

DryShips Inc.

2nd Quarter Ended June 30, 2008

Earnings Presentation



NASDAQ: "DRYS"

August 22, 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.



2q08 Financial Highlights

<i>Figures in millions except TCE in \$/d</i>	2q08	2q07
Net Income	\$299.8	\$110.8
EPS	\$7.10	\$3.12
Operating Income	\$338.2	\$121.5
EBITDA	\$359.8	\$141.0
Fleet TCE	\$66,921/d	\$32,580/d
Utilization	99.0%	97.8%

Included in the second quarter results is a capital gain on the sale of three vessels of \$135.8 million and a non-cash gain of \$12.2 million associated with the valuation of interest rate swaps. Excluding these items Net Income would amount to \$151.8 million or \$3.60 per share.



Sale and Purchase (S&P) Activity

Analysts typically exclude gains from vessel sales from their EPS estimates as non-recurring items. We have successfully and consistently managed to generate vessel gains since our first full year of operations.

Year	Vessel Gains (\$ million)	% of Total Earnings
2006	8.6	15%
2007	134.0	28%
2008	285.8*	39.5%**
2009	99.6*	15.6%**

We plan to continue to actively and aggressively manage the age and quality of our fleet by going after arbitrage opportunities in the second-hand market and continue to generate returns for our shareholders by our S&P activity.

* Based on announced vessel sales so far

** Based on Jefferies EPS for 2008 and 2009



Position of Strength

With its strong balance sheet DryShips is uniquely positioned to take advantage of business opportunities as they arise.

*Available liquidity as of
June 30, 2008*

\$402 million

*Net Debt
to
Capitalization
as of June 30, 2008*

30%
(adj. for asset values)



Employment Update

We have recently fixed 4 vessels (1 Capesize and 3 Panamax) on long-term time charters taking advantage of the strong rate environment. In addition we have purchased 3 modern Panamax vessels with long-term T/C employment attached.

<u>Summary of Long-Term TCs</u>					
<u>Year</u>	<u>Avg. No of Vessels</u>	<u>Fixed Days</u>	<u>% of total voyage days</u>	<u>Avg. Rate(\$/d)</u>	<u>Gross Revenue (\$)</u>
2H 2008	7.90	2,885	41%	49,187	141,903,180
2009	20.81	7,596	54%	48,234	366,384,411
2010	20.63	7,530	47%	48,125	362,377,517
2011	20.68	7,547	47%	48,158	363,445,517
2012	15.24	5,563	34%	47,618	264,901,061



OCR Acquisition Update

**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**



OCR Assets and Contracts

OCR operates 2xUDW 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.

