

DryShips Inc.  
Form 6-K  
May 12, 2010

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

**FORM 6-K**

**REPORT OF FOREIGN PRIVATE ISSUER PURSUANT TO RULE 13A-16 OR 15D-16  
OF THE SECURITIES EXCHANGE ACT OF 1934**

For the month of May 2010

Commission File Number 001-33922

**DRYSHIPS INC.**

80 Kifissias Avenue

Amaroussion 15125, Athens Greece

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F  Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): .

**Note:** Regulation S-T Rule 101(b)(1) only permits the submission in paper of a Form 6-K if submitted solely to provide an attached annual report to security holders.

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): [  ].

**Note:** Regulation S-T Rule 101(b)(7) only permits the submission in paper of a Form 6-K if submitted to furnish a report or other document that the registrant foreign private issuer must furnish and make public under the laws of the jurisdiction in which the registrant is incorporated, domiciled or legally organized (the registrant's "home country"), or under the rules of the home country exchange on which the registrant's securities are traded, as long as the report or other document is not a press release, is not required to be and has not been distributed to the registrant's security holders, and, if discussing a material event, has already been the subject of a Form 6-K submission or other Commission filing on EDGAR.

**INFORMATION CONTAINED IN THIS FORM 6-K REPORT**

Attached as Exhibit 1 is a press release of DryShips Inc. (the Company ), dated May 12, 2010, DryShips Inc. Reports Financial and Operating Results for the First Quarter 2010.

**DRYSHIPS INC. REPORTS FINANCIAL AND OPERATING  
RESULTS FOR THE FIRST QUARTER 2010**

**May 12, 2010**, Athens, Greece. DryShips Inc. (NASDAQ: DRYS), or the Company, a global provider of marine transportation services for drybulk cargoes and offshore oil deepwater drilling, today announced its unaudited financial and operating results for the three-month period ended March 31, 2010.

**First Quarter 2010 Financial Highlights**

Ø

For the first quarter of 2010, the Company reported net income of \$5.7 million, or \$0.01 basic and diluted earnings per share. Included in the first quarter 2010 results are various items, totaling \$61.9 million, or \$0.26 per share which are described below. Excluding these items, net income amounted to \$67.6 million, or \$0.27 per share.

○

Included in the first quarter 2010 results are net gains of approximately \$10.7 million, or \$0.04 per share, from the sales of the vessels Iguana and Delray.

○

Included in the first quarter 2010 results is the net effect of deferring revenues and direct incremental expenses to future periods, which negatively impacted results by approximately \$16.6 million of net revenues, or \$0.07 per share, relating to the mobilization of the Leiv Eiriksson, and which have been deferred to future periods. In October 2009, the Leiv Eiriksson commenced mobilization for a three-year contract with Petroleo Brasileiro S.A., or Petrobras, for exploration drilling in the Black Sea. Prior to the Petrobras contract, the rig operated for Shell in the North Sea. Accordingly, all revenue and direct incremental expenditure during the mobilization of this unit from the North Sea to the Black Sea will be amortized over the life of the Petrobras contract, commencing from February 24, 2010, the date the rig commenced drilling operations in the Black Sea.

○

Included in the first quarter 2010 results are non-cash amortization of debt issuance costs, including those relating to our convertible senior notes issued on November 19, 2009, totaling \$6.9 million, or \$0.03 per share.

○

Included in the first quarter 2010 results are losses incurred on our interest rate swaps, amounting to \$34.6 million, or \$0.14 per share.

○

Included in the first quarter 2010 results is amortization of stock based compensation of \$14.5 million, or \$0.06 per share.

∅

Basic earnings per share for the first quarter of 2010 includes a non-cash accrual for the cumulative payment-in-kind dividends on the Series A Convertible Preferred Stock, amounting to \$4.0 million, which reduces the income available to common shareholders. Basic earnings per share is calculated as net income less accrued dividends on preferred stock divided by weighted average number of common shares outstanding.

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

We are pleased to have another quarter of solid operating results with our charters on both the drybulk and drilling units performing as per expectations. The Leiv Eiriksson completed acceptance testing and commenced drilling operations for Petrobras on February 24<sup>th</sup> and has recorded good utilization rates since. The long operating history of Ocean Rig and its safety record will differentiate us as we bid for tenders going forward. We would also like to point out that all of our existing rigs and newbuildings under construction have the Acoustic Control provided. Operational safety remains a top priority for the Company. The construction of the four newbuilding drillships at Samsung Heavy Industries continues to be on schedule and on budget. We remain focused on the securing of employment for the drillships and the financing for hull numbers 1837 and 1838. We are making progress on both fronts and especially on the financing front where we are pursuing a couple of debt alternatives that appear to be promising.

