



Diamond Offshore Drilling Inc. Announces Fourth Quarter 2000 Earnings

January 23, 2001

HOUSTON--(BUSINESS WIRE)--Jan. 23, 2001--Diamond Offshore Drilling Inc. (NYSE:DO) today reported net income of \$28.7 million, or \$0.20 per share on a diluted basis, on revenues of \$190.9 million for the fourth quarter of 2000, compared to net income of \$13.2 million, or \$0.10 per share on a diluted basis, on revenues of \$170.9 million for the fourth quarter of 1999.

For the year ended December 31, 2000, the Company reported net income of \$72.3 million, or \$0.53 per share on a diluted basis, on revenues of \$659.4 million, compared to net income of \$156.1 million, or \$1.11 per share on a diluted basis, on revenues of \$821.0 million for 1999.

The Board of Directors has declared a cash dividend of \$0.125 per common share payable March 1, 2001 to stockholders of record on February 1, 2001.

As of December 31, 2000, there were 133.2 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 fourth quarter of 2000, the Company repurchased 2.3 million shares of its common stock at an aggregate cost of \$80.9 million.

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.

Diamond Offshore will provide an online, real-time simulcast and rebroadcast of its 2000 fourth 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 January 23, 2001, 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 include, but are not limited to, statements concerning the repurchase of the Company's common stock in the open market. Such statements 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 (In thousands, except per share data)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2000	1999	2000	1999
Revenues	\$190,943	\$170,910	\$659,436	\$821,024
Operating expenses:				
Contract drilling	118,091	106,881	433,091	431,523
Depreciation and amortization	35,096	35,515	145,596	142,963
General and administrative	5,950	5,591	23,803	22,877

Total operating expenses	159,137	147,987	602,490	597,363
Operating income	31,806	22,923	56,946	223,661
Other income (expense):				
Gain on sale of assets	93	49	14,324	231
Interest income	14,288	8,971	49,525	34,985
Interest expense	(3,570)	(1,738)	(10,272)	(9,212)
Other, net	1,081	(9,630)	344	(9,302)
Income before income tax expense	43,698	20,575	110,867	240,363
Income tax expense	(15,019)	(7,395)	(38,586)	(84,292)
Net income	\$28,679	\$13,180	\$72,281	\$156,071
Earnings per share:				
Basic	\$0.21	\$0.10	\$0.53	\$1.15
Diluted	\$0.20	\$0.10	\$0.53	\$1.11
Weighted average shares outstanding				
Common shares	133,976	135,824	135,164	135,822
Dilutive potential common shares	16,837	9,876	9,876	9,876
Total weighted average shares outstanding	150,813	145,700	145,040	145,698

DIAMOND OFFSHORE DRILLING INC. AND SUBSIDIARIES

RESULTS OF OPERATIONS
(in thousands)

	Three Months Ended December 31,	
	2000	1999
REVENUES		
High Specification Floaters	\$58,364	\$61,423
Other Semisubmersibles	82,550	88,980
Jack-ups	39,501	15,235
Integrated Services	14,458	7,146
Other	627	--
Eliminations	(4,557)	(1,874)
Total Revenues	\$190,943	\$170,910
CONTRACT DRILLING EXPENSE		
High Specification Floaters	\$24,053	\$26,164
Other Semisubmersibles	57,477	53,322
Jack-ups	26,512	20,983
Integrated Services	12,334	8,538
Other	2,272	(252)
Eliminations	(4,557)	(1,874)

Total Contract Drilling Expense	\$118,091	\$106,881
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OPERATING INCOME		
High Specification Floaters	\$34,311	\$35,259
Other Semisubmersibles	25,073	35,658
Jack-ups	12,989	(5,748)
Integrated Services	2,124	(1,392)
Other	(1,645)	252
Depreciation and Amortization Expense	(35,096)	(35,515)
General and Administrative Expense	(5,950)	(5,591)
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Total Operating Income	\$31,806	\$22,923
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DIAMOND OFFSHORE DRILLING INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands)

	December 31,	

	2000	1999
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ASSETS		
Current assets:		
Cash and cash equivalents	\$144,456	\$112,316
Marketable securities	717,678	529,042
Accounts receivable	151,502	143,569
Rig inventory and supplies	40,698	38,760
Prepaid expenses and other	42,666	36,605
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Total current assets	1,097,000	860,292
Drilling and other property and equipment, less accumulated depreciation	1,902,415	1,737,905
Goodwill, net of amortization	55,205	73,174
Other assets	20,929	9,658
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Total assets	\$3,075,549	\$2,681,029
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LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities	\$123,013	\$135,401
Long-term debt	856,559	400,000
Deferred tax liability	314,620	291,213
Other liabilities	13,504	12,193
Stockholders' equity	1,767,853	1,842,222
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Total liabilities and stockholders' equity	\$3,075,549	\$2,681,029
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DIAMOND OFFSHORE DRILLING INC. AND SUBSIDIARIES

AVERAGE DAYRATES AND UTILIZATION

	Fourth Quarter		Third Quarter		Fourth Quarter	
	2000		2000		1999	
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Dayrate	-----	-----	-----	-----	-----	-----
Utilization	-----	-----	-----	-----	-----	-----
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(Dayrate in thousands)

High

Specification						
Floater	\$96	94%	\$95	80%	\$111	86%
Other						
Semisubmersibles	\$63	65%	\$60	59%	\$71	59%
Jack-ups	\$35	87%	\$27	91%	\$17	67%

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KEYWORD: TEXAS

INDUSTRY KEYWORD: ENERGY OIL/GAS EARNINGS