

DryShips Inc.

4th Quarter and Twelve Months Ended December 31, 2007

Earnings Presentation



NASDAQ: "DRYS"

February 15, 2008

Forward Looking Statements

Matters discussed in this presentation may constitute forward-looking statements. Forward-looking statements reflect our 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 our 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.



4q07 Financial Highlights

<i>Figures in millions except TCE in \$/d</i>	4q07	12M07
Net Income	\$195.2	\$475.4
EPS	\$5.37	\$13.32
Operating Income	\$211.9	\$528.1
EBITDA	\$229.3	\$600.8
Fleet TCE	\$67,587/d	\$45,417/d
Utilization	99.5%	98.7%

Included in the fourth quarter results is a capital gain on the sale of 1 vessel of \$31.5 million or \$0.87 per share. Excluding this gain Net Income would amount to \$163.7 million or \$4.50 per share.



Financing Activities

As of February 14, 2007 the Company had a total of \$1.3 billion in debt outstanding under its various credit facilities.

***Net Debt
to
Capitalization
37%
(adj. for asset values)***



EBITDA Calculator

	1q08	2q08	3q08	4q08	2008
Capesize Unfixed Days	52	227	368	463	1,110
Capesize Spot TCE	??	??	??	??	??
Capesize Spot Revenue	??	??	??	??	??
Panamax Unfixed Days	516	2,197	2,392	2,677	7,782
Panamax Spot TCE	??	??	??	??	??
Panamax Spot Revenue	??	??	??	??	??
Handymax/Supramax Unfixed Days	0	0	0	15	15
Handymax/Supramax Spot TCE	??	??	??	??	??
Handymax/Supramax Spot Revenue	??	??	??	??	??
Total Unfixed Days	568	2,424	2,760	3,155	8,907
Fleet Spot Revenue	??	??	??	??	0
Capesize Fixed Revenue	\$43,030,275	\$20,558,438	\$24,495,000	\$11,884,688	\$99,968,401
Panamax Fixed Revenue	\$126,323,030	\$38,186,293	\$34,094,809	\$8,764,581	\$207,368,713
Handymax/Supramax Fixed Revenue	\$7,621,433	\$4,668,300	\$4,617,008	\$3,744,900	\$20,651,641
Total Fixed Days	2,895	1,022	920	452	5,289
Total Fixed and Unfixed Days	3,463	3,446	3,680	3,607	14,196
Fleet Fixed Revenue	\$176,974,738	\$63,413,031	\$63,206,817	\$24,394,169	\$327,988,755
Total Revenue	??	??	??	??	??
Vessel OPEX (w/ Mng. Fees)	\$20,000,000	\$20,000,000	\$20,000,000	\$20,000,000	\$80,000,000
G&A	\$5,000,000	\$5,000,000	\$5,000,000	\$5,000,000	\$20,000,000
Total Costs	\$25,000,000	\$25,000,000	\$25,000,000	\$25,000,000	\$100,000,000
EBITDA	??	??	??	??	??

For 2008:

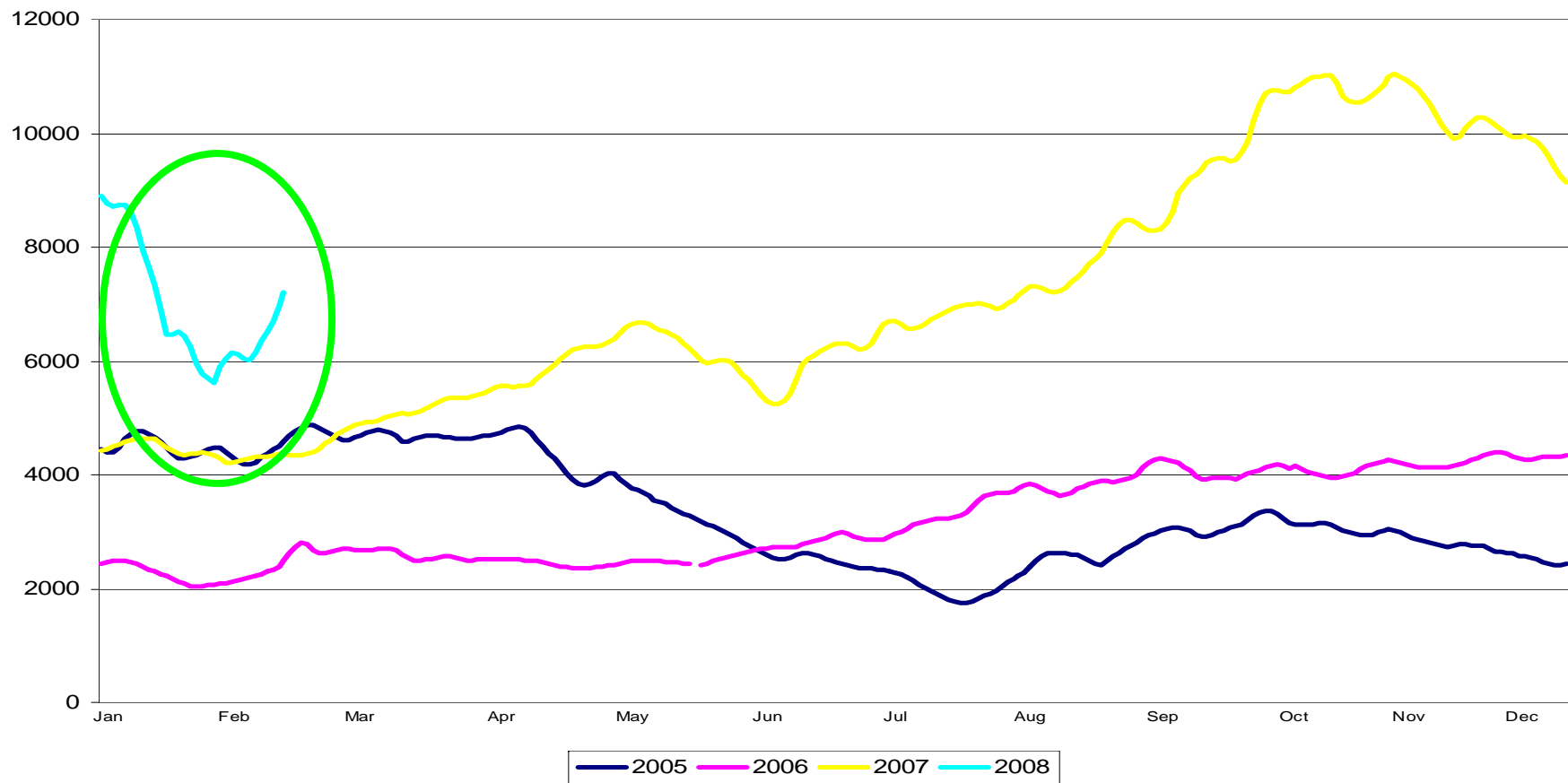
**63% of vessel
operating days
remain UNFIXED**

