

# DryShips Inc.

2<sup>nd</sup> Quarter Ended June 30, 2013  
Earnings Presentation



NASDAQ: "DRYS"

August 8, 2013

# Forward Looking Statements

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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 not statements of historical facts.

The forward-looking statements in this presentation 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, which have not been independently verified by the Company. 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 charter hire 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 that may affect our actual results are further described in reports filed by DryShips Inc. with the US Securities and Exchange Commission.

Information contained in this presentation (not limited to forward looking statements) speaks only as of the date of such information and the Company expressly disclaims any obligation to update or revise the information herein, except as required by law.



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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. 2<sup>nd</sup> quarter presentation, available on [www.ocean-rig.com](http://www.ocean-rig.com)**



# Consolidated<sup>1</sup> Q2 2013 Results

<i>(in \$ million, except EPS)</i>	Q2 2013	Q2 2013 EPS
<b>GAAP Loss / EPS</b>	<b>(18.2)</b>	<b>(0.05)</b>

Note: Included in results is a \$6m receivable write-off at our drilling segment

<i>(in \$ million)</i>	Q1 2013	Q2 2013
Total Revenues	319.7	336.0
Adjusted EBITDA <sup>2</sup>	112.0	112.3
Net Cash Provided by (Used in) Operating Activities	106.3	(102.0)
Repayment of Debt	74.1	80.1

1) Consolidated includes operation of DryShips Inc. shipping segment and Ocean Rig UDW Inc.

2) Represents net income before interest, taxes, depreciation, vessel impairment, contract cancellations and amortization and gains or losses on interest rate swaps



# Shipping Segment<sup>1</sup> Financial Summary

<i>(in \$ millions)</i>	Q1 2013	Q2 2013
Total Revenues	73.3	76.2
Adjusted EBITDA <sup>(2)</sup>	9.1	12.4
Payments for Capital Expenditure	115.7	65.5
Loan Principal Payments	29.9	35.9
Proceeds from New Loans	100.9	81.7

	Q1 2013	Q2 2013
Drybulk Segment Utilization	100%	99.9%
Tanker Segment Utilization	100%	100%
Drybulk Segment Time Charter Equivalent	\$11,396	\$12,756
Tanker Segment Time Charter Equivalent	\$12,792	\$10,004

1) Showcases financial performance of shipping segment (drybulk and tanker segments) only

2) Represents net income before interest, taxes, depreciation and amortization, vessel impairment, contract cancellation fees and gains or losses on interest rate swaps



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DryShips Inc.



# Recent Highlights

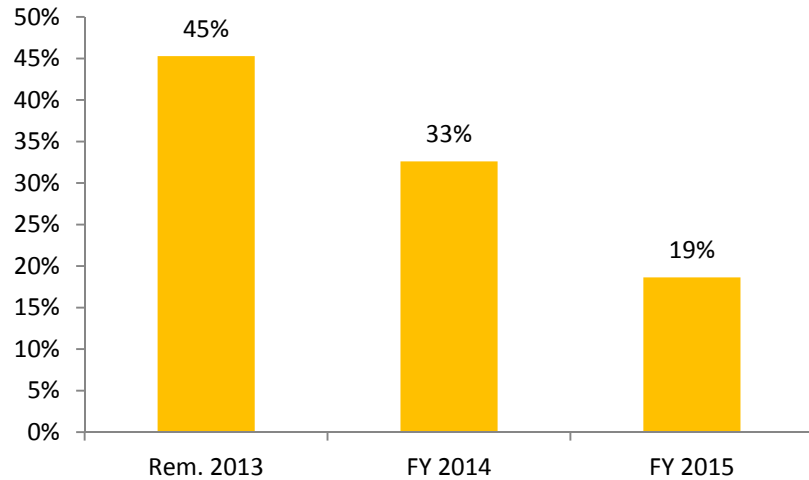
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- On August 1, 2013, the Company entered into two supplemental agreements related to two bank loans dated October 5, 2007 and March 13, 2008, respectively, to amend certain terms and cure a shortfall in the security cover ratio, and pledged an aggregate of 5,450,000 of its shares of Ocean Rig as additional security under the loans.
- On July 30, 2013, Ocean Rig signed definitive documentation with Total E&P Congo, following the previously announced Letter of Award, for its ultra deepwater drillship Ocean Rig Apollo. The contract is for a three-year drilling campaign offshore West Africa, with an estimated backlog of approximately \$677 million, and is expected to commence in the first quarter of 2015.
- On July 19, 2013, Ocean Rig received a Letter of Award for its ultra deepwater drillship Ocean Rig Skyros from a major oil company. The Letter of Award is for a six-year contract for drilling offshore West Africa, with an estimated backlog of approximately \$1.3 billion. The contract is expected to commence in direct continuation of the previous contract for the Ocean Rig Skyros with Total E&P Angola before the first quarter of 2015.
- In July 2013, Ocean Rig entered into a \$1.9 billion senior secured term loan facility, comprised of tranche B-1 term loans in an aggregate principal amount equal to \$1,075.0 million and tranche B-2 term loans in an aggregate principal amount equal to \$825.0 million, with respective maturity dates in the first quarter of 2021 and the third quarter of 2016.
- On July 10, 2013, Ocean Rig entered into a drilling contract with Total E&P Angola for a five-well program or a minimum of 275 days for its ultra deepwater drillship Ocean Rig Skyros for drilling offshore West Africa, with an estimated backlog of approximately \$190 million. The Ocean Rig Skyros is expected to commence this contract upon delivery from the shipyard in November 2013.
- On May 23, 2013 and June 18, 2013, the Company took delivery of its two VLOCs under construction in China and drew down the maximum amount available under the secured term loan facility with China Development Bank.

