

DryShips Inc.

1st Quarter Ended March 31, 2008

Earnings Presentation



NASDAQ: "DRYS"

May 20, 2008

Forward Looking Statements

Matters discussed in this presentation may constitute forward-looking statements. Forward-looking statements reflect our current views with respect to future events and financial performance and may include statements concerning plans, objectives, goals, strategies, future events or performance, and underlying assumptions and other statements, which are other than statements of historical facts.

The forward-looking statements in this release are based upon various assumptions, many of which are based, in turn, upon further assumptions, including without limitation, management's examination of historical operating trends, data contained in our records and other data available from third parties. Although DryShips Inc. believes that these assumptions were reasonable when made, because these assumptions are inherently subject to significant uncertainties and contingencies which are difficult or impossible to predict and are beyond our control, DryShips Inc. cannot assure you that it will achieve or accomplish these expectations, beliefs or projections. Important factors that, in our view, could cause actual results to differ materially from those discussed in the forward-looking statements include the strength of world economies and currencies, general market conditions, including changes in charterhire rates and vessel values, changes in demand that may affect attitudes of time charterers to scheduled and unscheduled drydocking, changes in DryShips Inc.'s operating expenses, including bunker prices, dry-docking and insurance costs, or actions taken by regulatory authorities, potential liability from pending or future litigation, domestic and international political conditions, potential disruption of shipping routes due to accidents and political events or acts by terrorists.

Risks and uncertainties are further described in reports filed by DryShips Inc. with the US Securities and Exchange Commission.



1q08 Financial Highlights

<i>Figures in millions except TCE in \$/d</i>	1q08	1q07
Net Income	\$176.3	\$67.8
EPS	\$4.61	\$1.91
Operating Income	\$194.5	\$78.6
EBITDA	\$219.7	\$94.6
Fleet TCE	\$63,127/d	\$28,930/d
Utilization	99.1%	97.4%

Included in the first quarter results is a capital gain on the sale of one vessel of \$24.4 million and a non-cash loss of \$6.1 million associated with the valuation of interest rate swaps. Excluding these items Net Income would amount to \$158.0 million or \$4.13 per share.



Sale and Purchase (S&P) Activity

Analysts typically exclude gains from vessel sales from their EPS estimates as non-recurring items. We have successfully and consistently managed to generate vessel gains since our first full year of operations.

Year	Vessel Gains (\$ million)	% of Total Earnings
2006	8.6	15%
2007	135.0	28%
2008	237.9*	28%**

We plan to continue to actively and aggressively manage the age and quality of our fleet by going after arbitrage opportunities in the second-hand market and continue to generate returns for our shareholders by our S&P activity.

* Based on announced vessel sales so far

** Based on consensus EPS for 2008



Position of Strength

With its strong balance sheet DryShips is uniquely positioned to take advantage of business opportunities as they arise.

*Available liquidity as of
May 16, 2008*

\$317 million

*Net Debt
to
Capitalization
as of May 16, 2008*

27%
(adj. for asset values)



Employment Update

We have recently fixed 14 vessels (6 Capesize and 8 Panamax) on long-term time charters taking advantage of the strong rate environment.

Recent Long Term Fixtures	
2xCapesize	4 years
3xCapesize	10 years
1xCapesize	5 years
3xPanamaxes	4 years
5xPanamaxes	5 years

Year	Avg. # of Vessels	Fixed Days	% of Total Voyage Days	Avg. Rate	Gross Revenue
2008	6.53	2,384	17%	48,384	115,347,000
2009	14.00	5,110	34%	48,286	246,740,000
2010	14.00	5,110	31%	48,286	246,740,000
2011	14.00	5,110	30%	48,286	246,740,000
2012	10.96	4,000	24%	47,635	190,514,750

As of May 16, 2008, 42% of the total operating days for the last three quarters of 2008 remain unfixed.



OCR Acquisition

OBJECTIVE: CREATE A CREDIBLE AND COMPETITIVE PURE PLAY IN THE UDW DRILLING MARKET

- ❖ Capitalize on the shortage of premium ultra deep water (UDW) drilling assets.
- ❖ Acquisition of Ocean Rig
 - Operational expertise
 - Contracted cash flow
- ❖ Agreement to construct two drillships
 - State of the art drillships
 - Delivery July/Sept. 2011.
- ❖ DryShips UDW business unit (Value Proposition)
 - Four UDW drillships to be employed in strong market
 - Economies of scale



Spin Off to DryShips Shareholders

❖ Spin Off to DryShips shareholders

- Targeting to spin off within a year from now
- Shares of the subsidiary to be listed in the U.S.
- Possible acquisition/combination of two additional drillships from clients of Cardiff Marine Inc.
- Only listed pure UDW drilling company in the U.S.



