



Diamond Offshore Drilling Inc. Announces First Quarter 2004 Results

April 20, 2004

HOUSTON--(BUSINESS WIRE)--April 20, 2004--Diamond Offshore Drilling Inc. (NYSE:DO) today reported a net loss for the first quarter of 2004 of \$11.0 million, or \$0.08 per share on a diluted basis, compared with a net loss of \$21.6 million, or \$0.17 per share on a diluted basis in the same period a year earlier. Revenues for the first quarter of 2004 were \$184.2 million, compared with revenues of \$146.1 million for the first quarter of 2003.

Diamond Offshore President and Chief Operating Officer Larry Dickerson noted that, "Results for the quarter were impacted by planned surveys as well as greater than anticipated idle time on several of the Company's mid-water and deepwater units. However, market conditions appear to be improving, and we are realizing benefits from continuing cost control programs initiated in 2003. Scheduled survey work is expected to be completed in the second quarter, and our goal is to resume the sequential quarterly improvements achieved last year as we move forward in 2004."

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 2004 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 20, 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

(Unaudited)

(In thousands, except per share data)

	Three Months Ended March 31,	
	2004	2003
Revenues:		
Contract drilling	\$177,240	\$139,859
Revenues related to reimbursable expenses	6,958	6,290
Total revenues	184,198	146,149
Operating expenses:		
Contract drilling	134,678	113,670
Reimbursable expenses	6,234	5,738
Depreciation	44,520	47,277
General and administrative	8,789	7,200
Gain on sale of assets	(325)	(1)
Total operating expenses	193,896	173,884

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Operating loss	(9,698)	(27,735)
Other income (expense):		
Interest income	1,568	4,156
Interest expense	(6,354)	(5,575)
Loss on sale of marketable securities	(25)	(61)
Other, net	(154)	1,742
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Loss before income tax benefit	(14,663)	(27,473)
Income tax benefit	3,691	5,907
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Net loss	\$(10,972)	\$(21,566)
	=====	=====
Earnings per share:		
Basic	\$(0.08)	\$(0.17)
	=====	=====
Diluted	\$(0.08)	\$(0.17)
	=====	=====
Weighted average shares outstanding:		
Common shares	129,322	130,336
Dilutive potential common shares	--	--
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Total weighted average shares outstanding	129,322	130,336
	=====	=====

DIAMOND OFFSHORE DRILLING INC. AND SUBSIDIARIES

RESULTS OF OPERATIONS

(Unaudited)

(In thousands)

	Three Months Ended March 31,	
	-----	-----
	2004	2003
	-----	-----
REVENUES		
High Specification Floaters	\$64,752	\$63,634
Other Semisubmersibles	71,135	51,703
Jack-ups	40,819	23,566
Integrated Services	--	1,189
Other	534	--
Eliminations	--	(233)
	-----	-----
Total Contract Drilling Revenue	\$177,240	\$139,859
	=====	=====
Revenues Related to Reimbursable Expenses	\$6,958	\$6,290
	=====	=====
CONTRACT DRILLING EXPENSE		
High Specification Floaters	\$42,470	\$38,276
Other Semisubmersibles	62,992	49,717
Jack-ups	27,937	24,251

Integrated Services	--	1,249
Other	1,279	410
Eliminations	--	(233)
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Total Contract Drilling Expense	\$134,678	\$113,670
	=====	=====

Reimbursable Expenses	\$6,234	\$5,738
	=====	=====

OPERATING LOSS

High Specification Floaters	\$22,282	\$25,358
Other Semisubmersibles	8,143	1,986
Jack-ups	12,882	(685)
Integrated Services	--	(60)
Other	(745)	(410)
Reimbursables, net	724	552
Depreciation Expense	(44,520)	(47,277)
General and Administrative Expense	(8,789)	(7,200)
Gain on Sale of Assets	325	1
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Total Operating Loss	\$(9,698)	\$(27,735)
	=====	=====

DIAMOND OFFSHORE DRILLING INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS (In thousands)

	March 31,	Dec. 31,
	2004	2003
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	(unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$115,969	\$106,345
Marketable securities (1)	627,773	503,995
Accounts receivable	149,447	154,124
Rig inventory and supplies	48,520	48,035
Prepaid expenses and other	19,890	22,764
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Total current assets	961,599	835,263
Drilling and other property and equipment, net of accumulated depreciation	2,236,575	2,257,876
Goodwill, net of accumulated amortization	7,695	11,099
Other assets	30,162	30,781
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Total assets	\$3,236,031	\$3,135,019
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LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:		
Accrued investment purchase (1)	\$124,908	\$--
Other current liabilities	100,100	100,000
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Total current liabilities	225,008	100,000
Long-term debt	932,002	928,030
Deferred tax liability	379,095	384,505

Other liabilities	38,262	42,004
Stockholders' equity	1,661,664	1,680,480
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Total liabilities and stockholders' equity	\$3,236,031	\$3,135,019
	=====	=====

(1) Marketable securities and current liabilities at March 31, 2004 reflect an additional \$124.9 million due to an accrual for the purchase of a treasury bill on March 30, 2004 which was settled on April 1, 2004.

DIAMOND OFFSHORE DRILLING INC. AND SUBSIDIARIES

AVERAGE DAYRATES AND UTILIZATION

	First Quarter 2004		Fourth Quarter 2003		First Quarter 2003	
	Dayrate	Utili- zation	Dayrate	Utili- zation	Dayrate	Utili- zation

	(Dayrate in thousands)					
High						
Specification						
Floaters	\$93	77%	\$97	84%	\$94	83%
Other						
Semisubmersibles	\$57	66%	\$56	69%	\$62	43%
Jack-ups	\$36	85%	\$30	72%	\$28	68%

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SOURCE: Diamond Offshore Drilling Inc.