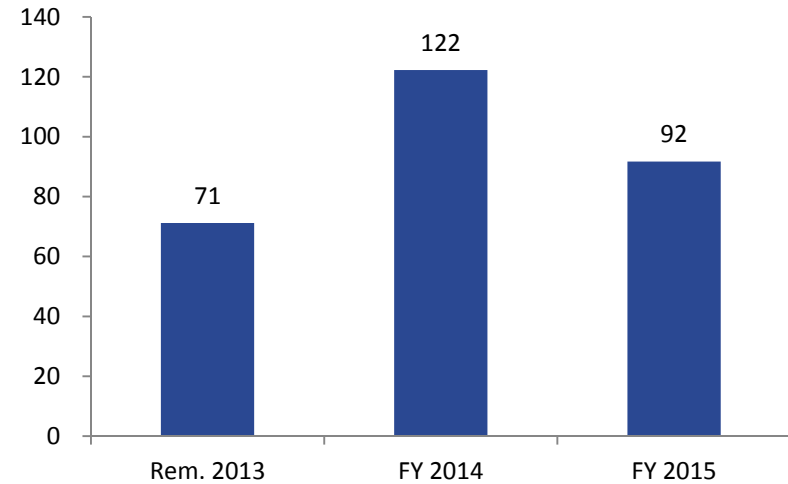


# Drybulk Employment Status<sup>1</sup>

**% Charter coverage**



**Drybulk gross fixed revenue (\$m)**



**Average daily fixed rate**

<b>22,491</b>	<b>25,727</b>	<b>32,093</b>
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➤ **Total contracted backlog through 2015 is approximately \$285 million**

<sup>1</sup> As of June 30<sup>th</sup> 2013





# Newbuilding Program: The Last Chapter

- Remaining cash outflow of only \$26m in 2013

<i>(in \$ thousands)</i>	Expected Delivery	CIP <sup>1</sup>	Remaining Capex	
			Rem. 2013	FY2014
Ice Class Panamax #1	2014	2,890	7,310	23,800
Ice Class Panamax #2	2014	2,890	7,310	23,800
Ice Class Panamax #3	2014	2,890	7,310	23,800
Ice Class Panamax #4	2014	2,890	3,910	27,200
<b>Total</b>		<b>11,560</b>	<b>25,840</b>	<b>98,600</b>

**Yard is experiencing delays**

1) CIP and Capex as of 6/30/2013



# Secured Bank Debt Profile

## Drybulk Debt Outstanding as of 6/30/13

Facility	Amortizing	Balloon	Total	Maturity
\$628.8m facility	133.7	112.0	245.7	Q2 2016
\$35m facility	6.5	11.0	17.5	Q4 2016
\$125m facility	17.7	6.9	24.6	Q2 2016
\$90m facility	8.5	48.5	57.0	Q4 2015
\$130m facility	2.7	27.5	30.2	Q1 2015
\$126.4m facility	55.6	2.9	58.5	Q3 2018
\$47m facility	5.0	12.0	17.0	Q4 2015
\$90m facility	15.0	24.0	39.0	Q4 2015
\$103.2m facility	9.8	16.0	25.8	Q3 2016
\$325m facility	66.3	23.5	89.8	Q4 2015
\$87.7m facility	8.0	9.5	17.5	Q1 2020
\$122.6m facility	118.5	0.0	118.5	Q2 2025
<b>Total Drybulk bank debt</b>	<b>447.3</b>	<b>293.8</b>	<b>741.1</b>	

