

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of report: APRIL 15, 1997

Date of earliest event reported: APRIL 14, 1997

DIAMOND OFFSHORE DRILLING, INC.

(Exact Name of Registrant as Specified in Charter)

DELAWARE 1-13926 76-0321760

(State or Other Jurisdiction (Commission File Number) (IRS Employer Identification No.)
of Incorporation)

15415 KATY FREEWAY, HOUSTON, TEXAS

77094

(Address of Principal Executive Offices) (Zip Code)

Registrant's telephone number, including area code (281) 492-5300

NOT APPLICABLE

(Former name or former address, if changed since last report)

INFORMATION TO BE INCLUDED IN THE REPORT

ITEM 5. OTHER EVENTS

On April 14, 1997, Diamond Offshore Drilling, Inc. ("Diamond Offshore") issued a press release announcing Diamond Offshore's earnings for its fiscal quarter ended March 31, 1997 and a press release announcing Diamond Offshore's plans to acquire the semisubmersible accommodation vessel "Polyconfidence" and, to finance the purchase price of such vessel, to offer approximately 1.25 million shares of Diamond Offshore's common stock, par value \$.01 per share ("Common Stock"), in a public offering. Filed herewith are (i) both such press releases and (ii) the form of Underwriting Agreement proposed to be entered into between Diamond Offshore and the underwriter(s) of securities that may be issued pursuant to Diamond Offshore's Post-Effective Amendment No. 1 to its Registration Statement on Form S-3 (No. 333-19987), as filed with the Securities and Exchange Commission on March 28, 1997, which may include Common Stock.

ITEM 7. FINANCIAL STATEMENTS AND EXHIBITS

(c) Exhibits.

Exhibit number	Description
1.1	Form of Underwriting Agreement.
20.1	Press Release of Diamond Offshore Drilling, Inc. of April 14, 1997 regarding earnings.
20.2	Press Release of Diamond Offshore Drilling, Inc. of April 14, 1997 regarding acquisition of accommodation service vessel and public offering.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

DIAMOND OFFSHORE DRILLING, INC.

By: /s/ RICHARD L. LIONBERGER

Richard L. Lionberger
Vice President, General Counsel
and Secretary

Dated: April 15, 1997

EXHIBIT INDEX

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DIAMOND OFFSHORE DRILLING, INC.

DEBT SECURITIES
PREFERRED STOCK
COMMON STOCK
WARRANTS

UNDERWRITING AGREEMENT

SECTION 1. Introductory.

Diamond Offshore Drilling, Inc., a Delaware corporation ("Company"), proposes to issue and sell from time to time certain of its unsecured debt securities, preferred stock, common stock, par value \$.01 per share ("Common Stock") and warrants to purchase debt securities and warrants to purchase preferred stock (and any debt securities, preferred stock or Common Stock issuable upon conversion or exercise of such securities) registered under the registration statement referred to in Section 2(a) ("Registered Securities"). The Registered Securities constituting debt securities will be issued under one or more indentures or supplemental indentures (each, an "Indenture"), between the Company and a trustee selected by the Company, in one or more series, which series may vary as to interest rates, maturities, redemption provisions, selling prices and other terms. The Registered Securities constituting warrants will be issued under one or more Warrant Agreements (each, a "Warrant Agreement"), between the Company and a warrant agent to be selected by the Company, in one or more series, which series may vary as to exercise price, exercise date, expiration date and other terms. The Registered Securities constituting preferred stock may be issued in one or more series, which series may vary as to dividend rates, redemption provisions, selling prices and other terms. Particular series or offerings of Registered Securities will be sold pursuant to a Terms Agreement referred to in Section 3, for resale in accordance with terms of offering determined at the time of sale.

The Registered Securities involved in any such offering are hereinafter referred to as the "Firm Securities" and, together with any Optional Securities (as defined in Section 3 below), the "Offered Securities". The firm or firms which agree to purchase the Offered Securities are hereinafter referred to as the "Underwriters" of such securities, and the representative or representatives of the Underwriters, if any, specified in a Terms Agreement referred to in Section 3 are hereinafter referred to as the "Representatives"; provided, however, that if the Terms Agreement does not specify any representative of the Underwriters, the term "Representatives", as used in this Agreement (other than in Sections 2(b), 5(c) and 6 and the second sentence of Section 3), shall mean the Underwriters.

SECTION 2. Representations and Warranties of the Company.

The Company, as of the date of each Terms Agreement referred to in Section 3, represents and warrants to, and agrees with, each Underwriter that:

(a) A registration statement (No. 333-19987), including a prospectus, relating to the Registered Securities has been filed with the Securities and Exchange Commission ("Commission") and has become effective. Such registration statement, as amended at the time of any Terms Agreement referred to in Section 3, is hereinafter referred to as the "Registration Statement", and the prospectus included in such Registration Statement, as supplemented as contemplated by Section 3 to reflect the terms of the Offered Securities (if they are debt securities, warrants or preferred stock) and the terms of the offering of the Offered Securities, as first filed with the Commission pursuant to and in accordance with Rule 424(b) ("Rule 424(b)") under the Securities Act of 1933 ("Act"), including all material incorporated by reference therein, is hereinafter referred to as the "Prospectus". No document has been or will be prepared or distributed in reliance on Rule 434 under the Act.

(b) On the effective date of the registration statement relating to the Registered Securities, such registration statement conformed in all respects to the requirements of the Act, the Trust Indenture Act of 1939 ("Trust Indenture Act") and the rules and regulations of the Commission ("Rules and Regulations") and did not include any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading, and on the date of each Terms Agreement referred to in Section 3, the Registration Statement and the Prospectus will conform in all respects to the requirements of the Act, the Trust Indenture Act and the Rules and Regulations, and neither of such documents will include any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading, except that the foregoing does not apply to statements in or omissions from any of such documents based upon written information furnished to the Company by any Underwriter through the Representatives, if any, specifically for use therein.

(c) The Company has been duly incorporated and is an existing corporation in good standing under the laws of the State of Delaware, with power and authority (corporate and other) to own its properties and conduct its business as described in the Prospectus; and the Company is duly qualified to do business as a foreign corporation in good standing in all other jurisdictions in which its ownership or lease of property or the conduct of its business requires such qualification, except where the failure of the Company to be so qualified would not have a material adverse effect on the business, operations or financial condition of the Company and its subsidiaries, taken as a whole.

(d) Each subsidiary of the Company has been duly incorporated and is an existing corporation in good standing under the laws of the jurisdiction of its incorporation, with power and authority (corporate and other) to own its properties and conduct its business as described in the Prospectus; and each subsidiary of the Company is duly qualified to do business as a foreign corporation in good standing in all other jurisdictions in which its ownership or lease of property or the conduct of its business requires such qualification, except where the failure of such subsidiary to be so qualified would not have a material adverse effect on the business, operations or financial condition of the Company and its subsidiaries, taken as a whole; all of the issued and outstanding capital stock of each subsidiary of the Company has been duly authorized and validly issued and is fully paid and nonassessable, except where the failure of such capital stock to have been so authorized and issued would not have a material adverse effect on the business, operations or financial condition of the Company and its subsidiaries, taken as a whole; and the capital stock of each subsidiary owned by the Company, directly or through subsidiaries, is owned free from liens, encumbrances and defects, except where the failure of the Company to so own such capital stock would not have a material adverse effect on the business, operations, properties or financial condition of the Company and its subsidiaries, taken as a whole.

(e) If the Offered Securities are debt securities: The Indenture has been duly authorized and has been duly qualified under the Trust Indenture Act; the Firm Securities and any Optional Securities have been duly authorized; and when the Offered Securities are delivered and paid for pursuant to the Terms Agreement on each Closing Date (as defined below) or pursuant to Delayed Delivery Contracts (as hereinafter defined), the Indenture will have been duly executed and delivered, such Offered Securities will have been duly executed, authenticated, issued and delivered and will conform to the description thereof contained in the Prospectus and the Indenture and such Offered Securities will constitute valid and legally binding obligations of the Company, enforceable in accordance with their terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles.

(f) If the Offered Securities are warrants: The Warrant Agreement has been duly authorized; the Firm Securities and any Optional Securities have been duly authorized; and when the Offered Securities are delivered and paid for pursuant to the Terms Agreement on each Closing Date (as defined below) or pursuant to Delayed Delivery Contracts (as hereinafter defined), the Warrant Agreement will have been duly executed and delivered, such Offered Securities will have been duly executed, countersigned, issued and delivered and will conform to the description thereof contained in the Prospectus and the Warrant Agreement and such Offered Securities will constitute valid and legally binding obligations of the Company, enforceable in accordance with their terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles.

(g) If the Offered Securities are preferred stock: The Firm Securities and any Optional Securities have been duly authorized and, when the Offered Securities have been delivered and paid for in accordance with the Terms Agreement on each Closing Date (as defined below), such Offered Securities will have been validly issued, fully paid and nonassessable and will conform to the description thereof contained in the Prospectus; and the stockholders of the Company have no preemptive rights with respect to the Offered Securities.

(h) If the Offered Securities are Common Stock: The Firm Securities and any Optional Securities and all other outstanding shares of capital stock of the Company have been duly authorized; all outstanding shares of Capital Stock of the Company are, and when the Offered Securities have been delivered and paid for in accordance with the Terms Agreement on each Closing Date (as defined below), such Offered Securities will have been, validly issued, fully paid and nonassessable and will conform to the description thereof contained in the Prospectus; and the stockholders of the Company have no preemptive rights with respect to the Offered Securities.

