

DryShips Inc.

1st Quarter Ended March 31, 2009

Earnings Presentation



NASDAQ: "DRYS"

May 1st, 2009

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 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 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 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.



Q1 2009 Results

Reported Loss: \$ 101.8 million

Unusual Events Affecting Q1 Results:

Plus	Contract termination fees and forfeiture of vessel deposits	\$ 166.2 m	(part cash / part stock)
Less	Gain related to the valuation of the Company's derivatives.	\$ 8.7 m	(unrealized)
Less	Gain on sale of one vessel	\$ 2.4 m	(non operating)
Less	Gain on the contract cancellation of two vessels	\$ 15.3 m	(non operating)
Plus	Amortization of stock based compensation	\$ 9.3 m	(non cash)

Adjusted Income : \$ 47.3 million or \$ 0.45 per share



Recent Developments

- **\$0.45 per share in net income adjusting for unusual events – validation of our strategy**
- **Successfully concluded \$ 500 million ATM equity offering under challenging market conditions**
- **Waivers obtained from major lenders – ongoing constructive dialogue with rest**
- **Ocean Rig signed a 3 year contract with Petrobras for the Leiv Eiriksson worth \$ 630 million over 3 years**



Fixed Revenue: Opportunistic charters pay off

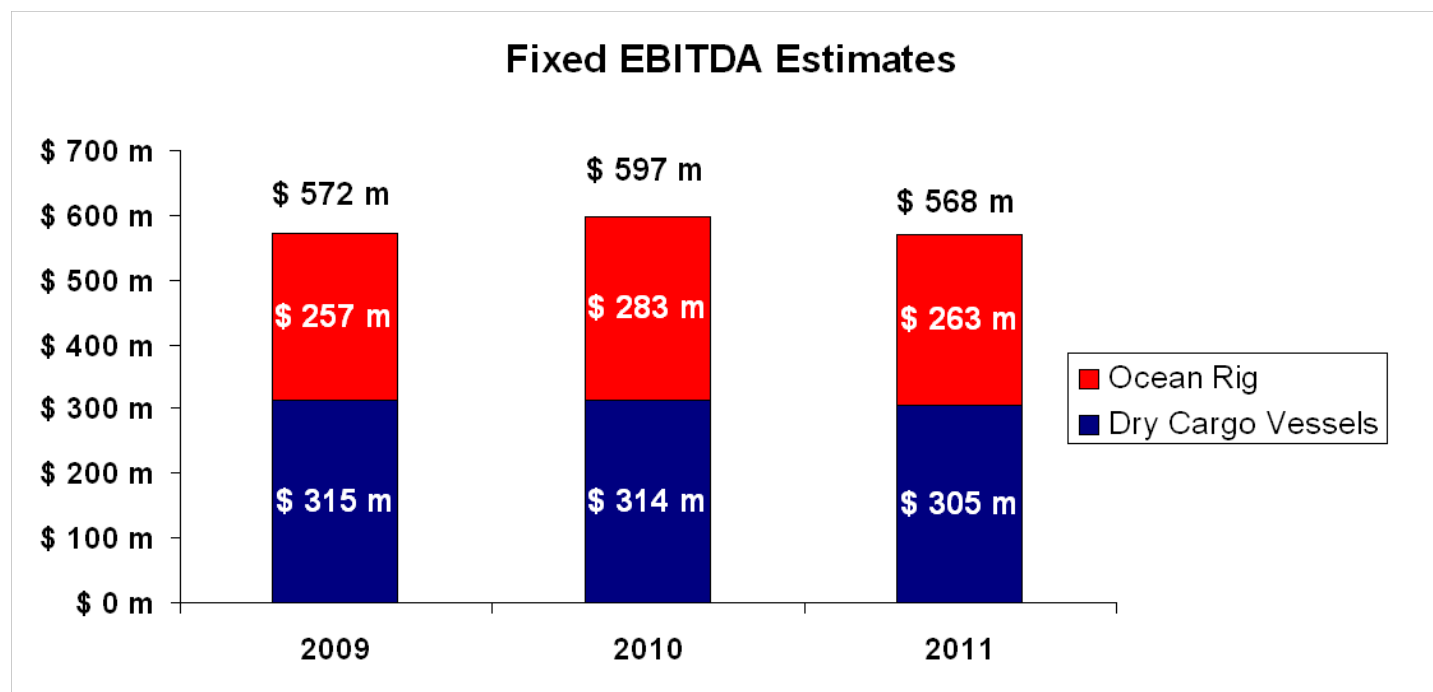
Summary of Long Term Time Charters			
	2009	2010	2011
Average Number of Vessels on Long Term Time Charters	22.7	22.5	21.0
Average Number of Vessels Owned For The Period	38.1	40.2	41.2
% of Fleet on Long Term Time Charter	60%	56%	51%
Spot Days	5,607	6,444	7,357
Days Fixed Under Time Charter	8,297	8,218	7,679
Gross Revenue From Long Term Time Charters	\$ 365.7 m	\$ 365.0 m	\$ 354.6 m
Average Gross Rate of Long Term Time Charters	\$44,079 p/d	\$44,409 p/d	\$46,182 p/d
Total Revenues From Long Term Time Charters (2009-2011): \$ 1.1 billion			

