

DryShips Inc.



Jefferies 3rd Annual Shipping Conference



NASDAQ: "DRYS"

September 27, 2006

Disclaimer

Forward-Looking Statements

This presentation contains forward-looking statements within the meaning of applicable federal securities laws. Such statements are based upon current expectations that involve risks and uncertainties. Any statements contained herein that are not statements of historical fact may be deemed to be forward-looking statements. For example, words such as "may," "will," "should," "estimates," "predicts," "potential," "continue," "strategy," "believes," "anticipates," "plans," "expects," "intends" and similar expressions are intended to identify forward-looking statements. Actual results and the timing of certain events may differ significantly from the results discussed or implied in the forward-looking statements. Among the factors that might cause or contribute to such a discrepancy include, but are not limited to, the risk factors described in the Company's Registration Statement filed with the Securities and Exchange Commission, particularly those describing variations on charter rates and their effect on the Company's revenues, net income and profitability as well as the value of the Company's fleet.



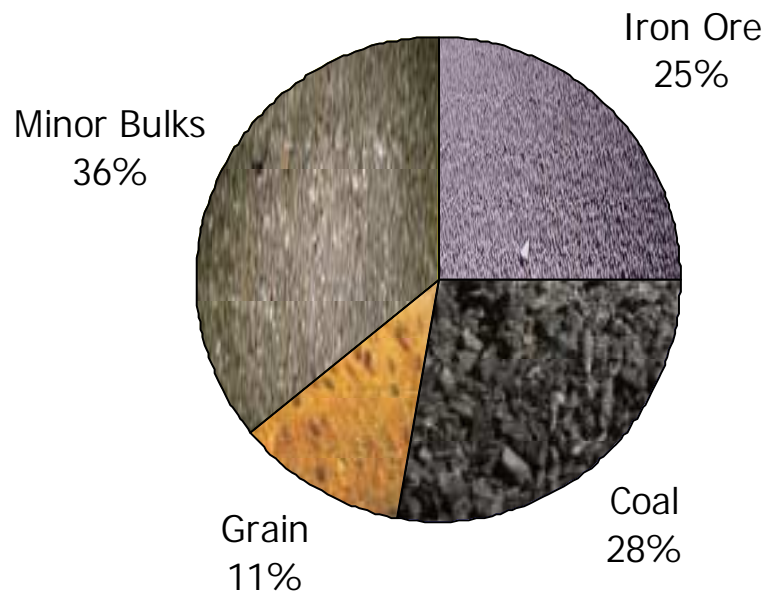
INDUSTRY OVERVIEW



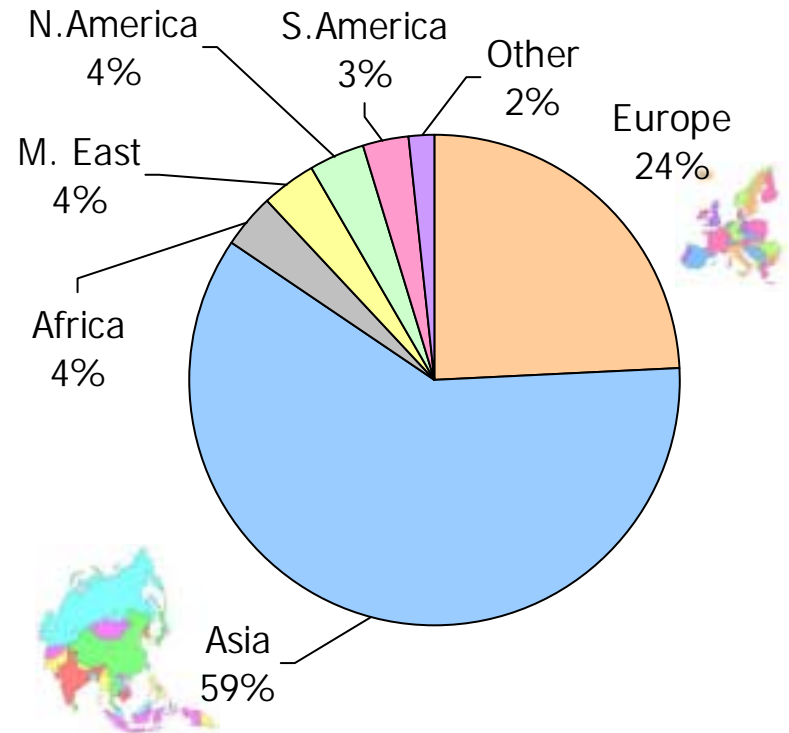
Seaborne Drybulk Trade

- Major bulks account for 64% of drybulk trade
- Asia accounts for 59% of drybulk imports