(i) If the Offered Securities are convertible or (if the Offered Securities are warrants) exercisable: When the Offered Securities are delivered and paid for pursuant to the Terms Agreement on each Closing Date, such Offered Securities will be convertible into, or exercisable for, Common Stock, preferred stock or debt securities of the Company, as the case may be, in accordance with their terms (if the Offered Securities are preferred stock) or the Indenture (if the Offered Securities are debt securities) or the Warrant Agreement (if the Offered Securities are warrants); the shares of Common Stock, preferred stock and debt securities, as the case may be, initially issuable upon conversion or exercise of such Offered Securities have been duly authorized and (if the conversion or exercise securities are Common Stock or preferred stock) reserved for issuance upon such conversion or exercise; if the conversion securities are Common Stock, such Common Stock initially issuable upon conversion thereof, when issued upon such conversion, and upon receipt by the Company of the conversion price therefor, will be validly issued and fully paid and nonassessable; the outstanding shares of Common Stock have been duly authorized and validly issued, are fully paid and nonassessable and conform to the description thereof contained in the Prospectus; and the stockholders of the Company have no preemptive rights with respect to the Common Stock or preferred stock; if the conversion or exercise securities are preferred stock, the preferred stock initially issuable upon conversion or exercise thereof, when issued upon such conversion or exercise, and upon receipt by the Company of the conversion or exercise price therefor, will have been validly issued and fully paid and nonassessable and will conform to the description thereof contained in the Prospectus; if the conversion or exercise securities are debt securities, the debt securities initially issuable upon conversion or exercise thereof, when issued upon such conversion or exercise, and upon receipt by the Company of the conversion or exercise price therefor, will have been duly executed, authenticated, issued and delivered and will conform to the description thereof contained in the Prospectus and the Indenture; such Indenture has been duly qualified under the Trust Indenture Act and will have been duly executed and delivered; and the Indenture and such debt securities will constitute valid and legally binding obligations of the Company, enforceable in accordance with their terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles.

(j) If the Offered Securities are Common Stock or are convertible into Common Stock: Except as disclosed in the Prospectus, there are no contracts, agreements or understandings between the Company and any person that would give rise to a valid claim against the Company or any Underwriter for a brokerage commission, finder's fee or other like payment.

(k) If the Offered Securities are Common Stock or are convertible into Common Stock: Except for the Registration Rights Agreement dated October 10, 1995 between the Company and Loews Corporation (the "Loews Registration Rights Agreement") there are no contracts, agreements or understandings between the Company and any person granting such person the right to require the Company to file a registration statement under the Act with respect to any securities of the Company owned or to be owned by such person or to require the Company to include such securities in the securities registered pursuant to the Registration Statement or in any securities being registered pursuant to any other registration statement filed by the Company under the Act.

(l) If the Offered Securities are Common Stock or are convertible into Common Stock, the outstanding shares of Common Stock are listed on The New York Stock Exchange (the "Stock Exchange") and the Offered

Securities or the Common Stock into which the Offered Securities are convertible (if they are convertible) has been approved for listing on the Stock Exchange, subject to notice of issuance. If the Offered Securities are debt securities or preferred stock, they have been approved for listing on the stock exchange indicated in the Terms Agreement, subject to notice of issuance.

(m) No consent, approval, authorization, or order of, or filing with, any governmental agency or body or any court is required for the consummation of the transactions contemplated by the Terms Agreement (including the provisions of this Agreement) in connection with the issuance and sale of the Offered Securities by the Company, except such as have been obtained and made under the Act and, if the Offered Securities are debt securities, the Trust Indenture Act and such as may be required under state securities laws.

(n) The execution, delivery and performance of the Indenture (if the Offered Securities are debt securities), the Warrant Agreement (if the Offered Securities are warrants), the Terms Agreement (including the provisions of this Agreement) and any Delayed Delivery Contracts and the issuance and sale of the Offered Securities and compliance with the terms and provisions thereof and, if the Offered Securities are debt securities, warrants or preferred stock, compliance with the terms and provisions thereof will not conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which the Company or any of its subsidiaries is a party or by which the Company or any of its subsidiaries is bound, or to which any of the property or assets of the Company or any of its subsidiaries is subject, nor will such action result in any violation of the provisions of the charter or bylaws of the Company or any of its subsidiaries or any statute or any order, rule or regulation of any court or governmental agency or body having jurisdiction over the Company or any of its subsidiaries or the property of the Company or any of its subsidiaries except, in each case other than with respect to such charter or bylaws, which conflict, breach or default or violation would not impair the Company's or any of its subsidiaries' ability to perform the obligations hereunder or have any material adverse effect upon the consummation of the transactions contemplated hereby or any Underwriter; and the Company has full power and authority to authorize, issue and sell the Offered Securities as contemplated by the Terms Agreement (including the provisions of this Agreement).

(o) The Terms Agreement (including the provisions of this Agreement) and, if the Offered Securities are debt securities, warrants or preferred stock, any Delayed Delivery Contracts have been duly authorized, executed and delivered by the Company.

(p) Except as disclosed in the Prospectus and except for Permitted Liens, as such term is defined below, the Company and its subsidiaries have good and marketable title to all offshore drilling rigs described as being owned by them in the Prospectus, and good and marketable title to all real property and all other properties and assets owned by them, in each case free from liens, encumbrances and defects that would materially affect the value thereof, taken as a whole, or materially interfere with the use made or to be made thereof by them; and except as disclosed in the Prospectus, the Company and its subsidiaries hold any leased real or personal property under valid and enforceable leases with no exceptions to such validity or enforceability that would materially interfere with the use made or to be made thereof by them. "Permitted Liens" means (i) liens for taxes not yet due or liens that have not been filed for taxes that are being contested in good faith and by appropriate proceedings diligently prosecuted; (ii) carriers', warehousemen's, mechanics', materialmen's, repairmen's, maritime, statutory or other like liens arising in the ordinary course of business that are not overdue for more than 30 days or that are being contested in good faith and by appropriate proceedings diligently prosecuted; (iii) pledges or deposits in connection with workmen's compensation, unemployment insurance and other social security legislation; and (iv) deposits to secure the performance of bids, contracts in the ordinary course of business (other than for borrowed money), leases, statutory obligations, surety and appeal bonds and performance bonds, and other obligations of a like nature that are incurred in the ordinary course of business.

(q) The Company and its subsidiaries possess adequate certificates, authorities or permits issued by appropriate governmental agencies or bodies necessary to conduct the business now operated by them in all material respects and have not received any notice of proceedings relating to the revocation or modification of any such certificate, authority or permit that, if determined adversely to the Company or any of its subsidiaries, would individually or in the aggregate have a material adverse effect on the Company and its subsidiaries taken as a whole.

(r) No labor dispute with the employees of the Company or any subsidiary exists or, to the knowledge of the Company, is imminent that might have a material adverse effect on the Company and its subsidiaries taken as a whole.

(s) The Company and its subsidiaries own, possess or can acquire on reasonable terms, adequate trademarks, trade names and other rights to inventions, know-how, patents, copyrights, confidential information and other intellectual property (collectively, "intellectual property rights") necessary to conduct the business now operated by them, or presently employed by them, and have not received any notice of infringement of or conflict with asserted rights of others with respect to any intellectual property rights that, if determined adversely to the Company or any of its subsidiaries, would individually or in the aggregate have a material adverse effect on the Company and its subsidiaries taken as a whole.

(t) Except as disclosed in the Prospectus, neither the Company nor any of its subsidiaries is in violation of any statute, any rule, regulation, decision or order of any governmental agency or body or any court, domestic or foreign, relating to the use, disposal or release of hazardous or toxic substances or relating to the protection or restoration of the environment or human exposure to hazardous or toxic substances (collectively, "environmental laws"), owns or operates any real property contaminated with any substance that is subject to any environmental laws, is liable for any off-site disposal or contamination pursuant to any environmental laws, or is subject to any claim relating to any environmental laws, which violation, contamination, liability or claim would individually or in the aggregate have a material adverse effect on the Company and its subsidiaries taken as a whole; and the Company is not aware of any pending investigation which might lead to such a claim.

(u) There are no pending actions, suits or proceedings against or affecting the Company, any of its subsidiaries or any of their respective properties except as disclosed in the Prospectus, or as individually or in the aggregate do not now have and, to the best knowledge of the Company, are not reasonably expected in the future to have a material adverse effect on the condition (financial or other), business, properties or results of operations of the Company and its subsidiaries taken as a whole, or would materially and adversely affect the ability of the Company to perform its obligations under the Indenture (if the Offered Securities are debt securities), the Warrant Agreement (if the Offered Securities are warrants), the Terms Agreement (including the provisions of this Agreement) or any Delayed Delivery Contracts, or which are otherwise material in the context of the sale of the Offered Securities; and no such actions, suits or proceedings are, to the Company's knowledge, threatened or contemplated.

(v) The financial statements included in the Registration Statement and Prospectus present fairly in all material respects the financial position of the Company and its consolidated subsidiaries as of the dates shown and their results of operations and cash flows for the periods shown, and such financial statements have been prepared in conformity with the generally accepted accounting principles in the United States applied on a consistent basis; any schedules included in the Registration Statement present fairly the information required to be stated therein; and if pro forma financial statements are included in the Registration Statement and Prospectus: the assumptions used in preparing the pro forma financial statements included in the Registration Statement and the Prospectus provide a reasonable basis for presenting the significant effects directly attributable to the transactions or events described therein, the related pro forma adjustments give appropriate effect to those assumptions in all material respects, and the pro forma columns therein reflect the proper application in all material respects of those adjustments to the corresponding historical financial statement amounts.