**17% increase in
vessel operating
days compared to
2007**



Baltic Dry Index

Baltic Dry Index (BDI)



Source: The Baltic Exchange

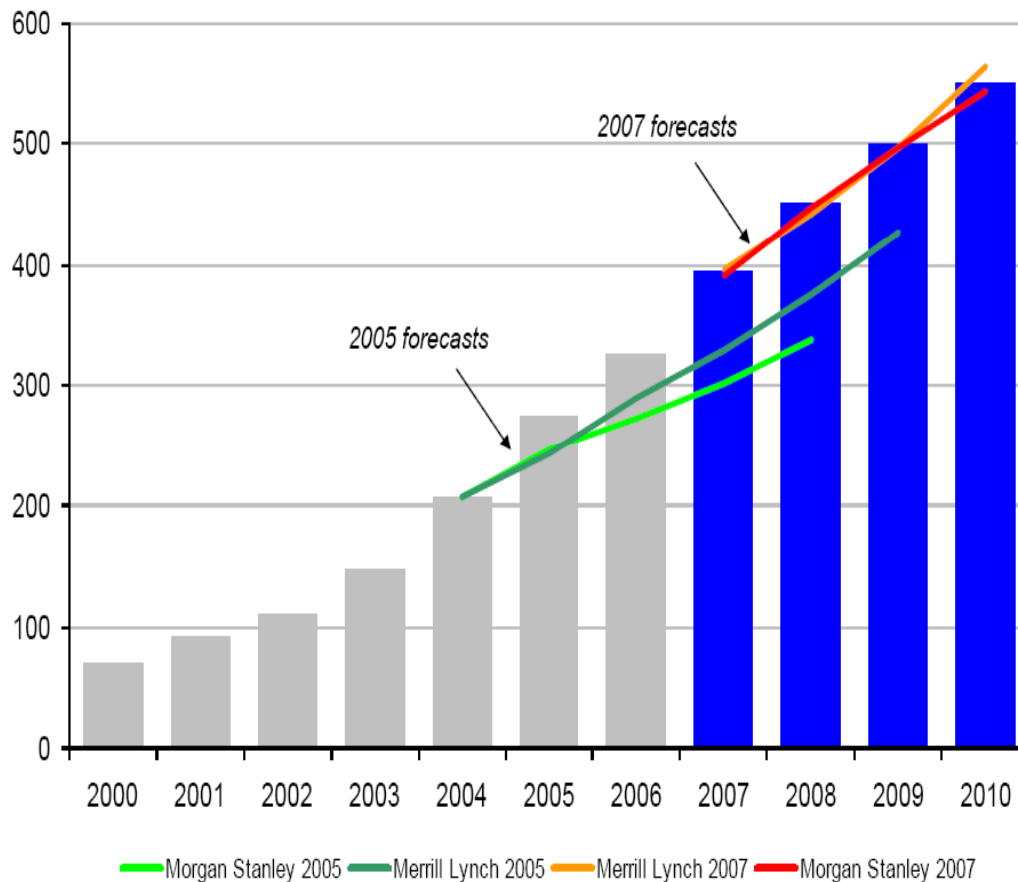


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Magnitude of Chinese Development

Chinese iron ore imports (mt)