Commodity Breakdown Trade

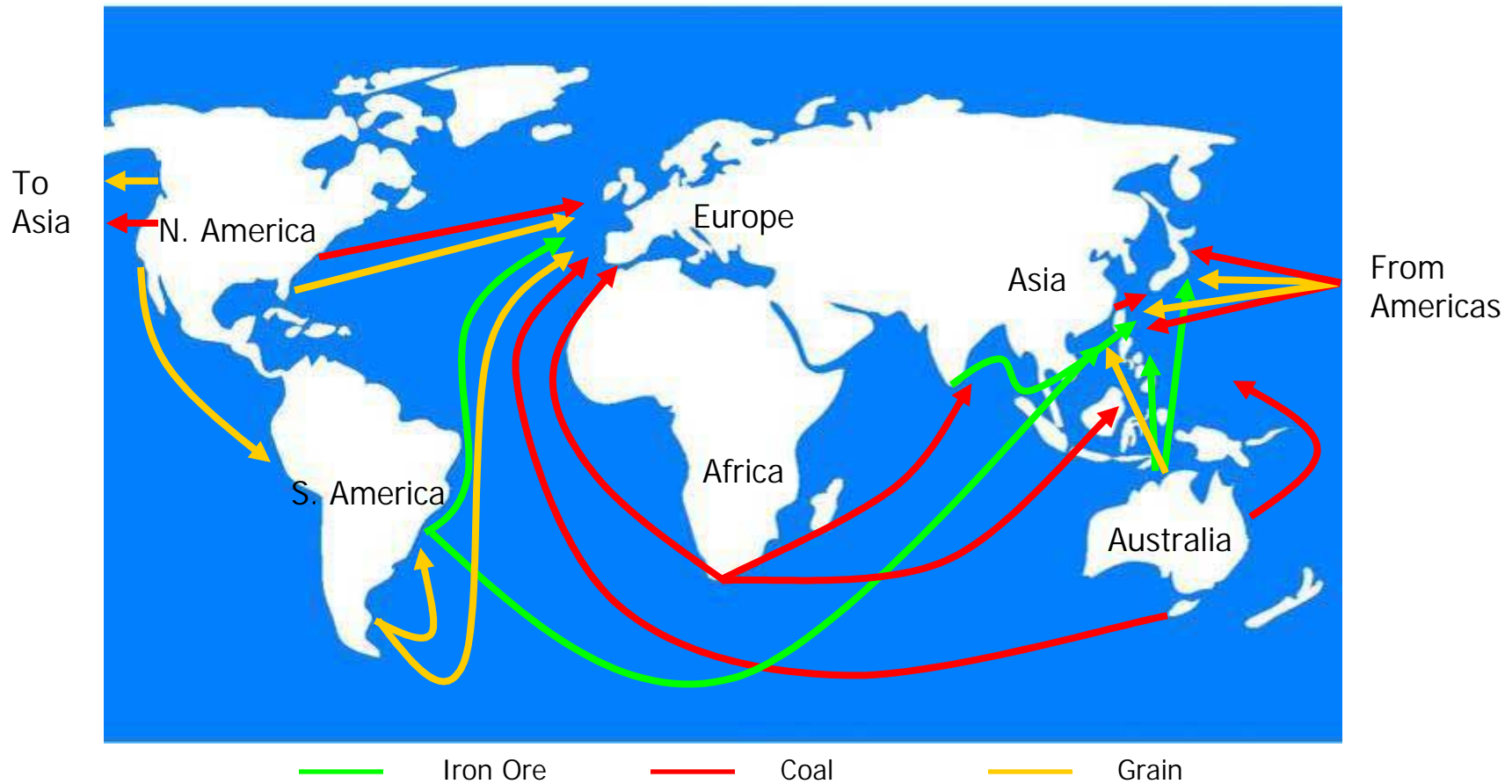


Regional Breakdown Imports



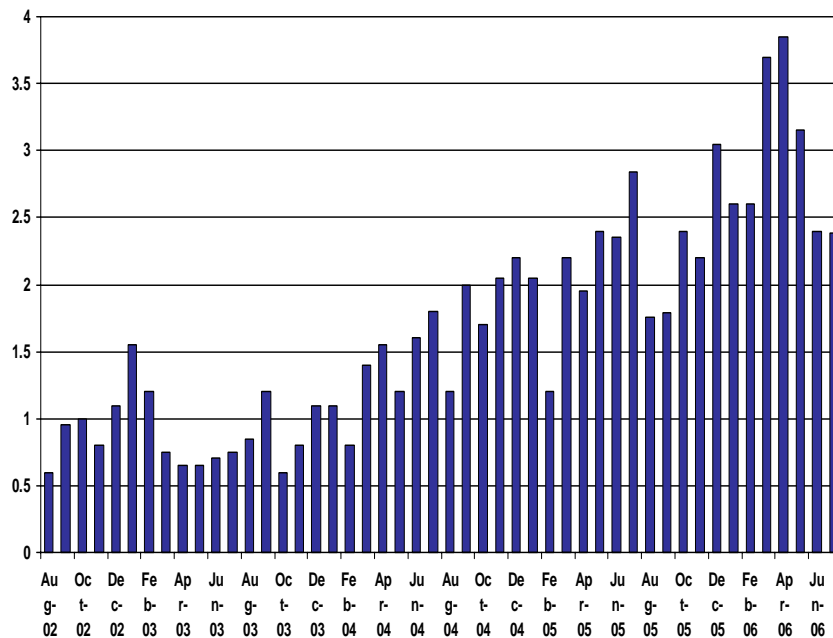
Trading Routes

- Long voyages result in higher ton miles



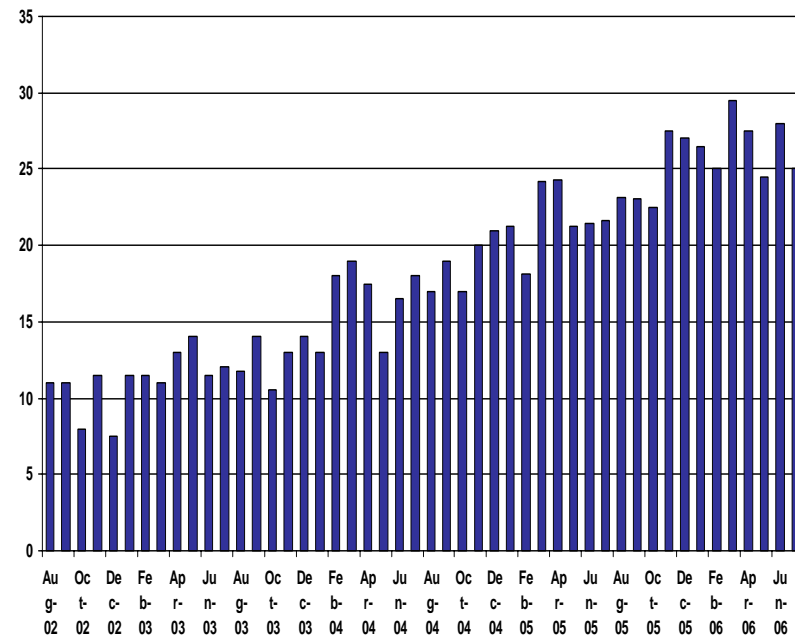
Sustained Chinese Demand

Chinese Coal Imports



➤ Coal imports of 9.4m tons for 2Q06 up 40.3% from 6.7m tons for 2Q05!