65% of remaining operating days in 2009 are fixed

Average TC Period 4.1 year & Average TC Rate \$45,000 / day



Securing The Future



Notes:

- Assumed average OPEX of \$6,750 per day for the dry bulk vessels and \$185,000 for the rigs
- EBITDA has been estimated on the basis of Gross Revenues, excluding G&A's and drydock expenses
- Assumed utilization rate of 95% for the rigs

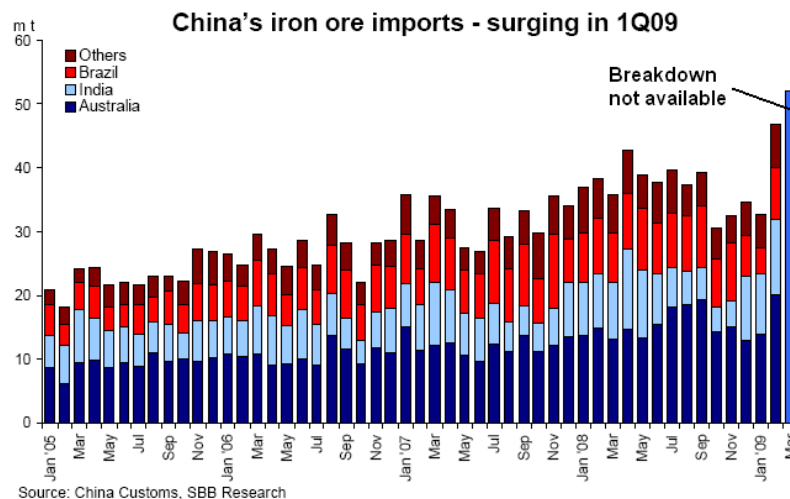
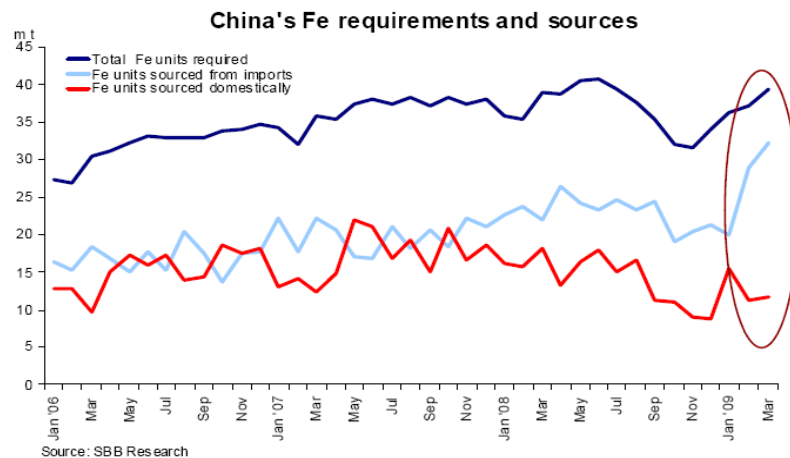
NB Drillship => Further Fixed Rate Business