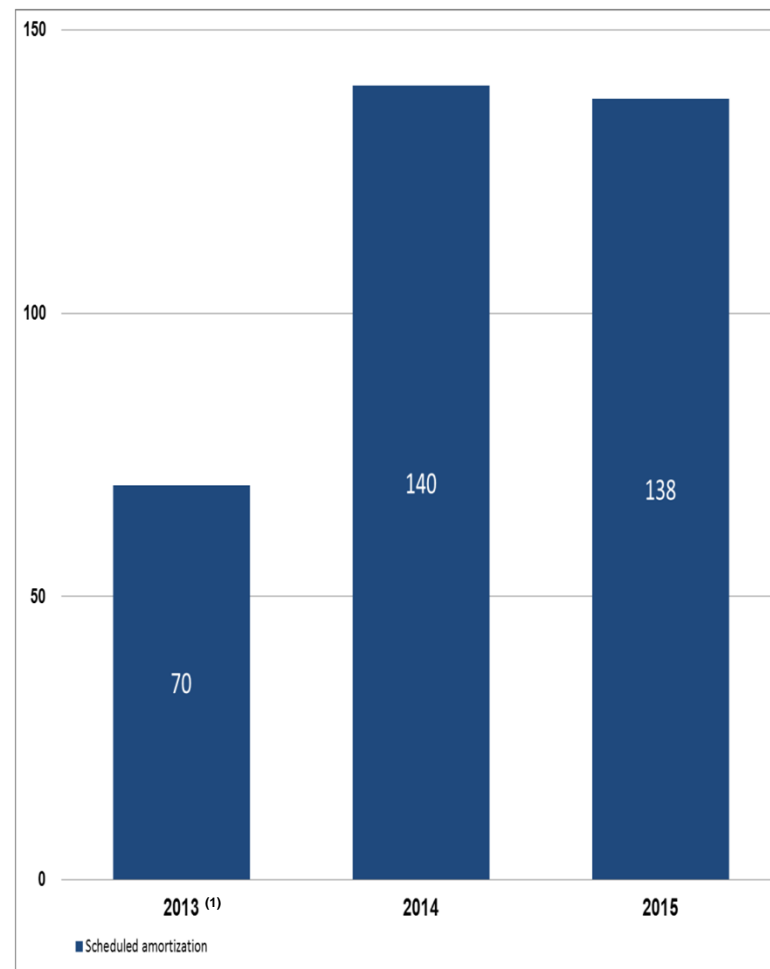
## Tankers Debt Outstanding as of 6/30/13

Facility	Amortizing	Balloon	Total	Maturity
\$70m facility	12.8	46.7	59.5	Q1 2016
\$32.3m facility	8.6	19.4	28.0	Q2 2017
\$141.35m facility	63.2	65.5	128.7	Q2 2019
\$107.67m facility	50.4	50.4	100.8	Q1 2019
<b>Total Tankers bank debt</b>	<b>135.0</b>	<b>182.0</b>	<b>317.0</b>	
<b>Total Debt</b>	<b>582.3</b>	<b>475.8</b>	<b>1,058.1</b>	

1) Remainder of 2013, as of 6/30/2013

## Scheduled Debt Amortization (excluding balloons)

in USD million



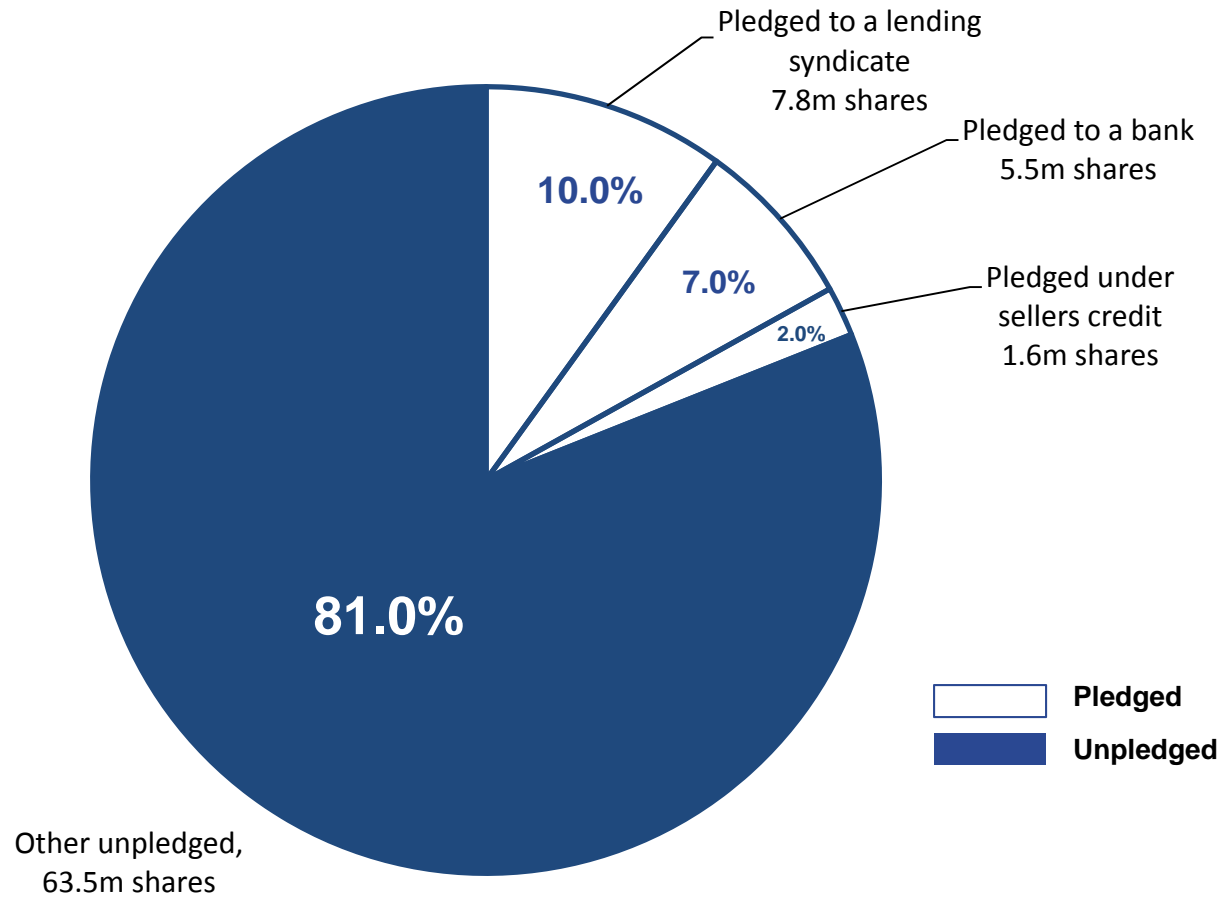
## Progress on Supplemental Agreements with Banks

