

DryShips Inc. Reports Third Quarter and Nine -Month 2005 Results

November 14, 2005 ATHENS, Greece - DryShips Inc. (Nasdaq: DRYS), announced today its results (unaudited) for the three month and nine month periods ended September 30, 2005.

Net revenues for the third quarter of 2005 were \$57.29 million compared to \$13.99 million for the third quarter of 2004. Operating Income for the third quarter of 2005 was \$28.78 million compared to \$10.31 million for the third quarter of 2004. Net income for the third quarter 2005 was \$22.85 million compared to \$9.82 million for the third quarter of 2004. Basic earnings per share, based on average number shares outstanding, was \$0.75 for the third quarter 2005. The results of the third quarter 2005 include one time delivery expenses of \$1.6 million or \$0.05 per share. Without this charge EPS for the third quarter would have been \$0.80.

Net revenues for the nine month period ended September 30, 2005 were \$156.11 million compared to \$46.77 million for the nine month period ended September 30, 2004. Operating income was \$97.69 million compared to \$34.18 million for the nine month period ended September 30, 2004. Net income for the nine month period ended September 30, 2005 was \$85.29 million compared to \$33.05 million for the nine month period ended September 30, 2004. Basic earnings per share, based on average number shares outstanding, was \$3.03 for the nine month period ended September 30, 2005.

The following are DryShips Inc. Condensed Income Statements for the three month period and the nine month period ended September 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 Nine Months Ended	
	Sept. 30, 2005	Sept. 30, 2004	Sept. 30, 2005	Sept. 30, 2004
	<i>Unaudited</i>		<i>Unaudited</i>	
INCOME STATEMENT DATA				
Voyage revenues, net	\$58,081	\$15,188	\$162,488	\$50,713
Voyage expenses	789	1,192	6,372	3,936
Timecharter Equivalent Revenue	57,292	13,996	156,116	46,777
Vessels operating expenses	11,496	1,828	23,150	6,672
Depreciation and amortization	14,560	1,525	29,035	4,972
Management fees	1,573	326	3,551	946
General and administrative	1,155	0	2,682	0
Operating Income	28,508	10,317	97,698	34,187
Interest and finance costs, net	(5,570)	(446)	(12,238)	(1,193)
Other, net	(84)	(50)	(169)	58
NET INCOME	\$22,854	\$9,821	\$85,291	\$33,052
Basic and fully diluted earnings per share	\$0.75	\$0.64	\$3.03	\$2.15
Weighted average basic and diluted shares outstanding	30,350,000	15,400,000	28,159,524	15,400,000

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

<i>(Dollars in thousands)</i>	As at	As at
	Sep.30, 2005	Sept. 30, 2004
	<i>Unaudited</i>	
BALANCE SHEET DATA		
Cash and cash equivalents	\$24,958	\$4,977
Other current assets	10,657	50,549
Vessels, net	870,934	52,061
Other assets	5,222	3,388
TOTAL ASSETS	911,771	110,975
Current portion of long-term debt (July 1, '05 to June 30, '06)	111,015	8,146
Other current liabilities	31,692	3,484
Long-term debt, net of current portion	438,419	35,204
Total Liabilities	581,126	46,834
Total Stockholders' Equity	330,645	64,141
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$911,771	\$110,975

Capitalization

Debt to total capitalization (debt and stockholders' equity) at September 30, 2005 was 62.4% and net debt (total debt less cash and cash equivalents) to total capitalization was 59.6%.

