

DryShips Inc.

3rd Quarter Ended September 30, 2011
Earnings Presentation



NASDAQ: "DRYS"

November 8, 2011

Forward Looking Statements

Matters discussed in this presentation may constitute forward-looking statements. Forward-looking statements reflect the Company's 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 the Company's 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.



Agenda

Financial Highlights

Company Update

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This presentation is primarily focused on our shipping segment's operations.

For additional information on our drilling segment, please refer to the Ocean Rig UDW Inc. 3rd quarter presentation, available on www.ocean-rig.com



Q3 2011 Results

Reported Net Income: \$ 25.0 million or \$ 0.07 per share

Plus Losses incurred on our interest rate swaps \$ 31.5 m

Adjusted Net Income: \$ 56.5 million or \$ 0.16 per share



Solid Quarter – Selected Data

<i>(in \$ thousands)</i>	<u>Q3 - 2010</u>	<u>Q3 - 2011</u>
<u>Income Statement Data</u>		
Total Revenues	225,526	318,049
Operating Costs	(50,573)	(108,976)
General & Administrative Expenses	(18,049)	(24,503)
Other	11,158	(12,345)
EBITDA	168,062	172,225
<u>Cash Flow Data</u>		
Net Cash Provided by Operating Activities	143,405	159,647



Capitalization

(\$ in millions)	September 30, 2011	Proforma for NB financing ⁽¹⁾
Cash	399.0	
Restricted cash	443.9	
Secured debt	3,254.9	
Convertible notes & Ocean Rig notes ⁽²⁾	1,019.9	
Total debt ⁽²⁾	4,274.8	4,910.7
Total shareholders' equity	3,960.4	3,960.4
Total capitalization	8,235.2	8,871.1
Net Debt	3,431.9	4,067.8
Debt to capitalization	52%	55%
Net Debt to capitalization	42%	46%

(1) Assumes debt is incurred on all unfinanced shipping newbuilds at 60% LTC. Does not include financing of the 2013 NB drillships

(2) Net of financing fees



CAPEX Schedule – Drybulk

<i>(in \$ thousands)</i>	<u>Q4 2011</u>	<u>FY2012</u>	<u>FY2013</u>	<u>Total</u>
Panamax #1	-	16,525	-	16,525
Panamax #2	6,610	16,525	-	23,135
VLOC #1	6,810	32,670	-	39,480
VLOC #2	-	46,290	-	46,290
VLOC #3	6,810	46,290	-	53,100
VLOC #4	-	47,520	-	47,520
VLOC #5	-	17,820	29,700	47,520
Capesize #1	-	40,623	-	40,623
Capesize #2	-	40,623	-	40,623
Total	20,230	304,886	29,700	354,816
Debt to Procure	6,610	179,636	29,700	215,946

**Commitment letter
received from
China
Development Bank**



CAPEX Schedule – Tankers

<i>(in \$ thousands)</i>	<u>Q4 2011</u>	<u>FY2012</u>	<u>FY2013</u>	<u>FY2014</u>	<u>Total</u>
Belmar	39,900	-	-	-	39,900
Calida	-	39,900	-	-	39,900
Lipari	-	54,400	-	-	54,400
Petalidi	-	54,400	-	-	54,400
Alicante	-	45,600	-	-	45,600
Mareta	-	45,600	-	-	45,600
Bordeira	6,800	54,400	-	-	61,200
Esperona	-	6,800	54,400	-	61,200
Blanca	-	6,800	6,800	47,600	61,200
Total	46,700	307,900	61,200	47,600	463,400
Debt to procure	6,800	159,200	61,200	47,600	231,960

**Kexim and
ABN Amro
\$ 141 million facility**



Secured Debt Profile

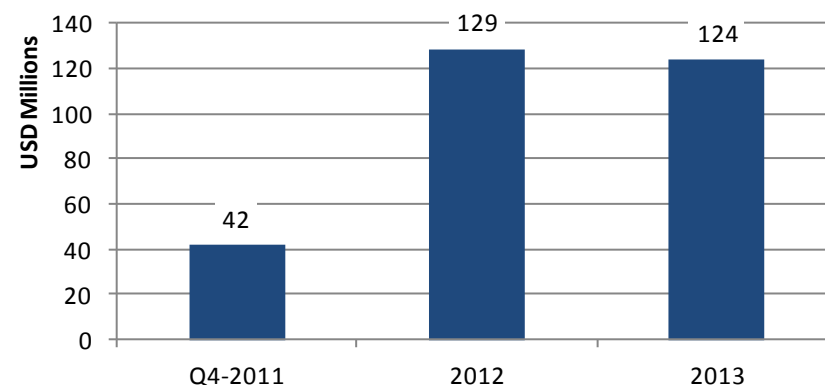
Drybulk Debt Outstanding as of 30/9/2011

