

DryShips Inc.

1st Quarter Ended March 31, 2012
Earnings Presentation



NASDAQ: "DRYS"

May 30, 2012

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. 1st quarter presentation, available on www.ocean-rig.com



Q1 2012 Results

<i>(in \$ million, except EPS)</i>	Q1 2011	Q1 2012
Total Revenues	207.4	247.5
Adjusted EBITDA ⁽¹⁾	107.1	105.5
Net Income/(Loss), GAAP	25.8	(47.5)
EPS, GAAP	\$ 0.07	(\$ 0.12)
Net Cash Provided by Operating Activities	101.7	3.4

(1) Represents net income before interest, taxes, depreciation and amortization and gains or losses on interest rate swaps



Capitalization

<i>(in \$ million)</i>	March 31, 2012
Cash	153.2
Restricted cash	379.7
Secured debt	3,137.3
Convertible notes & Ocean Rig notes	1,057.6
Total debt	4,194.9
Total shareholders' equity	3,887.4
Total capitalization	8,082.3
Net Debt	3,662.0
Debt to capitalization	52 %
Net Debt to capitalization	45 %

Subsequent Event

+ \$180.8 million net proceeds from sale of ORIG shares (April 2012)



Successfully Turned A Funding Gap Into A Surplus

- Drybulk Segment Remaining Capex: \$ 439.6 million
 - Expected Equity Funding: \$ 97.0 million
 - Expected Debt ² Financing: \$ 342.6 million

- Tanker Segment Remaining Capex: \$ 354.7 million
 - Expected Equity Funding: \$ 98.3 million
 - Expected Debt ³ Financing : \$ 256.4 million

Signed Loan Agreements
\$266.5 mil or approx.
44.5% of total debt funding

	DRYS¹
DRYS ¹ Free Cash ⁴	\$207.4 million
Expected Equity Portion for Capex	\$195.3 million
Capex Coverage Ratio	1.06x

Fully Funded Capex even before taking into account cash provided by operations

1) DryShips Shipping segments only, Excludes ORIG free cash and capex requirements
 2) Assumes 60% LTV for unfinanced vessels
 3) Assumes 55% LTV for unfinanced vessels
 4) Pro Forma DRYS¹Free Cash on 3/31/2011 including net proceeds of offering



Secured Debt Profile

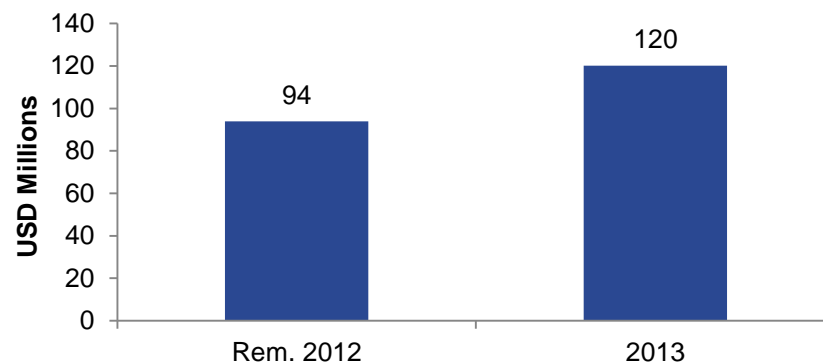
Drybulk Debt Outstanding as of 3/31/2012

Facility	Amortizing	Balloon	Total
\$628.8m facility	198.4	112.0	310.4
\$35m facility	6.5	11.0	17.5
\$125m facility	38.3	10.5	48.8
\$90m facility	16.9	43.5	60.4
\$130m facility	16.0	20.9	36.9
\$126.4m facility	68.9	12.8	81.7
\$47m facility	7.5	12.0	19.5
\$90m facility	24.0	24.0	48.0
\$103.2m facility	14.4	16.0	30.4
\$325m facility	101.0	23.5	124.5
\$87.7m facility	9.3	9.8	19.1
Total Drybulk bank debt	501.2	296.0	797.2

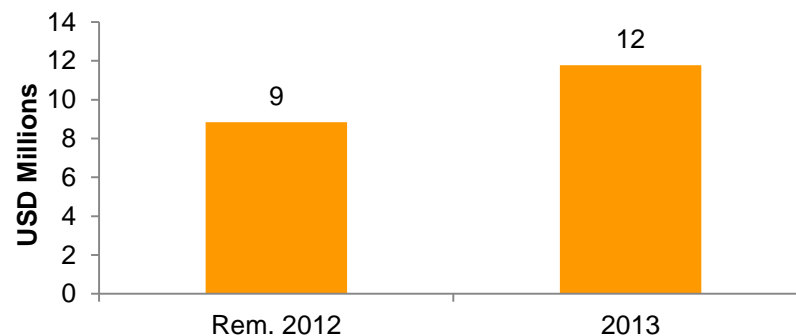
Tankers Debt Outstanding as of 3/31/2012

