



Diamond Offshore Drilling Inc. Announces First Quarter 2001 Earnings

April 17, 2001

HOUSTON--(BUSINESS WIRE)--April 17, 2001--Diamond Offshore Drilling Inc. (NYSE:DO) today reported net income of \$36.8 million, or \$0.27 per share on a diluted basis, on revenues of \$205.2 million for the first quarter of 2001, compared to net income of \$29.5 million, or \$0.21 per share on a diluted basis, on revenues of \$167.8 million for the first quarter of 2000.

"We are very pleased with our first quarter 2001 results," said Larry Dickerson, Diamond Offshore Drilling Inc. president and chief operating officer. "These earnings are the result of the continuing strength in all markets in which we participate. We are especially encouraged with the intermediate water-depth semisubmersible market, which to this point has lagged behind the recovery enjoyed by the jackup market."

On April 12, 2001 the board of directors declared a cash dividend of \$0.125 per common share payable June 1, 2001 to stockholders of record on May 1, 2001.

Diamond Offshore is a leader in deep water drilling. The Company's fleet of 45 offshore drilling rigs consists of 30 semisubmersibles, 14 jack-ups and one drillship. The fleet operates in the waters of six of the world's seven continents.

As previously announced, Diamond Offshore will provide an online, real-time simulcast and rebroadcast of its 2001 first quarter earnings release conference call. The live broadcast of the Diamond Offshore Drilling Inc. quarterly conference call will be available online at www.diamondoffshore.com on April 17, 2001, beginning at 9:00 a.m. Central Time. The online replay will follow immediately and continue for 5 days after the original call. Please go to the Web site at least 15 minutes before the broadcast to register, download and install any necessary audio software.

Statements in this press release that contain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 are inherently subject to a variety of risks and uncertainties that could cause actual results to differ materially from those projected. A discussion of the risk factors that could impact these areas and the Company's overall business and financial performance can be found in the Company's reports filed with the Securities and Exchange Commission. Given these concerns, investors and analysts should not place undue reliance on forward-looking statements.

The Company expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement to reflect any change in the Company's expectations with regard thereto or any change in events, conditions or circumstances on which any forward-looking statement is based.

DIAMOND OFFSHORE DRILLING INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME (Unaudited)

(In thousands, except per share data)

	Three Months Ended March 31,	
	2001	2000
Revenues	\$205,225	\$167,828
Operating expenses:		
Contract drilling	108,697	100,823
Depreciation and amortization	41,559	36,875
General and administrative	6,887	6,020
Total operating expenses	157,143	143,718
Operating income	48,082	24,110

Other income (expense):		
Gain on sale of assets	121	14,017
Interest income	11,687	8,622
Interest expense	(8,318)	(1,234)
Other, net (1)	3,105	(89)
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Income before income tax expense	54,677	45,426
Income tax expense	(17,849)	(15,938)
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Net income	\$36,828	\$29,488
	=====	=====
Earnings per share:		
Basic	\$0.28	\$0.22
	=====	=====
Diluted	\$0.27	\$0.21
	=====	=====
Weighted average shares outstanding:		
Common shares	133,165	135,688
Dilutive potential common shares	9,862	9,876
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Total weighted average shares outstanding	143,027	145,564
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(1) Primarily includes gain on sale of investment securities, settlement of past litigation and reserve for pending litigation.

DIAMOND OFFSHORE DRILLING INC. AND SUBSIDIARIES

RESULTS OF OPERATIONS

(Unaudited)

(In thousands)

	Three Months Ended March 31,	
	2001	2000
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REVENUES		
High Specification Floaters	\$76,666	\$56,862
Other Semisubmersibles	80,969	88,511
Jack-ups	43,468	21,019
Integrated Services	5,490	2,601
Other	--	--
Eliminations	(1,368)	(1,165)
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Total Revenues	\$205,225	\$167,828
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CONTRACT DRILLING EXPENSE		
High Specification Floaters	\$28,003	\$23,350
Other Semisubmersibles	50,544	54,892
Jack-ups	25,385	19,845
Integrated Services	5,154	3,071
Other	979	830
Eliminations	(1,368)	(1,165)
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Total Contract Drilling Expense	\$108,697	\$100,823
	=====	=====
OPERATING INCOME		
High Specification Floaters	\$48,663	\$33,512
Other Semisubmersibles	30,425	33,619
Jack-ups	18,083	1,174
Integrated Services	336	(470)
Other	(979)	(830)
Depreciation and Amortization Expense	(41,559)	(36,875)
General and Administrative Expense	(6,887)	(6,020)
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Total Operating Income	\$48,082	\$24,110
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DIAMOND OFFSHORE DRILLING INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands)

	March 31,	Dec. 31,
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	2001	2000
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ASSETS	(Unaudited)	
Current assets:		
Cash and cash equivalents	\$304,563	\$144,456
Marketable securities	604,050	717,678
Accounts receivable	161,703	153,452
Rig inventory and supplies	41,123	40,698
Prepaid expenses and other	44,296	44,673
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Total current assets	1,155,735	1,100,957
Drilling and other property and equipment, net of Accumulated depreciation	1,894,957	1,902,415
Goodwill, net of accumulated amortization	50,901	55,205
Other assets	22,200	20,929
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Total assets	\$3,123,793	\$3,079,506
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LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities	\$124,262	\$123,013
Long-term debt	856,804	856,559
Deferred tax liability	330,083	316,627
Other liabilities	13,325	15,454
Stockholders' equity	1,799,319	1,767,853
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Total liabilities and stockholders' equity	\$3,123,793	\$3,079,506
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DIAMOND OFFSHORE DRILLING INC. AND SUBSIDIARIES
AVERAGE DAYRATES AND UTILIZATION

First Quarter Fourth Quarter First Quarter

	2001		2000		2000	
	Dayrate	Utili- zation	Dayrate	Utili- zation	Dayrate	Utili- zation
(Dayrate in thousands)						
High Specification						
Floaters	\$112	95%	\$96	94%	\$95	97%
Other						
Semisubmersibles	\$65	63%	\$63	65%	\$67	63%
Jack-ups	\$40	87%	\$35	87%	\$20	82%

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KEYWORD: TEXAS

INDUSTRY KEYWORD: ENERGY OIL/GAS CONFERENCE CALLS EARNINGS