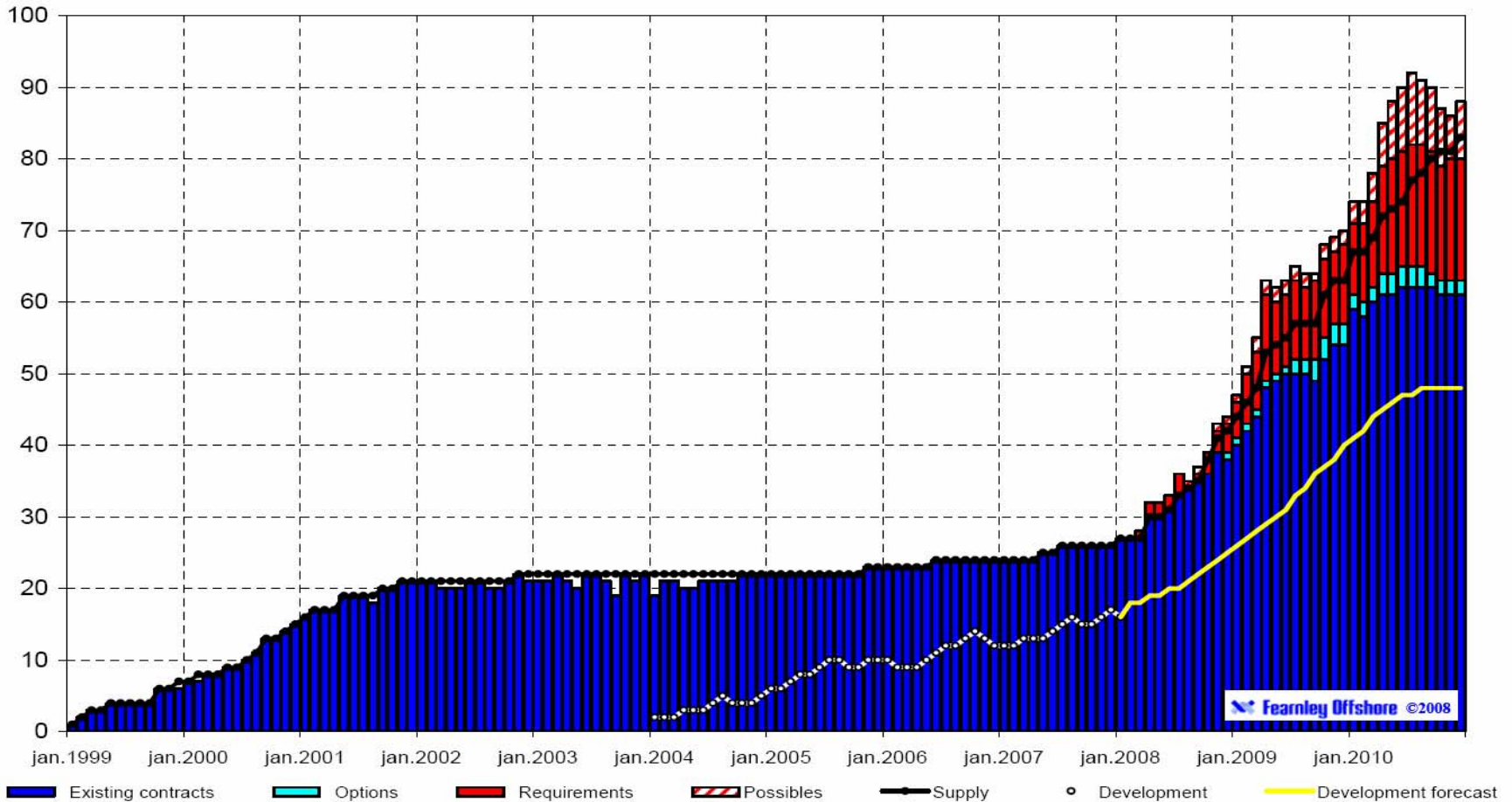
Mandatory Tender Offer

- ❖ Dryships current stake in Ocean Rig at 75.1 %
- ❖ Mandatory tender offer for remaining stake at NOK 45 per share
- ❖ Official document filed with OSX May 14, 2008
- ❖ **TIMETABLE**
 - ❖ Week of June 11: Expected closing date for Offer
 - ❖ Settlement of share acquisition is expected within June 2008