Facility	Amortizing	Balloon	Total
\$70m facility	18.6	46.7	65.3
\$32.3m facility	11.3	19.4	30.7
\$141.35m facility	34.1	29.9	64.0
Total Tankers bank debt	64.0	96.0	160.0

Scheduled Debt Repayments



Scheduled Debt Repayments



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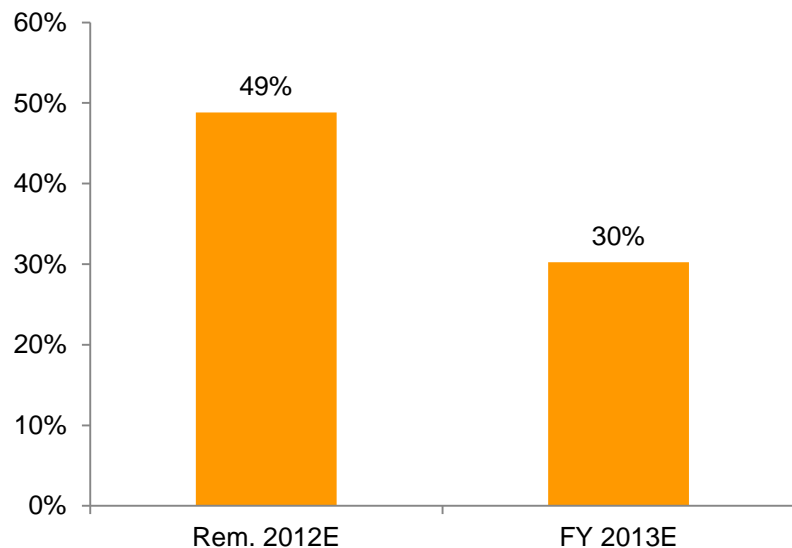
Recent Highlights

- On May 4, 2012, the vessel Positano was delivered to her new owners.
- On April 25, 2012, the vessel Lipari was delivered to the Company.
- On April 17, 2012 the Company completed the public offering of 11,500,000 common shares in Ocean Rig, resulting in net proceeds of approximately \$180.8 million.

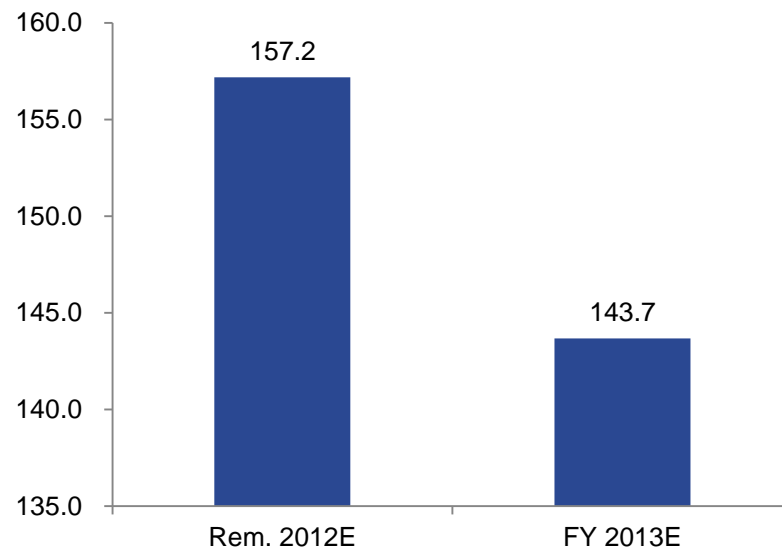


Drybulk Employment Status¹

% Charter coverage



Drybulk gross fixed revenue (\$m)



