



DRYSHIPS INC. REPORTS FINANCIAL AND OPERATING RESULTS FOR THE FOURTH QUARTER AND YEAR ENDED DECEMBER 31, 2011

February 22, 2012, Athens, Greece. DryShips Inc. (NASDAQ: DRYS), or the Company, a global provider of marine transportation services for drybulk and petroleum cargoes, and through its majority owned subsidiary, Ocean Rig UDW Inc., or Ocean Rig, of off-shore deepwater drilling services, today announced its unaudited financial and operating results for the fourth quarter and year ended December 31, 2011.

Fourth Quarter 2011 Financial Highlights

- For the fourth quarter of 2011, the Company reported a net loss of \$6.2 million, or \$0.02 basic and diluted loss per share. Included in the fourth quarter 2011 results are impairment losses on the vessels Avoca, Padre and Positano totaling \$32.6 million, or \$0.09 per share. Excluding these items, the Company's net results would have amounted to net income of \$26.4 million, or \$0.07 per share.
- The Company reported Adjusted EBITDA of \$164.4 million for the fourth quarter of 2011 as compared to \$134.8 million for the fourth quarter of 2010.⁽¹⁾

Year Ended December 31, 2011 Financial Highlights

- For the year ended 2011, the Company reported a net loss of \$70.1 million, or \$0.21 basic and diluted loss per share.
- The Company reported Adjusted EBITDA of \$580.0 million for the year ended 2011 as compared to \$571.7 million for the year ended 2010.

Recent Events

- On February 20, 2012, the Company signed an \$87.7 million firm offer letter from HSH Nordbank to partially finance the construction costs of three drybulk vessels. The agreement is subject to documentation.
- On February 14, 2012, the Company entered into a \$122.6 million credit facility with China Development Bank to partially finance the construction costs related to three Very Large Ore Carriers, or VLOCs.
- On February 10, 2012, the Company concluded two Memoranda of Agreement for the sale of the vessels Avoca and Padre for a sales price of \$80.5 million in the aggregate. The Avoca was delivered on February 22, 2012 while the Padre is expected to be delivered during February 2012.
- In February 2012, we extended the existing drilling contract for the 6th generation drillship Ocean Rig Olympia by 47 days. The additional backlog is estimated at just over \$28 million.

⁽¹⁾ As Adjusted EBITDA is a non-GAAP measure, please see later in this press release for a reconciliation to net income.

- In February 2012, the Company entered into nine interest rate swap agreements for a total notional amount of \$988.8 million maturing from October 2015 through May 2017. These agreements were entered into to hedge the Company's exposure to interest rate fluctuations by fixing our 3 month LIBOR rates between approximately 0.90% and 1.20%.
- On February 9, 2012, Petróleo Brasileiro S.A. announced it has awarded 15 year term charters to a Consortium in which Ocean Rig is a participant for five ultra deep water units at an average day rate of \$548,000.
- On February 6, 2012 Ocean Rig announced that it has signed a new drilling contract for its semi-submersible drilling rig Leiv Eiriksson with a consortium coordinated by Rig Management Norway for drilling on the Norwegian Continental Shelf. The maximum total revenue backlog is estimated at \$653 million for a minimum period of 1,070 days. The new contract is a well-based contract for 15 wells and will commence in the fourth quarter of 2012 or the first quarter of 2013. The contract includes three options of 6 wells with an exercise date well in advance of the expiry of the firm period.
- On January 27, 2012, Ocean Rig extended the exercise date of its option agreements to construct three additional 7th generation drillships at Samsung, to April 2, 2012.
- On January 23, 2012, Ocean Rig announced that it entered into a new drilling contract for its semi-submersible drilling rig Eirik Raude with an independent operator, for work offshore West Africa. The maximum total revenue backlog, to complete the 3 well program is estimated at \$52 million for a period of 60 days. The new contract will commence in direct continuation after the completion of the existing Eirik Raude contract. The operator has an option to drill one additional well for an estimated duration of 20 days.
- On January 3, 2012 and on February 6, 2012, the vessels Calida and Woolloomooloo (ex. Hull 1637a) were delivered to the Company.
- On December 16, 2011 the Company signed newbuilding contracts for the construction of four 75,900 dwt Panamax Ice Class 1A bulk carriers with an established Chinese shipyard for a price of \$34 million each, expected to be delivered in 2014. These are high specification dry cargo vessels with attractive features such as winterization and electronic main engines resulting in significant fuel efficiencies and the ability to navigate the Northern Sea Route.