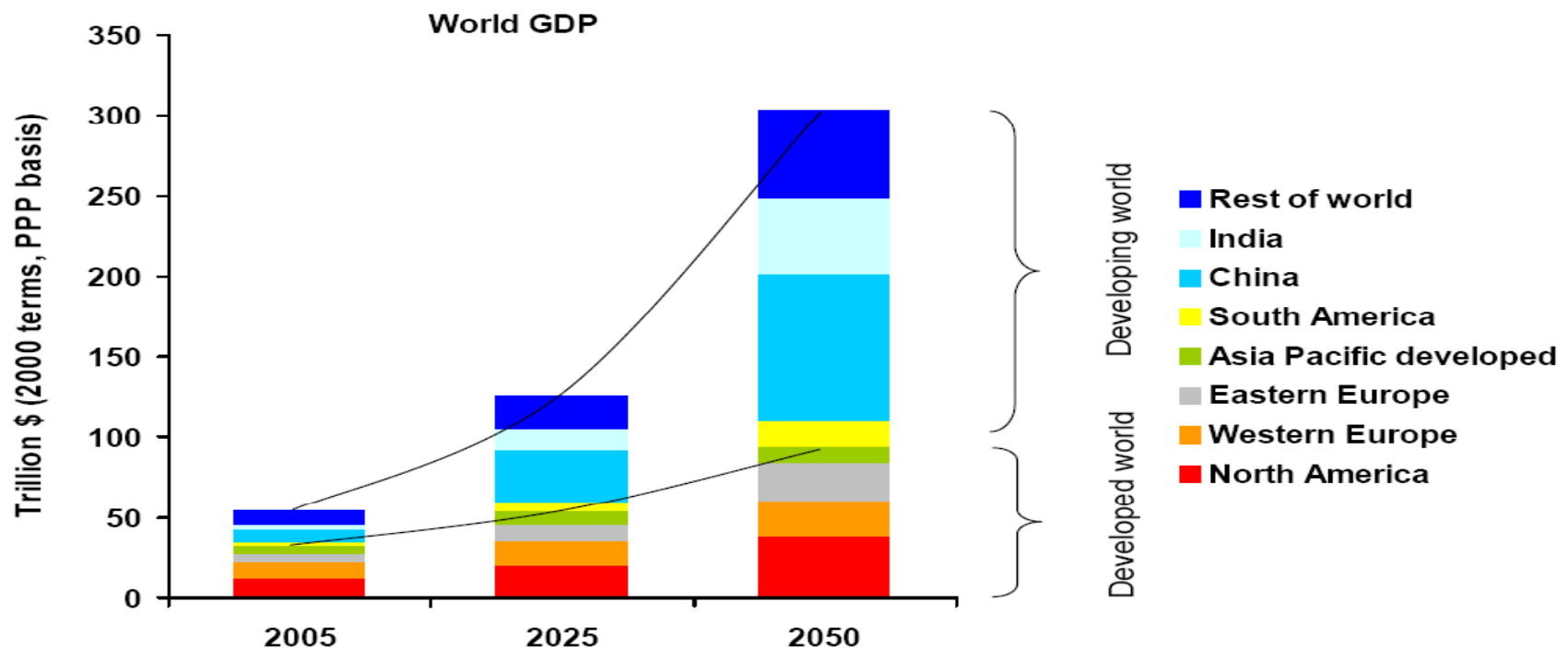
Drivers of Steel Consumption

	2006	Potential
Cities > 1.0m	117	147
Expressways	45,300 km	>100,000 km
Railways	77,100 km	>92,500 km
Subways	602 km	>2,300 km
Airports	142	42 new ; 138 expansions
Ports	3.4 bn tonnes capacity	>5.4 bn tonnes capacity
Oil Pipelines	24,136 km	45,000 km
Gas Pipelines	24,090 km	60,000 km
Power	623 GW	1,400 GW



Importance of Developing World

Developing world will take a bigger share of growing global economy, driving global expansion.

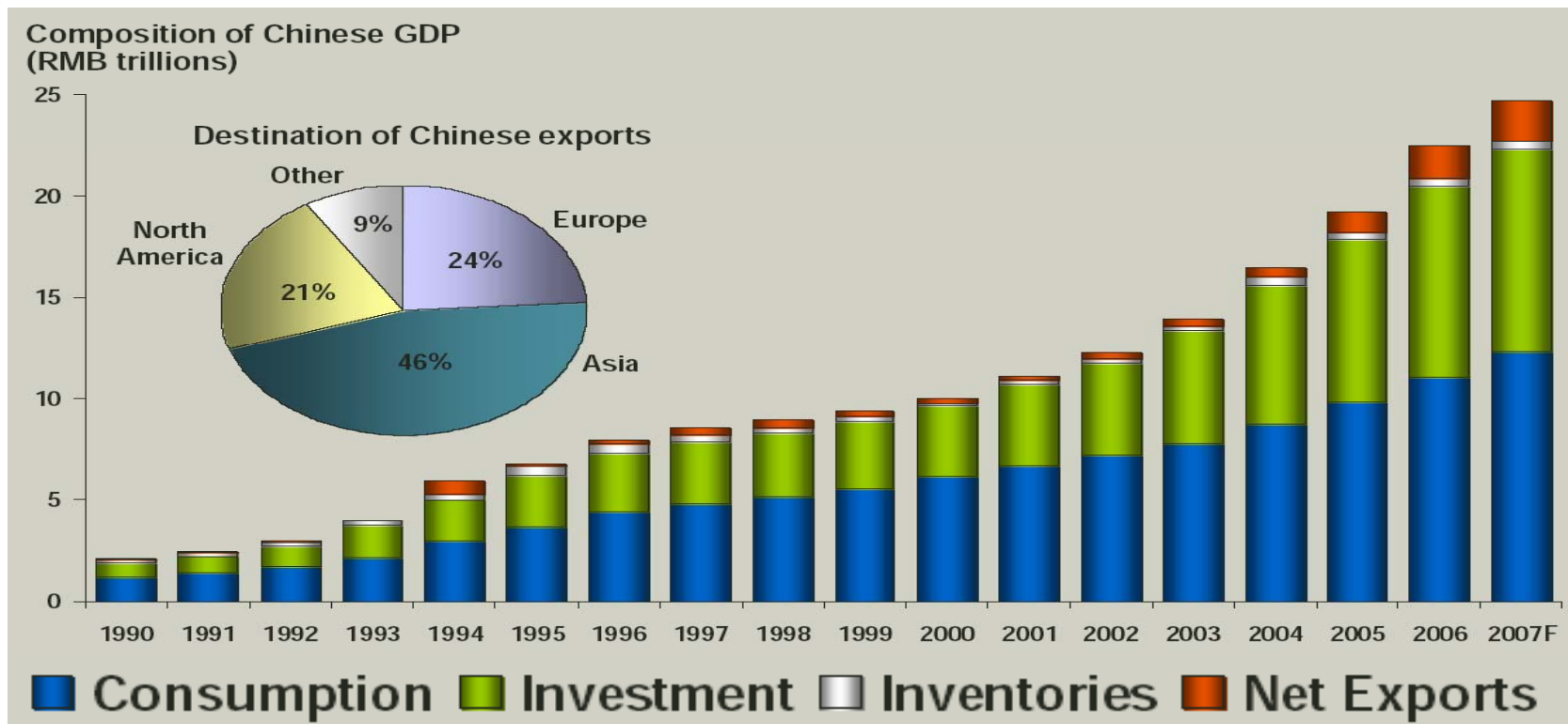


Source: World Bank for base 2005 data; Global Insight for growth estimates to 2025; Rio Tinto estimates for 2050 data



Chinese Economy De-Coupling

China's growth driven by domestic demand...Asian export markets more important than the U.S.



