DRYSHIPS INC. REPORTS FINANCIAL AND OPERATING RESULTS FOR THE SECOND QUARTER 2013

August 7, 2013, Athens, Greece. DryShips Inc. (NASDAQ: DRYS), or DryShips or the Company, an international provider of marine transportation services for drybulk and petroleum cargoes, and through its majority owned subsidiary, Ocean Rig UDW Inc., or Ocean Rig, of offshore deepwater drilling services, today announced its unaudited financial and operating results for the second quarter ended June 30, 2013.

Second Quarter 2013 Financial Highlights

- For the second quarter of 2013, the Company reported a net loss of $18.2 million, or $0.05 basic and diluted loss per share.

- The Company reported Adjusted EBITDA of $112.3 million for the second quarter of 2013, as compared to $140.2 million for the second quarter of 2012. (1)

Recent Events

- On August 1, 2013, the Company entered into two supplemental agreements related to two bank loans dated October 5, 2007 and March 13, 2008, respectively, to amend certain terms and cure a shortfall in the security cover ratio, and pledged an aggregate of 5,450,000 of its shares of Ocean Rig as additional security under the loans.

- On July 30, 2013, Ocean Rig signed definitive documentation with Total E&P Congo, following the previously announced Letter of Award, for its ultra deepwater drillship *Ocean Rig Apollo*. The contract is for a three-year drilling campaign offshore West Africa, with an estimated backlog of approximately $677 million, and is expected to commence in the first quarter of 2015.

- On July 19, 2013, Ocean Rig received a Letter of Award for its ultra deepwater drillship *Ocean Rig Skyros* from a major oil company. The Letter of Award is for a six-year contract for drilling offshore West Africa, with an estimated backlog of approximately $1.3 billion. The contract is expected to commence in direct continuation of the previous contract for the *Ocean Rig Skyros* with Total E&P Angola before the first quarter of 2015.

- In July 2013, Ocean Rig entered into a $1.9 billion senior secured term loan facility, comprised of tranche B-1 term loans in an aggregate principal amount equal to $1,075.0 million and tranche B-2 term loans in an aggregate principal amount equal to $825.0 million, with respective maturity dates in the first quarter of 2021 and the third quarter of 2016.

- On July 10, 2013, Ocean Rig entered into a drilling contract with Total E&P Angola for a five-well program or a minimum of 275 days for its ultra deepwater drillship *Ocean Rig Skyros* for drilling offshore West Africa, with an estimated backlog of approximately $190 million. The *Ocean Rig Skyros* is expected to commence this contract upon delivery from the shipyard in November 2013.

- On May 23, 2013 and June 18, 2013, the Company took delivery of its two VLOCs under construction in China and drew down the maximum amount available under the secured term loan facility with China Development Bank.

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

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

"We continue to be defensive about the short-term prospects of the shipping markets. Asset prices seem to be holding up but we do not expect any positive development in drybulk and tanker charter rates this year. As a result we have focused this year on reducing our breakeven levels. We lowered our newbuilding capital expenditures significantly and are now focusing on other areas.

“As part of this effort, during the second quarter of 2013, we accelerated our discussions with our lenders to lower our debt service requirements. So far, we concluded an agreement with a lender to, among other things, defer certain principal installments until maturity. As part of this transaction, we provided a pledge of Ocean Rig shares, underlining our commitment to reach viable solutions with our lenders.

“We are cautiously optimistic expecting a sustainable recovery in 2014 and beyond and believe DryShips is well positioned to take advantage of the ensuing recovery in charter rates in the drybulk and tanker sectors.

“In terms of our shareholding in Ocean Rig UDW Inc., we are pleased with Ocean Rig’s solid results for the quarter. In addition, Ocean Rig’s consummation of the $1.9 billion term loan transaction was vital, not only in terms of the net cash flow it will generate, but also in terms of the additional financial flexibility for Ocean Rig that it will provide. As the largest shareholder in Ocean Rig, we believe it is optimally positioned in the ultra-deepwater drilling market and we continue to be positive about the prospects for Ocean Rig, whose contract backlog currently stands at approximately $6.0 billion.”

Financial Review: 2013 Second Quarter

The Company recorded a net loss of $18.2 million, or $0.05 basic and diluted loss per share, for the three-month periods ended June 30, 2013 and 2012, respectively. Adjusted EBITDA was $112.3 million for the second quarter of 2013, as compared to $140.2 million for the same period in 2012.[2]

For the drybulk carrier segment, net voyage revenues (voyage revenues minus voyage expenses) amounted to $42.4 million for the three-month period ended June 30, 2013, as compared to $58.6 million for the three-month period ended June 30, 2012. For the tanker segment, net voyage revenues amounted to $9.1 million for the three-month period ended June 30, 2013, as compared to $8.5 million for the same period in 2012. For the offshore drilling segment, revenues from drilling contracts decreased by $3.7 million to $259.8 million for the three-month period ended June 30, 2013, as compared to $263.5 million for the same period in 2012.