(w) Except as disclosed in the Prospectus, since the date of the latest audited financial statements included in the Prospectus there has been no material adverse change, nor any development or event involving a prospective material adverse change, in the condition (financial or other), business, properties or results of operations of the Company and its subsidiaries taken as a whole, and there has been no dividend or distribution of any kind declared, paid or made by the Company on any class of its capital stock.

(x) The Company is not and, after giving effect to the offering and sale of the Offered Securities and the application of the proceeds thereof as described in the Prospectus, will not be (i) an "investment company" or a company "controlled" by an "investment company" within the meaning of the Investment Company Act of 1940, as

amended (the "Investment Company Act"), or (ii) a "holding company" or a "subsidiary company" or an "affiliate" of a holding company within the meaning of the Public Utility Holding Company Act of 1935, as amended (the "Holding Company Act").

(y) Neither the Company nor any of its affiliates does business with the government of Cuba or with any person or affiliate located in Cuba within the meaning of Section 517.075, Florida Statutes and the Company agrees to comply with such Section if prior to the completion of the distribution of the Offered Securities it commences doing such business.

(z) No consent or approval of any federal governmental agency with respect to any federal maritime law matter is required in connection with performance by the Company of its obligations under the Terms Agreement (including the provisions of this Agreement) or the issuance and sale of the Offered Securities; and neither the issue, offer, sale or delivery by the Company of the Offered Securities pursuant to the Terms Agreement (including the provisions of this Agreement) or the execution, delivery, and performance by the Company and the consummation of the transactions contemplated thereby will violate any existing federal maritime laws, including, without limitation, the Shipping Act, 1916, as amended, and the rules and regulations of the Maritime Administration (MarAd) and the United States Coast Guard.

Section 3. Purchase and Offering of Offered Securities.

The obligation of the Underwriters to purchase the Firm Securities will be evidenced by an agreement or exchange of other written communications ("Terms Agreement") at the time the Company determines to sell the Firm Securities. The Terms Agreement will incorporate by reference the provisions of this Agreement, except as otherwise provided therein, and will specify the firm or firms which will be Underwriters, the names of any Representatives, the aggregate principal amount or number of Firm Securities to be purchased by each Underwriter, the purchase price to be paid by the Underwriters and (if the Firm Securities are debt securities, warrants or preferred stock) the terms of the Firm Securities not already specified (in the Indenture, in the case of Firm Securities that are debt securities or in the Warrant Agreement, in the case of Firm Securities that are warrants), including, but not limited to, interest rate (if debt securities), dividend rate (if preferred stock), maturity (if debt securities), any redemption, conversion or exercise provisions and any sinking fund requirements and whether any of the Firm Securities may be sold to institutional investors pursuant to Delayed Delivery Contracts (as defined below). The Terms Agreement will also specify the time and date of delivery and payment (such time and date, or such other time not later than seven full business days thereafter as the Underwriter first named in the Terms Agreement (the "Lead Underwriter") and the Company agree as the time for payment and delivery, being herein and in the Terms Agreement referred to as the "First Closing Date"), the place of delivery and payment and any details of the terms of offering that should be reflected in the prospectus supplement relating to the offering of the Offered Securities. For purposes of Rule 15c6-1 under the Securities Exchange Act of 1934, the First Closing Date (if later than the otherwise applicable settlement date) shall be the date for payment of funds and delivery of securities for all the Offered Securities sold pursuant to the offering, other than Contract Securities for which payment of funds and delivery of securities shall be as hereinafter provided. The obligations of the Underwriters to purchase the Firm Securities will be several and not joint. It is understood that the Underwriters propose to offer the Offered Securities for sale as set forth in the Prospectus.

If the Firm Securities are debt securities and the Terms Agreement specifies "Book-Entry Only" settlement or otherwise states that the provisions of this paragraph shall apply, the Company will deliver against payment of the purchase price the Firm Securities being purchased on such Closing Date in the form of one or more permanent global Securities in definitive form (the "Global Securities") deposited with the Trustee as custodian for The Depository Trust Company ("DTC") and registered in the name of Cede & Co., as nominee for DTC. Interests in any permanent Global Securities will be held only in book-entry form through DTC, except in the limited circumstances described in the Prospectus. Payment for the Firm Securities shall be made by the Underwriters in Federal (same day) funds by official check or checks or wire transfer to an account previously designated to the Lead Underwriter by the Company at a bank acceptable to the Lead Underwriter, in each case drawn to the order of the Company at the place of payment specified in the Terms Agreement on such Closing Date, against delivery to the Trustee as custodian for DTC of the Global Securities representing all of the Firm Securities.

The Company may specify in the Terms Agreement applicable to any Offered Securities that the Company thereby grants to the Underwriters the right to purchase at their election up to the aggregate principal amount of debt securities, number of shares of preferred stock or Common Stock or number of warrants ("Optional Securities") set forth in such Terms Agreement, on the terms set forth in the first paragraph of this Section 3. Any such election may be exercised only by written notice from the Lead Underwriter to the Company, given within the period specified in the Terms Agreement, setting forth the aggregate principal amount or number of Optional Securities purchased and the date on which such Optional Securities are to be delivered as determined by the Lead Underwriter.

The Company agrees to sell to the Underwriters the aggregate principal amount or number of Optional Securities specified in such notice and the Underwriters agree, severally and not jointly, to purchase such Optional Securities. Such Optional Securities shall be purchased for the account of each Underwriter in the same proportion as the aggregate principal amount or number of Firm Securities set forth opposite such Underwriter's name in such Terms Agreement bears to the aggregate principal amount or number of Firm Securities (subject to adjustment by the Lead Underwriter to eliminate fractions) and may be purchased by the Underwriters only for the purpose of covering over-allotments made in connection with the sale of the Firm Securities. No Optional Securities shall be sold or delivered unless the Firm Securities previously have been, or simultaneously are, sold and delivered. The right to purchase the Optional Securities or any portion thereof may be exercised from time to time and to the extent not previously exercised may be surrendered and terminated at any time upon notice by the Lead Underwriter to the Company.

Each time for the delivery of and payment for the Optional Securities, being herein referred to as an "Optional Closing Date", which may be the First Closing Date (the First Closing Date and each Optional Closing Date, if any, being sometimes referred to as a "Closing Date"), shall be determined by the Lead Underwriter but shall be not later than five full business days after written notice of election to purchase Optional Securities is given. The Company will deliver the Optional Securities being purchased on each Optional Closing Date to the Representatives for the accounts of the several Underwriters against payment of the purchase price therefor in the same manner as the Firm Securities.

If the Terms Agreement provides for sales of Offered Securities pursuant to delayed delivery contracts, the Company authorizes the Underwriters to solicit offers to purchase Offered Securities pursuant to delayed delivery contracts substantially in the form of Annex I attached hereto ("Delayed Delivery Contracts") with such changes therein as the Company may authorize or approve. Delayed Delivery Contracts are to be with institutional investors, including commercial and savings banks, insurance companies, pension funds, investment companies and educational and charitable institutions. On the Closing Date the Company will pay, as compensation, to the Representatives for the accounts of the Underwriters, the fee set forth in such Terms Agreement in respect of the principal amount, number, or number of shares of Offered Securities to be sold pursuant to Delayed Delivery Contracts ("Contract Securities"). The Underwriters will not have any responsibility in respect of the validity or the performance of Delayed Delivery Contracts. If the Company executes and delivers Delayed Delivery Contracts, the Contract Securities will be deducted from the Offered Securities to be purchased by the several Underwriters and the aggregate principal amount, number or number of shares of Offered Securities to be purchased by each Underwriter will be reduced pro rata in proportion to the principal amount, number or number of shares of Offered Securities set forth opposite each Underwriter's name in such Terms Agreement, except to the extent that the Lead Underwriter determines that such reduction shall be otherwise than pro rata and so advise the Company. The Company will advise the Lead Underwriter not later than the business day prior to the Closing Date of the principal amount or number of shares of Contract Securities.

SECTION 4. Certain Agreements of the Company.

The Company agrees with the several Underwriters that it will furnish to counsel for the Underwriters, one signed copy of the registration statement relating to the Registered Securities, including all exhibits, in the form it became effective and of all amendments thereto and that, in connection with each offering of Offered Securities:

(a) The Company will file the Prospectus with the Commission pursuant to and in accordance with Rule 424(b)(2) (or, if applicable and if consented to by the Lead Underwriter, subparagraph (5)) not later than the second business day following the execution and delivery of the Terms Agreement.

(b) The Company will advise the Lead Underwriter promptly of any proposal to amend or supplement the Registration Statement or the Prospectus and will afford the Lead Underwriter a reasonable opportunity to comment on any such proposed amendment or supplement; and the Company will also advise the Lead Underwriter promptly of the filing of any such amendment or supplement and of the institution by the Commission of any stop order proceedings in respect of the Registration Statement or of any part thereof and will use its best efforts to prevent the issuance of any such stop order and to obtain as soon as possible its lifting, if issued.