George Economou, Chairman and Chief Executive Officer of the Company commented:

“We are pleased to report DryShips’ earnings for the fourth quarter of 2011. This last quarter of 2011 was a significant period for our offshore drilling unit because it generated profits in spite of downtime associated with mobilizing our rigs to drilling locations. More importantly, it marked the beginning of our next growth stage as we continue to build on our revenue backlog.

“On the shipping side, we continue to execute our defensive strategy by renewing our fleet as evidenced by our recent decision to build four high-spec ice class bulkers as replacements for the sale of older vessels such as the Avoca and the Padre. We believe we are well positioned to weather the current market downturn with 56% of our 2012 operating days in the drybulk segment under fixed rate charters at an average rate of about \$34,720 per day.

“We are confident in our ability to source competitively-priced loans as recently evidenced by our signed term sheet with HSH Nordbank for the financing of three bulkers and well as the execution of a loan agreement with China Development Bank for three VLOCs. Furthermore, we executed amortizing interest rate swap agreements fixing interest rates on a substantial amount of our debt at historical low rates.

“The Company’s 73.9% stake in Ocean Rig represents its most valuable asset and Management is committed to keep executing its business plan for our ultra deepwater off-shore drilling segment to enhance value for the Dryships’ shareholders.”

Financial Review: 2011 Fourth Quarter

The Company recorded net loss of \$6.2 million, or \$0.02 basic and diluted loss per share, for the three-month period ended December 31, 2011, as compared to net income of \$97.9 million, or \$0.30 basic and \$0.29 diluted earnings per share, for the three-month period ended December 31, 2010. Adjusted EBITDA was \$164.4 million for the fourth quarter of 2011 as compared to \$134.8 million for the same period in 2010.

Included in the fourth quarter 2011 results are impairment losses from the sale of vessels Avoca, Padre and Positano totaling \$32.6 million, or \$0.09 per share. Excluding these items, the Company’s net results would have amounted to net income of \$26.4 million or \$0.07 per share.

For the drybulk carrier segment, net voyage revenues (voyage revenues minus voyage expenses) amounted to \$81.7 million for the three-month period ended December 31, 2011, as compared to \$106.7 million for the three-month period ended December 31, 2010. For the offshore drilling segment, revenues from drilling contracts increased by \$135.4 million to \$237.7 million for the three-month period ended December 31, 2011 as compared to \$102.3 million for the same period in 2010. For the tanker segment, net voyage revenues amounted to \$3.6 million for the three-month period ended December 31, 2011.

Total vessel and rig operating expenses and total depreciation and amortization increased to \$119.6 million and \$82.3 million, respectively, for the three-month period ended December 31, 2011 from \$52.0 million and \$48.9 million, respectively, for the three-month period ended December 31, 2010. Total general and administrative expenses increased to \$37.4 million in the fourth quarter of 2011 from \$25.2 million during the comparative period in 2010.

Interest and finance costs, net of interest income, amounted to \$48.2 million for the three-month period ended December 31, 2011, compared to \$5.7 million for the three-month period ended December 31, 2010.

