

DryShips Inc.

Ultra Deep Water Drilling Strategy



NASDAQ: "DRYS"

April 24, 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.



Strategy and Vision

**OBJECTIVE: CREATE A CREDIBLE AND COMPETITIVE PURE PLAY
IN THE UDW DRILLING MARKET**

- ❖ **Capitalize on the shortage of premium ultra deep water (UDW) drilling assets**

- ❖ **Acquisition of Ocean Rig**
 - **Operational expertise**
 - **Contracted cash flow**

- ❖ **Agreement to construct two drillships**
 - **State of the art drillships**
 - **Delivery July/Sept. 2011**

- ❖ **DryShips UDW business unit (Value Proposition)**
 - **Four UDW drillships to be employed in strong market**
 - **Economies of scale**



Spin Off

❖ Spin Off to DryShips shareholders

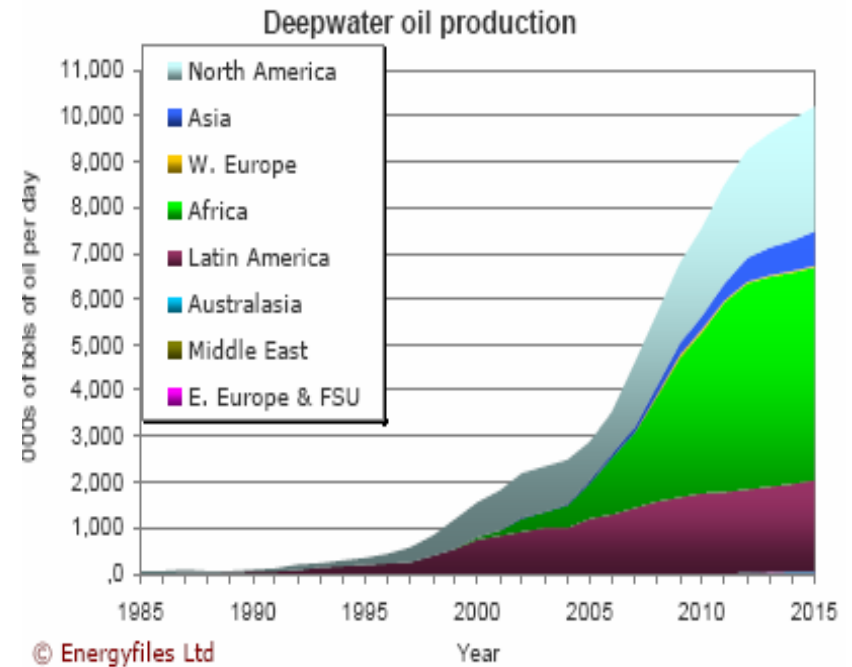
- Targeting to spin off within a year from now
- Shares of the subsidiary to be listed in the U.S.
- Possible acquisition/combination of two additional drillships from clients of Cardiff Marine Inc.
- Only listed pure UDW drilling company in the U.S.



Ultra Deep Water

“The Easy Oil Has Been Found”

- ❖ Fewer new/viable oil resources found in shallow waters
- ❖ Most potential lies offshore
- ❖ Future demand expected based on new discoveries like Tupi, Jupiter, Carioca etc.



Limited Availability

- ❖ A mere two rigs until end 2009
- ❖ Shortage will lead to postponed drilling programs
- ❖ 70% of the UDW fleet on order already contracted
- ❖ Newbuilding supply constrained by limited shipyard capacity