Dry Bulk Industry – Global Stimulus is kicking in

China is looking for iron ore overseas

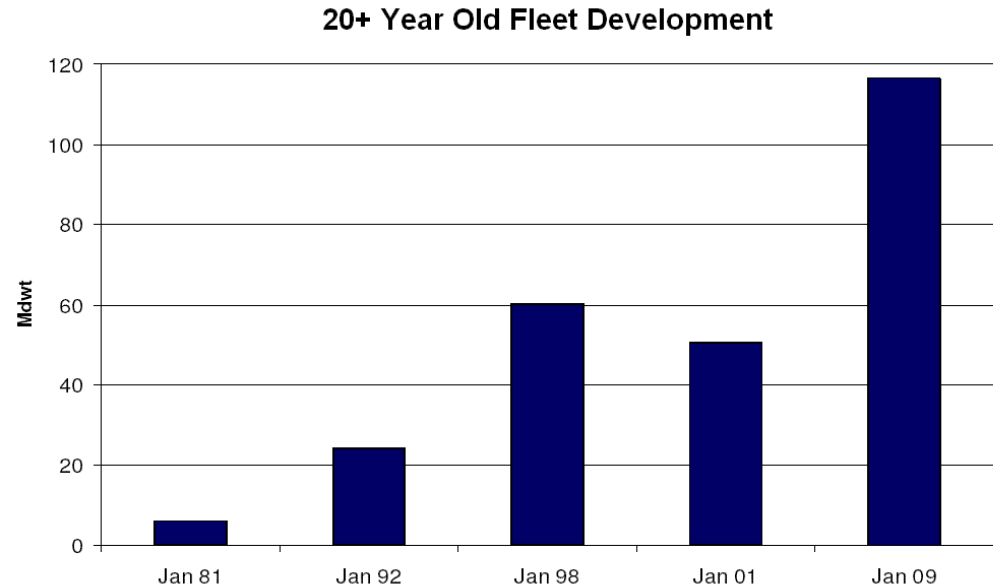
- Recent survey of 24 Chinese steel mills, (including 17 of the top 20), showed 87% of the mills said they had either already received orders for projects related to the governments stimulus package, or expect to soon.
- Car sales in China rose 10 percent in March YoY Actual sales of automobile rose to a record 772,400 in the month.
- Chinese Government is subsidizing rural purchase of home utilities and reduced taxes on auto purchases.
- China's March iron ore imports were at record high levels. Chinese mills are clearly buying more imported iron ore than domestic because of the price and quality benefit.
- US consumers confidence significantly improved in April raising to the highest level since November 08.