Fleet Data

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

	For the Three Months Ended		For the Nine Months Ended	
	Sept. 30, 2005	Sept. 30, 2004	Sept. 30, 2005	Sept. 30, 2004
Average number of vessels ⁽¹⁾	26.40	6.00	19.70	6.00
Total voyage days for fleet ⁽²⁾	2,302	521	5,253	1,092
Total calendar days for fleet ⁽³⁾	2,431	546	5,382	1,092
Fleet utilization ⁽⁴⁾	94.7%	95.4%	97.6%	100.0%
Time charter equivalent: ⁽⁵⁾				
Capesize	\$43,077	\$39,592	\$51,444	\$30,019
Panamax	\$21,620	\$24,634	\$26,487	\$30,019
Handymax	\$22,650	n/a	\$22,768	\$30,019
Vessel operating expenses ⁽⁶⁾	\$4,729	\$3,311	\$4,301	\$4,436
Management fees	\$647	\$591	\$660	\$568
General and administrative expenses ⁽⁷⁾	\$475	\$0	\$498	\$0
Total vessel operating expenses ⁽⁸⁾	\$5,851	\$3,902	\$5,459	\$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 September 30, 2005 DryShips Inc.'s fleet consisted of 27 vessels.

During the three month period ended September 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	4.00	20.40	2.00	26.40
Number of vessels at end of period	4.00	21.00	2.00	27.00
Dwt at end of period	657,256	1,512,456	94,503	2,264,215
DWT as percentage of total fleet	29.03%	66.80%	4.17%	100.00%
Average age at end of period	9.50	10.81	7.00	10.33

During the nine month period ended September 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	2.80	15.38	1.53	19.71
Number of vessels at end of period	4.00	21.00	2.00	27.00
Dwt at end of period	657,256	1,512,456	94,503	2,264,215
DWT as percentage of total fleet	29.03%	66.80%	4.17%	100.00%
Average age at end of period	9.50	10.81	7.00	10.33

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 nine month periods ended September 30, 2005.

	<u>3 months ended</u>		<u>9 months ended</u>	
	<u>September 30, 2005</u>		<u>September 30, 2005</u>	
	<u>US\$ 000's</u>	<u>Percentage</u>	<u>US\$ 000's</u>	<u>Percentage</u>
Spot charter revenue	37,335	64.53%	93,645	59.76%
Period charter revenue	20,519	35.47%	63,058	40.24%
Total charter revenue	57,854	100.00%	156,703	100.00%

Timecharter revenue increased during the three and nine month periods ended September 30, 2005 compared to the three and nine month periods ended September 30, 2004 primarily as a result of an increase in the number of vessels from six vessels in 2004 to 27 vessels as at September 30, 2005.

Vessel operating expenses increased to \$11.49 million for the three month period ended September 30, 2005 and \$23.14 million for the nine month period ended September 30, 2005 compared to \$1.82 million and \$6.67 million for the corresponding periods in 2004. Compared to the three month period and nine month period ended September 30, 2004, depreciation and amortization expense increased by \$13.03 million during the three month period and \$23.86 million during the nine month period ended September 30, 2005. The increases in depreciation expense in both periods were due to the acquisition of 21 vessels during the period February to August 2005.

