



Diamond Offshore Drilling Inc. Announces Second Quarter 2002 Earnings

July 18, 2002

HOUSTON, Jul 18, 2002 (BUSINESS WIRE) -- Diamond Offshore Drilling Inc. (NYSE:DO) today reported net income for the second quarter of 2002 of \$12.0 million, or \$0.09 per share on a diluted basis, compared to net income for the prior year quarter of \$43.8 million, or \$0.32 per share on a diluted basis. Revenues for the second quarter of 2002 were \$179.7 million compared to revenues of \$227.3 million for the second quarter of 2001.

For the six months ended June 30, 2002, the Company reported net income of \$34.5 million, or \$0.26 per share on a diluted basis, compared to net income of \$80.6 million, or \$0.59 per share on a diluted basis for the same period in 2001. Revenue for the six months ended June 30, 2002 were \$373.3 million compared to revenues of \$432.6 million for the first six months of 2001.

As of June 30, 2002, there were 131.6 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.

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 2002 second 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 July 18, 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 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

(Unaudited)

(In thousands, except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2002	2001	2002	2001
Revenues	\$179,674	\$227,331	\$373,342	\$432,556
Operating expenses:				
Contract drilling	119,592	114,556	239,916	223,253
Depreciation and amortization	44,585	42,171	87,282	83,730
General and administrative	7,440	6,079	14,088	12,966
Total operating expenses	171,617	162,806	341,286	319,949
Operating income	8,057	64,525	32,056	112,607
Other income (expense):				
Gain on sale of assets	33	88	65	209
Interest income	7,651	11,593	17,232	23,280
Interest expense	(6,290)	(6,119)	(11,760)	(14,437)
Other, net	9,120	(4,953)	13,480	(1,848)

Income before	-----	-----	-----	-----
income tax expense	18,571	65,134	51,073	119,811
Income tax expense	(6,609)	(21,374)	(16,553)	(39,223)
	-----	-----	-----	-----
Net income	\$11,962	\$43,760	\$34,520	\$80,588
	=====	=====	=====	=====
Earnings per share:				
Basic	\$0.09	\$0.33	\$0.26	\$0.60
	=====	=====	=====	=====
Diluted	\$0.09	\$0.32	\$0.26	\$0.59
	=====	=====	=====	=====
Weighted average				
shares outstanding				
Common shares	131,553	133,447	131,669	133,307
Dilutive				
potential				
common shares	8	8,895	9,426	9,372
	-----	-----	-----	-----
Total				
weighted				
average				
shares				
outstanding	131,561	142,342	141,095	142,679
	=====	=====	=====	=====

DIAMOND OFFSHORE DRILLING INC. AND SUBSIDIARIES

RESULTS OF OPERATIONS

(Unaudited)

(In thousands)

Three Months Ended
June 30,

	-----	-----
	2002	2001
	-----	-----
REVENUES		
High Specification Floaters	\$75,748	\$82,552
Other Semisubmersibles	73,977	97,062
Jack-ups	26,839	47,490
Integrated Services	4,406	18
Other	(436)	209
Eliminations	(860)	--
	-----	-----
Total Revenues	\$179,674	\$227,331
	=====	=====
CONTRACT DRILLING EXPENSE		
High Specification Floaters	\$39,325	\$31,520
Other Semisubmersibles	53,060	55,983
Jack-ups	22,678	26,318
Integrated Services	4,689	(181)
Other	700	916
Eliminations	(860)	--
	-----	-----
Total Contract Drilling Expense	\$119,592	\$114,556
	=====	=====
OPERATING INCOME		
High Specification Floaters	\$36,423	\$51,032
Other Semisubmersibles	20,917	41,079
Jack-ups	4,161	21,172
Integrated Services	(283)	199
Other	(1,136)	(707)
Depreciation and Amortization Expense	(44,585)	(42,171)
General and Administrative Expense	(7,440)	(6,079)
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Total Operating Income	\$8,057	\$64,525
	=====	=====

DIAMOND OFFSHORE DRILLING INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands)

	June 30,	Dec. 31,
	----- 2002 ----- (unaudited)	----- 2001 -----
ASSETS		
Current assets:		
Cash and cash equivalents	\$448,739	\$398,990
Marketable securities	762,909	748,387
Accounts receivable	170,208	193,653
Rig inventory and supplies	40,754	40,814
Prepaid expenses and other	33,002	45,571
	-----	-----
Total current assets	1,455,612	1,427,415
Drilling and other property and equipment, net of accumulated depreciation	2,032,131	2,002,873
Goodwill, net of accumulated amortization	31,522	38,329
Other assets	32,694	33,900
	-----	-----
Total assets	\$3,551,959	\$3,502,517
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LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:		
Securities sold under repurchase agreements	\$252,188	\$199,062
Other current liabilities	143,809	135,954
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Total current liabilities	395,997	335,016
Long-term debt	928,068	920,636
Deferred tax liability	379,815	376,095
Other liabilities	14,361	17,624
Stockholders' equity	1,833,718	1,853,146
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Total liabilities and stockholders' equity	\$3,551,959	\$3,502,517
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DIAMOND OFFSHORE DRILLING INC. AND SUBSIDIARIES

AVERAGE DAYRATES AND UTILIZATION

	Second Quarter 2002		First Quarter 2002		Second Quarter 2001	
	Dayrate	Utili- zation	Dayrate	Utili- zation	Dayrate	Utili- zation

	(Dayrate in thousands)					
High Specification						
Floaters	\$115	80%	\$116	88%	\$118	96%
Other						
Semisubmersibles	\$72	54%	\$68	69%	\$65	75%
Jack-ups	\$29	74%	\$30	78%	\$44	85%

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