Ocean Rig UDW Inc.
Form 6-K
November 21, 2012

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

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER PURSUANT TO RULE 13A-16 OR 15D-16
OF THE SECURITIES EXCHANGE ACT OF 1934

For the month of November 2012

Commission File Number 001-35298

OCEAN RIG UDW INC.

10 Skopa Street, Tribune House
2nd Floor, Office 202, CY 1075
Nicosia, Cyprus
(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F [X] Form 40-F [ ]

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): [ ].

Note: Regulation S-T Rule 101(b)(1) only permits the submission in paper of a Form 6-K if submitted solely to provide an attached annual report to security holders.

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): [ ].

Note: Regulation S-T Rule 101(b)(7) only permits the submission in paper of a Form 6-K if submitted to furnish a report or other document that the registrant foreign private issuer must furnish and make public under the laws of the jurisdiction in which the registrant is incorporated, domiciled or legally organized (the registrant's "home country"), or under the rules of the home country exchange on which the registrant's securities are traded, as long as the report or other document is not a press release, is not required to be and has not been distributed to the registrant's security holders, and, if discussing a material event, has already been the subject of a Form 6-K submission or other Commission filing on EDGAR.

INFORMATION CONTAINED IN THIS FORM 6-K REPORT

Attached hereto as Exhibit 99.1 are the Management's Discussion and Analysis of Financial Condition and Results of Operations and the unaudited interim condensed consolidated financial statements and related information and data of Ocean Rig UDW Inc. (the "Company") as of and for the nine-month period ended September 30, 2012.

This Report on Form 6-K and the exhibits hereto are hereby incorporated by reference into the Company's Registration Statement on Form F-3 ASR (Registration No. 333-184450) filed with the Securities and Exchange Commission on October 16, 2012.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

	OCEAN RIG UDW INC.	
Dated: November 21, 2012	By:	/s/George Economou George Economou Chief Executive Officer

Exhibit 99.1

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Unless otherwise specified herein, references to "Ocean Rig" or the "Company" or "we" shall include Ocean Rig UDW Inc. and its subsidiaries. The following management's discussion and analysis should be read in conjunction with our unaudited interim condensed consolidated financial statements and related notes included herein. This discussion contains forward-looking statements that reflect our current views with respect to future events and financial performance. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors, such as those set forth in the section entitled "Risk Factors" included in Company's Annual Report on Form 20-F for the fiscal year ended December 31, 2011, filed with the Securities and Exchange Commission (the "Commission") on March 14, 2012 and our Registration Statement on Form F-3ASR, filed with the Commission on October 16, 2012. See also the discussion in the section entitled "Forward Looking Statements" below.

Results of Operations
Nine-months ended September 30, 2012 compared to the nine-months ended September 30, 2011.
Selected Financial Data
(Expressed in thousands of U.S. Dollars)

	Nine-months ended September 30,		Change	
	2011	2012	Amount	%
REVENUES:				
Leasing revenue	$106,889	$-	$(106,889)	(100%)
Service revenues (including amortization of above market acquired drilling contracts), net	355,102	712,152	357,050	100.5%
	461,991	712,152	250,161	54.1%
EXPENSES:				
Drilling rigs and drillships operating expenses	188,777	390,490	201,713	106.9%
Depreciation and amortization	108,003	168,025	60,022	55.6%
Loss/ (Gain) on disposals	87	(36)	(123)	(141.4%)
General and administrative expenses	32,237	60,288	28,051	87.0%
Legal settlements and other, net	-	4,524	4,524	-
Operating income	132,887	88,861	(44,026)	(33.1%)
OTHER INCOME/(EXPENSES):				
Interest and finance costs	(35,046)	(86,429)	(51,383)	146.6%
Interest income	10,446	381	(10,065)	(96.4%)
Loss on interest rate swaps	(34,158)	(32,114)	2,044	(6.0%)
Other, net	2,994	582	(2,412)	(80.6%)
Total other expenses, net	(55,764)	(117,580)	(61,816)	110.9%

INCOME/(LOSS) BEFORE INCOME TAXES	77,123	(28,719)	(105,842)	(137.2%)
Income taxes	(17,556)	(32,603)	(15,047)	85.7%
NET INCOME/(LOSS)	$59,567	$(61,322)	$(120,889)	(202.9%)

Revenues

Revenues from drilling contracts increased by $250.2 million, or 54.1%, to $712.2 million for the nine-month period ended September 30, 2012, as compared to $462.0 million for the nine-month period ended September 30, 2011. The increase is primarily attributable to the operation of the Ocean Rig Mykonos and the Ocean Rig Poseidon that commenced drilling activities after the third quarter of 2011, which contributed $252.1 million in aggregate revenues during the nine-month period ended September 30, 2012, as compared to $16.9 million in aggregate revenues during the same period in 2011. Further, the Ocean Rig Olympia and the Ocean Rig Corcovado, which commenced drilling activities during the first and second quarters of 2011, respectively, contributed $203.2 million in aggregate revenues during the nine-month period ended September 30, 2012, as compared to $141.8 million in aggregate revenues during the same period in 2011, which were offset by decreased revenues amounting to an aggregate of $46.5 million contributed by the Leiv Eiriksson and the Eirik Raude, due to lower rates and utilization during 2012. The maximum day rates for the contracts on which our drilling units were employed during the nine-month period ended September 30, 2012, ranged between approximately $675,000 and $441,000 per day. The maximum day rates for the contracts on which our drilling units were employed during the nine-month period ended September 30, 2011, ranged between approximately $647,000 and $415,000 per day. Revenues for the nine-month period ended September 30, 2012, also include $24.6 million for loss of hire insurance recovery related to Ocean Rig Corcovado.

