

DryShips Inc.

2nd Quarter Ended June 30, 2012
Earnings Presentation



NASDAQ: "DRYS"

August 17, 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

Industry Overview

Looking Forward

Q&A

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. 2nd quarter presentation, available on www.ocean-rig.com



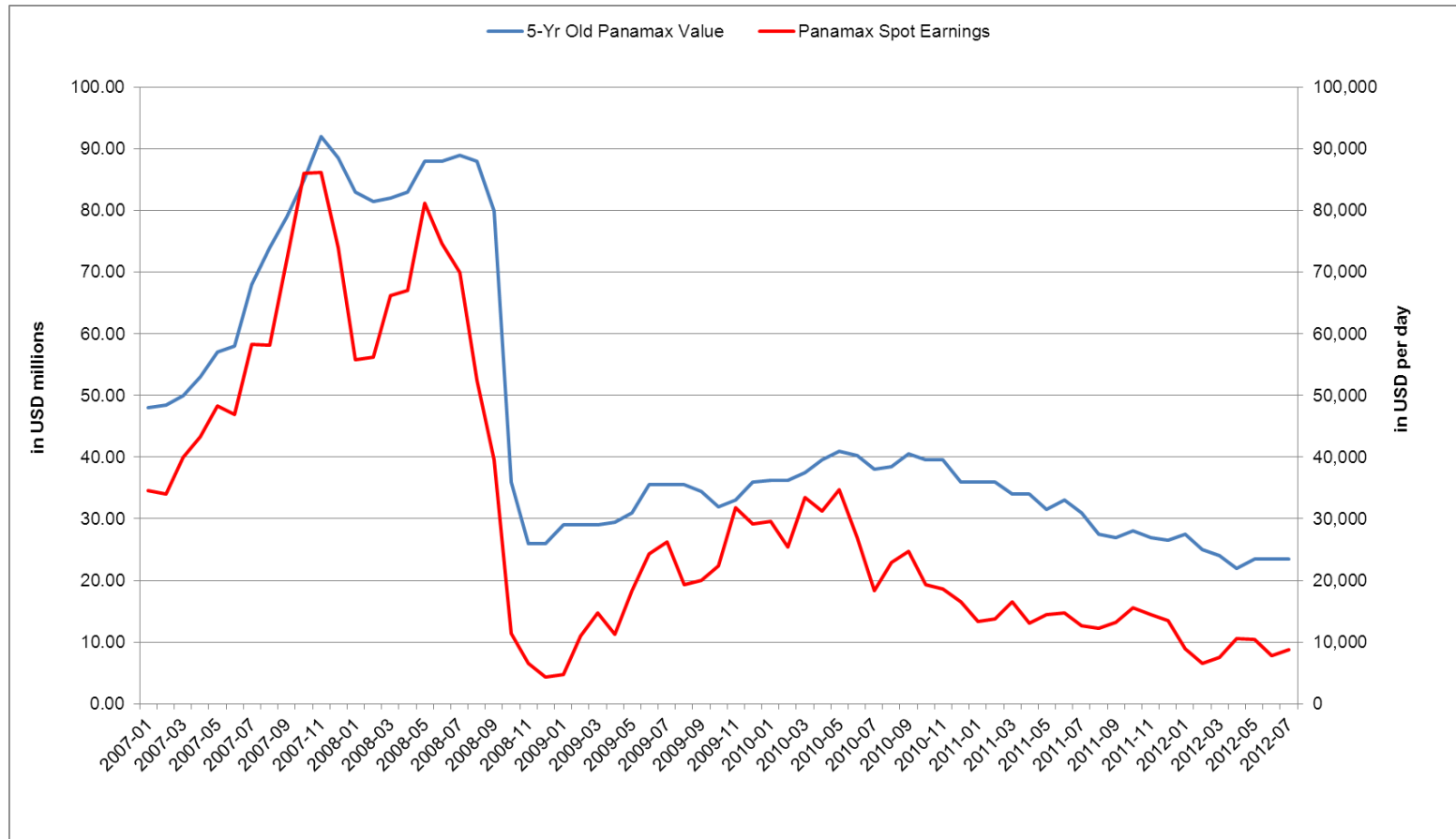
Q2 2012 Results

<i>(in \$ million, except EPS)</i>	Q2 2011	Q2 2012	
Total Revenues	224.0	336.1	
Adjusted EBITDA ⁽¹⁾	136.2	144.6	← - - - 6.2% yoy increase
Net Income/(Loss), GAAP	(114.1)	(18.2)	
EPS, GAAP	(\$ 0.33)	(\$ 0.05)	
Net Cash Provided by Operating Activities	35.8	128.1	← - - - 258% yoy increase

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



DryShips Shipping Segment Negative Free Cash Flow



Capitalization

<i>(in \$ million)</i>	June 30, 2012
Cash	366.3
Restricted cash	369.2
Secured debt	3,126.0
Convertible notes & Ocean Rig notes	1,068.8
Total debt	4,194.8
Total shareholders' equity	4,055.4
Total capitalization	8,250.2
Net Debt	3,459.3
Debt to capitalization	51%
Net Debt to capitalization	42%



Drybulk Growth Capex¹: Not Out of the Woods Yet

<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	Q3 2012	28,620	36,380	-	-	36,380	65,000
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		127,833	219,985	117,910	98,600	436,495	564,328

Signed loan agreement with China Development Bank (CDB)

¹ Remaining Capex as of 6/30/2012



Tanker Capex¹: Korean ECAs Invaluable Partners

<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>
Alicante	Q3 2012	18,850	39,900	-	39,900	58,750
Mareta	Q4 2012	18,850	39,900	-	39,900	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		70,150	100,200	156,400	256,600	326,750

Signed term sheet with ABN AMRO, Korea Development Bank and KSure

¹ Remaining Capex as of 6/30/2012



Secured Debt Profile

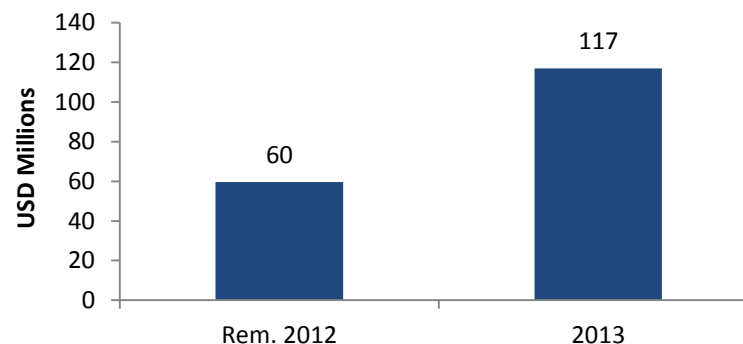
Drybulk Debt Outstanding as of 30/6/2012

