

DryShips Inc.

4th Quarter Ended December 31, 2013
Earnings Presentation



NASDAQ: "DRYS"

February 19, 2014

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 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.



Agenda

Financial Highlights

Company Update

Industry Overview

Closing Remarks

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. 4th quarter presentation, available on www.ocean-rig.com



Consolidated¹ Q4 2013 Results

<i>(in \$ million, except EPS)</i>	Q4 2012	Q4 2013
Total Revenues	282.9	431.4
Adjusted EBITDA ²	109.5	163.7
Net Loss ³	(129.8)	(24.4)
Earnings Per Share	(0.34)	(0.06)

<i>(in \$ million)</i>	FY 2012	FY 2013
Total Revenues	1,210.1	1,492.0
Adjusted EBITDA ²	500.5	572.0
Net Cash Provided by Operating Activities	237.5	246.0

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

2) Represents net income before interest, taxes, depreciation, drydocking and class survey costs, vessel impairments and amortization and gains or losses on interest rate swaps

3) The net result is adjusted for the minority interests of 40.6% not owned by DryShips Inc. common stockholders



Shipping Segment¹ Financial Summary

<i>(in \$ million)</i>	Q3 2013	Q4 2013
Total Revenues	76.4	85.9
Adjusted EBITDA ⁽²⁾	13.4	16.1
Payments for Capital Expenditure	0.2	0.3
Loan Principal Payments	33.8	81.5

	Q3 2013	Q4 2013
Drybulk Segment Utilization	99.1%	97.6%
Tanker Segment Utilization	100.0%	100.0%
Drybulk Segment Time Charter Equivalent	10,796	13,303
Tanker Segment Time Charter Equivalent	15,802	12,963

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

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



Agenda

Financial Highlights

Company Update

Industry Overview

Closing Remarks

Q&A



DryShips Inc.



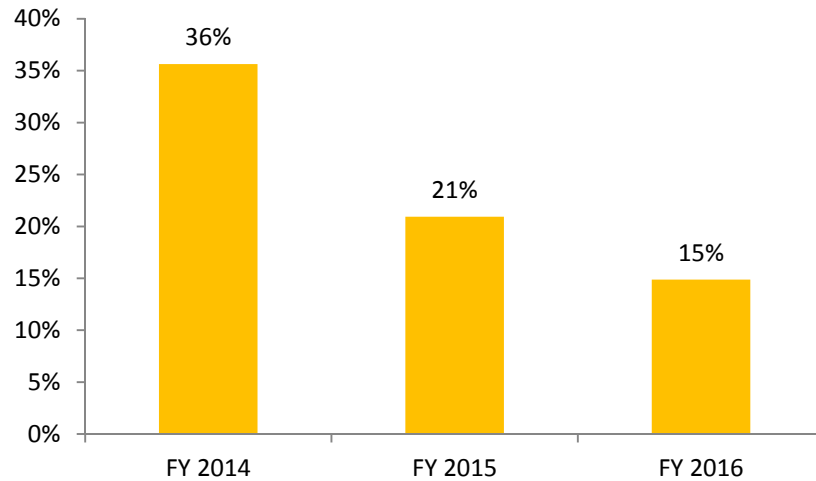
Recent Developments

- On February 7, 2014, Ocean Rig refinanced its existing short-term Tranche B-2 Term Loans with a fungible add-on to its existing long-term Tranche B-1 Term Loans. As a result of this refinancing, the total \$1.9 billion of Tranche B-1 Term Loans will mature no earlier than the third quarter of 2020.
- On January 27, 2014, the Ocean Rig Skyros arrived in Angola and commenced the acceptance testing under the contract with Total E&P.
- On December 31, 2013, Dryships resumed sales under its previously announced \$200 million program of at the market issuances of its common shares. During January 2014, 20,837,582 common shares were issued and sold at an average share price of \$4.14 per share, resulting in net proceeds of \$84.5 million.
- On December 30, 2013, Ocean Rig agreed with a major oil company to further extend until March 30, 2014, the expiration of the previously announced Letter of Award for its ultra deepwater drillship Ocean Rig Skyros.
- On December 20, 2013, Ocean Rig took delivery of its ultra deepwater drillship, the Ocean Rig Skyros and drew down \$450.0 million under its \$1.35 billion syndicated secured term loan facility.