Total vessels', drilling rigs' and drillships' operating expenses and total depreciation and amortization decreased to $142.5 million and increased to $85.8 million, respectively, for the three-month period ended June 30, 2013, from $167.3 million and $84.1 million, respectively, for the three-month period ended March 31, 2012. Total general and administrative expenses remained approximately the same at $37.2 million in the second quarters of 2013 and 2012, respectively.

Interest and finance costs, net of interest income, amounted to $56.0 million for the three-month period ended June 30, 2013, compared to $49.8 million for the three-month period ended June 30, 2012.

Settlement with Cairn Energy

In July 2013, Ocean Rig reached an out of court settlement with Cairn Energy to receive compensation amounting to $5.0 million against an outstanding receivable of $11.0 million. As a result, during the second quarter of 2013, Ocean Rig wrote off $6.0 million. This agreement is subject to definitive documentation.

[2] Adjusted EBITDA is a non-GAAP measure; please see later in this press release for a reconciliation to net income.

Fleet List

The table below describes our fleet profile as of July 31, 2013:

	Year Built	DWT	Type	Gross rate Per day	Redelivery Earliest	Redelivery Latest
Drybulk fleet						
Capesize:						
Rangiroa	2013	206,000	Capesize	$23,000	Apr-18	Nov-23
Negonego	2013	206,000	Capesize	$21,500	Mar-20	Feb-28
Fakarava	2012	206,000	Capesize	$25,000	Sept-15	Sept-20
Mystic	2008	170,040	Capesize	$52,310	Aug-18	Dec-18
Robusto	2006	173,949	Capesize	$26,000	Aug-14	Apr-18
Cohiba	2006	174,234	Capesize	$26,250	Oct-14	Jun-19
Montecristo	2005	180,263	Capesize	$23,500	May-14	Feb-19
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	$11,500	Jun-14	Oct-14
Alameda	2001	170,662	Capesize	$27,500	Nov-15	Jan-16
Capri	2001	172,579	Capesize	$10,000	Nov-13	Mar-14
Panamax:						
Raraka	2012	76,037	Panamax	$7,500	Jan-15	Mar-15
Woolloomooloo	2012	76,064	Panamax	$7,500	Dec-14	Feb-15
Amalfi	2009	75,206	Panamax	Spot	N/A	N/A
Rapallo	2009	75,123	Panamax	Spot	N/A	N/A
Catalina	2005	74,432	Panamax	Spot	N/A	N/A
Majorca	2005	74,477	Panamax	Spot	N/A	N/A
Ligari	2004	75,583	Panamax	$9,250	Sep-13	Nov-13
Saldanha	2004	75,707	Panamax	Spot	N/A	N/A
Sorrento	2004	76,633	Panamax	$24,500	Aug-21	Dec-21
Mendocino	2002	76,623	Panamax	Spot	N/A	N/A
Bargara	2002	74,832	Panamax	Spot	N/A	N/A
Oregon	2002	74,204	Panamax	$9,650	Sept-13	Nov-13
Ecola	2001	73,931	Panamax	Spot	N/A	N/A
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
Redondo	2000	74,716	Panamax	$9,250	Sept-13	Nov-13
Topeka	2000	74,716	Panamax	$8,450	Oct-13	Dec-13
Ocean Crystal	1999	73,688	Panamax	Spot	N/A	N/A
Helena	1999	73,744	Panamax	Spot	N/A	N/A
Supramax:						
Byron	2003	51,118	Supramax	Spot	N/A	N/A
Galveston	2002	51,201	Supramax	Spot	N/A	N/A

	Year Built	DWT	Type	Gross rate Per day	Redelivery Earliest	Latest
Newbuildings						
Panamax:						
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
Tanker fleet						
Suezmax:						
Bordeira	2013	158,300	Suezmax	Spot	N/A	N/A
Petalidi	2012	158,300	Suezmax	Spot	N/A	N/A
Lipari	2012	158,300	Suezmax	Spot	N/A	N/A
Vilamoura	2011	158,300	Suezmax	Spot	N/A	N/A
Aframax:						
Alicante	2013	115,200	Aframax	Spot	N/A	N/A
Mareta	2013	115,200	Aframax	Spot	N/A	N/A
Calida	2012	115,200	Aframax	Spot	N/A	N/A
Saga	2011	115,200	Aframax	Spot	N/A	N/A
Daytona	2011	115,200	Aframax	Spot	N/A	N/A
Belmar	2011	115,200	Aframax	Spot	N/A	N/A