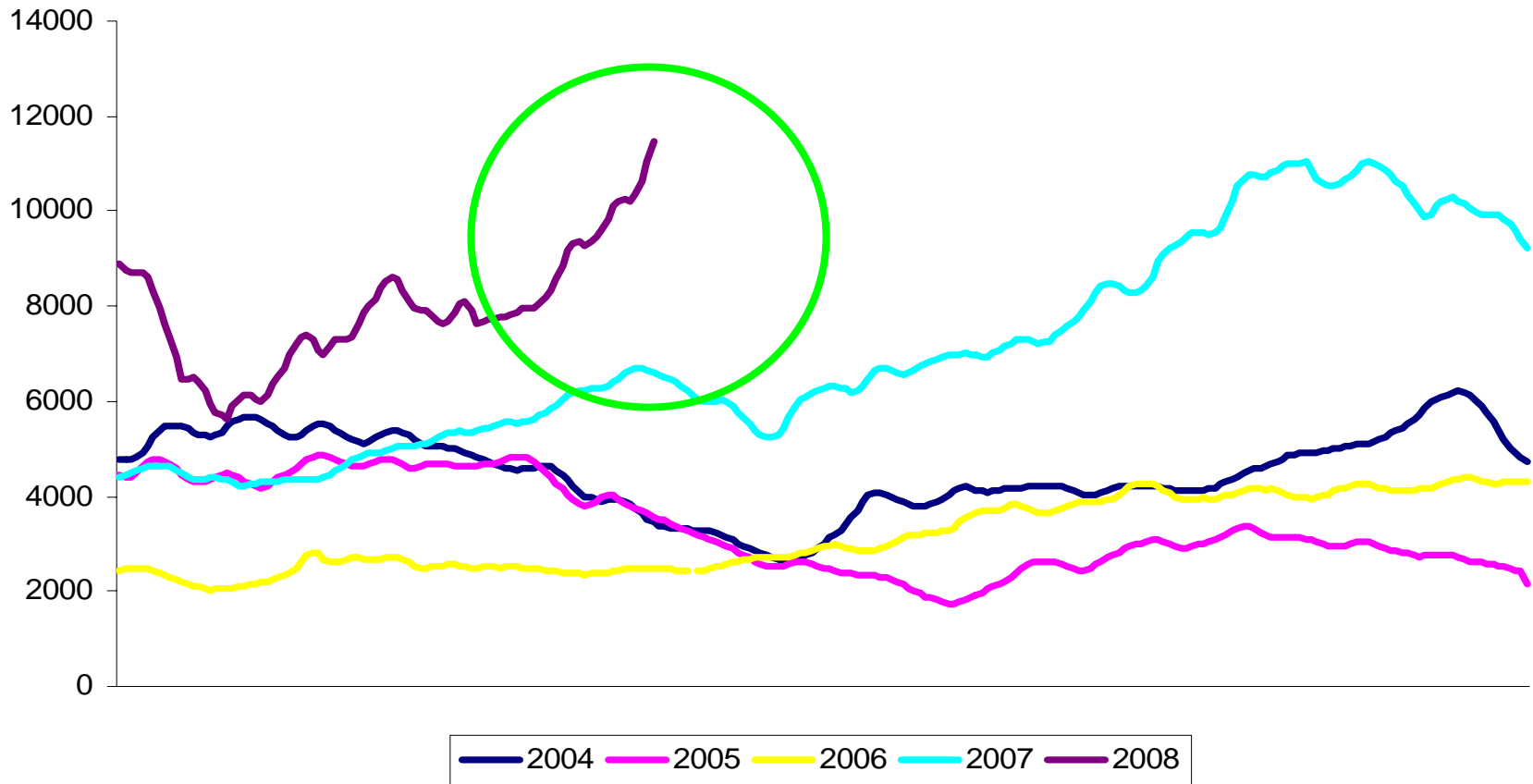
Ultra Deep Water Demand and Supply

Contract Status & Expected Demand 1999-2010:
Ultra Deepwater Drilling Units (>7500feet) - Worldwide



Baltic Dry Index

Baltic Dry Index (BDI)