Facility	Amortizing	Balloon	Total	Maturity
\$628.8m facility	185.5	112.0	297.5	Q2 2016
\$35m facility	6.5	11.0	17.5	Q4 2016
\$125m facility	23.5	6.9	30.4	Q2 2016
\$90m facility	15.8	43.5	59.3	Q4 2015
\$130m facility	14.7	20.9	35.6	Q1 2015
\$126.4m facility	67.1	12.0	79.1	Q3 2018
\$47m facility	7.0	12.0	19.0	Q4 2015
\$90m facility	21.0	24.0	45.0	Q4 2015
\$103.2m facility	13.2	16.0	29.2	Q3 2016
\$325m facility	92.8	23.5	116.3	Q4 2015
\$87.7m facility	9.0	9.8	18.8	Q1 2020
Total Drybulk bank debt	456.1	291.5	747.6	

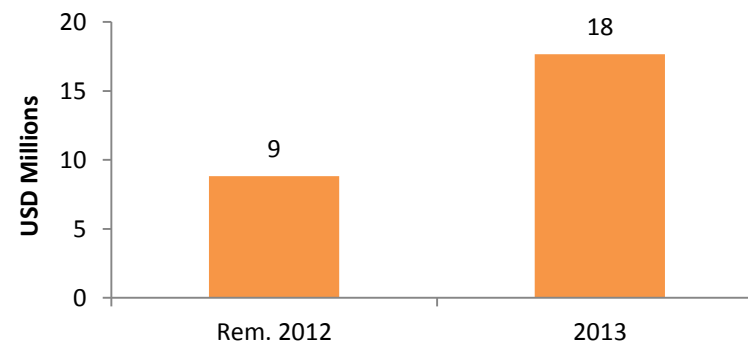
Tankers Debt Outstanding as of 30/6/2012

Facility	Amortizing	Balloon	Total	Maturity
\$70m facility	17.5	46.7	64.2	Q1 2016
\$32.3m facility	10.8	19.4	30.2	Q2 2017
\$141.35m facility	74.0	65.5	139.5	Q2 2019
Total Tankers bank debt	102.3	131.6	233.9	

Scheduled Debt Repayments - Drybulk



Scheduled Debt Repayments - Tankers



Agenda

Financial Highlights

Company Update

Industry Overview

Looking Forward

Q&A



Recent Highlights

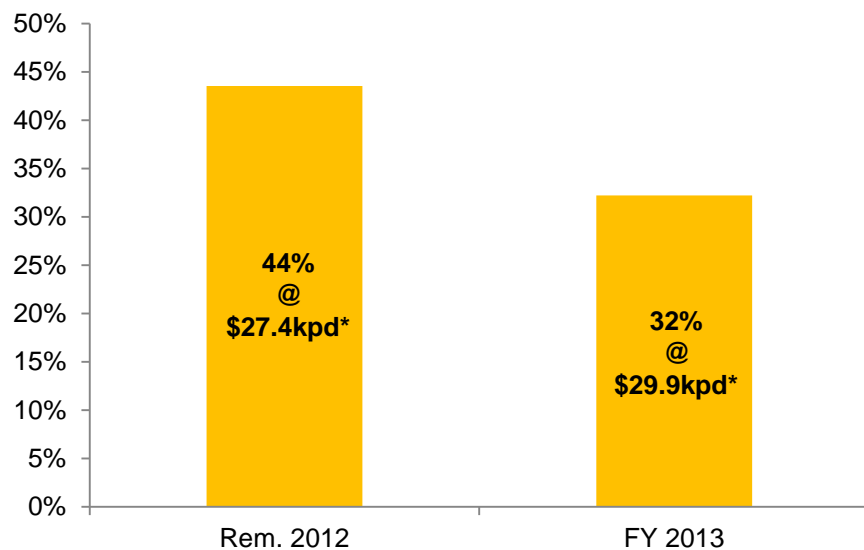
- Ocean Rig signed Letters of Intent* with 3 major oil companies for 3 drillships for an additional backlog of \$2.2 billion over three years.
- On August 7, 2012, Ocean Rig entered into an amortizing interest rate swap agreement for an initial notional amount of \$450 million maturing in July-2017.
- On July 19, 2012, we were notified by NordLB that a waiver request has been formally granted under our \$126.4 million term loan facility.
- On July 24, 2012, we signed a \$107.67 million term sheet with ABN Amro, Korea Development Bank and Korea Trade Insurance Corporation (“KSURE”) to partially finance the construction costs of three tanker vessels.

*Subject to various conditions



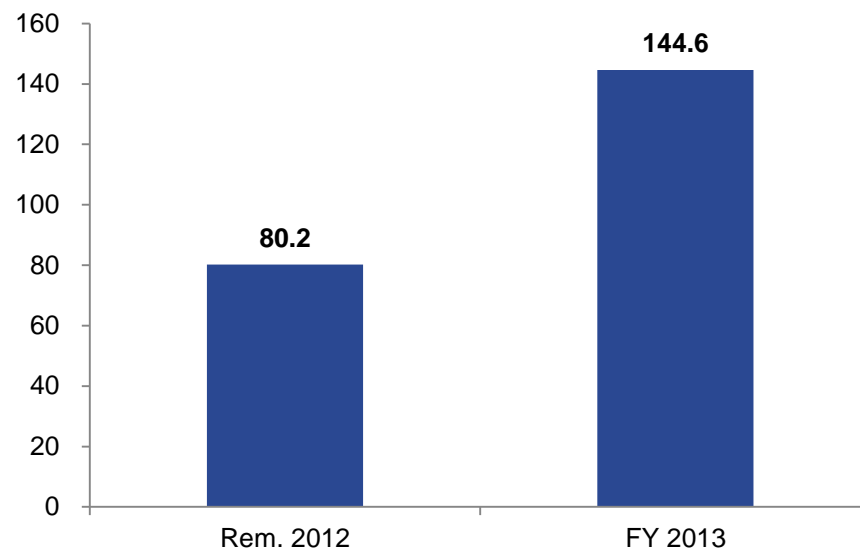
Drybulk Employment Status¹

% Charter coverage



* Average daily fixed rate

Drybulk gross fixed revenue (\$m)