(c) If, at any time when a prospectus relating to the Offered Securities is required to be delivered under the Act in connection with sales by any Underwriter or dealer, any event occurs as a result of which the Prospectus as then amended or supplemented would include an untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, or if it is necessary at any time to amend the Prospectus to comply with the Act, the Company promptly will notify the Lead Underwriter of such event and will promptly prepare and file with the Commission, at its own expense, an amendment or supplement which will correct such statement or omission or an amendment which will effect such compliance. Neither the Lead Underwriter's consent to, nor the Underwriters' delivery of, any such amendment or supplement shall constitute a waiver of any of the conditions set forth in Section 5.

(d) As soon as practicable, but not later than 16 months, after the date of each Terms Agreement, the Company will make generally available to its securityholders an earnings statement covering a period of at least 12 months beginning after the later of (i) the effective date of the registration statement relating to the Registered Securities, (ii) the effective date of the most recent post-effective amendment to the Registration Statement to become effective prior to the date of such Terms Agreement and (iii) the date of the Company's most recent Annual Report on Form 10-K filed with the Commission prior to the date of such Terms Agreement, which will satisfy the provisions of Section 11(a) of the Act.

(e) The Company will furnish to the Representatives copies of the Registration Statement, including all exhibits, any related preliminary prospectus, any related preliminary prospectus supplement, the Prospectus and all amendments and supplements to such documents, in each case as soon as available and in such quantities as the Lead Underwriter reasonably requests. The Company will pay the expenses of printing and distributing to the Underwriters all such documents.

(f) The Company will arrange for the qualification of the Offered Securities for sale and the determination of their eligibility for investment under the laws of such jurisdictions as the Lead Underwriter designates and will continue such qualifications in effect so long as required for the distribution.

(g) During the period of five years after the date of any Terms Agreement, the Company will furnish to the Representatives and, upon request, to each of the other Underwriters, if any, as soon as practicable after the end of each fiscal year, a copy of its annual report to stockholders for such year; and the Company will furnish to the Representatives as soon as available, a copy of each report and any definitive proxy statement of the Company filed with the Commission under the Securities Exchange Act of 1934 or mailed to stockholders.

(h) The Company will pay all expenses incident to the performance of its obligations under the Terms Agreement (including the provisions of this Agreement), for any filing fees or other expenses (including fees and disbursements of counsel not to exceed \$5,000) in connection with qualification of the Offered Securities for sale and any determination of their eligibility for investment under the laws of such jurisdictions as the Lead Underwriter may designate and the printing of memoranda relating thereto, for any fees charged by investment rating agencies for the rating of the Offered Securities (if they are debt securities or preferred stock), for any applicable filing fee incident to, and the reasonable fees and disbursements of counsel for the Underwriters in connection with, the review by the National Association of Securities Dealers, Inc. of the Registered Securities, for any travel expenses of the Company's officers and employees and any other expenses of the Company in connection with attending or hosting meetings with prospective purchasers of Registered Securities and for expenses incurred in distributing the Prospectus, any preliminary prospectuses, any preliminary prospectus supplements or any other amendments or supplements to the Prospectus to the Underwriters. Except

as provided in the preceding sentence, the Underwriters will pay the expenses incident to the performance of their obligations under this Agreement and will reimburse the Company (if and to the extent incurred by the Company) for any travel expenses of the Underwriters' representatives and any other expenses of the Underwriters in connection with attending or hosting meetings with prospective purchasers of the Offered Securities.

(i) If the Offered Securities are debt securities or preferred stock, the Company will not offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, or file with the Commission a registration statement under the Act relating to United States dollar-denominated debt securities issued or guaranteed by the Company and having a maturity of more than one year from the date of issue (if the Offered Securities are debt securities) or any series of preferred stock issued or guaranteed by the Company (if the Offered Securities are preferred stock), or publicly disclose the intention to make any such offer, sale, pledge, disposition or filing, without the prior written consent of the Lead Underwriter for a period beginning at the time of execution of the Terms Agreement and ending the number of days after the Closing Date specified under "Blackout" in the Terms Agreement.

(j) If the Offered Securities are Common Stock or are convertible into Common Stock, the Company will not offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, or file with the Commission a registration statement under the Act relating to, any additional shares of its Common Stock or securities convertible into or exchangeable or exercisable for any shares of its Common Stock, or publicly disclose the intention to make any such offer, sale, pledge, disposition or filing, without the prior written consent of the Lead Underwriter for a period beginning at the time of execution of the Terms Agreement and ending the number of days after the Closing Date specified under "Blackout" in the Terms Agreement, except issuances of Common Stock pursuant to the conversion or exchange of convertible or exchangeable securities or the exercise of warrants in each case outstanding on the date of the Terms Agreements, grants of employee stock options pursuant to the terms of a plan in effect on the date of the Terms Agreement, issuances of Common Stock pursuant to the exercise of such options or the exercise of any other employee stock options outstanding on the date of the Terms Agreement or issuances of Common Stock pursuant to registration statements on Form S-8 or successor forms thereto.

SECTION 5. Conditions of the Obligations of the Underwriters.

The obligations of the several Underwriters to purchase and pay for Firm Securities on the First Closing Date and the Optional Securities to be purchased on each Optional Closing Date will be subject to the accuracy of the representations and warranties on the part of the Company herein, to the accuracy of the statements of Company officers made pursuant to the provisions hereof, to the performance by the Company of its obligations hereunder and to the following additional conditions precedent:

(a) On or prior to the date of the Terms Agreement, the Representatives shall have received a letter, dated the date of delivery thereof, of Deloitte & Touche LLP or any successor firm (and any other firm of independent public accountants who have audited financial statements that are included in the Registration Statement and the Prospectus) confirming that they are independent public accountants within the meaning of the Act and the applicable published Rules and Regulations thereunder and stating to the effect that:

(i) in their opinion the financial statements and any financial statement schedules audited by them and included in the Prospectus comply as to form in all material respects with the applicable accounting requirements of the Act and the related published Rules and Regulations;

(ii) they have performed the procedures specified by the American Institute of Certified Public Accountants for a review of interim financial information as described in Statement of Auditing Standards No. 71, Interim Financial Information, on any unaudited financial statements included in the Registration Statement;

(iii) on the basis of the review referred to in clause (ii) above, a reading of the latest available interim financial statements of the Company, inquiries of officials of the Company who have

responsibility for financial and accounting matters and other specified procedures, nothing came to their attention that caused them to believe that:

(A) the unaudited financial statements, if any, and any summary of earnings included in the Prospectus do not comply as to form in all material respects with the applicable accounting requirements of the Act and the related published Rules and Regulations or any material modifications should be made to such unaudited financial statements and summary of earnings for them to be in conformity with generally accepted accounting principles;

(B) if any unaudited "capsule" information is contained in the Prospectus, the unaudited consolidated net sales, net operating income, net income and net income per share amounts or other amounts constituting such "capsule" information and described in such letter do not agree with the corresponding amounts set forth in the unaudited consolidated financial statements or were not determined on a basis substantially consistent with that of the corresponding amounts in the audited statements of income;

(C) at the date of the latest available balance sheet read by such accountants, or at a subsequent specified date not more than three business days prior to the date of the Terms Agreement, there was any change in the capital stock or any increase in short-term indebtedness or long-term debt of the Company and its consolidated subsidiaries or, at the date of the latest available balance sheet read by such accountants, there was any decrease in working capital or stockholders' equity, as compared with amounts shown on the latest balance sheet included in the Prospectus; or

(D) for the period from the closing date of the latest income statement included in the Prospectus to the closing date of the latest available income statement read by such accountants there were any decreases, as compared with the corresponding period of the previous year and with the period of corresponding length ended the date of the latest income statement included in the Prospectus, in contract drilling revenue, net operating income, in the total or (if the Offered Securities are Common Stock or are convertible into Common Stock) per share amounts of consolidated income before extraordinary items or net income or (if the Offered Securities are debt securities) in the ratio of earnings to fixed charges or (if the Offered Securities are preferred stock) in the ratio of earnings to fixed charges and preferred stock dividends combined;

except in all cases set forth in clauses (C) and (D) above for changes, increases or decreases which the Prospectus discloses have occurred or may occur or which are described in such letter; and

(iv) they have compared specified dollar amounts (or percentages derived from such dollar amounts) and other financial information contained in the Prospectus (in each case to the extent that such dollar amounts, percentages and other financial information are derived from the general accounting records of the Company and its subsidiaries subject to the internal controls of the Company's accounting system or are derived directly from such records by analysis or computation) with the results obtained from inquiries, a reading of such general accounting records and other procedures specified in such letter and have found such dollar amounts, percentages and other financial information to be in agreement with such results, except as otherwise specified in such letter.

All financial statements and schedules included in material incorporated by reference into the Prospectus shall be deemed included in the Prospectus for purposes of this subsection.

(b) The Prospectus shall have been filed with the Commission in accordance with the Rules and Regulations and Section 4(a) of this Agreement. No stop order suspending the effectiveness of the Registration

Statement or of any part thereof shall have been issued and no proceedings for that purpose shall have been instituted or, to the knowledge of the Company or any Underwriter, shall be contemplated by the Commission.