Average daily fixed rate

\$ 31,249

\$ 30,914

➤ Total contracted backlog through 2013 is approximately \$300 million

¹ As of March 31st 2012



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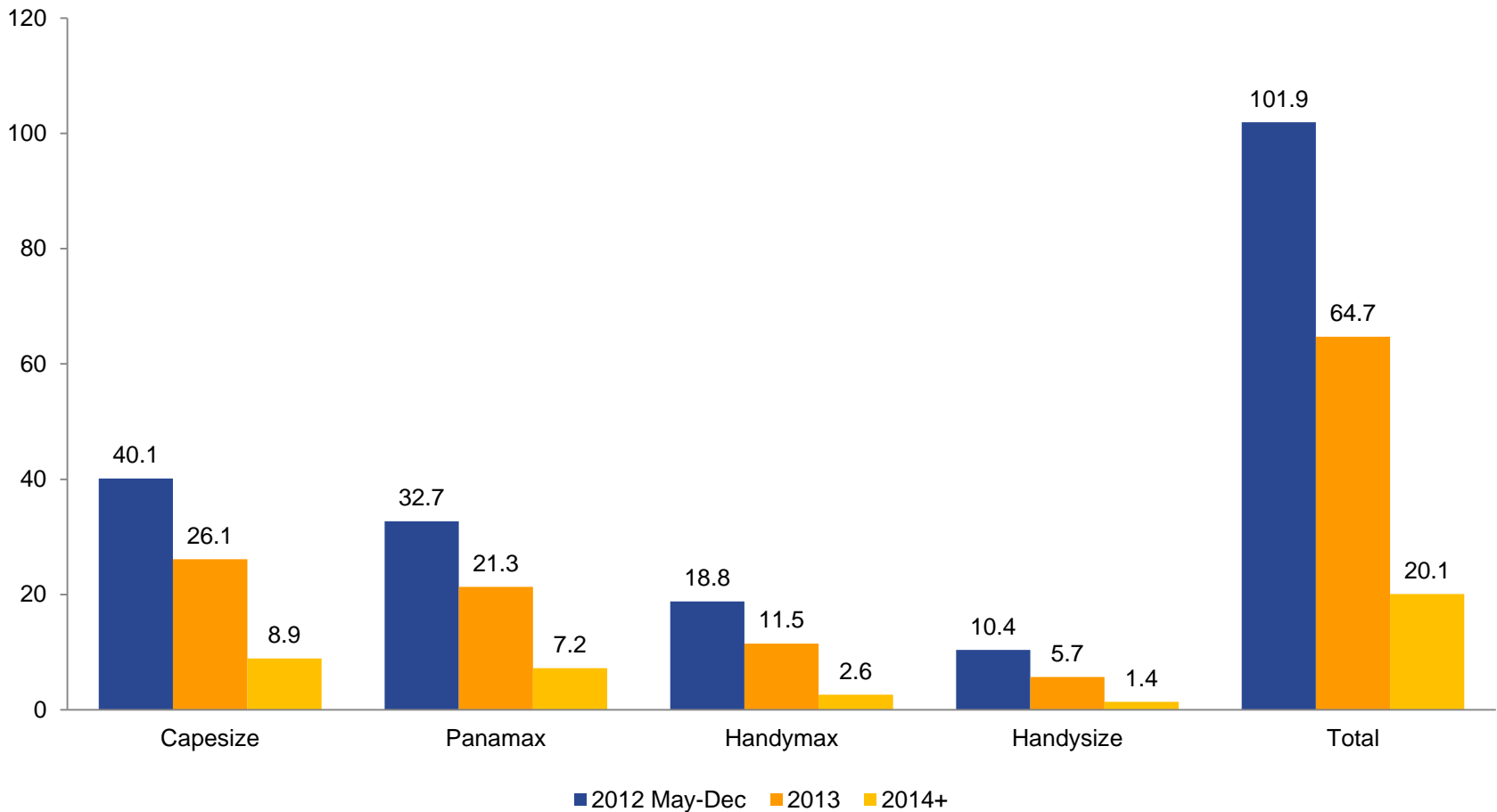
Q&A



Drybulk Orderbook

Drybulk Orderbook for 2012-2014+

million DWT



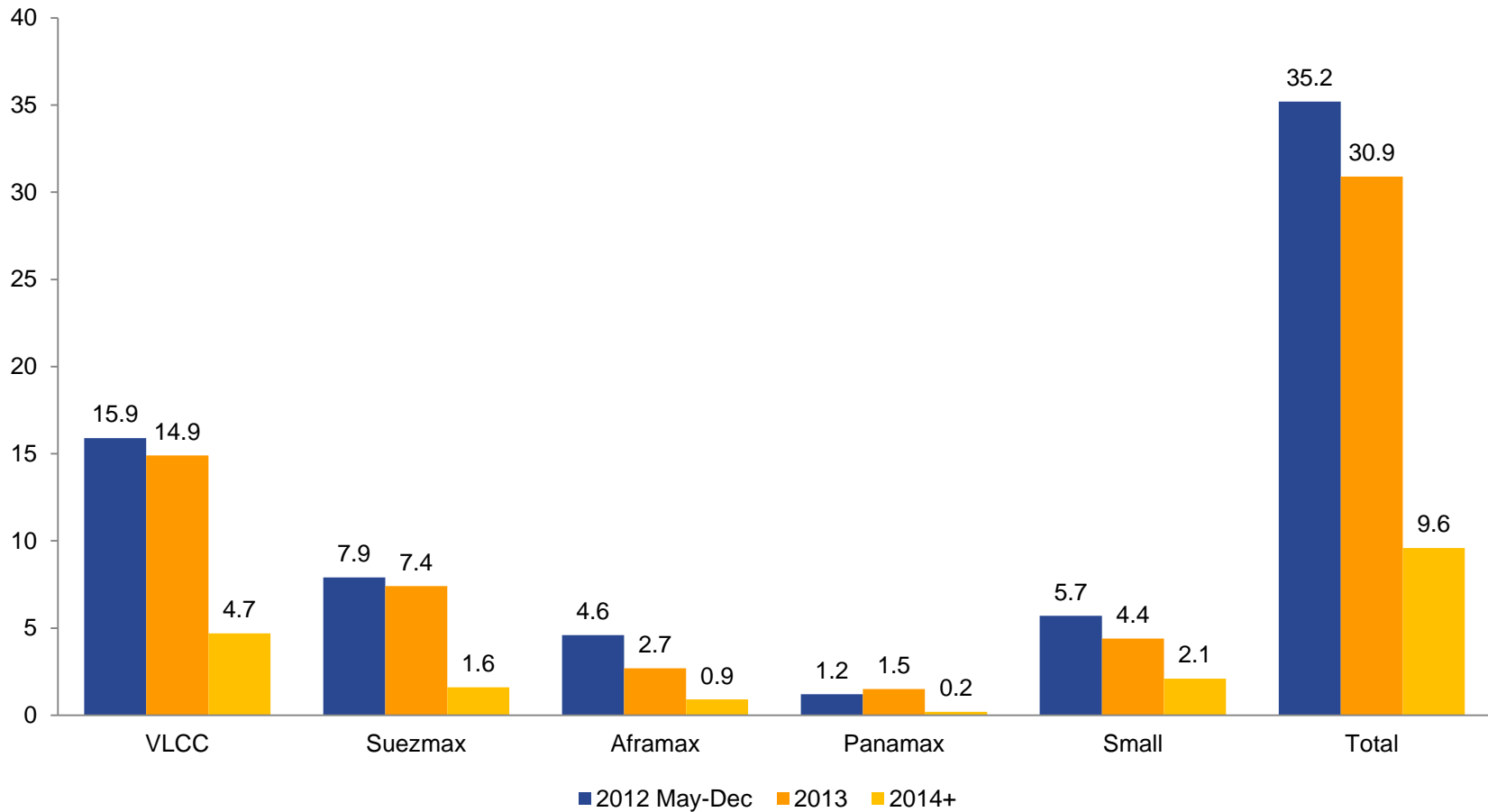
Source: Clarksons, data as of May 1st 2012