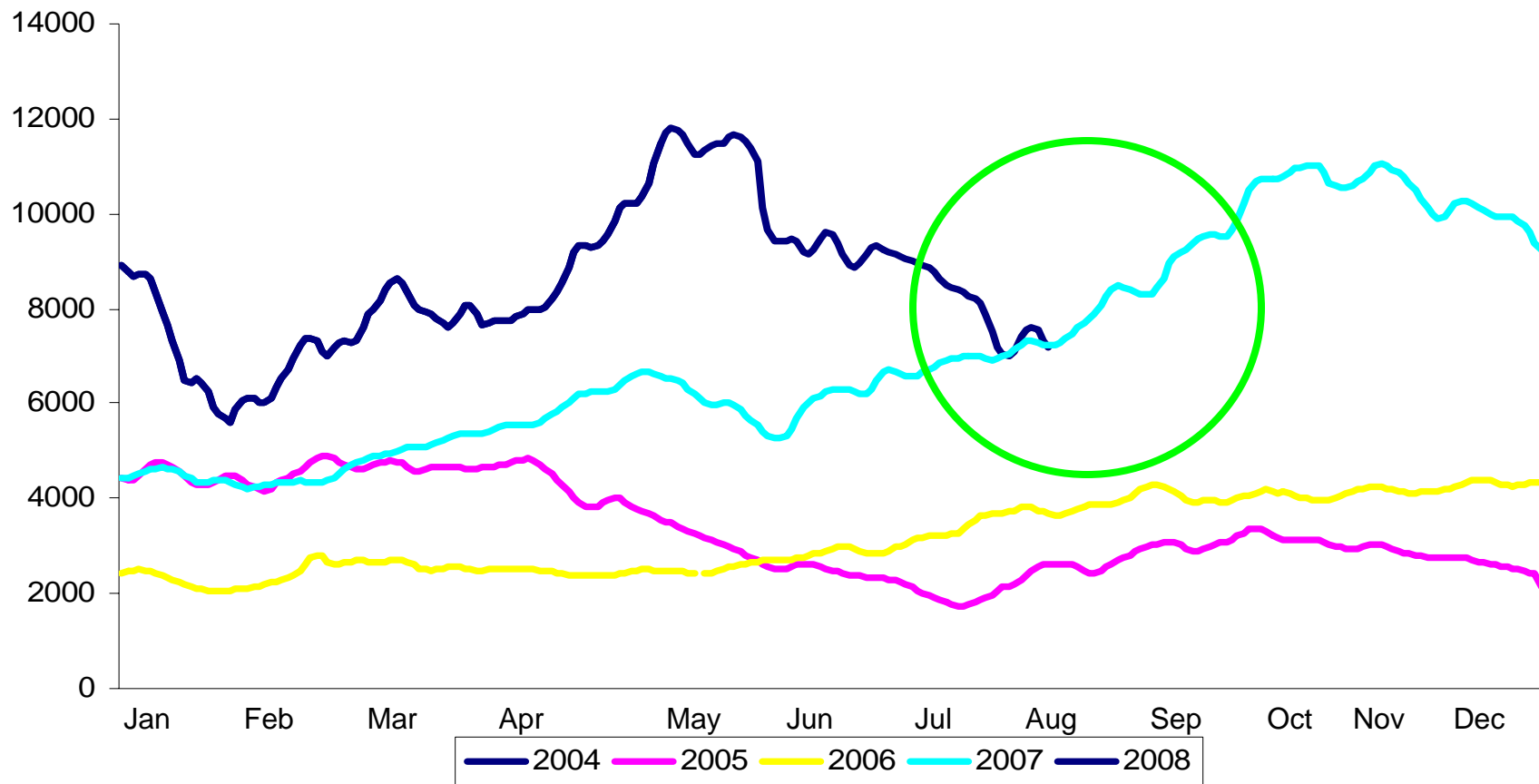
❖ Eirik Raude: ExxonMobil at \$395,000 - \$445,000 per day through July, 2008; thereafter Tullow Oil at an average \$637,000 per day for 3 years plus two 1 year options.

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		



Baltic Dry Index

Baltic Dry Index (BDI)