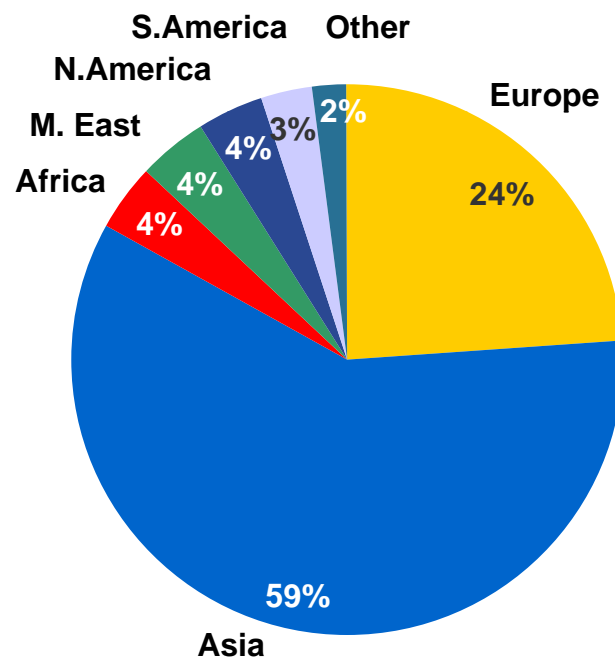
Source: Industry



No "Sub Prime" Exposure

Asia Accounts for 59% of Drybulk Imports

Regional Breakdown Imports



Source: Industry



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Seaborne Iron Ore Trade

Seaborne demand is not being fulfilled due to limited seaborne supply availability.



Source: Industry

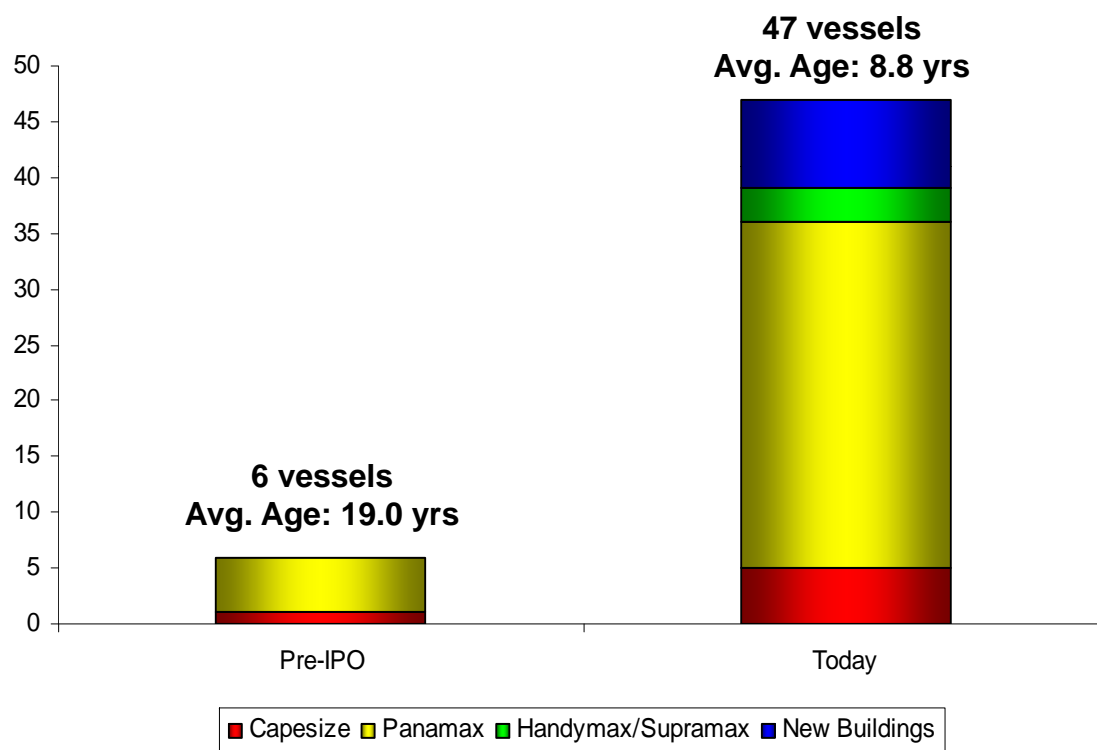


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Strong Track Record

Largest US listed Dry Bulk Shipping Company



Since inception:

131% ROE

53% ROCE



DryShips Inc.