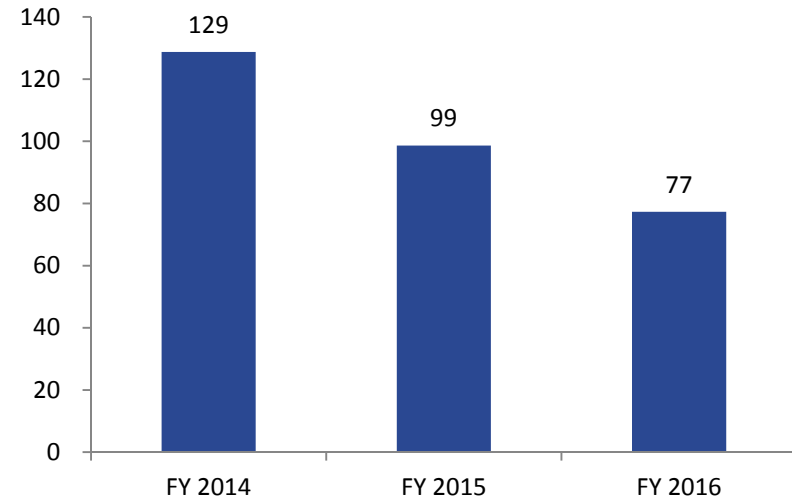


Drybulk Employment Status¹

% Charter coverage



Drybulk gross fixed revenue (\$m)



Average daily fixed rate

25,149

30,737

33,813

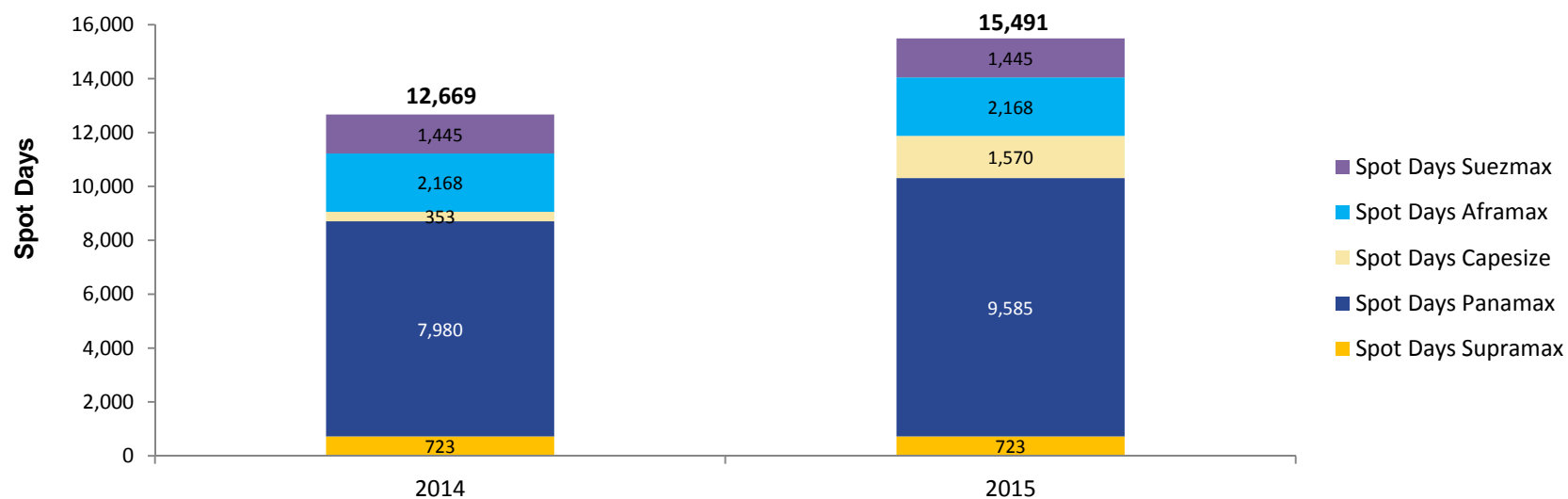
➤ **Total contracted backlog through 2016 is approximately \$305 million**

¹ As of December 31st 2013



Earnings Power of Our Shipping Fleet

Shipping Segment Projected Spot Days¹



➤ Potential additional EBITDA/ free cashflow generation:

(in million)	FY2014	FY2015
+\$5,000 to market spot rates	\$63.3	\$77.5
+\$10,000 to market spot rates	\$126.7	\$154.9
+\$15,000 to market spot rates	\$190.0	\$232.4
+\$20,000 to market spot rates	\$253.4	\$309.8

¹ Projected spot days for 2014 post scheduled dry-dock days and net of utilization



Stalemate with Rongsheng Heavy Industries

<i>(in \$ thousands)</i>	<u>Contracted Delivery</u>	<u>CIP</u> ¹	<u>Scheduled CAPEX</u> ¹	
			<u>FY2014</u>	<u>Cancellation Date</u>
Ice Class Panamax #1	June-14	2,890	31,100	March-15
Ice Class Panamax #2	August-14	2,890	31,100	May-15
Ice Class Panamax #3	August-14	2,890	31,100	May-15
Ice Class Panamax #4	October-14	2,890	31,100	July-15
Total		11,560	124,400	

- **Vessel delivery schedule still non-existent**
- **We have not made any further payments to the yard**