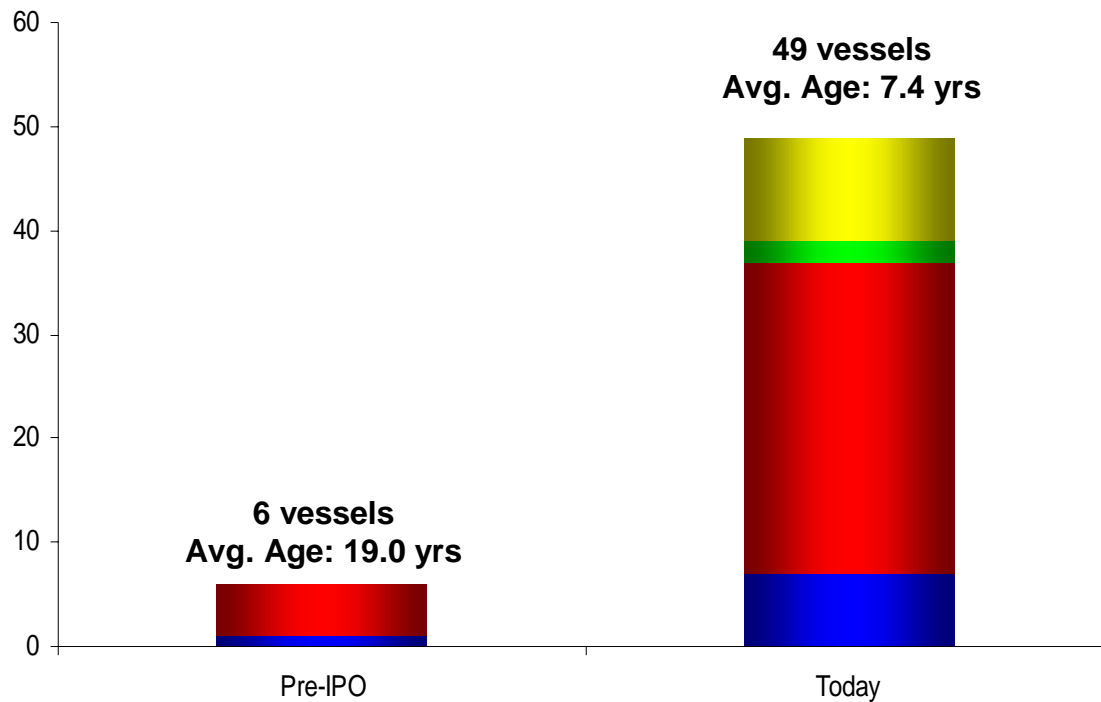


Source: The Baltic Exchange



Strong Track Record

Largest US listed Dry Bulk Shipping Company



Since inception:

116% ROE

42% ROCE

■ Capesize ■ Panamax ■ Supramax ■ New Buildings





APPENDICES



Appendix I – 2nd Quarter and 6mos 2007 and 2008 Income Statements

	Three months ended June 30, 2007 (as adjusted)	Three months ended June 30, 2008	Six months ended June 30, 2007 (as adjusted)	Six months ended June 30, 2008
(Dollars in thousands, except for share and per share data-unaudited)				
INCOME STATEMENT DATA				
REVENUES:				
Voyage revenues	\$ 112,521	258,921	199,171	490,984
Revenues from drilling contracts	-	43,795	-	43,795
	<u>112,521</u>	<u>302,716</u>	<u>199,171</u>	<u>534,779</u>
EXPENSES:				
Voyage expenses	6,987	13,942	12,257	28,092
Vessel operating expenses	15,658	19,877	29,967	37,650
Drilling rigs operating expenses	-	13,388	-	13,388
Depreciation	17,980	33,377	34,025	57,795
Gain on sale of vessels	(54,025)	(135,815)	(85,634)	(160,258)
General & administrative expenses	4,452	19,782	8,536	25,487
Operating income	<u>121,469</u>	<u>338,165</u>	<u>200,020</u>	<u>532,625</u>
OTHER INCOME (EXPENSE):				
Interest and finance costs	(12,174)	(25,652)	(22,762)	(38,544)
Gain on interest rate swap valuation	1,336	12,153	1,176	6,079
Other, net	178	518	177	499
Total other income (expenses), net	<u>(10,660)</u>	<u>(12,981)</u>	<u>(21,409)</u>	<u>(31,966)</u>
Net income before taxes	<u>110,809</u>	<u>325,184</u>	<u>178,611</u>	<u>500,659</u>
Income taxes	-	(867)	-	(867)
Net income, after taxes and before equity in income of investee and minority interest	<u>110,809</u>	<u>324,317</u>	<u>178,611</u>	<u>499,792</u>
Minority interest	-	(16,813)	-	(16,813)
Equity in loss of investees	-	(7,750)	-	(6,893)
Net income	<u>110,809</u>	<u>299,754</u>	<u>178,611</u>	<u>476,086</u>
Earnings per common share, basic	\$ 3.12	7.11	5.03	11.85
Weighted average number of shares, basic	35,490,097	42,150,753	35,490,097	40,173,941
Earnings per common share, diluted	\$ 3.12	7.10	5.03	11.85
Weighted average number of shares, diluted	35,490,097	42,208,140	35,490,097	40,177,016



Appendix II – December 31, 2007 and March 31, 2008 Balance Sheets

(Expressed in thousands of U.S. Dollars)