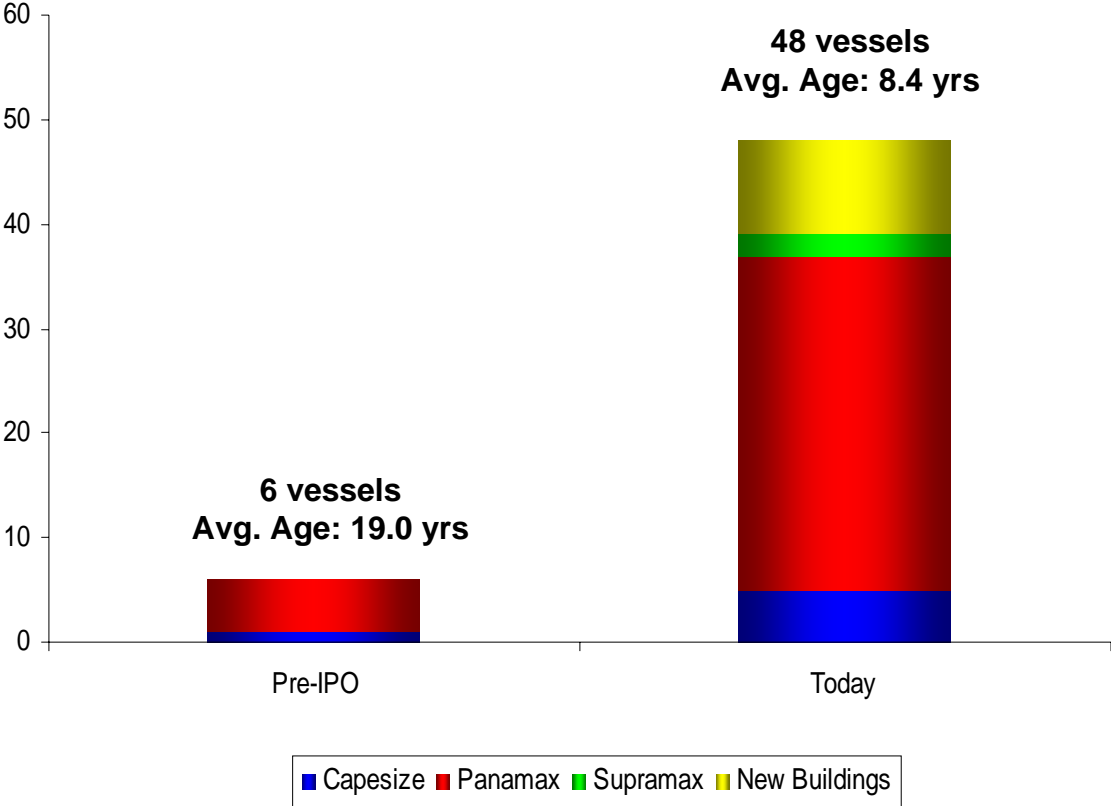


Source: The Baltic Exchange



Strong Track Record

Largest US listed Dry Bulk Shipping Company



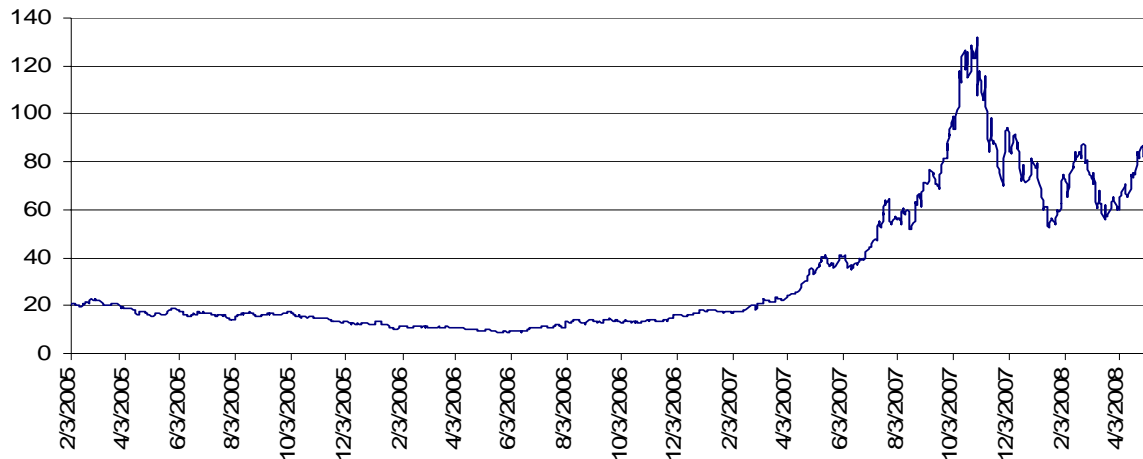
Since inception:
113% ROE
55% ROCE



Share Price Performance

DRYS shares are **up 515%** since the IPO i.e. from \$18 to \$110.74 per share (close on May 16, 2008)

NASDAQ: DRYS - Stock Performance



DRYS shares average daily volume during the last 3 months has been 4,093,150 shares which represents about 10% of the total shares outstanding!

Source: Yahoo

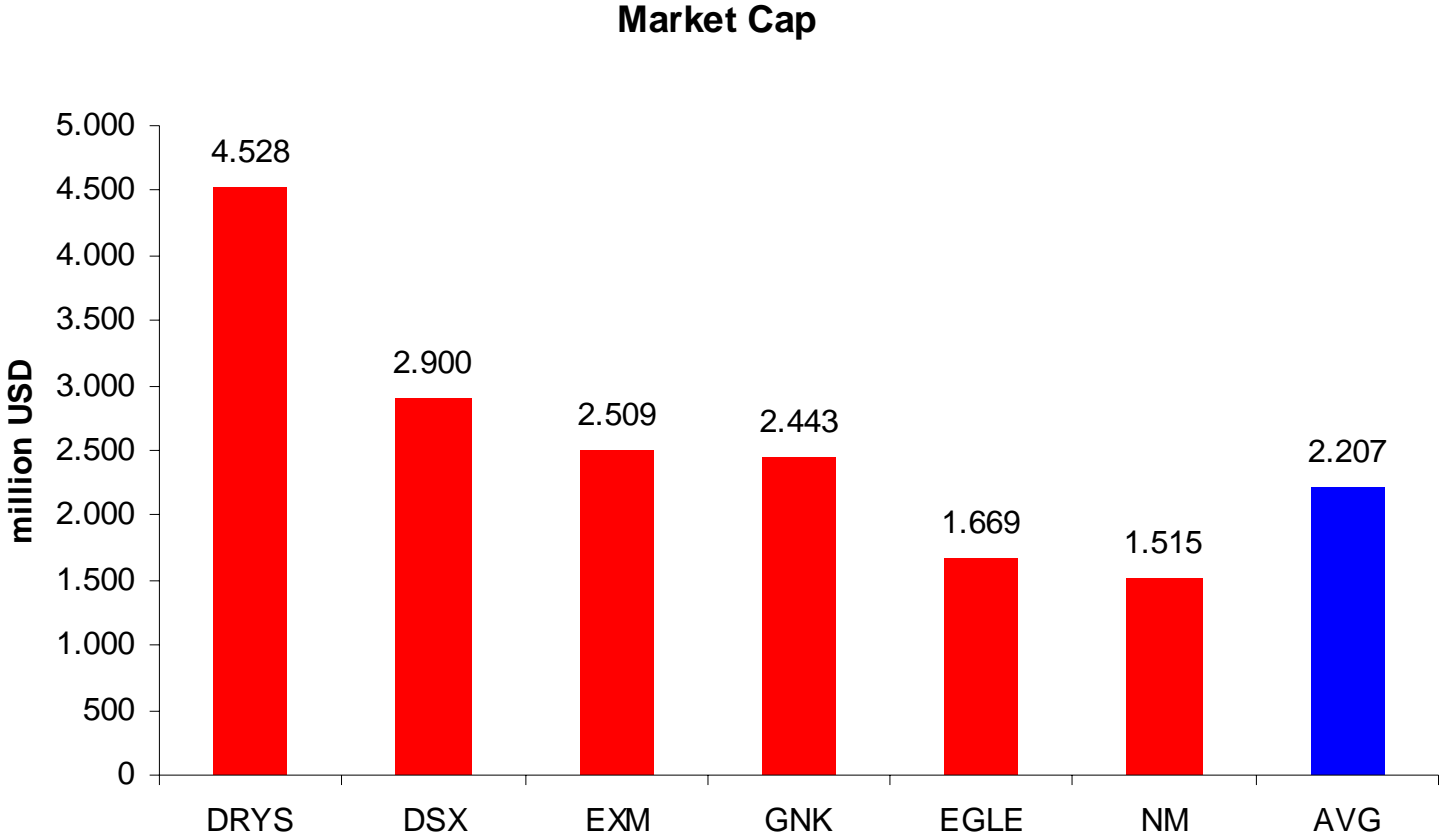


DryShips Inc.



