



DRYSHIPS ANNOUNCES CANCELLATION OF ONE OF THE PSV CONTRACTS WITH PETROBRAS, UPDATE ON DISCUSSIONS WITH ITS LENDERS AND UPDATE ON THE SALE OF THE FAKARAVA, NEGONEGO AND RANGIROA

February 15, 2016, Athens, Greece - DryShips Inc. (NASDAQ: DRYS) (the “Company” or “DryShips”), an international owner of drybulk carriers and offshore support vessels, announced today that Petroleo Brasileiro S.A. (Petrobras) has given notice of termination on the contract for the platform supply vessel (PSV) Vega Crusader effective as of March 6, 2016. The contract of the Vega Crusader was expiring on January 8, 2017 and this termination represents a loss in contracted EBITDA of approximately \$2.2 million for the balance of 2016.

Given the prolonged market downturn in the drybulk segment and the continued depressed outlook on freight rates, the Company is presently engaged in discussions with its lenders for the restructuring of its debt facilities. While discussions are ongoing, the Company may elect to suspend principal repayments to preserve cash liquidity. Our founding shareholder, Mr. George Economou, has expressed his continued support to DryShips throughout these discussions, subject to the continued support of all the lenders.

The sale of the Fakarava, Rangiroa and Negonego to entities controlled by our Chairman and CEO Mr. George Economou has failed. In addition, we have reached a settlement agreement with the charterer of these vessels for an upfront lumpsum payment and the conversion of the daily rates to index-linked time charters. Mr. Economou has expressed his desire to proceed with the sale of the vessels subject to the transfer of the existing loan at the current fair market value of the vessels and we are in discussions with the respective lenders to achieve this.

About DryShips

DryShips Inc. is an owner of drybulk carriers and offshore support vessels that operate worldwide. DryShips also owns approximately 40% of the outstanding shares of Ocean Rig UDW Inc. (NASDAQ:ORIG), an international drilling contractor. DryShips owns a fleet of 23 drybulk carriers, comprising 3 Capesize and 20 Panamax vessels with a combined deadweight tonnage of approximately 2.1 million tons, and 6 offshore supply vessels, comprising 2 platform supply and 4 oil spill recovery vessels.

DryShips’ common stock is listed on the NASDAQ Capital Market where it trades under the symbol “DRYS.”

Visit the Company’s website at www.dryships.com. The information contained on the Company’s website does not constitute a part of this press release.

Forward-Looking Statements

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 charter rates and dayrates and vessel and drilling dayrates and drybulk vessel, drilling rig and drillship values, failure of a seller to deliver one or more vessels or drilling units, 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 customers, 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, complications associated with repairing and replacing equipment in remote locations, limitations on insurance coverage, such as war risk coverage, in certain areas, changes in governmental rules and regulations or actions taken by regulatory authorities, potential liability from pending or future litigation, changes in tax laws, treaties and regulations, tax assessments and liabilities for tax issues, 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, including the Company's most recently filed Annual Report on Form 20-F.

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