Chinese Iron Ore Imports

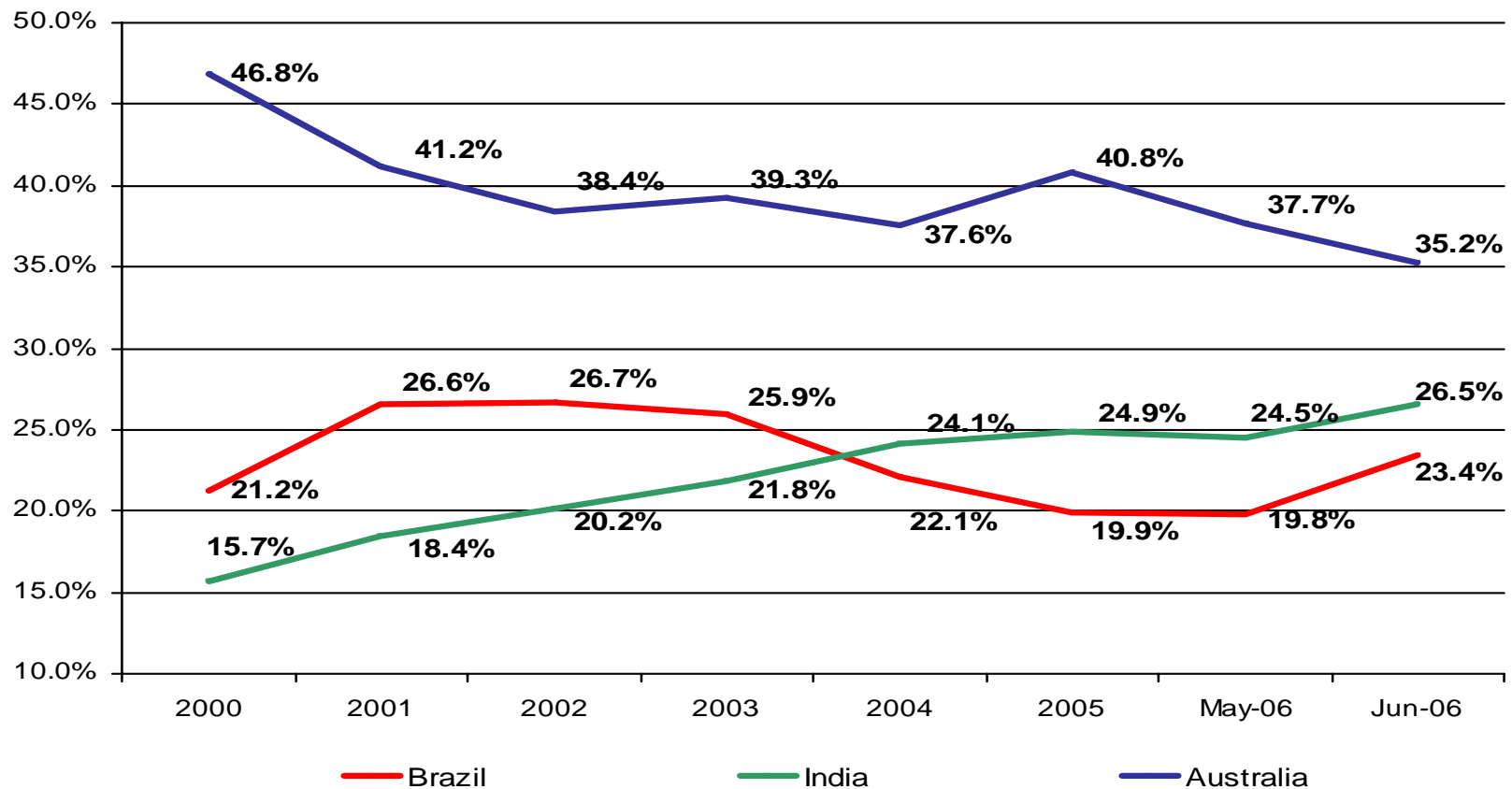


➤ Iron ore imports of 80.0m tons for 2Q06 up 19.6% from 66.9m tons for 2Q05!



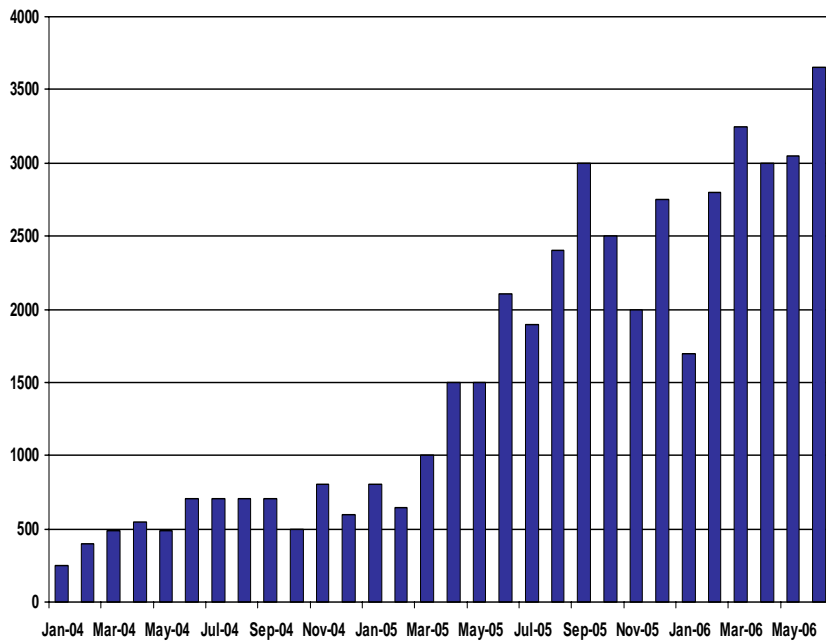
Increased Ton Miles

- Brazil's share of iron ore supply to China increasing which means increased ton miles



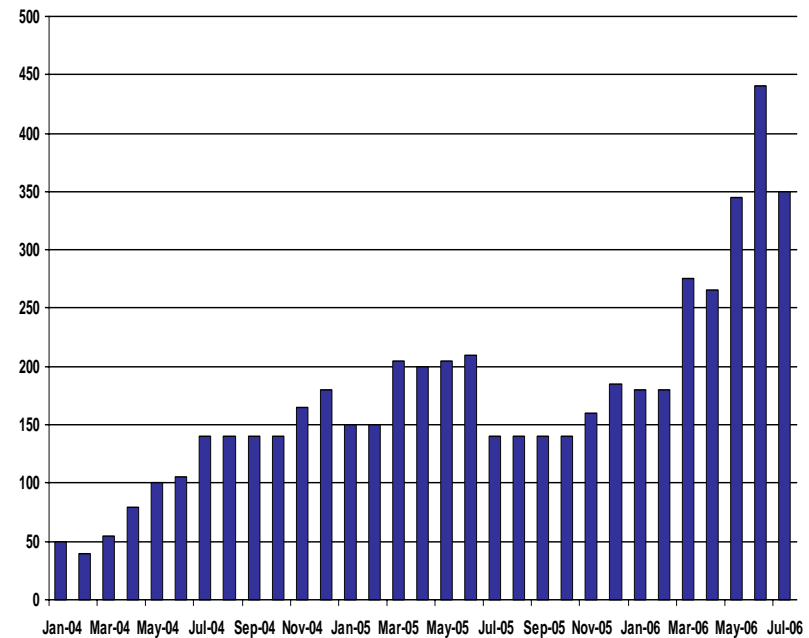
Increased Chinese Exports

Chinese Cement Exports



➤ Cement exports have risen 126% year-to-date!

Chinese Steel Product Exports



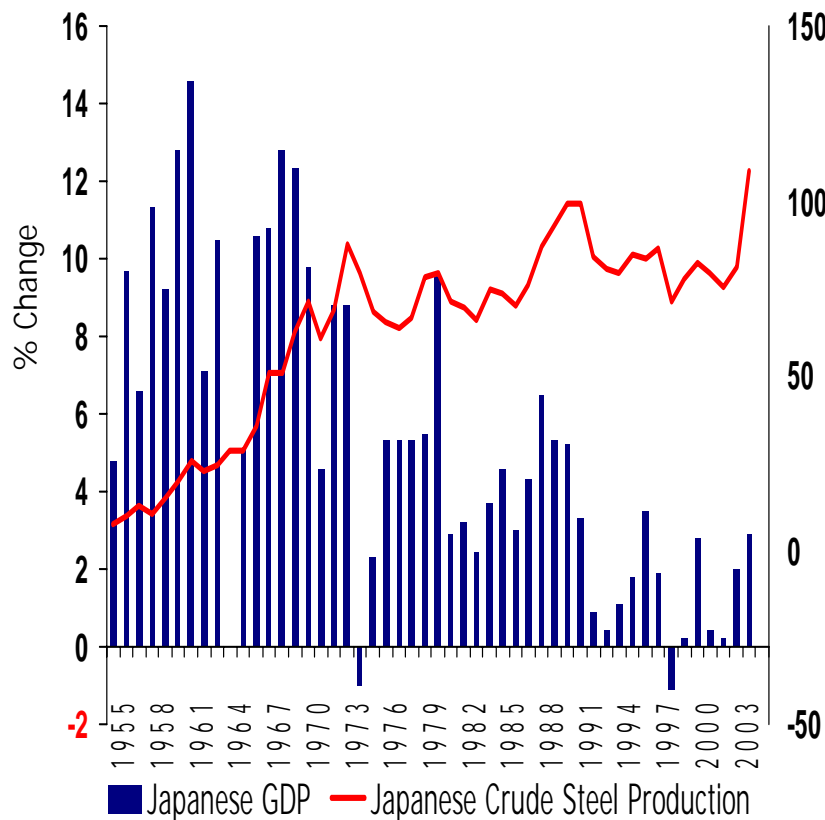
➤ Steel product exports have risen 58% year-to-date