Tanker Orderbook

Tanker Orderbook in 2012-2014+

million DWT

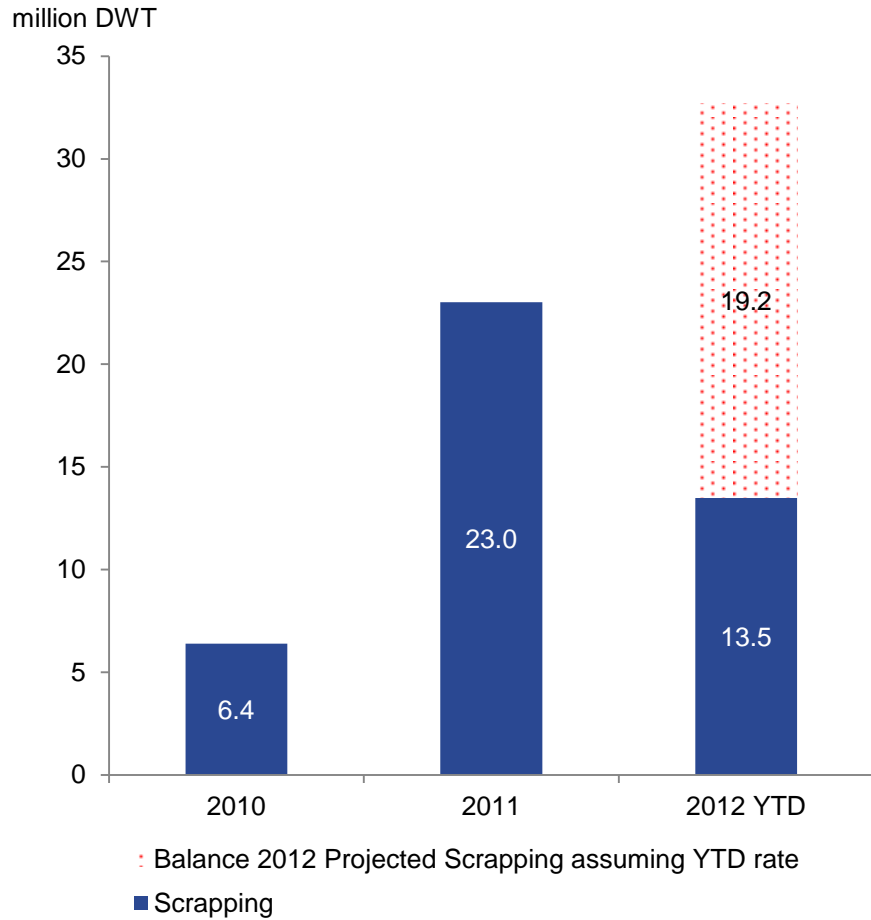


Source: Clarksons, data as of May 1st 2012

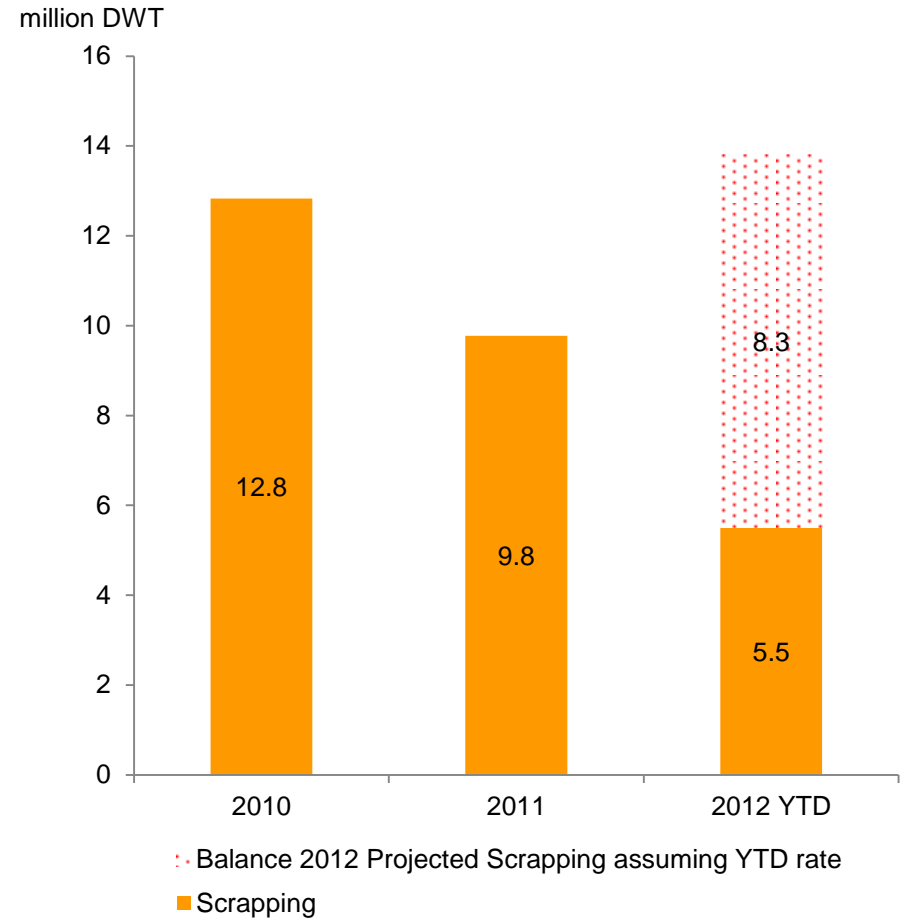