	December 31, 2007 (As adjusted)	June 30, 2008
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 111,068	\$ 293,879
Restricted cash	6,791	8,103
Accounts receivable trade, net of allowance of \$0 and \$ 957	9,185	76,356
Other current assets	25,991	53,407
Vessel held for sale	-	24,083
Total current assets	153,035	455,828
FIXED ASSETS, NET:		
Advances for vessels under construction and acquisitions	118,652	322,990
Vessels, net	1,643,867	1,985,992
Drilling rigs, net	-	1,392,347
Total fixed assets, net	1,762,519	3,701,329
OTHER NON CURRENT ASSETS:		
Long term investments	405,725	-
Goodwill	-	693,980
Restricted cash	20,000	100,000
Other	3,153	29,159
Total non current assets	428,878	823,139
Total assets	\$ 2,344,432	\$ 4,980,296
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Current portion of long-term debt	\$ 194,999	\$ 986,172
Other current liabilities	44,305	94,665
Total current liabilities	239,304	1,080,837
NON CURRENT LIABILITIES		
Long term debt, net of current portion	1,048,779	1,891,008
Other non-current liabilities	34,620	38,652
Total non current liabilities	1,083,399	1,929,660
Minority interest	-	21,457
COMMITMENTS AND CONTIGENCIES	-	-
STOCKHOLDERS' EQUITY	1,021,729	1,948,342
Total liabilities and stockholders' equity	\$ 2,344,432	\$ 4,980,296



Appendix III - 2Q08 & 2Q07 Fleet Highlights

<i>(Dollars in thousands, except Average Daily Results - unaudited)</i>	Drybulk Segment	
	Three Months Ended	Three Months Ended
	30-Jun-2008	30-Jun-2007
Average number of vessels ⁽¹⁾	38,5	32,7
Total voyage days for vessels ⁽²⁾	3.465	2.924
Total calendar days for vessels ⁽³⁾	3.504	2.980
Vessels Utilization ⁽⁴⁾	98,9%	98,1%
Time charter equivalent ⁽⁵⁾	70.701	36.092
Capesize	115.000	55.618
Panamax	65.916	33.628
Handymax	44.571	24.625
Vessel operating expenses (daily) ⁽⁷⁾	5.673	5.254
Management fees (daily)	886	820
Total vessel operating expenses (daily) ⁽⁸⁾	6.559	6.074
General and administrative expenses (daily) ⁽⁹⁾	611*	673
<i>(Dollars in thousands, except Average Daily Results - unaudited)</i>	Drilling Rig Segment	
	Three Months Ended	Three Months Ended
	30-Jun-2008	30-Jun-2007
Average number of drilling rigs ⁽¹⁾	1	-
Total employment days for drilling rigs ⁽²⁾	86	-
Total calendar days for drilling rigs ⁽³⁾	90	-
Rigs Utilization ⁽⁴⁾	95%	-
Revenue from drilling contracts (daily) ⁽⁶⁾	512.222	-
Rigs operating expenses (daily) ⁽⁷⁾	148.755	-
General and administrative expenses (daily) ⁽⁹⁾	26.889	-

* Excluding Amortization of Stock based compensation of \$12.1 million

(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 – 6mos 08 & 07 Fleet Highlights

<i>(Dollars in thousands, except Average Daily Results - unaudited)</i>	Drybulk Segment	
	Six Months Ended	Six Months Ended
	30-Jun-2008	30-Jun-2007
Average number of vessels ⁽¹⁾	38.4	32.4
Total voyage days for vessels ⁽²⁾	6,917	5,737
Total calendar days for vessels ⁽³⁾	6,989	5,867
Vessels Utilization ⁽⁴⁾	99.0%	97.8%
Time charter equivalent ⁽⁵⁾	66,921	32,580
Capesize	113,544	47,696
Panamax	61,716	30,831
Handymax	42,245	22,931
Vessel operating expenses (daily) ⁽⁷⁾	5,387	5,108
Management fees (daily)	843	791
Total vessel operating expenses (daily) ⁽⁸⁾	6,230	5,899
General and administrative expenses (daily) ⁽⁹⁾	724*	663
<i>(Dollars in thousands, except Average Daily Results - unaudited)</i>	Drilling Rig Segment	
	Six Months Ended	Six Months Ended
	30-Jun-2008	30-Jun-2007
Average number of drilling rigs ⁽¹⁾	0.5	-
Total employment days for drilling rigs ⁽²⁾	86	-
Total calendar days for drilling rigs ⁽³⁾	90	-
Rigs Utilization ⁽⁴⁾	95%	-
Revenue from drilling contracts (daily) ⁽⁶⁾	512,222	-
Rig operating expenses (daily) ⁽⁷⁾	148,755	-
General and administrative expenses (daily) ⁽⁹⁾	26,889	-

(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.