Facility	Amortizing	Balloon	Total
\$628.8m facility	238.9	119.3	358.2
\$35m facility	6.5	11.0	17.5
\$125m facility	42.1	10.5	52.6
\$90m facility	19.1	43.5	62.6
\$130m facility	18.7	20.9	39.6
\$126.4m facility	74.2	13.8	88.0
\$101.2m facility	16.9	5.6	22.6
\$47m facility	8.8	12.0	20.8
\$90m facility	27.0	24.0	51.0
\$103.2m facility	16.8	16.0	32.8
\$325m facility	114.2	23.5	137.7
Total Drybulk bank debt	583.2	300.1	883.3

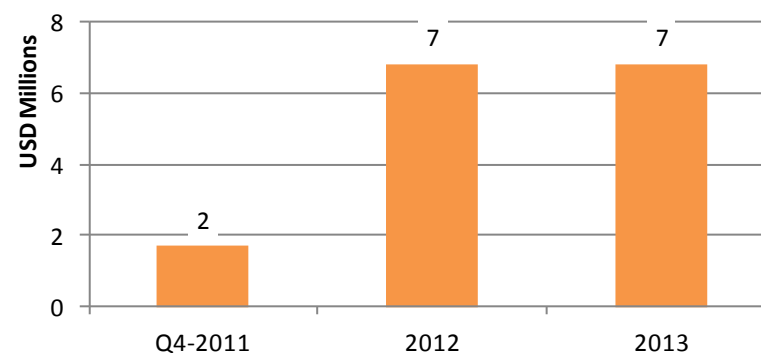
Tankers Debt Outstanding as of 30/9/2011

Facility	Amortizing	Balloon	Total
\$70m facility	21.0	46.7	67.7
\$32.3m facility	12.4	19.4	31.8
Total Tankers bank debt	33.4	66.1	99.4

Scheduled Debt Repayments



Scheduled Debt Repayments



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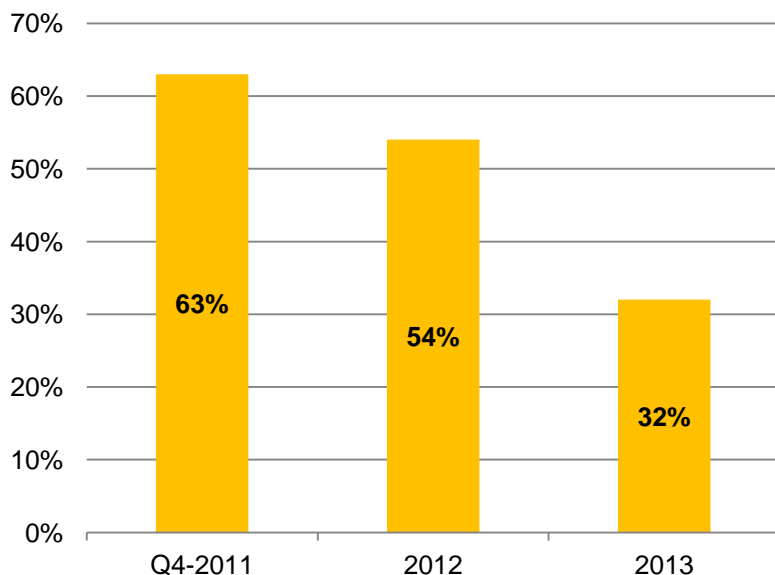
Recent Highlights