Peer Group Comparison – North of 1 billion Club

DryShips equity is worth 105% more than the average of the other club members

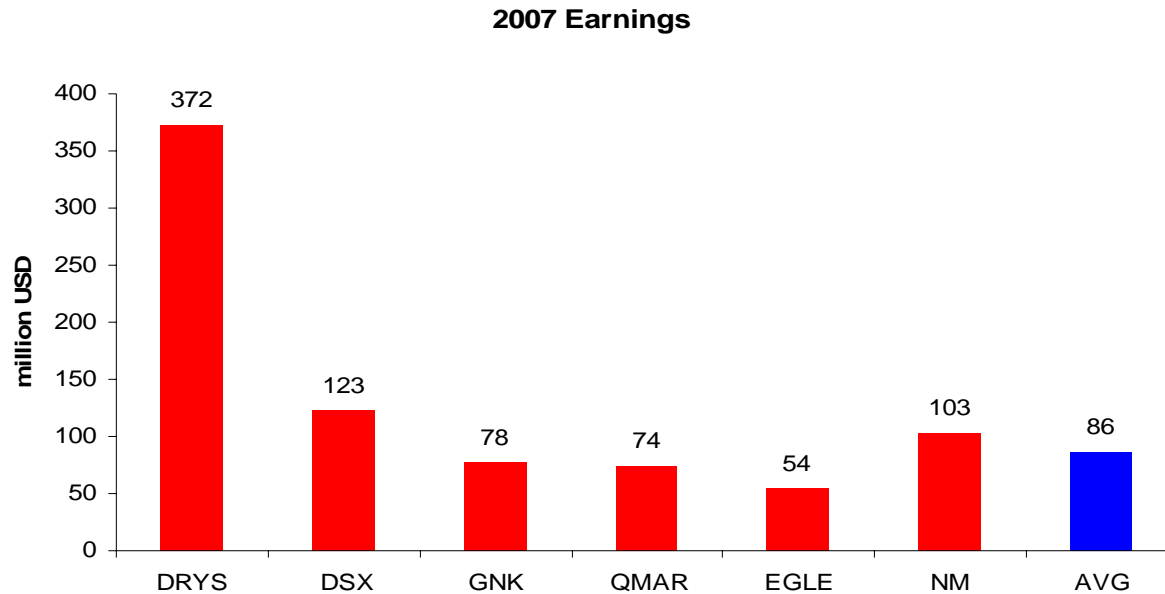


Source: Bloomberg May 08, AVG excludes DRYS



Peer Group Comparison – 2007 Earnings Review

Yet DryShips reported 333% more earnings in 2007 than the average of the other club members



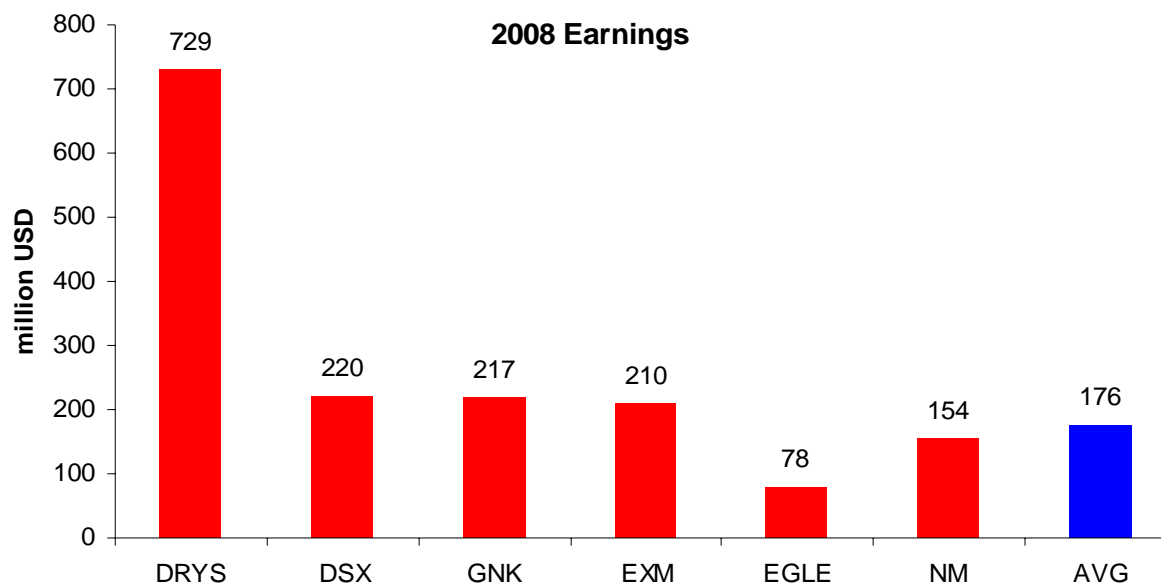
In fact we earned almost as much as all of our peers combined!

