

Ocean Rig UDW Inc.  
Form F-4  
September 01, 2011

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**As filed with the Securities and Exchange Commission on September 1, 2011  
Registration No. 333-**

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**Form F-4  
REGISTRATION STATEMENT  
UNDER  
THE SECURITIES ACT OF 1933**

**Ocean Rig UDW Inc.**  
*(Exact name of registrant as specified in its charter)*

**Republic of the Marshall Islands**  
*(State or other jurisdiction of  
incorporation or organization)*

**1381**  
*(Primary Standard Industrial  
Classification Code Number)*

**N/A**  
*(I.R.S. Employer  
Identification Number)*

**Ocean Rig UDW Inc.**  
**10 Skopa Street, Tribune House**  
**2<sup>nd</sup> Floor, Office 202, CY 1075**  
**Nicosia, Cyprus**  
**011 357 22767517**  
*(Address, including zip code, and telephone number,  
including area code, of registrant's principal executive  
offices)*

**Seward & Kissel LLP**  
**Attention: Gary J. Wolfe**  
**One Battery Park Plaza**  
**New York, New York 10004**  
**(212) 574-1200**  
*(Name, address and telephone number of  
agent for service)*

***Copies to:***

**Philip Richter**  
**Robert Mollen**  
**Fried, Frank, Harris, Shriver & Jacobson LLP**  
**One New York Plaza**  
**New York, NY 10004**  
**(212) 859-8000**

**Gary J. Wolfe**  
**Seward & Kissel LLP**  
**One Battery Park Plaza**  
**New York, NY 10004**  
**(212) 574-1200 (telephone number)**  
**(212) 480-8421 (facsimile number)**

**Approximate date of commencement of proposed sale to the public:** As soon as practicable after this registration statement is declared effective and all conditions to the merger contemplated by the Agreement and Plan of Merger, dated as of July 26, 2011, described in the enclosed proxy statement / prospectus, have been satisfied or waived and the merger has been completed as described in the enclosed proxy statement / prospectus.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box:

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If applicable, place an X in the box to designate the appropriate rule provision relied upon in conducting this transaction:

Exchange Act Rule 13e-4(i) (Cross-Border Issuer Tender Offer)

Exchange Act Rule 14d-1(d) (Cross-Border Third-Party Tender Offer)

#### CALCULATION OF REGISTRATION FEE

| Title of Each Class of Securities to be Registered | Amount to be Registered | Proposed Maximum Offering Price Per Unit | Proposed Maximum Aggregate Offering Price | Amount of Registration Fee |
|--|-------------------------|--|---|----------------------------|
| Common stock, par value \$0.01                     | 1,541,171(1)            | N/A                                      | \$13,224,513.74(2)                        | \$1,535.37(3)              |
| Preferred stock purchase rights(4)                 |                         |  |   |                            |
| Total  | 1,541,171               | N/A                                      | \$13,224,513.74                           | \$1,535.37                 |

(1) The number of common shares, par value \$0.01 per share, of the registrant, being registered represents the estimated maximum number of the registrant's common shares to be issued in connection with the merger described herein. The number of common shares is based upon the product obtained by multiplying 2,945,326 shares of Class A common stock, par value \$0.01 per share, of OceanFreight Inc., or OceanFreight common stock, estimated to be outstanding immediately prior to the merger described herein and entitled to receive the merger consideration at the closing of the merger described herein by the exchange ratio in the merger of 0.52326.

(2) Pursuant to Rules 457(f)(1), 457(f)(3) and 457(c) under the Securities Act and solely for the purpose of calculating the registration fee, the proposed maximum aggregate offering price is (i) the product obtained by multiplying (x) \$15.74 (the average of the high and low prices of OceanFreight common stock on August 30,

2011), by (y) 2,945,326 shares of OceanFreight common stock (the number of shares of OceanFreight common stock estimated to be outstanding immediately prior to the merger described herein and entitled to receive the merger consideration at the closing of the merger described herein), minus (ii) \$33,134,917.50 (the estimated amount of cash to be paid by DryShips Inc. to OceanFreight Inc. s shareholders in the merger described herein). The cash consideration was calculated as (i) 2,945,326 shares of OceanFreight common stock (the number of shares of OceanFreight common stock estimated to be outstanding immediately prior to the merger described herein and entitled to receive the merger consideration at the closing of the merger described herein) and (ii) multiplied by the cash consideration of \$11.25.

- (3) Determined in accordance with Section 6(b) of the Securities Act to be \$1,535.37, which is equal to 0.00011610 multiplied by the proposed maximum aggregate offering price of \$13,224,513.74.
- (4) Preferred stock purchase rights are not currently separable from the common stock and are not currently exercisable. The value attributable to the preferred stock purchase rights, if any, will be reflected in the market price of the common stock.

**The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the Registration Statement shall become effective on such date as the U.S. Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.**

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Information contained herein is subject to completion or amendment. A registration statement relating to these securities has been filed with the U.S. Securities and Exchange Commission. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This document shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be by any sale of these securities in any jurisdiction in which such offer, solicitation or sale is not permitted.

**PRELIMINARY SUBJECT TO COMPLETION DATED SEPTEMBER 1, 2011**

**PROPOSED MERGER TRANSACTION**

Dear Shareholders of OceanFreight Inc.:

I am pleased to inform you that OceanFreight Inc., or OceanFreight, and DryShips Inc., or DryShips, have entered into an agreement and plan of merger, or the merger agreement, pursuant to which DryShips will acquire all of the outstanding shares of OceanFreight Class A common stock, or OceanFreight common stock. If the merger is completed, OceanFreight will become a wholly-owned subsidiary of DryShips and you will be entitled to receive \$11.25 in cash and 0.52326 shares of Ocean Rig common stock for each of your shares of OceanFreight common stock.

You are cordially invited to attend a special meeting of our shareholders, or the special meeting, which will be held at OceanFreight's offices located at 80 Kifissias Avenue, GR 151 25, Amaroussion, Athens, Greece, on \_\_\_\_\_, 2011, at 10:00 a.m. local time, to vote on the approval of the merger agreement. As described in the accompanying proxy statement / prospectus, a special committee of independent directors established by the OceanFreight board of directors, or the OceanFreight Special Committee, and the OceanFreight board of directors have each unanimously approved the merger agreement and declared that the merger, the merger agreement and the transactions contemplated thereby are in the best interests of OceanFreight's shareholders. The OceanFreight Special Committee and the OceanFreight board of directors each unanimously recommends that you vote **FOR** the adoption and approval of the merger agreement.

OceanFreight cannot complete the merger unless OceanFreight's shareholders holding a majority of the outstanding shares of OceanFreight common stock approve the merger agreement.

The notice of special meeting and the proxy statement / prospectus that accompany this letter provide you with extensive information about the merger agreement, the merger and the special meeting. We encourage you to read these materials carefully, including the section in the proxy statement / prospectus entitled "Risk Factors" beginning on page 28 of the proxy statement / prospectus.

Approximately 50.5% of the outstanding shares of OceanFreight common stock, which were held by certain entities controlled by our Chief Executive Officer, Antonis Kandylidis, were purchased by DryShips on August 24, 2011 for \$11.25 in cash and 0.52326 shares of Ocean Rig common stock for each share of OceanFreight common stock pursuant to a separate purchase agreement approved by the OceanFreight Special Committee and the OceanFreight board of directors. DryShips has committed to vote those shares in favor of the approval of the merger agreement. Accordingly, approval of the merger agreement is assured.

Your vote is important. Whether or not you plan to attend the special meeting, please read the enclosed proxy statement / prospectus and promptly complete, sign, date and return the enclosed proxy card in the postage-paid envelope provided in accordance with the directions set forth on the proxy card. Thank you for your support.

Sincerely,

Professor John Liveris  
Chairman of the Special Committee and  
the Board of Directors

**For a discussion of risk factors which you should consider in evaluating the transaction, see Risk Factors beginning on page 28.**

THIS TRANSACTION HAS NOT BEEN APPROVED OR DISAPPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION, OR THE SEC, NOR HAS THE SEC PASSED UPON THE FAIRNESS OR MERITS OF THIS TRANSACTION OR THE ACCURACY OR ADEQUACY OF THE INFORMATION CONTAINED IN THIS PROXY STATEMENT / PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

This proxy statement / prospectus is dated \_\_\_\_\_, 2011, and is first being mailed, along with the attached proxy card, to OceanFreight shareholders on or about \_\_\_\_\_, 2011.

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**NOTICE OF SPECIAL MEETING OF SHAREHOLDERS  
TO BE HELD ON \_\_\_\_\_, 2011**

To Shareholders of OceanFreight Inc.:

The special meeting of shareholders of OceanFreight Inc., or OceanFreight, will be held at OceanFreight's principal executive offices at 80 Kifissias Avenue, GR 151 25, Amaroussion, Athens, Greece, on \_\_\_\_\_, 2011, at 10:00 a.m. local time, for the following purposes:

1. To consider and vote upon a proposal to approve the Agreement and Plan of Merger, dated as of July 26, 2011, or the merger agreement, by and among DryShips Inc., or DryShips, Pelican Stockholdings Inc. and OceanFreight, pursuant to which OceanFreight will become a wholly-owned subsidiary of DryShips.
2. To transact such other business as may properly come before the meeting or any adjournment thereof.

Only holders of record of OceanFreight Class A common stock, or OceanFreight common stock, at the close of business on \_\_\_\_\_, 2011, the record date for the special meeting, are entitled to notice of, and to vote at, the special meeting and any adjournments or postponements thereof. Each share of OceanFreight common stock entitles its holder to one vote on all matters that come before the special meeting.

A special committee of independent directors of OceanFreight established to consider the proposed transaction and the OceanFreight board of directors each unanimously recommends that OceanFreight's shareholders vote **FOR** the approval of the merger agreement. Approval of the merger agreement requires the affirmative vote by the holders of a majority of the outstanding shares of OceanFreight common stock on the record date.

The merger is described in the accompanying proxy statement / prospectus, which you are urged to read carefully. A copy of the merger agreement is included in the proxy statement / prospectus as Annex A.

Whether or not you plan to attend the special meeting, please complete, date, sign and return the enclosed proxy in the enclosed envelope, which does not require postage if mailed in the United States. If you do attend the special meeting and wish to vote in person, you may do so notwithstanding the fact that you previously submitted or appointed a proxy. Please note, however, that if your shares are held of record by a broker, bank, trustee or other nominee and you wish to vote at the meeting, you must obtain from your nominee a proxy issued in your name.

Please do not send your stock certificates at this time. If the merger is completed, you will be sent instructions regarding the surrender of your stock certificates.

Very truly yours,

Stefanos Delatolas  
Corporate Secretary of OceanFreight Inc.

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**ANNEXES**

Annex A: Agreement and Plan of Merger

Annex B: Purchase Agreement

Annex C: Opinion of Fearnley Fonds ASA

Annex D: OceanFreight s Annual Report on Form 20-F for the Year Ended December 31, 2010

Annex E: Updated information relating to OceanFreight Inc., its fleet and recent developments and other updates related to the passage of time, together with Management s Discussion and Analysis of Financial Condition and Results of Operation and interim consolidated unaudited financial statements and related information and data of OceanFreight Inc. as of and for the six-month period ended June 30, 2011

**PART II INFORMATION NOT REQUIRED IN THE PROSPECTUS**

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**QUESTIONS AND ANSWERS ABOUT THE VOTING PROCEDURES FOR  
THE SPECIAL MEETING**

*The following are answers to some questions that you, as a shareholder of OceanFreight, may have regarding the merger and the other matters being considered at the shareholder meeting of OceanFreight, or the special meeting or the OceanFreight special meeting. OceanFreight urges you to read carefully the remainder of this proxy statement / prospectus because the information in this section does not provide all the information that might be important to you with respect to the merger and the other matters being considered at the special meeting. Additional important information is also contained in the Annexes to this proxy statement / prospectus.*

**Q: What am I being asked to vote on?**

A: OceanFreight Inc., or OceanFreight, and DryShips Inc., or DryShips, have entered into the Agreement and Plan of Merger, dated July 26, 2011, or the merger agreement, pursuant to which DryShips has agreed to acquire OceanFreight. You are being asked to vote to approve the merger agreement. Under the terms of the merger agreement, a newly-formed wholly-owned subsidiary of DryShips will merge with and into OceanFreight, with OceanFreight continuing as the surviving corporation and a wholly-owned subsidiary of DryShips.