Fleet List

The table below describes our fleet profile as of February 17, 2012:

| | Year | | | Gross rate | Redelivery | |
|-----------------------------|--------------|------------|-------------|----------------|-----------------|---------------|
| | <u>Built</u> | <u>DWT</u> | <u>Type</u> | <u>Per day</u> | <u>Earliest</u> | <u>Latest</u> |
| <u>Drybulk fleet</u> | | | | | | |
| Capesize: | | | | | | |
| Mystic | 2008 | 170,040 | Capesize | \$52,310 | Aug-18 | Dec-18 |
| Robusto | 2006 | 173,949 | Capesize | \$26,000 | Aug-14 | Dec-14 |
| Cohiba | 2006 | 174,234 | Capesize | \$26,250 | Oct-14 | Feb-15 |
| Montecristo | 2005 | 180,263 | Capesize | \$23,500 | May-14 | Oct-14 |
| Flecha | 2004 | 170,012 | Capesize | \$55,000 | Jul-18 | Nov-18 |
| Manasota | 2004 | 171,061 | Capesize | \$30,000 | Jan-18 | Aug-18 |
| Partagas | 2004 | 173,880 | Capesize | \$27,500 | Jul-12 | Dec-12 |
| Alameda | 2001 | 170,662 | Capesize | \$27,500 | Nov-15 | Jan-16 |
| Capri | 2001 | 172,579 | Capesize | Spot | N/A | N/A |
| Panamax: | | | | | | |
| Woolloomooloo | 2012 | 76,064 | Panamax | \$13,150 | Dec-12 | Feb-13 |
| Amalfi | 2009 | 75,206 | Panamax | \$39,750 | Aug-13 | Dec-13 |
| Rapallo | 2009 | 75,123 | Panamax | Spot | N/A | N/A |
| Catalina | 2005 | 74,432 | Panamax | \$40,000 | Jun-13 | Aug-13 |
| Majorca | 2005 | 74,477 | Panamax | \$43,750 | Jun-12 | Aug-12 |
| Ligari | 2004 | 75,583 | Panamax | \$55,500 | Jun-12 | Aug-12 |
| Avoca (1) | 2004 | 76,629 | Panamax | \$45,500 | Sep-13 | Dec-13 |
| Padre (2) | 2004 | 73,601 | Panamax | \$46,500 | Sep-12 | Dec-12 |
| Saldanha | 2004 | 75,707 | Panamax | \$52,500 | Jun-12 | Sep-12 |
| Sorrento | 2004 | 76,633 | Panamax | \$24,500 | Aug-21 | Dec-21 |
| Mendocino | 2002 | 76,623 | Panamax | \$56,500 | Jun-12 | Sep-12 |
| Bargara | 2002 | 74,832 | Panamax | \$43,750 | May-12 | Jul-12 |
| Oregon | 2002 | 74,204 | Panamax | Spot | N/A | N/A |
| Ecola | 2001 | 73,931 | Panamax | \$43,500 | Jun-12 | Aug-12 |
| Samatan | 2001 | 74,823 | Panamax | Spot | N/A | N/A |
| Sonoma | 2001 | 74,786 | Panamax | Spot | N/A | N/A |
| Capitola | 2001 | 74,816 | Panamax | Spot | N/A | N/A |
| Levanto | 2001 | 73,925 | Panamax | Spot | N/A | N/A |
| Maganari | 2001 | 75,941 | Panamax | Spot | N/A | N/A |
| Coronado | 2000 | 75,706 | Panamax | Spot | N/A | N/A |
| Marbella | 2000 | 72,561 | Panamax | Spot | N/A | N/A |
| Positano | 2000 | 73,288 | Panamax | \$42,500 | Sep-13 | Dec-13 |
| Redondo | 2000 | 74,716 | Panamax | \$34,500 | Apr-13 | Jun-13 |
| Topeka | 2000 | 74,716 | Panamax | \$12,250 | Dec-12 | Feb-13 |
| Ocean Crystal | 1999 | 73,688 | Panamax | Spot | N/A | N/A |
| Helena | 1999 | 73,744 | Panamax | \$32,000 | May-12 | Jan-13 |
| Supramax: | | | | | | |
| Byron | 2003 | 51,118 | Supramax | Spot | N/A | N/A |
| Galveston | 2002 | 51,201 | Supramax | Spot | N/A | N/A |