Dry Bulk Industry – Scrapping is the relief valve

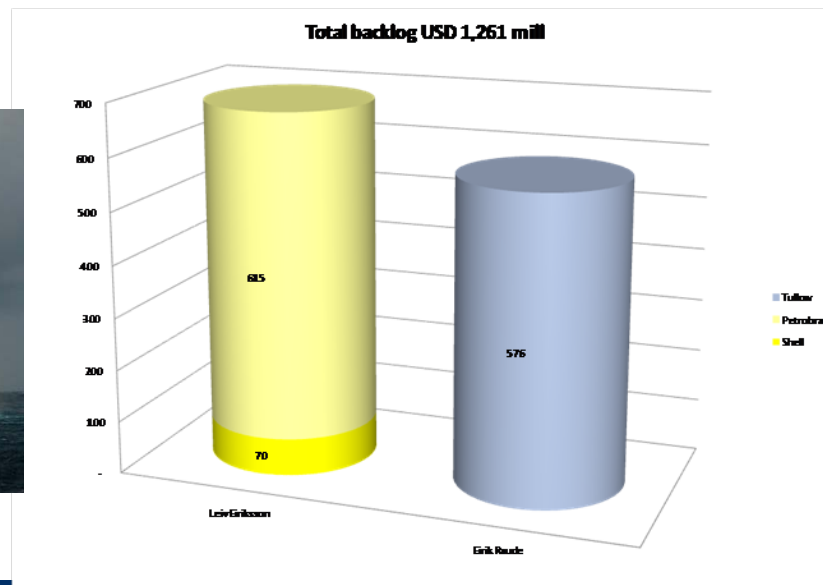
Supply growth moderate due to scrapping and order cancellation

- Total 28% of the drybulk fleet is over 20 years. This is the highest level recorded from all previous recessions since the 80's.
- Scrapping volume during Q1 of 2009 was about 68% of total scrapped volume during 2008 and 2007.
- Cancellation of orders from greenfield and expansion stage yards due to lack of financing



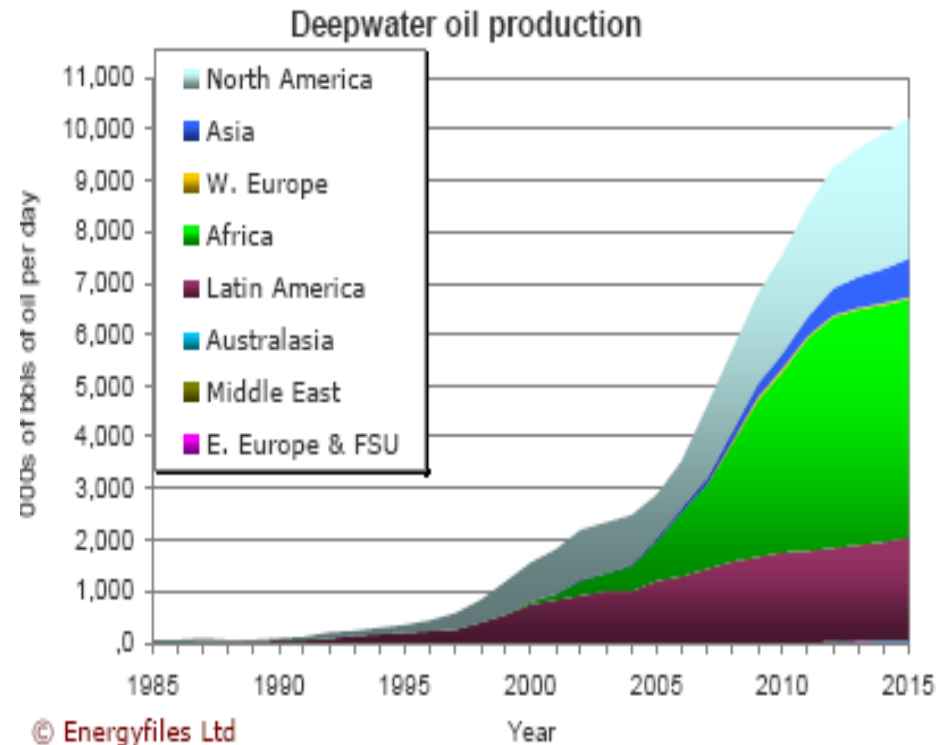
Q1- 2009 – Contract status & contract backlog

Contracts in Place	2008E	2009E	2010E	2011E	2012E	2013E
Leiv Eiriksson	Shell 2 years		Petrobras - 3 years			
Eirik Raude	Exxon	Tullow - 3 years (Commenced October 2008)				
Drillship Hull 1865					Newbuilding Delivery	
Drillship Hull 1866					Newbuilding Delivery	