(c) Subsequent to the execution of the Terms Agreement, there shall not have occurred (i) any change, or any development or event involving a prospective change, in the condition (financial or other), business, properties or results of operations of the Company or its subsidiaries which, in the judgment of a majority in interest of the Underwriters including any Representatives, is material and adverse and makes it impractical or inadvisable to proceed with completion of the public offering or the sale of and payment for the Offered Securities; (ii) any downgrading in the rating of any debt securities or preferred stock of the Company by any "nationally recognized statistical rating organization" (as defined for purposes of Rule 436(g) under the Act), or any public announcement that any such organization has under surveillance or review its rating of any debt securities or preferred stock of the Company (other than an announcement with positive implications of a possible upgrading, and no implication of a possible downgrading, of such rating); (iii) any suspension or limitation of trading in securities generally on the New York Stock Exchange, or any setting of minimum prices for trading on such exchange, or any suspension of trading of any securities of the Company on any exchange or in the over-the-counter market; (iv) any banking moratorium declared by U.S. Federal or New York authorities; or (v) any outbreak or escalation of major hostilities in which the United States is involved, any declaration of war by Congress or any other substantial national or international calamity or emergency if, in the judgment of a majority in interest of the Underwriters including any Representatives, the effect of any such outbreak, escalation, declaration, calamity or emergency makes it impractical or inadvisable to proceed with completion of the public offering or the sale of and payment for the Offered Securities.

(d) The Representatives shall have received an opinion, dated such Closing Date, of the Vice President and General Counsel of the Company or other counsel satisfactory to the Lead Underwriter, to the effect that:

(i) The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, and has all requisite corporate power and authority to own, lease and operate its properties and to carry on its business as described in the Prospectus; and the Company is duly qualified to transact business as a foreign corporation in good standing in all other jurisdictions in which its ownership or lease of property or the conduct of its business requires such qualification, except those jurisdictions where the failure to be so qualified would not have a material adverse effect on the business, operations or financial condition of the Company and its subsidiaries taken as a whole;

(ii) If the Offered Securities delivered on such Closing Date are debt securities: The Indenture has been duly authorized, executed and delivered by the Company and has been duly qualified under the Trust Indenture Act; the Offered Securities delivered on such Closing Date have been duly authorized; the Offered Securities delivered on such Closing Date other than any Contract Securities have been duly executed, authenticated, issued and delivered; the Indenture and the Offered Securities delivered on such Closing Date other than any Contract Securities constitute, and any Contract Securities, when executed, authenticated, issued and delivered in the manner provided in the Indenture and sold pursuant to Delayed Delivery Contracts, will constitute, valid and legally binding obligations of the Company enforceable in accordance with their terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles; and the Offered Securities delivered on such Closing Date other than any Contract Securities conform, and any Contract Securities, when so issued and delivered and sold will conform, to the description thereof contained in the Prospectus;

(iii) If the Offered Securities delivered on such Closing Date are warrants: The Warrant Agreement has been duly authorized, executed and delivered by the Company; the Offered Securities delivered on such Closing Date have been duly authorized; the Offered Securities delivered on such Closing Date other than any Contract Securities have been duly executed, countersigned, issued and delivered; the Warrant Agreement and the Offered Securities delivered on such Closing Date other than any Contract Securities constitute, and any Contract Securities, when executed, countersigned, issued and delivered in the manner provided in the Warrant Agreement and sold pursuant to Delayed Delivery Contracts, will constitute, valid and

legally binding obligations of the Company enforceable in accordance with their terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles; and the Offered Securities delivered on such Closing Date other than any Contract Securities conform, and any Contract Securities, when so issued and delivered and sold will conform, to the description thereof contained in the Prospectus;

(iv) If the Offered Securities delivered on such Closing Date are preferred stock: The Offered Securities delivered on such Closing Date have been duly authorized; the Offered Securities delivered on such Closing Date other than any Contract Securities, upon receipt by the Company of the purchase price therefor, will have been validly issued and will be fully paid and nonassessable; any Contract Securities, when issued, delivered and sold pursuant to Delayed Delivery Contracts, upon receipt by the Company of the purchase price therefor, will be validly issued, fully paid and non-assessable; and the Offered Securities delivered on such Closing Date other than any Contract Securities conform, and any Contract Securities, when so issued, delivered and sold, will conform, to the description thereof contained in the Prospectus; and the stockholders of the Company have no preemptive rights with respect to the Offered Securities;

(v) If the Offered Securities delivered on such Closing Date are Common Stock: The Offered Securities delivered on such Closing Date and all other outstanding shares of the Common Stock of the Company have been duly authorized and validly issued, are fully paid and nonassessable and conform to the description thereof contained in the Prospectus; and the stockholders of the Company have no preemptive rights with respect to the Offered Securities;

(vi) If the Offered Securities delivered on such Closing Date are convertible or (if the Offered Securities are warrants) exercisable: The Offered Securities delivered on such Closing Date other than any Contract Securities are, and any Contract Securities, when (if the Offered Securities are debt securities) executed, authenticated, issued and delivered in the manner provided in the Indenture and sold pursuant to Delayed Delivery Contracts, (if the Offered Securities are warrants) executed, countersigned, issued and delivered in the manner provided in the Warrant Agreement and sold pursuant to Delayed Delivery Contracts or (if the Offered Securities are preferred stock) when issued, delivered and sold pursuant to Delayed Delivery Contracts, will be convertible into or exercisable for Common Stock, preferred stock or debt securities of the Company, as the case may be, in accordance with (if they are debt securities) the Indenture, (if they are warrants) the Warrant Agreement or (if they are preferred stock) their terms; the shares of Common Stock, preferred stock or debt securities, initially issuable upon conversion or exercise of the Offered Securities have been duly authorized and (if the conversion or exercise securities are Common Stock or preferred stock) reserved for issuance upon such conversion or exercise and, if the conversion securities are Common Stock, such Common Stock initially issuable upon conversion thereof, when issued upon such conversion and upon receipt by the Company of the conversion price therefor, will be validly issued, fully paid and nonassessable; the outstanding shares of Common Stock have been duly authorized and validly issued, are fully paid and nonassessable and conform to the description thereof contained in the Prospectus; and the stockholders of the Company have no preemptive rights with respect to the Common Stock or preferred stock; if the conversion or exercise securities are preferred stock, the preferred stock initially issuable upon conversion or exercise thereof, when issued upon such conversion or exercise, and upon receipt by the Company of the conversion or exercise price therefor, will have been validly issued, fully paid and nonassessable and will conform to the description thereof contained in the Prospectus; if the conversion or exercise securities are debt securities, the debt securities initially issuable upon conversion or exercise thereof, when issued upon such conversion or exercise, and upon receipt by the Company of the conversion or exercise price therefor, will have been duly executed, authenticated, issued and delivered and will conform to the description thereof contained in the Prospectus and the Indenture; such Indenture has been duly qualified under the Trust Indenture Act and will have been duly executed and delivered; and the Indenture and such debt securities will constitute valid and legally binding obligations of the Company, enforceable in accordance with their terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles;

(vii) If the Offered Securities delivered on such Closing Date are Common Stock or are convertible into Common Stock: Except for the Loews Registration Rights Agreement, there are no contracts, agreements or understandings known to such counsel between the Company and any person granting such person the right to require the Company to file a registration statement under the Act with respect to any securities of the Company owned or to be owned by such person or to require the Company to include such securities in the securities registered pursuant to the Registration Statement or in any securities being registered pursuant to any other registration statement filed by the Company under the Act;

(viii) The Company is not (A) an "investment company" or an entity "controlled" by an "investment company" under the Investment Company Act and the rules and regulations promulgated by the Commission thereunder or (B) a "holding company" or a "subsidiary company" or an "affiliate" of a holding company within the meaning of the Holding Company Act and the rules and regulations promulgated by the Commission thereunder;

(ix) No consent, approval, authorization or order of, or filing with, any governmental agency or body or any court is required for the consummation of the transactions contemplated by the Terms Agreement (including the provisions of this Agreement) in connection with the issuance or sale of the Offered Securities by the Company, except such as have been obtained and made under the Act and, if the Offered Securities are debt securities, the Trust Indenture Act, and such as may be required under state securities laws;

(x) The execution, delivery and performance of the Indenture (if the Offered Securities are debt securities), the Warrant Agreement (if the Offered Securities are warrants), the Terms Agreement (including the provisions of this Agreement) and, if the Offered Securities are debt securities, warrants or preferred stock, any Delayed Delivery Contracts and the issuance and sale of the Offered Securities and, if the Offered Securities are debt securities, warrants or preferred stock, compliance with the terms and provisions thereof will not result in a breach or violation of any of the terms and provisions of, or constitute a default under, any statute, any rule, regulation or order of any governmental agency or body or any court having jurisdiction over the Company or any subsidiary of the Company or any of their properties, or any material agreement or instrument to which the Company or any such subsidiary is a party or by which the Company or any such subsidiary is bound or to which any of the properties of the Company or any such subsidiary is subject, or the charter or by-laws of the Company or any such subsidiary, and the Company has full power and authority to authorize, issue and sell the Offered Securities as contemplated by the Terms Agreement (including the provisions of this Agreement). In the case of breaches or violations of any terms or provisions of, or defaults under, any agreement or instrument of Arethusa (Off-Shore) Limited or any of its former subsidiaries entered into by any such entity prior to its acquisition by the Company, such opinion may be limited to the knowledge of such counsel;