Source: Bloomberg May 08, AVG excludes DRYS



Peer Group Comparison – 2008 Earnings Expectations

In 2008 DryShips is poised to generate ANOTHER 315% more earnings than the average of the other club members



Even in 2009 DryShips is estimated to earn \$554 million i.e. 186% more earnings than the average of the other club members

Source: Bloomberg May 08, AVG excludes DRYS



Peer Group Comparison – DRYS Clearly Undervalued

2007 DRYS Earnings	= 86%	} Avg. 84.5%
2007 Combined Peer Group Earnings		
2008 DRYS Earnings	= 83%	} X
2008 Combined Peer Group Earnings		

Combined Market Cap of Peer Group = \$11 billion

Implied DRYS Equity Value

**\$9.3 billion or
over \$200 per share**



Note: Peer group as defined in previous slides i.e. DSX, EXM, GNK, EGLE and NM





APPENDICES



Appendix I – 1st Quarter 2007 and 2008 Income Statements

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

	Three Months Ended March 31,	
	<u>2007</u>	<u>2008</u>
REVENUES:		
Voyage revenues	\$ 86,650	\$ 232,063
EXPENSES:		
Voyage expenses	5,270	14,150
Vessels' operating expenses	14,309	17,773
Depreciation	16,045	24,418
Gain on sale of vessels	(31,609)	(24,443)
General and administrative expenses	4,084	5,705
Operating income	<u>78,551</u>	<u>194,460</u>
OTHER INCOME (EXPENSES):		
Interest and finance costs, net	(10,588)	(12,892)
Loss on interest rate swap valuation	(160)	(6,074)
Other, net	(1)	(19)
Total other income (expenses), net	<u>(10,749)</u>	<u>(18,985)</u>
Net Income before equity in income of investee	<u>67,802</u>	<u>175,475</u>
Equity in income of investee	-	857
Net Income	\$ <u>67,802</u>	\$ <u>176,332</u>
Earnings per common share, basic and diluted	\$ <u>1.91</u>	\$ <u>4.61</u>
Weighted average number of common shares, basic and diluted	<u>35,490,097</u>	<u>38,213,975</u>



Appendix II – December 31, 2007 and March 31, 2008 Balance Sheets

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

	<u>December 31, 2007</u>	<u>March 31, 2008</u>
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 111,068	\$ 624,515
Restricted cash	6,791	6,453
Other current assets	35,176	35,413
Total current assets	<u>153,035</u>	<u>666,381</u>
FIXED ASSETS, NET:		
Advances for vessels under construction and acquisitions	118,652	162,423
Vessels, net	1,643,867	1,668,578
Total fixed assets, net	<u>1,762,519</u>	<u>1,831,001</u>
OTHER NON CURRENT ASSETS:		
Long term investments	405,725	406,582
Restricted cash	20,000	40,000
Other	3,153	2,155
Total non current assets	<u>428,878</u>	<u>448,737</u>
Total assets	<u>\$ 2,344,432</u>	<u>\$ 2,946,119</u>
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
CURRENT LIABILITIES:		
Current portion of long-term debt	\$ 194,999	\$ 191,830
Other current liabilities	44,305	33,266
Total current liabilities	<u>239,304</u>	<u>225,096</u>
NON CURRENT LIABILITIES		
Long term debt, net of current portion	1,048,779	1,144,283
Other non-current liabilities	34,620	33,421
Total non current liabilities	<u>1,083,399</u>	<u>1,177,704</u>
COMMITMENTS AND CONTIGENCIES	-	-
STOCKHOLDERS' EQUITY	1,021,729	1,543,319
Total liabilities and stockholders' equity	<u>\$ 2,344,432</u>	<u>\$ 2,946,119</u>



Appendix III - 1Q08 & 1Q07 Fleet Highlights

<i>(Dollars in thousands, except</i>			
<i>Average Daily Results - unaudited)</i>		Three Months Ended	Three Months Ended
		March 31, 2008	March 31, 2007
Average number of vessels ⁽¹⁾		38.3	32.1
Total voyage days for fleet ⁽²⁾		3,452	2,813
Total calendar days for fleet ⁽³⁾		3,485	2,887
Fleet Utilization ⁽⁴⁾		99.1%	97.4%
Time charter equivalent ⁽⁵⁾		63,127	28,930
Capesize		112,151	39,605
Panamax		57,383	27,825
Handymax		40,462	21,605
Vessel operating expenses (daily) ⁽⁶⁾		5,100	4,956
Management fees (daily)		800	760
General and administrative expenses (daily) ⁽⁷⁾		837	654
Total vessel operating expenses (daily) ⁽⁸⁾		6,737	6,370

(1) Average number of vessels is the number of vessels that constituted our fleet for the relevant period, as measured by the sum of the number of days each vessel was a part of our fleet during the period divided by the number of calendar days in that period.

(2) Total voyage days for fleet are the total days the vessels were owned by us for the relevant period net of off hire days associated with major repairs, drydockings or special or intermediate surveys.

(3) Calendar days are the total days the vessels were owned by us for the relevant period including off hire days associated with major repairs, drydockings or special or intermediate surveys.

(4) Fleet utilization is the percentage of time that our vessels were available for revenue generating voyage days, and is determined by dividing voyage days by fleet calendar days for the relevant period.

(5) Time charter equivalent, or TCE, is a measure of the average daily revenue performance of a vessel on a per voyage basis. Our method of calculating TCE is consistent with industry standards and is determined by dividing voyage revenues (net of voyage expenses) by voyage days for the relevant time period. Voyage expenses primarily consist of port, canal and fuel costs that are unique to a particular voyage, which would otherwise be paid by the charterer under a time charter contract, as well as commissions. TCE is a standard shipping industry performance measure used primarily to compare period-to-period changes in a shipping company's performance despite changes in the mix of charter types (i.e., spot charters, time charters and bareboat charters) under which the vessels may be employed between the periods.