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- In general, we are looking for viable solutions with our banks which include curing covenant breaches and deferring mandatory repayments in exchange for providing additional collateral.
- Two agreements for two loans with one banking group concluded
  - Deferral of certain principal repayments
  - Pledge of 5.5m ORIG shares
- Negotiations with other banking groups ongoing



# DRYS Ownership in ORIG



## Shipping Segment Surplus Value (6/30/13)

FMV of Assets (in \$ million)		Liabilities (in \$ million)	
Cash	\$83.1	Shipping Bank Debt	\$1,058.1
Restricted Cash	\$90.0	Convertible Bond	\$700.0
Ocean Rig Shares <sup>(1)</sup>	\$1,360.9	MtM Liability on IRS	\$40.1
Fleet Market Value	\$1,245.8		
<b>Total</b>	<b>\$2,779.8</b>	<b>Total</b>	<b>\$1,798.2</b>



**Surplus of \$981.6 million or \$2.45 per share <sup>(2)</sup>**

(1) ORIG common shares held by DRYs at share price of \$17.38 as of 8/5/2013

(2) Using 400 million share count



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DryShips Inc.



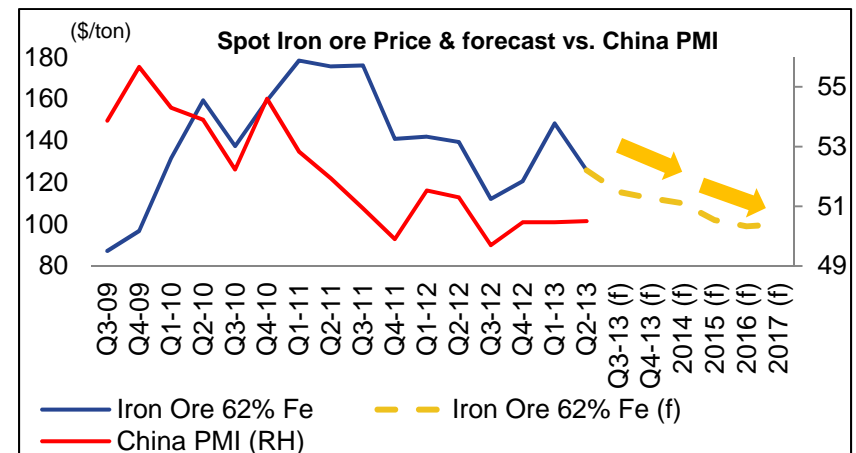
# Drybulk: Steady Volumes, Improving Sentiment, but Caution Would be Advised

## Q2 2013 Demand:

- Brazilian & Australian exports of iron ore up 8.5% y-o-y
- Chinese and Japanese iron ore imports up 8.2% y-o-y
- Chinese and Japanese coal imports up 3.7% y-o-y

## Q2 2013 Freight rates:

- C4TC averaged \$6,214 per day up 2% y-o-y
- P4TC averaged \$7,055 per day down 19% y-o-y



