



Diamond Offshore Drilling Inc. Declares Cash Dividend; Dividend Reduced to \$0.0625

October 16, 2003

HOUSTON--(BUSINESS WIRE)--Oct. 16, 2003--Diamond Offshore Drilling Inc. (NYSE:DO) today announced that its Board of Directors has declared a cash dividend of \$0.0625 per common share, payable on Dec. 1, 2003 to stockholders of record on Nov. 3, 2003. The new dividend represents a reduction of \$0.0625 per common share from the \$0.125 per common share declared in the previous quarter. As the Company noted earlier today in its third quarter earnings release, the reduction in the dividend was implemented to help maintain the Company's strong liquidity position in light of recent earnings declines.

Diamond Offshore is a leader in deep water drilling, with its fleet operating in the waters of six of the world's seven continents.

Statements in this press release may contain "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Such statements include, but are not limited to, statements related to maintaining liquidity. Such statements are inherently subject to a variety of risks and uncertainties that could cause actual results to differ materially from those anticipated or 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 and other filings with the Securities and Exchange Commission. These factors include, among others, general economic and business conditions, casualty losses, industry fleet capacity, changes in foreign and domestic oil and gas exploration and production activity, competition, changes in foreign, political, social and economic conditions, regulatory initiatives and compliance with governmental regulations, customer preferences and various other matters, many of which are beyond the Company's control. Given these concerns, investors and analysts should not place undue reliance on forward-looking statements. Each forward-looking statement speaks only as of the date of this press release. 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.

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