(6) Daily vessel operating expenses, which includes crew costs, provisions, deck and engine stores, lubricating oil, insurance, maintenance and repairs is calculated by dividing vessel operating expenses by fleet calendar days for the relevant time period.

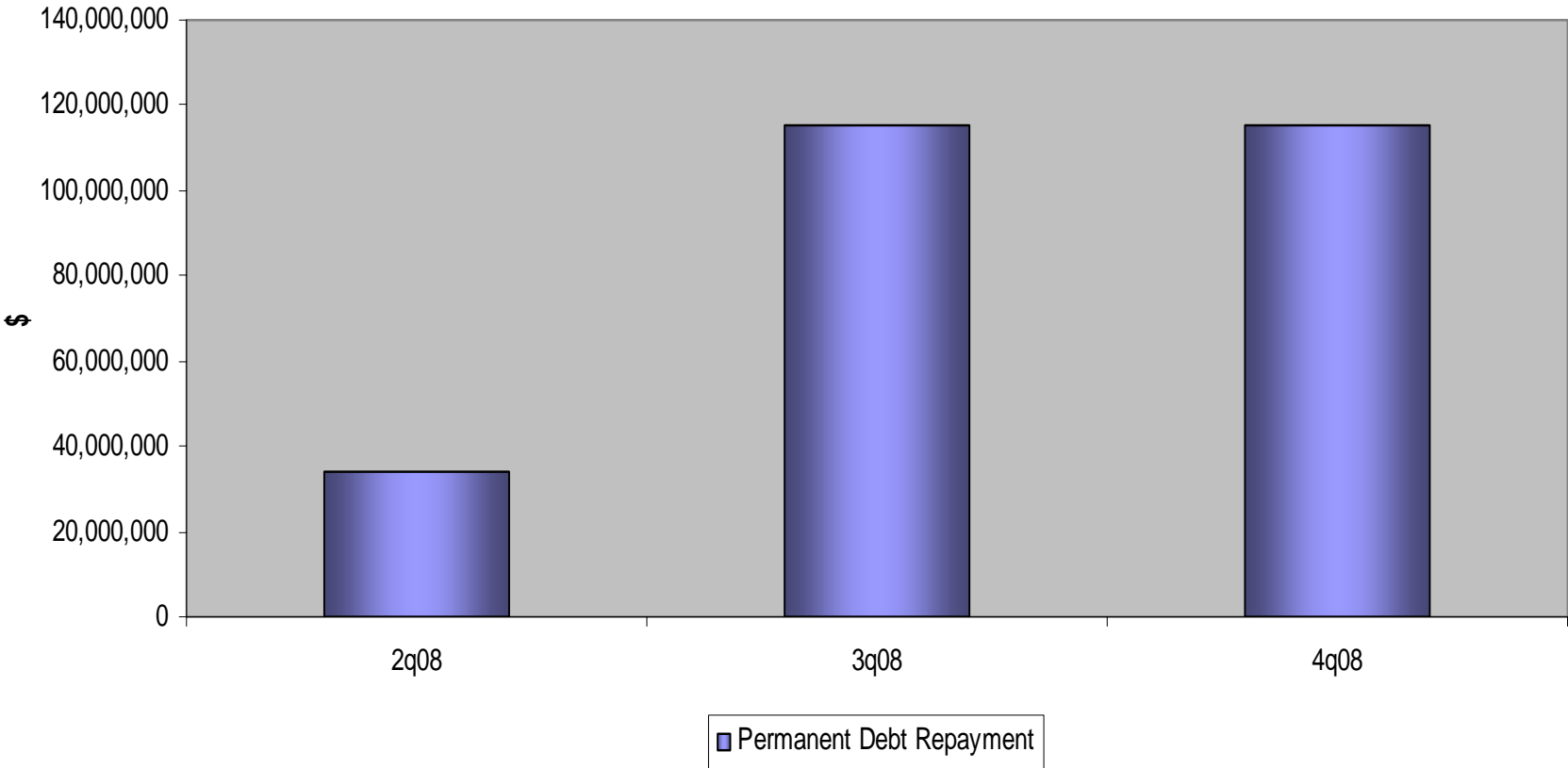
(7) Daily general and administrative expense is calculated by dividing general and administrative expense by fleet calendar days for the relevant time period.

(8) Total vessel operating expenses, or TVOE, is a measurement of our total expenses associated with operating our vessels. TVOE is the sum of vessel operating expenses, management fees and general and administrative expenses. Daily TVOE is calculated by dividing TVOE by fleet calendar days for the relevant time period.