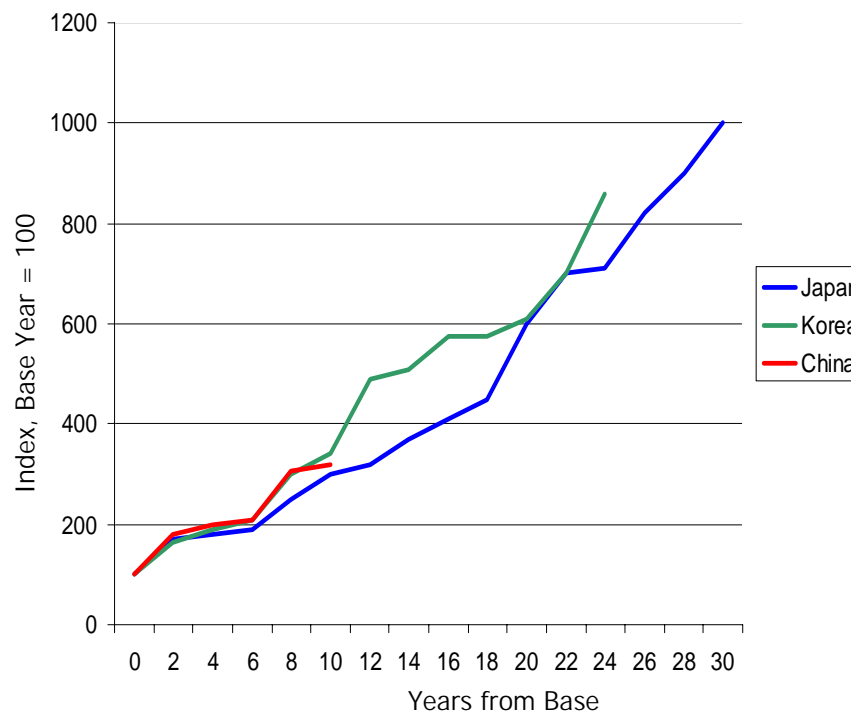
Is China a Bubble? Absolutely Not!

➤ “Soft” or “Hard” landing? “No” landing at all

Japanese Steel Production vs. GDP



Industrial Production



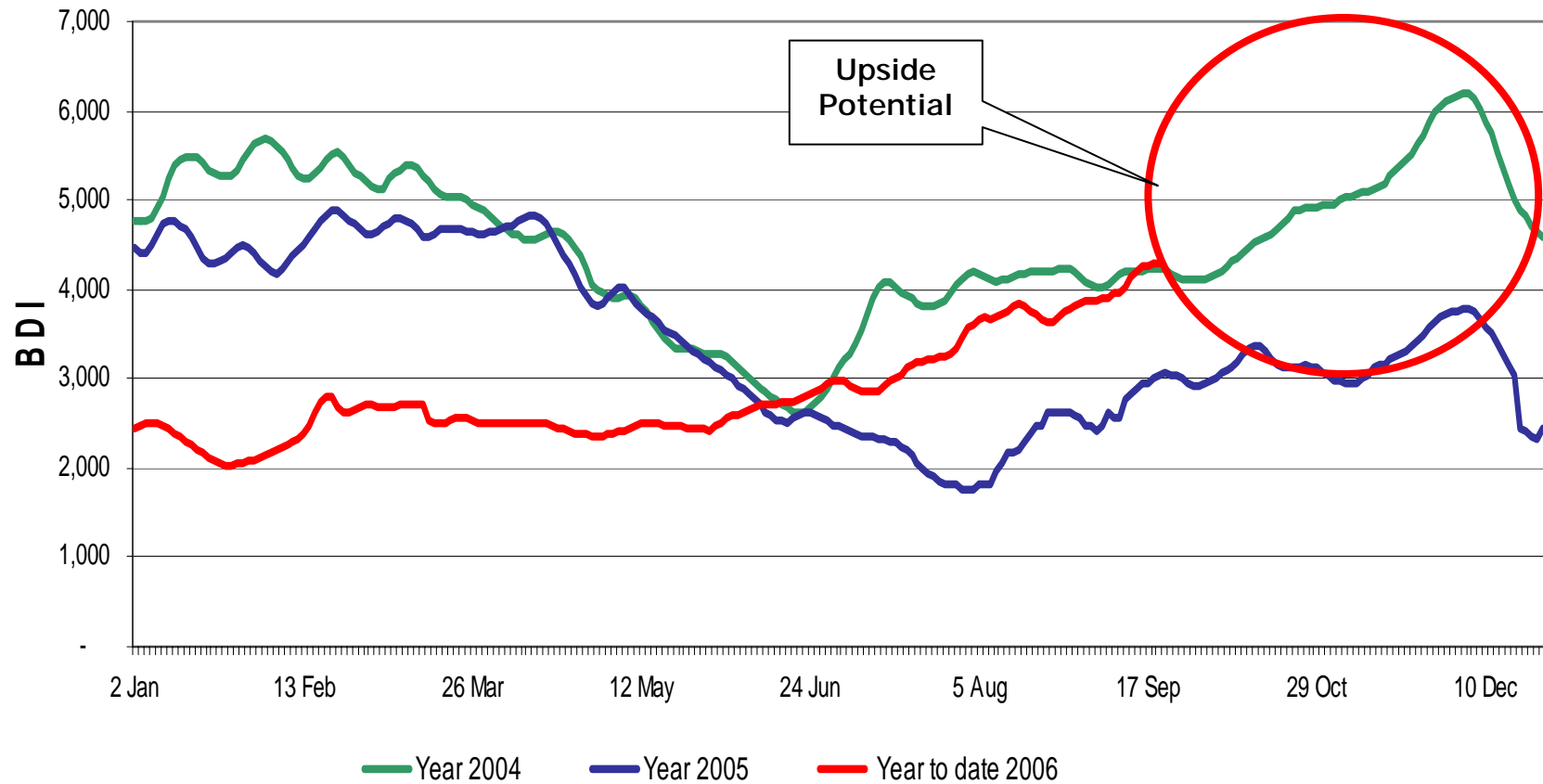
Japan Base Year = 1959
 Korea Base Year = 1980
 China Base Year = 1995