**Q: What will I receive for my OceanFreight shares in the merger?**

A: If the merger is completed, you will receive, with respect to each share of OceanFreight Class A common stock, or OceanFreight common stock, you own, \$11.25 in cash and 0.52326 shares of Ocean Rig common stock.

**Q: When and where is the OceanFreight special meeting?**

A: The special meeting of shareholders of OceanFreight will be held on \_\_\_\_\_, 2011, at 10:00 a.m. local time, at OceanFreight's principal executive offices at 80 Kifissias Avenue, GR 151 25, Amaroussion, Athens, Greece, unless adjourned or postponed to a later time.

**Q: Who can vote at the special meeting?**

A: Shareholders of record as of the close of business on \_\_\_\_\_, 2011, the record date for the special meeting, are entitled to receive notice of and to vote at the special meeting. On the record date, approximately \_\_\_\_\_ shares of OceanFreight common stock, held by approximately \_\_\_\_\_ shareholders of record, were outstanding and entitled to vote at the special meeting. You may vote all shares you owned as of the close of business on the record date. All shares of OceanFreight common stock that were outstanding as of the close of business on the record date are entitled to one vote per share.

Some of OceanFreight's shareholders hold their shares through a broker, bank, trustee or other nominee rather than directly in their own names. As summarized below, there are some distinctions between shares held of record and those owned beneficially:

**SHAREHOLDER OF RECORD** If your OceanFreight shares are registered directly in your name with OceanFreight's transfer agent, American Stock Transfer & Trust Company, LLC, then you are considered the shareholder of record of those shares and these proxy materials are being sent directly to you by OceanFreight. As the shareholder of record, you have the right to grant a proxy or vote in person at the meeting.



*BENEFICIAL OWNER* If your OceanFreight shares are held in a stock brokerage account or otherwise, by a broker, bank, trustee or other nominee, then you are considered to be the beneficial owner of shares held in street name and these proxy materials are being forwarded to you by your broker, bank, trustee or other nominee who is considered the shareholder of record of those shares. As the beneficial owner, you have the right to direct your broker, bank, trustee or other nominee on how to vote your shares. You are also invited to attend the special meeting. However, because you are not the shareholder of record, you may not vote these shares in person at the meeting unless you first obtain a legal proxy from your broker, bank, trustee or other nominee holding your shares.

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**Q: What vote is required to approve the merger agreement?**

A: The merger agreement must be approved by a majority of the outstanding shares of OceanFreight common stock on the record date for the special meeting. Approximately 50.5% of the outstanding shares of OceanFreight common stock, which were held by certain entities controlled by OceanFreight's Chief Executive Officer, Antonis Kandylidis, were purchased by DryShips on August 24, 2011 for \$11.25 in cash and 0.52326 shares of Ocean Rig common stock for each share of OceanFreight common stock under a separate purchase agreement approved by a special committee of independent directors established by the OceanFreight board of directors, or the OceanFreight Special Committee, and the OceanFreight board of directors. DryShips has committed to vote those shares in favor of the approval of the merger agreement. Accordingly, approval of the merger agreement is assured.

**Q: What if I do not vote or do not fully complete my proxy card?**

A: If you do not vote your shares of OceanFreight common stock with respect to the proposal to approve the merger agreement, it will have the same effect as a vote against the proposal. However, if the proposal to approve the merger agreement is approved and the merger is completed, your OceanFreight common stock will be converted into the right to receive the merger consideration even though you did not vote.

If you submit a proxy without specifying the manner in which you would like your shares to be voted, your shares will be voted **FOR** approval of the merger agreement.

**Q: What do I need to do now?**

A: After carefully reading and considering the information contained in this document, please fill out, sign and date the proxy card and then mail your signed proxy card in the enclosed envelope, as soon as possible so that your shares may be voted at the OceanFreight special meeting. See The Special Meeting Voting; Proxies; Revocation.

**Q: If my shares are held in street name by my bank, broker, trustee or other nominee, will my bank, broker, trustee or other nominee vote my shares for me?**

A: You should instruct your bank, broker, trustee or other nominee to vote your shares. If you do not instruct your bank, broker, trustee or other nominee, your bank, broker, trustee or other nominee will not be able to vote your shares. Please check with your bank, broker, trustee or other nominee and follow the voting procedures your bank, broker, trustee or other nominee provides. Your bank, broker, trustee or other nominee will advise you whether you may submit voting instructions by telephone or via the Internet. See The Special Meeting Voting; Proxies; Revocation.

**Q: When do you expect the merger to be completed?**

We currently expect to complete the merger in the fourth quarter of 2011. However, we cannot assure you when or if the merger will be completed.

**Q: What are the material United States federal income tax consequences of the merger to OceanFreight shareholders?**

A: For a U.S. Holder (as defined in Taxation Certain Material Tax Consequences ), the merger will be treated for United States, or U.S., federal income tax purposes as a taxable sale by such holder of the OceanFreight shares

that such holder surrenders in the merger for the shares of Ocean Rig common stock and cash received in the merger.

For a Non-U.S. Holder (as defined in Taxation Certain Material Tax Consequences ), any gain realized on the receipt of shares of Ocean Rig common stock and cash in the merger generally will not be subject to U.S. federal income or withholding tax unless such Non-U.S. Holder has certain connections to the United States.

See Taxation Certain Material Tax Consequences for a discussion of certain material U.S. federal income tax consequences of (i) the merger and (ii) owning and disposing of shares of Ocean common stock.

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**Q: May I change my vote after I have submitted a proxy?**

A: Yes. If your shares of OceanFreight common stock are registered directly in your name, there are three ways you can change your vote after you have submitted your proxy:

First, you may complete and submit a signed written notice of revocation to the Secretary of OceanFreight at the address below:

OceanFreight Inc.  
80 Kifissias Avenue  
Amaroussion 151 25  
Athens, Greece

Second, you may complete and submit a new proxy card. Your latest vote actually received by OceanFreight before the special meeting will be counted, and any earlier votes will be revoked.

Third, you may attend the special meeting and vote in person. Any earlier proxy will thereby be revoked. However, simply attending the meeting without voting will not revoke any earlier proxy you may have given.

If your OceanFreight shares are held in street name by a bank, broker, trustee or other nominee, you must follow the directions you receive from your bank, broker, trustee or other nominee in order to change or revoke your vote and any deadlines for the receipt of those instructions.

**Q: If I want to attend the special meeting, what do I do?**

A: You should come to OceanFreight's principal executive offices at 80 Kifissias Avenue, GR 151 25, Amaroussion, Athens, Greece at 10:00 a.m. local time, on \_\_\_\_\_, 2011. If you hold your shares in street name, you will need to bring proof of ownership (by means of a recent brokerage statement, letter from your bank or broker or similar means) to be admitted to the meeting. Shareholders of record as of the record date for the special meeting can vote in person at the special meeting. If your shares of OceanFreight common stock are held in street name, then you are not the shareholder of record and you must ask your bank, broker, trustee or other nominee how you can vote at the special meeting.

**Q: Should I send my stock certificates now?**

A: No. Shortly after the merger is completed, you will receive a letter of transmittal with instructions informing you how to send your OceanFreight stock certificates to the exchange agent in order to receive the per share merger consideration. You should use the letter of transmittal to exchange your OceanFreight stock certificates for the per share merger consideration to which you are entitled as a result of the merger. **Please do not send in your OceanFreight stock certificates with your proxy card.**

**Q: What if I cannot find my stock certificates?**

A: There will be a procedure for you to receive the merger consideration in the merger, even if you have lost one or more of your OceanFreight stock certificates. This procedure, however, may take time to complete. In order to ensure that you will be able to receive the merger consideration promptly after the merger is completed, if you cannot locate your OceanFreight stock certificates after looking for them carefully, we urge you to contact OceanFreight's transfer agent, American Stock Transfer & Trust Company, LLC, as soon as possible and follow

the procedures they explain to you for replacing your OceanFreight stock certificates. American Stock Transfer & Trust Company, LLC can be reached at 1-800-937-5449 or on their website at [www.amstock.com](http://www.amstock.com) and at the email address [info@amstock.com](mailto:info@amstock.com), or you can write them at the following address:

American Stock Transfer & Trust Company, LLC  
6201 15th Avenue  
Brooklyn, NY 11219

**Q: Are there risks I should consider in deciding whether to vote for the merger agreement?**

A: Yes. We have set forth a non-exhaustive list of risk factors that you should consider carefully in connection with the merger. See Risk Factors beginning on page 28.

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**Q: How will OceanFreight shareholders receive the merger consideration?**

A: Following the merger, you will receive a letter of transmittal and instructions on how to obtain the merger consideration in exchange for your shares of OceanFreight common stock. You must return the completed letter of transmittal and surrender your OceanFreight stock certificates as described in the instructions, and you will receive the merger consideration after the exchange agent receives your completed letter of transmittal, OceanFreight stock certificates and/or such other documents that may be required by the exchange agent. See The Transaction Procedures for Exchanging Shares of OceanFreight Stock and Distribution of the Merger Consideration.

**Q: Who can help answer my additional questions about the merger or voting procedures?**

A: If you have more questions about the merger, including the procedures to voting your shares you should contact OceanFreight:

OceanFreight Inc.  
80 Kifissias Avenue  
Amaroussion 15125  
Athens, Greece

If your broker holds your shares, then you should also contact your broker for additional information.

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**TRANSACTION SUMMARY**

*This summary is not intended to be complete and is qualified in all respects by the more detailed information appearing elsewhere in this proxy statement / prospectus. You should review carefully the entire proxy statement / prospectus, including the Annexes. As used throughout this proxy statement / prospectus, (i) unless otherwise indicated, all references to dollars and \$ are to, and amounts are presented in, U.S. Dollars, (ii) all references to OceanFreight shares, OceanFreight common shares, OceanFreight common stock and shares of OceanFreight common stock refer to shares of Class A common stock, par value \$0.01 per share, of OceanFreight, (iii) all references to Ocean Rig shares, Ocean Rig common shares, Ocean Rig common stock and shares of Ocean Rig common stock refer to shares of common stock, par value \$0.01 per share, of Ocean Rig and (iv) all references to the SEC refer to the U.S. Securities and Exchange Commission.*

**Parties to the Merger Agreement**

***DryShips***

DryShips Inc., or DryShips, is an owner of drybulk carriers and tankers that operate worldwide. Through its majority owned subsidiary, Ocean Rig UDW Inc., or Ocean Rig, DryShips owns and operates nine offshore ultra deepwater drilling units, comprising of two ultra deepwater semisubmersible drilling rigs and seven ultra deepwater drillships, four of which remain to be delivered to Ocean Rig during 2011 and 2013. DryShips owns a fleet of 36 drybulk carriers (including newbuildings), comprising eight Capesize, 26 Panamax and two Supramax, with a combined deadweight tonnage of over 3.4 million tons, and 12 tankers (including newbuildings), comprising six Suezmax and six Aframax, with a combined deadweight tonnage of over 1.6 million tons.

DryShips common stock is listed on the NASDAQ Global Select Market where it trades under the symbol DRYS.

***Pelican Stockholdings Inc.***

Pelican Stockholdings Inc. is a wholly-owned subsidiary of DryShips. Pelican Stockholdings Inc. was organized on July 22, 2011 solely for the purpose of effecting the merger with OceanFreight. It has not carried on any activities other than in connection with the transaction.

***OceanFreight***

OceanFreight Inc., or OceanFreight, is an owner and operator of drybulk vessels that operate worldwide. OceanFreight owns a fleet of six vessels, comprised of six drybulk vessels (four Capesize and two Panamaxes) and has contracted to purchase five newbuilding Very Large Ore Carriers, or VLOCs, currently under construction, with a combined deadweight tonnage of about 1.9 million tons. Detailed information about OceanFreight is included in Annexes D and E to this document.

OceanFreight's common stock is listed on the NASDAQ Global Market where it trades under the symbol OCNF.