1) CIP and Capex as of 12/31/2013

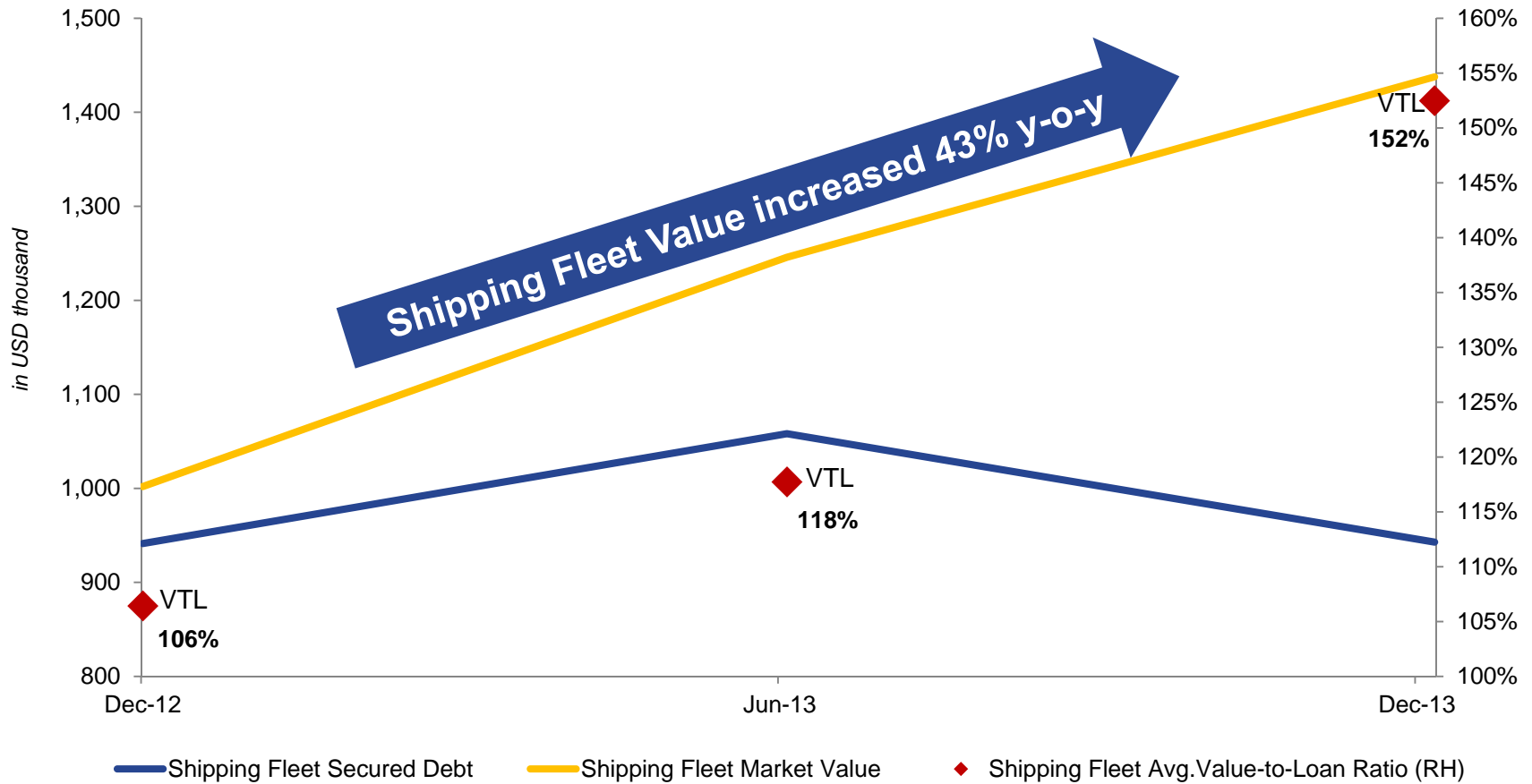


Banking Update

- We are in discussions with the Nordea-led bank syndicate of our \$325m senior secured credit facility to defer certain principal payments to maturity.
- 5.45m shares of Ocean Rig previously pledged to Piraeus Bank under our \$90m and \$130m credit facilities have been automatically returned back to the company on December 31st 2013.
- As of today, no shares of Ocean Rig have been pledged to any lender under our secured credit facilities.



Bank Compliance – Much Rosier Picture



Secured Bank Debt Profile (Shipping Segment)