Drybulk & Tanker Scrapping

Drybulk Scrapping



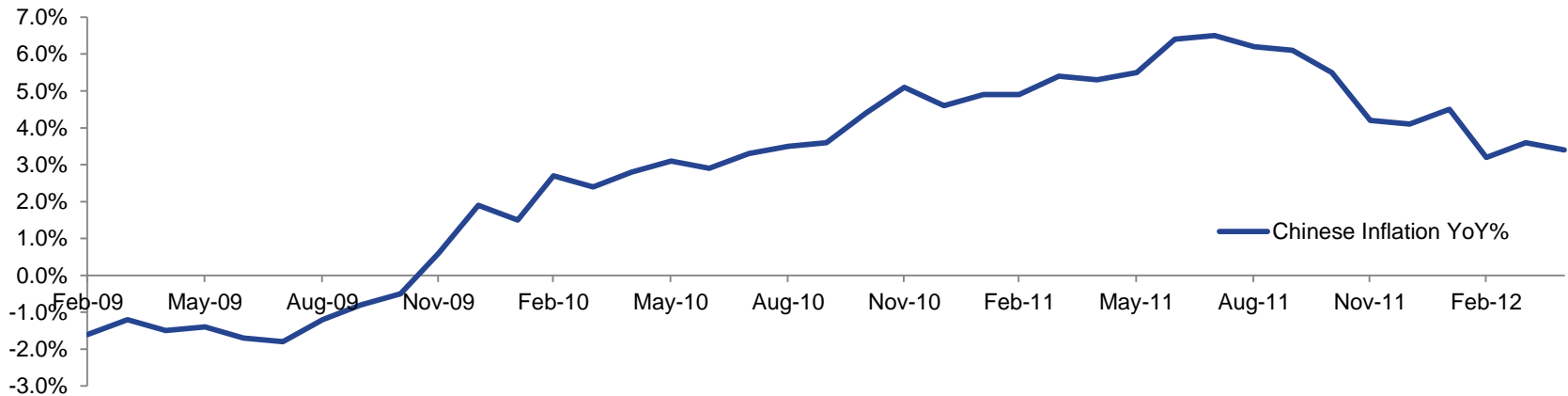
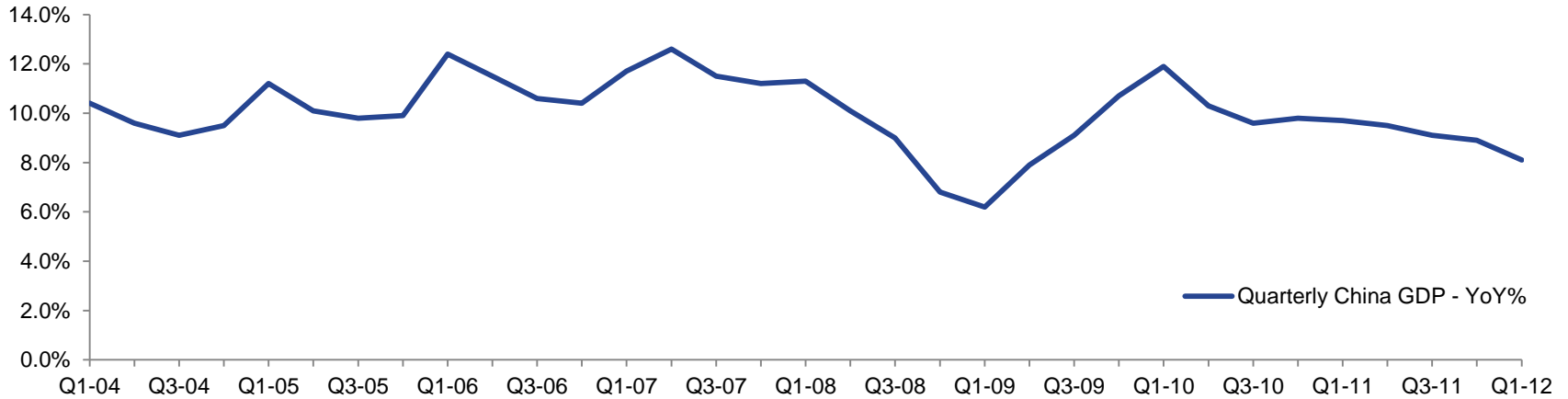
Tanker Scrapping