**The Merger**

On July 26, 2011, DryShips, Pelican Stockholdings Inc. and OceanFreight entered into an Agreement and Plan of Merger, or the merger agreement, pursuant to which, subject to the terms and conditions of the merger agreement and in accordance with the Marshall Islands Business Corporations Act, or the MIBCA, Pelican Stockholdings Inc. will

merge with and into OceanFreight. Following the merger, OceanFreight will continue its corporate existence under the MIBCA as the surviving corporation in the merger and will be a wholly-owned subsidiary of DryShips. The merger agreement is included as Annex A to this proxy statement / prospectus and you are encouraged to read the merger agreement carefully and in its entirety because it is the legal agreement that governs the merger. OceanFreight and Ocean Rig currently expect that the merger will be completed during the fourth quarter of 2011. However, OceanFreight and Ocean Rig cannot assure you when or if the merger will occur.



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### **Merger Consideration**

At the effective time of the merger, each share of OceanFreight common stock outstanding (other than shares of OceanFreight common stock held by DryShips or OceanFreight or any of their respective direct or indirect subsidiaries) will be converted into the right to receive:

\$11.25 in cash; and

0.52326 shares of Ocean Rig common stock.

OceanFreight shareholders will not receive fractional shares of Ocean Rig common stock in the merger. Instead, each holder of shares of OceanFreight common stock otherwise entitled to a fraction of a share of Ocean Rig common stock will upon surrender of the certificate representing such holder's shares of OceanFreight common stock, or the certificate, be entitled to receive an amount of cash (without interest) determined by multiplying \$21.50 by the fractional share interest to which the holder would otherwise be entitled.

Among certain other conditions (described below), the obligations of OceanFreight and DryShips to complete the merger are conditioned upon (i) the registration statement, of which this proxy statement / prospectus forms a part, having been declared effective and no stop order having been issued by the U.S. Securities and Exchange Commission, or the SEC, and (ii) the shares of Ocean Rig common stock included in the merger consideration payable to the holders of shares of OceanFreight common stock pursuant to the merger agreement having been approved for listing on NASDAQ, subject to the completion of the merger.

See The Merger Agreement Closing; Effective Time Merger Consideration.

### **Purchase and Sale Agreement**

Concurrently with the execution of the merger agreement, DryShips entered into a purchase and sale agreement, or the purchase agreement, with Basset Holdings Inc., Steel Wheel Investments Limited and Haywood Finance Limited, or, collectively, the Sellers (each of which is controlled by Mr. Antonis Kandylidis, the Chief Executive Officer of OceanFreight), and OceanFreight, pursuant to which DryShips purchased from the Sellers, on August 24, 2011, approximately 50.5% of the outstanding shares of OceanFreight common stock, or the Seller Shares. The consideration paid by DryShips for each share of OceanFreight common stock owned by the Sellers consisted of (x) \$11.25 in cash and (y) 0.52326 shares of Ocean Rig common stock (with cash paid in lieu of fractional shares). See The Purchase and Sale Agreement.

### **Comparative Market Prices and Share Information**

OceanFreight common stock is listed and traded on the NASDAQ Global Market under the symbol OCNF. Ocean Rig common stock currently trades on the OTC market maintained by the Norwegian Association of Stockbroking Companies, or the Norwegian OTC, under the symbol OCRG. On July 25, 2011, the last trading day in the United States, or the U.S., before the announcement of the transaction between OceanFreight and DryShips, the closing price of OceanFreight common stock on the NASDAQ Global Market was \$9.47 per share and the last traded value of the Ocean Rig common stock on the Norwegian OTC was NOK89.00 (or approximately \$16.44 based on the NOK / USD exchange rate of NOK5.41 / \$1 on July 25, 2011). Based on the foregoing, the merger consideration of \$11.25 and 0.52326 shares of Ocean Rig common stock per share of OceanFreight common stock reflected a value as of July 25, 2011 of \$19.85 and a premium of approximately 109.6% over the closing price of OceanFreight common

stock on July 25, 2011.

On \_\_\_\_\_, 2011, the most recent practicable trading day prior to the printing of this proxy statement / prospectus, the closing price of OceanFreight common stock was \$ \_\_\_\_\_ per share and the last traded value of the Ocean Rig common stock on the Norwegian OTC was NOK \_\_\_\_\_ (or approximately \$ \_\_\_\_\_ based on the NOK / USD exchange rate of NOK \_\_\_\_\_ / \$1 on \_\_\_\_\_, 2011).

See Comparative Per Share Market Price Information.

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**The OceanFreight Special Committee s and the OceanFreight Board of Directors Reasons for the Transaction; the OceanFreight Special Committee and the OceanFreight Board of Directors Unanimously Recommend that the OceanFreight Shareholders Vote FOR the Merger**

As discussed in detail elsewhere in this proxy statement / prospectus, a special committee of independent directors established by the OceanFreight board of directors, or the OceanFreight Special Committee, and the OceanFreight board of directors have determined that the merger agreement and the transactions contemplated by the merger agreement are in the best interests of OceanFreight s shareholders (other than DryShips, Pelican Stockholdings Inc., Basset Holdings Inc., Steel Wheel Investments Limited and Haywood Finance Limited) and have unanimously approved the merger agreement and the transactions contemplated thereby. The OceanFreight Special Committee and the OceanFreight board of directors unanimously recommend that OceanFreight s shareholders vote FOR the approval of the merger agreement.

In the course of reaching their decision to approve the merger agreement and the transactions contemplated thereby, the OceanFreight Special Committee and the OceanFreight board of directors considered a number of factors in their deliberations. Those factors are described in the section entitled The Transaction OceanFreight s Reasons for the Merger; Recommendation of the OceanFreight Special Committee and Board of Directors. Among others, the following factors supported the decision of the OceanFreight Special Committee and the OceanFreight board of directors:

The current and historical prices of OceanFreight s common stock and the fact that the per share merger consideration of \$11.25 in cash and 0.52326 shares of Ocean Rig common stock represents a premium of approximately 109.6% over the closing price of \$9.47 per share of OceanFreight s common stock on July 25, 2011, the last trading day before the public announcement of the merger;

The OceanFreight Special Committee s and the OceanFreight board of directors view that the merger is more favorable to OceanFreight s shareholders than the possible alternatives to the merger, including continuing to operate OceanFreight as an independent publicly traded company or pursuing other strategic alternatives, because of the uncertain returns to such shareholders in light of OceanFreight s business, operations, financial condition and obligations (including OceanFreight s debt and newbuilding obligations), strategy and prospects, as well as the risks involved in achieving those returns, the uncertainties surrounding the availability of future equity or debt financing, the nature of the dry bulk shipping industry, and general industry, economic and market conditions, both on a historical and on a prospective basis; and

The fact that the merger consideration contains a significant cash component, so that the transaction allows OceanFreight s shareholders to realize immediately a considerable portion of their investment in cash and provides such shareholders with a level of certainty as to the value of their shares, while also providing such shareholders with the opportunity to participate in the potential growth of Ocean Rig following the merger.

See The Transaction OceanFreight s Reasons for the Merger; Recommendation of the OceanFreight Special Committee and Board of Directors.

**The OceanFreight Special Committee has Received an Opinion from OceanFreight s Financial Advisor**

On July 25, 2011, Fearnley Fonds ASA, or Fearnley, rendered its oral opinion to the OceanFreight Special Committee, which was subsequently confirmed in writing, that as of the date of the opinion, and based upon and subject to the considerations and limitations set forth in its written opinion, its work described in its written opinion and other factors it deemed relevant, the merger consideration to be received by the holders of OceanFreight common stock, was fair from a financial point of view to such holders. The full text of the written opinion of Fearnley, which

sets forth the various assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with the opinion, is included as Annex C to this proxy statement / prospectus. Fearnley's opinion was provided for the benefit of the OceanFreight Special Committee in connection with, and for the purpose of, its evaluation of the merger. The opinion does not constitute a recommendation as to how any holder of OceanFreight common stock should vote with respect to the merger or any matter related thereto. Holders of shares of OceanFreight common stock are urged to read the opinion of Fearnley carefully and in its entirety.

See The Transaction Opinion of OceanFreight's Financial Advisor.

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**Tax Considerations**

For a U.S. Holder (as defined in Taxation Certain Material Tax Consequences ), the merger will be treated for U.S. federal income tax purposes as a taxable sale by such holder of the OceanFreight shares that such holder surrenders in the merger for the Ocean Rig shares and cash received in the merger.

For a Non-U.S. Holder (as defined in Taxation Certain Material Tax Consequences ), any gain realized on the receipt of Ocean Rig shares and cash in the merger generally will not be subject to U.S. federal income or withholding tax unless such Non-U.S. Holder has certain connections to the United States.

See Taxation Certain Material Tax Consequences for a discussion of certain material U.S. federal income tax consequences of (i) the merger and (ii) owning and disposing of Ocean Rig shares.

**The Interests of Some OceanFreight Executive Officers and Directors in the Merger may Differ from those of the Holders of Shares of OceanFreight Common Stock**

Some of the members of OceanFreight's board of directors and certain of OceanFreight's executive officers have financial interests in the merger that are in addition to, and/or different from, the interests of holders of OceanFreight common stock. The independent members of OceanFreight's board of directors were aware of these additional and/or differing interests and potential conflicts and considered them, among other matters, in evaluating, negotiating and approving the merger agreement. These interests include the following:

As indicated above, entities controlled by Mr. Kandylidis, the Chief Executive Officer of OceanFreight, are parties to the purchase agreement under which DryShips purchased the Seller Shares owned by these entities at a per share purchase price equal to the per share merger consideration on August 24, 2011. See The Purchase and Sale Agreement.

OceanFreight's consultancy agreement with Steel Wheel Investments Limited, a company wholly-owned by Mr. Kandylidis, the Chief Executive Officer of OceanFreight, as modified by an addendum dated July 25, 2011, entitles Steel Wheel Investments Limited to a change of control payment of 2.7 million upon closing of the merger and, pursuant to the addendum noted above, entitles Steel Wheel Investments Limited to the continued payment of its monthly consultancy fee of 75,000 until the later of December 31, 2011 or the closing of the merger.

DryShips has agreed to use reasonable efforts to enter into employment agreements with OceanFreight's President and Chief Operating Officer, Demetris Nenes and OceanFreight's Chief Financial Officer, Solon Dracoulis.

The merger agreement provides for director and officer indemnification arrangements for each of OceanFreight's directors and officers and provides existing directors' and officers' liability insurance to the OceanFreight directors and officers that will continue for six years following completion of the merger.

All legal and advisory fees up to \$1,500,000 incurred by entities controlled by Mr. Kandylidis in connection with the sale of their shares of OceanFreight common stock to DryShips will be paid for by OceanFreight.

The closing of the purchase agreement caused shares of OceanFreight restricted stock (approximately 35,222 shares) held by OceanFreight's officers and directors and their affiliates to vest.

See The Transaction Interests of OceanFreight's Directors and Officers in the Merger.

**Key Terms of the Merger Agreement**

*Conditions to the Merger Agreement*

As more fully described in this proxy statement / prospectus and in the merger agreement, the obligations of OceanFreight and DryShips to complete the merger are conditioned upon:

the approval of the merger and the merger agreement by OceanFreight's shareholders in accordance with the MIBCA;

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no law, rule or regulation or any order, injunction, judgment, decree or similar requirement of any governmental authority to which any of the parties or by which any of the parties is subject or bound preventing or prohibiting the consummation of the merger shall be in effect;

the registration statement, of which this proxy statement / prospectus forms a part, having been declared effective and no stop order having been issued by the SEC; and

the shares of Ocean Rig common stock included in the merger consideration payable to the holders of shares of OceanFreight common stock pursuant to the merger having been approved for listing on NASDAQ, subject to the completion of the merger.

Also, the obligations of OceanFreight and DryShips to complete the merger are conditioned upon:

the other party's representations and warranties being true and correct, except for failures that individually or in the aggregate would not reasonably be expected to have a material adverse effect on that party;

the other party having complied in all material respects with its obligations under the merger agreement; and

the absence of any material adverse effect on the other party's financial condition, business or results of operations taken as a whole.

However, since the consummation of the purchase agreement (described above), DryShips' obligation to complete the merger is no longer conditioned upon (i) OceanFreight's representations and warranties being true or (ii) the absence of any material adverse effect on OceanFreight's financial condition, business or results of operations.