(xi) The Registration Statement has become effective under the Act, the Prospectus was filed with the Commission pursuant to the subparagraph of Rule 424(b) specified in such opinion on the date specified therein, and, to the best of the knowledge of such counsel, no stop order suspending the effectiveness of the Registration Statement or any part thereof has been issued and no proceedings for that purpose have been instituted or are pending or contemplated under the Act, and the registration statement relating to the Registered Securities, as of its effective date, the Registration Statement and the Prospectus, as of the date of the Terms Agreement, and any amendment or supplement thereto, as of its date, complied as to form in all material respects with the requirements of the Act, the Trust Indenture Act and the Rules and Regulations; such counsel has no reason to believe that such registration statement, as of its effective date, the Registration Statement, as of the date of the Terms Agreement or as of such Closing Date, or any amendment thereto, as of its date or as of such Closing Date, contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements therein not misleading or that the Prospectus, as of the date of the Terms Agreement or as of such Closing Date, or any amendment or supplement thereto, as of its date or as of such Closing Date, contained any untrue statement of a material fact or omitted to state any material fact necessary in order to make the statements therein, in the light of the

circumstances under which they were made, not misleading; the descriptions in the Registration Statement and Prospectus of statutes, legal and governmental proceedings and contracts and other documents are accurate and fairly present the information required to be shown; and such counsel does not know of any legal or governmental proceedings required to be described in the Prospectus which are not described as required or of any contracts or documents of a character required to be described in the Registration Statement or Prospectus or to be filed as exhibits to the Registration Statement which are not described and filed as required; it being understood that such counsel need express no opinion as to the financial statements and related notes or the other financial, statistical and accounting data contained in the Registration Statement or the Prospectus;

(xii) The Terms Agreement (including the provisions of this Agreement) and, if the Offered Securities are debt securities, warrants or preferred stock, any Delayed Delivery Contracts have been duly authorized, executed and delivered by the Company;

(xiii) All of the issued and outstanding shares of capital stock of each subsidiary of the Company designated by the Company on Annex I to the Terms Agreement (each, a "Subsidiary" and collectively, the "Subsidiaries"), are owned, directly or indirectly, of record and beneficially by the Company, free and clear of all liens, claims, limitations on voting rights, options, security interests and other encumbrances and have been duly authorized, validly issued, and are fully paid and nonassessable, except to the extent that any such liens, claims, limitations, options, security interests and other encumbrances, individually or in the aggregate, would not have a material adverse effect on the business, operations or financial condition of the Company and its subsidiaries, taken as a whole;

(xiv) Each Subsidiary is a corporation, duly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation. Each Subsidiary is duly qualified to transact business and is in good standing as a foreign corporation in each state in which such Subsidiaries are required to be qualified, except where the failure to be so qualified would not have a material adverse effect on the business, operations or financial condition of the Company and its subsidiaries, taken as a whole;

(xv) No consent or approval of any federal governmental agency with respect to any federal maritime law matter is required in connection with performance by the Company of its obligations under the Terms Agreement (including the provisions of this Agreement) or the issuance and sale of the Offered Securities; and neither the issue, offer, sale or delivery by the Company of the Offered Securities pursuant to the Terms Agreement (including the provisions of this Agreement) or the execution, delivery, and performance by the Company and the consummation of the transactions contemplated thereby will violate any existing federal maritime laws, including, without limitation, the Shipping Act, 1916, as amended, and the rules and regulations of the Maritime Administration (MarAd) and the United States Coast Guard; and

(xvi) Except as described in the Registration Statement and the Prospectus, there is no litigation, proceeding or governmental investigation pending or, to such counsel's knowledge, overtly threatened against the Company or any of its subsidiaries or to which any of the property of the Company or any of its subsidiaries is subject, which, in such counsel's judgment is likely, individually or in the aggregate, to have a material adverse effect on the business, assets or financial condition of the Company and its subsidiaries, taken as a whole.

In rendering such opinion, such Vice President and General Counsel or other counsel may rely as to the incorporation of the Company, the authorization, execution and delivery of the Terms Agreement and all other matters acceptable to the Representatives upon an opinion of counsel satisfactory to the Representatives, a copy of which shall be delivered concurrently with the opinion of the Vice President and General Counsel or such other counsel.

(e) The Representatives shall have received from Andrews & Kurth L.L.P., special counsel for the Underwriters (or any other counsel named as counsel for the Underwriters in the Terms Agreement), such opinion

or opinions, dated such Closing Date, with respect to the incorporation of the Company, the validity of the Offered Securities delivered on such Closing Date, the Registration Statement, the Prospectus and other related matters as the Representatives may require, and the Company shall have furnished to such counsel such documents as they request for the purpose of enabling them to pass upon such matters.

(f) The Representatives shall have received a certificate, dated such Closing Date, of the President, any Senior Vice President, the Treasurer or any Vice President and a principal financial or accounting officer of the Company in which such officers, to the best of their knowledge after reasonable investigation, shall state that the representations and warranties of the Company in this Agreement are true and correct, that the Company has complied with all agreements and satisfied all conditions on its part to be performed or satisfied hereunder at or prior to such Closing Date, that no stop order suspending the effectiveness of the Registration Statement or of any part thereof has been issued and no proceedings for that purpose have been instituted or are contemplated by the Commission and that, subsequent to the date of the most recent financial statements in the Prospectus, there has been no material adverse change, nor any development or event involving a prospective material adverse change, in the condition (financial or other), business, properties or results of operations of the Company and its subsidiaries taken as a whole except as set forth in or contemplated by the Prospectus or as described in such certificate.

(g) The Representatives shall have received a letter, dated such Closing Date, of Deloitte & Touche LLP (and any other firm of independent public accountants who have audited financial statements that are included in the Registration Statement and the Prospectus) which meets the requirements of subsection (a) of this Section, except that the specified date referred to in such subsection will be a date not more than three business days prior to such Closing Date for the purposes of this subsection.

The Company will furnish the Representatives with such conformed copies of such opinions, certificates, letters and documents as the Representatives reasonably request. The Lead Underwriter may in its sole discretion waive on behalf of the Underwriters compliance with any conditions to the obligations of the Underwriters under this Agreement and the Terms Agreement.

SECTION 6. Indemnification and Contribution.

(a) The Company will indemnify and hold harmless each Underwriter against any losses, claims, damages or liabilities, joint or several, to which such Underwriter may become subject, under the Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in the Registration Statement, the Prospectus, or any amendment or supplement thereto, or any related preliminary prospectus or preliminary prospectus supplement, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and will reimburse each Underwriter for any legal or other expenses reasonably incurred by such Underwriter in connection with investigating or defending any such loss, claim, damage, liability or action as such expenses are incurred; provided, however, that the Company will not be liable in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon an untrue statement or alleged untrue statement in or omission or alleged omission from any of such documents in reliance upon and in conformity with written information furnished to the Company by any Underwriter through the Representatives, if any, specifically for use therein, it being understood and agreed that the only such information furnished by any Underwriter consists of the information described as such in the Terms Agreement, provided that this indemnity agreement with respect to any preliminary prospectus shall not inure to the benefit of any Underwriter from whom the person asserting any such losses, claims, damages or liabilities purchased Offered Securities, or any person controlling such Underwriter, if the Company shall have sustained the burden of proving that a copy of the Prospectus (as then amended or supplemented if the Company shall have furnished any such amendments or supplements thereto) was not sent or given by or on behalf of the Underwriter to such person if such is required by law at or prior to the written confirmation of the sale of such Offered Securities to such person and if the Prospectus (as so amended or supplemented) would have corrected any untrue statement or omission, or alleged untrue statement or omission, giving

rise to such loss, claim, damage or liability (provided the Company has delivered the Prospectus to the several Underwriters in requisite quantity on a timely basis to permit such delivery or sending).

(b) Each Underwriter will severally and not jointly indemnify and hold harmless the Company against any losses, claims, damages or liabilities to which the Company may become subject, under the Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in the Registration Statement, the Prospectus, or any amendment or supplement thereto, or any related preliminary prospectus or preliminary prospectus supplement, or arise out of or are based upon the omission or the alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission was made in reliance upon and in conformity with written information furnished to the Company by such Underwriter through the Representatives, if any, specifically for use therein, and will reimburse any legal or other expenses reasonably incurred by the Company in connection with investigating or defending any such loss, claim, damage, liability or action as such expenses are incurred, it being understood and agreed that the only such information furnished by any Underwriter consists of the information described as such in the Terms Agreement.

(c) Promptly after receipt by an indemnified party under this Section of notice of the commencement of any action, such indemnified party will, if a claim in respect thereof is to be made against the indemnifying party under subsection (a) or (b) above, notify the indemnifying party of the commencement thereof; but the omission so to notify the indemnifying party will not relieve it from any liability which it may have to any indemnified party otherwise than under subsection (a) or (b) above, except to the extent a defense or counterclaim has been foreclosed. In case any such action is brought against any indemnified party and it notifies the indemnifying party of the commencement thereof, the indemnifying party will be entitled to participate therein and, to the extent that it may wish, jointly with any other indemnifying party similarly notified, to assume the defense thereof, with counsel satisfactory to such indemnified party (who shall not, except with the consent of the indemnified party, be counsel to the indemnifying party), and after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party will not be liable to such indemnified party under this Section for any legal or other expenses subsequently incurred by such indemnified party in connection with the defense thereof other than reasonable costs of investigation. No indemnifying party shall, without the prior written consent of the indemnified party, effect any settlement of any pending or threatened action in respect of which any indemnified party is or could have been a party and indemnity could have been sought hereunder by such indemnified party unless such settlement includes an unconditional release of such indemnified party from all liability on any claims that are the subject matter of such action.