- Merger with OceanFreight closed on November 3rd as planned
- Entered into a \$141 million syndicated secured term loan facility to partially finance the construction costs of the tankers Belmar, Calida, Lipari and Petalidi
- OCR UDW entered into drilling contracts for three additional wells offshore West Africa, with two independent oil operators based in the UK and the USA respectively, for the semi-submersible rig Eirik Raude. The total revenue backlog, excluding mobilization cost, to complete the three wells program is estimated at \$96 million for a period of approximately 175 days.
- Vanco – Lukoil, the charterer of OCR Olympia, did not exercise its option to extend the term of the original contract. The contract, at a daily operating rate of \$415,000, will expire in April 2012
- Ocean Rig UDW took delivery of its newbuilding drillship, the Ocean Rig Mykonos, the last of four sixth generation, ultra-deepwater sister drillships constructed by Samsung.
- OCR UDW's shares commenced trading on October 6th, 2011 on Nasdaq ("ORIG")



DryBulk Employment Status

% Charter coverage



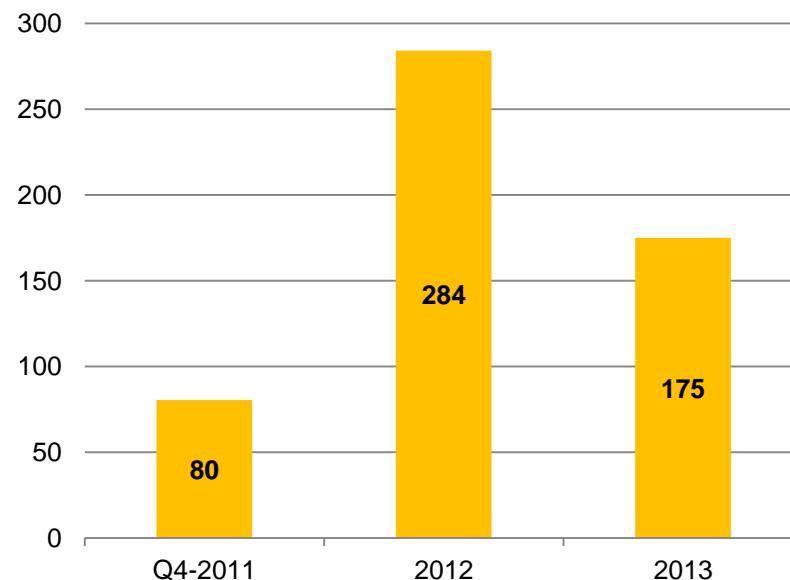
Average daily fixed rate

\$ 37,700

\$ 35,200

\$ 32,800

Dry Bulk gross fixed revenue (\$m)



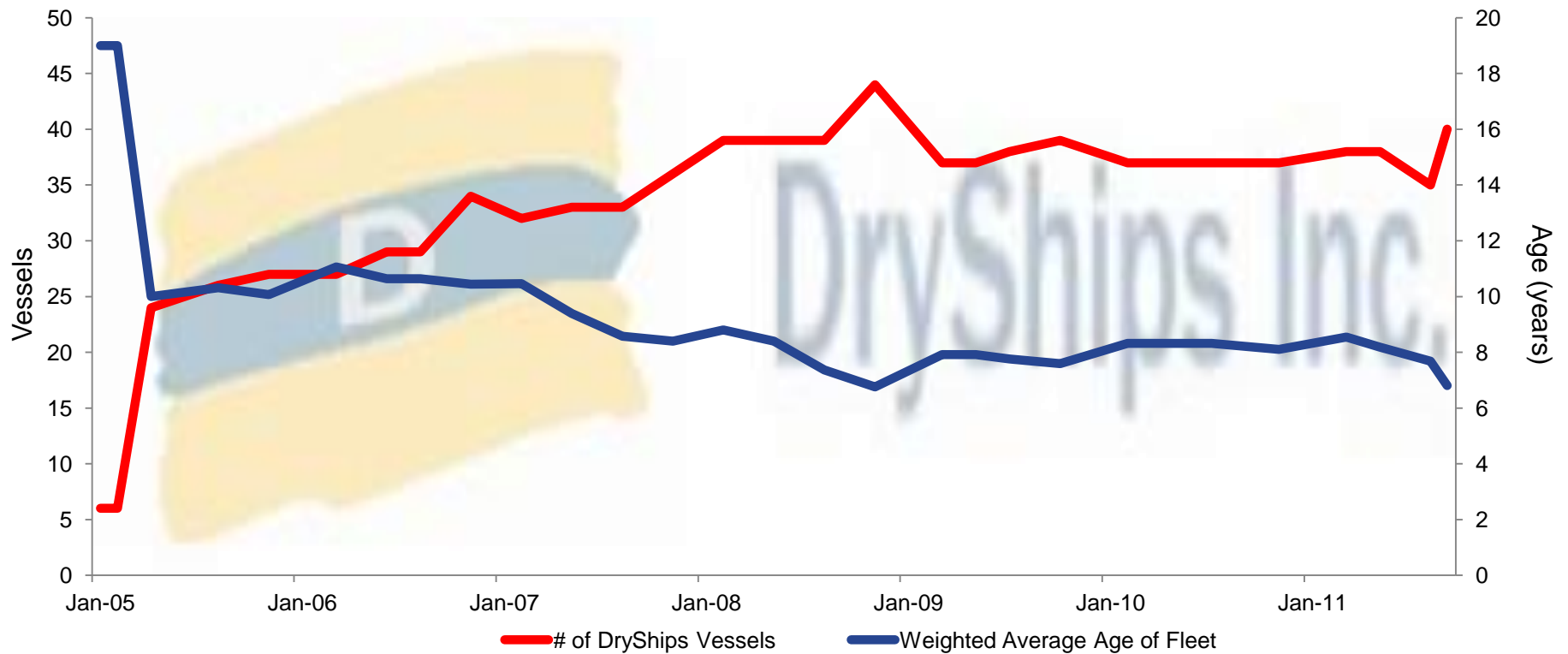
- Total contracted backlog the next 2.25 years is approximately \$540 million
- OCNF acquisition improved our charter coverage