| | Year | | | Gross rate | Redelivery | |
|----------------------------------|--------------|------------|-------------|----------------|-----------------|---------------|
| | <u>Built</u> | <u>DWT</u> | <u>Type</u> | <u>Per day</u> | <u>Earliest</u> | <u>Latest</u> |
| Newbuildings | | | | | | |
| Newbuilding Ice –class Panamax 1 | 2014 | 75,900 | Panamax | Spot | N/A | N/A |
| Newbuilding Ice –class Panamax 2 | 2014 | 75,900 | Panamax | Spot | N/A | N/A |
| Newbuilding Ice –class Panamax 3 | 2014 | 75,900 | Panamax | Spot | N/A | N/A |
| Newbuilding Ice –class Panamax 4 | 2014 | 75,900 | Panamax | Spot | N/A | N/A |
| Newbuilding VLOC #4 | 2013 | 206,000 | Capesize | Spot | N/A | N/A |
| Newbuilding VLOC #5 | 2013 | 206,000 | Capesize | Spot | N/A | N/A |
| Newbuilding Panamax 2 | 2012 | 76,000 | Panamax | \$13,150 | Feb-13 | Apr-13 |
| Newbuilding Capesize 1 | 2012 | 176,000 | Capesize | Spot | N/A | N/A |
| Newbuilding Capesize 2 | 2012 | 176,000 | Capesize | Spot | N/A | N/A |
| Newbuilding VLOC #1 | 2012 | 206,000 | Capesize | \$25,000 | June-15 | June-20 |
| Newbuilding VLOC #2 | 2012 | 206,000 | Capesize | \$23,000 | Oct-17 | Oct-22 |
| Newbuilding VLOC #3 | 2012 | 206,000 | Capesize | \$21,500 | Jan-20 | Jan-27 |
| Tanker fleet | | | | | | |
| Calida | 2012 | 115,200 | Aframax | Sigma Pool | N/A | N/A |
| Vilamoura | 2011 | 158,300 | Suezmax | Blue Fin Pool | N/A | N/A |
| Saga | 2011 | 115,200 | Aframax | Sigma Pool | N/A | N/A |
| Daytona | 2011 | 115,200 | Aframax | Sigma Pool | N/A | N/A |
| Belmar | 2011 | 115,200 | Aframax | Sigma Pool | N/A | N/A |
| Newbuildings | | | | | | |
| Blanca | 2013 | 158,300 | Suezmax | Blue Fin Pool | N/A | N/A |
| Bordeira | 2013 | 158,300 | Suezmax | Blue Fin Pool | N/A | N/A |
| Esperona | 2013 | 158,300 | Suezmax | Blue Fin Pool | N/A | N/A |
| Lipari | 2012 | 158,300 | Suezmax | Blue Fin Pool | N/A | N/A |
| Petalidi | 2012 | 158,300 | Suezmax | Blue Fin Pool | N/A | N/A |
| Alicante | 2012 | 115,200 | Aframax | Sigma Pool | N/A | N/A |
| Mareta | 2012 | 115,200 | Aframax | Sigma Pool | N/A | N/A |

(1) Sold delivered to new owner on February 22, 2012

(2) Sold, expect to be delivered to new owners during February 2012.

Drilling Rigs:

| <u>Unit</u> | <u>Year built</u> | <u>Redelivery</u> | <u>Operating area</u> | <u>Backlog (\$m) (*)</u> |
|---------------------|--------------------------|--------------------------|------------------------------|---------------------------------|
| Leiv Eiriksson | 2001 | Q3 – 12 | Falkland Islands | \$ 126 |
| Leiv Eiriksson | 2001 | Q4 – 15 | North Sea | \$ 653 |
| Eirik Raude | 2002 | Q1 – 12 | Ghana | \$ 5 |
| Eirik Raude | 2002 | Q2 – 12 | Ivory Coast | \$ 56 |
| Eirik Raude | 2002 | Q3 – 12 | West Africa | \$ 52 |
| Ocean Rig Corcovado | 2011 | Q1 – 15 | Brazil | \$ 534 |
| Ocean Rig Olympia | 2011 | Q2 – 12 | West Africa | \$ 62 |
| Ocean Rig Poseidon | 2011 | Q2 – 13 | Tanzania | \$ 291 |
| Ocean Rig Mykonos | 2011 | Q1 – 15 | Brazil | \$ 528 |
| | | | | <hr/> |
| | | | <u>Total</u> | <u>\$2,307</u> |

