

DryShips Inc. Reports Second Quarter 2005 and First Half Results

August 2, 2005 ATHENS, Greece - DryShips Inc. (Nasdaq: DRYS), announced today its results (unaudited) for the three month and six month periods ended June 30, 2005.

Net revenues for the second quarter of 2005 were \$71.47 million compared to \$17.46 million for the second quarter of 2004. Operating Income for the second quarter of 2005 was \$49.52 million compared to \$12.97 million for the second quarter of 2005. Net income for the second quarter 2005 was \$43.33 million compared to \$12.78 million for the second quarter of 2004. Basic earnings per share, based on average number shares outstanding, was \$1.43 for the second quarter 2005.

Net revenues for the six month period ended June 30, 2005 were \$99.61 million compared to \$33.43 million for the six month period ended June 30, 2004. Operating income was \$69.19 million compared to \$23.87 million for the six month period ended June 30, 2004. Net income for the six month period ended June 30, 2005 was \$62.44 million compared to \$23.23 million for the six month period ended June 30, 2004. Basic earnings per share, based on average number shares outstanding, was \$2.30 for the six month period ended June 30, 2005.

The following are DryShips Inc. Condensed Income Statements for the three month period and the six month period ended June 30, 2004 and 2005.

<i>(Dollars in thousands, except per share data and Average Daily Results - unaudited)</i>	For the Three Months Ended		For the Six Months Ended	
	June 30, 2005	June 30, 2004	June 30, 2005	June 30, 2004
	<i>Unaudited</i>		<i>Unaudited</i>	
INCOME STATEMENT DATA				
Voyage revenues, net	\$71,466	\$17,460	\$99,612	\$33,430
Voyage expenses	83	175	789	649
Timecharter Equivalent Revenue	71,383	17,285	98,823	32,781
Vessels operating expenses	7,690	2,182	11,653	4,844
Depreciation and amortization	11,940	1,842	14,474	3,447
Management fees	1,430	293	1,979	620
General and administrative	800	0	1,527	0
Operating Income	49,523	12,968	69,190	23,870
Interest and finance costs, net	(6,146)	(405)	(6,668)	(746)
Other, net	(48)	214	(84)	107
NET INCOME	\$43,329	\$12,777	\$62,438	\$23,231
Basic and fully diluted earnings per share	\$1.43	\$0.83	\$2.30	\$1.51
Weighted average basic and diluted shares outstanding	30,350,000	15,400,000	27,129,226	15,400,000

The following are DryShips Inc. Condensed Balance Sheets as at June 30, 2005 and December 31, 2004.

(Dollars in thousands)

	As at June 30, 2005	As at June 30, 2004
	<i>Unaudited</i>	<i>Unaudited</i>
BALANCE SHEET DATA		
Cash and cash equivalents	\$23,674	\$2,010
Other current assets	12,025	2,934
Vessels, net	846,487	53,209
Other assets	7,610	47,058
TOTAL ASSETS	889,796	105,211
Current portion of long-term debt (July 1, '05 to June 30, '06)	107,458	45,206
Other current liabilities	28,248	5,565
Long-term debt, net of current portion	440,175	0
Total Liabilities	575,881	50,771
Total Stockholders' Equity	313,915	54,440
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$889,796	\$105,211

Capitalization

Our debt to total capitalization (debt and stockholders' equity) at June 30, 2005 was 63.56% and net debt (total debt less cash and cash equivalents) to total capitalization was 60.82%.

Fleet Data

(Dollars in thousands, except per share data and Average Daily Results - unaudited)

	For the Three Months Ended		For the Six Months Ended	
	June 30, 2005	June 30, 2004	June 30, 2005	June 30, 2004
Average number of vessels ⁽¹⁾	23.82	6.00	16.28	6.00
Total voyage days for fleet ⁽²⁾	2,168	521	2,946	1,092
Total calendar days for fleet ⁽³⁾	2,189	546	2,967	1,092
Fleet utilization ⁽⁴⁾	99.0%	95.4%	99.3%	100.0%
Time charter equivalent ⁽⁵⁾	\$32,926	\$33,175	\$33,545	\$30,019
Vessel operating expenses ⁽⁶⁾	\$3,513	\$3,997	\$3,927	\$4,436
Management fees	\$653	\$536	\$667	\$568
General and administrative expenses ⁽⁷⁾	\$366	\$365	\$515	\$0
Total vessel operating expenses⁽⁸⁾	\$4,532	\$4,898	\$5,109	\$5,004

(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 associated with major repairs, drydockings or special or intermediate surveys.

(3) Calendar days are the total days the vessels were in our possession 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.

DryShips Inc. Fleet

As at June 30, 2005 DryShips Inc.'s fleet consisted of 26 vessels.