➤ Total contracted backlog through 2013 is approximately \$225 million

¹ As of June 30th 2012



Agenda

Financial Highlights

Company Update

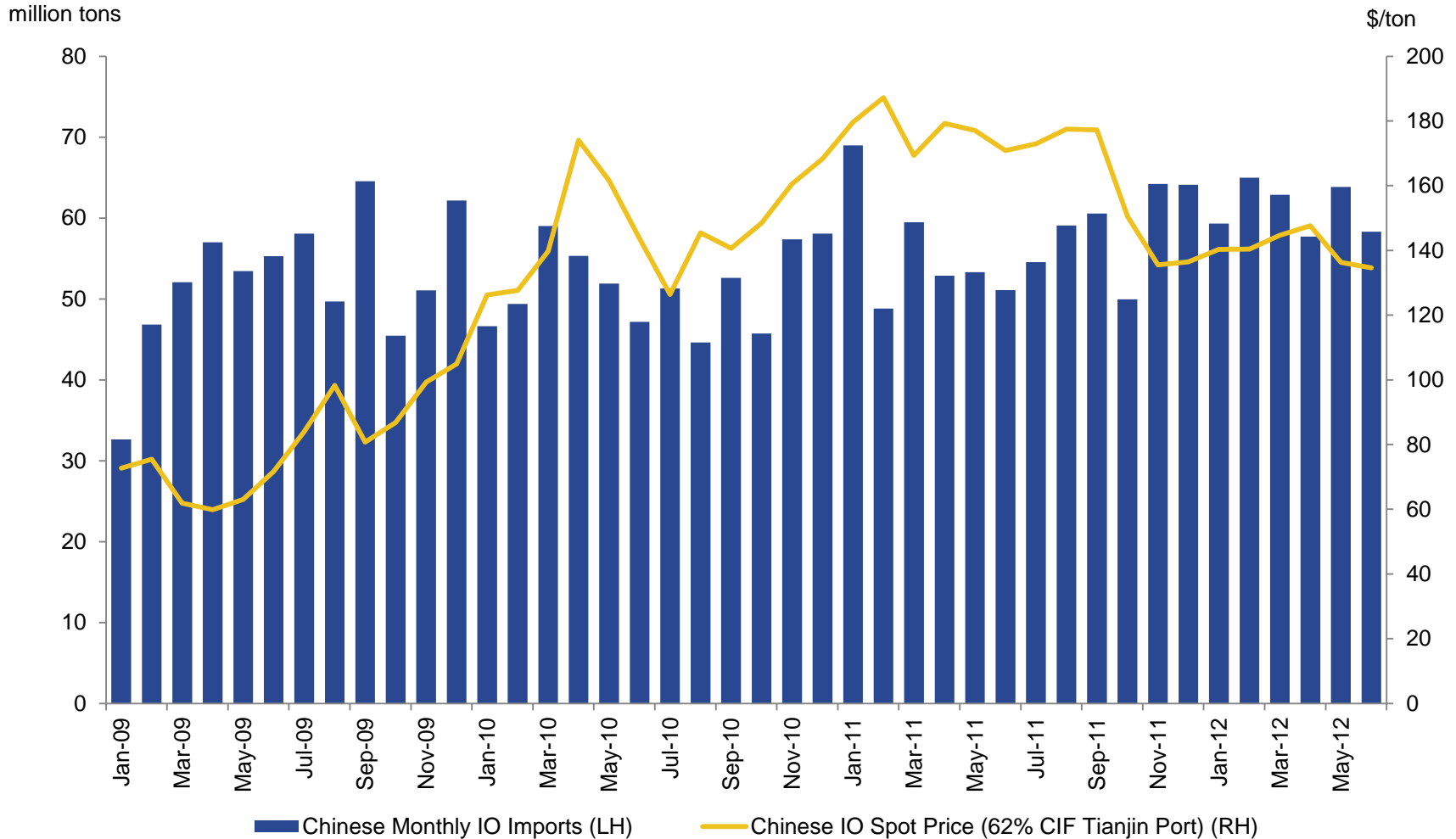
Industry Overview

Looking Forward

Q&A



China Iron Ore Imports – Iron Ore Price

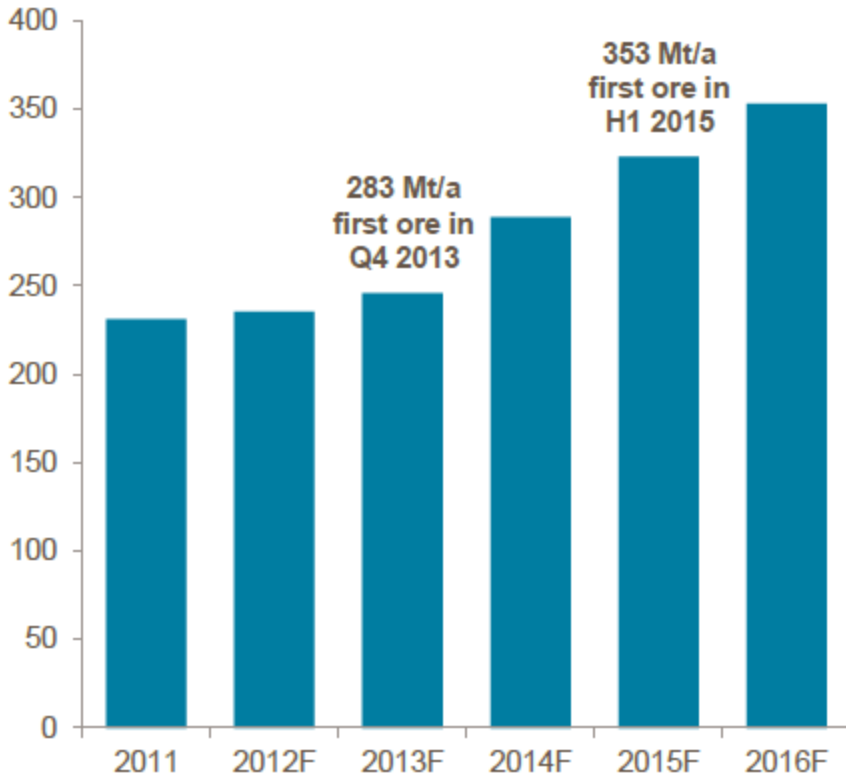


Source: Bloomberg

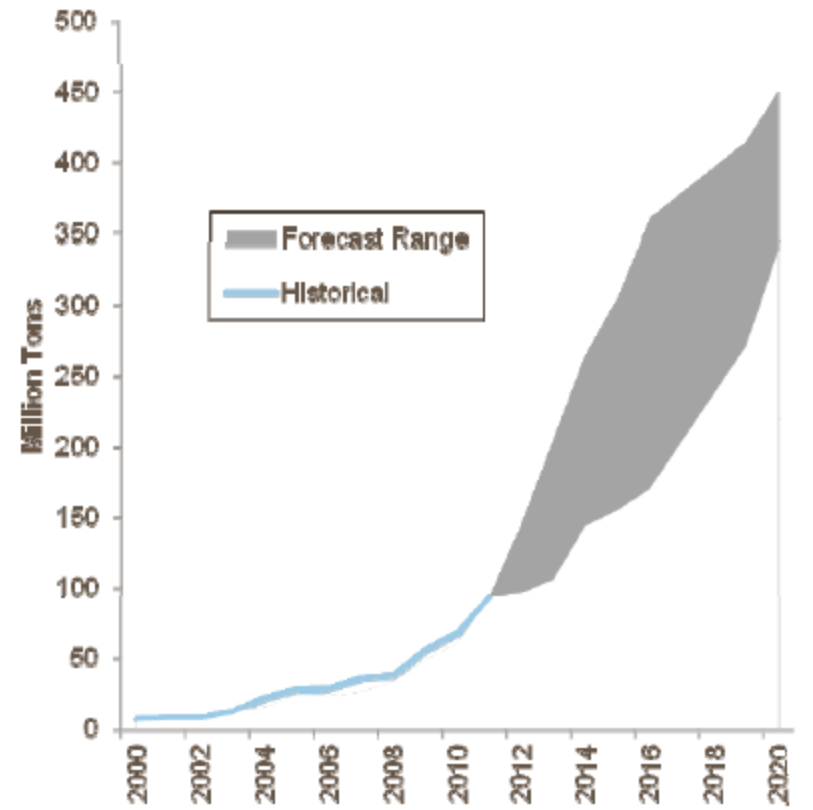


Seaborne Trade Drivers – Strong Fundamentals

Expected Pilbara production (100 per cent)
Million tonnes



Indian thermal coal import demand expected to grow, but with a wide range of forecasts