(*) Backlog as of December 31, 2011 as adjusted for firm contracts thereafter

Drybulk Carrier and Tanker Segment Summary Operating Data (unaudited)

(Dollars in thousands, except average daily results)

| <u>Drybulk</u> | Three Months Ended | | Year Ended | |
|--|--------------------|----------|--------------|----------|
| | December 31, | | December 31, | |
| | 2010 | 2011 | 2010 | 2011 |
| Average number of vessels ⁽¹⁾ | 37.0 | 36.1 | 37.2 | 35.8 |
| Total voyage days for vessels ⁽²⁾ | 3,341 | 3,204 | 13,372 | 12,682 |
| Total calendar days for vessels ⁽³⁾ | 3,404 | 3,325 | 13,583 | 13,068 |
| Fleet utilization ⁽⁴⁾ | 98.1% | 96.4% | 98.5% | 97.0% |
| Time charter equivalent ⁽⁵⁾ | \$31,929 | \$25,479 | \$32,184 | \$27,229 |
| Vessel operating expenses (daily) ⁽⁶⁾ | \$5,577 | \$7,007 | \$5,245 | \$6,271 |

| <u>Tanker</u> | Three Months Ended | | Year Ended | |
|--|--------------------|--|--------------|--|
| | December 31, | | December 31, | |
| | 2011 | | 2011 | |
| Average number of vessels ⁽¹⁾ | 3.9 | | 2.6 | |
| Total voyage days for vessels ⁽²⁾ | 361 | | 963 | |
| Total calendar days for vessels ⁽³⁾ | 362 | | 963 | |
| Fleet utilization ⁽⁴⁾ | 99.7% | | 100% | |
| Time charter equivalent ⁽⁵⁾ | \$10,105 | | \$12,592 | |
| Vessel operating expenses (daily) ⁽⁶⁾ | \$8,895 | | \$9,701 | |

(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 number of 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.

| <u>Drybulk</u> | Three Months Ended | | Year Ended | |
|----------------------------------|--------------------|-----------|--------------|------------|
| | December 31, | | December 31, | |
| | 2010 | 2011 | 2010 | 2011 |
| Voyage revenues | \$ 113,521 | \$ 86,621 | \$ 457,804 | \$ 365,361 |
| Voyage expenses | (6,844) | (4,985) | (27,433) | (20,048) |
| Time charter equivalent revenues | \$ 106,677 | \$ 81,636 | \$ 430,371 | \$ 345,313 |
| Total voyage days for fleet | 3,341 | 3,204 | 13,372 | 12,682 |
| Time charter equivalent TCE | \$ 31,929 | \$ 25,479 | \$ 32,184 | \$ 27,229 |

| <u>Tanker</u> | Three Months Ended | | Year Ended | |
|----------------------------------|--------------------|--|-------------------|--|
| | December 31, 2011 | | December 31, 2011 | |
| | | | | |
| Voyage revenues | \$ 3,903 | | \$12,652 | |
| Voyage expenses | (255) | | (526) | |
| Time charter equivalent revenues | \$ 3,648 | | \$12,126 | |
| Total voyage days for fleet | 361 | | 963 | |
| Time charter equivalent TCE | \$10,105 | | \$12,592 | |

Dryships Inc.