Source: Clarksons, data as of May 25th 2012



China Soft Landing – Growth Measures Reinstated



Source: Bloomberg



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Our Public Offering of Ocean Rig Shares

- **Gross Proceeds of \$186.9 million**
 - **11.5 million shares sold to the public**
 - **19% of which was purchased by management at the public offering price**
 - **DryShips ownership of Ocean Rig reduced to 65.2%**

- **Significant benefits for our shareholders**
 - **Strengthened our balance sheet**
 - **Increased ORIG visibility in US market**
 - **Increased ORIG public float**

Our goal is to maximize value for all shareholders



Strategy

- **Drybulk segment defensively positioned**
 - **Modernization of fleet – average age 5.6 years**
 - **Charter coverage – 49% for the 9 months remaining in 2012**
 - **Large fleet provides strong negotiating power**
- **Tanker segment**
 - **Brand new fleet**
 - **Vessels in tanker pools, beating current spot market rates**
 - **Debt financing underway**
- **Drilling segment**
 - **Over \$2.9 billion in revenue backlog**

DryShips firmly positioned to weather the storm and reap future rewards



Hidden value



DryShips Inc.

Market
Capitalization¹

\$ 890 million

OCEAN RIG



DRYS share of
Ocean Rig²

\$1,341 million

Shareholders continue to get a free ride on our shipping segments

1) Market capitalization figures as of 5/25/2012 (excluding share borrow and treasury shares)

2) Based on our 65.2% ownership of Ocean Rig,





APPENDIX



Fleet Profile (Shipping Segment)