***No Solicitation; Withdrawal of Board Recommendation***

OceanFreight and its subsidiaries and representatives may not, among other things:

solicit, initiate or knowingly take any action designed to facilitate or encourage any acquisition proposal;

enter into or participate in any discussions or negotiations with, furnish any information relating to OceanFreight or any of its subsidiaries or provide access to the business, properties, assets, books or records of OceanFreight or any of its subsidiaries to any third party with respect to inquiries regarding, or the making of, an acquisition proposal;

fail to make, withdraw, or modify or amend in a manner adverse to DryShips the recommendation of either the OceanFreight Special Committee or the OceanFreight board of directors, or recommend any other acquisition proposal;

grant any waiver or release under any standstill or similar agreement with respect to any class of equity securities of OceanFreight or any of its subsidiaries;

approve, endorse, recommend, enter into, or make a public proposal regarding, any agreement in principle, letter of intent, term sheet, merger agreement, acquisition agreement, option agreement or other similar agreement relating to an acquisition proposal, with the exception of a confidentiality agreement with a permitted third party;

approve any transaction under Article K of OceanFreight's third amended and restated articles of incorporation (which relates to business combinations); or

redeem the rights issued to holders of OceanFreight's common stock pursuant to the Second Amended and Restated Stockholder Rights Agreement, dated as of April 8, 2011, or OceanFreight's rights plan, amend or modify or terminate OceanFreight's rights plan or exempt any person from, or approve any transaction under, OceanFreight's rights plan.

Notwithstanding these prohibitions:

Prior to August 23, 2011, OceanFreight was permitted to:

engage in negotiations or discussions with any third party, that made an unsolicited written acquisition proposal after the date of the merger agreement if the OceanFreight Special Committee reasonably



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believed in good faith, after consulting with external legal and financial advisors, that the proposal would reasonably have been expected to lead to a superior proposal;

thereafter furnish to such third party non-public information relating to OceanFreight or any of its subsidiaries pursuant to a confidentiality agreement; and

if, in the case of the actions described in the two subbullets above, the OceanFreight Special Committee determined in good faith, after consultation with outside legal counsel, that the failure to take such action would have been reasonably likely to result in a breach of its fiduciary duties under applicable law and OceanFreight had provided DryShips two business days notice of its intention to take any action discussed in the two subbullets above; and

Prior to OceanFreight's shareholders approving the merger, the OceanFreight Special Committee or the OceanFreight board of directors may withdraw its recommendation in favor of the proposed merger in response to a material fact, event, change, development or set of circumstances (other than an acquisition proposal) arising during the period after the date of the merger agreement and before the approval of OceanFreight shareholders, which was not known or reasonably foreseeable by the OceanFreight Special Committee or the OceanFreight board of directors on the date of the merger agreement, if the failure to withdraw, modify or amend the recommendation would be reasonably likely to result in a breach of its fiduciary duties under applicable law; however, DryShips must be given at least five business days prior written notice by OceanFreight and, if requested by DryShips, OceanFreight must engage in good faith negotiations with DryShips to amend the merger agreement in such a manner that obviates the need for a withdrawal of the recommendation in favor of the proposed merger.

In addition, prior to August 23, 2011, OceanFreight had the right to terminate the merger agreement to enter into a definitive agreement with respect to a superior proposal or make a recommendation in connection with a superior proposal if the superior proposal did not result from a breach of the non-solicitation provisions of the merger agreement, and the OceanFreight Special Committee reasonably determined in good faith after consultation with its outside counsel and financial advisors that the failure to take any such action would have breached its fiduciary duties to OceanFreight shareholders, subject to certain conditions.

For additional information on limitations on solicitation and withdrawal of board recommendations, see *The Merger Agreement - No Solicitation*.

***Termination of the Merger Agreement***

The merger agreement provides for certain termination rights for OceanFreight and DryShips (even after the vote of the OceanFreight shareholders), including the right of:

both parties to terminate the merger agreement by mutual agreement;

either party to terminate the merger agreement if the merger has not become effective by March 26, 2012 or applicable law prohibits the consummation of the merger;

OceanFreight to terminate the merger agreement if either DryShips or Pelican Stockholdings Inc. has materially breached the merger agreement, including by failing to perform covenants or obligations under the merger agreement or because certain of its representations and warranties have become untrue, or upon certain other events, and that breach has not been cured; and

DryShips to terminate the merger agreement if OceanFreight has materially breached the merger agreement by failing to perform covenants or obligations under the merger agreement, and that breach has not been cured.

Additionally, DryShips or OceanFreight had the right to terminate the merger agreement in two additional circumstances that are no longer applicable. First, DryShips had the right to terminate the merger agreement prior to the purchase agreement closing date, which occurred on August 24, 2011, if: the OceanFreight Special Committee made an adverse recommendation in respect of the merger; OceanFreight entered into a binding agreement (other than a confidentiality agreement contemplated by the merger agreement) with a third party relating to any

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acquisition proposal; the OceanFreight Special Committee or the OceanFreight board of directors failed publicly to reaffirm its recommendation of the merger agreement or the merger within five business days of receipt of a written request by DryShips or Pelican Stockholdings Inc. to provide such reaffirmation following an acquisition proposal from a third party; or OceanFreight or any of its representatives materially breached any of its obligations under the non-solicitation provisions under the merger agreement.

Second, OceanFreight had the right to terminate the merger agreement, prior to August 23, 2011, in relation to a superior proposal (in accordance with the requirements set out above), provided that OceanFreight paid to DryShips the termination fee described below, and immediately following termination of the merger agreement, OceanFreight entered into a definitive agreement with respect to a superior proposal.

For additional information on OceanFreight's and DryShips' rights to terminate the merger agreement, see [The Merger Agreement - Termination](#).

### ***Termination Fee***

If (i) the merger agreement is terminated by DryShips (i) as a result of a material breach by OceanFreight of its covenants or obligations, (ii) an acquisition proposal is made prior to termination of the merger agreement, and (iii) prior to the first anniversary of the date of termination, OceanFreight enters into a definitive agreement with respect to or recommends to its shareholders any acquisition proposal or any such acquisition proposal shall have been consummated, then OceanFreight will be required to pay a termination fee of \$4.5 million in cash to DryShips.

Additionally, a termination fee would have been payable in two additional circumstances that are no longer applicable. First, if the merger agreement was terminated by DryShips prior to the closing of the purchase agreement, which occurred on August 24, 2011, and pursuant to the merger agreement, in the event that (i) prior to the purchase agreement closing date, the OceanFreight Special Committee or the OceanFreight board of directors made an adverse recommendation, (ii) OceanFreight entered into a binding agreement (other than a confidentiality agreement contemplated by the merger agreement) relating to any third-party acquisition proposal, (iii) the OceanFreight Special Committee or the OceanFreight board of directors failed publicly to reaffirm its recommendation of the merger agreement or the transaction contemplated thereby within five business days of receipt of a written request by DryShips or Pelican Stockholdings Inc. to provide such a reaffirmation following any third-party acquisition proposal, or (iv) OceanFreight or any of its representatives materially breached any of its obligations relating to the prohibition on solicitation under the merger agreement, then OceanFreight would have been required to pay to DryShips in immediately available funds a termination fee of \$4.5 million in cash.

Second, if the merger agreement was terminated by OceanFreight prior to August 23, 2011 after receipt of a superior proposal (and in accordance with the provisions set out above), then OceanFreight would have been required to pay to DryShips in immediately available funds a termination fee of \$4.5 million in cash.

For additional information on the termination fee and reimbursement of expenses, see [The Merger Agreement - Termination Fee and Expenses](#).

### **Risk Factors**

In evaluating the transaction, the merger agreement or the transactions contemplated by the merger agreement, you should carefully read this proxy statement / prospectus and especially consider the factors discussed in the section entitled [Risk Factors](#) beginning on page 28.



**Table of Contents****OCEAN RIG SUMMARY****Ocean Rig**

Ocean Rig is an international offshore drilling contractor providing oilfield services for offshore oil and gas exploration, development and production drilling and specializing in the ultra-deepwater and harsh-environment segment of the offshore drilling industry. Ocean Rig seeks to utilize its high-specification drilling units to the maximum extent of their technical capability and Ocean Rig believes that it has earned a reputation for operating performance excellence. Ocean Rig currently owns and operates two modern, fifth generation ultra-deepwater semi-submersible offshore drilling rigs, the *Leiv Eiriksson* and the *Eirik Raude*, and three sixth generation, advanced capability ultra-deepwater drillships, the *Ocean Rig Corcovado*, the *Ocean Rig Olympia* and the *Ocean Rig Poseidon*, delivered in January 2011, March 2011 and July 2011, respectively, by Samsung Heavy Industries Co. Ltd., or Samsung.

Ocean Rig has additional newbuilding contracts with Samsung for the construction of one sixth generation, advanced capability ultra-deepwater drillship, the *Ocean Rig Mykonos*, and three seventh generation newbuilding drillships, or Ocean Rig's seventh generation hulls. These four newbuilding drillships are currently scheduled for delivery in September 2011, July 2013, September 2013 and November 2013, respectively. The *Ocean Rig Corcovado*, the *Ocean Rig Olympia*, the *Ocean Rig Poseidon* and the *Ocean Rig Mykonos* are sister-ships constructed by the same shipyard to the same high-quality vessel design and specifications and are capable of drilling in water depths of 10,000 feet. The design of Ocean Rig's seventh generation hulls reflects additional enhancements that, with the purchase of additional equipment, will enable the drillship to drill in water depths of 12,000 feet.

Ocean Rig also has options with Samsung for the construction of up to three additional seventh generation ultra-deepwater drillships at an estimated total project cost, excluding financing costs, of \$638.0 million per drillship, based on a shipyard contract price of \$570.0 million, costs of approximately \$38.0 million for upgrades to the existing drillship specifications and construction-related expenses of \$30.0 million. These options are exercisable by Ocean Rig at any time on or prior to January 31, 2012.

Ocean Rig believes that the *Ocean Rig Corcovado*, the *Ocean Rig Olympia* and the *Ocean Rig Poseidon*, as well as its four newbuilding drillships, will be among the most technologically advanced drillships in the world. The S10000E design, used for the *Ocean Rig Corcovado*, the *Ocean Rig Olympia*, the *Ocean Rig Poseidon* and the *Ocean Rig Mykonos*, was originally introduced in 1998 and according to Fearnley Offshore AS, including these four drillships, a total of 45 drillships have been ordered using this base design, which has been widely accepted by customers, of which 24 had been delivered as of July 2011, including the *Ocean Rig Corcovado* and the *Ocean Rig Olympia*. Among other technological enhancements, Ocean Rig drillships are equipped with dual activity drilling technology, which involves two drilling systems using a single derrick that permits two drilling-related operations to take place simultaneously. Ocean Rig estimates this technology saves between 15% and 40% in drilling time, depending on the well parameters. Each of Ocean Rig's newbuilding drillships will be capable of drilling 40,000 feet at water depths of 10,000 feet or, in the case of its seventh generation hulls, 12,000 feet. Ocean Rig currently has a team of its employees at Samsung overseeing the construction of the four newbuilding drillships to help ensure that those drillships are built on time, to Ocean Rig's exact vessel specifications and on budget, as was the case for the *Ocean Rig Corcovado*, the *Ocean Rig Olympia* and the *Ocean Rig Poseidon*.

The total cost of construction and construction-related expenses for the *Ocean Rig Corcovado*, the *Ocean Rig Olympia* and the *Ocean Rig Poseidon* amounted to approximately \$754.8 million, \$755.3 million and \$788.5 million, respectively. As of August 15, 2011, Ocean Rig had made an aggregate of \$451.7 million of construction and

construction-related payments for the *Ocean Rig Mykonos*. Construction-related expenses include equipment purchases, commissioning, supervision and commissions to related parties, excluding financing costs and fair value adjustments. As of August 15, 2011, the remaining total construction and construction-related payments for the *Ocean Rig Mykonos* was approximately \$331.0 million in the aggregate. As of August 15, 2011, Ocean Rig had made an aggregate of \$726.7 million of construction and construction-related payments for its three seventh generation hulls and have remaining total construction and construction-related payments relating to these drillships of approximately \$1.2 billion in the aggregate.

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Ocean Rig's revenue, earnings before interest, taxes, depreciation and amortization, or EBITDA, and net income for the twelve-months ended June 30, 2011 were \$452.4 million, \$242.2 million and \$114.0 million, respectively. Ocean Rig believes EBITDA provides useful information to investors because it is a basis upon which it measures its operations and efficiency. Please see Selected Historical Consolidated Financial and Other Data of Ocean Rig for a reconciliation of EBITDA to net income, the most directly comparable U.S. generally accepted accounting principles, or U.S. GAAP, financial measure.