We continue to renew our drybulk fleet through paired trades selling older vessels and replacing them with younger ones. We are now left with just six vessels that are built in the mid to late 1990s. The drybulk market remains resilient and continues to outperform expectations. While 2009 was largely a China story, the first quarter has seen demand from the rest of the world return to pre-crisis levels, as evidenced by the global iron ore imports. We remain bullish on the prospects of the drybulk market.

**Financial Review: 2010 First Quarter**

The Company recorded net income of \$5.7 million, or \$0.01 basic and diluted earnings per share, for the three-month period ended March 31, 2010, as compared to a net loss of \$118.9 million, or \$1.09 basic and diluted loss per share, for the three-month period ended March 31, 2009. EBITDA, which is defined and reconciled later in this press release, was \$81.9 million for the first quarter of 2010 as compared to negative \$41.0 million for the same period in 2009.

Included in the first quarter 2010 results are various items totaling \$61.9 million, or \$0.26 per share, which are described at the beginning of this press release. Excluding these items, our adjusted net income amounts to \$67.6 million, or \$0.27 per share.

Basic earnings per share, as defined earlier in this press release, for the first quarter of 2010 includes a non-cash accrual for the cumulative payment-in-kind dividends on the Series A Convertible Preferred Stock, amounting to \$4.0 million, which reduces the income available to common shareholders.

For the drybulk carrier segment, net voyage revenues (voyage revenues minus voyage expenses) increased by \$18.0 million to \$106.9 million for the three-month period ended March 31, 2010, as compared to \$88.9 million for the three-month period ended March 31, 2009. For the offshore drilling segment, revenues from drilling contracts amounted to \$80.3 million for the three-month period ended March 31, 2010 as compared to \$96.0 million for the same period in 2009. This decrease is mainly due to the deferral of revenue during the first quarter of 2010 as a result of the mobilization of the Leiv Eiriksson from the North Sea to the Black Sea.

Total vessel and rig operating expenses and total depreciation and amortization decreased to \$48.4 million and \$47.2 million, respectively, for the three-month period ended March 31, 2010 from \$50.5 million and \$48.4 million, respectively, for the three-month period ended March 31, 2009. Total general and administrative expenses increased to \$27.2 million in the first quarter of 2010 from \$21.5 million during the comparative period in 2009.

Interest and finance costs, net of interest income, decreased to \$24.5 million for the three-month period ended March 31, 2010, compared to \$26.6 million for the three-month period ended March 31, 2009.

**Recent Events**

Ø

\$240 million in aggregate principal amount raised through the issuance of senior convertible notes.

Ø

The Company has entered into agreements to:

Ø

Edgar Filing: DryShips Inc. - Form 6-K

Sell the Panamax vessel MV Xanadu 72,270 dwt built in 1999 for \$33.7 million. Delivery to the new owners will take place during the second or third quarter of 2010. The vessel's charter (at \$39,750 per day until July 2013) will be transferred to the vessel purchased below.

Ø

Purchase a Panamax vessel about 75,000 dwt built in 2009 for \$43 million. Delivery to the Company will take place during the second or third quarter of 2010. Financing from a previously sold vessel will be transferred to finance the purchase of this vessel.

**Fleet List**

The table below describes our drybulk fleet profile as of May 10, 2010:

	<b>Year Built</b>	<b>DWT</b>	<b>Type</b>	<b>Gross rate Per day</b>	<b>Redelivery</b> <b>Earliest      Latest</b>	
<b><u>Fixed rate employment</u></b>						
<b>Capesize:</b>						
Alameda	2001	170,269	Capesize	\$21,000	Feb-11	May-11
Brisbane	1995	151,066	Capesize	\$25,000	Dec-11	Apr-12
Capri	2001	172,579	Capesize	\$61,000	Apr-18	Jun-18
Flecha	2004	170,012	Capesize	\$55,000	Jul-18	Nov-18
Manasota	2004	171,061	Capesize	\$67,000	Feb-13	Apr-13
Mystic	2008	170,500	Capesize	\$52,310	Aug-18	Dec-18
Samsara	1996	150,393	Capesize	\$57,000	Dec-11	Apr-12
<b>Panamax:</b>						
Avoca	2004	76,500	Panamax	\$45,500	Sep-13	Dec-13
Bargara	2002	74,832	Panamax	\$43,750	May-12	Jul-12
Capitola	2001	74,832	Panamax	\$39,500	Jun-13	Aug-13
Catalina	2005	74,432	Panamax	\$40,000	Jun-13	Aug-13
Conquistador	2000	75,607	Panamax	\$17,750	Aug-11	Nov-11
Coronado	2000	75,706	Panamax	\$18,250	Sep-11	Nov-11
Ecola	2001	73,931	Panamax	\$43,500	Jun-12	Aug-12
La Jolla	1997	72,126	Panamax	\$14,750	Aug-11	Nov-11
Levanto	2001	73,931	Panamax	\$16,800	Sep-11	Nov-11
Ligari	2004	75,583	Panamax	\$55,500	Jun-12	Aug-12
Maganari	2001	75,941	Panamax	\$14,500	Jul-11	Sep-11
Majorca	2005	74,364	Panamax	\$43,750	Jun-12	Aug-12
Marbella	2000	72,561	Panamax	\$14,750	Aug-11	Nov-11
Mendocino	2002	76,623	Panamax	\$56,500	Jun-12	Sep-12
Ocean Crystal	1999	73,688	Panamax	\$15,000	Aug-11	Nov-11
Oliva	2009	75,000	Panamax	\$17,850	Oct-11	Dec-11
Oregon	2002	74,204	Panamax	\$16,350	Aug-11	Oct-11
Padre	2004	73,601	Panamax	\$46,500	Sep-12	Dec-12
Positano	2000	73,288	Panamax	\$42,500	Sep-13	Dec-13
Primera	1998	72,495	Panamax	\$18,250*	Dec-10	Dec-10
Rapallo	2009	75,000	Panamax	\$15,400	Aug-11	Oct-11



Edgar Filing: DryShips Inc. - Form 6-K

Redondo	2000	74,716	Panamax	\$34,500	Apr-13	Jun-13
Saldanha	2004	75,500	Panamax	\$52,500	Jun-12	Sep-12
Samatan	2001	74,823	Panamax	\$39,500	May-13	Jul-13
Sonoma	2001	74,786	Panamax	\$19,300	Sept- 11	Nov- 11
Sorrento	2004	76,633	Panamax	\$17,300	Sep-11	Dec-11
Toro	1995	73,034	Panamax	\$16,750	May-11	Jul-11
Xanadu	1999	72,270	Panamax	\$39,750	Jul-13	Sep-13

**Supramax:**

Pachino	2002	51,201	Supramax	\$20,250	Sep-10	Feb-11
Paros I	2003	51,201	Supramax	\$27,135	Oct-11	May-12

**Newbuildings**

Panamax 1	2011	76,000	Panamax
Panamax 2	2012	76,000	Panamax

\* Based on a synthetic time charter

**Summary Operating Data (unaudited)**

*(Dollars in thousands, except average daily results)*

	Three Months Ended	
	March 31,	
	2009	2010
Average number of vessels <sup>(1)</sup>	37.7	37.6
Total voyage days for vessels <sup>(2)</sup>	3,277	3,314
Total calendar days for vessels <sup>(3)</sup>	3,391	3,384
Fleet utilization <sup>(4)</sup>	97%	98%
Time charter equivalent <sup>(5)</sup>	27,115	32,250

Edgar Filing: DryShips Inc. - Form 6-K

Vessel operating expenses (daily)<sup>(6)</sup> 5,369 5,691

(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.

Three Months Ended

March 31,

	2009	2010
Voyage revenues	97,602	113,903
Voyage expenses	(8,746)	(7,026)
Time charter equivalent revenues	88,856	106,877
Total voyage days for vessels	3,277	3,314
Time charter equivalent	27,115	32,250

(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.

**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	
	2009 (as restated)	March 31, 2010
<b>REVENUES:</b>		
Voyage revenues	\$ 97,602	\$ 113,903
Revenues from drilling contracts	96,038	80,256
	193,640	194,159
<b>EXPENSES:</b>		
Voyage expenses	8,746	7,026
Vessel operating expenses	18,205	19,259
Drilling rigs operating expenses	32,283	29,100
Depreciation and amortization	48,417	47,158
Gain on sale of vessels	(2,438)	(10,684)
Loss on contract cancellations, net	166,652	-
General and administrative expenses	21,491	27,187
<b>Operating income / (loss)</b>	<b>(99,716)</b>	<b>75,113</b>
<b>OTHER INCOME/(EXPENSE):</b>		
Interest and finance costs, net of interest income	(26,557)	(24,461)
Gain/(loss) on interest rate swaps	8,718	(34,638)
Other, net	1,539	(5,728)
Income taxes	(2,901)	(4,577)
<b>Total other expenses, net</b>	<b>(19,201)</b>	<b>(69,404)</b>
<b>Net income / (loss)</b>	<b>\$ (118,917)</b>	<b>\$ 5,709</b>

