,000,000			
		Mylos	Drillship	Nov-26		50	\$35,000,000			
		Skyros	Drillship	Jan-19	Jan-24	50	\$35,000,000			
		Apollo	Drillship	Nov-26		50	\$35,000,000			
	Athena	Drillship	Nov-25		50	\$35,000,000				
Special Items (Incl. Carryover Costs)	■ 2017 special items are scheduled as follows and \$5 million per operating rig per annum thereafter:									
		<u>Leiv Eiriksson</u>	<u>Corcovado</u>	<u>Mykonos</u>	<u>Poseidon</u>	<u>Skyros</u>	<u>Total</u>			
	2017 Special Items	\$3,400,000	\$3,900,000	\$3,000,000	\$2,200,000	\$2,500,000	\$15,000,000			
	■ 2017 carryover costs incurred in Q1 2017 are scheduled as follows:									
		<u>Corcovado</u>	<u>Poseidon</u>	<u>Fleet Spares (Topco)</u>	<u>Total</u>					
	Carryover Costs	\$17,633,560	\$4,984,509	\$2,213,956	\$24,832,025					
■ No cost is assumed for stacked rigs										
Cash G&A	■ Schedule for the total cash G&A assumes an annual escalation of 3% starting in 2019 as follows:									
		<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
G&A	\$76,000,000	\$76,000,000	\$78,280,000	\$80,628,400	\$83,047,252	\$85,538,670	\$88,104,830	\$90,747,975	\$93,470,414	\$96,274,526
Project Costs	■ Project costs includes special survey expenses, deactivation and reactivation costs									
	■ Cold stacked rigs:									
	– \$5 million de-activation cost									
	– \$50 million reactivation cost									
	■ Warm stacked rigs:									
	– \$5 million de-activation cost									
– \$15 million reactivation cost										
■ No provisions have been taken into account for the Managed Pressure Drilling (MPD) upgrade project related to the Petrobras contracts (Corcovado and Mykonos) which are expected to approximately have zero effect from a cashflow perspective on a net basis										

Source: ORIG management

Consolidated: ORIG UDW, Inc.

Forecasted Cash Flows

(\$ in millions, except for spot rates)