Drilling Rigs/Drillships:

Unit	Year built	Redelivery	Operating area	Backlog ($m)
Leiv Eiriksson	2001	Q2 – 16	Norway	$542
Eirik Raude	2002	Q3 – 13	Ireland	$14
		Q3 – 14	Sierra Leone, Ivory Coast	$217
Ocean Rig Corcovado	2011	Q2 – 15	Brazil	$292
Ocean Rig Olympia	2011	Q3 – 15	Gabon, Angola	$432
Ocean Rig Poseidon	2011	Q2 – 16	Angola	$721
Ocean Rig Mykonos	2011	Q1 – 15	Brazil	$265
Newbuildings				
Ocean Rig Mylos (Expected delivery Aug. 2013)	2013	Q3 – 16	Brazil	$662
Ocean Rig Skyros (Expected delivery Nov. 2013)	2013	Q4 – 14	Angola	$187
		Q4 – 20	Angola	$1,266(1)
Ocean Rig Athena (Expected delivery Dec. 2013)	2013	Q1 – 17	Angola	$752
Ocean Rig Apollo (Expected delivery Jan. 2015)	2015	Q1 – 18	Congo	$677
Total				**$6,027**

(1) Letter of Award is subject to definitive documentation.

Drybulk Carrier and Tanker Segment Summary Operating Data (unaudited)

(Dollars in thousands, except average daily results)

Drybulk	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2013	2012	2013
Average number of vessels(1)	35.4	36.6	35.7	36.3
Total voyage days for vessels(2)	3,200	3,326	6,481	6,566
Total calendar days for vessels(3)	3,218	3,328	6,503	6,568
Fleet utilization(4)	99.4%	99.9%	99.7%	100%
Time charter equivalent(5)	$18, 319	$12,756	$20,213	$12,085
Vessel operating expenses (daily)(6)	$5,313	$5,930	$5,484	$5,496

Tanker	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2013	2012	2013
Average number of vessels(1)	6.1	10	5.5	9.7
Total voyage days for vessels(2)	552	910	1,005	1,758
Total calendar days for vessels(3)	552	910	1,005	1,758
Fleet utilization(4)	100%	100%	100%	100%
Time charter equivalent(5)	$15,310	$10,004	$15,583	$11,349
Vessel operating expenses (daily)(6)	$8,690	$6,371	$8,096	$7,704

(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 dry-docking days.
(3) Calendar days are the total number of days the vessels were in our possession for the relevant period including dry-docking 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 revenues, a non-U.S. GAAP measure, provides additional meaningful information in conjunction with revenues from our vessels, the most directly comparable U.S. GAAP measure, because it assists our management in making decisions regarding the deployment and use of its vessels and in evaluating their financial performance. TCE is also 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. Please see below for a reconciliation of TCE rates to voyage revenues.
(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.

(In thousands of U.S. dollars, except for TCE rate, which is expressed in Dollars, and voyage days)

Drybulk	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2013	2012	2013
Voyage revenues	$ 62,487	$ 48,315	$ 139,508	$ 93,797
Voyage expenses	(3,865)	(5,890)	(8,508)	(14,448)
Time charter equivalent revenues	$ 58,622	$ 42,425	$ 131,000	$ 79,349
Total voyage days for fleet	3,200	3,326	6,481	6,566
Time charter equivalent TCE	$ 18,319	$ 12,756	$ 20,213	$ 12,085

Tanker	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2013	2012	2013
Voyage revenues	$ 10,161	$ 27,858	$ 17,637	$ 55,645
Voyage expenses	(1,710)	(18,754)	(1,976)	(35,694)
Time charter equivalent revenues	$ 8,451	$ 9,104	$ 15,661	$ 19,951
Total voyage days for fleet	552	910	1,005	1,758
Time charter equivalent TCE	$ 15,310	$ 10,004	$ 15,583	$ 11,349