**Ocean Rig's Fleet**

Set forth below is summary information concerning Ocean Rig's offshore drilling units as of August 15, 2011.

|  | <b>Year Built or<br/>Scheduled<br/>Delivery/<br/>Generation</b> | <b>Water<br/>Depth<br/>to the<br/>Wellhead<br/>(ft)</b> | <b>Drilling<br/>Depth<br/>to the<br/>Oil<br/>Field<br/>(ft)</b> | <b>Customer</b>  | <b>Contract<br/>Term</b> |         | <b>Maximum<br/>Dayrate</b> | <b>Drilling<br/>Location</b> |
|--|---|---|---|--|--------------------------|---------|----------------------------|------------------------------|
| <b>Existing Drilling Rigs</b>            |   |   |   |  |                          |         |                            |                              |
| <i>Eiriksson</i>                         | 2001 / 5th  | 7,500   | 30,000  | Cairn Energy<br>plc                                    | Q2 2011                  | Q4 2011 | \$ 560,000                 | Greenland                    |
|  |   |   |   | Borders &<br>Southern plc                              | Q4 2011                  | Q2 2012 | \$ 530,000                 | Falkland Isl                 |
| <i>Raude</i>                             | 2002 / 5th  | 10,000  | 30,000  | Tullow Oil plc   | Q4 2008                  | Q4 2011 | \$ 665,000                 | Ghana                        |
| <b>Existing Drillships</b>               |   |   |   |  |                          |         |                            |                              |
| <i>En Rigg<br/>Novado(A)</i>             | 2011 / 6th  | 10,000  | 40,000  | Cairn Energy<br>plc                                    | Q1 2011                  | Q4 2011 | \$ 560,000                 | Greenland                    |
|  |   |   |   | Petróleo<br>Brasileiro S.A.                            | Q4 2011                  | Q4 2014 | \$ 460,000                 | Brazil                       |
| <i>En Rigg Olympia(A)</i>                | 2011 / 6th  | 10,000  | 40,000  | Vanco Cote<br>d'Ivoire Ltd.<br>and Vanco<br>Ghana Ltd. | Q2 2011                  | Q2 2012 | \$ 415,000                 | West Africa                  |
| <i>En Rigg Poseidon(A)</i>               | 2011 / 6th  | 10,000  | 40,000  | Petrobras<br>Tanzania<br>Limited                       | Q3 2011                  | Q3 2013 | \$ 632,000                 | Tanzania and<br>West Africa  |
| <b>Existing Newbuilding Drillships</b>   |   |   |   |  |                          |         |                            |                              |
| <i>En Rigg Mykonos(A)</i>                | Q3 2011 / 6th   | 10,000  | 40,000  | Petróleo<br>Brasileiro S.A.                            | Q3 2011                  | Q4 2014 | \$ 455,000                 | Brazil                       |
| <i>En Rigg #1 (TBN)(A)</i>               | Q3 2013 / 7th   | 12,000  | 40,000  |  |                          |         |                            |                              |
| <i>En Rigg #2 (TBN)(A)</i>               | Q4 2013 / 7th   | 12,000  | 40,000  |  |                          |         |                            |                              |
| <i>En Rigg #3 (TBN)(A)</i>               | Q4 2013 / 7th   | 12,000  | 40,000  |  |                          |         |                            |                              |
| <b>Additional Newbuilding Drillships</b> |   |   |   |  |                          |         |                            |                              |
| <i>Option #1(A)</i>                      |   | 12,000  | 40,000  |  |                          |         |                            |                              |
| <i>Option #2(A)</i>                      |   | 12,000  | 40,000  |  |                          |         |                            |                              |

Option #3(A) 12,000 40,000

(A) Represents sister ship vessels built to the same or similar design and specifications.

**Employment of Ocean Rig's Fleet**

In April 2011, the *Leiv Eiriksson* commenced a contract with a term of approximately six months with Cairn Energy plc, or Cairn, for drilling operations in Greenland at a maximum operating dayrate of \$560,000 and a mobilization fee of \$7.0 million plus fuel costs. The contract period is scheduled to expire on October 31, 2011, subject to Ocean Rig's customer's option to extend the contract period through November 30, 2011. Following the expiration of its contract with Cairn, the *Leiv Eiriksson* is scheduled to commence a contract with Borders & Southern for drilling operations offshore the Falkland Islands at a maximum operating dayrate of \$530,000 and a \$3.0 million fee payable upon commencement of mobilization as well as mobilization and demobilization fees, including fuel costs, of \$15.4 million and \$12.6 million, respectively. The contract was originally a two-well program at a maximum dayrate of \$540,000; however, on May 19, 2011, Borders & Southern exercised its option to



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extend the contract to drill an additional two wells, which it assigned to Falkland Oil and Gas Limited, or Falkland Oil and Gas, and the maximum dayrate decreased to \$530,000. Borders & Southern has the option to further extend this contract to drill an additional fifth well, in which case the dayrate would increase to \$540,000. The estimated duration for the four-well contract, including mobilization/demobilization periods, is approximately 230 days, and Ocean Rig estimates that the optional period to drill the additional fifth well would extend the contract term by approximately 45 days.

The *Eirik Raude* is employed under a contract, or the Tullow Oil contract, with Tullow Oil plc, or Tullow Oil, for development drilling offshore of Ghana at a weighted average dayrate of \$637,000, based upon 100% utilization. On February 15, 2011, the dayrate increased to a maximum of \$665,000, which rate will be effective until expiration of the contract in October 2011.

The *Ocean Rig Corcovado* is employed under a contract with Cairn for a period of approximately ten months, under which the drillship commenced drilling and related operations in Greenland in May 2011 at a maximum operating dayrate of \$560,000. In addition, Ocean Rig is entitled to a mobilization fee of \$17.0 million, plus fuel costs, and winterization upgrading costs of \$12.0 million, plus coverage of yard stay costs at \$200,000 per day during the winterization upgrade. The contract period is scheduled to expire on October 31, 2011, subject to Ocean Rig's customer's option to extend the contract period through November 30, 2011. On July 20, 2011, Ocean Rig entered into a three-year contract with Petróleo Brasileiro S.A., or Petrobras Brazil, for the *Ocean Rig Corcovado* for drilling operations offshore Brazil at a maximum dayrate of \$460,000, plus a mobilization fee of \$30.0 million. The contract is scheduled to commence upon the expiration of the drillship's contract with Cairn.

The *Ocean Rig Olympia* is employed under contracts to drill a total of five wells with Vanco Cote d'Ivoire Ltd. and Vanco Ghana Ltd., or, collectively, Vanco, for exploration drilling offshore of Ghana and Cote d'Ivoire at a maximum operating dayrate of \$415,000 and a daily mobilization rate of \$180,000, plus fuel costs. The aggregate contract term is for approximately one year, subject to Ocean Rig's customer's option to extend the term at the same dayrate for (i) one additional well, (ii) one additional year or (iii) one additional well plus one additional year. Vanco is required to exercise the option no later than the date on which the second well in the five-well program reaches its target depth.

The *Ocean Rig Poseidon* commenced a contract with Petrobras Tanzania Limited, or Petrobras Tanzania, a company related to Petrobras Oil & Gas B.V., or Petrobras Oil & Gas, on July 29, 2011 for drilling operations in Tanzania and West Africa for a period of 544 days, plus a mobilization period, at a maximum dayrate of \$632,000, including a bonus of up to \$46,000. In addition, Ocean Rig is entitled to receive a separate dayrate of \$422,500 for up to 60 days during relocation and a mobilization dayrate of \$317,000, plus the cost of fuel. The *Ocean Rig Poseidon* is currently earning mobilization fees under the contract. Drilling operations have not commenced.

On July 20, 2011, Ocean Rig entered into a three-year contract with Petrobras Brazil for the *Ocean Rig Mykonos* for drilling operations offshore Brazil at a maximum dayrate of \$455,000, plus a mobilization fee of \$30.0 million. The contract is scheduled to commence in the third quarter of 2011.

Ocean Rig has not arranged employment for its three seventh generation hulls, which are scheduled to be delivered in July 2013, September 2013 and November 2013, respectively.

## **Option to Purchase Additional New Drillships**

On November 22, 2010, DryShips, Ocean Rig's parent company, entered into a contract with Samsung that granted DryShips options for the construction of up to four additional ultra-deepwater drillships, which would be sister-ships to the *Ocean Rig Corcovado*, the *Ocean Rig Olympia*, the *Ocean Rig Poseidon* and the *Ocean Rig Mykonos* with certain upgrades to vessel design and specifications. The option agreement required DryShips to pay a non-refundable

slot reservation fee of \$24.8 million per drillship. The option agreement was novated by DryShips to Ocean Rig on December 30, 2010, at a cost of \$99.0 million, which Ocean Rig paid from the net proceeds of a private offering of its common shares that Ocean Rig completed in December 2010. In addition, Ocean Rig paid additional deposits totaling \$20.0 million to Samsung in the first quarter of 2011 to maintain favorable costs and yard slot timing under the option contract.

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On May 16, 2011, Ocean Rig entered into an addendum to the option contract with Samsung, pursuant to which Samsung granted Ocean Rig the option for the construction of up to two additional ultra-deepwater drillships, which would be sister-ships to its drillships and its seventh generation hulls, with certain upgrades to vessel design and specifications. Ocean Rig did not pay slot reservation fees in connection with its entry into this addendum.

As of the date of this proxy statement / prospectus, Ocean Rig has exercised three of the six options and, as a result, has entered into shipbuilding contracts for its seventh generation hulls with deliveries scheduled in July 2013, September 2013 and November 2013, respectively. Ocean Rig made payments of \$632.4 million to the shipyard in the second quarter of 2011 in connection with its exercise of the three newbuilding drillship options. The estimated total project cost per drillship is \$638.0 million, which consists of \$570.0 million of construction costs, costs of approximately \$38.0 million for upgrades to the existing drillship specifications and construction-related expenses of \$30.0 million. These upgrades include a 7 ram blowout preventer, or BOP, a dual mud system and, with the purchase of additional equipment, the capability to drill up to 12,000 feet water depth.

Ocean Rig may exercise the three remaining newbuilding drillship options at any time on or prior to January 31, 2012, with vessel deliveries ranging from the first to the third quarter of 2014, depending on when the options are exercised. Ocean Rig estimates the total project cost, excluding financing costs, for the remaining three optional drillships to be \$638.0 million per drillship, based on the construction and construction-related expenses for its seventh generation hulls described above.

As part of the novation of the contract described above, the benefit of the slot reservation fees passed to Ocean Rig. The amount of the slot reservation fees for the seventh generation hulls has been applied towards the drillship contract prices and the amount of the slot reservation fees applicable to one of the remaining three newbuilding drillship options will be applied towards the drillship contract price if the option is exercised.

## **Management of Ocean Rig's Drilling Units**

Ocean Rig's existing drilling rigs, the *Leiv Eiriksson* and the *Eirik Raude*, are managed by Ocean Rig AS, Ocean Rig's wholly-owned subsidiary. Ocean Rig AS also provides supervisory management services, including onshore management, to the *Ocean Rig Corcovado*, the *Ocean Rig Olympia*, the *Ocean Rig Poseidon* and Ocean Rig's newbuilding drillships pursuant to separate management agreements entered into with each of the drillship-owning subsidiaries. Under the terms of these management agreements, Ocean Rig AS, through its offices in Stavanger, Norway, Aberdeen, United Kingdom and Houston, Texas, is responsible for, among other things, (i) assisting in construction contract technical negotiations, (ii) securing contracts for the future employment of the drillships, and (iii) providing commercial, technical and operational management for the drillships.