Drybulk Debt Outstanding as of 12/31/13

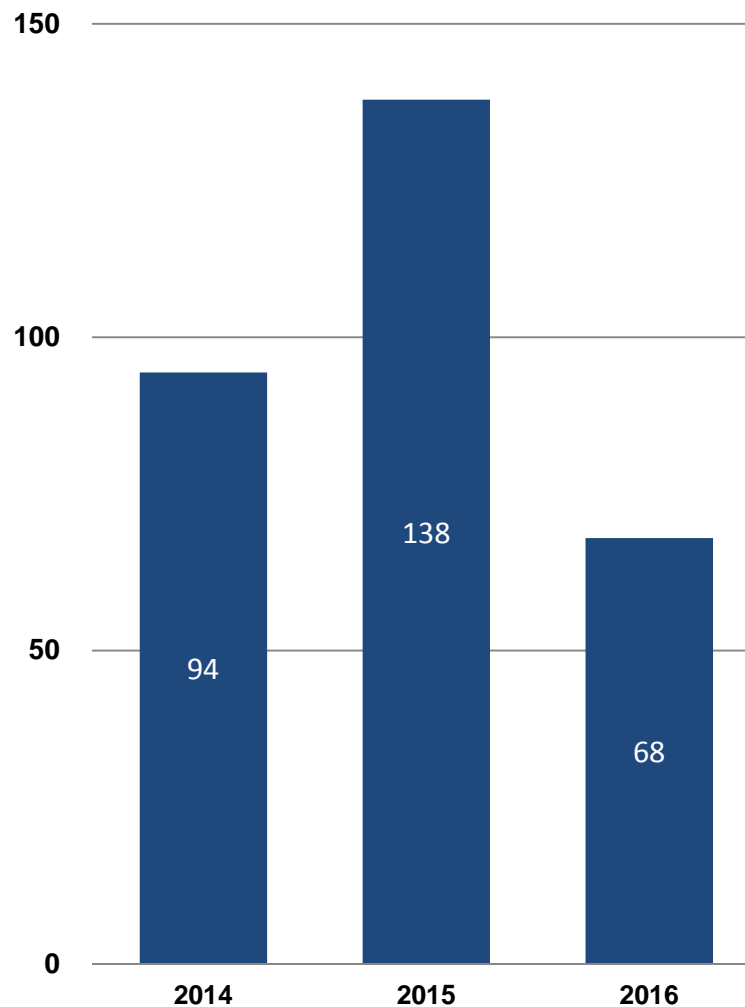
Facility	Amortizing	Balloon	Total	Maturity
\$628.8m facility	62.4	112.0	174.4	Q2 2016
\$35m facility	6.0	11.0	17.0	Q4 2016
\$125m facility	14.7	6.9	21.6	Q2 2016
\$90m facility	8.5	48.5	57.0	Q4 2015
\$130m facility	2.7	27.6	30.3	Q1 2015
\$126.4m facility	50.4	2.9	53.3	Q3 2018
\$47m facility	4.0	12.0	16.0	Q4 2015
\$90m facility	12.0	24.0	36.0	Q4 2015
\$103.2m facility	8.3	16.0	24.3	Q3 2016
\$325m facility	53.0	23.5	76.5	Q4 2015
\$87.7m facility	7.4	9.5	16.9	Q1 2020
\$122.6m facility	115.6	0.0	115.6	Q2 2025
Total Drybulk bank debt	345.0	293.9	638.9	

Tankers Debt Outstanding as of 12/31/13

Facility	Amortizing	Balloon	Total	Maturity
\$70m facility	10.5	46.7	57.2	Q1 2016
\$32.3m facility	7.5	19.4	26.9	Q2 2017
\$141.35m facility	57.8	65.5	123.3	Q2 2019
\$107.67m facility	46.2	50.4	96.6	Q1 2019
Total Tankers bank debt	122.0	182.0	304.0	
Total Debt	467.0	475.9	942.9	

Scheduled Debt Amortization (excluding balloons)

in USD million



Capital Structure

<i>(in \$ million)</i>	December 31, 2013
Total cash ¹	739.3
Drybulk secured debt ²	638.8
Tanker secured debt ²	304.0
Ocean Rig debt ²	4,085.3
Convertible bond ²	700.0
Total debt ²	5,728.0
Total shareholder's equity	3,831.7
Total capitalization	9,559.7
Net debt	4,988.7
Debt to capitalization	59.9%
Net debt to capitalization	52.2%

Share Information <i>(in '000)</i>	
Share capital (31-Dec-13)	432,654
Plus: Shares issued in Jan-14 ³	20,838
Pro-forma share capital	453,492
Less: Borrow facility ⁴	(15,100)
Less: Treasury stock ⁴	(21,000)
Adjusted Share Capital	417,392

- 1) Includes Restricted Cash
- 2) Gross of capitalized financing fees
- 3) Shares issued pursuant to the at-the-market equity offering
- 4) Not typically included in EPS calculation



Agenda

Financial Highlights

Company Update

Industry Overview

Closing Remarks

Q&A



Drybulk: Improved Fundamentals - Recovery under way!

Q4 Dynamics:

- BRA & AUS exports of iron ore increased by 10.6% in Q4 y-o-y
- “Big 3” (China/Japan/Korea) iron ore imports increased by 11.8% in Q4 compared to Q4-12, with China’s imports increasing by 13.4% y-o-y
- Combined Chinese and Japanese coal imports increased by 5.2% y-o-y in Q4 with Japan’s imports increasing by 8.8%
- C4TC averaged \$27,072 per day during Q4 up 108.2% y-o-y and \$14,580 per day during 2013 up 89.8% compared to 2012
- P4TC averaged \$14,234 per day during Q4 up 117.2% y-o-y and \$9,472 per day during 2013 up 23.3% compared to 2012