Source: Wood Mackenzie, The Salva Report, AME

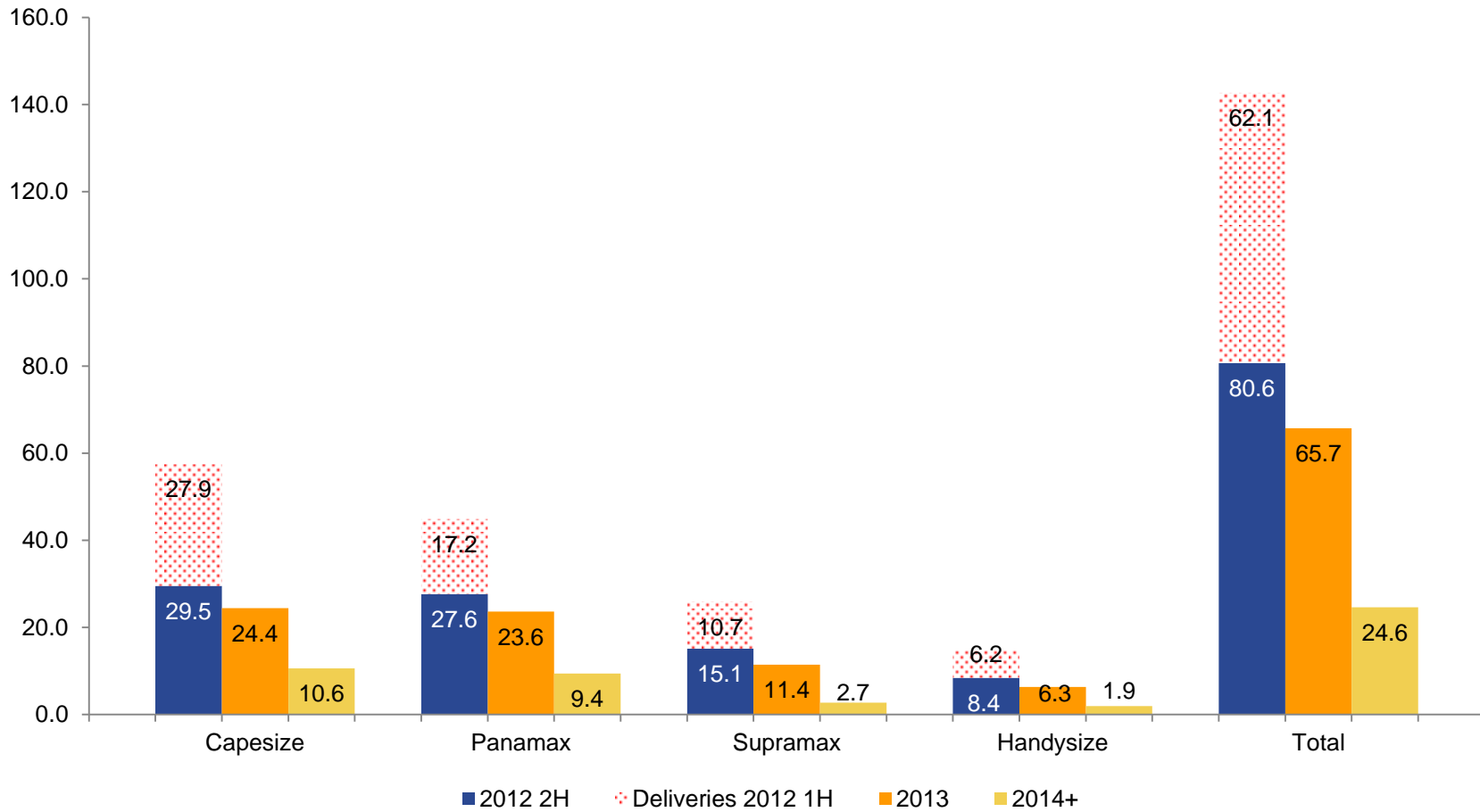
Rio Tinto



Drybulk Orderbook – Salvation in 2H2013

Drybulk Orderbook for 2012-2014+

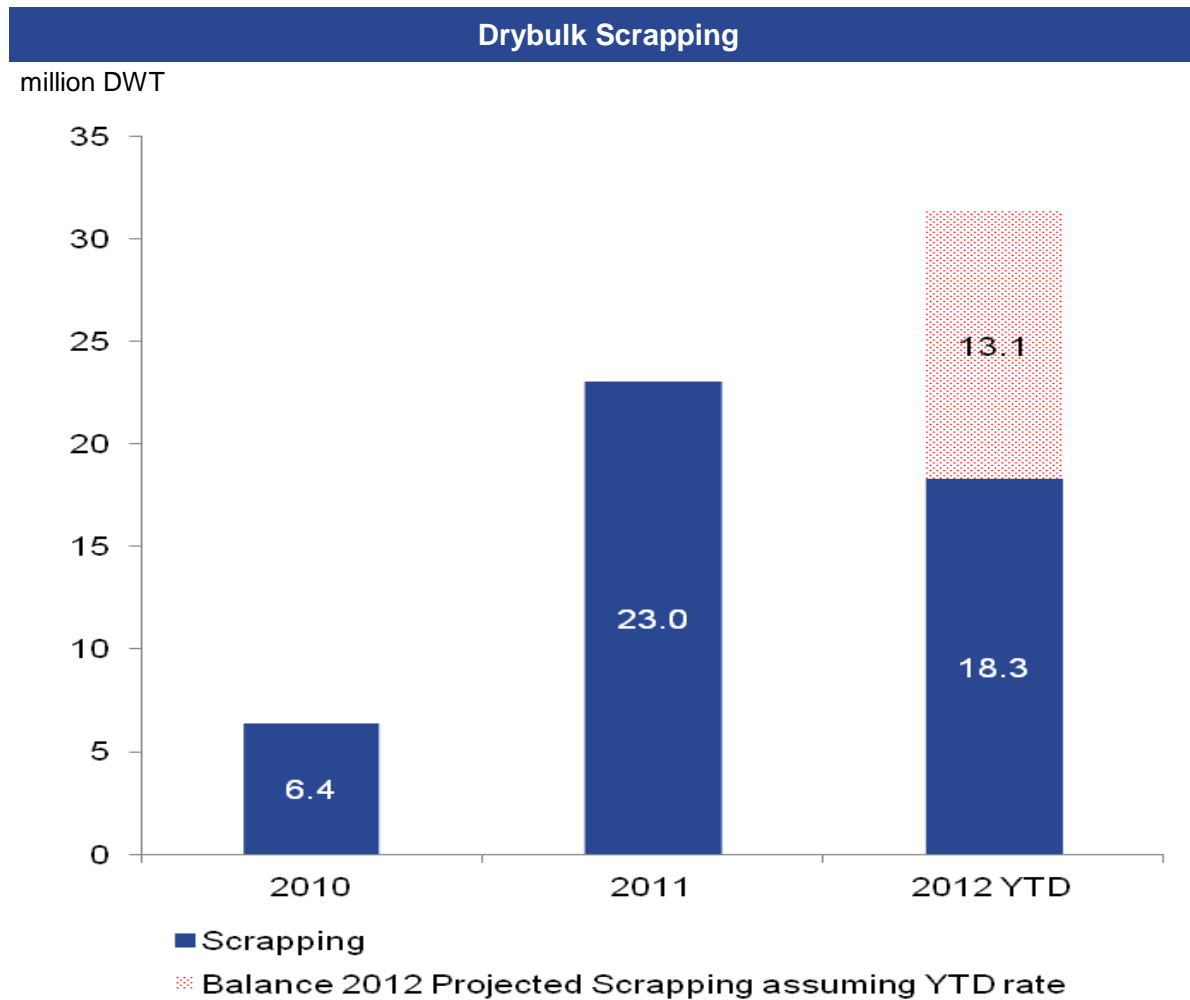
