



Diamond Offshore Drilling Inc. Announces Fourth Quarter 2001 Earnings

January 22, 2002

HOUSTON, Jan 22, 2002 (BUSINESS WIRE) -- Diamond Offshore Drilling Inc. (NYSE:DO) today reported net income of \$39.8 million, or \$0.29 per share on a diluted basis, on revenues of \$222.2 million for the fourth quarter of 2001, compared to 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.

For the year ended December 31, 2001, the Company reported net income before extraordinary items of \$181.5 million, or \$1.31 per share on a diluted basis compared to net income of \$72.3 million, or \$0.53 per share on a diluted basis for the same period in 2000. Revenues for the year ended December 31, 2001 were \$885.3 million compared to revenues of \$659.4 million for the year ended 2000. Net income after extraordinary items related to the early retirement of debt was \$173.8 million, or \$1.26 per share on a diluted basis, for the year ended December 31, 2001.

As of December 31, 2001, there were 132.1 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 2001, the Company repurchased 1.4 million shares of its common stock at an aggregate cost of \$37.8 million, of which during the fourth quarter of 2001 the Company repurchased 0.04 million shares of its common stock at an aggregate cost of \$1.0 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 2001 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 22, 2002, 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,	
	2001	2000	2001	2000
Revenues	\$222,157	\$190,943	\$885,349	\$659,436
Operating expenses:				
Contract drilling	125,985	118,091	464,964	433,091
Depreciation and amortization	43,144	35,096	170,017	145,596
General and administrative	6,482	5,950	25,502	23,803
Total operating expenses	175,611	159,137	660,483	602,490
Operating income	46,546	31,806	224,866	56,946
Other income (expense):				
Gain on sale of assets	35	93	327	14,324
Interest income	12,246	14,288	48,682	49,525
Interest expense	(5,841)	(3,570)	(26,205)	(10,272)
Other, net	8,258	1,081	24,695	344

Income before income tax expense and extraordinary item	61,244	43,698	272,365	110,867
Income tax expense	(21,436)	(15,019)	(90,820)	(38,586)
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Income before extraordinary item	39,808	28,679	181,545	72,281
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Extraordinary item-loss on early debt extinguishment, less applicable income tax of \$4,158	--	--	(7,722)	--
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Net income	\$39,808	\$28,679	\$173,823	\$72,281
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Earnings per share:				
Basic				
Income before extraordinary item	\$0.30	\$0.21	\$1.37	\$0.53
Extraordinary item	--	--	(0.06)	--
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Net	\$0.30	\$0.21	\$1.31	\$0.53
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Diluted				
Income before extraordinary item	\$0.29	\$0.20	\$1.31	\$0.53
Extraordinary item	--	--	(0.05)	--
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Net	\$0.29	\$0.20	\$1.26	\$0.53
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Weighted average shares outstanding				
Common shares	132,054	133,976	132,886	135,164
Dilutive potential common shares	9,645	16,837	16,408	9,876
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Total weighted average shares outstanding	141,699	150,813	149,294	145,040
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DIAMOND OFFSHORE DRILLING INC. AND SUBSIDIARIES
RESULTS OF OPERATIONS
(In thousands)

	Three Months Ended December 31,	
	2001	2000
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REVENUES		
High Specification Floaters	\$86,449	\$58,364
Other Semisubmersibles	98,479	82,550
Jack-ups	35,295	39,501
Integrated Services	2,254	14,458
Other	337	627
Eliminations	(657)	(4,557)
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Total Revenues	\$222,157	\$190,943
	=====	=====
CONTRACT DRILLING EXPENSE		
High Specification Floaters	\$32,409	\$24,466
Other Semisubmersibles	61,702	57,430
Jack-ups	30,803	26,512
Integrated Services	1,968	12,334
Other	(240)	1,906
Eliminations	(657)	(4,557)
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Total Contract Drilling Expense	\$125,985	\$118,091
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OPERATING INCOME		
High Specification Floaters	\$54,040	\$33,898
Other Semisubmersibles	36,777	25,120
Jack-ups	4,492	12,989
Integrated Services	286	2,124
Other	577	(1,279)
Depreciation and Amortization Expense	(43,144)	(35,096)
General and Administrative Expense	(6,482)	(5,950)
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Total Operating Income	\$46,546	\$31,806
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DIAMOND OFFSHORE DRILLING INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands)

	Dec. 31,	Dec. 31,
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	2001	2000
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ASSETS		
Current assets:		
Cash and cash equivalents	\$398,990	\$144,456
Marketable securities	748,387	717,678
Accounts receivable	193,653	153,452
Rig inventory and supplies	40,814	40,698
Prepaid expenses and other	45,571	15,906
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Total current assets	1,427,415	1,072,190
Drilling and other property and equipment, net of accumulated depreciation	2,002,873	1,931,182
Goodwill, net of accumulated amortization	38,329	55,205
Other assets	33,900	20,929
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Total assets	\$3,502,517	\$3,079,506
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LIABILITIES AND STOCKHOLDERS'

EQUITY

Current liabilities:

Securities sold under repurchase agreements	\$199,062	\$ --
Other current liabilities	135,954	123,013
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Total current liabilities	335,016	123,013
Long-term debt	920,636	856,559
Deferred tax liability	376,095	316,627
Other liabilities	17,624	15,454
Stockholders' equity	1,853,146	1,767,853
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Total liabilities and stockholders' equity	\$3,502,517	\$3,079,506
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DIAMOND OFFSHORE DRILLING INC. AND SUBSIDIARIES

AVERAGE DAYRATES AND UTILIZATION

Fourth Quarter	Third Quarter	Fourth Quarter
2001	2001	2000

Dayrate	Utili- zation	Dayrate	Utili- zation	Dayrate	Utili- zation
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(Dayrate in thousands)

High
Specification

Floaters	\$120	98%	\$121	91%	\$96	94%
Other						
Semi-						
submersibles	\$70	69%	\$67	74%	\$63	65%
Jack-ups	\$35	77%	\$45	84%	\$35	87%

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