



## Diamond Offshore Announces Third Quarter 2011 Results

October 20, 2011

HOUSTON, Oct 20, 2011 (BUSINESS WIRE) -- Diamond Offshore Drilling, Inc. (NYSE:DO) today reported net income for the third quarter of 2011 of \$256.9 million, or \$1.85 per share on a diluted basis, compared with net income of \$198.5 million, or \$1.43 per share on a diluted basis, in the same period a year earlier. Revenues in the third quarter of 2011 were \$878.2 million, compared with revenues of \$799.7 million in the third quarter of 2010.

"We are pleased with our third quarter results, which reflect continued strength in the market," said Larry Dickerson, President and Chief Executive Officer of Diamond Offshore. "Since the second quarter, we have added 14 new contracts, totaling 18 rig years or \$1.4 billion of revenue backlog."

"We continue to execute on initiatives to contain operating costs and minimize unplanned rig repair downtime," said Dickerson. "Additionally, results benefited from revenues related to the mobilization of a rig from Brazil to the Gulf of Mexico and a shift of some planned downtime into the fourth quarter."

### CONFERENCE CALL

Diamond Offshore will host a conference call to discuss third quarter results on Thursday, October 20, 2011 beginning at 9:00 a.m. Central Daylight Time. A live webcast of the call will be available online on our Company's website, <http://www.diamondoffshore.com>. Those interested in participating in the question and answer session should dial 800-247-9979, or for international callers, 973-321-1100. The conference ID number is 13267272. An online replay will also be available on <http://www.diamondoffshore.com> following the call.

### ABOUT DIAMOND OFFSHORE

Diamond Offshore provides contract drilling services to the energy industry and is a leader in deepwater drilling. Additional information on Diamond Offshore and access to the Company's SEC filings is available on the Internet at <http://www.diamondoffshore.com>.

### FORWARD-LOOKING STATEMENTS

Statements contained in this press release which are not historical facts are "forward-looking statements" within the meaning of the federal securities laws. Forward-looking statements are inherently uncertain and subject to a variety of risks that could cause actual results to differ materially from those expected by management of the Company. A discussion of the important risk factors and other considerations that could materially impact these matters as well as the Company's overall business and financial performance can be found in the Company's reports filed with the Securities and Exchange Commission and readers of this release are urged to review those reports carefully when considering these forward-looking statements. Copies of these reports are available through the Company's website <http://www.diamondoffshore.com>. Given these risk factors, investors and analysts should not place undue reliance on forward-looking statements. Any such forward-looking statements speak 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		Nine Months Ended	
	September 30,		September 30,	
	2011	2010	2011	2010
<b>Revenues:</b>				
Contract drilling	\$ 861,511	\$ 748,998	\$ 2,520,030	\$ 2,405,175
Revenues related to reimbursable expenses	16,666	50,726	54,032	76,833
Total revenues	878,177	799,724	2,574,062	2,482,008
<b>Operating expenses:</b>				
Contract drilling, excluding depreciation	391,369	350,555	1,141,739	1,008,551
Reimbursable expenses	16,206	50,313	52,443	75,397
Depreciation	101,175	99,117	303,523	297,265
General and administrative	14,879	16,999	48,976	50,502
Bad debt expense (recovery)	4,734	(2,048)	(5,413)	(5,946)

Gain on disposition of assets	(463 )	(32,392 )	(4,344 )	(33,425 )
Total operating expenses	527,900	482,544	1,536,924	1,392,344
<b>Operating income</b>	<b>350,277</b>	<b>317,180</b>	<b>1,037,138</b>	<b>1,089,664</b>
<b>Other income (expense):</b>				
Interest income	2,024	395	3,565	2,154
Interest expense	(15,874 )	(22,567 )	(60,144 )	(66,221 )
Foreign currency transaction gain (loss)	(1,442 )	3,724	(4,603 )	194
Other, net	(136 )	(166 )	(232 )	(287 )
<b>Income before income tax expense</b>	<b>334,849</b>	<b>298,566</b>	<b>975,724</b>	<b>1,025,504</b>
<b>Income tax expense</b>	<b>(77,995 )</b>	<b>(100,042 )</b>	<b>(201,672 )</b>	<b>(311,734 )</b>
<b>Net Income</b>	<b>\$ 256,854</b>	<b>\$ 198,524</b>	<b>\$ 774,052</b>	<b>\$ 713,770</b>
<b>Income per share:</b>				
<b>Basic</b>	<b>\$ 1.85</b>	<b>\$ 1.43</b>	<b>\$ 5.57</b>	<b>\$ 5.13</b>
<b>Diluted</b>	<b>\$ 1.85</b>	<b>\$ 1.43</b>	<b>\$ 5.57</b>	<b>\$ 5.13</b>
<b>Weighted average shares outstanding:</b>				
Shares of common stock	139,027	139,027	139,027	139,026
Dilutive potential shares of common stock	14	10	21	55
Total weighted average shares outstanding	139,041	139,037	139,048	139,081