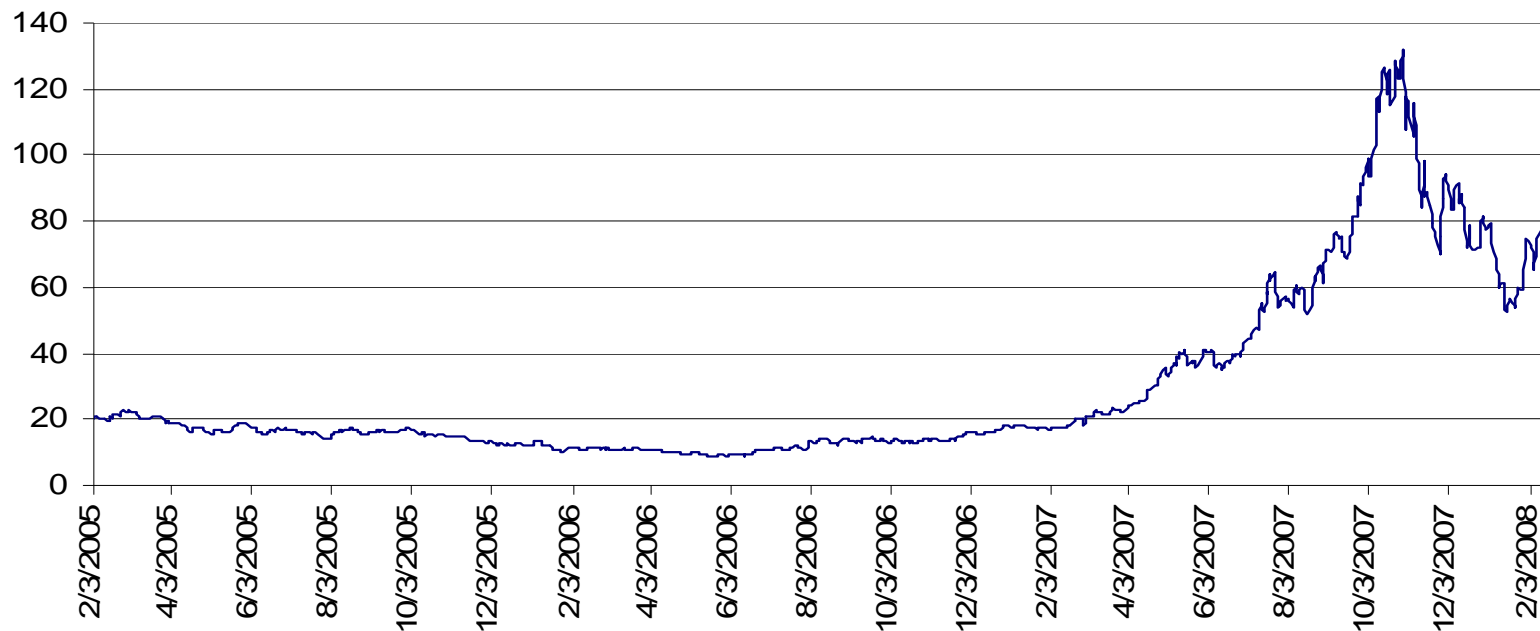
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Share Price Performance

DRYS shares are up 368% since the IPO
i.e. from \$18 to \$84.25 per share (close on 2/14/07)

NASDAQ: DRYS - Stock Performance since IPO



Peer Group Comparison

(Figures in millions except TCE in \$/d and ratios)	GNK	DRYS
TCE	24,650	45,417
EPS (2007)	4.1	13.32
Price	56.7	84.25
P/E (2007)	14.0x	6.3x

DryShips is clearly undervalued:

- ❖ In 2007, DRYS vessels earned a TCE that was about 50% higher than GNK's vessels
- ❖ In 2007, DRYS earned more than 4 times what GNK earned in 2007

Despite these factors it would appear that DRYS is trading at a P/E multiple almost 50% lower than that of GNK



Significant Upside Potential

FFA Forward Curve (\$ per day)	
Feb-Dec 08	
Capesize	128,750
Panamax	64,625
Handymax	54,750



*2008 EBITDA
estimate:
\$822 million*

DryShips Spot Fleet Earnings Assumptions (\$ per day)	
Feb-Dec 08	
Capesize	114,000
Panamax	60,000
Handymax	48,000

*Based on the assumptions above the 2008 EBITDA estimate for DryShips implies an **EV/EBITDA ratio of 5.34x***



APPENDICES



Appendix I – 4th Quarter and 12 months 2007 and 2006 Income Statements

		3 Months Ended December 31, 2007 Unaudited		3 Months Ended December 31, 2006 Unaudited		Year Ended December 31, 2007 Unaudited		Year Ended December 31, 2006 Unaudited
(Dollars in thousands, except for share and per share data)								
INCOME STATEMENT DATA								
Voyage revenues	\$	233,379	\$	79,107	\$	582,561	\$	248,431
Loss on forward freight agreements		-		-		-		22,473
Voyage expenses		9,868		5,122		31,647		15,965
Vessels operating expenses		17,113		14,399		61,409		47,889
Depreciation and amortization		22,881		17,856		79,304		61,605
Gain on sale of vessels		(31,451)		(8,583)		(134,963)		(8,583)
Management fees		2,522		1,943		9,579		6,609
General and administrative expenses		582		2,117		7,493		5,931
Operating Income		211,864		46,253		528,092		96,542
Gain from investments		449		-		449		-
Interest and finance costs, net		(11,271)		(9,998)		(46,158)		(40,701)
Other, net		(5,863)		(343)		(7,018)		890
Net Income	\$	195,179	\$	35,912	\$	475,365	\$	56,731
Basic and fully diluted earnings per share	\$	5.37	\$	1.02	\$	13.32	\$	1.75
Weighted average basic and diluted shares outstanding		36,323,586		35,330,283		35,700,182		32,348,194