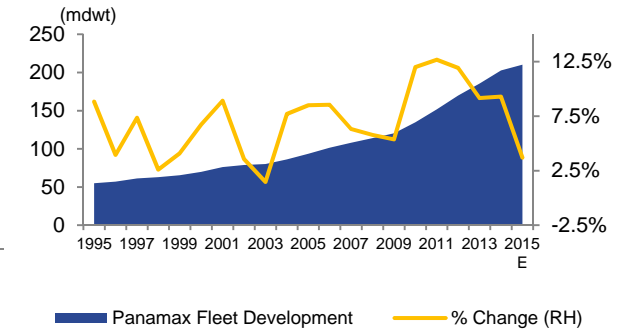
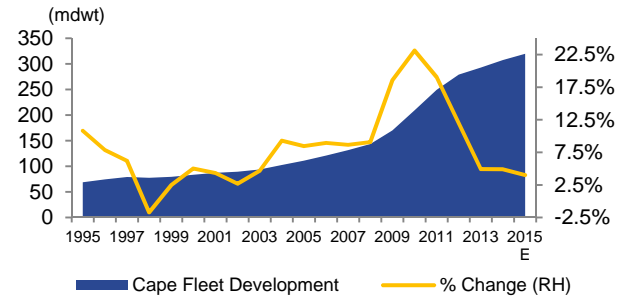
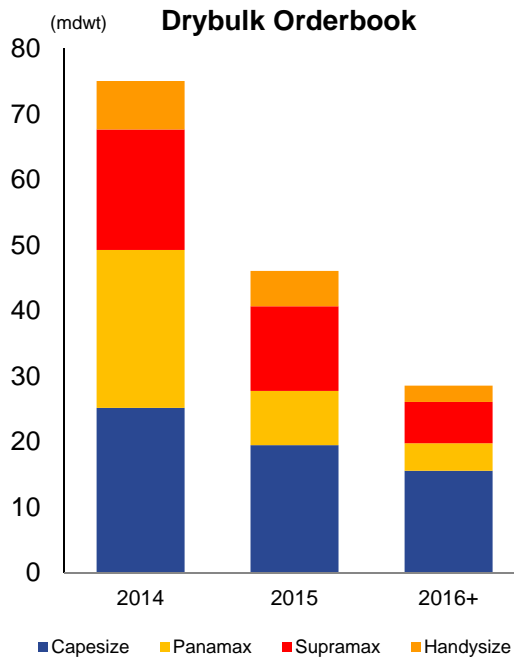
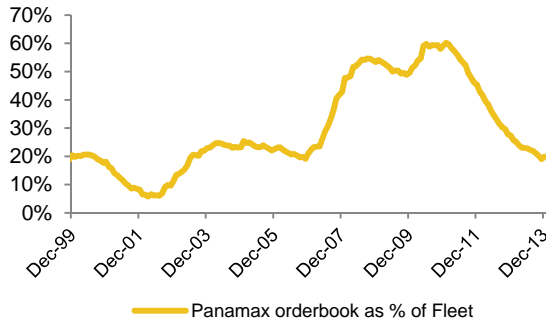
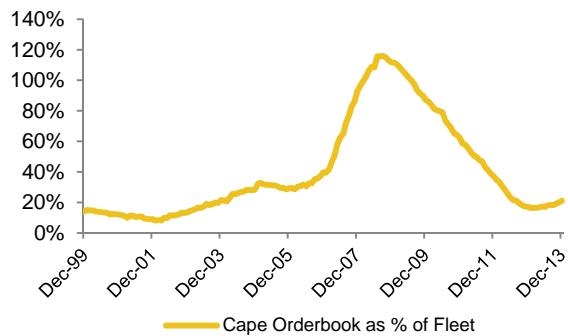
Factors to watch going forward:

- (+) Global economic outlook – Improving fundamentals
- (+) High steel consumption due to construction demand and steel margins relatively steady
- (+) High bunker prices which dictate vessel speeds and effectively the fleet supply
- (+) Iron ore production coming on-line within the next 3 years will increase transportation demand and put pressure on iron ore prices, thus increasing the potential for imported ore to replace expensive/lower quality Chinese ore
- (+/-) Seasonal factors which affect near term freight rates (e.g. adverse weather in BRA & AUS, port congestion, grain season etc.)
- (-) Combination of high Private Equity availability and shipyards looking to fill their empty slots
- (-) Rising Chinese iron ore stockpiles

Source: Clarksons, Bloomberg



Drybulk Fleet Growth Under Control



Key Items:

- Capesize fleet is expected to grow by approx. 5% and 4% y-o-y in 2014 and 2015 respectively
- Panamax fleet is expected to grow by approx. 9% and 4% y-o-y in 2014 and 2015 respectively
- Orderbook has been rising recently on the back of the improved freight outlook, but remains at manageable levels
- Demolition activity slowed somewhat during the 2H 13 with approx. 3m dwt and 1.25m dwt of Capes and Panamaxes removed from the market (compared to 5m dwt and 3m dwt in 1H 13 respectively)
- However, there is still considerable scrapping potential as more than 8% of both Cape and Panamax fleets are over 20 years old and an additional 10% and 12% respectively are between 15-19 years old