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 June 30,		Six Months Ended June 30,	
	2012	2013	2012	2013
REVENUES:				
Voyage revenues	$ 72,648	$ 76,173	$ 157,145	$ 149,442
Revenues from drilling contracts	263,491	259,835	426,490	506,279
	336,139	336,008	583,635	655,721
EXPENSES:				
Voyage expenses	5,575	24,645	10,484	50,142
Vessel operating expenses	22,251	25,533	43,796	49,643
Drilling rigs operating expenses	145,052	116,981	230,392	237,740
Depreciation and amortization	84,079	85,758	166,034	168,418
Vessel impairments and other, net	(525)	1,443	963	76,783
General and administrative expenses	37,172	37,187	71,146	73,434
Legal settlements and other, net	(7,425)	5,405	(1,606)	5,390
Operating income / (loss)	49,960	39,056	62,426	(5,829)
OTHER INCOME / (EXPENSES):				
Interest and finance costs, net of interest income	(49,768)	(56,008)	(100,545)	(112,870)
Gain/ (Loss) on interest rate swaps	(12,963)	23,082	(21,714)	23,478
Other, net	4,824	2,011	2,576	2,689
Income taxes	(11,596)	(10,411)	(21,628)	(24,575)
Total other expenses, net	(69,503)	(41,326)	(141,311)	(111,278)
Net loss	(19,543)	(2,270)	(78,885)	(117,107)
Net income/ (loss) attributable to Non controlling interests	1,341	(15,940)	13,227	(17,738)
Net loss attributable to Dryships Inc.	$ (18,202)	$ (18,210)	$ (65,658)	$ (134,845)
Loss per common share, basic and diluted	$ (0.05)	$ (0.05)	$ (0.17)	$ (0.35)
Weighted average number of shares, basic and diluted	380,152,244	382,657,244	380,152,244	382,657,244

Dryships Inc.

Unaudited Condensed Consolidated Balance Sheets

(Expressed in Thousands of U.S. Dollars)		December 31, 2012		June 30, 2013
ASSETS				
Cash and restricted cash (current and non-current)	$	720,458	$	511,437
Other current assets		338,446		414,860
Advances for vessels and rigs under construction and acquisitions		1,201,807		1,098,106
Vessels, net		2,059,570		2,310,833
Drilling rigs, drillships, machinery and equipment, net		4,446,730		4,422,807
Other non-current assets		111,480		146,023
Total assets		8,878,491		8,904,066
LIABILITIES AND STOCKHOLDERS' EQUITY				
Total debt		4,386,715		4,436,193
Total other liabilities		623,757		585,993
Total stockholders' equity		3,868,019		3,881,880
Total liabilities and stockholders' equity	$	8,878,491	$	8,904,066

Adjusted EBITDA Reconciliation

Adjusted EBITDA represents earnings 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 loss to Adjusted EBITDA:

(Dollars in thousands)	Three Months Ended June 30, 2012	Three Months Ended June 30, 2013	Six Months Ended June 30, 2012	Six Months Ended June 30, 2013
Net loss	$ (18,202)	$ (18,210)	$ (65,658)	$ (134,845)
Add: Net interest expense	49,768	56,008	100,545	112,870
Add: Depreciation and amortization	84,079	85,758	166,034	168,418
Add: Impairment losses and other	-	1,443	-	76,783
Add: Income taxes	11,596	10,411	21,628	24,575
Add: Gain/(loss) on interest rate swaps	12,963	(23,082)	21,714	(23,478)
Adjusted EBITDA	$ 140,204	$ 112,328	$ 244,263	$ 224,323

Conference Call and Webcast: August 8, 2013

As announced, the Company's management team will host a conference call, on Thursday, August 8, 2013 at 9:00 a.m. Eastern Daylight 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) (0) 1452 542 301 (from outside the US). Please quote "DryShips."

A replay of the conference call will be available until August 15, 2013. 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 10 offshore ultra deepwater drilling units, comprising of 2 ultra deepwater semisubmersible drilling rigs and 8 ultra deepwater drillships, 3 of which are scheduled to be delivered to Ocean Rig during 2013 and 1 of which is scheduled to be delivered during 2015. DryShips owns a fleet of 42 drybulk carriers (including newbuildings), comprising 12 Capesize, 28 Panamax and 2 Supramax with a combined deadweight tonnage of approximately 4.4 million tons, and 10 tankers, comprising 4 Suezmax and 6 Aframax, with a combined deadweight tonnage of over 1.3 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 within the meaning of the Private Securities Litigation Reform Act of 1995. The Private Securities Litigation Reform Act of 1995 provides safe harbor protections for forward-looking statements in order to encourage companies to provide prospective information about their business. The Company desires to take advantage of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and is including this cautionary statement in connection with such safe harbor legislation.

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 and drilling dayrates and drybulk vessel, drilling rig and drillship values, failure of a seller to deliver one or more drilling rigs, drillships or drybulk vessels, failure of a buyer to accept delivery of a drilling rig, drillship, or vessel, inability to procure acquisition financing, default by one or more charterers of our ships, changes in demand for drybulk commodities or oil, changes in demand that may affect attitudes of time charterers and customer drilling programs, scheduled and unscheduled drydockings and upgrades, changes in our operating expenses, including bunker prices, drydocking and insurance costs, changes in governmental rules and regulations 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 U.S. Securities and Exchange Commission.

Investor Relations / Media:

Nicolas Bornozis
Capital Link, Inc. (New York)
Tel. 212-661-7566
E-mail: dryships@capitallink.com