Q1- 2009 – Offshore Market Outlook

- Near Term: market impacted by economic turmoil
 - NOC look to lock in additional capacity
 - Rig supply constrained
- Medium term: Economic recovery
 - IOCs look to increase E&P spend, only access UDW
 - NOCs continue to develop their resources
 - local Independent operators grow
- Medium to long term:
 - UDW primary source of incremental supply



Ahead of the curve - Poised for opportunities

CAPEX Reduction

- Cancelled 17 newbuildings worth \$ 2 billion.

Secured Fixed Revenues

- Shift towards period employment on drybulk vessels
- Fixed Leiv Eiriksson (offshore rig) for 36 months at \$ 575,000 per day including bonus scheme
- Total contracted revenue backlog of \$ 2.3 billion

Strong Liquidity Position

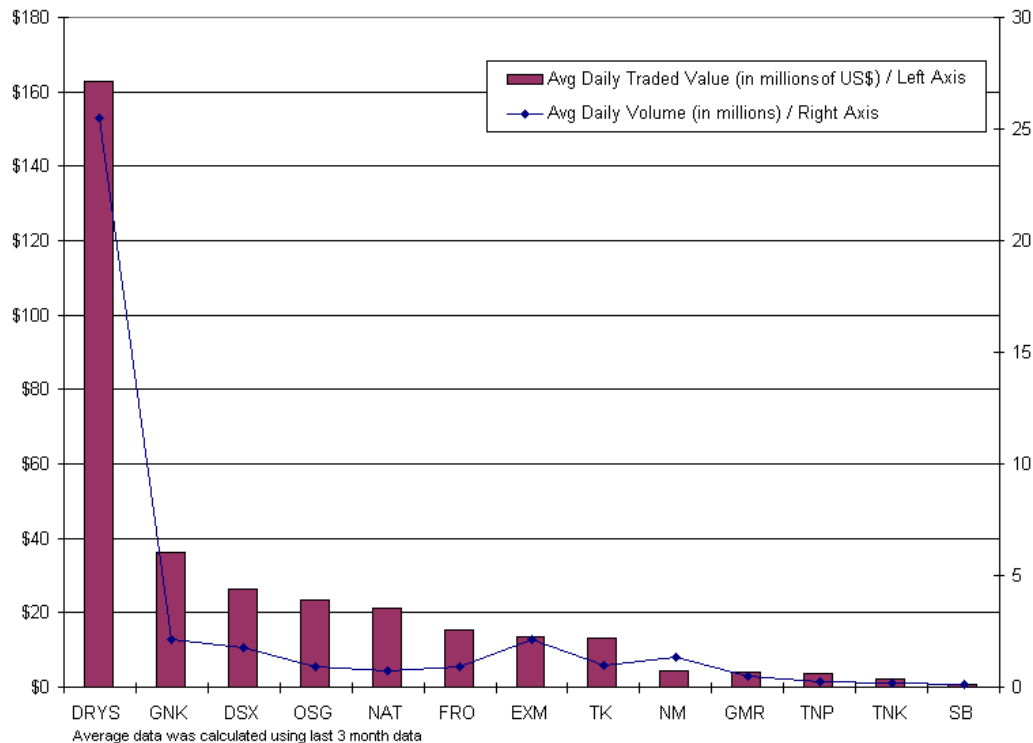
- Liquidity position, as of 31/03/2009:
 - Undrawn Debt: \$948 m
 - Cash: \$ 722 m
 - Liquidity of \$ 1,670 m

Capability to raise equity from the Capital Markets

- Raised \$ 500 million of equity



Unparallel Liquidity - Focus of US Shipping Equities



DRYS's average daily traded value is equal to the sum of all other major US listed shipping equities COMBINED!

DRYS's liquidity is more than twice the sum of all the other major US listed shipping equities.