Appendix II – December 31, 2007 and December 31, 2006 Balance Sheets

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

	2006	2007
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 2,537	\$ 111,068
Restricted cash	6,614	6,791
Trade accounts receivable	3,187	9,185
Insurance claims	671	4,807
Due from related parties	3,353	9,963
Inventories	2,571	3,912
Prepayments and advances	5,568	7,309
Fair value of above market acquired time charter	1,335	-
Financial instruments	39	-
Total current assets	25,875	153,035
FIXED ASSETS, NET:		
Advances for vessels under construction and acquisitions	27,380	118,652
Vessels, net	1,084,924	1,643,867
Total fixed assets, net	1,112,304	1,762,519
OTHER NON CURRENT ASSETS:		
Long term investments	-	406,473
Deferred charges, net	6,200	2,492
Restricted cash	20,000	20,000
Financial instruments	946	-
Other	2,848	3,153
Total non current assets, net	29,994	432,118
Total assets	\$ 1,168,173	\$ 2,347,672
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Current portion of long-term debt	\$ 71,412	\$ 194,999
Accounts payable	11,423	7,166
Due to related parties	25,086	-
Accrued liabilities	6,326	20,014
Deferred revenue	12,270	16,916
Financial instruments	2,625	-
Other current liabilities	202	209
Total current liabilities	129,344	239,304
NON CURRENT LIABILITIES		
Fair value of below market acquired time charter	-	32,509
Long term debt, net of current portion	587,330	1,048,779
Financial instruments	-	1,768
Other	607	343
Total non current liabilities	587,937	1,083,399
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY:		
Preferred stock, \$ 0.01 par value; 30,000,000 shares authorized, none issued	-	-
Common stock, \$0.01 par value; 75,000,000 shares authorized at December 31, 2006 and 2007; 35,490,097 and 36,681,097 shares issued and outstanding at December 31, 2006 and 2007, respectively	355	367
Additional paid-in capital	327,446	454,538
Retained earnings	123,091	570,064
Total stockholders' equity	450,892	1,024,969
Total liabilities and stockholders' equity	\$ 1,168,173	\$ 2,347,672



Appendix III - 4Q07 & 4Q06 Fleet Highlights

(Dollars in thousands, except

Average Daily Results - unaudited)

	3 Months Ended December 31, 2007	3 Months Ended December 31, 2006
Average number of vessels ⁽¹⁾	36.12	33.86
Total voyage days for fleet ⁽²⁾	3,307	3,024
Total calendar days for fleet ⁽³⁾	3,323	3,116
Fleet Utilization ⁽⁴⁾	99.5%	97.0%
Time charter equivalent ⁽⁵⁾	67,587	24,466
Capesize	102,629	33,370
Panamax	62,901	23,844
Handymax	49,662	18,975
Vessel operating expenses (daily) ⁽⁶⁾	5,150	4,622
Management fees (daily)	759	624
General and administrative expenses (daily) ⁽⁷⁾	175	679
Total vessel operating expenses (daily) ⁽⁸⁾	6,084	5,925

(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 owned by us for the relevant period net of off hire days associated with major repairs, drydockings or special or intermediate surveys.

(3) Calendar days are the total days the vessels were owned by us for the relevant period including off hire days associated with major repairs, drydockings or special or intermediate surveys.

(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.

(7) Daily general and administrative expense is calculated by dividing general and administrative expense by fleet calendar days for the relevant time period.

(8) Total vessel operating expenses, or TVOE, is a measurement of our total expenses associated with operating our vessels. TVOE is the sum of vessel operating expenses, management fees and general and administrative expenses. Daily TVOE is calculated by dividing TVOE by fleet calendar days for the relevant time period.



Appendix IV – 12M07 & 12M06 Fleet Highlights

(Dollars in thousands, except
Average Daily Results - unaudited)

	Year Ended December 31, 2007	Year Ended December 31, 2006
Average number of vessels ⁽¹⁾	33.67	29.76
Total voyage days for fleet ⁽²⁾	12,130	10,606
Total calendar days for fleet ⁽³⁾	12,288	10,859
Fleet Utilization ⁽⁴⁾	98.7%	97.7%
Time charter equivalent ⁽⁵⁾	45,417	21,918
Capesize	65,781	31,594
Panamax	42,890	20,984
Handymax	30,992	15,927
Vessel operating expenses (daily) ⁽⁶⁾	4,998	4,410
Management fees (daily)	779	609
General and administrative expenses (daily) ⁽⁷⁾	610	546
Total vessel operating expenses (daily) ⁽⁸⁾	6,387	5,565

(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 owned by us for the relevant period net of off hire days associated with major repairs, drydockings or special or intermediate surveys.

(3) Calendar days are the total days the vessels were owned by us for the relevant period including off hire days associated with major repairs, drydockings or special or intermediate surveys.