million DWT



Source: Clarksons, data as of July 1st 2012



Drybulk Scrapping – Heading for Record



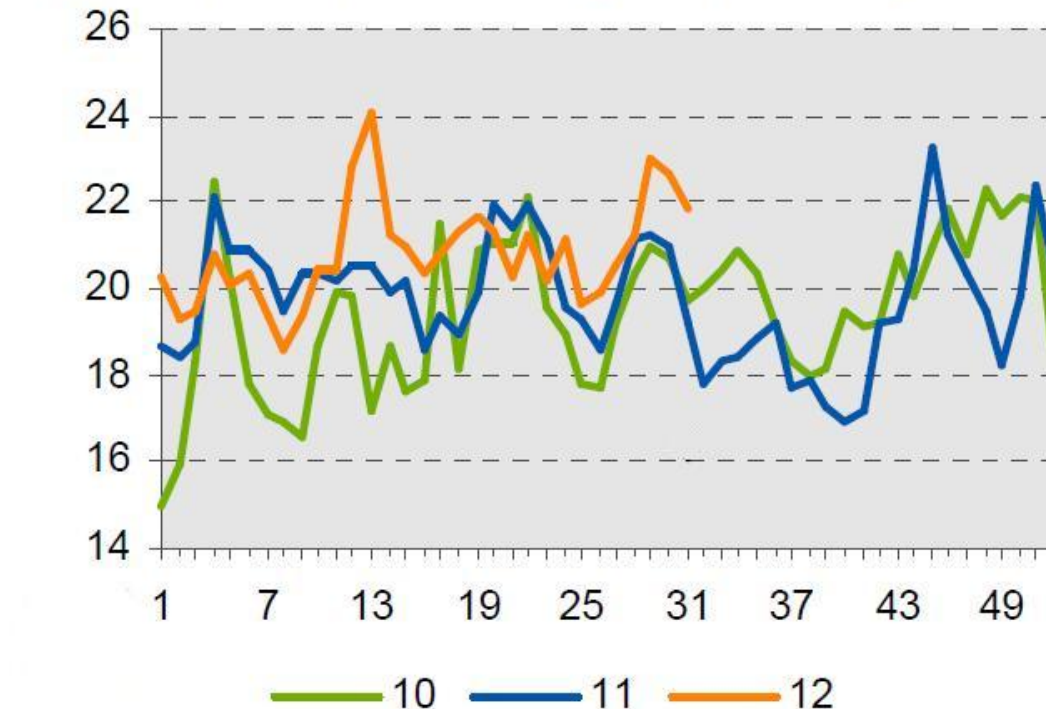
Source: Clarksons, data as of August 1st 2012