Source: Clarksons

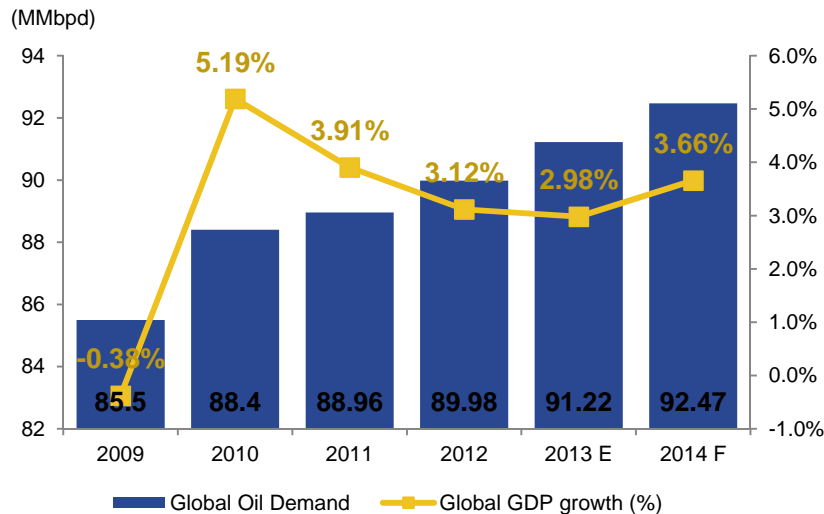
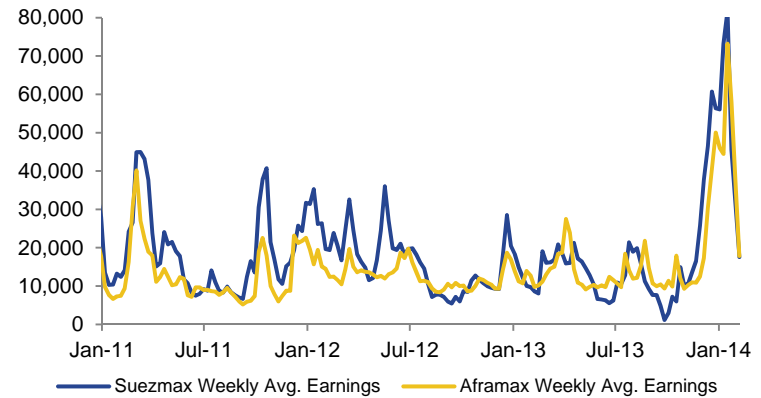


DryShips Inc.



Tankers: A positive surprise to end the year!

During Q4-13 and for a good part of January-14 we witnessed a significant increase in freight rates, especially in the larger asset classes. This move is primarily driven by increased Chinese and US demand, cold winter and weather disruptions which have caused port delays.