Leading Shipping Company

- Consistently growing and renewing our fleet with quality modern assets

DryShips Delivered Fleet



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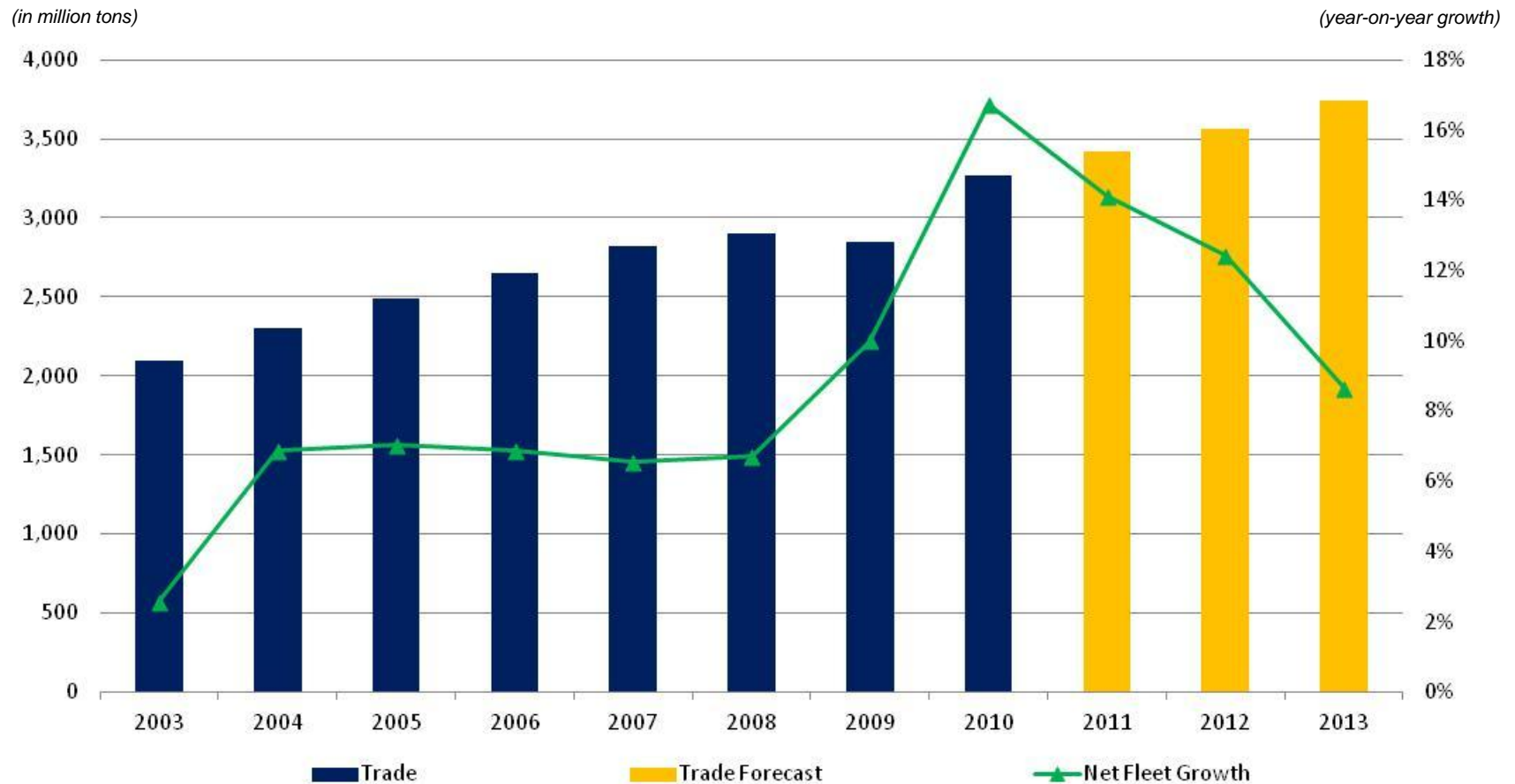
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Drybulk Demand & Supply