Pursuant to the Global Services Agreement between DryShips and Cardiff Marine Inc., or Cardiff, a related party, effective December 21, 2010, DryShips has engaged Cardiff to act as consultant on matters of chartering and sale and purchase transactions for the offshore drilling units operated by Ocean Rig. Under the Global Services Agreement, Cardiff, or its subcontractor, will (i) provide consulting services related to identifying, sourcing, negotiating and arranging new employment for offshore assets of DryShips and its subsidiaries, including Ocean Rig's drilling units and (ii) identify, source, negotiate and arrange the sale or purchase of the offshore assets of DryShips and its subsidiaries, including Ocean Rig's drilling units. The services provided by Ocean Rig AS and Cardiff overlap mainly with respect to negotiating shipyard orders and providing marketing for potential contractors. Cardiff has an established reputation within the shipping industry, and has developed expertise and a network of strong relationships with shipbuilders and oil companies, which supplement the management capabilities of Ocean Rig AS. Ocean Rig may benefit from services provided in accordance the Global Services Agreement. See **Business Management of Ocean Rig's Drilling Units** Global Services Agreement.

**Ocean Rig s Competitive Strengths**

Ocean Rig believes that its prospects for success are enhanced by the following aspects of its business:

*Proven track record in ultra-deepwater drilling operations.* Ocean Rig has a well-established record of operating drilling equipment with a primary focus on ultra-deepwater offshore locations and harsh environments.

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Established in 1996, Ocean Rig employed 1,070 people as of August 15, 2011, and has gained significant experience operating in challenging environments with a proven track record for operations excellence through Ocean Rig's completion of 102 wells. Ocean Rig capitalizes on its high-specification drilling units to the maximum extent of their technical capability, and Ocean Rig believes that it has earned a reputation for operating performance excellence. Ocean Rig has operated the *Leiv Eiriksson* since 2001 and the *Eirik Raude* since 2002. From February 24, 2010 through February 3, 2011, the *Leiv Eiriksson* performed drilling operations in the Black Sea under its contract with Petrobras Oil & Gas, or the Petrobras contract, and achieved a 91% earnings efficiency. The *Eirik Raude* has been operating in deep water offshore of Ghana under the Tullow Oil contract and achieved a 98% earnings efficiency for the period beginning October 2008, when the rig commenced the contract, through June 30, 2011.

*Technologically advanced deepwater drilling units.* According to Fearnley Offshore AS, the *Leiv Eiriksson* and the *Eirik Raude* are two of only 15 drilling units worldwide as of July 2011 that are technologically equipped to operate in both ultra-deepwater and harsh environments. Additionally, each of Ocean Rig's drillships will be either a sixth or seventh generation, advanced capability, ultra-deepwater drillship built based on a proven design that features full dual derrick enhancements. The *Ocean Rig Corcovado*, the *Ocean Rig Olympia* and the *Ocean Rig Poseidon* have, and the newbuilding drillships will have, the capacity to drill 40,000 feet at water depths of 10,000 feet or, in the case of Ocean Rig's seventh generation hulls, 12,000 feet. One of the key benefits of each of Ocean Rig's drillships is its dual activity drilling capabilities, which involves two drilling systems that use a single derrick and which permits two drilling-related operations to take place simultaneously. Ocean Rig estimates that this capability reduces typical drilling time by approximately 15% to 40%, depending on the well parameters, resulting in greater utilization and cost savings to Ocean Rig's customers. According to Fearnley Offshore AS, of the 34 ultra-deepwater drilling units to be delivered worldwide in 2011, only 11 are expected to have dual activity drilling capabilities, including Ocean Rig's four drillships. As a result of the *Deepwater Horizon* offshore drilling accident in the Gulf of Mexico in April 2010, in which Ocean Rig was not involved, Ocean Rig believes that independently and nationally owned oil companies and international governments will increase their focus on safety and the prevention of environmental disasters and, as a result, Ocean Rig expects that high quality and technologically advanced drillships such as Ocean Rig's will be in high demand and at the forefront of ultra-deepwater drilling activity.

*Long-term blue-chip customer relationships.* Since the commencement of its operations, Ocean Rig has developed relationships with large independent oil producers such as Chevron Corporation, or Chevron, Exxon Mobil Corporation, or ExxonMobil, Petrobras Oil & Gas, Royal Dutch Shell plc, or Shell, BP plc, or BP, Total S.A., or Total, Statoil ASA, or Statoil, and Tullow Oil. Together with its predecessor, Ocean Rig ASA, Ocean Rig has drilled 102 wells in 15 countries for 22 clients, including those listed above. Currently, Ocean Rig has employment contracts with Petrobras Oil & Gas, Petrobras Tanzania, Petrobras Brazil, Tullow Oil, Borders & Southern, Cairn and Vanco. Ocean Rig believes these strong customer relationships stem from its proven track record for dependability and for delivering high-quality drilling services in the most extreme operating environments. Although Ocean Rig's former clients are not obligated to use its services, it expects to use its relationships with its current and former customers to secure attractive employment contracts for its drilling units.

*High barriers to entry.* There are significant barriers to entry in the ultra-deepwater offshore drilling industry. Given the technical expertise needed to operate ultra-deepwater drilling rigs and drillships, operational know-how and a track record of safety play an important part in contract awards. The offshore drilling industry in some jurisdictions is highly regulated, and compliance with regulations requires significant operational expertise and financial and management resources. With the negative press around the *Deepwater Horizon* drilling rig accident, Ocean Rig expects regulators worldwide to implement more stringent regulations and oil companies to place a premium on drilling firms with a proven track record for safety. There are also significant capital requirements for building ultra-deepwater drillships. Further, there is limited shipyard availability for new drillships and required lead times are typically in excess of two years. Additionally, due to the recent financial crisis, access to bank lending, the traditional source for ship and offshore financing, has become constrained. According to Fearnley Offshore AS, as of July 2011,

there were 85 ultra-deepwater drilling units in operation with another 62 under construction, including the *Ocean Rig Poseidon* and Ocean Rig's four newbuilding drillships.

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*Anticipated strong free cash flow generation.* Based on current and expected supply and demand dynamics in ultra-deepwater drilling, Ocean Rig expects dayrates to be above its estimated daily cash breakeven rate, based on estimated daily operating costs, general and administrative costs and debt service requirements, thereby generating substantial free cash flow going forward. According to Fearnley Offshore AS, the most recent charterhire in the industry for a modern ultra-deepwater drillship or rig (June 2011) was at a gross dayrate of \$450,000 for a two-year contract commencing in the third quarter of 2012. Once drilling operations have commenced with the *Ocean Rig Poseidon* under the contract with Petrobras Tanzania, Ocean Rig's five-unit fleet will generate a maximum average dayrate of \$560,000.

*Leading shipbuilder constructing Ocean Rig's newbuildings.* Only a limited number of shipbuilders possess the necessary construction and underwater drilling technologies and experience to construct drillships. The *Ocean Rig Corcovado*, the *Ocean Rig Olympia* and the *Ocean Rig Poseidon* were, and Ocean Rig's four newbuilding drillships are being, built by Samsung, which is one of the world's largest shipbuilders in the high-tech and high-value shipbuilding sectors, which include drillships, ultra-large container ships, liquefied natural gas carriers and floating production storage and offshore units, or FPSOs. According to Fearnley Offshore AS, of the 74 drillships ordered on a global basis since 2005, Samsung has delivered or will deliver 40, representing a 54% market share. To date, construction of Ocean Rig's newbuilding drillships has progressed on time and on budget.

*Experienced management and operations team.* Ocean Rig has an experienced management and operations team with a proven track record and an average of 24 years of experience in the offshore drilling industry. Many of the core members of Ocean Rig's management team have worked together since 2006, and certain members of Ocean Rig's management team have worked at leading oil-related and shipping companies such as ExxonMobil, Statoil, Transocean Ltd., ProSafe and Smedvig (acquired by Seadrill Limited). In addition to the members of the management team, Ocean Rig had at August 15, 2011, 38 employees of Ocean Rig overseeing construction of its newbuilding drillships and will have highly trained personnel operating the drillships once they are delivered from the yard. Ocean Rig also had at August 15, 2011 an onshore team of 109 people in management functions as well as administrative and technical staff and support functions, ranging from marketing, human resources, accounting, finance, technical support and health, environment, safety and quality, or HES&Q. Ocean Rig believes the focus and dedication of its personnel in each step of the process, from design to construction to operation, has contributed to its track record of safety and consistently strong operational performance.

## **Business Strategy**

Ocean Rig's business strategy is predicated on becoming a leading company in the offshore ultra-deepwater drilling industry and providing customers with safe, high quality service and state-of-the-art drilling equipment. The following outlines the primary elements of this strategy:

*Create a pure play model in the ultra-deepwater and harsh environment markets.* Ocean Rig's mission is to become the preferred offshore drilling contractor in the ultra-deepwater and harsh environment regions of the world and to deliver excellent performance to its clients by exceeding their expectations for operational efficiency and safety standards. Ocean Rig believes the *Ocean Rig Corcovado*, the *Ocean Rig Olympia* and the *Ocean Rig Poseidon* are, and its four newbuilding drillships will be, among the most technologically advanced in the world. Ocean Rig currently has an option to purchase up to three additional newbuilding drillships and it intends to grow its fleet over time in order to continue to meet its customers' demands while optimizing its fleet size from an operational and logistical perspective.

*Capitalize on the operating capabilities of Ocean Rig's drilling units.* Ocean Rig plans to capitalize on the operating capabilities of its drilling units by entering into attractive employment contracts. The focus of its marketing effort is to maximize the benefits of the drilling units' ability to operate in ultra-deepwater drilling locations. As described above,

the *Leiv Eiriksson* and *Eirik Raude* are two of only 15 drilling units worldwide as of July 2011 that are technologically equipped to operate in both ultra-deepwater and harsh environments, and its drillships will have the capacity to drill 40,000 feet at water depths of 10,000 feet or, in the case of Ocean Rig's seventh generation hulls, 12,000 feet with dual activity drilling capabilities. Ocean Rig aims to secure firm employment contracts for the drilling units at or near the highest dayrates available in the industry at that time while balancing appropriate contract lengths. As Ocean Rig works towards its goal of securing firm contracts for its



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drilling units at attractive dayrates, Ocean Rig believes it will be able to differentiate itself based on its prior experience operating drilling rigs and its safety record.

*Maintain high drilling units utilization and profitability.* Ocean Rig has a proven track record of optimizing equipment utilization. Until February 2011, the *Leiv Eiriksson* was operating in the Black Sea under the Petrobras contract and maintained a 91% earnings efficiency from February 24, 2010 through February 3, 2011, for the period it performed drilling operations under the contract. The *Eirik Raude* has been operating offshore of Ghana under the Tullow Oil contract and maintained a 98% earnings efficiency from October 2008, when it commenced operations under the contract, through March 31, 2011. Ocean Rig aims to maximize the revenue generation of its drilling units by maintaining its track record of high drilling unit utilization as a result of the design capabilities of its drilling units that can operate in harsh environmental conditions.

*Capitalize on favorable industry dynamics.* Ocean Rig believes the demand for offshore deepwater drilling units will be positively affected by increasing global demand for oil and gas and increased exploration and development activity in deepwater markets. The International Energy Agency, or the IEA, projected that oil demand for 2010 increased by 3.4% compared to 2009 levels, and that oil demand will further increase to 89.2 million barrels per day in 2011, an increase of 1.5% compared to 2010 levels. As the Organization for Economic Co-operation and Development, or OECD, countries resume their growth and the major non-OECD countries continue to develop, led by China and India, oil demand is expected to grow. Ocean Rig believes it will become increasingly difficult to find the incremental barrels of oil needed, due to depleting existing oil reserves. This is expected to force oil companies to continue to explore for oil farther offshore for growing their proven reserves. According to Fearnley Offshore AS, from 2005 to 2010, the actual spending directly related to ultra-deepwater drilling units increased from \$4.7 billion to \$19.0 billion, a compound average growth rate, or CAGR, of 32.2%.

*Continue to prioritize safety as a key focus of Ocean Rig's operations.* Ocean Rig believes safety is of paramount importance to its customers and a key differentiator for Ocean Rig when securing drilling contracts from its customers. Ocean Rig has a zero incident philosophy embedded in its corporate culture, which is reflected in its policies and procedures. Despite operating under severely harsh weather conditions, Ocean Rig has a proven track record of high efficiency deepwater and ultra-deepwater drilling operations. Ocean Rig employed 1,070 people as of August 15, 2011 and has been operating ultra-deepwater drilling rigs since 2001. Ocean Rig has extensive experience working in varying environments and regulatory regimes across the globe, including Eastern Canada, Angola, Congo, Ireland, the Gulf of Mexico, the U.K., West of Shetlands, Norway, including the Barents Sea, Ghana and Turkey.