Operating expenses

Drilling rigs and drillships operating expenses increased by $201.7 million, or 106.9%, to $390.5 million for the nine-month period ended September 30, 2012, compared to $188.8 million for the nine-month period ended September 30, 2011. The increase in operating expenses was mainly due to the commencement of drilling operations of the Ocean Rig Mykonos and the Ocean Rig Poseidon, resulting in operating expenses of $113.7 million in total during the nine-month period ended September 30, 2012, as compared to operating expenses of $8.0 million in total for the same period in 2011. In addition, for the nine-month period ended September 30, 2012, the operating expenses relating to the Leiv Eiriksson, the Eirik Raude and the Ocean Rig Corcovado increased by $59.7 million, mainly due to a more extensive maintenance program and upgrades performed during the nine- month period ended September 30, 2012. Furthermore, operating expenses related to the Ocean Rig Olympia increased by $25.5 million during the nine- month period ended September 30, 2012, due to the fact that the drillship operated for the entire period, as compared to the nine-month period ended September 30, 2011, when the drillship operated for a shorter period. Further, a growing resource team of technicians contributed $10.8 million of operating expenses during the nine-month period ended September 30, 2012.

Depreciation and amortization expense

Depreciation and amortization expense for the drilling units increased by $60.0 million, or 55.6%, to $168.0 million for the nine-month period ended September 30, 2012, as compared to $108.0 million for the nine-month period ended September 30, 2011. The increase in depreciation and amortization expense was mainly attributable to the aggregate of $54.2 million of depreciation expense related to the depreciation of the Ocean Rig Poseidon and the Ocean Rig Mykonos, which were delivered during the third quarter of 2011, as compared to an aggregate of $6.0 million of depreciation expense for the same period in 2011. In addition, the Ocean Rig Olympia contributed $8.8 million more in depreciation expense the nine-month period ended September 30, 2012, as compared to the same period of 2011, due to the Company's ownership of the drillship for the entire nine-month period in 2012. The Ocean Rig Corcovado also contributed $3.0 million more in 2012 due to upgrades performed early this year.

Loss / (Gain) on disposals

Gain on asset sales amounted to $0.04 million for the nine-month period ended September 30, 2012, while for the relevant period in 2011, there was a loss on sale of assets amounting to $0.09 million, related to disposal of office equipment.

General and administrative expenses

General and administrative expenses increased by $28.1 million, or 87.0%, to $60.3 million for the nine-month period ended September 30, 2012, as compared to $32.2 million for the nine-month period ended September 30, 2011. This increase is mainly due to increased costs related to the management of a larger fleet, as well as expenses related to the operation of the Company's office in Brazil that commenced operations in late 2011.

Legal Settlements and other, net

The amount of $4.5 million consists of $6.4 million (loss) in legal settlements which is mainly related to a claim settlement related to import/export taxes duties in Angola that was settled during the second quarter of 2012, offset by a $1.9 million gain related to a settlement of an old dispute with one of our contractors. No such items included in the relevant period of 2011.

Interest and finance costs

Interest and finance costs increased by $51.4 million, or 146.6%, to $86.4 million for the nine-month period ended September 30, 2012, compared to $35.0 million for the nine-month period ended September 30, 2011. The increase is mainly associated with a higher level of debt during the nine-month period ended September 30, 2012, as compared to the corresponding period of 2011. In addition, capitalized interest and amortization of financing costs decreased by $17.7 million and $5.7 million, respectively.

Interest income

Interest income decreased by $10.1 million, or 96.4%, to $0.4 million for the nine-month period ended September 30, 2012, compared to $10.4 million for the nine-month period ended September 30, 2011. The decrease was mainly due to lower interest rates on our deposits during 2012 as compared to 2011.

Loss on interest rate swaps

Losses on interest rate swaps decreased by $2.0 million, or 6.0%, to $32.1 million for nine-month period ended September 30, 2012, as compared to $34.2 million for the nine-month period ended September 30, 2011. The loss for the nine-month period ended September 30, 2012, was mainly due to mark to market losses of outstanding swap positions. During the nine-month period ended September 30, 2012, discontinued cash flow hedges amortization increased by $13.1 million due to repayment of the Company's $1.04 billion credit facility.