Source: Clarksons Research Studies and International Monetary Fund



Baltic Dry Index

Baltic Dry Index – 2004, 2005 and 2006 year to date



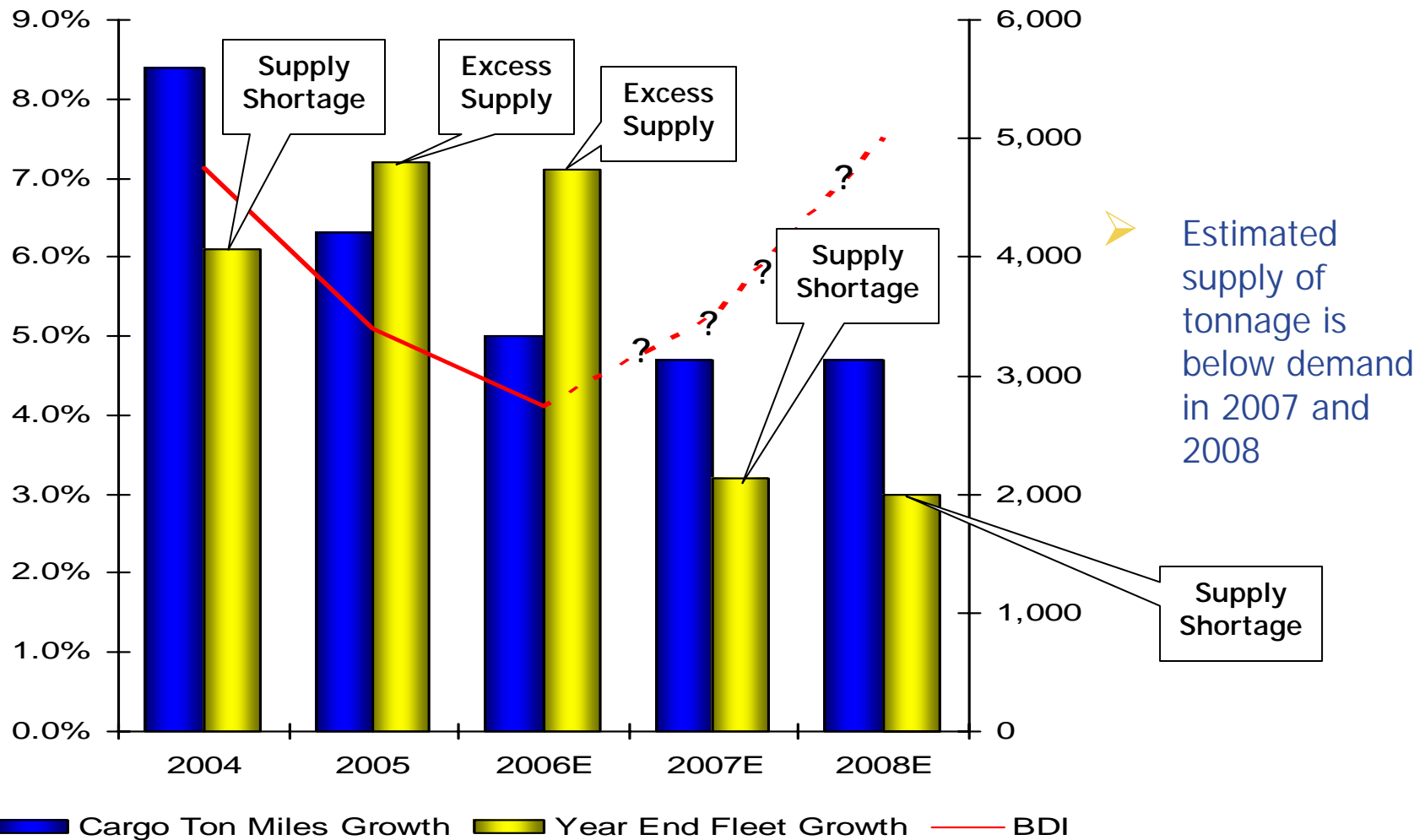
Source: The Baltic Exchange



DryShips Inc.



Positive Fundamental Outlook





COMPANY OVERVIEW



Business Profile and Strategy - I

“Best Placed to Capitalize on Fundamental Industry Change”

➤ Modern and Diversified Fleet

- | | |
|----------------------|-----------------------------|
| 34 vessels | - 4 Capesize bulkcarriers |
| | - 27 Panamax bulkcarriers |
| | - 3 handysize bulkcarriers |
| Average age 10 years | - Industry average 15 years |
| Total deadweight | - 2.7 million tons |

➤ Sector Leadership

- Largest US listed drybulk shipowning company in terms of fleet size and revenue
- 2nd largest owner of panamax drybulk vessels in the world
- Strategic objective of industry consolidator through accretive acquisitions



Business Profile and Strategy - II

“Best Placed to Capitalize on Fundamental Industry Change”

➤ Diversified Chartering Strategy

- Unique combination of spot, period and pool employment only possible because of large fleet
- Aim to maximize revenues and profitability

➤ Financial Return Focus

- Past 12 months trailing ROCE = 12.5%
- past 12 months trailing ROE = 23.7%

➤ Regular Dividends

- Quarterly dividend of \$0.20 per share
- paid 5 consecutive dividends since IPO



Financial Highlights

Figures in US\$thousands except for per share data

	3 Months Ended June 30, 2006	6 Months Ended June 30, 2006
Net Revenue	54,548	109,357
Operating Income	23,373	47,472
Net Income	12,057	30,169
EPS*	0.53	1.12
EBITDA	37,761	75,747
Current Assets		54,994
Vessels, net		905,792
Total Assets		988,321
Current Liabilities (inc. current portion LT debt)		125,725
Long Term Debt (exc. Current portion LT debt)		508,333
Total Shareholders' Equity		353,648
Trailing 12 Months ROCE		12.49%
Trailing 12 Months ROE		23.71%

* EPS figures are before non recurring expenses of \$0.13 per share



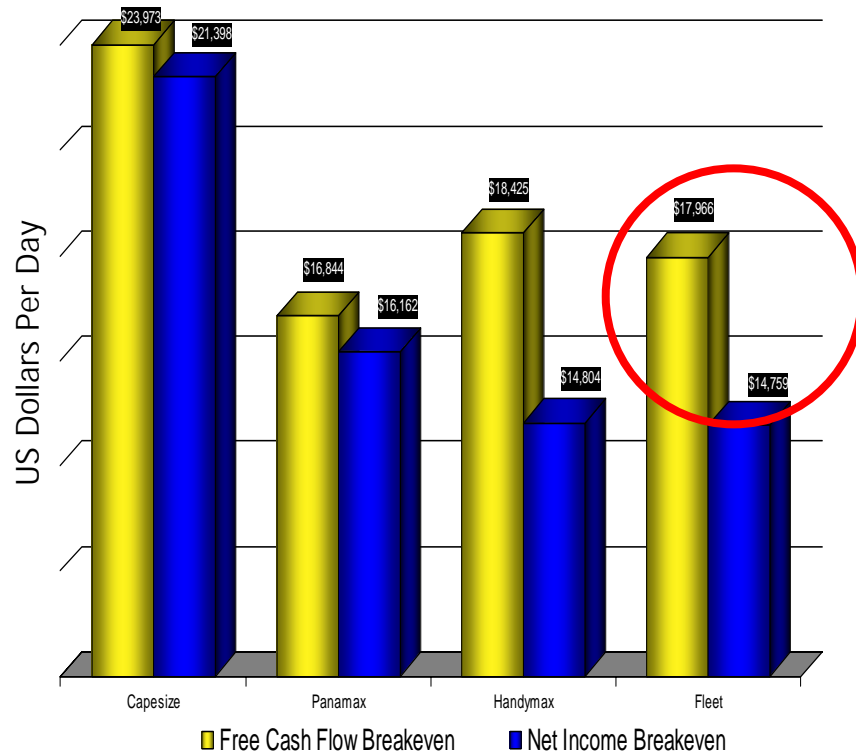
1Q06 & 1H06 Fleet Operating Highlights

	3 Months Ended June 30, 2006	6 Months Ended June 30, 2006
Average number of vessels	28.3	27.7
Total voyage days for fleet	2,501	4,882
Total calendar days for fleet	2,575	5,005
Fleet utilization	97.1%	97.5%
Fleet average daily time charter equivalent	20,603	20,955
Capesize	29,823	31,829
Panamax	19,897	19,799
Handymax	16,805	16,083
Fleet average vessel operating expenses	4,311	4,314
Management fees	586	590
General and administrative expenses	402	400
Average Daily total vessel operating expenses (TVOE)	5,299	5,304

