



## **Diamond Offshore Announces Initiation of Ultra-Deepwater Upgrade of Ocean Monarch Semisubmersible**

January 5, 2006

HOUSTON--(BUSINESS WIRE)--Jan. 5, 2006--Diamond Offshore Drilling, Inc. (NYSE:DO) today announced initiation of a major upgrade of the Victory-class semisubmersible Garden Banks, which has been renamed Ocean Monarch. The modernized rig will be designed to operate in up to 10,000 ft. of water in a moored configuration and will be among the most capable of the Company's upgraded Victory-class units. The project is budgeted at \$300 million including capitalized overhead and interest, spares, testing and delivery, mobilization to Singapore, and all other associated expenditures. The rig, which is the fourth in a series of 5th generation Victory-class upgrades that includes the Ocean Baroness, Ocean Rover and Ocean Endeavor, is expected to be ready for service in the fourth quarter of 2008.

The Monarch, currently cold stacked in the Gulf of Mexico, is expected to be mobilized to Keppel-FELS Ltd.'s shipyard in Singapore in mid 2006.

Diamond Offshore provides contract drilling services to the energy industry around the globe and is a leader in deepwater drilling.

Statements in this press release 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 concerning commitments for drilling work or contracts, future dayrates, future contract revenues, the term and start date of future contracts, entry into definitive agreements, consummation of awarded contracts, satisfaction of conditions precedent, future growth in demand for equipment types or in any region, future cash flows, and future contracts. 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, including, among others, the risk that a contract to complete a modernization of an offshore drilling rig may not be completed on time or on budget, or the risk that a timely binding contract may not be obtained for the services of a rig following an upgrade, or the risk that such a contract, if obtained, may not be fixed at the prevailing market price for similar equipment, or the risk that a binding contract, if obtained, could be terminated, or the risk that factors outside of the Company's control may adversely impact the amount of profit realized from a contract. A discussion of additional 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.

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

SOURCE: Diamond Offshore Drilling, Inc.