During the three month period ended June 30, 2005, the Company operated the following types of vessels:

	<u>Capesize</u>	<u>Panamax</u>	<u>Handymax</u>	<u>Total</u>
Average number of vessels during period	3.30	18.59	1.93	23.82
Number of vessels at end of period	4.00	20.00	2.00	26.00
Dwt at end of period (in thousands)	657,256	1,435,833	94,503	2,187,592
DWT as percentage of total fleet	30.04%	65.64%	4.32%	100.00%
Average age at end of period	9.50	11.20	7.00	10.62

During the six month period ended June 30, 2005, the Company operated the following types of vessels:

	<u>Capesize</u>	<u>Panamax</u>	<u>Handymax</u>	<u>Total</u>
Average number of vessels during period	2.21	12.82	1.25	16.28
Number of vessels at end of period	4.00	20.00	2.00	26.00
Dwt at end of period (in thousands)	657,256	1,435,833	94,503	2,187,592
DWT as percentage of total fleet	30.04%	65.64%	4.32%	100.00%
Average age at end of period	9.50	11.20	7.00	10.62

Fleet Employment

We actively and strategically employ our vessels in the spot charter market (under charters that generally last for periods of 10 days to four months), under period time charters (which can last up to several years) and in drybulk carrier pools.

The following table compares the timecharter equivalent ("TCE") revenue earned by vessels employed in the spot market and employed under period time charters for the three and six month periods ended June 30, 2005.

	3 months ended June 30, 2005		6 months ended June 30, 2005	
	US\$ 000's	Percentage	US\$ 000's	Percentage
Spot charter revenue	24,966	34.97%	51,084	51.69%
Period charter revenue	46,417	65.03%	47,739	48.31%
Total charter revenue	71,383	100.00%	98,823	100.00%

TCE increased during the three and six month periods ended June 30, 2005 compared to the three and six month periods ended June 30, 2004 primarily as a result of an increase in the number of vessels from six vessels in 2004 to 26 vessels as at June 20, 2005.

Vessel operating expenses increased to \$7.69 million for the three month period ended June 30, 2005 and \$11.65 million for the six month period ended June 30, 2005 compared to \$2.18 million and \$4.84 million for the corresponding periods in 2004. Compared to the three month period and six month period ended June 30, 2004, depreciation and amortization expense increased by \$10.09 million during the three month period and \$11.03 million during the six month period ended June 30, 2005. The increases in depreciation expense in both periods were due to the acquisition of 20 vessels during the period February to June 2005.

Fleet Deployment

The table below describes in detail our fleet development and current employment profile:

	Year				Current	Redelivery
	Built	Deadweight	Type	Delivery Date	Employment	(mid-range) *
EXISTING FLEET		514,890				
Shibumi	1984	166,058	Capesize		\$53,500	Nov-05
Panormos ***	1995	71,747	Panamax		Spot - \$27,530	
Lacerta **	1994	71,862	Panamax		Pool Spot - \$25,631	
Flecha	1982	65,081	Panamax		\$23,685	Oct-05
Striglla **	1982	64,747	Panamax		Pool Spot - \$20,890	
Mostoles **	1981	75,395	Panamax		Pool Spot - \$22,237	
IDENTIFIED VESSELS		812,958				
Netadola	1993	149,475	Capesize		Spot - \$45,000	
Ocean Crystal	1999	73,688	Panamax		Spot - \$27,000	
Iguana	1996	70,349	Panamax		\$33,700	Nov-05
Waikiki	1995	75,473	Panamax		Spot - \$33,750	
Toro **	1995	73,034	Panamax		Pool Spot - \$26,445	
Paragon	1995	71,259	Panamax		\$30,000	Sep-06
Daytona ***	1989	69,703	Panamax		Spot - \$40,000	
Lanikai **	1988	68,676	Panamax		Pool Spot - \$23,590	
Tonga **	1984	66,798	Panamax		Pool Spot - \$21,163	
Alona **	2002	48,640	Handymax		Pool Spot - \$24,585	
Matira	1994	45,863	Handymax		\$28,500	Oct-05
ADDITIONAL VESSELS		936,367				
Manasota	2004	171,061	Capesize		\$60,000	Sep-05
Alameda	2001	170,662	Capesize		\$65,000	Oct-05
Mendocino	2002	76,623	Panamax	August	\$42,000	Dec-06
Sonoma **	2001	74,786	Panamax		Pool Spot - \$26,130	
Coronado	2000	75,706	Panamax		Spot - \$9,600	
Xanadu	1999	72,270	Panamax		\$35,000	Aug-06
La Jolla	1997	72,126	Panamax		Spot - \$19,000	
Linda Oldendorff	1995	75,100	Panamax		\$43,250	Aug-06
Catalina	2005	74,432	Panamax		Spot - \$22,000	
Belmonte	2004	73,601	Panamax		\$42,000	Jun-06
DRYSHIPS FLEET		2,264,215		27 vessels		

* Where the Redelivery column is left blank it signifies that the vessel is trading in the spot market. For those vessels employed in the spot market and where rates are quoted, the Company has calculated the estimated rates under current specific contracted voyages. The Company gives no guarantee that these rates are correct, or that the rates are sustainable beyond the duration of the current voyage. The quoted rates are not indications of future earnings and the Company gives no assurance or guarantee of future rates after the current voyage.

** Indicates vessels that are trading in the Baumarine Pool. Rates quoted refer to the vessels earnings as last reported, usually the previous month's earnings.

*** Indicates vessels that will be entering into the Baumarine Pool.

About DryShips Inc.

DryShips Inc., based in Greece, is an owner and operator of drybulk carriers that operate worldwide. DryShips currently owns a fleet of 26 drybulk carriers and has entered into an agreement to purchase an additional vessel.

Forward-Looking Statement

Matters discussed in this release 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.' 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.

Visit our website at www.dryships.com

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