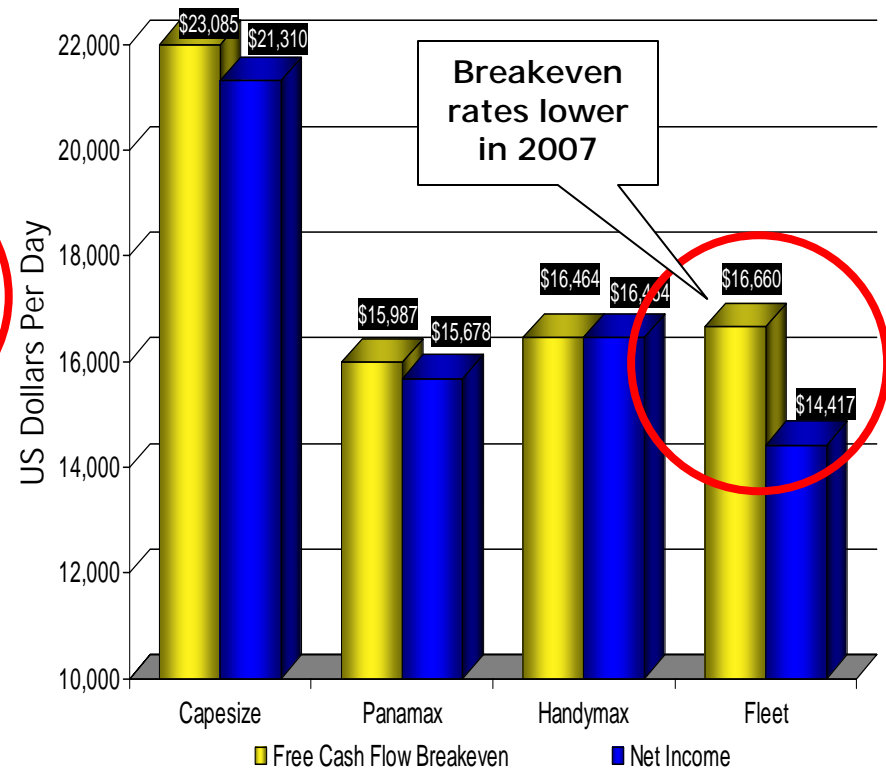


Low Breakeven

Fleet Wide Breakeven Daily Rates
(Jul.-Dec. 2006)



Fleet Wide Breakeven Daily Rates
(2007)

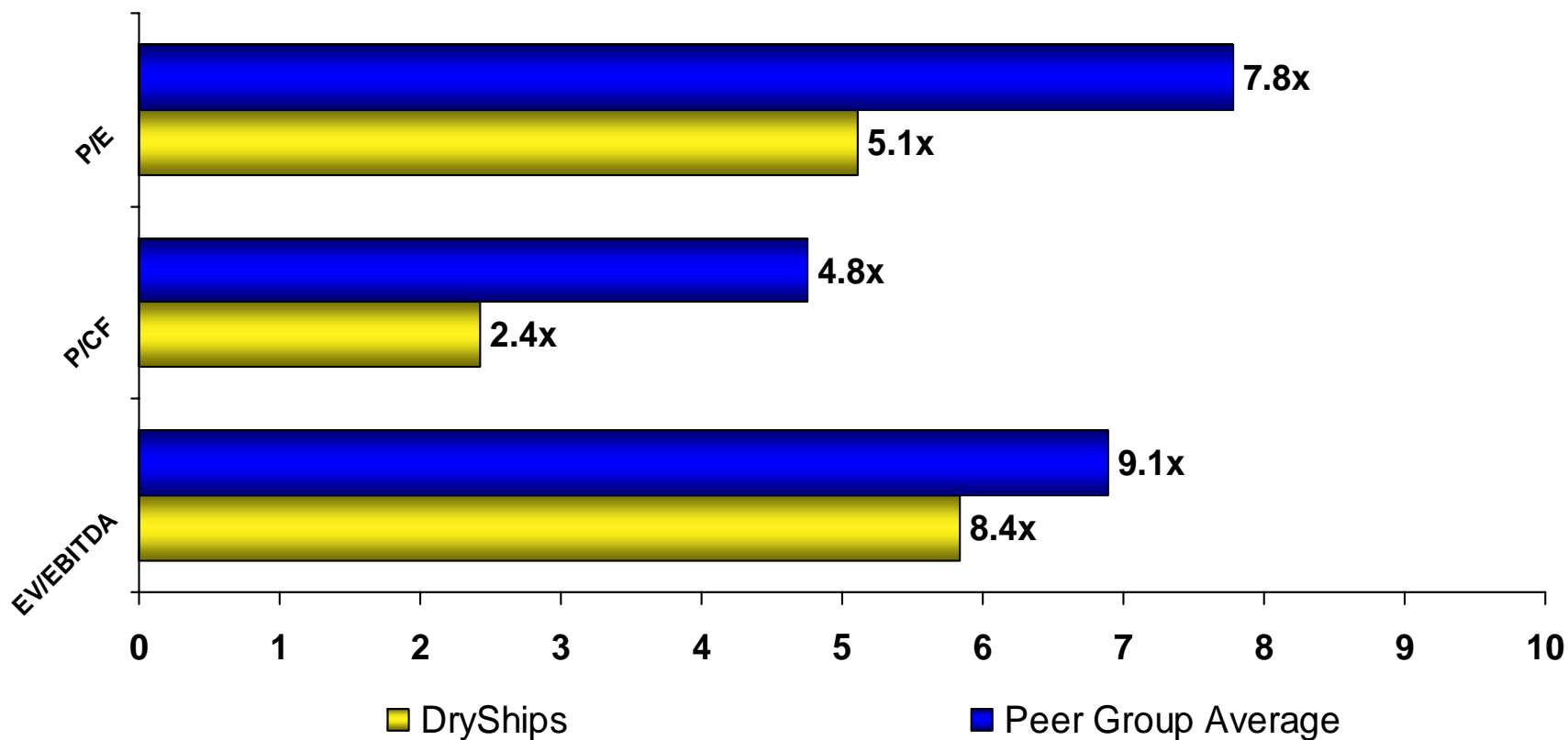


➤ Includes the 5 new panamax vessels



Compelling Valuation

- During the past 12 months DryShips had the lowest combination of valuation multiples in its Peer Group