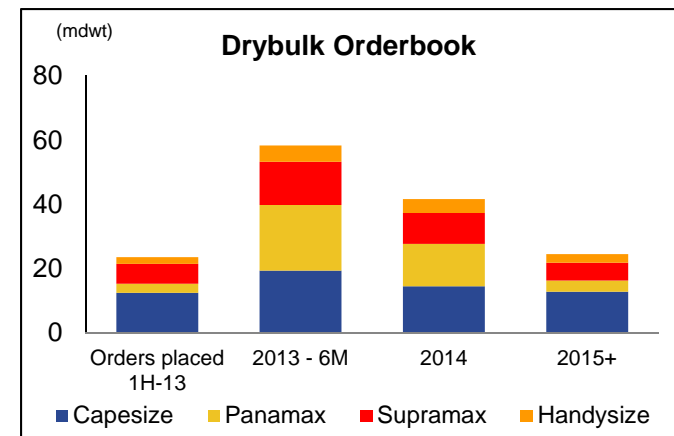
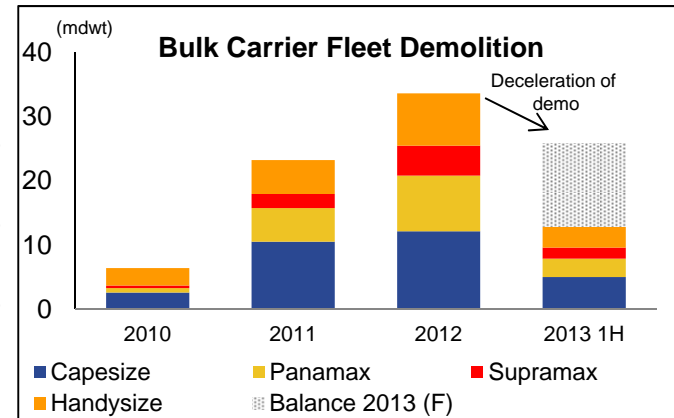
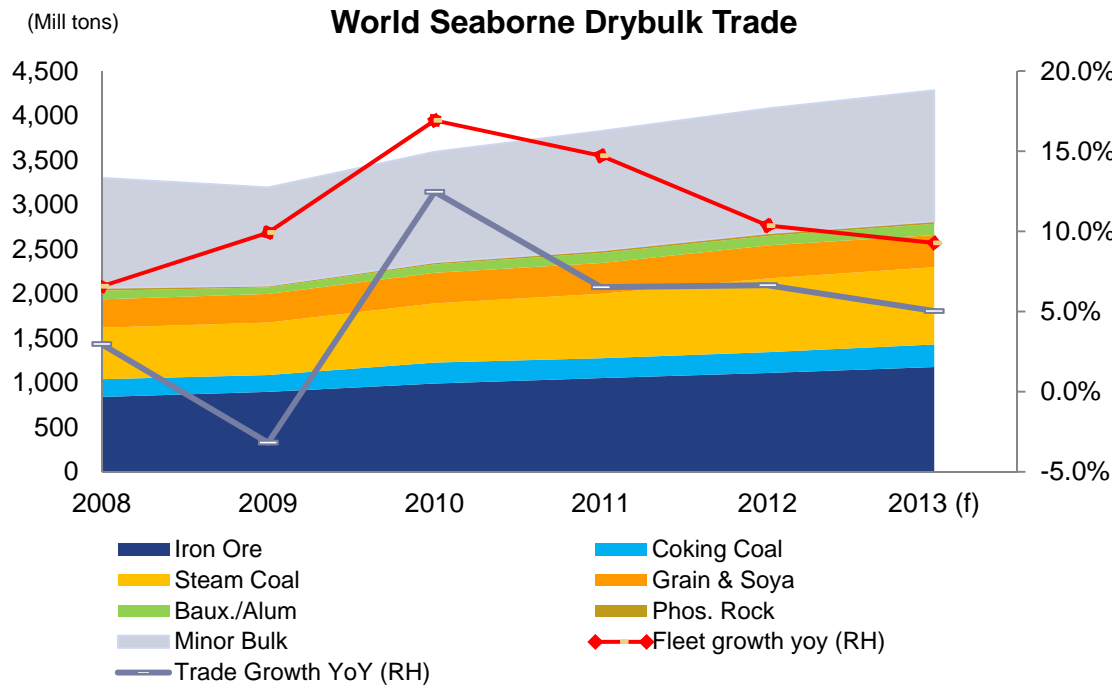
## Going Forward Concerns

- Recent gain on BDI is temporary and primarily attributed to Capesize market improvement due to seasonal China iron ore restocking and increased exports from Australia
- Iron ore prices are expected to decline going forward, in line with deteriorating sentiment over China's economic growth and steel output
- Chinese PMI for July shows a faster expansion rate than June but still at low levels (50.3 vs. 50.1)

Source: Clarksons, Bloomberg



# World Seaborne Drybulk Trade



## 2013 Forecasts:

- World drybulk fleet is expected to grow by 9.3% YoY
- Total seaborne drybulk trade is expected to grow by 5% YoY
- Iron ore trade is expected to grow by 6% YoY, Coal trade by 5.6% YoY and grain trade to fall by 2.4% YoY

Source: Clarksons



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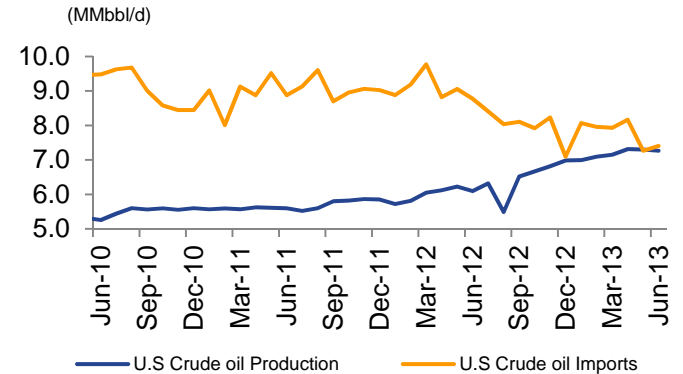