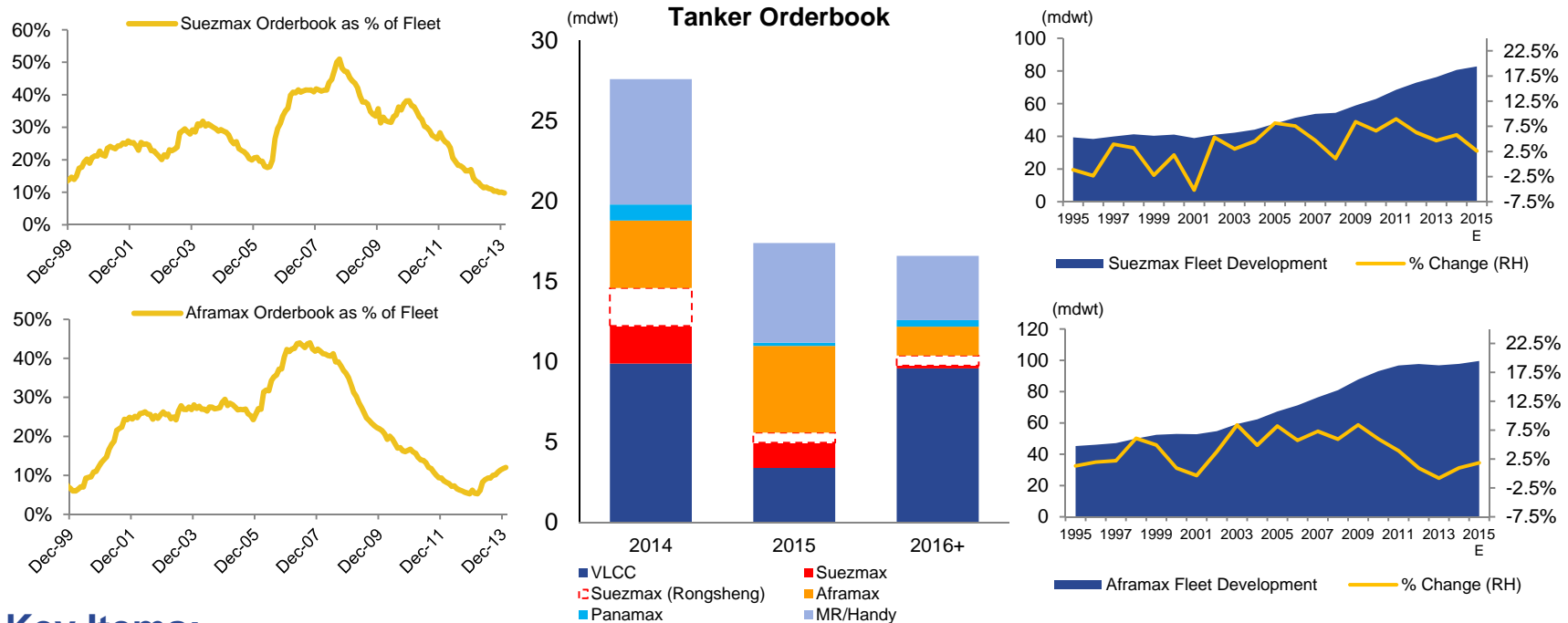


The magnitude of the recent increase shows us that supply/demand balance is tighter than anticipated. As such, with global economy improving, crude demand gaining momentum coupled with a slowdown in newbuilding deliveries, we expect 2014 to be a transitional year with increased volatility and an overall better freight environment

Source: Clarksons, Bloomberg, IEA, IMF



Tanker Fleet – What Overcapacity?



Key Items:

- We anticipate the Suezmax fleet to grow by approx. 5.8% and 2.5% y-o-y in 2014 and 2015 respectively. However, these figures could end up significantly lower, should financially distressed yards fail to solve liquidity problems and deliver their orders
- Aframax fleet is expected to grow by approx. 1% and 2% y-o-y in 2014 and 2015 respectively
- We expect Europe and Asia to continue covering for a large percentage of the lost U.S. imports from W. Africa and the development of new trade routes (i.e Americas to Asia) which often involve longer than traditional voyages and should be supportive of ton-miles and improve utilization across the tanker fleet

Source: Clarksons



DryShips Inc.



Agenda

Financial Highlights

Company Update

Industry Overview

Closing Remarks

Q&A



Closing Remarks

- **Dryships is a pure shipping company with primarily spot market exposure and a shareholding in Ocean Rig.**

- **Drybulk segment**
 - **Modern fleet – average age 8.4 years**
 - **Charter coverage – 36% in 2014, upside spot exposure going forward**

- **Tanker segment**
 - **Brand new fleet – average age 2.1 years**
 - **Employment – spot employment, upside spot exposure in 2014**

- **Shareholding in ORIG**
 - **Ocean Rig undervalued – stock trading at a significant discount to its peers**
 - **Value unlocking initiatives**
 - **\$25 million quarterly dividend starting with cashflow from Q1 2014 operations and payable in mid May 2014**
 - **Commenced Master Limited Partnership (MLP) IPO process**



Agenda

Financial Highlights

Company Update

Industry Overview

Closing Remarks

Q&A



DryShips Inc.





APPENDIX



DryShips Inc.



Fleet Profile (Shipping Segment)

	Year	DWT	Type	Gross rate	Redelivery		Year Built/or	Gross rate	Redelivery	
	Built			Per day	Earliest	Latest			Scheduled	Per day
Drybulk fleet										
Capesize:										
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				
Panamax:										
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	T/C Index linked	Jul-16	Sep-16				
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	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				
Mendocino	2002	76,623	Panamax	T/C Index linked	Sep-16	Nov-16				
Bargara	2002	74,832	Panamax	T/C Index linked	Sep-16	Nov-16				
Oregon	2002	74,204	Panamax	Spot	N/A	N/A				
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	T/C Index linked	Aug-16	Oct-16				
Magamari	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				
Topaka	2000	74,716	Panamax	Spot	N/A	N/A				
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				
Newbuildings										
Panamax:										
Newbuilding Ice -class Panamax 1	2014	75,900	Panamax	N/A	N/A	N/A				
Newbuilding Ice -class Panamax 2	2014	75,900	Panamax	N/A	N/A	N/A				
Newbuilding Ice -class Panamax 3	2014	75,900	Panamax	N/A	N/A	N/A				
Newbuilding Ice -class Panamax 4	2014	75,900	Panamax	N/A	N/A	N/A				
Tanker fleet										
Suezmax:										
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				
Aframax:										
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 December 31,		Year Ended December 31,	
	2012	2013	2012	2013
REVENUES:				
Voyage revenues	\$ 53,115	\$ 85,894	\$ 268,236	\$ 311,764
Drilling revenues, net	229,751	345,458	941,903	1,180,250
	<u>282,866</u>	<u>431,352</u>	<u>1,210,139</u>	<u>1,492,014</u>
EXPENSES:				
Voyage expenses	11,702	28,577	30,012	103,211
Vessel operating expenses	21,337	28,430	86,139	104,808
Drilling rigs operating expenses	173,092	138,311	563,583	504,957
Depreciation and amortization	84,843	96,506	335,458	357,372
Vessel impairments and other, net	41,517	-	42,518	76,783
General and administrative expenses	39,460	57,144	145,935	184,722
Legal settlements and other, net	(5,912)	(581)	(9,360)	4,585
	<u>(83,173)</u>	<u>82,965</u>	<u>15,854</u>	<u>155,576</u>
Operating income/(loss)				
OTHER INCOME / (EXPENSES):				
Interest and finance costs, net of interest income	(53,456)	(75,785)	(205,925)	(319,631)
Gain/ (Loss) on interest rate swaps	(4,582)	(3,467)	(54,073)	8,373
Other, net	(1,891)	(2,483)	(492)	2,245
Income taxes	(11,354)	(9,492)	(43,957)	(44,591)
Total other expenses, net	<u>(71,283)</u>	<u>(91,227)</u>	<u>(304,447)</u>	<u>(353,604)</u>
Net loss	<u>(154,456)</u>	<u>(8,262)</u>	<u>(288,593)</u>	<u>(198,028)</u>
Net (income)/loss attributable to Non controlling interests	24,608	(16,107)	41,815	(25,065)
Net loss attributable to Dryships Inc.	<u>\$ (129,848)</u>	<u>\$ (24,369)</u>	<u>\$ (246,778)</u>	<u>\$ (223,093)</u>
Loss per common share, basic and diluted	\$ (0.34)	\$ (0.06)	\$ (0.65)	\$ (0.58)
Weighted average number of shares, basic and diluted	380,179,472	388,083,468	380,159,088	384,063,306