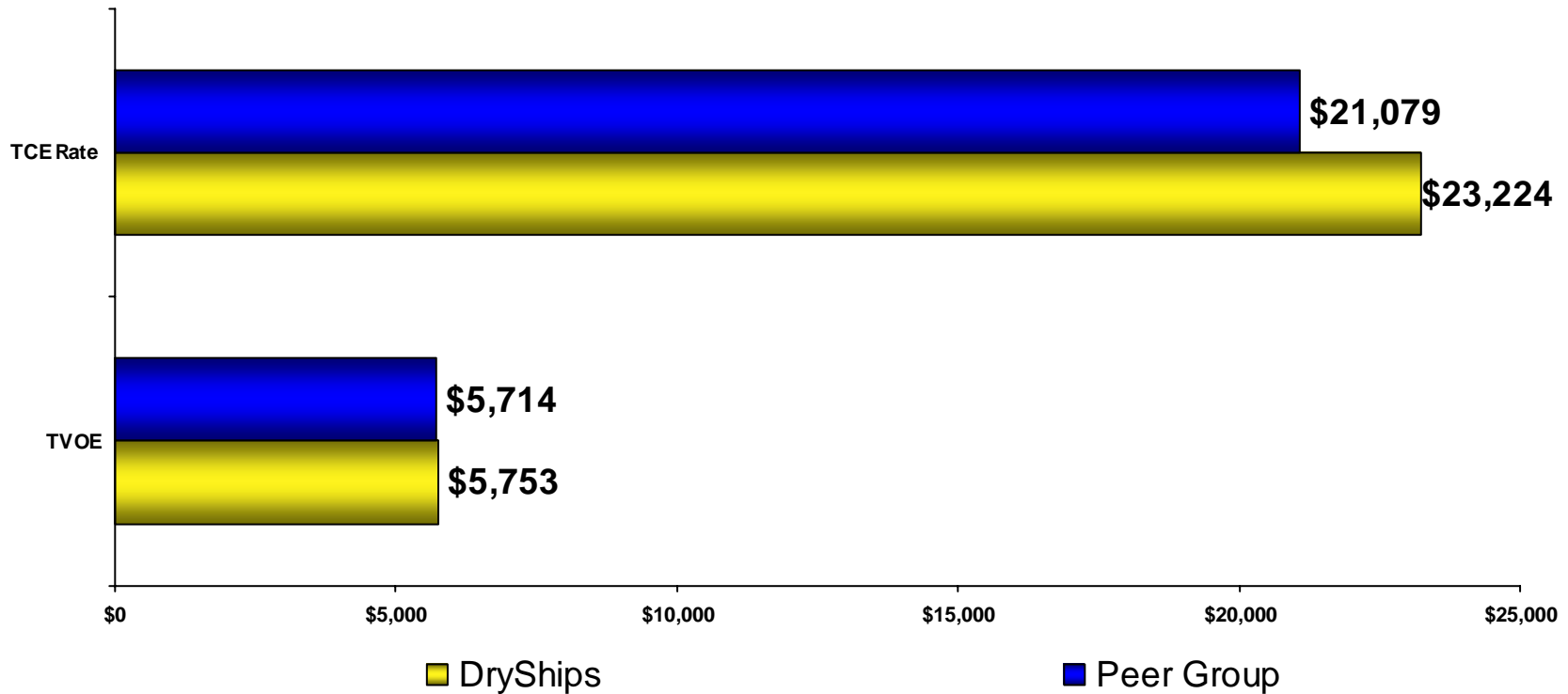


Note: Peer group includes Diana, Excel, Genco and Quintana



Strong Operating Performance

- Highest fleet average TCE rate for past 12 months (June 05 to June 06) compared to peers
- Total Vessel Operating Cost for past 12 months (June 05 to June 06) similar to peers