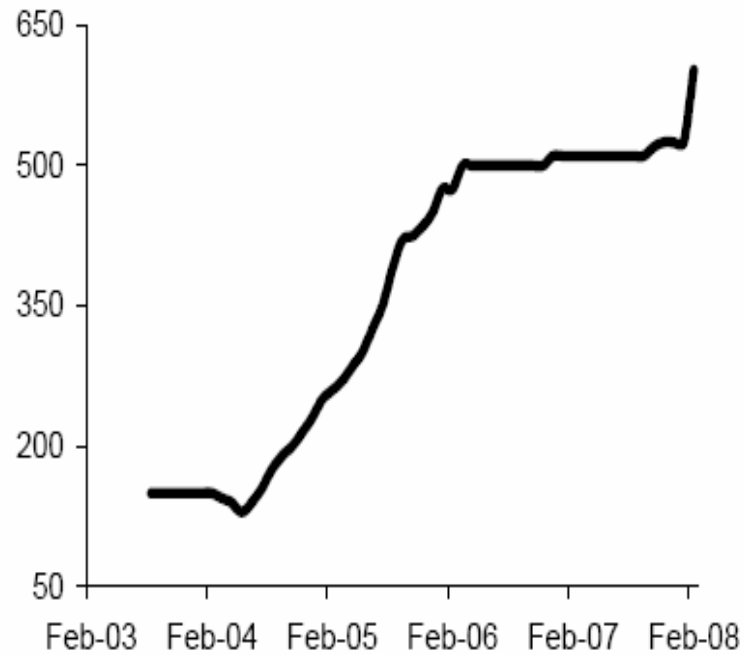


**Record
Day
Rates**



Day-rate Development

Dayrates KUSD ultra deepwater rigs > 7500 ft



- ❖ Significant (>4x) increase in day rates
- ❖ Very tight in the ultra-deepwater segment.
- ❖ UDW floaters are achieving day rates north of \$600,000 per day for term work of six years



Ocean Rig Snapshot

Ocean Rig located in Stavanger, Norway
In excess of 300 employees
Senior management team to remain fully incentivized

Financial Data

Offer Price: NOK 45, \$9 @ 5.0 NOK/\$

Equity Market Capitalization: \$1,533 million

Total Enterprise Value: \$2,170 million

EV/ 2009 EBITDA multiple: 7.9x

EV per Rig: \$1,085 million

Valuation Metrics

- ❖ All acquisition metrics are in line with comparable companies and recent M&A transactions
- ❖ Acquisition price is in line with upper end of trading range and equity analysts target prices



Assets and Contracts

- ❖ Operates two UDW 5th generation semisubmersible rigs, built in 2001 and 2002
- ❖ Leiv Eiriksson: Shell at \$477,000 – 512,000 per day through September, 2009; Leiv Eiriksson is one of very few ultra deep water rigs available in 2009 worldwide
- ❖ Eirik Raude: ExxonMobil at \$395,000 - \$445,000 per day through July, 2008; thereafter Tullow at average \$637,000 per day for 3 years plus two 1 year options

Contracts	H1'08	H2'08	H1'09	H2'09	H1'10	H2'10	H1'11	H2'11	H1'12	H2'12	H1'13	H2'13
Leiv Eiriksson	Shell - North Sea - 2 years											
Eirik Raude	Exxon	Tullow - Ghana - 3 years					Tullow - 1y option		Tullow - 1y option			



Mandatory Tender Offer

- ❖ Dryships stake in Ocean Rig at 55.6% as of this morning
 - ❖ 30.4% stake acquired in December 2007
 - ❖ 25.2 % stake acquired up to today at NOK 45 per share
- ❖ Mandatory tender offer for remaining stake at NOK 45 per share
- ❖ Acquisition price for the 69.6% approx. \$1.07 billion
- ❖ \$572 million in new debt
- ❖ Approximately \$500 million from cash on hand
- ❖ Debt facility with two year term



Estimated Timetable

- ❖ **Week of April 21** **Announcement of Tender Offer
File Offer Document with OSE**
- ❖ **Week of April 28** **OSE review of Offer Document
(Approval Process 1-2 weeks)**
- ❖ **Week of May 5** **Expect official launch of Tender Offer
(Offer period 4-6 weeks)**
- ❖ **Week of June 5** **Earliest expected closing date for Offer**
- ❖ **Week of June 16** **Latest expected closing date for Offer**
- ❖ **Settlement of share acquisition is expected within June 2008**



Accretion/Dilution Table

Even if it remains a subsidiary of DryShips, the OCR acquisition would be accretive to both earnings and cash flow

