



## Diamond Offshore Drilling Inc. Announces First Quarter 2002 Earnings

April 18, 2002

HOUSTON, Apr 18, 2002 (BUSINESS WIRE) -- Diamond Offshore Drilling Inc. (NYSE:DO) today reported net income of \$22.6 million, or \$0.17 per share on a diluted basis, on revenues of \$193.7 million for the first quarter of 2002, compared to 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.

The Company also announced the delivery of the "Ocean Baroness," an ultra-deepwater upgraded semisubmersible, which began its short term contract with Murphy Sabah Oil Co. Ltd. offshore Malaysia in March 2002. The "Baroness" has been upgraded for operations in excess of 7,000 feet of water and is designed for development and extended reach drilling. The cost to complete the ultra-deepwater upgrade of the "Ocean Baroness" rig was approximately \$170 million. The adaptability and structural soundness of the original Victory Class hull design contributed to the cost-effectiveness and timeliness of the upgrade.

A second Victory Class rig, the "Ocean Rover," arrived in a Singapore shipyard in January 2002 to begin its upgrade to similar deepwater specifications. The upgrade is expected to be completed in the third quarter of 2003 at a cost of approximately \$200 million.

As of March 31, 2002, there were 131.6 million common shares outstanding. Depending on market conditions, the Company may, from time to time, purchase shares of its outstanding common stock in the open market or otherwise. During the first quarter of 2002, the Company purchased 500,000 shares of its common stock upon the exercise of put options that were sold in February 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 2002 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](http://www.diamondoffshore.com) on April 18, 2002, 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,	
	2002	2001
Revenues	\$193,668	\$205,225
Operating expenses:		
Contract drilling	120,324	108,697
Depreciation and amortization	42,697	41,559
General and administrative	6,648	6,887
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Total operating expenses	169,669	157,143
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Operating income	23,999	48,082
Other income (expense):		
Gain on sale of assets	32	121
Interest income	9,581	11,687
Interest expense	(5,470)	(8,318)
Other, net	4,360	3,105

Income before income tax expense	32,502	54,677
Income tax expense	(9,944)	(17,849)
Net income	\$22,558	\$36,828
Earnings per share:		
Basic	\$0.17	\$0.28
Diluted	\$0.17	\$0.27
Weighted average shares outstanding:		
Common shares	131,786	133,165
Dilutive potential common shares	9,482	9,862
Total weighted average shares outstanding	141,268	143,027

DIAMOND OFFSHORE DRILLING INC. AND SUBSIDIARIES  
RESULTS OF OPERATIONS  
(Unaudited)  
(In thousands)

	Three Months Ended March 31,	
	2002	2001
REVENUES		
High Specification Floaters	\$74,647	\$76,666
Other Semisubmersibles	88,080	80,969
Jack-ups	29,500	43,468
Integrated Services	1,823	5,490
Eliminations	(382)	(1,368)
Total Revenues	\$193,668	\$205,225
CONTRACT DRILLING EXPENSE		
High Specification Floaters	\$35,323	\$28,059
Other Semisubmersibles	56,528	50,487
Jack-ups	25,609	25,385
Integrated Services	2,841	5,155
Other	405	979
Eliminations	(382)	(1,368)
Total Contract Drilling Expense	\$120,324	\$108,697
OPERATING INCOME		
High Specification Floaters	\$39,324	\$48,607
Other Semisubmersibles	31,552	30,482
Jack-ups	3,891	18,083
Integrated Services	(1,018)	335
Other	(405)	(979)
Depreciation and Amortization Expense	(42,697)	(41,559)
General and Administrative Expense	(6,648)	(6,887)
Total Operating Income	\$23,999	\$48,082

DIAMOND OFFSHORE DRILLING INC. AND SUBSIDIARIES  
CONDENSED CONSOLIDATED BALANCE SHEETS  
(In thousands)

	March 31,	Dec. 31,
	2002	2001
(unaudited)		

ASSETS

Current assets:		
Cash and cash equivalents	\$249,755	\$398,990
Marketable securities	715,842	748,387
Accounts receivable	160,929	193,653
Rig inventory and supplies	40,837	40,814
Prepaid expenses and other	26,750	45,571
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Total current assets	1,194,113	1,427,415
Drilling and other property and equipment, net of accumulated depreciation	2,016,493	2,002,873
Goodwill, net of accumulated amortization	34,926	38,329
Other assets	33,124	33,900
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Total assets	\$3,278,656	\$3,502,517
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LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:

Securities sold under repurchase agreements	\$ --	\$199,062
Other current liabilities	133,754	135,954
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Total current liabilities	133,754	335,016
Long-term debt	924,343	920,636
Deferred tax liability	375,796	376,095
Other liabilities	13,371	17,624
Stockholders' equity	1,831,392	1,853,146
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Total liabilities and stockholders' equity	\$3,278,656	\$3,502,517
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DIAMOND OFFSHORE DRILLING INC. AND SUBSIDIARIES

AVERAGE DAYRATES AND UTILIZATION

	First Quarter		Fourth Quarter		First Quarter
	2002		2001		2001

Dayrate	Utili-	Dayrate	Utili-	Dayrate	Utili-
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(Dayrate in thousands)

High Specification						
Floater	\$116	88%	\$120	98%	\$112	95%
Other						
Semisubmersibles	\$68	69%	\$70	69%	\$65	63%
Jack-ups	\$30	78%	\$35	77%	\$40	87%

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