Financial Statements Unaudited Condensed Consolidated Statements of Operations

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

| | Three Months Ended December 31, | | Year Ended December 31, | |
|--|------------------------------------|-------------------|----------------------------|--------------------|
| | 2010 (as restated) | 2011 | 2010 | 2011 |
| REVENUES: | | | | |
| Voyage revenues | \$ 113,521 | \$ 90,524 | \$ 457,804 | \$ 378,013 |
| Revenues from drilling contracts | 102,301 | 237,658 | 401,941 | 699,649 |
| | <u>215,822</u> | <u>328,182</u> | <u>859,745</u> | <u>1,077,662</u> |
| EXPENSES: | | | | |
| Voyage expenses | 6,844 | 5,240 | 27,433 | 20,573 |
| Vessel and drilling rig operating expenses | 51,999 | 119,573 | 190,614 | 373,122 |
| Depreciation and amortization | 48,863 | 82,280 | 192,891 | 274,281 |
| Loss/(gain) on vessel sales/impairment | 4,296 | 27,142 | (5,847) | 116,779 |
| General and administrative expenses | 25,203 | 37,387 | 87,264 | 114,282 |
| | <u>78,617</u> | <u>56,560</u> | <u>367,390</u> | <u>178,625</u> |
| Operating income | | | | |
| | 78,617 | 56,560 | 367,390 | 178,625 |
| OTHER INCOME/(EXPENSES): | | | | |
| Interest and finance costs, net of interest income | (5,706) | (48,181) | (45,959) | (134,828) |
| Gain/(Loss) on interest rate swaps | 26,884 | 2,298 | (120,505) | (68,943) |
| Other, net | 5,899 | 2,168 | 9,960 | 5,288 |
| Income taxes | (5,640) | (9,872) | (20,436) | (27,428) |
| | <u>21,437</u> | <u>(53,587)</u> | <u>(176,940)</u> | <u>(225,911)</u> |
| Total other expenses | <u>21,437</u> | <u>(53,587)</u> | <u>(176,940)</u> | <u>(225,911)</u> |
| Net income/(loss) | 100,054 | 2,973 | 190,450 | (47,286) |
| Net income attributable to Non controlling interests | (2,123) | (9,193) | (2,123) | (22,842) |
| | <u>(2,123)</u> | <u>(9,193)</u> | <u>(2,123)</u> | <u>(22,842)</u> |
| Net income/(loss) attributable to Dryships Inc. | <u>\$ 97,931</u> | <u>\$ (6,220)</u> | <u>\$ 188,327</u> | <u>\$ (70,128)</u> |
| Earnings/(loss) per common share, basic | \$ 0.30 | \$ (0.02) | \$ 0.64 | \$ (0.21) |
| Weighted average number of shares, basic | 307,926,254 | 375,495,260 | 268,858,688 | 355,144,764 |
| Earnings/(loss) per common share, diluted | \$ 0.29 | \$ (0.02) | \$ 0.61 | \$ (0.21) |
| Weighted average number of shares, diluted | 344,493,418 | 375,495,260 | 305,425,852 | 355,144,764 |

Dryships Inc.

Unaudited Condensed Consolidated Balance Sheets

(Expressed in Thousands of U.S. Dollars)

| | <u>December 31, 2010</u> | <u>December 31, 2011</u> |
|--|--------------------------|--------------------------|
| <u>ASSETS</u> | | |
| CURRENT ASSETS: | | |
| Cash and cash equivalents | \$ 391,530 | \$ 251,143 |
| Restricted cash | 578,311 | 72,765 |
| Other current assets | 95,269 | 270,345 |
| Total current assets | <u>1,065,110</u> | <u>594,253</u> |
| FIXED ASSETS, NET: | | |
| Vessels and rigs under construction and acquisitions | 2,072,699 | 1,027,889 |
| Vessels, net | 1,917,966 | 1,956,270 |
| Drilling rigs, machinery and equipment, net | 1,249,333 | 4,587,916 |
| Total fixed assets, net | <u>5,239,998</u> | <u>7,572,075</u> |
| OTHER NON-CURRENT ASSETS: | | |
| Restricted cash | 195,517 | 332,801 |
| Other non-current assets | 483,869 | 122,560 |
| Total non-current assets | <u>679,386</u> | <u>455,361</u> |
| Total assets | <u>6,984,494</u> | <u>8,621,689</u> |
| <u>LIABILITIES AND STOCKHOLDERS' EQUITY</u> | | |
| CURRENT LIABILITIES: | | |
| Current portion of long-term debt | 731,232 | 429,149 |
| Other current liabilities | 204,203 | 336,286 |
| Total current liabilities | <u>935,435</u> | <u>765,435</u> |
| NON-CURRENT LIABILITIES: | | |
| Long-term debt, net of current portion | 1,988,460 | 3,812,686 |
| Other non-current liabilities | 161,070 | 104,906 |
| Total non-current liabilities | <u>2,149,530</u> | <u>3,917,592</u> |
| STOCKHOLDERS' EQUITY: | | |
| Total equity | 3,899,529 | 3,938,662 |
| Total liabilities and stockholders' equity | <u>\$ 6,984,494</u> | <u>\$ 8,621,689</u> |