Earnings/(loss) per common share, basic and diluted	\$	(1.09)	\$	0.01
Weighted average number of shares, basic and diluted		109,085,118		254,823,623

**Unaudited Condensed Consolidated Balance Sheets**

(Expressed in Thousands of U.S. Dollars)	December 31, 2009	March 31, 2010
<b><u>ASSETS</u></b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 693,169	\$ 362,637
Restricted cash	350,833	428,955
Trade accounts receivable, net	66,681	46,043
Other current assets	69,967	80,703
<b>Total current assets</b>	<b>1,180,650</b>	<b>918,338</b>
<b>FIXED ASSETS, NET:</b>		
Advances for assets under construction and acquisitions	1,174,693	1,512,667
Vessels, net	2,058,329	1,998,133
Drilling rigs, machinery and equipment, net	1,329,641	1,312,698
<b>Total fixed assets, net</b>	<b>4,562,663</b>	<b>4,823,498</b>

**OTHER NON CURRENT ASSETS:**

Other non-current assets	55,775	57,522
<b>Total non current assets</b>	<b>55,775</b>	<b>57,522</b>
<b>Total assets</b>	<b>5,799,088</b>	<b>5,799,358</b>

**LIABILITIES AND STOCKHOLDERS EQUITY****CURRENT LIABILITIES:**

Current portion of long-term debt	1,698,692	1,660,886
Other current liabilities	197,331	230,342
<b>Total current liabilities</b>	<b>1,896,023</b>	<b>1,891,228</b>

**NON CURRENT LIABILITIES**

Long-term debt, net of current portion	985,992	958,052
Other non-current liabilities	112,438	128,885
<b>Total non current liabilities</b>	<b>1,098,430</b>	<b>1,086,937</b>

**COMMITMENTS AND CONTINGENCIES**

-

-

**STOCKHOLDERS EQUITY:**

Total stockholders equity	2,804,635	2,821,193
<b>Total liabilities and stockholders equity \$</b>	<b>5,799,088 \$</b>	<b>5,799,358</b>

**EBITDA Reconciliation**

EBITDA represents net income before interest, taxes, depreciation and amortization. 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 EBITDA may not be comparable to that reported by other companies. EBITDA is included herein because it is a basis upon which the Company measures its operations and efficiency. 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 EBITDA:

*(Dollars in thousands)*

Three Months

Three Months

Edgar Filing: DryShips Inc. - Form 6-K

	Ended March 31, 2009 (as restated)	Ended March 31, 2010
Net (loss)/ income	(118,917)	5,709
Add: Net interest expense	26,557	24,461
Add: Depreciation and amortization	48,417	47,158
Add: Income taxes	2,901	4,577
EBITDA	(41,042)	81,905

**Conference Call and Webcast: Thursday, May 13 , 2010**

As announced, the Company's management team will host a conference call, on Thursday, May 13, 2010 at 8:00 AM 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) 1452 542 301 (from outside the US). Please quote "DryShips".

A replay of the conference call will be available until May 20, 2010. 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](http://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](http://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., based in Greece, is an owner and operator of drybulk carriers and offshore oil deep water drilling that operate worldwide. As of the day of this release, DryShips owns a fleet of 39 drybulk carriers (including newbuildings) comprising seven Capesize carriers, 30 Panamax carriers and two Supramax carriers, with a combined deadweight tonnage of over 3.5 million tons, two ultra deep water semisubmersible drilling rigs and four ultra deep water newbuilding drillships.

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

Visit the Company's website at [www.dryships.com](http://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.

## **Investor Relations / Media:**

Nicolas Bornozis

Capital Link, Inc. (New York)

Tel. 212-661-7566

E-mail: [dryships@capitallink.com](mailto:dryships@capitallink.com)

**SIGNATURES**



Edgar Filing: DryShips Inc. - Form 6-K

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

DryShips Inc.  
(Registrant)

Dated: May 12, 2010

By: /s/George Economou  
George Economou  
Chief Executive Officer