(d) If the indemnification provided for in this Section is unavailable or insufficient to hold harmless an indemnified party under subsection (a) or (b) above, then each indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of the losses, claims, damages or liabilities referred to in subsection (a) or (b) above (i) in such proportion as is appropriate to reflect the relative benefits received by the Company on the one hand and the Underwriters on the other from the offering of the Offered Securities or (ii) if the allocation provided by clause (i) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Company on the one hand and the Underwriters on the other in connection with the statements or omissions which resulted in such losses, claims, damages or liabilities as well as any other relevant equitable considerations. The relative benefits received by the Company on the one hand and the Underwriters on the other shall be deemed to be in the same proportion as the total net proceeds from the offering (before deducting expenses) received by the Company bear to the total underwriting discounts and commissions received by the Underwriters. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company or the Underwriters and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such untrue statement or omission. The amount paid by an indemnified party as a result of the losses, claims, damages or liabilities referred to in the first sentence of this subsection (d) shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party

in connection with investigating or defending any action or claim which is the subject of this subsection (d). Notwithstanding the provisions of this subsection (d), no Underwriter shall be required to contribute any amount in excess of the amount by which the total price at which the Offered Securities underwritten by it and distributed to the public were offered to the public exceeds the amount of any damages which such Underwriter has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The Underwriters' obligations in this subsection (d) to contribute are several in proportion to their respective underwriting obligations and not joint.

(e) The obligations of the Company under this Section shall be in addition to any liability which the Company may otherwise have and shall extend, upon the same terms and conditions, to each person, if any, who controls any Underwriter within the meaning of the Act; and the obligations of the Underwriters under this Section shall be in addition to any liability which the respective Underwriters may otherwise have and shall extend, upon the same terms and conditions, to each director of the Company, to each officer of the Company who has signed the Registration Statement and to each person, if any, who controls the Company within the meaning of the Act.

SECTION 7. Default of Underwriters.

If any Underwriter or Underwriters default in their obligations to purchase Offered Securities on the First or any Optional Closing Date under the Terms Agreement and the aggregate principal amount (if debt securities), number (if warrants) or number of shares (if preferred stock or Common Stock) of Offered Securities that such defaulting Underwriter or Underwriters agreed but failed to purchase does not exceed 10% of the total principal amount (if debt securities), number (if warrants) or number of shares (if preferred stock or Common Stock) of Offered Securities, the Lead Underwriter may make arrangements satisfactory to the Company for the purchase of such Offered Securities by other persons, including any of the Underwriters, but if no such arrangements are made by such Closing Date, the non- defaulting Underwriters shall be obligated severally, in proportion to their respective commitments under the Terms Agreement (including the provisions of this Agreement), to purchase the Offered Securities that such defaulting Underwriters agreed but failed to purchase on such Closing Date. If any Underwriter or Underwriters so default and the aggregate principal amount (if debt securities), number (if warrants) or number of shares (if preferred stock or Common Stock) of Offered Securities with respect to which such default or defaults occur exceeds 10% of the total principal amount (if debt securities), number (if warrants) or number of shares (if preferred stock or Common Stock) of Offered Securities that the Underwriters are obligated to purchase on such Closing Date and arrangements satisfactory to the Lead Underwriter and the Company for the purchase of such Offered Securities by other persons are not made within 36 hours after such default, the Terms Agreement will terminate without liability on the part of any non-defaulting Underwriter or the Company, except as provided in Section 8 (provided that if such default occurs with respect to Optional Securities after the First Closing Date, such Terms Agreement will not terminate as to the Firm Securities or any Optional Securities purchased prior to such termination). As used in this Agreement, the term "Underwriter" includes any person substituted for an Underwriter under this Section. Nothing herein will relieve a defaulting Underwriter from liability for its default. If the Offered Securities are debt securities, warrants or preferred stock, the respective commitments of the several Underwriters for the purposes of this Section shall be determined without regard to reduction in the respective Underwriters' obligations to purchase the principal amounts (if debt securities), number (if warrants) or numbers of shares (if preferred stock) of the Offered Securities set forth opposite their names in the Terms Agreement as a result of Delayed Delivery Contracts entered into by the Company.

SECTION 8. Survival of Certain Representations and Obligations.

The respective indemnities, agreements, representations, warranties and other statements of the Company or its officers and of the several Underwriters set forth in or made pursuant to the Terms Agreement (including the provisions of this Agreement) will remain in full force and effect, regardless of any investigation, or statement as to the results thereof, made by or on behalf of any Underwriter, the Company or any of their respective representatives, officers or directors or any controlling person, and will survive delivery of and payment for the Offered Securities. If the Terms Agreement is terminated pursuant to Section 7 or if for any reason the purchase of the Offered Securities by

the Underwriters is not consummated, the Company shall remain responsible for the expenses to be paid or reimbursed by it pursuant to Section 4 and the respective obligations of the Company and the Underwriters pursuant to Section 6 shall remain in effect, and if any Offered Securities have been purchased hereunder, the representations in Section 2 and all obligations under Section 4 shall also remain in effect. If the purchase of the Offered Securities by the Underwriters is not consummated for any reason other than solely because of the termination of the Terms Agreement pursuant to Section 7 or the occurrence of any event specified in clause (iii), (iv) or (v) of Section 5(c), the Company will reimburse the Underwriters for all out-of-pocket expenses (including fees and disbursements of counsel) reasonably incurred by them in connection with the offering of the Offered Securities.

SECTION 9. Notices.

All communications hereunder will be in writing and, if sent to the Underwriters, will be mailed, delivered or telecopied and confirmed to them at their address furnished to the Company in writing for the purpose of communications hereunder or, if sent to the Company, will be mailed, delivered or telegraphed and confirmed to it at 15415 Katy Freeway, Houston, Texas 77094, Attention: Richard L. Lionberger, telecopy (281) 647-2223.

SECTION 10. Successors.

The Terms Agreement (including the provisions of this Agreement) will inure to the benefit of and be binding upon the Company and such Underwriters as are identified in the Terms Agreement and their respective successors and the officers and directors and controlling persons referred to in Section 6, and no other person will have any right or obligation hereunder.

SECTION 11. Representation of Underwriters.

Any Representatives will act for the several Underwriters in connection with the financing described in the Terms Agreement, and any action under such Terms Agreement (including the provisions of this Agreement) taken by the Representatives jointly or by the Lead Underwriter will be binding upon all the Underwriters.

SECTION 12. Counterparts.

The Terms Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all such counterparts shall together constitute one and the same Agreement.

SECTION 13. APPLICABLE LAW.

THIS AGREEMENT AND THE TERMS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAWS.

The Company hereby submits to the non-exclusive jurisdiction of the Federal and state courts in the Borough of Manhattan in The City of New York in any suit or proceeding arising out of or relating to the Terms Agreement (including the provisions of this Agreement) or the transactions contemplated thereby.

(Three copies of this Delayed Delivery Contract should be signed and returned to the address shown below so as to arrive not later than 9:00 A.M., New York time, on , 19...(1))

DELAYED DELIVERY CONTRACT

[Insert date of initial public offering]

DIAMOND OFFSHORE DRILLING, INC.
 c/o CREDIT SUISSE FIRST BOSTON CORPORATION
 Eleven Madison Avenue
 New York, N.Y. 10010-3629
 Attention: Investment Banking Department - Transactions Advisory Group

Gentlemen:

The undersigned hereby agrees to purchase from Diamond Offshore Drilling, Inc., a Delaware corporation ("Company"), and the Company agrees to sell to the undersigned, [If one delayed closing, insert--as of the date hereof, for delivery on , 199 ("Delivery Date"),]

[\$].....[shares]

- --principal amount--of the Company's [Insert title of securities] ("Securities"), offered by the Company's Prospectus dated , 199 and a Prospectus Supplement dated , 199 relating thereto, receipt of copies of which is hereby acknowledged, at-- % of the principal amount thereof plus accrued interest, if any,--\$ per warrant--\$ per share plus accrued dividends, if any,--and on the further terms and conditions set forth in this Delayed Delivery Contract ("Contract").

[If two or more delayed closings, insert the following:

The undersigned will purchase from the Company as of the date hereof, for delivery on the dates set forth below, Securities in the--principal-- amounts set forth below:

- -----

- (1) Insert date which is third full business day prior to Closing Date under the Terms Agreement.

Principal Amount	

Number of	
Warrants	

Number of	
Shares	

Delivery Date	

-----	-----
-----	-----

Each of such delivery dates is hereinafter referred to as a Delivery Date.]

Payment for the Securities that the undersigned has agreed to purchase for delivery on--the--each--Delivery Date shall be made to the Company or its order by certified or official bank check in New York Clearing House (next day) funds at the office of _____ at _____ M. on--the--such--Delivery Date upon delivery to the undersigned of the Securities to be purchased by the undersigned--for delivery on such Delivery Date--in definitive [If debt issue, insert--fully registered] form and in such denominations and registered in such names as the undersigned may designate by written or telegraphic communication addressed to the Company not less than five full business days prior to--the--such--Delivery Date.

It is expressly agreed that the provisions for delayed delivery and payment are for the sole convenience of the undersigned; that the purchase hereunder of Securities is to be regarded in all respects as a purchase as of the date of this Contract; that the obligation of the Company to make delivery of and accept payment for, and the obligation of the undersigned to take delivery of and make payment for, Securities on--the--each--Delivery Date shall be subject only to the conditions that (1) investment in the Securities shall not at--the--such--Delivery Date be prohibited under the laws of any jurisdiction in the United States to which the undersigned is subject and (2) the Company shall have sold to the Underwriters the total--principal amount--number of shares--of the Securities less the--principal amount--number of shares--thereof covered by this and other similar Contracts. The undersigned represents that its investment in the Securities is not, as of the date hereof, prohibited under the laws of any jurisdiction to which the undersigned is subject and which governs such investment.