# Top Oil Consumers Producing More Domestically

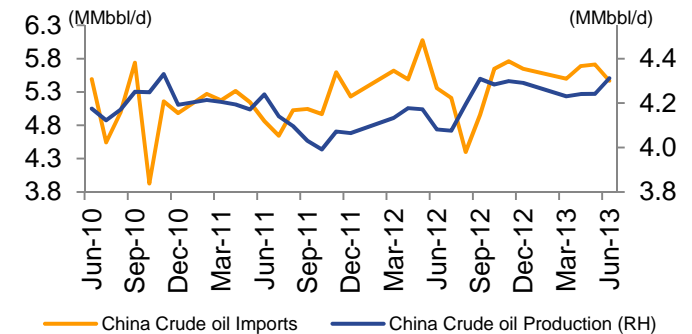
## USA

- In June 2013 U.S crude oil production reached about 7.3 MMbbl/day
- U.S crude oil production grew by 17% and 19% y-o-y in May and June respectively
- U.S crude oil imports declined 20% and 16% y-o-y in May and June respectively



## China

- In June 2013 Chinese crude oil production reached about 4.3 MMbbl/day, up 6% y-o-y
- Chinese crude oil imports fell by 6% and increased by 2% y-o-y in May and June respectively
- Chinese crude oil consumption increased by 4% during the 1H 2013 compared to the same period of 2012



## World

- The International Energy Agency forecasts global oil demand this year will average 90.6 MMbbl/day, compared with 89.8 MMbbl/day last year. Worldwide demand averaged 89.6 MMbbl/day during the first half of 2013 vs. 89.1 MMbbl/day in the same period of last year

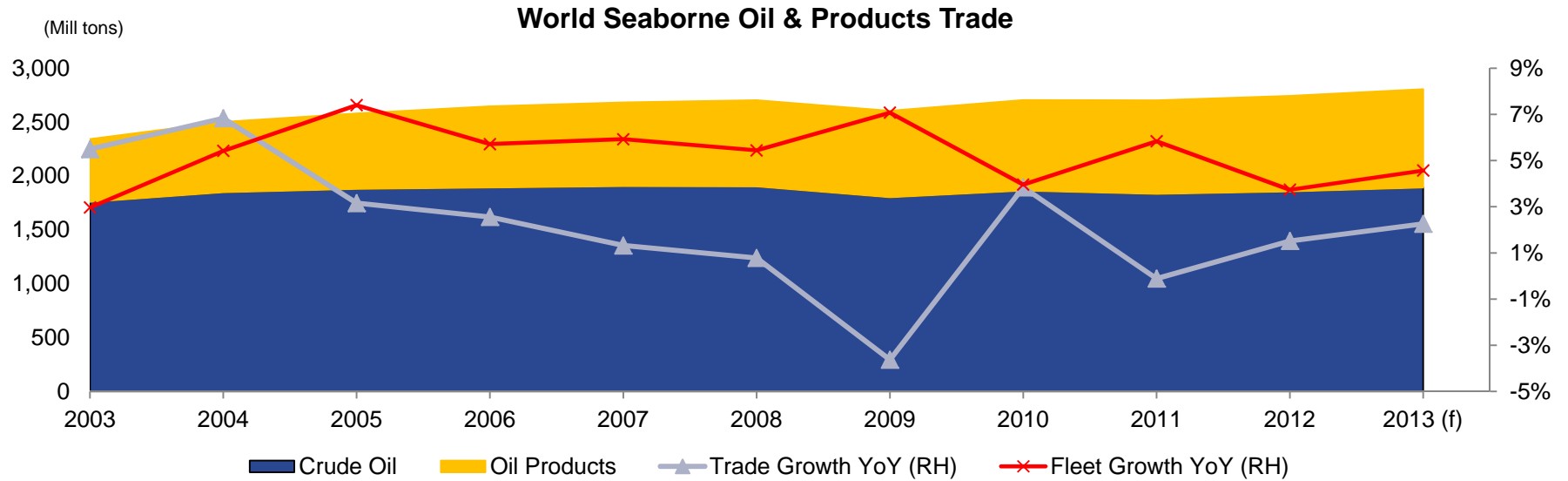
Source: Bloomberg, IEA



DryShips Inc.



# World Seaborne Oil and Products Trade



## 2013 Forecasts:

- World tanker fleet is expected to grow by 4.6% YoY
- Total seaborne tanker trade is expected to grow by 2.3% YoY
- Crude oil trade is expected to grow by 1.9% YoY while oil products trade is expected to grow by 2.9% YoY

Source: Clarksons



DryShips Inc.



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# Closing Remarks

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- **Dryships is a pure shipping company with spot market exposure and a shareholding in Ocean Rig. Dryships has no access to Ocean Rig's capital and resources.**
  
- **Drybulk segment**
  - **Modern fleet – average age 7.43 years**
  - **Charter coverage – 45% in 2013, upside spot exposure in 2014**
  - **Newbuild program – only 4 ice-class panamaxs remaining**
  
- **Tanker segment**
  - **Brand new fleet**
  - **Employment – spot employment, upside spot exposure in 2014**
  - **Newbuild program – completed in January 2013**
  
- **Shareholding**
  - **Ocean Rig undervalued – stock trading at a significant discount to its peers**



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# APPENDIX



DryShips Inc.