Drybulk fleet							Newbuildings						
Year	Built	DWT	Type	Gross rate Per day	Redelivery		Year	Built	DWT	Type	Gross rate Per day	Redelivery	
					Earliest	Latest						Earliest	Latest
Capesize:							Newbuilding Ice --class Panamax 1						
	2008	170,040	Capesize	\$52,310	Aug-18	Dec-18	2014	75,900	Panamax	Spot	N/A	N/A	
	2006	173,949	Capesize	\$26,000	Aug-14	Dec-14	Newbuilding Ice --class Panamax 2						
	2006	174,234	Capesize	\$26,250	Oct-14	Feb-15	Newbuilding Ice --class Panamax 3						
	2005	180,263	Capesize	\$23,500	May-14	Oct-14	Newbuilding Ice --class Panamax 4						
	2004	170,012	Capesize	\$55,000	Jul-18	Nov-18	Newbuilding VLOC #4						
	2004	171,061	Capesize	\$30,000	Jan-18	Aug-18	Newbuilding VLOC #5						
	2004	173,880	Capesize	\$27,500	Jul-12	Dec-12	Newbuilding VLOC #3						
	2001	170,662	Capesize	\$27,500	Nov-15	Jan-16	Newbuilding Capesize 1						
	2001	172,579	Capesize	\$12,500	Jan-13	Apr-13	Newbuilding Capesize 2						
Panamax:							Newbuilding VLOC #1						
	2012	76,037	Panamax	\$13,150	Feb-13	Apr-13	Newbuilding VLOC #2						
	2012	76,064	Panamax	\$13,150	Jan-13	Mar-13	Tanker fleet						
	2009	75,206	Panamax	\$39,750	July-13	Sept-13	Calida						
	2009	75,123	Panamax	Spot	N/A	N/A	2012	115,200	Aframax	Spot	N/A	N/A	
	2005	74,432	Panamax	\$40,000	Jan-13	Aug-13	Lipari						
	2005	74,477	Panamax	\$43,750	Jan-12	Aug-12	2012	158,300	Suezmax	Spot	N/A	N/A	
	2004	75,583	Panamax	\$55,500	Jan-12	Aug-12	Vilamoura						
	2004	75,707	Panamax	Spot	N/A	N/A	2011	158,300	Suezmax	Spot	N/A	N/A	
	2004	76,633	Panamax	\$24,500	Aug-21	Dec-21	Saga						
	2002	76,623	Panamax	Spot	N/A	N/A	2011	115,200	Aframax	Spot	N/A	N/A	
	2002	74,832	Panamax	Spot	N/A	N/A	Daytona						
	2002	74,204	Panamax	Spot	N/A	N/A	2011	115,200	Aframax	Spot	N/A	N/A	
	2001	73,931	Panamax	Spot	N/A	N/A	Balmor						
	2001	74,823	Panamax	Spot	N/A	N/A	2011	115,200	Aframax	Spot	N/A	N/A	
	2001	74,786	Panamax	Spot	N/A	N/A	Newbuildings						
	2001	74,816	Panamax	Spot	N/A	N/A	Bianca						
	2001	73,925	Panamax	Spot	N/A	N/A	2013	158,300	Suezmax	Spot	N/A	N/A	
	2001	75,941	Panamax	Spot	N/A	N/A	Bordeira						
	2000	75,706	Panamax	Spot	N/A	N/A	2013	158,300	Suezmax	Spot	N/A	N/A	
	2000	72,561	Panamax	Spot	N/A	N/A	Esperona						
	2000	74,716	Panamax	Spot	N/A	N/A	2012	158,300	Suezmax	Spot	N/A	N/A	
	2000	74,716	Panamax	\$12,250	Dec-12	Feb-13	Petalidi						
	1999	73,688	Panamax	Spot	N/A	N/A	Alicante						
	1999	73,744	Panamax	Spot	N/A	N/A	2012	115,200	Aframax	Spot	N/A	N/A	
Supramax:							Marata						
	2003	51,118	Supramax	Spot	N/A	N/A	Newbuildings						
	2002	51,201	Supramax	Spot	N/A	N/A	Bianca						
							Bordeira						
							Esperona						
							Petalidi						
							Alicante						
							Marata						



Unaudited Condensed Consolidated Statements of Operations

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

	Three Months Ended March 31,	
	2011	2012
REVENUES:		
Voyage revenues	\$ 98,087	\$ 84,497
Revenues from drilling contracts	109,326	162,999
	<u>207,413</u>	<u>247,496</u>
EXPENSES:		
Voyage expenses	6,516	4,908
Vessel operating expenses	21,085	21,545
Drilling rigs' and drillships operating expenses	41,850	85,340
Depreciation and amortization	55,916	81,955
Loss on sale of assets, net	-	1,488
General and administrative expenses	26,716	32,574
Legal settlements	-	6,424
	<u>55,330</u>	<u>13,262</u>
Operating income		13,262
OTHER INCOME/(EXPENSES):		
Interest and finance costs, net of interest income	(15,606)	(52,178)
Loss on interest rate swaps	(3,854)	(8,750)
Other, net	2,096	(1,644)
Income taxes	(5,961)	(10,032)
Total other expenses, net	<u>(23,325)</u>	<u>(72,604)</u>
Net income/(loss)	32,005	(59,342)
Net income/(loss) attributable to non-controlling interests	(6,240)	11,886
Net income/(loss) attributable to Dryships Inc.	<u>\$ 25,765</u>	<u>\$ (47,456)</u>
Earnings/(loss) per common share, basic and diluted	\$ 0.07	\$ (0.12)
Weighted average number of shares, basic and diluted	337,143,598	380,152,244



Unaudited Condensed Consolidated Balance Sheets

(Expressed in Thousands of U.S. Dollars)