- Net fleet growth peaked in 2010 and expected to decline, trade growth continues to increase

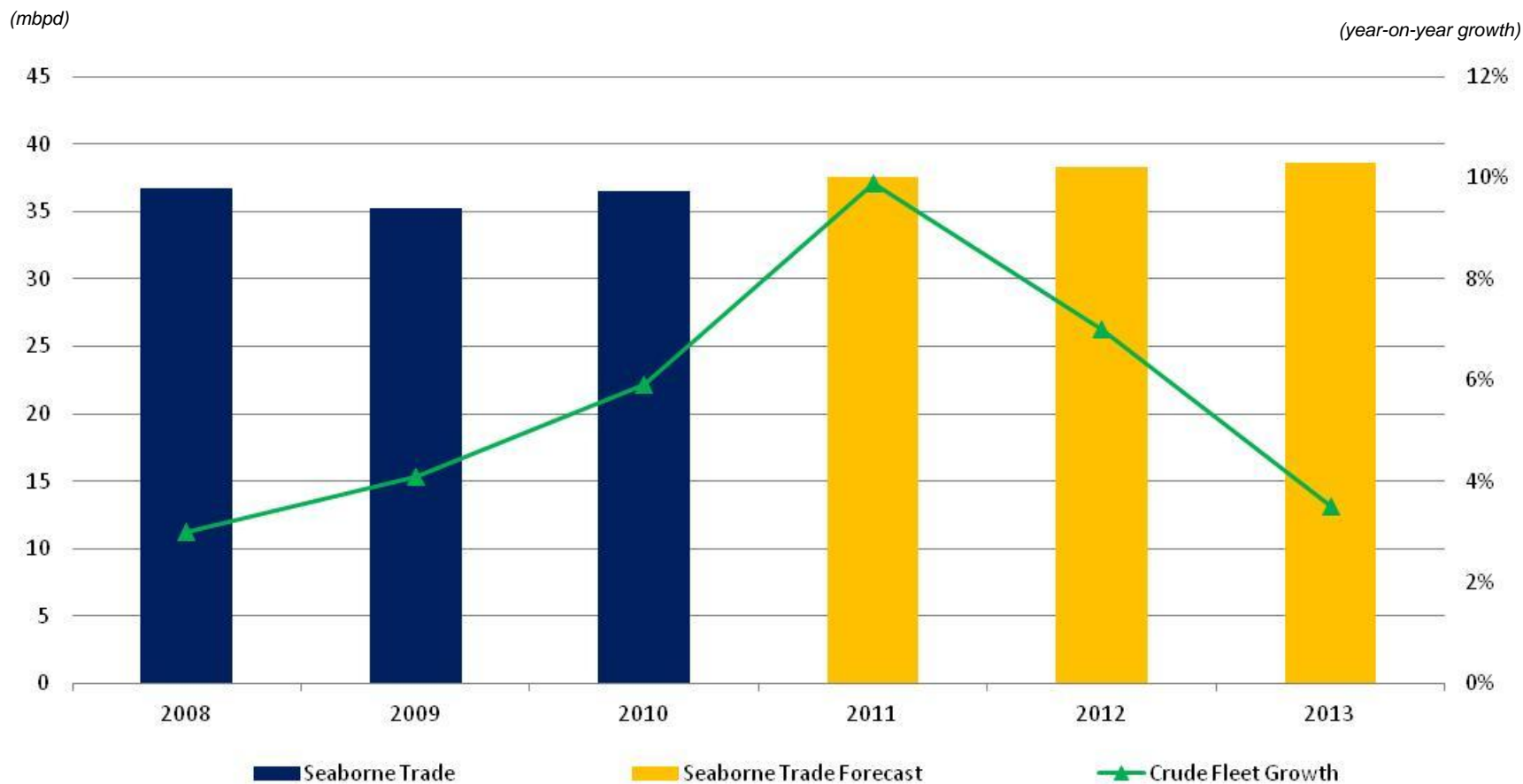


Source: Clarksons



Tanker Demand & Supply

- Current challenging conditions to be followed by return into a more balanced market



Source: Clarksons, IEA, Pareto Securities



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Strategy

DryShips continues to execute its business plan

- **Drybulk segment defensively positioned**
 - **Modern fleet – average age 5.5 years**
 - **Charter coverage – 54% in 2012**
- **Tanker segment**
 - **Brand new fleet**
 - **Debt financing underway**
- **Drilling segment working on all 6 cylinders**
 - **Major 2012 contribution to DryShips earnings**
 - **Listing of OCR UDW – trading liquidity**
 - **M&A transaction – implied ORIG equity value \$32 per share**
 - **No CAPEX until mid-2013**

Significant upside potential



Hidden value

- Our ownership stake in Ocean RIG UDW (Nasdaq “ORIG”) far exceeds our market capitalization

<i>(in million, except share price data)</i>	<i>As of 11/4</i>	<i>Aker Acquisition Metrics ⁽¹⁾</i>
ORIG shares outstanding	131.7	131.7
DRYS ownership stake in ORIG	~73.9%	~73.9%
ORIG shares owned by DRYS	~97.3	~97.3
ORIG share price	\$14.90	\$31.95
DRYS share of ORIG capitalization	\$1,449	\$3,110
DRYS market capitalization (11/4)	\$1,172	\$1,172

Management will take appropriate actions OVER TIME to realize the value of its ORIG stake to the benefit of ALL shareholders

(1) For details please see Ocean Rig UDW 3rd Quarter ended September 30, 2011 Presentation