# 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
<b>Drvbulk fleet</b>													
<b>Capesize:</b>													
Rangiroa	2013	206,000	Capesize	\$23,000	Apr-18	Nov-23							
Negonego	2013	206,000	Capesize	\$21,500	Mar-20	Feb-28							
Fakarava	2012	206,000	Capesize	\$25,000	Sept-15	Sept-20							
Mystic	2008	170,040	Capesize	\$52,310	Aug-18	Dec-18							
Robusto	2006	173,949	Capesize	\$26,000	Aug-14	Apr-18							
Cohiba	2006	174,234	Capesize	\$26,250	Oct-14	Jun-19							
Montecristo	2005	180,263	Capesize	\$23,500	May-14	Feb-19							
Flecha	2004	170,012	Capesize	\$55,000	Jul-18	Nov-18							
Manasota	2004	171,061	Capesize	\$30,000	Jan-18	Aug-18							
Partagas	2004	173,880	Capesize	\$11,500	Jun-14	Oct-14							
Alameda	2001	170,662	Capesize	\$27,500	Nov-15	Jan-16							
Capri	2001	172,579	Capesize	\$10,000	Nov-13	Mar-14							
<b>Panamax:</b>													
Raraka	2012	76,037	Panamax	\$7,500	Jan-15	Mar-15							
Woolloomooloo	2012	76,064	Panamax	\$7,500	Dec-14	Feb-15							
Amalfi	2009	75,206	Panamax	Spot	N/A	N/A							
Rapallo	2009	75,123	Panamax	Spot	N/A	N/A							
Catalina	2005	74,432	Panamax	Spot	N/A	N/A							
Majorca	2005	74,477	Panamax	Spot	N/A	N/A							
Ligari	2004	75,583	Panamax	\$9,250	Sept-13	Nov-13							
Saldanha	2004	75,707	Panamax	Spot	N/A	N/A							
Sorrento	2004	76,633	Panamax	\$24,500	Aug-21	Dec-21							
Mendocino	2002	76,623	Panamax	Spot	N/A	N/A							
Bargara	2002	74,832	Panamax	Spot	N/A	N/A							
Oregon	2002	74,204	Panamax	\$9,650	Sept-13	Nov-13							
Ecola	2001	73,931	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							
Redondo	2000	74,716	Panamax	\$9,250	Sept-13	Nov-13							
Topeka	2000	74,716	Panamax	\$8,450	Oct-13	Dec-13							
Ocean Crystal	1999	73,688	Panamax	Spot	N/A	N/A							
Helena	1999	73,744	Panamax	Spot	N/A	N/A							
<b>Supramax:</b>													
Byron	2003	51,118	Supramax	Spot	N/A	N/A							
Galveston	2002	51,201	Supramax	Spot	N/A	N/A							
<b>Newbuildings</b>													
<b>Panamax:</b>													
Newbuilding Ice –class Panamax 1	2014	75,900	Panamax	Spot	N/A	N/A							
Newbuilding Ice –class Panamax 2	2014	75,900	Panamax	Spot	N/A	N/A							
Newbuilding Ice –class Panamax 3	2014	75,900	Panamax	Spot	N/A	N/A							
Newbuilding Ice –class Panamax 4	2014	75,900	Panamax	Spot	N/A	N/A							
<b>Tanker fleet</b>													
<b>Suezmax:</b>													
Bordeira	2013	158,300	Suezmax	Spot	N/A	N/A							
Petalidi	2012	158,300	Suezmax	Spot	N/A	N/A							
Lipari	2012	158,300	Suezmax	Spot	N/A	N/A							
Vilamoura	2011	158,300	Suezmax	Spot	N/A	N/A							
<b>Aframax:</b>													
Alicante	2013	115,200	Aframax	Spot	N/A	N/A							
Mareta	2013	115,200	Aframax	Spot	N/A	N/A							
Calida	2012	115,200	Aframax	Spot	N/A	N/A							
Saga	2011	115,200	Aframax	Spot	N/A	N/A							
Daytona	2011	115,200	Aframax	Spot	N/A	N/A							
Belmar	2011	115,200	Aframax	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,	
	2012	2013	2012	2013
<b>REVENUES:</b>				
Voyage revenues	\$ 72,648	\$ 76,173	\$ 157,145	\$ 149,442
Revenues from drilling contracts	263,491	259,835	426,490	506,279
	<u>336,139</u>	<u>336,008</u>	<u>583,635</u>	<u>655,721</u>
<b>EXPENSES:</b>				
Voyage expenses	5,575	24,645	10,484	50,142
Vessel operating expenses	22,251	25,533	43,796	49,643
Drilling rigs operating expenses	145,052	116,981	230,392	237,740
Depreciation and amortization	84,079	85,758	166,034	168,418
Vessel impairments and other, net	(525)	1,443	963	76,783
General and administrative expenses	37,172	37,187	71,146	73,434
Legal settlements and other, net	(7,425)	5,405	(1,606)	5,390
	<u>49,960</u>	<u>39,056</u>	<u>62,426</u>	<u>(5,829)</u>
<b>Operating income / (loss)</b>				
<b>OTHER INCOME / (EXPENSES):</b>				
Interest and finance costs, net of interest income	(49,768)	(56,008)	(100,545)	(112,870)
Gain/ (Loss) on interest rate swaps	(12,963)	23,082	(21,714)	23,478
Other, net	4,824	2,011	2,576	2,689
Income taxes	(11,596)	(10,411)	(21,628)	(24,575)
<b>Total other expenses, net</b>	<u>(69,503)</u>	<u>(41,326)</u>	<u>(141,311)</u>	<u>(111,278)</u>
<b>Net loss</b>	(19,543)	(2,270)	(78,885)	(117,107)
Net income/ (loss) attributable to Non controlling interests	1,341	(15,940)	13,227	(17,738)
	<u>1,341</u>	<u>(15,940)</u>	<u>13,227</u>	<u>(17,738)</u>
<b>Net loss attributable to Dryships Inc.</b>	\$ <u>(18,202)</u>	\$ <u>(18,210)</u>	\$ <u>(65,658)</u>	\$ <u>(134,845)</u>
Loss per common share, basic and diluted	\$ (0.05)	\$ (0.05)	\$ (0.17)	\$ (0.35)
Weighted average number of shares, basic and diluted	380,152,244	382,657,244	380,152,244	382,657,244