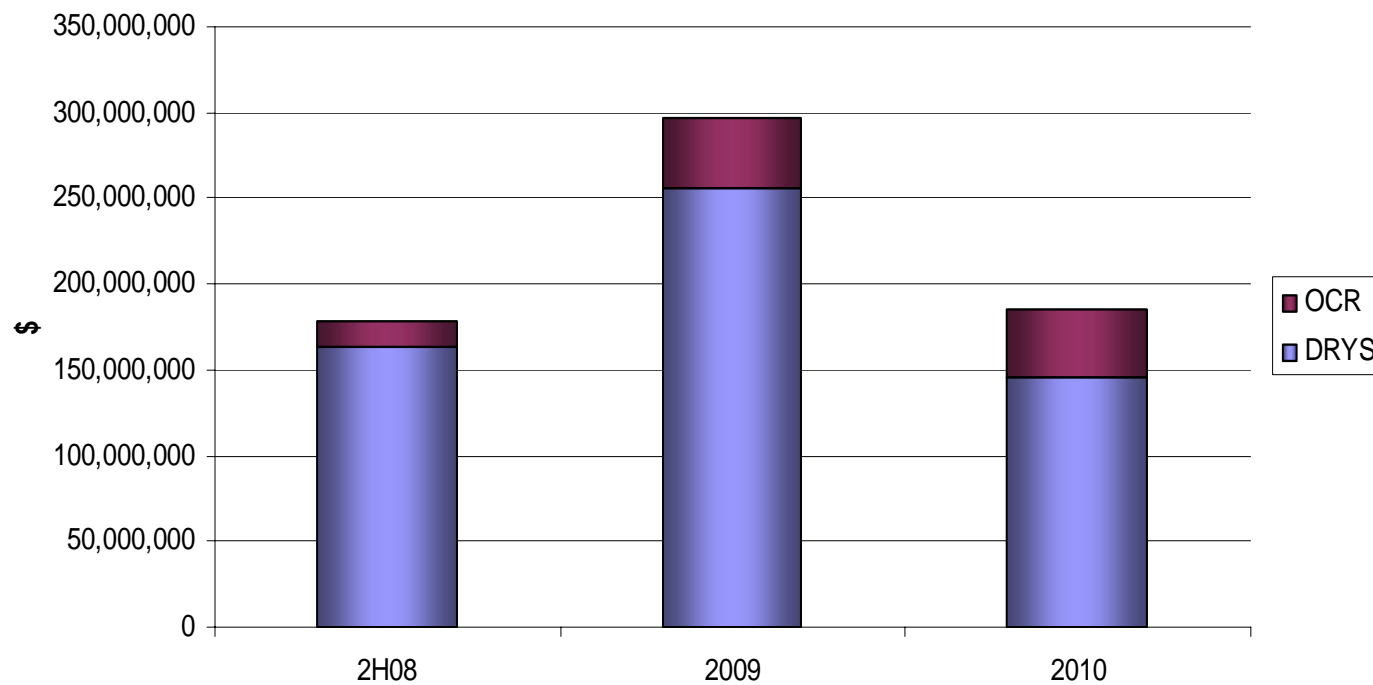
(8) Total vessel operating expenses, or TVOE, is a measurement of our total expenses associated with operating our vessels. TVOE is the sum of vessel operating expenses, management fees and general and administrative expenses. Daily TVOE is calculated by dividing TVOE by fleet calendar days for the relevant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