Both of Ocean Rig's drilling rigs and one of its drillships, the *Ocean Rig Corcovado*, have a valid and updated safety case under U.K. Health and Safety Executive, or HSE, regulations, and both of Ocean Rig's drilling rigs hold a Norwegian sector certificate of compliance (called an Acknowledgement of Compliance), which evidences that the rigs and Ocean Rig's management system meet the requirements set by the U.K. and Norwegian authorities.

Ocean Rig believes that this safety record has enabled it to hire and retain highly-skilled employees, thereby improving its overall operating and financial performance. Ocean Rig expects to continue its strong commitment to safety across all of its operations by investing in the latest technologies, performing regular planned maintenance on its drilling units and investing in the training and development of new safety programs for its employees.

*Implement and sustain a competitive cost structure.* Ocean Rig believes that it has a competitive cost structure due to its operating experience and successful employee retention policies and that its retention of highly-skilled personnel leads to significant transferable experience and knowledge of drilling rig operation through deployment of seasoned crews across its fleet. By focusing on the ultra-deepwater segment, Ocean Rig believes that it is able to design and implement best-in-class processes to streamline its operations and improve efficiency. As Ocean Rig grows, it hopes to benefit from significant economies of scale due to an increased fleet size and a fleet of sister-ships to its drillships,

where Ocean Rig expects to benefit from the standardization of these drilling units, resulting in lower training and operating costs. In addition, Ocean Rig's drillships have high-end specifications, including advanced technology and safety features, and, therefore, Ocean Rig expects that the need for upgrades will be limited in the near term. Ocean Rig expects the increase from five to nine drilling units to enable it to bring more than one unit into a drilling region in which it operates. To the extent Ocean Rig operates more than one drilling unit in a drilling region, Ocean Rig expects to benefit from economies of scale and improved logistic coordination managing more units from the same onshore bases.

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### **Risk Factors**

Ocean Rig faces a number of risks associated with its business and industry and must overcome a variety of challenges to utilize its strengths and implement its business strategy. These risks include, among others, changes in the offshore drilling market, including supply and demand, utilization rates, dayrates, customer drilling programs, and commodity prices; a downturn in the global economy; hazards inherent in the drilling industry and marine operations resulting in liability for personal injury or loss of life, damage to or destruction of property and equipment, pollution or environmental damage; inability to comply with loan covenants; inability to finance shipyard and other capital projects; and inability to successfully employ its drilling units.

This is not a comprehensive list of risks to which Ocean Rig is subject, and you should carefully consider all the information in this proxy statement / prospectus in connection with its common shares. In particular, Ocean Rig urges you to carefully consider the risk factors set forth in the section of this proxy statement / prospectus entitled Risk Factors beginning on page 28.

### **Industry Overview**

In recent years, the international drilling market has seen an increasing trend towards deep and ultra-deepwater oil and gas exploration. As shallow water resources mature, deep and ultra-deepwater regions are expected to play an increasing role in offshore oil and gas production. According to Fearnley Offshore AS, the ultra-deepwater market has seen rapid development over the last six years, with dayrates increasing from approximately \$180,000 in 2004 to above \$600,000 in 2008, before declining to a level of approximately \$453,000 in July 2011. The ultra-deepwater market rig utilization rate has been stable above 80% since 2000 and above 97% since 2006. The operating units capable of drilling in ultra-deepwater depths of greater than 7,500 feet consist mainly of fifth- and sixth-generation units, but also include certain older upgraded units. The in-service fleet as of July 2011 totaled 85 units, and is expected to grow to 147 units upon the scheduled delivery of the current newbuild orderbook by the middle of 2014. Historically, an increase in supply has caused a decline in utilization and dayrates until drilling units are absorbed into the market. Accordingly, dayrates have been very cyclical. Ocean Rig believes that the largest undiscovered offshore reserves are mostly located in ultra-deepwater fields and primarily located in the golden triangle between West Africa, Brazil and the Gulf of Mexico. The location of these large offshore reserves has resulted in more than 90% of the floater orderbook being represented by ultra-deepwater units. Furthermore, due to increased focus on technically challenging operations and the inherent risk of developing offshore fields in ultra-deepwater, particularly in light of the *Deepwater Horizon* oil spill in the Gulf of Mexico, oil companies have already begun to show a preference for modern units more capable of drilling in these harsh environments. See The Offshore Drilling Industry.

### **Dividend Policy**

Ocean Rig's long-term objective is to pay a regular dividend in support of its main objective to maximize shareholder returns. However, Ocean Rig has not paid any dividends in the past and it is currently focused on the development of capital intensive projects in line with its growth strategy and this focus will limit any dividend payment in the medium term. Furthermore, since Ocean Rig is a holding company with no material assets other than the shares of its subsidiaries through which it conducts its operations, Ocean Rig's ability to pay dividends will depend on its subsidiaries distributing their earnings and cash flow to it. Some of Ocean Rig's other loan agreements limit or prohibit its subsidiaries' ability to make distributions without the consent of its lenders.

Any future dividends declared will be at the discretion of Ocean Rig's board of directors and will depend upon its financial condition, earnings and other factors, including the financial covenants contained in Ocean Rig's loan

agreements and its 9.5% senior unsecured notes due 2016. Ocean Rig's ability to pay dividends is also subject to Marshall Islands law, which generally prohibits the payment of dividends other than from operating surplus or while a company is insolvent or would be rendered insolvent upon the payment of such dividend. In addition, under Ocean Rig's \$800.0 million senior secured term loan agreement, which matures in 2016, Ocean Rig is prohibited from paying dividends without the consent of its lenders.

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### **Corporate Structure**

Ocean Rig is a corporation incorporated under the laws of the Republic of the Marshall Islands on December 10, 2007 under the name Primelead Shareholders Inc. Primelead Shareholders Inc. was formed in December 2007 for the purpose of acquiring the shares of Ocean Rig's predecessor, Ocean Rig ASA, which was incorporated in September 1996 under the laws of Norway. Ocean Rig acquired control of Ocean Rig ASA on May 14, 2008. Prior to the private placement of Ocean Rig's common shares in December 2010, it was a wholly-owned subsidiary of DryShips. As of the date of this proxy statement / prospectus, DryShips owns approximately 77% of Ocean Rig's outstanding common shares. Each of Ocean Rig's drilling units is owned by a separate wholly-owned subsidiary. For further information concerning Ocean Rig's organizational structure, please see Business Corporate Structure.

Ocean Rig maintains its principal executive offices at 10 Skopa Street, Tribune House, 2nd Floor, Office 202, CY 1075, Nicosia, Cyprus and Ocean Rig's telephone number at that address is 011 357 22767517. Ocean Rig's website is located at [www.ocean-rig.com](http://www.ocean-rig.com). The information on Ocean Rig's website is not a part of this proxy statement / prospectus.

### **Private Offering of Common Shares**

On December 21, 2010, Ocean Rig completed the sale of an aggregate of 28,571,428 of its common shares (representing approximately 22% of its outstanding common stock) in an offering made to both non-U.S. persons in Norway in reliance on Regulation S under the Securities Act and to qualified institutional buyers in the U.S. in reliance on Rule 144A under the Securities Act, or the private offering.

On August 26, 2011, Ocean Rig commenced an offer to exchange an aggregate of 28,571,428 registered shares of common stock for an equivalent number of unregistered common shares issued in the private offering, or the Exchange Offer. A company controlled by Ocean Rig's Chairman, President and Chief Executive Officer, Mr. George Economou, purchased 2,869,428 common shares, or 2.38% of its outstanding common shares, in the private offering at the offering price of \$17.50 per share. Ocean Rig received approximately \$488.3 million of net proceeds from the private offering, of which it used \$99.0 million to purchase an option contract from DryShips, Ocean Rig's parent company, for the construction of up to four additional ultra-deepwater drillships as described above. Ocean Rig applied the remaining proceeds to partially fund remaining installment payments for its newbuilding drillships and for general corporate purposes.

### **Recent Developments**

During April 2011, Ocean Rig borrowed an aggregate of \$48.1 million from DryShips through shareholder loans for capital expenditures and general corporate purposes. On April 20, 2011, these intercompany loans, along with shareholder loans of \$127.5 million that Ocean Rig borrowed from DryShips in March 2011, were fully repaid.

On April 15, 2011, Ocean Rig held a special shareholders meeting at which its shareholders approved proposals (i) to adopt Ocean Rig's second amended and restated articles of incorporation and (ii) to designate the class of each member of Ocean Rig's board of directors and related expiration of term of office.

On April 18, 2011, Ocean Rig entered into an \$800 million senior secured term loan agreement to partially finance the construction costs of the *Ocean Rig Corcovado* and the *Ocean Rig Olympia*. On April 20, 2011, Ocean Rig drew down the full amount of this facility and prepaid its \$325.0 million short-term loan agreement.

On April 18, 2011, Ocean Rig exercised the first of its six newbuilding drillship options under its option contract with Samsung and, as a result, entered into a shipbuilding contract for one of Ocean Rig's seventh generation hulls and paid \$207.6 million to the shipyard on April 20, 2011.

On April 27, 2011, Ocean Rig entered into an agreement with the lenders under its two \$562.5 million loan agreements, or the Deutsche Bank credit facilities, to restructure these facilities. As a result of this restructuring (i) the maximum amount permitted to be drawn is reduced from \$562.5 million to \$495.0 million under each facility, (ii) in addition to the guarantee already provided by DryShips, Ocean Rig provided an unlimited recourse guarantee that includes certain financial covenants, and (iii) Ocean Rig is permitted to draw under the facility with

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respect to the *Ocean Rig Poseidon* based upon the employment of the drillship under its drilling contract with Petrobras Tanzania, and on April 27, 2010, the cash collateral deposited for this vessel was released. On August 10, 2011, Ocean Rig amended the terms of the credit facility for the construction of the *Ocean Rig Mykonos* to allow for full drawdowns to finance the remaining installment payments for this drillship based on the Petrobras Brazil contract and on August 10, 2011, the cash collateral deposited for the drillship was released. The amendment also requires that the *Ocean Rig Mykonos* be re-employed under a contract acceptable to the lenders meeting certain minimum terms and dayrates at least six months, in lieu of 12 months, prior to the expiration of the Petrobras Brazil contract. All other material terms of the credit facility were unchanged.

On April 27, 2011, Ocean Rig issued \$500.0 million aggregate principal amount of its 9.5% senior unsecured notes due 2016 offered in a private placement. The net proceeds of the offering of approximately \$487.5 million are expected to be used to finance Ocean Rig's newbuilding drillships program and for general corporate purposes.

On April 27, 2011, Ocean Rig exercised the second of six newbuilding drillship options under its option contract with Samsung and, as a result, entered into a shipbuilding contract for the second of Ocean Rig's seventh generation hulls and paid \$207.4 million to the shipyard on May 5, 2011.

On May 3, 2011, following the approval by Ocean Rig's board of directors and shareholders, Ocean Rig amended and restated its amended and restated articles of incorporation to, among other things, increase its authorized share capital to 1,000,000,000 common shares and 500,000,000 shares of preferred stock, each with a par value of \$0.01 per share.

On May 5, 2011, Ocean Rig terminated its contract with Borders & Southern for the *Eirik Raude* for drilling operations offshore the Falkland Islands and entered into a new contract with Borders & Southern for the *Leiv Eiriksson* on the same terms as the original contract for the *Eirik Raude* with exceptions for the fees payable upon mobilization and demobilization and certain other terms specific to the *Leiv Eiriksson*, including off-hire dates, period surveys and technical specifications.

On May 16, 2011, Ocean Rig entered into an addendum to its option contract with Samsung, pursuant to which Samsung granted Ocean Rig the option for the construction of up to two additional ultra-deepwater drillships, for a total of up to six additional ultra-deepwater drillships, which would be sister-ships to its drillships and its seventh generation hulls, with certain upgrades to vessel design and specifications. Pursuant to the addendum, the two additional newbuilding drillship options and the remaining drillship option under the original contract may be exercised at any time on or prior to January 31, 2012.

On May 19, 2011, Borders & Southern exercised its option to drill an additional two wells under its contract with Ocean Rig for the *Leiv Eiriksson*. Borders & Southern assigned the two optional wells to Falkland Oil and Gas. The maximum operating dayrate under the contract, which was originally \$540,000, decreased to \$530,000 as a result of the exercise of the optional wells. Borders & Southern has a further option under the contract to drill a fifth well, for which, if exercised, the dayrate would be \$540,000.

