



## Diamond Offshore Drilling Inc. Announces Fourth Quarter/Year-End 2003 Results

January 29, 2004

HOUSTON--(BUSINESS WIRE)--Jan. 29, 2004--Diamond Offshore Drilling Inc. (NYSE:DO) today reported net income for the fourth quarter of 2003 of \$1.3 million, or \$0.01 per share on a diluted basis, compared with net income of \$6.3 million, or \$0.05 per share on a diluted basis in the same period a year earlier. Revenues for the fourth quarter of 2003 were \$187.7 million, compared with revenues of \$183.0 million for the fourth quarter of 2002.

For the year ended Dec. 31, 2003, the Company reported a net loss of \$48.4 million, or \$0.37 per share on a diluted basis, compared with net income of \$62.5 million, or \$0.47 per share on a diluted basis for the same period in 2002. Revenues for the year 2003 were \$680.9 million, compared with revenues of \$752.6 million in the same period a year earlier.

As of Dec. 31, 2003, there were 129.3 million shares of Diamond Offshore common stock outstanding. During the fourth quarter of 2003, the Company repurchased 1,014,000 shares of its common stock at an aggregate cost of \$18.2 million, or \$17.96 per share. Depending on market conditions, the Company may, from time to time, purchase shares of its outstanding common stock in the open market or otherwise.

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 2003 fourth quarter and year-end 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 Jan. 29, 2004, 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 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, and 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.

### DIAMOND OFFSHORE DRILLING INC. AND SUBSIDIARIES

#### CONSOLIDATED STATEMENTS OF OPERATIONS (In thousands, except per share data)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2003	2002	2003	2002
Revenues:				
Contract drilling	\$180,278	\$176,725	\$652,098	\$724,213
Revenues related to reimbursable expenses	7,407	6,316	28,843	28,348
Total revenues	187,685	183,041	680,941	752,561
Operating expenses:				
Contract drilling	122,629	114,108	487,839	468,272
Reimbursable expenses	6,579	5,873	26,050	25,885
Depreciation	43,492	45,026	175,578	177,495
General and administrative	6,273	7,895	28,868	29,009
(Gain) loss on sale and				

disposition of assets	(522)	(42)	929	(84)
Total operating expenses	178,451	172,860	719,264	700,577
Operating income (loss)	9,234	10,181	(38,323)	51,984
Other income (expense):				
Gain (loss) on sale of marketable securities	426	2,483	(6,884)	36,504
Interest income	1,772	5,875	12,007	29,767
Interest expense	(6,543)	(5,825)	(23,928)	(23,583)
Other, net	--	874	2,891	1,502
Income (loss) before income tax expense	4,889	13,588	(54,237)	96,174
Income tax benefit (expense) (Note 1)	(3,587)	(7,292)	5,823	(33,654)
Net income (loss)	\$1,302	\$6,296	\$(48,414)	\$62,520
Earnings per share:				
Basic	\$0.01	\$0.05	\$(0.37)	\$0.48
Diluted	\$0.01	\$0.05	\$(0.37)	\$0.47
Weighted average shares outstanding:				
Shares of common stock	130,005	130,366	130,253	131,285
Dilutive potential shares of common stock	--	2	--	9,428
Total weighted average shares outstanding	130,005	130,368	130,253	140,713

Note 1. The increase in the effective tax rate for the quarter ended December 31, 2003 resulted primarily from the Company's current inability to use foreign tax credits, partially offset by certain other tax reserve adjustments.

# DIAMOND OFFSHORE DRILLING INC. AND SUBSIDIARIES

## RESULTS OF OPERATIONS (In thousands)

	Three Months Ended December 31,	
	2003	2002
CONTRACT DRILLING REVENUE		
High Specification Floaters	\$74,862	\$69,078
Other Semisubmersibles	74,711	74,541
Jack-ups	28,086	24,318
Integrated Services	--	4,822
Other	2,619	5,596
Eliminations	--	(1,630)

Total Contract Drilling Revenue	\$180,278	\$176,725
Revenues Related to Reimbursable Expenses	\$7,407	\$6,316
CONTRACT DRILLING EXPENSE		
High Specification Floaters	\$40,093	\$39,844
Other Semisubmersibles	59,790	51,711
Jack-ups	22,365	23,559
Integrated Services	(419)	4,098
Other	800	(3,474)
Eliminations	--	(1,630)
Total Contract Drilling Expense	\$122,629	\$114,108
Reimbursable Expenses	\$6,579	\$5,873
OPERATING INCOME		
High Specification Floaters	\$34,769	\$29,234
Other Semisubmersibles	14,921	22,830
Jack-ups	5,721	759
Integrated Services	419	724
Other	1,819	9,070
Reimbursables, net	828	443
Depreciation	(43,492)	(45,026)
General and Administrative Expense	(6,273)	(7,895)
Gain on Sale of Assets	522	42
Total Operating Income	\$9,234	\$10,181

DIAMOND OFFSHORE DRILLING INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands)

	December 31,	
	2003	2002
ASSETS		
Current assets:		
Cash and cash equivalents	\$106,345	\$182,453
Marketable securities	503,995	627,614
Accounts receivable	154,124	146,957
Rig inventory and supplies	48,035	45,405
Prepaid expenses and other	22,764	28,870
Total current assets	835,263	1,031,299
Drilling and other property and equipment, net of accumulated depreciation	2,257,876	2,164,627
Goodwill, net of accumulated amortization	11,099	24,714
Other assets	30,781	35,668
Total assets	\$3,135,019	\$3,256,308

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities	\$100,000	\$115,945
Long-term debt	928,030	924,475
Deferred tax liability	384,505	375,309
Other liabilities	42,004	33,065
Stockholders' equity	1,680,480	1,807,514
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Total liabilities and stockholders' equity	\$3,135,019	\$3,256,308
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DIAMOND OFFSHORE DRILLING INC. AND SUBSIDIARIES

AVERAGE DAYRATES AND UTILIZATION

	Fourth Quarter 2003		Third Quarter 2003		Fourth Quarter 2002	
	Dayrate	Utili- zation	Dayrate	Utili- zation	Dayrate	Utili- zation
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	(Dayrate in thousands)					
High						
Specification						
Floaters	\$97	84%	\$97	90%	\$99	84%
Other						
Semisubmersibles	\$56	69%	\$60	57%	\$64	61%
Jack-ups	\$30	72%	\$28	64%	\$28	68%

CONTACT: Diamond Offshore Drilling Inc., Houston Les Van Dyke, 281-492-5370 SOURCE: Diamond Offshore Drilling Inc.