* Excluding Amortization of Stock based compensation of \$12.1 million



Appendix V – Debt Profile

Debt Repayment Schedule

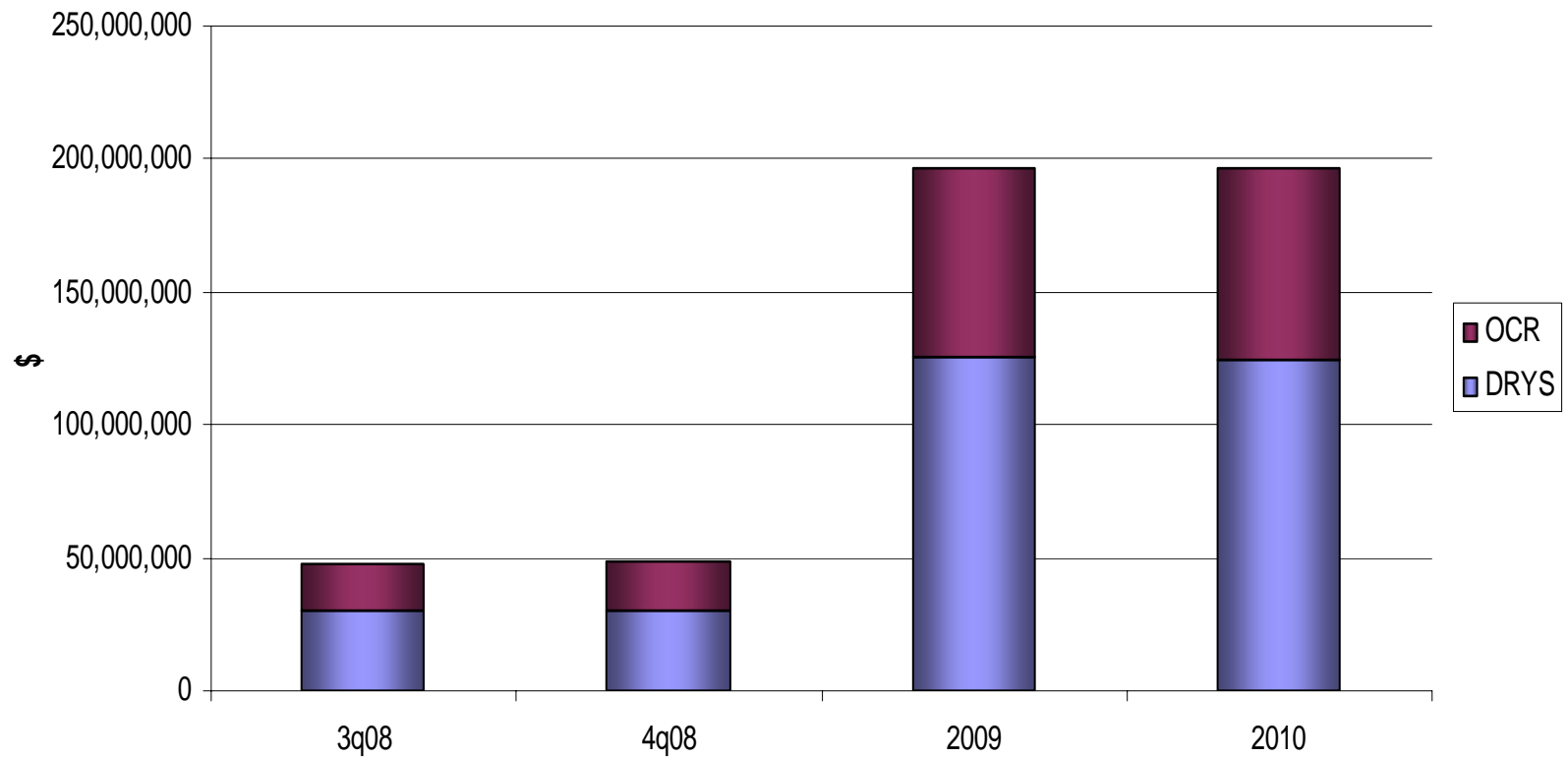


* Excludes the Nordea bridge facility and the OCR unsecured \$250 million bond



Appendix VI – Depreciation

Depreciation Schedule



Appendix VI - Fleet Profile as of August 21, 2008

	Year Built	DWT	Type	Current employment	Gross rate per day	Redelivery	
						Earliest	Latest
Capesize:							
Brisbane	1995	151,066	Capesize	T/C	\$145,000	Oct-08	Dec-08
			<i>next employment</i>		\$57,000	Feb-12	Jun-12
Samsara	1996	150,393	Capesize	T/C	\$139,000	Oct-08	Dec-08
			<i>next employment</i>		\$57,000	Feb-12	Jun-12
Capri	2001	172,579	Capesize	T/C	\$61,000	Apr-18	Jun-18
Manasota	2004	171,061	Capesize	T/C	\$67,000	Feb-13	Apr-13
Flecha	2004	170,012	Capesize	T/C	\$55,000	Jul-18	Nov-18
Mystic	2008	170,500	Capesize	T/C	\$52,310	Aug-18	Dec-18
Alameda	2001	170,269	Capesize	T/C*	\$152,000	Feb-09	Apr-09
	6.5	1,155,880	7				
Panamax:							
Toro	1995	73,034	Panamax	Baumarine	\$67,599		
Sonoma	2001	74,786	Panamax	Baumarine	\$71,055		
Heinrich Oldendorff	2001	73,931	Panamax	BB	\$54,437	Mar-09	Jun-09
Tonga	1984	66,798	Panamax	Spot	\$73,000	Prompt	Prompt
Lacerta	1994	71,862	Panamax	Spot	\$70,500	Prompt	Prompt
Paragon	1995	71,259	Panamax	Spot	\$85,500	Prompt	Prompt
La Jolla	1997	72,126	Panamax	Spot	\$55,000	Prompt	Prompt
Ocean Crystal	1999	73,688	Panamax	Spot	\$84,000	Prompt	Prompt
Positano	2000	73,288	Panamax	Spot	\$61,500	Prompt	Prompt
Maganari	2001	75,941	Panamax	Spot	\$30,000	Prompt	Prompt
Conquistador	2001	75,607	Panamax	Spot	\$63,500	Prompt	Prompt
Oregon	2002	74,204	Panamax	Spot	\$45,500	Prompt	Prompt
Avoca	2004	76,500	Panamax	Spot	\$79,000	Prompt	Prompt
Sorrento	2004	76,633	Panamax	Spot	\$54,000	Prompt	Prompt
Iguana	1996	70,349	Panamax	T/C	\$77,000	Oct-08	Nov-08