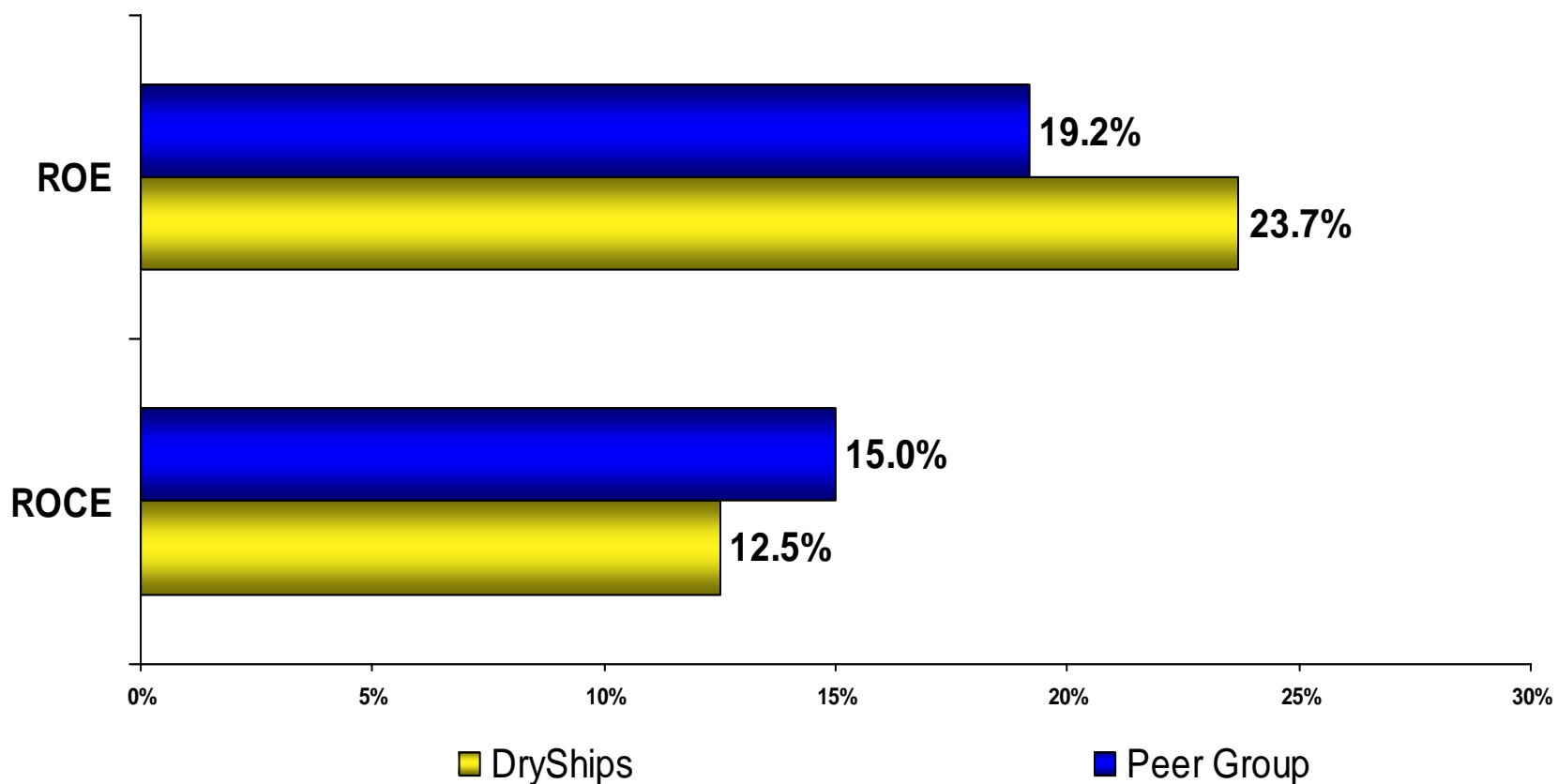


Source: Various companies publications



Substantial Returns to Shareholders

- Strong Returns for past 12 months (June 05 to June 06) compared to peers



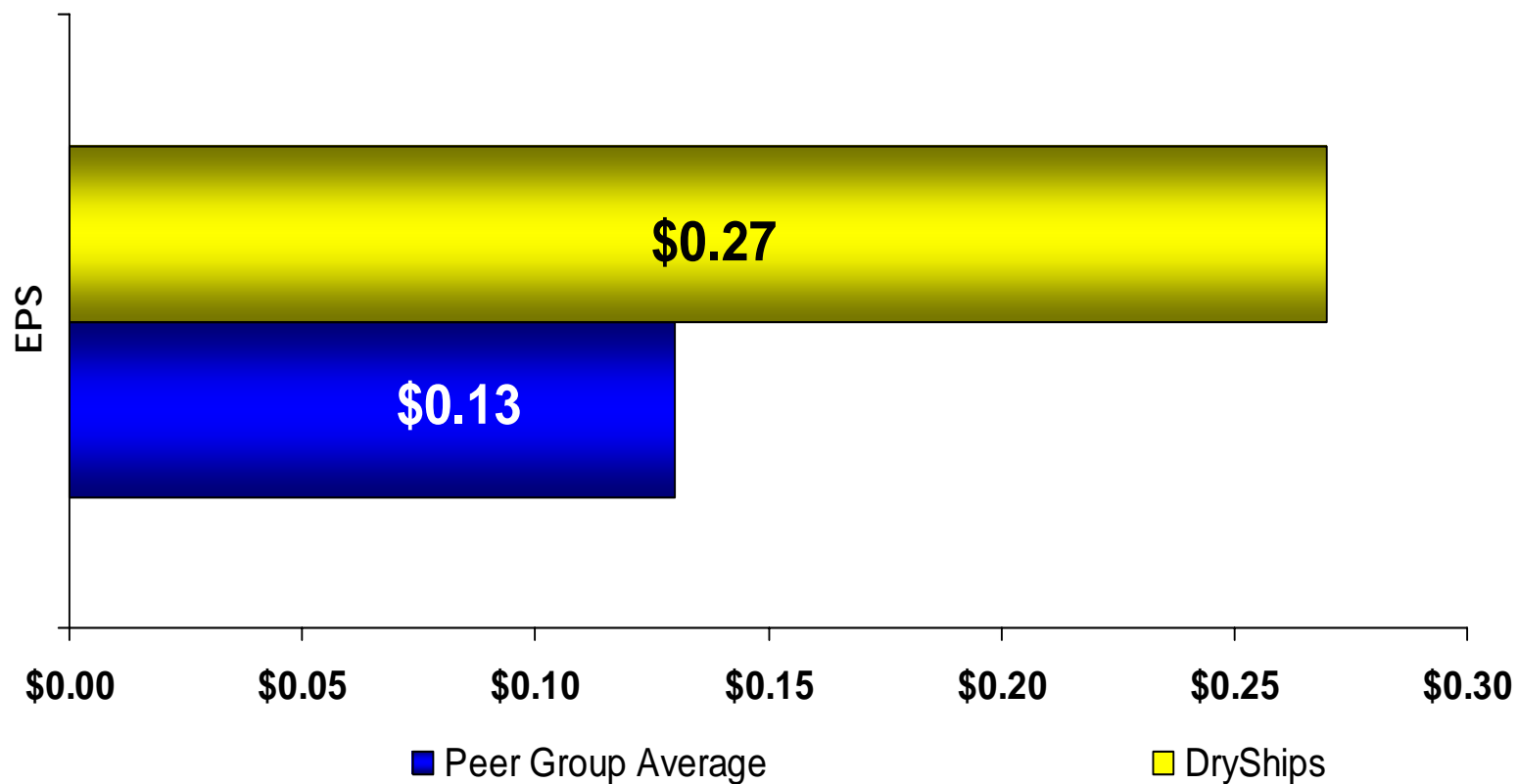
Source: Various companies publications



Significant Upside Potential in 2007

- Highest earnings leverage within its Peer Group

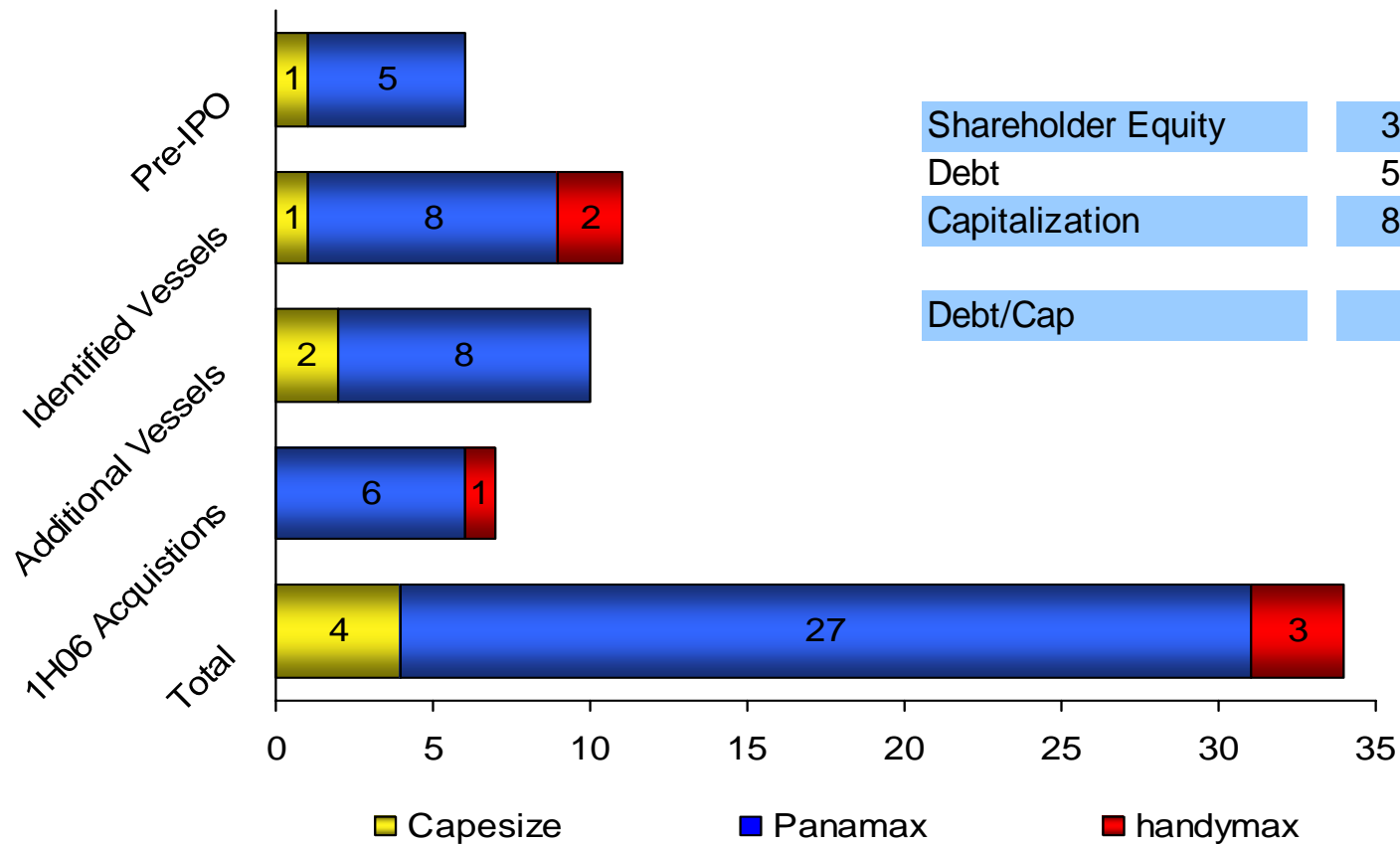
Incremental gross earnings per share for every \$1,000 per day increase in TCE rates



Commitment to Growth

➤ From 6 to 34 vessels in 18 months!

➤ While maintaining a consistent Debt to Cap ratio



	2Q05	2Q06
Shareholder Equity	313,915	353,648
Debt	547,633	577,195
Capitalization	861,548	930,843
Debt/Cap	64%	62%



Compelling Investment Case

- Large, modern and diversified fleet
- Low breakeven Levels
- Increased financial flexibility
- Strong operating performance
- Significant earnings leverage
- Attractive dividend yield
- Low valuation versus peers
- Positive fundamental outlook



Why DryShips?

- 20 cents a quarter should make your mouth water!
- For returns to go sky high, DRYS is the stock to buy!
- If you want to own a cash cow, Buy DryShips stock now!
- Should you own drybulk stocks, DRYS is the one that rocks!



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www.dryships.com*

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