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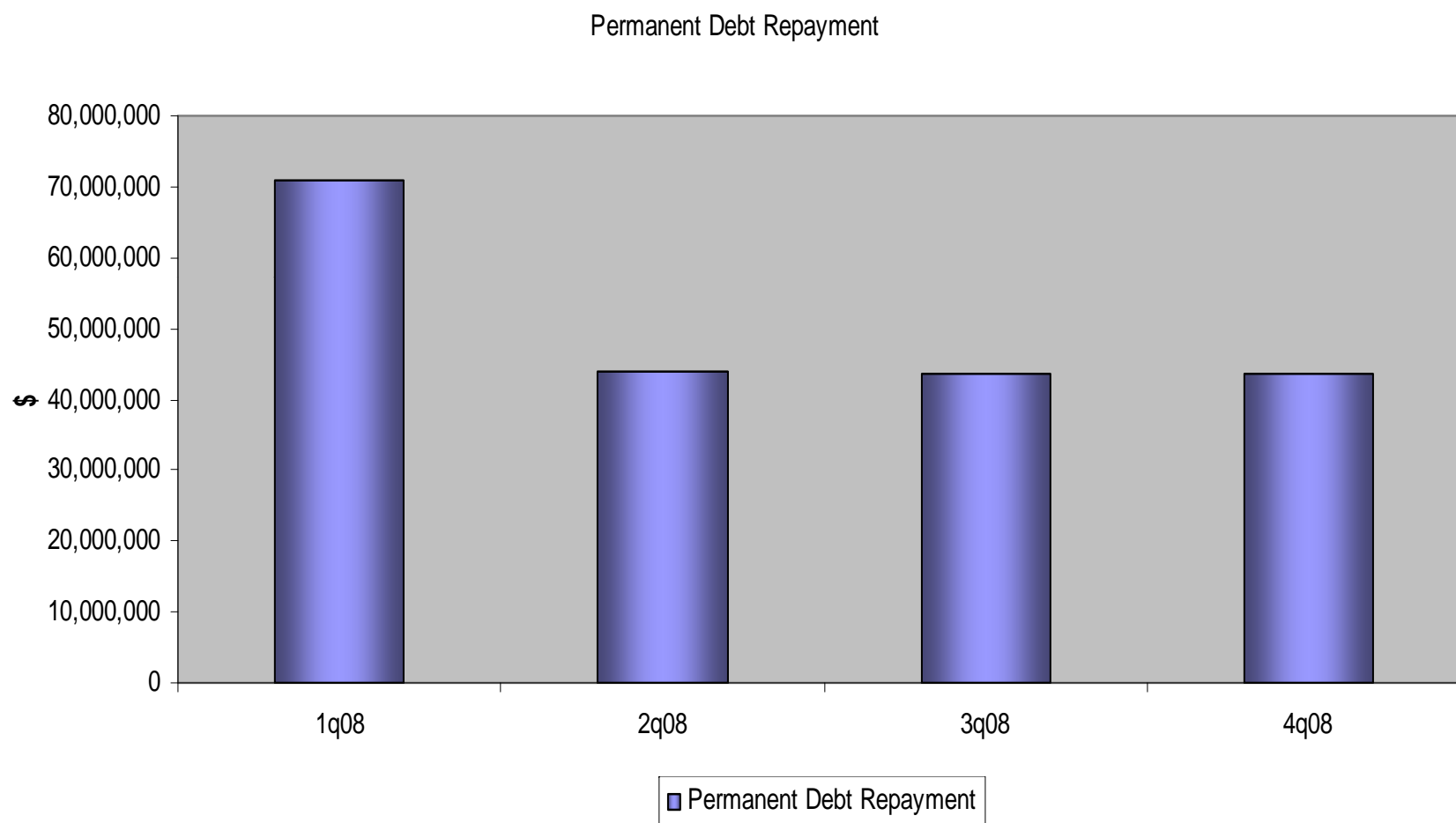
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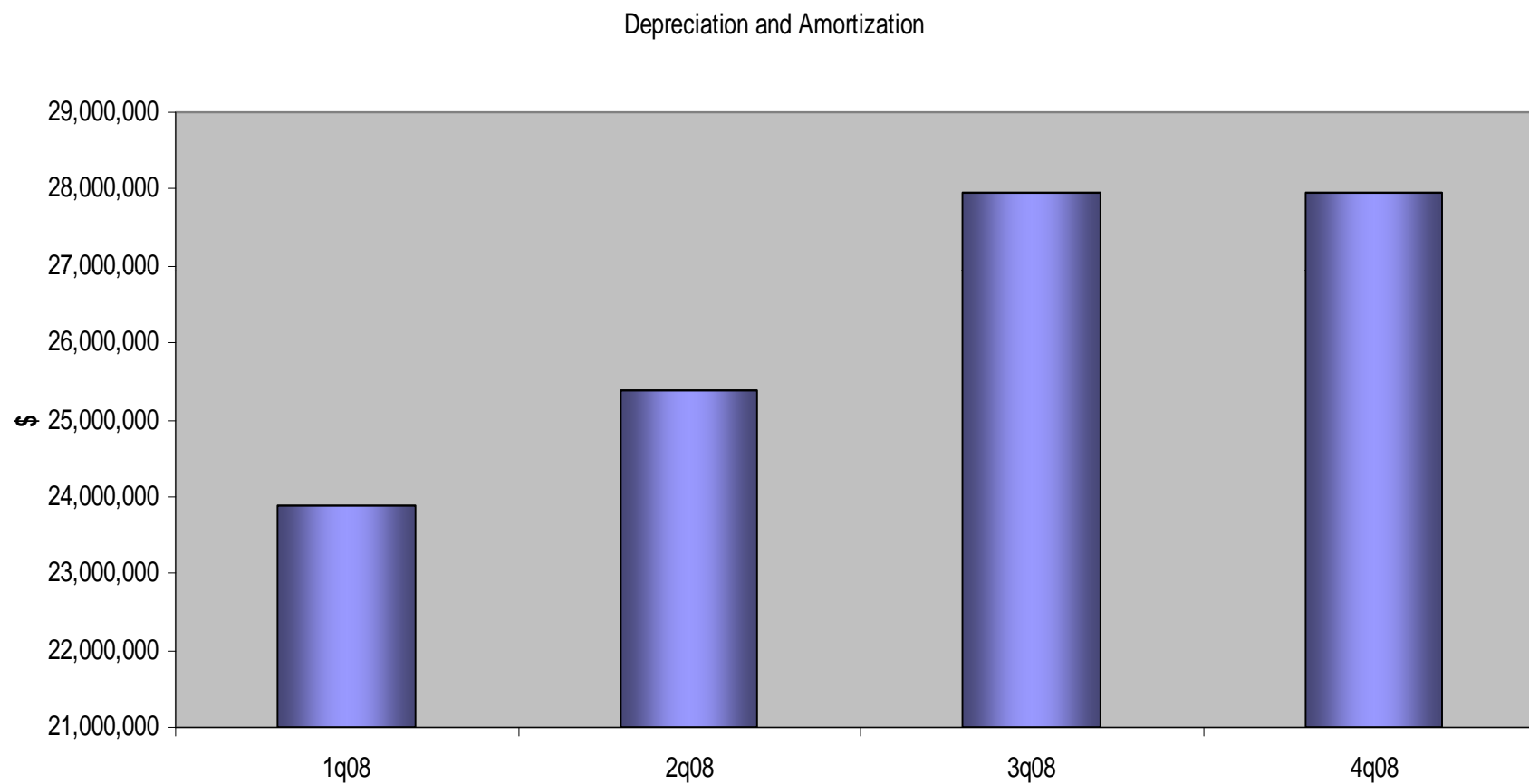
(8) Total vessel operating expenses, or TVOE, is a measurement of our total expenses associated with operating our vessels. TVOE is the sum of vessel operating expenses, management fees and general and administrative expenses. Daily TVOE is calculated by dividing TVOE by fleet calendar days for the relevant time period.