Investment Thesis

Low entry point in the commodity cycle – ride the rebound

- Oil prices will rebound – Capex will rise to quench energy thirst
- Resilient growth trend in China & India
- Dry bulk commodity demand set to grow once recession abates
- EPS Impact of drillship opportunities
- Shipping stocks oversold
- Leading consolidator – distressed opportunities
- Strong Management with long track record in Shipping, Ultra Deep Water Drilling & Capital markets



APPENDICES



Appendix 1 – Q1 2009 and 2008 Income Statements

(Dollars in thousands, except for share
and per share data-unaudited)

	Three Months Ended March 31, 2008	Three Months Ended March 31, 2009
REVENUES:		
Voyage revenues	\$ 232,063	\$ 97,602
Revenues from drilling contracts	-	99,014
	<u>232,063</u>	<u>196,616</u>
EXPENSES:		
Voyage expenses	14,150	8,746
Vessel operating expenses	17,773	18,205
Drilling rigs operating expenses	-	34,027
Depreciation	24,418	48,417
Gain on sale of vessels	(24,443)	(2,438)
Gain on contract cancellation	-	(15,340)
Contract termination deposits & forfeiture of vessels deposits	-	166,142
Management fee charged by a related party	2,787	4,142
General & administrative expenses	2,918	17,349
	<u>194,460</u>	<u>(82,634)</u>
Operating income / (loss)		
OTHER INCOME / (EXPENSES):		
Interest and finance costs, net of interest income	(12,892)	(26,557)
(Loss) / gain on interest rate swaps	(6,074)	8,718
Other, net	(19)	1,539
Total other income (expenses), net	<u>(18,985)</u>	<u>(16,300)</u>
Net income / (loss) before taxes	175,475	(98,934)
Income taxes	-	(2,901)
Net income / (loss) after taxes and before equity in income of investee and minority interest	175,475	(101,835)
Equity in income of investee	857	-
Net (loss) / income	<u>176,332</u>	<u>(101,835)</u>
Basic and fully diluted earnings / (loss) per share	\$ 4.58	\$ (0.93)
Weighted average number of shares, basic and diluted	38,502,864	109,085,118



Appendix 2 – March 31, 2009 and 2008 Balance Sheets

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

	December 31, 2008	March 31, 2009
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 303,114	\$ 215,578
Restricted cash	320,560	506,837
Trade accounts receivable, net	52,441	43,155
Other current assets	44,312	63,201
Total current assets	720,427	828,771
FIXED ASSETS, NET:		
Advances for vessels under construction and acquisitions	535,616	499,403
Vessels, net	2,134,650	2,077,950
Drilling rigs, machinery and equipment, net	1,393,158	1,376,745
Total fixed assets, net	4,063,424	3,954,098
OTHER NON CURRENT ASSETS:		
Other non-current assets	58,829	66,311
Total non current assets, net	58,829	66,311
Total assets	\$ 4,842,680	\$ 4,849,180
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Current portion of long-term debt	\$ 2,370,556	\$ 1,970,560
Other current liabilities	154,492	140,339
Total current liabilities	2,525,048	2,110,899
NON CURRENT LIABILITIES		
Long term debt, net of current portion	788,314	880,387
Other non-current liabilities	237,746	201,692
Total non current liabilities	1,026,060	1,082,079
COMMITMENTS AND CONTINGENCIES	-	-
STOCKHOLDERS' EQUITY:		
Total stockholders' equity	1,291,572	1,656,202
Total liabilities and stockholders' equity	\$ 4,842,680	\$ 4,849,180



Appendix 3 – Q1 2009 & 2008 Fleet Highlights

(Dollars in thousands, except average daily results - unaudited)

	Three Months Ended March 31, 2008	Three Months Ended March 31, 2009
Average number of vessels ⁽¹⁾	38.3	37.7
Total voyage days for vessels ⁽²⁾	3,452	3,277
Total calendar days for vessels ⁽³⁾	3,485	3,391
Fleet utilization ⁽⁴⁾	99%	97%
Time charter equivalent ⁽⁵⁾	63,127	27,115
Vessel operating expenses (daily) ⁽⁶⁾	5,100	5,369

- (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 off hire days.
- (3) Calendar days are the total days the vessels were in our possession for the relevant period including off hire 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 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.