Unaudited Condensed Consolidated Balance Sheets

(Expressed in Thousands of U.S. Dollars)

	<u>December 31, 2012</u>	<u>December 31, 2013</u>
<u>ASSETS</u>		
Cash, cash equivalents and restricted cash (current and non-current)	\$ 720,458	\$ 739,312
Other current assets	338,446	494,887
Advances for vessels and drillships under construction and related costs	1,201,807	679,008
Vessels, net	2,059,570	2,249,087
Drilling rigs, drillships, machinery and equipment, net	4,446,730	5,828,231
Other non-current assets	111,480	133,167
Total assets	<u>8,878,491</u>	<u>10,123,692</u>
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
Total debt	4,386,715	5,568,003
Total other liabilities	623,757	723,991
Total stockholders' equity	3,868,019	3,831,698
Total liabilities and stockholders' equity	<u>\$ 8,878,491</u>	<u>\$ 10,123,692</u>



Summary Operating Data

(Dollars in thousands, except average daily results)

Drybulk	Three Months Ended December 31,		Year Ended December 31,	
	2012	2013	2012	2013
Average number of vessels ⁽¹⁾	36.0	38.0	35.7	37.2
Total voyage days for vessels ⁽²⁾	3,312	3,412	13,027	13,442
Total calendar days for vessels ⁽³⁾	3,312	3,496	13,056	13,560
Fleet utilization ⁽⁴⁾	100.0%	97.6%	99.8%	99.1%
Time charter equivalent ⁽⁵⁾	\$10,547	\$13,303	\$15,896	\$12,062
Vessel operating expenses (daily) ⁽⁶⁾	\$5,124	\$6,251	\$5,334	\$5,796

Tanker	Three Months Ended December 31,		Year Ended December 31,	
	2012	2013	2012	2013
Average number of vessels ⁽¹⁾	7.0	10.0	6.3	9.9
Total voyage days for vessels ⁽²⁾	644	920	2,293	3,598
Total calendar days for vessels ⁽³⁾	644	920	2,293	3,598
Fleet utilization ⁽⁴⁾	100.0%	100.0%	100.0%	100.0%
Time charter equivalent ⁽⁵⁾	\$10,062	\$12,963	\$13,584	\$12,900
Vessel operating expenses (daily) ⁽⁶⁾	\$6,781	\$7,148	\$7,195	\$7,286

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

Drybulk	Three Months Ended December 31,		Year Ended December 31,	
	2012	2013	2012	2013
Voyage revenues	\$ 40,754	\$ 53,021	\$ 227,141	\$ 191,024
Voyage expenses	(5,821)	(7,630)	(20,064)	(28,886)
Time charter equivalent revenues	\$ 34,933	\$ 45,391	\$ 207,077	\$ 162,138
Total voyage days for fleet	3,312	3,412	13,027	13,442
Time charter equivalent TCE	\$ 10,547	\$ 13,303	\$ 15,896	\$ 12,062

Tanker	Three Months Ended December 31,		Year Ended December 31,	
	2012	2013	2012	2013
Voyage revenues	\$ 12,361	\$ 32,873	\$ 41,095	\$ 120,740
Voyage expenses	(5,881)	(20,947)	(9,948)	(74,325)
Time charter equivalent revenues	\$ 6,480	\$ 11,926	\$ 31,147	\$ 46,415
Total voyage days for fleet	644	920	2,293	3,598
Time charter equivalent TCE	\$ 10,062	\$ 12,963	\$ 13,584	\$ 12,900

(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.