Crude Oil Trade – Significant Increase in Volumes

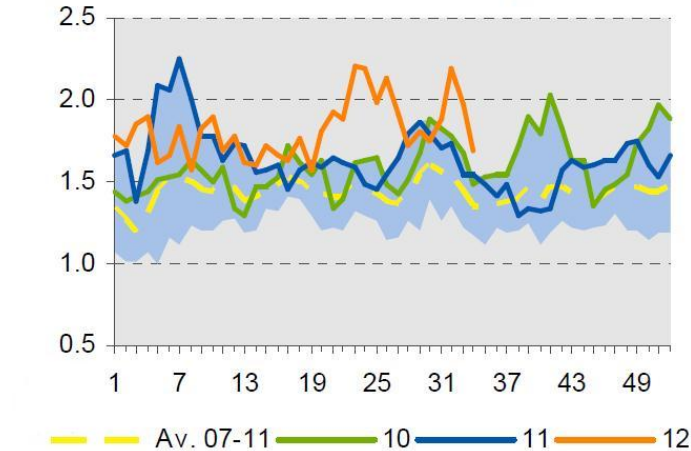
Fixings, All Areas

mbpd Source: Oil Movements, 4-week average



West Africa Eastbound Sailings

mbpd Source: Oil Movements, 4w k Av, Rg07-11



Middle East Eastbound Sailings

mbpd Source: Oil Movements, 4w k Av, Rg07-11



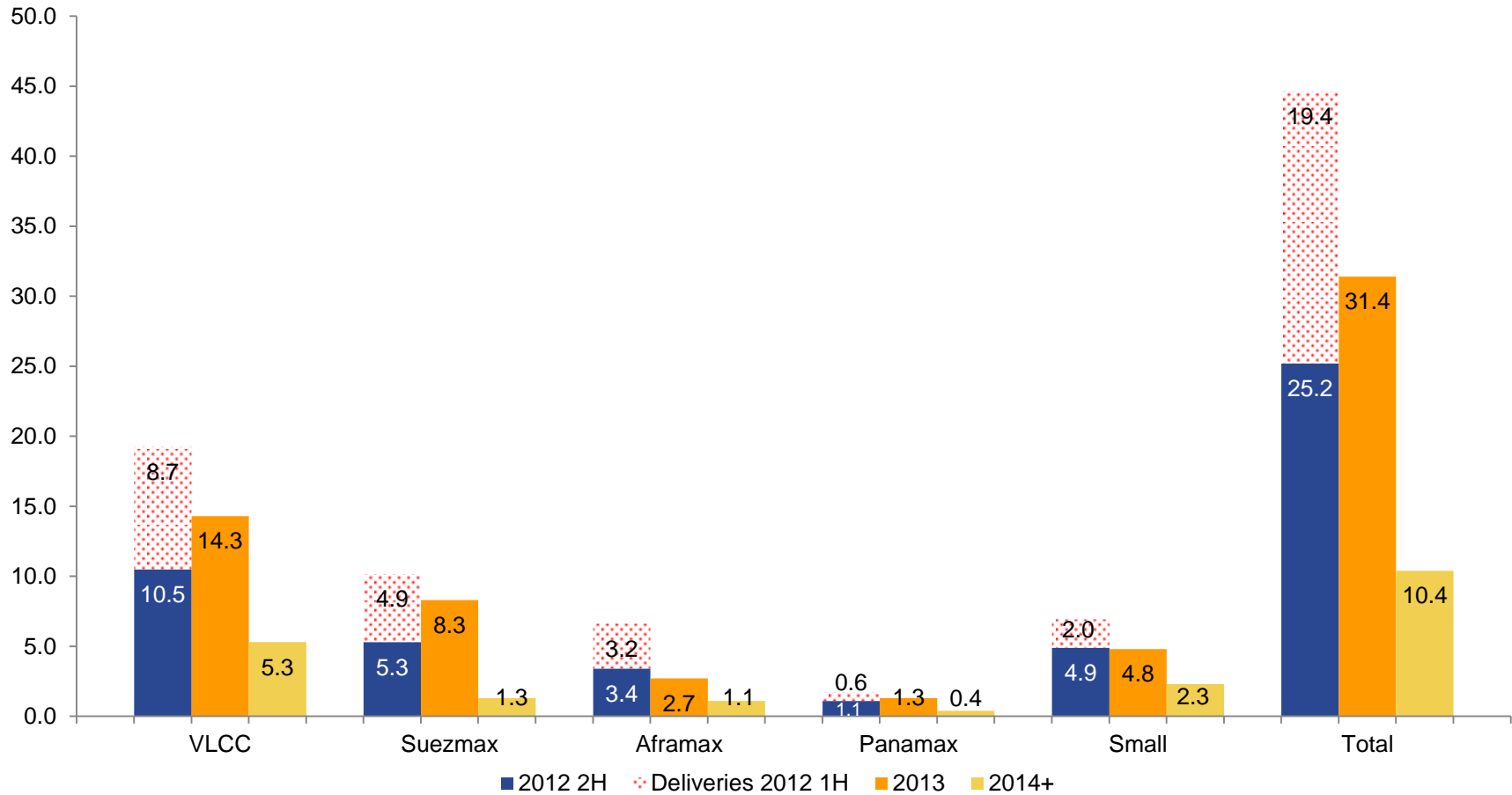
Source: Norwegian Energy, Oil Movements



Tanker Orderbook – Moderating but Remains a Drag

Tanker Orderbook in 2012-2014+

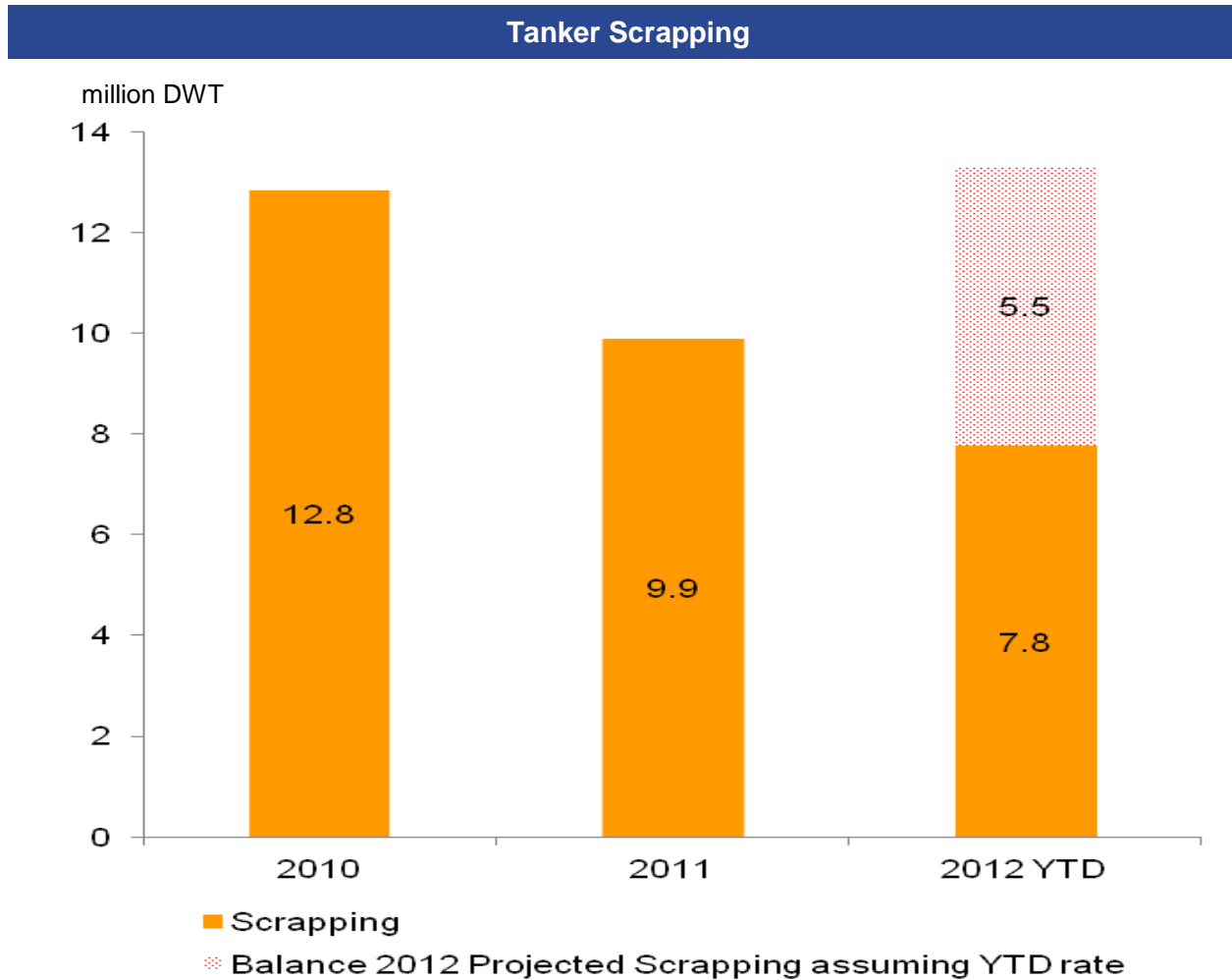
million DWT



Source: Clarksons, data as of July 1st 2012



Tanker Scrapping – Commercial Considerations



Source: Clarksons, data as of August 1st 2012



Agenda

Financial Highlights

Company Update

Industry Overview

Looking Forward

Q&A



Strategy

- **Drybulk segment defensively positioned in challenging market**
 - **Modern fleet – average age 5.6 years**
 - **Charter coverage – 44% for remaining in 2012 & drops to 32% in 2013**
- **Tanker segment**
 - **Brand new fleet**
 - **Debt financing underway in challenging market**
- **Drilling segment**
 - **Stake in Ocean Rig offers flexibility**

DryShips positioned to weather the storm





APPENDIX



Fleet Profile (Shipping Segment)

	Year		Type	Gross rate	Redelivery			Year		Type	Gross rate	Redelivery	
	Built	DWT		Per day	Earliest	Latest		Built	DWT		Per day	Earliest	Latest
Drybulk fleet							Newbuildings						
Capesize:							Newbuilding Ice –class Panamax 1						
Mystic	2008	170,040	Capesize	\$52,310	Aug-18	Dec-18	2014	75,900	Panamax	Spot	N/A	N/A	
Robusto	2006	173,949	Capesize	\$26,000	Aug-14	Dec-14	2014	75,900	Panamax	Spot	N/A	N/A	
Cohiba	2006	174,234	Capesize	\$26,250	Oct-14	Feb-15	2014	75,900	Panamax	Spot	N/A	N/A	
Montecristo	2005	180,263	Capesize	\$23,500	May-14	Oct-14	2013	206,000	Capesize	Spot	N/A	N/A	
Flecha	2004	170,012	Capesize	\$55,000	Jul-18	Nov-18	2013	206,000	Capesize	\$21,500	Jan-20	Jan-27	