Adjusted EBITDA Reconciliation

Adjusted EBITDA represents net income before interest, taxes, depreciation and amortization, vessel impairments and gains or losses on interest rate swaps. Adjusted EBITDA does not represent and should not be considered as an alternative to net income or cash flow from operations, as determined by United States generally accepted accounting principles, or U.S. GAAP, and our calculation of adjusted EBITDA may not be comparable to that reported by other companies. Adjusted EBITDA is included herein because it is a basis upon which the Company measures its operations and efficiency. Adjusted EBITDA is also used by our lenders as a measure of our compliance with certain covenants contained in our loan agreements and because the Company believes that it presents useful information to investors regarding a company's ability to service and/or incur indebtedness.

The following table reconciles net income to Adjusted EBITDA:

(Dollars in thousands)

| | Three Months Ended December 31, | | Year Ended December 31, | |
|---|------------------------------------|---------|----------------------------|-------------|
| | 2010 (as restated) | 2011 | 2010 | 2011 |
| Net income / (loss) | \$ 97,931 | (6,220) | 188,327 | \$ (70,128) |
| Add: Net interest expense | 5,706 | 48,181 | 45,959 | 134,828 |
| Add: Depreciation and amortization | 48,863 | 82,280 | 192,891 | 274,281 |
| Add: Impairment losses | 3,588 | 32,584 | 3,588 | 144,688 |
| Add: Income taxes | 5,640 | 9,872 | 20,436 | 27,428 |
| Add: (Gain)/Loss on interest rate swaps | (26,884) | (2,298) | 120,505 | 68,943 |
| Adjusted EBITDA | \$ 134,844 | 164,399 | 571,706 | \$ 580,040 |

Conference Call and Webcast: February 23, 2012

As announced, the Company's management team will host a conference call, on February 23, 2012 at 9:00 a.m. Eastern Standard Time to discuss the Company's financial results.

Conference Call Details

Participants should dial into the call 10 minutes before the scheduled time using the following numbers: 1(866) 819-7111 (from the US), 0(800) 953-0329 (from the UK) or +(44) 1452 542 301 (from outside the US). Please quote "DryShips."

A replay of the conference call will be available until March 1, 2012. The United States replay number is 1(866) 247- 4222; from the UK 0(800) 953-1533; the standard international replay number is (+44) (0) 1452 55 00 00 and the access code required for the replay is: 2133051#.

A replay of the conference call will also be available on the Company's website at www.dryships.com under the Investor Relations section.

Slides and Audio Webcast

There will also be a simultaneous live webcast over 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.

About DryShips Inc.

DryShips Inc. is an owner of drybulk carriers and tankers that operate worldwide. Through its majority owned subsidiary, Ocean Rig UDW Inc., DryShips owns and operates 9 offshore ultra deepwater drilling units, comprising of 2 ultra deepwater semisubmersible drilling rigs and 7 ultra deepwater drillships, 3 of which remain to be delivered to Ocean Rig during 2013. DryShips owns a fleet of 49 drybulk carriers (including newbuildings), comprising 11 Capesize, 31 Panamax, 2 Supramax and 5 newbuildings Very Large Ore Carriers (VLCC) with a combined deadweight tonnage of about 5.4 million tons, and 12 tankers (including newbuildings), comprising 6 Suezmax and 6 Aframax, with a combined deadweight tonnage of over 1.6 million tons.

DryShips' common stock is listed on the NASDAQ Global Select Market where it trades under the symbol "DRYS."

Visit the Company's website at www.dryships.com

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 we believe 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, we 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 our 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.

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