2009 Consensus Estimates

	<i>DryShips</i>		<i>Ocean Rig</i>	<i>Acquisition Adjustment⁽¹⁾</i>	<i>DryShips (pro-forma)</i>		<i>Accretion / (Dilution)</i>	
	<i>\$Mn</i>	<i>\$/share</i>	<i>\$Mn</i>	<i>\$Mn</i>	<i>\$Mn</i>	<i>\$/share</i>	<i>\$/share</i>	<i>%/share</i>
<i>EBITDA</i>	607.5	14.66	273.0	NA	880.5	21.27	6.61	45.1%
<i>Cash Flow</i>	486.1	11.73	224.7	19.0	710.8	17.17	5.44	46.4%
<i>Net Income</i>	429.0	10.35	162.6	70.2	591.6	14.29	3.94	38.0%

(1) The acquisition adjustments represent additional depreciation expense due to the writeup of OCR's assets, and furthermore, additional interest expense as a result of the acquisition being financed from cash on hand and the incurrence of a new debt facility.



Preliminary Draft Estimates for Spun-Off Entity

6 rig UDW listed entity including the two Cardiff Marine drillships

<i>Year</i>	<i>2008</i>	<i>2009</i>	<i>2010</i>	<i>2011</i>	<i>2012</i>
<i>NB Capex</i>	875	263	1,002	930	0
<i>Net Debt</i> ⁽¹⁾	1,314	1,385	2,167	2,636	1,967
<i>EBITDA</i> ⁽²⁾	212	277	294	591	852
<i>EBITDA Growth Rate</i>	NA	30.3%	6.4%	100.9%	44.1%

❖ 2012 EV/EBITDA public company peer group multiples of 5.3



Comparing Alternative Investments

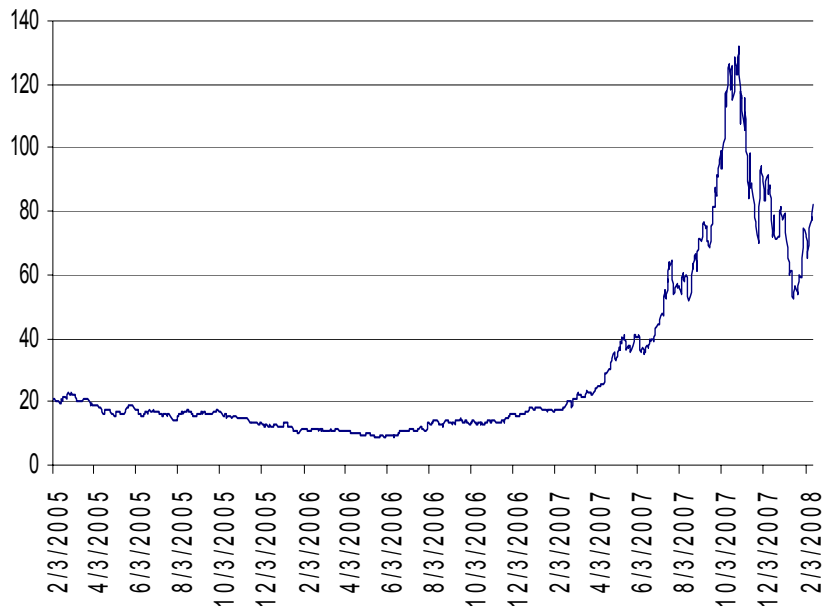
	Panamax	UDW Rig
Vessel Value	\$95 Mn	\$1.0 Bn
5-Yr Charter Dayrates	\$40,000	\$625,000
OPEX per Day	\$6,000	\$150,000
Utilization Rate	99%	95%
EBITDA (\$Mn)	\$12	\$162
EBIT (\$Mn)	\$9	\$130
EV/EBITDA	7.7x	6.2x
ROIC	10%	13%



Share Price Performance

Continuing to pursue growth opportunities

NASDAQ: DRYS - Stock Performance since IPO



- ❖ Strong track record
- ❖ Developed DRYS into the largest drybulk company
- ❖ Unique opportunity to create shareholder value