Period	H2'2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
<u>Ending Number of Rigs</u>										
Operational	4	1	1	3	5	7	9	9	9	9
Warm Stacked	-	2	2	-	-	-	-	-	-	-
Cold Stacked	5	6	6	6	4	2	-	-	-	-
Total	9	9	9	9	9	9	9	9	9	9
Average Spot Rate				\$250,000	\$300,000	\$300,000	\$350,000	\$350,000	\$350,000	\$350,000
Contracted Revenue	\$302.4	\$365.1	\$153.3	\$178.2	\$177.7	\$-	\$-	\$-	\$-	\$-
Uncontracted Revenue	-	-	-	130.2	340.7	661.5	1,000.5	1,078.6	1,092.3	1,042.4
Gross Revenue	\$302.4	\$365.1	\$153.3	\$308.3	\$518.4	\$661.5	\$1,000.5	\$1,078.6	\$1,092.3	\$1,042.4
Taxes and Commissions	(19.6)	(18.8)	(10.7)	(24.6)	(39.3)	(50.0)	(76.5)	(75.5)	(74.1)	(73.0)
Net Revenue	\$282.8	\$346.2	\$142.6	\$283.7	\$479.1	\$611.5	\$924.0	\$1,003.1	\$1,018.1	\$969.4
Rig Running Cost	(107.1)	(109.0)	(86.4)	(154.3)	(252.6)	(357.4)	(468.4)	(483.8)	(496.9)	(511.8)
Special Items	(7.5)	(8.3)	(5.0)	(15.0)	(25.0)	(35.0)	(45.0)	(45.1)	(45.0)	(45.0)
Operating EBITDA	\$168.2	\$228.9	\$51.2	\$114.4	\$201.5	\$219.2	\$410.6	\$474.2	\$476.2	\$412.6
Projects Costs	(14.0)	(10.0)	(65.0)	(100.0)	(135.0)	(135.0)	-	(35.0)	(70.0)	(105.0)
Carryover Items	-	-	-	-	-	-	-	-	-	-
G&A	(38.0)	(76.0)	(78.3)	(80.6)	(83.0)	(85.5)	(88.1)	(90.7)	(93.5)	(96.3)
EBITDA	\$116.2	\$142.9	(\$92.1)	(\$66.2)	(\$16.5)	(\$1.4)	\$322.5	\$348.5	\$312.7	\$211.3
Plus: Termination Payments	20.0	-	-	-	-	-	-	-	-	-
Less: Taxes on Termination Payments	(1.4)	-	-	-	-	-	-	-	-	-
Less: Samsung Settlement Cost	-	-	-	-	-	-	-	-	-	-
Less: Potential Scheme Filing Cost	-	-	-	-	-	-	-	-	-	-
Plus: Disposal of Semisubmersibles	10.0	50.0	-	-	-	-	-	-	-	-
Unlevered Free Cash Flow	\$144.8	\$192.9	(\$92.1)	(\$66.2)	(\$16.5)	(\$1.4)	\$322.5	\$348.5	\$312.7	\$211.3
Interest Expense	-	-	-	-	-	-	-	-	-	-
Facility Prepayment (DNB facility)	-	-	-	-	-	-	-	-	-	-
Debt Principal Amortization	-	-	-	-	-	-	-	-	-	-
Debt Principal Repayment	-	-	-	-	-	-	-	-	-	-
Financing Cash Flows (pre restructuring debt)	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Cash Consideration to Term Debtholders	-	-	-	-	-	-	-	-	-	-
Interest Income	-	-	-	-	-	-	-	-	-	-
Interest Expense	(18.4)	(36.5)	(36.5)	(36.6)	(36.5)	(36.5)	(36.5)	(18.2)	-	-
Debt Principal Amortization	-	-	-	-	-	-	-	-	-	-
Debt Principal Repayment	-	-	-	-	-	-	-	(450.0)	-	-
Financing Cash Flow (post restructuring debt)	(\$18.4)	(\$36.5)	(\$36.5)	(\$36.6)	(\$36.5)	(\$36.5)	(\$36.5)	(\$468.2)	\$-	\$-
Levered Free Cash Flow	\$126.4	\$156.4	(\$128.6)	(\$102.8)	(\$53.0)	(\$37.9)	\$286.0	(\$119.7)	\$312.7	\$211.3
BoP Cash Balance (Total Available plus Restricted)	\$550.0	\$676.4	\$832.8	\$704.3	\$601.4	\$548.4	\$510.5	\$796.5	\$676.8	\$989.5
Change in Available Cash Balance	126.4	156.4	(128.6)	(102.8)	(53.0)	(37.9)	286.0	(119.7)	312.7	211.3
EoP Cash Balance (Available)	\$676.4	\$832.8	\$704.3	\$601.4	\$548.4	\$510.5	\$796.5	\$676.8	\$989.5	\$1,200.8
Memo:										
Adjusted EBITDA (Operating EBITDA less G&A)	\$130.2	\$152.9	(\$27.1)	\$33.8	\$118.5	\$133.6	\$322.5	\$383.5	\$382.7	\$316.3
EoP Debt Balance	\$450.0	\$450.0	\$450.0	\$450.0	\$450.0	\$450.0	\$450.0	\$-	\$-	\$-

Source: ORIG management

Consolidated: ORIG UDW, Inc.

Cash Balances per Silo as of 31 December 2016

(\$ in millions)

Period	Q4'16
EoP Consolidated Cash Balance (Excluding Apollo)	\$721.5
<u>EoP Cash Balance per Silo:</u>	
DRH	\$4.2
DFH	377.8
DOV	157.4
Other Entities & UDW	182.1