Appendix V – Debt Profile



Appendix VI – Depreciation and Amortization



Appendix VII - Fleet Profile as of February 14, 2007

	Year			Current	Gross Rate		Redelivery
	Built	DWT	Type	Employment	per Day	Earliest	Latest
Capesize:							
Manasota	2004	171,061	Capesize	Spot	\$77,000	Prompt	Prompt
Netadola	1993	149,475	Capesize	Spot	\$116,000	Prompt	Prompt
Alameda	2001	170,269	Capesize	TC	\$73,000	Prompt	Mar-08
Samsara	1996	150,393	Capesize	TC	\$139,000	Oct-08	Dec-08
Brisbane	1995	151,066	Capesize	TC	\$145,000	Oct-08	Dec-08
	10.0	792,264	5				
Panamax:							
Heinrich Oldendorff	2001	73,931	Panamax	BB	\$28,000	Apr-08	Jun-08
Padre	2004	73,601	Panamax	TC	\$81,000	Oct-08	Nov-08
Maganari	2001	75,941	Panamax	TC	\$18,400	Apr-08	Jul-08
Coronado	2000	75,706	Panamax	TC	\$81,750	Sep-08	Oct-08
Marbella	2000	72,561	Panamax	TC	\$82,500	Oct-08	Nov-08
Primera	1998	72,495	Panamax	TC	\$78,600	Sep-08	Oct-08
Iguana	1996	70,349	Panamax	TC	\$77,000	Oct-08	Nov-08
Sonoma	2001	74,786	Panamax	Baumarine	\$69,430		
Waikiki	1995	75,473	Panamax	Baumarine	\$68,437		
Toro	1995	73,034	Panamax	Baumarine	\$66,053		
Catalina	2005	74,432	Panamax	Spot	\$74,000	Prompt	Prompt
Majorca	2005	74,364	Panamax	Spot	\$52,000	Prompt	Prompt
Saldahna	2004	75,500	Panamax	Spot	\$40,000	Prompt	Prompt
Avoca	2004	76,500	Panamax	Spot	\$35,000	Prompt	Prompt
Ligari	2004	75,583	Panamax	Spot	\$47,500	Prompt	Prompt
Oregon	2002	74,204	Panamax	Spot	\$30,500	Prompt	Prompt
Mendocino	2002	76,623	Panamax	Spot	\$40,000	Prompt	Prompt
Bargara	2002	74,832	Panamax	Spot	\$54,000	Prompt	Prompt
Capitola	2001	74,832	Panamax	Spot	\$55,750	Prompt	Prompt
Samatan	2001	74,823	Panamax	Spot	\$57,000	Prompt	Prompt
Ecola	2001	73,931	Panamax	Spot	\$55,000	Prompt	Prompt
Redondo	2000	74,716	Panamax	Spot	\$55,000	Prompt	Prompt
Ocean Crystal	1999	73,688	Panamax	Spot	\$56,500	Prompt	Prompt
Xanadu	1999	72,270	Panamax	Spot	\$41,500	Prompt	Prompt
La Jolla	1997	72,126	Panamax	Spot	\$42,000	Prompt	Prompt
Menorca	1997	71,662	Panamax	Spot	\$54,000	Prompt	Prompt
Lanzarote	1996	73,008	Panamax	Spot	\$55,000	Prompt	Prompt
Solana	1995	75,100	Panamax	Spot	\$50,000	Prompt	Prompt
Paragon	1995	71,259	Panamax	Spot	\$68,000	Prompt	Prompt
Lacerta	1994	71,862	Panamax	Spot	\$54,000	Prompt	Prompt
Tonga	1984	66,798	Panamax	Spot	\$51,000	Prompt	Prompt
	8.6	2,285,990	31				
Handymax:							
Matira	1994	45,863	Handymax	Spot	\$29,700	Prompt	Prompt
	14.0	45,863	1				
Supramax							
Clipper Gemini	2003	51,201	Supramax	BB	\$27,000	Nov-08	Jan-09
VOC Galaxy	2002	51,201	Supramax	BB	\$27,000	Sep-08	Oct-08
	2.5	102,402	2				
Newbuildings:							
TBN	2007	170,000	Capesize				
TBN	2009	180,000	Capesize				
TBN	2009	180,000	Capesize				
TBN	2010	180,000	Capesize				
TBN	2010	82,000	Kamsrmax				
TBN	2010	82,000	Kamsrmax				
TBN	2009	75,000	Panamax				
TBN	2010	75,000	Panamax				
		1,024,000	8				
Total Fleet	8.8	4,250,519	47				

1. For spot vessels the TCE rate is for the current voyage

2. Prompt implies next 60 days

3. For vessels trading in the Baumarine pool the TCE rate is the Pool's estimate for earnings in the month of February

4. The quoted rates are not indications of future earnings and the Company gives no assurance or guarantee of future rates.



Contacts

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