# Unaudited Condensed Consolidated Balance Sheets

(Expressed in Thousands of U.S. Dollars)

	<u>December 31, 2012</u>	<u>June 30, 2013</u>
<b><u>ASSETS</u></b>		
Cash and restricted cash (current and non-current)	\$ 720,458	\$ 511,437
Other current assets	338,446	414,860
Advances for vessels and rigs under construction and acquisitions	1,201,807	1,098,106
Vessels, net	2,059,570	2,310,833
Drilling rigs, drillships, machinery and equipment, net	4,446,730	4,422,807
Other non-current assets	111,480	146,023
<b>Total assets</b>	<b><u>8,878,491</u></b>	<b><u>8,904,066</u></b>
<b><u>LIABILITIES AND STOCKHOLDERS' EQUITY</u></b>		
Total debt	4,386,715	4,436,193
Total other liabilities	623,757	585,993
Total stockholders' equity	3,868,019	3,881,880
<b>Total liabilities and stockholders' equity</b>	<b><u>\$ 8,878,491</u></b>	<b><u>\$ 8,904,066</u></b>



## Summary Operating Data

(Dollars in thousands, except average daily results)

<b>Drybulk</b>	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2013	2012	2013
Average number of vessels <sup>(1)</sup>	35.4	36.6	35.7	36.3
Total voyage days for vessels <sup>(2)</sup>	3,200	3,326	6,481	6,566
Total calendar days for vessels <sup>(3)</sup>	3,218	3,328	6,503	6,568
Fleet utilization <sup>(4)</sup>	99.4%	99.9%	99.7%	100%
Time charter equivalent <sup>(5)</sup>	\$18,319	\$12,756	\$20,213	\$12,085
Vessel operating expenses (daily) <sup>(6)</sup>	\$5,313	\$5,930	\$5,484	\$5,496

<b>Tanker</b>	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2013	2012	2013
Average number of vessels <sup>(1)</sup>	6.1	10	5.5	9.7
Total voyage days for vessels <sup>(2)</sup>	552	910	1,005	1,758
Total calendar days for vessels <sup>(3)</sup>	552	910	1,005	1,758
Fleet utilization <sup>(4)</sup>	100%	100%	100%	100%
Time charter equivalent <sup>(5)</sup>	\$15,310	\$10,004	\$15,583	\$11,349
Vessel operating expenses (daily) <sup>(6)</sup>	\$8,690	\$6,371	\$8,096	\$7,704

(In thousands of U.S. dollars, except for TCE rate, which is expressed in Dollars, and voyage days)

<b>Drybulk</b>	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2013	2012	2013
Voyage revenues	\$ 62,487	\$ 48,315	\$ 139,508	\$ 93,797
Voyage expenses	(3,865)	(5,890)	(8,508)	(14,448)
Time charter equivalent revenues	\$ 58,622	\$ 42,425	\$ 131,000	\$ 79,349
Total voyage days for fleet	3,200	3,326	6,481	6,566
Time charter equivalent TCE	\$ 18,319	\$ 12,756	\$ 20,213	\$ 12,085

<b>Tanker</b>	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2013	2012	2013
Voyage revenues	\$ 10,161	\$ 27,858	\$ 17,637	\$ 55,645
Voyage expenses	(1,710)	(18,754)	(1,976)	(35,694)
Time charter equivalent revenues	\$ 8,451	\$ 9,104	\$ 15,661	\$ 19,951
Total voyage days for fleet	552	910	1,005	1,758
Time charter equivalent TCE	\$ 15,310	\$ 10,004	\$ 15,583	\$ 11,349

(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 dry-docking days.

(3) Calendar days are the total number of days the vessels were in our possession for the relevant period including dry-docking 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 revenues, a non-U.S. GAAP measure, provides additional meaningful information in conjunction with revenues from our vessels, the most directly comparable U.S. GAAP measure, because it assists our management in making decisions regarding the deployment and use of its vessels and in evaluating their financial performance. TCE is also 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. Please see below for a reconciliation of TCE rates to voyage revenues.

(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.