Promptly after completion of the sale to the Underwriters the Company will mail or deliver to the undersigned at its address set forth below notice to such effect, accompanied by--a copy--copies--of the opinion[s] of counsel for the Company delivered to the Underwriters in connection therewith.

This Contract will inure to the benefit of and be binding upon the parties hereto and their respective successors, but will not be assignable by either party hereto without the written consent of the other.

It is understood that the acceptance of any such Contract is in the Company's sole discretion and, without limiting the foregoing, need not be on a first-come, first-served basis. If this Contract is acceptable to the Company, it is requested that the Company sign the form of acceptance below and mail or deliver one of the counterparts hereof to the undersigned at its address set forth below. This will become a binding contract between the Company and the undersigned when such counterpart is so mailed or delivered.

Yours very truly,

(Name of Purchaser)

By -----

(Title of Signatory)

(Address of Purchaser)

Accepted, as of the above date.

DIAMOND OFFSHORE DRILLING, INC.

By -----
[Insert Title]

FOR IMMEDIATE RELEASE
Monday, April 14, 1997

CONTACT: Caren W. Steffes
(281) 492-5393

DIAMOND OFFSHORE DRILLING, INC.
ANNOUNCES EARNINGS

Houston, Texas, April 14, 1997 -- Diamond Offshore Drilling, Inc. (NYSE:DO) today reported net income of \$56.2 million, or \$0.79 per share and common equivalent share, on revenues of \$204.7 million for the quarter ended March 31, 1997 compared to net income of \$18.7 million, or \$0.37 per share, on revenues of \$106.9 million for the quarter ended March 31, 1996.

"Our quarterly earnings reflect the positive dayrate environment," commented Robert E. Rose, President and Chief Executive Officer of Diamond Offshore, "as well as revenues from deliveries of two of our fourth generation capable upgrades. The current quarter reflects the March 4, 1997 delivery of the Ocean Star, which is currently drilling in approximately 4,300 feet of water, as well as a full quarter for the Ocean Quest, which is currently drilling in approximately 3,200 feet of water." Both of these fourth generation capable rigs are operating under three-year contracts in the Gulf of Mexico.

Separately, Diamond Offshore's Ocean Crusader has been awarded the 1996 Safety Award for Excellence ("SAFE" Award) by the Houma District of the U.S. Department of the Interior, Minerals Management Service (MMS). The award recognizes companies for their record of performance in safety and environmental protection. This is the fifth consecutive district SAFE Award presented to the Company since 1992 when the Company implemented its quality program, the Global Excellence Management System. Diamond Offshore was the recipient of the 1993 and 1994 MMS National SAFE Award.

Diamond Offshore is a leader in deep water drilling. The Company owns 46 offshore major mobile drilling rigs, including 30 semisubmersibles, 15 jack-ups and one drillship. The fleet operates in the waters of six of the world's seven continents.

DIAMOND OFFSHORE DRILLING, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands)

	MARCH 31, ----- 1997 -----	DECEMBER 31, ----- 1996 -----
ASSETS		
Current assets:		
Cash items	\$ 39,258	\$ 28,180
Investment securities	213,465	--
Accounts receivable	180,318	172,214
Rig inventory and supplies	30,754	30,407
Prepaid expenses and other	16,873	12,166
	-----	-----
Total current assets	480,668	242,967
Drilling and other property and equipment, less accumulated depreciation	1,247,561	1,198,160
Other investments	98,912	--
Goodwill, net of amortization, and other assets	136,618	133,373
	-----	-----
Total	\$1,963,759 =====	\$1,574,500 =====
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities	\$ 108,532	\$ 128,000
Long-term debt	400,000	63,000
Deferred tax and other liabilities	204,643	188,768
Stockholders' equity	1,250,584	1,194,732
	-----	-----
Total	\$1,963,759 =====	\$1,574,500 =====

DIAMOND OFFSHORE DRILLING, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share data)

	Three Months Ended March 31,	
	1997	1996
Revenues	\$ 204,733	\$ 106,868
Operating expenses:		
Contract drilling.....	89,739	66,157
Depreciation and amortization.....	25,813	12,069
General and administrative.....	4,941	3,103
Gain on sale of assets.....	(66)	(157)
Total operating expenses.....	120,427	81,172
Operating income.....	84,306	25,696
Other income (expense):		
Interest expense.....	--	--
Other.....	2,708	434
Income before income tax expense.....	87,014	26,130
Income tax expense.....	(30,784)	(7,398)
Net income.....	\$ 56,230	\$ 18,732
	=====	=====
Net income per share and common equivalent share...	\$ 0.79	\$ 0.37
	=====	=====
Shares outstanding:		
Weighted average common shares.....	68,384	50,000
Weighted average common share equivalents(1)....	3,018	--
Adjusted.....	71,402	50,000
	=====	=====

(1) On February 4, 1997, the Company issued \$400.0 million of 3 3/4 percent convertible subordinated notes due February 15, 2007. The notes are convertible into approximately 4.9 million shares of the Company's common stock at any time prior to February 15, 2007 at a conversion price of \$81.00 per share.

DIAMOND OFFSHORE DRILLING, INC. AND SUBSIDIARIES

RESULTS OF OPERATIONS

	QUARTER ENDED MARCH 31,	
	1997	1996
	(in thousands)	
REVENUES		
Fourth-Generation Semisubmersibles.....	\$ 42,643	\$ 21,465
Other Semisubmersibles.....	116,833	52,995
Jack-ups.....	43,554	20,136
Turnkey.....	4,311	13,626
Land.....	-	5,102
Other.....	-	-
Eliminations.....	(2,608)	(6,456)
	-----	-----
Total Revenues.....	\$204,733	\$106,868
	=====	=====
CONTRACT DRILLING EXPENSE		
Fourth-Generation Semisubmersibles.....	11,473	7,898
Other Semisubmersibles.....	55,336	31,490
Jack-ups.....	21,260	14,927
Turnkey.....	4,259	14,128
Land.....	-	4,772
Other.....	361	102
Eliminations.....	(2,950)	(7,160)
	-----	-----
Total Contract Drilling Expense.....	\$ 89,739	\$ 66,157
	=====	=====
OPERATING INCOME (LOSS)		
Fourth-Generation Semisubmersibles.....	\$ 31,170	\$ 13,567
Other Semisubmersibles.....	61,497	21,504
Jack-ups.....	22,294	5,210
Turnkey.....	52	(502)
Land.....	-	330
Other.....	(361)	(102)
Eliminations.....	342	704
General and Administrative Expense.....	(4,941)	(3,103)
Depreciation and Amortization Expense....	(25,813)	(12,069)
Gain on Sale of Assets.....	66	157
	-----	-----
Total Operating Income.....	\$ 84,306	\$ 25,696
	=====	=====

[DIAMOND OFFSHORE LETTERHEAD]

NEWS RELEASE

FOR IMMEDIATE RELEASE
Monday, April 14, 1997

CONTACT: Caren Steffes
(281) 492-5393

DIAMOND OFFSHORE DRILLING, INC.
AGREEMENT TO ACQUIRE ACCOMMODATION VESSEL

Diamond Offshore Drilling, Inc. (NYSE:DO) announced today that it has reached an agreement in principle to acquire the Polyconfidence, a semisubmersible accommodation vessel currently working in the U.K. sector of the North Sea. Diamond Offshore's cost to acquire the vessel is expected to be approximately \$81 million payable in cash.

The Polyconfidence was constructed in 1987 and has Class III dynamic positioning capabilities. The Company is in discussions with several oil companies regarding conversion of the Polyconfidence to a semisubmersible drilling unit with fourth or fifth-generation capabilities. Such a conversion would be dependent upon the receipt of a term contract commitment at favorable dayrates. Although the extent of the conversion would be dependent upon the particular demands of the customer, the Company's preliminary estimate of conversion cost is approximately \$160 - \$175 million. The Polyconfidence would begin its conversion at the conclusion of its present accommodation unit contract, which is estimated to occur no later than March 1998. Prior to expiration of this contract, the Company will receive approximately \$15,000 per day under a bareboat charter of the vessel.

The Company expects to finance the conversion of the Polyconfidence through the use of cash on hand or internally generated funds. The vessel purchase is expected to be financed through a public offering of approximately 1.25 million shares of the Company's Common Stock.

Diamond Offshore is a leader in deep water drilling. The Company owns 46 mobile offshore drilling rigs, including 30 semisubmersibles, 15 jack-ups and one drillship. The fleet currently operates in the waters of six of the world's seven continents.

A written prospectus meeting the requirements of Section 10 of the Securities Act of 1933, as amended, related to the offering of Common Stock of Diamond Offshore Drilling, Inc. described above may be obtained from Investor Relations, 15415 Katy Freeway, Houston, Texas 77094, telephone (281) 492-5393.

This press release contains forward looking statements. Such statements inherently are subject to a variety of risks and uncertainties that could cause actual results to differ materially from those projected. Such risks and uncertainties include, among others, general economic and business conditions, 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. These 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 contained herein to reflect any change in the Company's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.