APPENDIX



Fleet Profile

	Year		Type	Gross rate	Redelivery			Year		Type	Gross rate	Redelivery			
	Built	DWT		Per day	Earliest	Latest		Built	DWT		Per day	Earliest	Latest		
Drybulk fleet															
Capesize:								Supramax:							
Mystic	2008	170,040	Capesize	\$52,310	Aug-18	Dec-18	Byron	2003	51,201	Supramax	Spot	N/A	N/A		
Robusto	2006	173,949	Capesize	\$ 26,000	Aug-14	Dec-14	Galveston	2002	51,201	Supramax	Spot	N/A	N/A		
Cohiba	2006	174,200	Capesize	\$ 26,250	Oct-14	Feb-15	Newbuildings								
Montecristo	2005	180,263	Capesize	\$ 23,500	May-14	Oct-14	Panamax 1	2012	76,000	Panamax	13,150	Dec-12	Feb-13		
Flecha	2004	170,012	Capesize	\$55,000	Jul-18	Nov-18	Panamax 2	2012	76,000	Panamax	13,150	Feb-13	Apr-13		
Manasota	2004	171,061	Capesize	\$30,000	Jan-18	Aug-18	Capesize 1	2012	176,000	Capesize	Spot	N/A	N/A		
Partagas	2004	173,880	Capesize	\$ 27,500	Jul-12	Dec-12	Capesize 2	2012	176,000	Capesize	Spot	N/A	N/A		
Alameda	2001	170,662	Capesize	\$27,500	Nov-15	Jan-16	Newbuilding VLOC #1	2012	206,000	Capesize	\$ 25,000	Apr-15	Apr- 20		
Capri	2001	172,579	Capesize	Spot	N/A	N/A	Newbuilding VLOC #2	2012	206,000	Capesize	\$ 23,000	Aug- 17	Aug- 22		
Panamax:								Newbuilding VLOC #3	2012	206,000	Capesize	\$ 21,500	Oct- 19	Oct- 26	
Amalfi	2009	75,206	Panamax	\$39,750	Aug- 13	Dec- 13	Newbuilding VLOC #5	2013	206,000	Capesize	Spot	N/A	N/A		
Catalina	2005	74,432	Panamax	\$40,000	Jun-13	Aug-13	Newbuilding VLOC #4	2012	206,000	Capesize	Spot	N/A	N/A		
Majorca	2005	74,477	Panamax	\$43,750	Jun-12	Aug-12	Tanker fleet								
Ligari	2004	75,583	Panamax	\$55,500	Jun-12	Aug-12	Vilamoura	2011	158,300	Suezmax	Blue Fin Pool	N/A	N/A		
Avoca	2004	76,629	Panamax	\$45,500	Sep-13	Dec-13	Saga	2011	115,200	Aframax	Sigma Pool	N/A	N/A		
Padre	2004	73,601	Panamax	\$46,500	Sep-12	Dec-12	Daytona	2011	115,200	Aframax	Sigma Pool	N/A	N/A		
Saldanha	2004	75,707	Panamax	\$52,500	Jun-12	Sep-12	Belmar	2011	115,200	Aframax	Sigma Pool	N/A	N/A		
Sorrento	2004	76,633	Panamax	\$24,500	Aug-21	Dec-21	Newbuildings								
Mendocino	2002	76,623	Panamax	\$56,500	Jun-12	Sep-12	Blanca	2013	158,300	Suezmax	Blue Fin Pool	N/A	N/A		
Bargara	2002	74,832	Panamax	\$43,750	May-12	Jul-12	Bordeira	2013	158,300	Suezmax	Blue Fin Pool	N/A	N/A		
Ecola	2001	73,931	Panamax	\$43,500	Jun-12	Aug-12	Esperona	2013	158,300	Suezmax	Blue Fin Pool	N/A	N/A		
Positano	2000	73,288	Panamax	\$42,500	Sep-13	Dec-13	Lipari	2012	158,300	Suezmax	Blue Fin Pool	N/A	N/A		
Redondo	2000	74,716	Panamax	\$34,500	Apr-13	Jun-13	Petalidi	2012	158,300	Suezmax	Blue Fin Pool	N/A	N/A		
Topeka	2000	74,710	Panamax	\$ 15,000	Jan-12	Mar-12	Alicante	2012	115,200	Aframax	Sigma Pool	N/A	N/A		
Helena	1999	73,744	Panamax	\$ 32,000	May-12	Jan-13	Calida	2012	115,200	Aframax	Sigma Pool	N/A	N/A		
Rapallo	2009	75,123	Panamax	Spot	N/A	N/A	Mareta	2012	115,200	Aframax	Sigma Pool	N/A	N/A		
Oregon	2002	74,204	Panamax	Spot	N/A	N/A									
Samatan	2001	74,823	Panamax	Spot	N/A	N/A									
Sonoma	2001	74,786	Panamax	Spot	N/A	N/A									
Capitola	2001	74,816	Panamax	Spot	N/A	N/A									
Levanto	2001	73,925	Panamax	Spot	N/A	N/A									
Maganari	2001	75,941	Panamax	Spot	N/A	N/A									
Coronado	2000	75,706	Panamax	Spot	N/A	N/A									
Marbella	2000	72,561	Panamax	Spot	N/A	N/A									
Ocean Crystal	1999	73,688	Panamax	Spot	N/A	N/A									

* Fleet List as of November 7, 2011 (does not include ORIG fleet details)