Other, net

Other, net decreased by $2.4 million, or 80.6% to a gain of $0.6 million for the nine-month period ended September 30, 2012, compared to a gain of $3.0 million for the nine-month period ended September 30, 2011. The decrease is mainly due to foreign currency exchange rate differences.

Income taxes

Income taxes increased by $15.0 million, or 85.7%, to $32.6 million for the nine-month period ended September 30, 2012, compared to $17.6 million for the nine-month period ended September 30, 2011. Because our drilling units operate around the world, they may become subject to taxation in many different jurisdictions. The basis for such taxation depends on the relevant regulation in the countries in which we operate. Consequently, there is no expected relationship between the income tax expense or benefit for the period and the income or loss before taxes.

Liquidity

As of September 30, 2012, we had $485.9 million of cash and cash equivalents and $182.2 million of restricted cash. Restricted cash is mainly related to minimum cash and cash equivalents required to be held by the banks, or "minimum liquidity" clauses.

Our cash and cash equivalents increased by $235.1 million, or 93.7%, to $486.0 million as of September 30, 2012, compared to $250.9 million as of December 31, 2011 and our restricted cash increased by $0.1 million, to $182.2 million as of September 30, 2012, compared to $182.1 million as of December 31, 2011. The increase in our cash and cash equivalents relates mainly to net cash from operating activities of $214.7 million, the proceeds from long-term debt of $800.0 million and the decrease in restricted cash, which is offset mainly by loan repayments and prepayments amounting to $627.5 million, payment of financing fees amounting to $18.8 million, payments for drillships' equipment and other improvements amounting to $78.1 million and advances for rigs under construction and other investments amounting to $55.4 million. Working capital is defined as current assets minus current liabilities (including the current portion of long-term debt). Our working capital surplus amounted to $315.5 million as of September 30, 2012, compared to a working capital surplus of $68.9 million as of December 31, 2011. We believe that we will be able to satisfy our liquidity needs for the next 12 months with the cash we generate from our operations and, if required, proceeds from future debt or equity issuances.

As of September 30, 2012, we had total indebtedness of $2.9 billion under our senior secured credit facilities and senior secured and unsecured notes, excluding unamortized financing fees. Please refer to the discussion on Long-term Debt as detailed in Note 8 of the Company's consolidated financial statements included in the Annual Report Form 20-F for the year ended December 31, 2011 filed with the Commission on March 14, 2012 and Note 8 of the unaudited interim condensed consolidated financial statements included herein.

As of September 30, 2012, we had $1.7 billion of remaining installment payments under our drillship newbuilding contracts relating to our four seventh generation drillships under construction. We have not obtained financing for these four contracted drillships. We plan to finance these capital expenditures with new debt or equity financing.

Cash flow

Net cash provided by operating activities was $214.7 million for the nine-month period ended September 30, 2012, compared to net cash provided by operating activities of $210.6 million for the nine-month period ended September 30, 2011. For the nine-month period ended September 30, 2012, net loss was also adjusted for the effects of certain non-cash items, such as, gain in the change in fair value of derivatives of $4.6 million and amortization of discontinued cash flow hedges of $22.9 million and depreciation of $167.0. In determining net cash provided by operating activities for the nine-month period ended September 30, 2011, net loss was adjusted for the effects of certain non-cash items including $108.0 million of depreciation.

Net cash used in investing activities was $133.4 million for the nine-month period ended September 30, 2012, compared to $1,470.5 million used in for the nine-month period ended September 30, 2011. We made shipyard payments and expenditures related to the acquisition of drillships, equipment and other improvements of approximately $133.5 million in the aggregate for the nine-month period ended September 30, 2012, compared to $1,871.5 million in the corresponding period of 2011. The increase in restricted cash was $0.1 million during the nine-month period ended September 30, 2012, compared to a decrease of $401.0 million in the corresponding period of 2011.

Net cash provided by financing activities was $153.7 million for the nine-month period ended September 30, 2012, mainly consisting of proceeds from $800.0 million of 6.50% senior secured notes due 2017 issued in September 2012 by our wholly-owned subsidiary, Drill Rigs Holdings Inc., offset by repayments of amounts outstanding under our credit facilities and financing costs amounting to $646.3 million in the aggregate. This compares to net cash provided by financing activities of $1,494.0 million for the nine-month period ended September 30, 2011, mainly consisting of $2,403.3 million of proceeds from long-term credit facilities, which was partly offset by repayments amounts outstanding under our credit facilities amounting to an aggregate of $875.8 million.

Financing activities

Long-term debt

As of September 30, 2012, the Company was in compliance with all of the financial covenants contained in its credit facilities.

As of September 30, 2012, we had a total of $2.9 billion in debt outstanding (net of financing fees) under our credit facilities with various institutions. The table below reflects the classification of debt repayments scheduled to be due after September 30, 2012, as payable by such date indicated below.

Twelve months ending:	Total (in thousands)
September 30, 2013	$ 176,667
September 30, 2014	176,667
September 30, 2015	176,667
September 30, 2016	1,126,666
September 30, 2017 and thereafter	1,295,000
Total principal payments	2,951,667