## DIAMOND OFFSHORE DRILLING, INC. AND SUBSIDIARIES

### RESULTS OF OPERATIONS

(Unaudited)

(In thousands)

	<b>Three Months Ended</b>	
	<b>September 30,</b>	
	<b>2011</b>	<b>2010</b>
<b>REVENUES</b>		
High Specification Floaters	\$ 464,512	\$ 305,335
Intermediate Semisubmersibles	350,409	380,438
Jack-ups	46,540	63,133
Other	50	92
<b>Total Contract Drilling Revenue</b>	<b>\$ 861,511</b>	<b>\$ 748,998</b>
<b>Revenues Related to Reimbursable Expenses</b>	<b>\$ 16,666</b>	<b>\$ 50,726</b>
<b>CONTRACT DRILLING EXPENSE</b>		
High Specification Floaters	\$ 188,071	\$ 148,503
Intermediate Semisubmersibles	153,416	154,731
Jack-ups	43,281	43,940
Other	6,601	3,381
<b>Total Contract Drilling Expense</b>	<b>\$ 391,369</b>	<b>\$ 350,555</b>
<b>Reimbursable Expenses</b>	<b>\$ 16,206</b>	<b>\$ 50,313</b>
<b>OPERATING INCOME</b>		
High Specification Floaters	\$ 276,441	\$ 156,832
Intermediate Semisubmersibles	196,993	225,707
Jack-ups	3,259	19,193
Other	(6,551 )	(3,289 )
Reimbursable expenses, net	460	413
Depreciation	(101,175 )	(99,117 )
General and administrative expense	(14,879 )	(16,999 )
Bad debt (expense) recovery	(4,734 )	2,048
Gain on disposition of assets	463	32,392
<b>Total Operating Income</b>	<b>\$ 350,277</b>	<b>\$ 317,180</b>

## DIAMOND OFFSHORE DRILLING, INC. AND SUBSIDIARIES

### CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands)

**September 30, December 31,**  
**2011 2010**  
(unaudited)

**ASSETS**

## Current assets:

Cash and cash equivalents	\$ 348,003	\$ 464,393
Marketable securities	801,931	612,346
Accounts receivable, net of allowance for bad debts	622,949	609,606
Prepaid expenses and other current assets	157,389	177,153
Total current assets	1,930,272	1,863,498

Drilling and other property and equipment, net of accumulated depreciation	4,605,748	4,283,792
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Long-term receivable	--	35,361
Other assets	303,215	544,333
Total assets	\$ 6,839,235	\$ 6,726,984

**LIABILITIES AND STOCKHOLDERS' EQUITY**

Current liabilities	\$ 372,961	\$ 626,288
Long-term debt	1,495,765	1,495,593
Deferred tax liability	519,980	542,258
Other liabilities	189,914	201,133
Stockholders' equity	4,260,615	3,861,712
Total liabilities and stockholders' equity	\$ 6,839,235	\$ 6,726,984

**DIAMOND OFFSHORE DRILLING, INC. AND SUBSIDIARIES****AVERAGE DAYRATES AND UTILIZATION**

	Third Quarter 2011		Second Quarter 2011		Third Quarter 2010	
	Dayrate	Utilization	Dayrate	Utilization	Dayrate	Utilization

(Dayrate in thousands)

<b>High Specification Floaters</b>	<b>\$ 380</b>	<b>93</b>	<b>%</b>	<b>\$ 364</b>	<b>94</b>	<b>%</b>	<b>\$ 364</b>	<b>56</b>	<b>%</b>
<b>Intermediate Semis</b>	<b>\$ 268</b>	<b>68</b>	<b>%</b>	<b>\$ 266</b>	<b>76</b>	<b>%</b>	<b>\$ 280</b>	<b>76</b>	<b>%</b>
<b>Jack-ups</b>	<b>\$ 84</b>	<b>44</b>	<b>%</b>	<b>\$ 82</b>	<b>60</b>	<b>%</b>	<b>\$ 82</b>	<b>60</b>	<b>%</b>

SOURCE: Diamond Offshore Drilling, Inc.

**Diamond Offshore Drilling, Inc.**  
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**Director, Investor Relations**