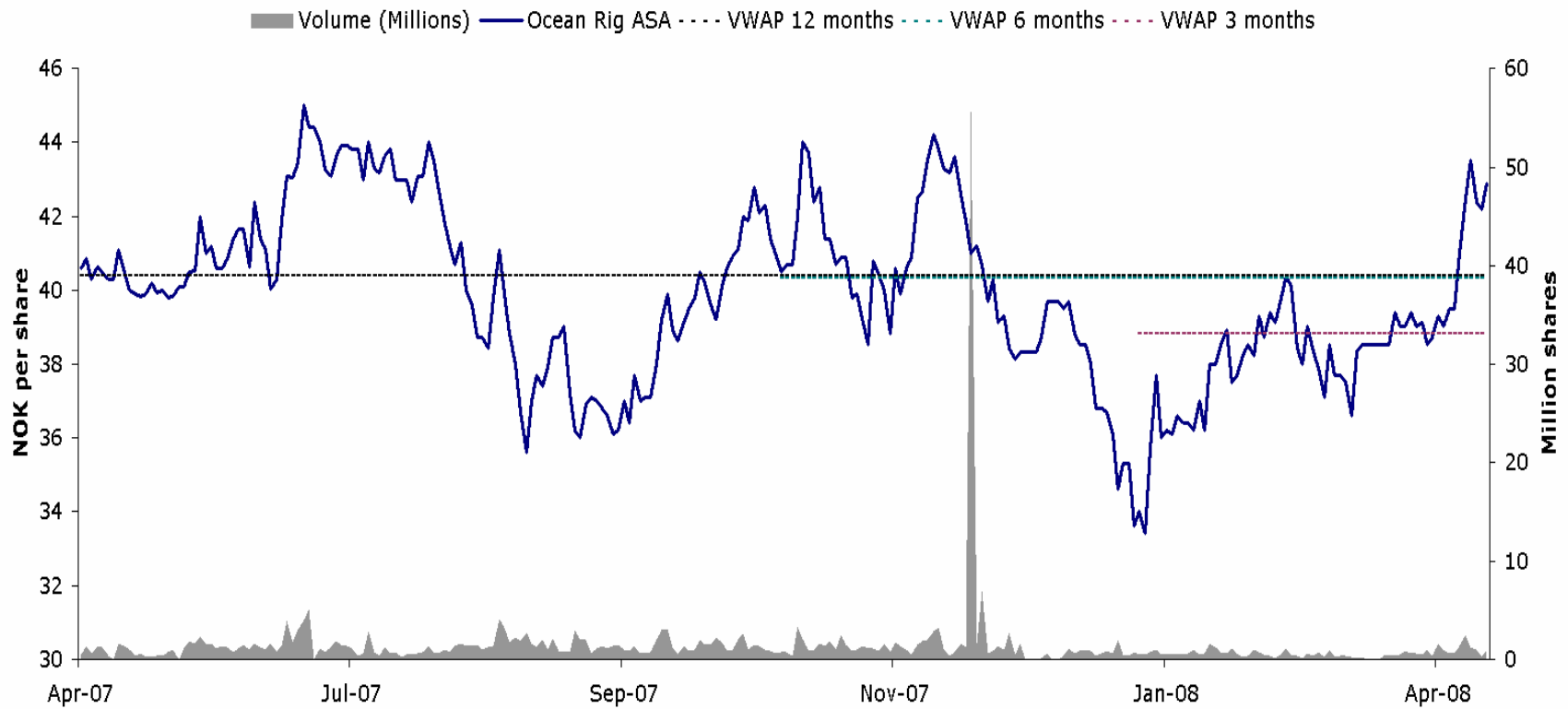


APPENDICES



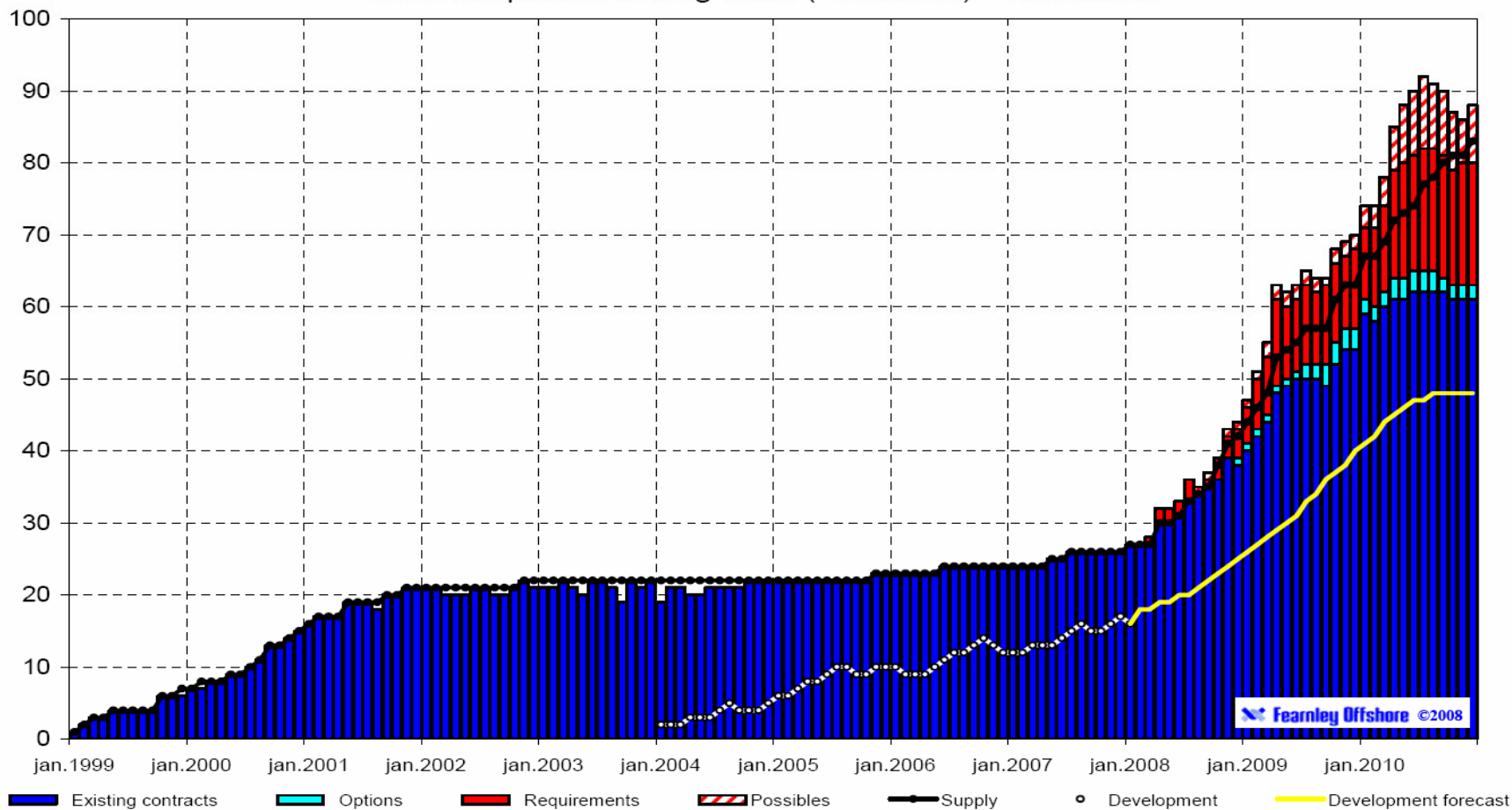
Share Price Development and Traded Volume

Share price development in NOK vs traded volume



Ultra Deep Water Supply and Demand

Contract Status & Expected Demand 1999-2010:
Ultra Deepwater Drilling Units (>7500feet) - Worldwide



Contacts

Visit our website at www.dryships.com

Investor Relations / Media:

Nicolas Bornozis

Capital Link, Inc. (New York)

Tel. 212-661-7566

E-mail: nbornozis@capitallink.com