Appendix 4 – Fleet Profile Bulk Carriers

Fixed Rate Employment

	Year Built	DWT	Type	Gross rate per day	Redelivery Earliest	Latest
Fixed rate employment						
Capesize:						
Alameda	2001	170,289	Capesize	\$21,000	Feb-11	May-11
Brisbane	1995	151,066	Capesize	\$25,000	Dec-11	Apr-12
Capri	2001	172,579	Capesize	\$61,000	April-18	Jun-18
Flecha	2004	170,012	Capesize	\$55,000	Jul-18	Nov-18
Manasota	2004	171,061	Capesize	\$67,000	Feb-13	Apr-13
Mystic	2008	170,900	Capesize	\$52,310	Aug-18	Dec-18
Samsara	1996	150,393	Capesize	\$57,000	Dec-11	Apr-12
Panamax:						
Avoca	2004	76,500	Panamax	\$45,500	Aug-13	Dec-13
Bargara	2002	74,832	Panamax	\$43,750	May-12	Jul-12
Capitola	2001	74,832	Panamax	\$39,500	Jun-13	Aug-13
Catalina	2005	74,432	Panamax	\$40,000	Jun-13	Aug-13
Eoola	2001	73,931	Panamax	\$43,500	Jun-12	Aug-12
Ligari	2004	75,583	Panamax	\$55,500	Jun-12	Aug-12
Majorca	2005	74,364	Panamax	\$43,750	Jun-12	Aug-12
Mendocino	2002	76,623	Panamax	\$56,500	Jun-12	Sep-12
Padre	2004	73,601	Panamax	\$46,500	Sep-12	Dec-12
Positano	2000	73,288	Panamax	\$42,500	Sept-13	Dec-13
Redondo	2000	74,716	Panamax	\$34,500	Apr-13	Jun-13
Saldanha	2004	75,500	Panamax	\$52,500	Jun-12	Sep-12
Samatan	2001	74,823	Panamax	\$39,500	May-13	Jul-13
Xanadu	1999	72,270	Panamax	\$39,750	Jul-13	Sep-13
Supramax:						
Paros I (ex Clipper Gemini)	2003	51,201	Supramax	\$27,135	Oct-11	May-12
Pachino (ex. VOC Galaxy)	2002	51,201	Supramax	\$20,250	Sept-10	Feb-11

Spot Rate Employment

Spot rate employment				
Panamax:				
Conquistador	2001	75,607	Panamax	
Coronado	2000	75,706	Panamax	
Delray	1994	71,862	Panamax	
Heinrich Oldendorff	2001	73,931	Panamax	
Iguana	1996	70,349	Panamax	
La Jolla	1997	72,126	Panamax	
Maganari	2001	75,941	Panamax	
Marbella	2000	72,561	Panamax	
Ocean Crystal	1999	73,688	Panamax	
Oregon	2002	74,204	Panamax	
Primera	1998	72,495	Panamax	
Sonoma	2001	74,786	Panamax	
Sorrento	2004	76,633	Panamax	
Toxo	1995	73,034	Panamax	
New Buildings				
N/B-Hull No: 1518A	2009	75,000	Panamax	N/A
N/B-Hull No: 1519A	2009	75,000	Panamax	N/A
N/B-Hull No: 2089	2009	180,000	Capesize	N/A
N/B-Hull No: SS 58	2010	82,000	Kamsarmax	N/A
N/B-Hull No: SS 59	2010	82,000	Kamsarmax	N/A



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