Fleet Deployment

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

	Built <u>Year</u>	<u>Deadweight</u>	<u>Type</u>	Employment <u>Current</u>	(mid-range) <u>Redelivery</u>
CAPESIZE					
Manasota	2004	171,061	Capesize	\$46,000	Oct-06
Alameda	2001	170,662	Capesize	Spot - \$22,000	
Shibumi	1984	166,058	Capesize	Spot - \$60,000	
Netadola	1993	<u>149,475</u>	Capesize	Spot - \$43,000	
Sub-total		657,256			
PANAMAX					
Conrad Oldendorff	2002	76,623	Panamax	\$42,000	Dec-06
Coronado	2000	75,706	Panamax	Spot - \$15,250	
Waikiki	1995	75,473	Panamax	Spot - \$23,000	
Mostoles**	1981	75,395	Panamax	Baumarine \$15,688	
Linda Oldendorff	1995	75,100	Panamax	\$43,250	Aug-06
Sonoma**	2001	74,786	Panamax	Baumarine \$18,435	
Catalina	2005	74,432	Panamax	Spot - \$21,000	
Ocean Crystal	1999	73,688	Panamax	Spot - \$23,000	
Belmonte	2004	73,601	Panamax	\$42,000	Jun-06
Toro**	1995	73,034	Panamax	Baumarine \$18,657	
Xanadu	1999	72,270	Panamax	\$35,000	Aug-06
La Jolla	1997	72,126	Panamax	Spot - \$20,500	
Lacerta**	1994	71,862	Panamax	Baumarine \$18,082	
Panormos**	1995	71,747	Panamax	Baumarine \$18,739	
Paragon	1995	71,259	Panamax	\$30,000	Sep-06
Iguana	1996	70,349	Panamax	Spot - \$13,000	
Daytona**	1989	69,703	Panamax	Baumarine \$16,912	
Lanikai**	1988	68,676	Panamax	Baumarine \$16,643	
Tonga**	1984	66,798	Panamax	Baumarine \$19,609	
Flecha**	1982	65,081	Panamax	Baumarine \$15,243	
Strigla**	1982	<u>64,747</u>	Panamax	Baumarine \$14,738	
Sub-total		1,512,456			
HANDYMAX					
Alona**	2002	48,640	Handymax	Baumarine \$15,734	
Matira	1994	<u>45,863</u>	Handymax	Spot - \$21,750	
Sub-total		94,503			
DRYSHIPS FLEET		<u>2,264,215</u>			

* Where the Redelivery column is left blank it signifies that the vessel is trading in the spot market. For those vessels 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.

Events During the 3 -Month Period ended 30 September 2005

Delivery of Conrad Oldendorff

The Company took delivery of "Conrad Oldendorff", the last of the 21 Identified and Additional vessels, on 22 August 2005. The vessel immediately entered into a 14 to 18 month time charter at a daily rate of \$42,000 per day.

Drydocking of 5 Vessels

The vessels "Flecha", "Daytona", "Waikiki", "Panormos" and "La Jolla" underwent scheduled periodic drydockings during 3Q05. The Company took advantage of the soft chartering market during the quarter to drydock the vessels and also reposition the spot chartered vessels to the Atlantic from the Far East to take advantage of the seasonal upturn during the 4Q05.

Interest Rate Fixings

During September 2005 the Company hedged its interest rate exposure by fixing 65% of its floating rate debt for a period of 12 months.

Payment of Dividend

On September 19, 2005 the Company announced the payment of the quarterly dividend of \$0.20 per share for payment on October 31, 2005 for shareholders of record on September 29, 2005.

About DryShips Inc.

DryShips Inc., based in Greece, is an owner and operator of drybulk carriers that operate worldwide. As of the day of this Release, DryShips owns a fleet of 27 drybulk consisting 4 Capesize, 21 Panamax and 2 Handymax vessels, with a combined deadweight tonnage of approximately 2.3 million. DryShips is the second largest Panamax operator in the world.

DryShips Inc.'s common stock is listed on NASDAQ National Market where it trades under the symbol "DRYS".

Conference Call and Webcast

On Monday, November 14, 2005 at 11:00 am EST, the company's management will host a conference call to discuss the results.

Conference Call details:

Participants should dial into the call 10 minutes before the scheduled time using the following numbers: 1866 819 7111 (from the US), 0800 953 0329 (from the UK) or +44 1452 542 301 (from outside the US). Please quote "DryShips".

In case of any problem with the above numbers, please dial 1866 869 2352 (from the US), 0800 694 1449 (from the UK) or +44 1452 560 304 (from outside the US). Quote "DryShips".

A telephonic replay of the conference call will be available until Friday, November 18, 2005 by dialling 1866 247 4222 (from the US), 0800 953 1533 (from the UK) or +44 1452 550 000 (from outside the US). Access Code: 2133051#

Slides and audio webcast: There will also be a live -and then archived- webcast of the conference call, through the internet through the DryShips, Inc. website (www.dryships.com). Participants to the live webcast should register on the website approximately 10 minutes prior to the start of the webcast.

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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