Manasota	2004	171,061	Capesize	\$30,000	Jan-18	Aug-18	2012	176,000	Capesize	Spot	N/A	N/A	
Partagas	2004	173,880	Capesize	\$10,000	Jun-13	Aug-13	2012	176,000	Capesize	Spot	N/A	N/A	
Alameda	2001	170,662	Capesize	\$27,500	Nov-15	Jan-16	2012	206,000	Capesize	\$25,000	June-15	June-20	
Capri	2001	172,579	Capesize	\$12,500	Jan-13	Apr-13	2012	206,000	Capesize	\$23,000	Oct-17	Oct-22	
Panamax:							Tanker fleet						
Raraka	2012	76,037	Panamax	\$13,150	Feb-13	Apr-13	2012	158,300	Suezmax	Spot	N/A	N/A	
Woolloomooloo	2012	76,064	Panamax	\$13,150	Jan-13	Mar-13	2012	115,200	Aframax	Spot	N/A	N/A	
Amalfi	2009	75,206	Panamax	\$39,750	Aug-13	Oct-13	2012	158,300	Suezmax	Spot	N/A	N/A	
Rapallo	2009	75,123	Panamax	Spot	N/A	N/A	2011	158,300	Suezmax	Spot	N/A	N/A	
Catalina	2005	74,432	Panamax	\$40,000	Jun-13	Aug-13	2011	115,200	Aframax	Spot	N/A	N/A	
Majorca	2005	74,477	Panamax	Spot	N/A	N/A	2011	115,200	Aframax	Spot	N/A	N/A	
Ligari	2004	75,583	Panamax	Spot	N/A	N/A	2011	115,200	Aframax	Spot	N/A	N/A	
Saldanha	2004	75,707	Panamax	Spot	N/A	N/A							
Sorrento	2004	76,633	Panamax	\$24,500	Aug-21	Dec-21	Newbuildings						
Mendocino	2002	76,623	Panamax	Spot	N/A	N/A	Blanca	2013	158,300	Suezmax	Spot	N/A	N/A
Bargara	2002	74,832	Panamax	Spot	N/A	N/A	Bordeira	2013	158,300	Suezmax	Spot	N/A	N/A
Oregon	2002	74,204	Panamax	Spot	N/A	N/A	Esperona	2013	158,300	Suezmax	Spot	N/A	N/A
Ecola	2001	73,931	Panamax	Spot	N/A	N/A	Alicante	2012	115,200	Aframax	Spot	N/A	N/A
Samatan	2001	74,823	Panamax	Spot	N/A	N/A	Mareta	2012	115,200	Aframax	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							
Redondo	2000	74,716	Panamax	Spot	N/A	N/A							
Topeka	2000	74,716	Panamax	\$12,250	Dec-12	Feb-13							
Ocean Crystal	1999	73,688	Panamax	Spot	N/A	N/A							
Helena	1999	73,744	Panamax	Spot	N/A	N/A							
Supramax:													
Byron	2003	51,118	Supramax	Spot	N/A	N/A							
Galveston	2002	51,201	Supramax	Spot	N/A	N/A							