	December 31, 2011	March 31, 2012
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 251,143	\$ 153,154
Restricted cash	72,765	66,586
Other current assets	246,169	335,973
Total current assets	570,077	555,713
FIXED ASSETS, NET:		
Advances for vessels and rigs under construction and acquisitions	1,027,889	991,651
Vessels, net	1,956,270	1,980,668
Drilling rigs, drillships, machinery and equipment, net	4,587,916	4,560,753
Total fixed assets, net	7,572,075	7,533,072
OTHER NON-CURRENT ASSETS:		
Restricted cash	332,801	313,108
Other non-current assets	146,736	203,141
Total non-current assets	479,537	516,249
Total assets	8,621,689	8,605,034
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Current portion of long-term debt	429,149	450,465
Other current liabilities	327,114	404,825
Total current liabilities	756,263	855,290
NON-CURRENT LIABILITIES:		
Long-term debt, net of current portion	3,812,686	3,744,501
Other non-current liabilities	114,078	117,891
Total non-current liabilities	3,926,764	3,862,392
STOCKHOLDERS' EQUITY:		
Total stockholders' equity	3,938,662	3,887,352
Total liabilities and stockholders' equity	\$ 8,621,689	\$ 8,605,034



Summary Operating Data

(Dollars in thousands, except average daily results)

Drvbulk:	Three Months Ended March 31,	
	2011	2012
Average number of vessels ⁽¹⁾	36.8	36.1
Total voyage days for vessels ⁽²⁾	3,268	3,252
Total calendar days for vessels ⁽³⁾	3,314	3,285
Fleet utilization ⁽⁴⁾	98.6%	99%
Time charter equivalent ⁽⁵⁾	27,700	22,257
Vessel operating expenses (daily) ⁽⁶⁾	5,794	5,542

Tanker	Three Months Ended March 31,	
	2011	2012
Average number of vessels ⁽¹⁾	0.9	5.0
Total voyage days for vessels ⁽²⁾	81	453
Total calendar days for vessels ⁽³⁾	81	453
Fleet utilization ⁽⁴⁾	100%	100%
Time charter equivalent ⁽⁵⁾	12,951	15,916
Vessel operating expenses (daily) ⁽⁶⁾	23,249	7,372

Drvbulk:	Three Months Ended March 31,	
	2011	2012
Voyage revenues	\$ 96,988	\$ 77,021
Voyage expenses	(6,466)	(4,642)
Time charter equivalent revenues	\$ 90,522	\$ 72,379
Total voyage days for fleet	3,268	3,252
Time charter equivalent TCE	\$ 27,700	\$ 22,257

Tanker	Three Months Ended March 31,	
	2011	2012
Voyage revenues	\$ 1,099	\$ 7,476
Voyage expenses	(50)	(266)
Time charter equivalent revenues	\$ 1,049	\$ 7,210
Total voyage days for fleet	81	453
Time charter equivalent TCE	\$ 12,951	\$ 15,916

(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.



CAPEX Schedule¹ – Drybulk

<i>(in \$ thousands)</i>	<u>Expected Delivery</u>	<u>CIP</u>	<u>Remaining 2012</u>	<u>FY2013</u>	<u>FY2014</u>	<u>Remaining Capex</u>	<u>Total Capex</u>
VLOC #1	Q2 2012	28,620	39,480	-	-	39,480	68,100
VLOC #2	Q4 2012	21,810	46,290	-	-	46,290	68,100
VLOC #3	Q1 2013	15,000	20,430	32,670	-	53,100	68,100
VLOC #4	Q1 2013	11,880	17,820	29,700	-	47,520	59,400
VLOC #5	Q3 2013	11,880	17,820	29,700	-	47,520	59,400
Capesize #1	Q3 2012	13,542	40,622	-	-	40,622	54,164
Capesize #2	Q4 2012	13,541	40,623	-	-	40,623	54,164
Ice Class Panamax #1	Q2 2014	2,890	-	7,310	23,800	31,110	34,000
Ice Class Panamax #2	Q3 2014	2,890	-	7,310	23,800	31,110	34,000
Ice Class Panamax #3	Q3 2014	2,890	-	7,310	23,800	31,110	34,000
Ice Class Panamax #4	Q4 2014	2,890	-	3,910	27,200	31,110	34,000
Total		127,832	223,085	117,910	98,600	439,595	567,427

Signed loan agreement with China Development Bank (CDB)

Signed loan agreement with HSH Nordbank

¹ Remaining Capex as of 3/31/2012



CAPEX Schedule¹ – Tankers

<i>(in \$ thousands)</i>	<u>Expected Delivery</u>	<u>CIP</u>	<u>Remaining 2012</u>	<u>FY2013</u>	<u>Remaining Capex</u>	<u>Total Capex</u>
Lipari	Q2 2012	22,150	47,600	-	47,600	69,750
Petalidi	Q2 2012	22,150	47,600	-	47,600	69,750
Alicante	Q3 2012	18,550	39,900	-	39,900	58,750
Mareta	Q4 2012	16,000	42,750	-	42,750	58,750
Bordeira	Q1 2013	15,350	6,800	47,600	54,400	69,750
Esperona	Q3 2013	8,550	6,800	54,400	61,200	69,750
Blanca	Q4 2013	8,550	6,800	54,400	61,200	69,750
Total		111,600	198,250	156,400	354,650	466,250

Signed loan agreement with Kexim & ABN AMRO

¹ Remaining Capex as of 3/31/2012

