

CUSIP: 262498AB4

**NOTICE TO HOLDERS OF
DRYSHIPS INC. 5.00% CONVERTIBLE SENIOR NOTES DUE DECEMBER 1, 2014**

In November 2009 and April 2010, DryShips Inc. (the "Company") issued \$460,000,000 and \$240,000,000 aggregate principal amount of 5.00% convertible senior notes due December 1, 2014, respectively (collectively, the "Notes"). This notice is provided pursuant to the Indenture, dated as of November 17, 2009, as supplemented by a First Supplemental Indenture, dated as of November 25, 2009, between the Company and Law Debenture Trust Company of New York as Trustee (the "Indenture") governing the Notes.

On August 4, 2011, the Company announced that its Board of Directors approved the partial spin-off of its interest in its majority-owned subsidiary, Ocean Rig UDW Inc. ("Ocean Rig UDW"), of which the Company currently owns approximately 78% of the issued and outstanding common stock. The Company will distribute approximately 2,967,359 shares of common stock of Ocean Rig UDW, which will reduce the Company's ownership interest in Ocean Rig UDW by approximately 2%. The number of shares of common stock of Ocean Rig UDW to be distributed for each share of the Company's common stock will be determined by dividing 2,967,359 by the aggregate number of issued and outstanding shares of the Company's common stock on September 21, 2011, the record date for the distribution. As of August 4, 2011, the Company had outstanding 399,151,783 common shares, which would have resulted in the distribution of 0.007434 shares of common stock of Ocean Rig UDW for every one (1) share of the Company's common stock.

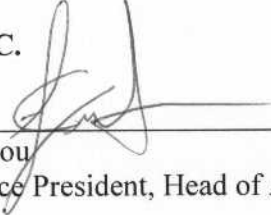
In accordance with the Indenture, the distribution by the Company of shares of Ocean Rig UDW common stock will result in a downward adjustment of the conversion price at which each \$1,000 aggregate principal amount of Notes may be converted into shares of common stock of the Company. The new conversion price will be effective as of September 19, 2011, the ex-dividend date of the distribution of shares of Ocean Rig UDW common stock, and will be provided to noteholders as soon as it can be determined under the provisions of the Indenture. Holders of the Notes cannot convert their Notes to participate in the distribution of shares of Ocean Rig UDW common stock by the Company.

Investor Relations / Media:

Nicolas Bornozis
Capital Link, Inc. (New York)
Tel. 212-661-7566
E-mail: dryships@capitallink.com

Date: August 5, 2011

DRYSHIPS INC.

By: 
Name: Niki Fotiou
Title: Senior vice President, Head of Accounting
and Reporting