Unaudited Condensed Consolidated Statements of Operations

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2012	2011	2012
REVENUES:				
Voyage revenues	\$ 97,389	\$ 72,648	\$ 195,476	\$ 157,145
Revenues from drilling contracts	126,629	263,491	235,955	426,490
	<u>224,018</u>	<u>336,139</u>	<u>431,431</u>	<u>583,635</u>
EXPENSES:				
Voyage expenses	5,546	5,575	12,062	10,484
Vessel operating expenses	22,622	22,251	43,706	43,796
Drilling rigs operating expenses	62,288	145,052	104,137	230,392
Depreciation and amortization	65,106	84,079	121,021	166,034
Vessel impairments and other, net	87,747	(525)	87,745	963
General and administrative expenses	27,214	32,770	53,930	65,344
Legal settlements and other	-	(7,425)	-	(1,606)
	<u>-</u>	<u>(7,425)</u>	<u>-</u>	<u>(1,606)</u>
Operating income / (loss)	(46,505)	54,362	8,830	68,228
OTHER INCOME / (EXPENSES):				
Interest and finance costs, net of interest income	(33,293)	(54,170)	(48,902)	(106,347)
Loss on interest rate swaps	(35,920)	(12,963)	(39,775)	(21,714)
Other, net	1,717	4,824	3,812	2,576
Income taxes	(3,817)	(11,596)	(9,778)	(21,628)
Total other expenses	(71,313)	(73,905)	(94,643)	(147,113)
Net loss	(117,818)	(19,543)	(85,813)	(78,885)
Net income / (loss) attributable to Non controlling interests	3,729	1,341	(2,511)	13,227
	<u>3,729</u>	<u>1,341</u>	<u>(2,511)</u>	<u>13,227</u>
Net loss attributable to Dryships Inc.	\$ (114,089)	\$ (18,202)	\$ (88,324)	\$ (65,658)
Loss per common share, basic and diluted	\$ (0.33)	\$ (0.05)	\$ (0.27)	\$ (0.17)
Weighted average number of shares, basic and diluted	351,297,180	380,152,244	344,259,487	380,152,244



Unaudited Condensed Consolidated Balance Sheets

(Expressed in Thousands of U.S. Dollars)

	<u>December 31, 2011</u>	<u>June 30, 2012</u>
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 251,143	\$ 366,292
Restricted cash	72,765	67,344
Other current assets	246,169	343,193
Total current assets	<u>570,077</u>	<u>776,829</u>
FIXED ASSETS, NET:		
Advances for vessels and rigs under construction and acquisitions	1,027,889	972,570
Vessels, net	1,956,270	2,063,115
Drilling rigs, drillships, machinery and equipment, net	4,587,916	4,527,770
Total fixed assets, net	<u>7,572,075</u>	<u>7,563,455</u>
OTHER NON-CURRENT ASSETS:		
Restricted cash	332,801	301,899
Other non-current assets	146,736	152,103
Total non-current assets	<u>479,537</u>	<u>454,002</u>
Total assets	<u>8,621,689</u>	<u>8,794,286</u>
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
CURRENT LIABILITIES:		
Current portion of long-term debt	429,149	499,823
Other current liabilities	327,114	405,080
Total current liabilities	<u>756,263</u>	<u>904,903</u>
NON-CURRENT LIABILITIES:		
Long-term debt, net of current portion	3,812,686	3,694,951
Other non-current liabilities	114,078	139,076
Total non-current liabilities	<u>3,926,764</u>	<u>3,834,027</u>
STOCKHOLDERS' EQUITY:		
Total stockholders' equity	3,938,662	4,055,356
Total liabilities and stockholders' equity	<u>\$ 8,621,689</u>	<u>\$ 8,794,286</u>



Summary Operating Data

(Dollars in thousands, except average daily results)

Drybulk	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2012	2011	2012
Average number of vessels ⁽¹⁾	35.0	35.4	35.9	35.7
Total voyage days for vessels ⁽²⁾	3,136	3,200	6,404	6,476
Total calendar days for vessels ⁽³⁾	3,188	3,218	6,503	6,503
Fleet utilization ⁽⁴⁾	98.4%	99.4%	98.5%	99.6%
Time charter equivalent ⁽⁵⁾	\$27,964	\$18,319	\$27,829	\$20,229
Vessel operating expenses (daily) ⁽⁶⁾	\$6,435	\$5,313	\$6,107	\$5,484

Tanker	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2012	2011	2012
Average number of vessels ⁽¹⁾	2.6	6.1	1.8	5.5
Total voyage days for vessels ⁽²⁾	245	552	326	1,005
Total calendar days for vessels ⁽³⁾	245	552	326	1,005
Fleet utilization ⁽⁴⁾	100%	100%	100%	100%
Time charter equivalent ⁽⁵⁾	\$16,935	\$15,310	\$15,945	\$15,583
Vessel operating expenses (daily) ⁽⁶⁾	\$8,600	\$8,690	\$12,239	\$8,096

Drybulk	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2012	2011	2012
Voyage revenues	\$ 93,140	\$ 62,487	\$ 190,128	\$ 139,508
Voyage expenses	(5,446)	(3,865)	(11,912)	(8,508)
Time charter equivalent revenues	\$ 87,694	\$ 58,622	\$ 178,216	\$ 131,000
Total voyage days for fleet	3,136	3,200	6,404	6,476
Time charter equivalent TCE	\$ 27,964	\$ 18,319	\$ 27,829	\$ 20,229

Tanker	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2012	2011	2012
Voyage revenues	\$ 4,249	\$ 10,161	\$ 5,348	\$ 17,637
Voyage expenses	(100)	(1,710)	(150)	(1,976)
Time charter equivalent revenues	\$ 4,149	\$ 8,451	\$ 5,198	\$ 15,661
Total voyage days for fleet	245	552	326	1,005
Time charter equivalent TCE	\$16,935	\$ 15,310	\$ 15,945	\$ 15,583

(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.