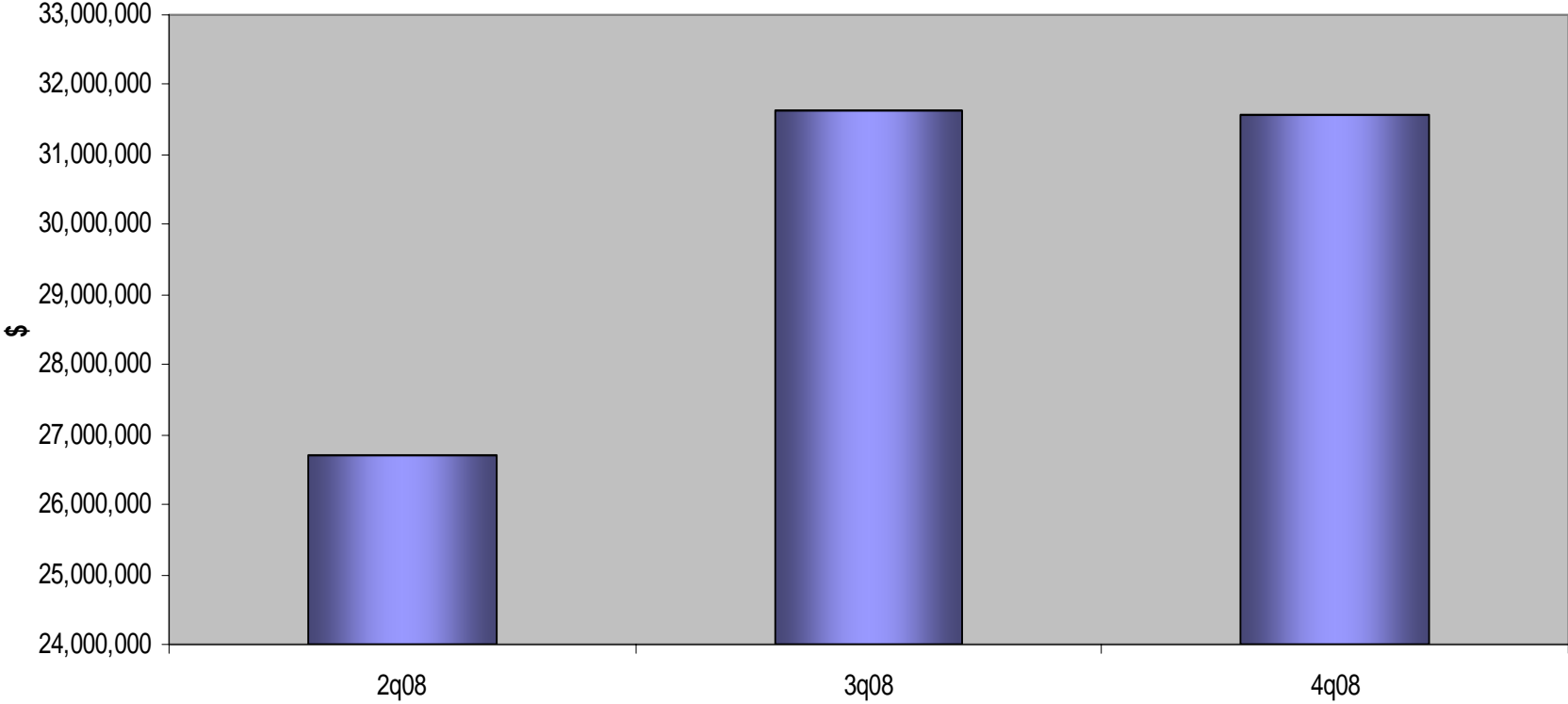
Appendix IV – Debt Profile

Permanent Debt Repayment



Appendix V – Depreciation

Depreciation



Appendix VI - Fleet Profile as of May 16, 2008

	Year Built	DWT	Type
Capesize:			
Manasota	2004	171,061	Capesize
Alameda	2001	170,269	Capesize
Capri	2001	172,579	Capesize
Samsara	1996	150,393	Capesize
Brisbane	1995	151,066	Capesize
	8.4	815,368	5
Panamax:			
Catalina	2005	74,432	Panamax
Majorca	2005	74,364	Panamax
Padre	2004	73,601	Panamax
Saldahna	2004	75,500	Panamax
Avoca	2004	76,500	Panamax
Ligari	2004	75,583	Panamax
Oregon	2002	74,204	Panamax
Mendocino	2002	76,623	Panamax
Bargara	2002	74,832	Panamax
Heinrich Oldendorff	2001	73,931	Panamax
Maganari	2001	75,941	Panamax
Sonoma	2001	74,786	Panamax
Capitola	2001	74,832	Panamax
Samatan	2001	74,823	Panamax
Ecola	2001	73,931	Panamax
Coronado	2000	75,706	Panamax
Marbella	2000	72,561	Panamax
Redondo	2000	74,716	Panamax
Conquistador	2001	75,607	Panamax
Ocean Crystal	1999	73,688	Panamax
Xanadu	1999	72,270	Panamax
Primera	1998	72,495	Panamax
La Jolla	1997	72,126	Panamax
Menorca	1997	71,662	Panamax
Iguana	1996	70,349	Panamax
Lanzarote	1996	73,008	Panamax
Waikiki	1995	75,473	Panamax
Toro	1995	73,034	Panamax
Solana	1995	75,100	Panamax
Paragon	1995	71,259	Panamax
Lacerta	1994	71,862	Panamax
Tonga	1984	66,798	Panamax
	8.6	2,361,597	32
Supramax			
Clipper Gemini	2003	51,201	Supramax
VOC Galaxy	2002	51,201	Supramax
	5.5	102,402	2
Newbuildings:			
TBN	2008	170,000	Capesize
TBN	2008	177,000	Capesize
TBN	2009	180,000	Capesize
TBN	2009	180,000	Capesize
TBN	2010	180,000	Capesize
TBN	2010	82,000	Kamsrmax
TBN	2010	82,000	Kamsrmax
TBN	2009	75,000	Panamax
TBN	2010	75,000	Panamax
		1,201,000	9
Total Fleet	8.4	4,480,367	48



Visit our website at www.dryships.com

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