On May 20, 2011, Ocean Rig paid \$10.0 million to Samsung in exchange for Samsung's agreement to deliver the third optional newbuilding drillship by November 2013 if Ocean Rig exercises its option to construct the drillship by November 22, 2011 under its contract with Samsung.

On June 23, 2011, Ocean Rig exercised the third of Ocean Rig's six newbuilding drillship options under its option contract with Samsung and, as a result, entered into a shipbuilding contract for the third of its seventh generation hulls and paid \$207.4 million to the shipyard.

On July 20, 2011, Ocean Rig entered into contracts with Petrobras Brazil for the *Ocean Rig Corcovado* and the *Ocean Rig Mykonos* for drilling operations offshore Brazil. The term of each contract is 1,095 days, with a total combined value of \$1.1 billion. The contract for the *Ocean Rig Mykonos* is scheduled to commence directly after delivery of the drillship in September 2011 and the contract for the *Ocean Rig Corcovado* is scheduled to commence upon the expiration of the drillship's current contract with Cairn.

On July 26, 2011, DryShips and OceanFreight entered into the merger agreement described in this proxy statement/prospectus, pursuant to which DryShips agreed to acquire the outstanding shares of OceanFreight common stock for consideration per share consisting of \$11.25 in cash and 0.52326 of a share of Ocean Rig



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common stock. The Ocean Rig common shares that will be received by the OceanFreight shareholders will be from currently outstanding shares held by DryShips. Based on the July 25, 2011 closing price of NOK89.00 (or approximately \$16.44 based on the NOK/USD exchange rate of NOK5.41/\$1 on July 25, 2011) for the shares of Ocean Rig common stock on the Norwegian OTC market, the transaction consideration reflects a total equity value for OceanFreight of approximately \$118 million and a total enterprise value of approximately \$239 million, including the assumption of debt. The transaction has been approved by the boards of directors of DryShips and OceanFreight, by the audit committee of the board of directors of DryShips, which negotiated the proposed transaction on behalf of DryShips, and by the OceanFreight Special Committee. The shareholders of OceanFreight, other than the entities controlled by Mr. Kandylidis, the Chief Executive Officer of OceanFreight, will receive the consideration for their shares pursuant to a merger of OceanFreight with a subsidiary of DryShips.

Simultaneously with the execution of the merger agreement, DryShips, entities controlled by Mr. Kandylidis and OceanFreight, entered into a separate purchase agreement. Under the purchase agreement, DryShips acquired from the entities controlled by Mr. Kandylidis all their OceanFreight shares, representing a majority of the outstanding shares of OceanFreight, for the same consideration per share that the OceanFreight shareholders will receive in the merger. This acquisition closed on August 24, 2011. DryShips has committed to vote the OceanFreight shares it acquired in favor of the merger, which requires approval by a majority vote. Mr. Kandylidis is the son of one of the directors of DryShips and the nephew of Mr. Economou. The Ocean Rig shares paid by DryShips to the entities controlled by Mr. Kandylidis are subject to a six-month lock-up period.

On July 28, 2011, Ocean Rig took delivery of its newbuilding drillship, the *Ocean Rig Poseidon*, the third of Ocean Rig's four sixth-generation, advanced capability ultra-deepwater sister drillships that are being constructed by Samsung. In connection with the delivery of the *Ocean Rig Poseidon*, the final yard installment of \$309.3 million was paid, which was financed with additional drawdowns in July 2011 under the Deutsche Bank credit facility.

On August 4, 2011, the board of directors of DryShips announced that it approved the partial spin-off, or the Spin Off, of its interest in Ocean Rig. DryShips will distribute approximately 2,967,359 shares of common stock of Ocean Rig. The number of shares of Ocean Rig common stock to be distributed for each share of common stock of DryShips will be determined by dividing 2,967,359 by the aggregate number of issued and outstanding shares of common stock of DryShips on September 21, 2011, the record date for the distribution. As of August 4, 2011, DryShips had outstanding 399,151,783 common shares, which would have resulted in the distribution of 0.007434 shares of Ocean Rig common stock for every one share of common stock of DryShips. Ocean Rig has been advised that DryShips intends to conduct the Spin Off in order to satisfy the initial listing criteria of the NASDAQ Global Select Market, which require that Ocean Rig have a minimum number of round lot shareholders (shareholders who own 100 or more shares), and thereby increase the liquidity of its shares of common stock. Ocean Rig believes that listing its shares of common stock on the NASDAQ Global Select Market and thereby increasing the liquidity of its shares of common stock will benefit its shareholders by improving the ability of its shareholders to monetize their investment by selling its common shares, reducing volatility in the market price of its common shares, enhancing its ability to access the capital markets and increasing the likelihood of attracting coverage by research analysts which, in turn, would provide additional information to shareholders upon which to base an investment decision. The Spin Off will not require any action on the part of DryShips' shareholders. In connection with the Spin Off, Ocean Rig has applied to have its common shares listed for trading on the NASDAQ Global Select Market; however Ocean Rig cannot assure you that the Spin Off will be completed or that its common shares will be approved for listing on the NASDAQ Global Select Market.

On August 26, 2011, Ocean Rig commenced the Exchange Offer pursuant to a registration statement on Form F-4 (File No. 333-175940) of Ocean Rig filed with the SEC on August 1, 2011, as amended by Amendment No. 1 to Form F-4 and Post-Effective Amendment No. 1 to Form F-4 filed with the SEC on August 17, 2011 and August 30, 2011, respectively.



**Table of Contents****SELECTED HISTORICAL CONSOLIDATED FINANCIAL AND OTHER DATA OF OCEANFREIGHT**

The following table sets forth selected consolidated financial and other data of OceanFreight for the period from September 11, 2006 (date of inception) through December 31, 2006 and for the years ended December 31, 2007, 2008, 2009 and 2010 as well as for the six-month periods ended June 30, 2011 and 2010. You should read the notes to OceanFreight's consolidated financial statements for a discussion of the basis on which OceanFreight's consolidated financial statements are presented. The information provided below should be read in conjunction with Item 5

Operating and Financial Review and Prospects and the consolidated financial statements, related notes and other financial information included in OceanFreight's Form 20-F included as Annex D to this proxy statement / prospectus and the other financial information included in Annex E to this proxy statement / prospectus.

Following the 3:1 and the 20:1 reverse stock splits effected on June 17, 2010 and July 6, 2011, respectively, pursuant to which every three and twenty shares, respectively, of OceanFreight's common stock issued and outstanding were converted into one share of common stock, all share and per share amounts in the selected consolidated financial and other data of OceanFreight in the following table have been retroactively restated to reflect these changes in capital structure.

(Expressed in thousands of U.S. Dollars except for share and per share data and average daily results)

|  | <b>September<br/>11, 2006<br/>(inception)<br/>to<br/>December 31,<br/>2006</b> | <b>2007</b> | <b>Year Ended December 31,</b> |             |             | <b>Six Month Period<br/>Ended June 30,<br/>2010 2011<br/>(Unaudited)</b> |          |
|--|--|-------------|--------------------------------|-------------|-------------|--|----------|
|  |  |             | <b>2008</b>                    | <b>2009</b> | <b>2010</b> |  |          |
| <b>Income Statement Data:</b>                            |  |             |                                |             |             |  |          |
| Voyage revenue and imputed deferred revenue              | \$   | 41,133      | 157,434                        | 132,935     | 102,190     | 54,377   | 30,963   |
| Gain/(loss) on forward freight agreements                |  |             |                                | 570         | (4,342)     | (4,218)  |          |
| Voyage expenses  |  | (1,958)     | (14,275)                       | (5,549)     | (5,196)     | (2,616)  | (2,206)  |
| Vessels operating expenses                               |  | (9,208)     | (28,980)                       | (43,915)    | (41,078)    | (21,551)   | (12,091) |
| General and administrative expenses                      | (111)  | (3,460)     | (9,127)                        | (8,540)     | (8,264)     | (2,687)  | (3,903)  |
| Survey and drydocking costs                              |  | (1,685)     | (736)                          | (5,570)     | (1,784)     | (1,336)  |          |
| Impairment   |  |             |                                | (52,700)    |             |  |          |
| Depreciation   |  | (13,210)    | (43,658)                       | (48,272)    | (24,853)    | (13,581)   | (8,253)  |
| Gain/(loss) on sale of vessels and vessels held for sale |  |             |                                | (133,176)   | (62,929)    | 2,476  | (1,993)  |
| <b>Operating income/(loss)</b>                           | (111)  | 11,612      | 60,658                         | (164,217)   | (46,256)    | 10,864   | 2,517    |
| Interest income  | 6  | 2,214       | 776                            | 271         | 119         | 110  | 230      |

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|   |         |         |          |          |           |           |           |
|---|---------|---------|----------|----------|-----------|-----------|-----------|
| Interest and finance costs  |         | (5,671) | (16,528) | (12,169) | (6,775)   | (3,086)   | (1,888)   |
| Gain/(loss) on derivative instruments                             |         |         | (17,184) | (2,567)  | (8,713)   | (6,671)   | (1,740)   |
| <b>Net Income/(loss)</b>  | \$      | (105)   | 8,155    | 27,722   | (178,682) | (61,625)  | 1,217     |
| Earnings/(losses) per common share, basic and diluted             | \$      |         | 50.4     | 116.4    | (136.4)   | (17.4)    | 0.4       |
| Earnings/(losses) per subordinated share, basic and diluted       | \$      | (1.00)  | 11.4     |          |           |           |           |
| Weighted average number of common shares, basic and diluted       |         |         | 139,221  | 238,691  | 1,309,272 | 3,524,427 | 3,155,041 |
| Weighted average number of subordinated shares, basic and diluted | 100,000 |         | 102,128  |          |           |           |           |
| Cash dividends declared per share                                 |         |         | 42.2     | 184.8    |           |           |           |
| <b>Balance Sheet Data:</b>  |         |         |          |          |           |           |           |
| Cash and cash equivalents   | 499     | 19,044  | 23,069   | 37,272   | 9,549     | 11,895    | 19,275    |
| Total current assets  | 503     | 20,711  | 28,677   | 100,299  | 109,754   | 46,001    | 24,237    |
| Vessels, net of accumulated depreciation                          |         | 485,280 | 587,189  | 423,242  | 311,144   | 459,855   | 303,010   |
| Total assets  | 776     | 507,925 | 625,570  | 549,272  | 478,863   | 568,542   | 423,617   |
| Total current liabilities   | 285     | 33,884  | 116,381  | 73,328   | 111,311   | 67,791    | 43,539    |
| Long-term imputed deferred revenue including current portion      |         | 26,349  | 16,031   | 1,558    |           |           |           |
| Sellers credit  |         |         | 25,000   |          |           |           |           |
| Long term debt including current portion                          |         | 260,600 | 308,000  | 265,674  | 209,772   | 235,761   | 142,843   |
| Total stockholders equity   | 491     | 213,410 | 246,961  | 256,611  | 235,236   | 297,371   | 260,398   |

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|  | <b>September<br/>11, 2006<br/>(inception)<br/>to<br/>December 31,<br/>2006</b> | <b>2007</b> | <b>Year Ended December 31,</b> |             |             | <b>Six Month Period<br/>Ended June 30,<br/>2010 2011<br/>(Unaudited)</b> |             |
|--|--|-------------|--------------------------------|-------------|-------------|--|-------------|
|  | <b>2006</b>  | <b>2007</b> | <b>2008</b>                    | <b>2009</b> | <b>2010</b> | <b>2010</b>  | <b>2011</b> |
| <b>Other Financial Data:</b>                             |  |             |                                |             |             |  |             |
| Net cash flow provided by operating activities           | 1  | 24,434      | 81,369                         | 26,552      | 28,449      | 16,433   | 5,802       |
| Net cash flow provided by/(used in) investing activities | (2)  | (467,216)   | (120,665)                      | (130,786)   | (42,678)    | (53,299)   | 68,793      |
| Net cash flow provided by/(used in) financing activities | 500  | 461,327     | 42,381                         | 118,437     | (13,494)    | 11,489   | (64,869)    |
| Cash dividends per common and subordinated share         |  | 42.2        | 154.8                          |             |             |  |             |