Primera	1998	72,495	Panamax	T/C	\$78,600	Sep-08	Oct-08
Xanadu	1999	72,270	Panamax	T/C	\$39,750	Jul-13	Sep-13
Coronado	2000	75,706	Panamax	T/C	\$81,750	Sep-08	Oct-08
Redondo	2000	74,716	Panamax	T/C	\$34,500	Apr-13	Jun-13
Marbella	2000	72,561	Panamax	T/C	\$82,500	Oct-08	Nov-08
Ecola	2001	73,931	Panamax	T/C	\$43,500	Jun-12	Aug-12
Capitola	2001	74,832	Panamax	T/C	\$39,500	Jun-13	Aug-13
Samatan	2001	74,823	Panamax	T/C	\$39,500	May-13	Jul-13
Mendocino	2002	76,623	Panamax	T/C	\$56,500	Jun-12	Sep-12
Bargara	2002	74,832	Panamax	T/C	\$43,750	May-12	Jul-12
Padre	2004	73,601	Panamax	T/C	\$81,000	Oct-08	Nov-08
Ligari	2004	75,583	Panamax	T/C	\$55,000	Jun-12	Aug-12
Saldanha	2004	75,500	Panamax	T/C	\$52,500	Jun-12	Sep-12
Catalina	2005	74,432	Panamax	T/C	\$39,750	Jun-13	Aug-13
Majorca	2005	74,364	Panamax	T/C	\$43,750	Jun-12	Aug-12
	7.9	2,216,275	30				



Appendix VI - Fleet Profile as of August 21, 2008 – CONTINUED

Supramax:

VOC Galaxy	2002	51,201	Supramax	BB	\$27,000		
			<i>next employment</i>		\$20,250		
Clipper Gemini	2003	51,201	Supramax	BB	\$27,000		
	5.5	102,402	2				

N/B Vessels:

Hull 1518A	2009	75,000	Panamax	Spot		N/A	
Hull 1519A	2010	75,000	Panamax	Spot		N/A	
H1568	2008	75,000	Panamax	Spot		N/A	
H1569	2009	75,000	Panamax	Spot		N/A	
Hull SS058	2010	82,100	Panamax	Spot		N/A	
Hull SS059	2010	82,100	Panamax	Spot		N/A	
Hull 0002	2009	180,000	Capesize	Spot		N/A	
Hull 0003	2010	180,000	Capesize	Spot		N/A	
Hull 2089	2009	180,000	Capesize	Spot		N/A	
H1128	2008	177,000	Capesize	T/C	\$60,000	Oct-18	Feb-19
		1,181,200	10				
Totals	7.37	3,831,557	49				

Rig:

Leiv Eiriksson	2001		Fifth-generation semi-submersible drilling unit
Eirik Raude	2002		Fifth-generation semi-submersible drilling unit

N/B Drillships:

Hull 1865	2011		UDW Drillship
Hull 1866	2011		UDW Drillship



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