Unaudited Condensed Consolidated Statements of Operations

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2010	2011	2010	2011
	(as restated)		(as restated)	
REVENUES:				
Voyage revenues	\$ 115,114	\$ 92,013	\$ 344,283	\$ 287,489
Revenues from drilling contracts	110,412	226,036	299,640	461,991
	<u>225,526</u>	<u>318,049</u>	<u>643,923</u>	<u>749,480</u>
EXPENSES:				
Voyage expenses	7,052	3,271	20,589	15,333
Vessel and drilling rig operating expenses	43,521	105,705	138,615	253,549
Depreciation and amortization	48,546	70,980	144,028	192,001
(Gain)/ Loss on sale of assets, net	-	1,893	(10,142)	2,597
Vessel impairment charge	112	-	-	112,104
Gain from vessel insurance proceeds	-	-	-	(25,064)
General and administrative expenses	18,049	24,503	62,060	76,894
	<u>108,246</u>	<u>111,697</u>	<u>288,773</u>	<u>122,066</u>
Operating income				
	108,246	111,697	288,773	122,066
OTHER INCOME / (EXPENSES):				
Interest and finance costs, net of interest income	(10,042)	(36,975)	(40,255)	(85,876)
Loss on interest rate swaps	(48,962)	(31,466)	(147,389)	(71,242)
Other, net	11,270	848	4,061	3,120
Income taxes	(2,858)	(7,778)	(14,796)	(17,556)
Total other expenses	<u>(50,592)</u>	<u>(75,371)</u>	<u>(198,379)</u>	<u>(171,554)</u>
Net income / (loss)	57,654	36,326	90,394	(49,488)
Net income attributable to Non controlling interests	-	(11,300)	-	(13,811)
Net income / (loss) attributable to Dryships Inc.	<u>\$ 57,654</u>	<u>\$ 25,026</u>	<u>\$ 90,394</u>	<u>\$ (63,299)</u>
Earnings/(loss) per common share, basic and diluted	\$ 0.21	\$ 0.07	\$ 0.31	\$ (0.19)
Weighted average number of shares, basic and diluted	257,034,024	355,764,523	255,693,215	348,286,721



Unaudited Condensed Consolidated Balance Sheets

(Expressed in Thousands of U.S. Dollars)

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$ 391,530	\$ 398,959
Restricted cash	578,311	111,144
Trade accounts receivable, net	25,204	85,719
Other current assets	70,065	112,540
Total current assets	1,065,110	708,362

FIXED ASSETS, NET:

Vessels and rigs under construction and acquisitions	2,072,699	963,812
Vessels, net	1,917,966	1,968,981
Drilling rigs, machinery and equipment, net	1,249,333	4,580,004
Office equipment	-	418
Total fixed assets, net	5,239,998	7,513,215

OTHER NON-CURRENT ASSETS:

Restricted cash	195,517	332,782
Other non-current assets	483,869	132,609
Total non-current assets	679,386	465,391
Total assets	6,984,494	8,686,968

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES:

Current portion of long-term debt	731,232	360,909
Other current liabilities	204,203	307,800
Total current liabilities	935,435	668,709

NON-CURRENT LIABILITIES

Long-term debt, net of current portion	1,988,460	3,913,915
Other non-current liabilities	161,070	143,935
Total non current liabilities	2,149,530	4,057,850

STOCKHOLDERS' EQUITY:

Total equity	3,899,529	3,960,409
Total liabilities and stockholders' equity	\$ 6,984,494	\$ 8,686,968



Summary Operating Data

(Dollars in thousands, except average daily results)

Drybulk

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2010	2011	2010	2011
Average number of vessels ⁽¹⁾	37.3	35.2	37.3	35.7
Total voyage days for vessels ⁽²⁾	3,389	3,164	10,032	9,492
Total calendar days for vessels ⁽³⁾	3,428	3,240	10,179	9,743
Fleet utilization ⁽⁴⁾	98.9%	97.7%	98.6%	97.4%
Time charter equivalent ⁽⁵⁾	\$31,886	\$27,011	\$32,266	\$27,779
Vessel operating expenses (daily) ⁽⁶⁾	\$4,864	\$5,844	\$5,134	\$6,020

Tanker

	Three Months Ended September 30, 2011	Nine Months Ended September 30, 2011
Average number of vessels ⁽¹⁾	2.6	2.21
Total voyage days for vessels ⁽²⁾	276	602
Total calendar days for vessels ⁽³⁾	276	602
Fleet utilization ⁽⁴⁾	100%	100%
Time charter equivalent ⁽⁵⁾	\$11,880	\$14,081
Vessel operating expenses (daily) ⁽⁶⁾	\$7,725	\$10,169

(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 in our possession for the relevant period net of off hire days.

(3) Calendar days are the total number of days the vessels were in our possession for the relevant period including off hire days.

(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.



Shares Outstanding

	September 30, 2011	Subsequently issued	November 7, 2011
Issued shares used for EPS purposes	373,294,836	15,367,108	388,661,944

	December 31, 2011
Expected weighted average numbers of shares for Q4 2011	375,495,260
Expected weighted average numbers of shares for year ended December 31, 2011	355,144,794

