

DIAMOND OFFSHORE DRILLING INC
Form DEF 14A
March 28, 2003

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

SCHEDULE 14A
(RULE 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE SECURITIES
EXCHANGE ACT OF 1934 (AMENDMENT NO.)

Filed by the registrant [X]

Filed by a party other than the registrant []

Check the appropriate box:

[] Preliminary proxy statement. [] Confidential, for use of the
Commission only (as permitted by
Rule 14a-6(e)(2)).

[X] Definitive proxy statement.

[] Definitive additional materials.

[] Soliciting material pursuant to Section 240.14a-12

DIAMOND OFFSHORE DRILLING, INC.

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement if other than the Registrant)

Payment of Filing Fee (check the appropriate box):

[X] No fee required.

[] Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and
0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed
pursuant to Exchange Act Rule 0-11 (set forth the amount on which the
filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

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(5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

[DIAMOND OFFSHORE DRILLING, INC. LOGO]

DIAMOND OFFSHORE DRILLING, INC.

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD ON MAY 20, 2003

To the Stockholders of
Diamond Offshore Drilling, Inc.:

NOTICE IS HEREBY GIVEN THAT the 2003 Annual Meeting of Stockholders of Diamond Offshore Drilling, Inc., a Delaware corporation (the "Company"), will be held at The Regency Hotel, 540 Park Avenue, New York, New York 10021 on Tuesday, May 20, 2003 at 11:30 a.m., local time (the "Annual Meeting") for the following purposes:

(1) To elect seven directors, each to serve until the next annual meeting of stockholders and until their respective successors are elected and qualified or until their earlier resignation or removal;

(2) To ratify the appointment of independent certified public accountants for the Company and its subsidiaries; and

(3) To transact such other business as may properly come before the Annual Meeting or any adjournments thereof.

The Company has fixed the close of business on March 24, 2003 as the record date for determining stockholders entitled to notice of, and to vote at, the Annual Meeting and any adjournments thereof. Stockholders who execute proxies solicited by the Board of Directors of the Company retain the right to revoke them at any time; unless so revoked, the shares of common stock represented by such proxies will be voted at the Annual Meeting in accordance with the

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directions given therein. If a stockholder does not specify a choice on such stockholder's proxy, the proxy will be voted FOR the nominees for director named in the attached Proxy Statement and FOR the ratification of the appointment of the independent certified public accountants for the Company and its subsidiaries named in such Proxy Statement. The list of stockholders of the Company may be examined at the executive offices of the Company at 15415 Katy Freeway, Suite 100, Houston, Texas 77094.

Further information regarding the Annual Meeting is set forth in the attached Proxy Statement.

YOU ARE CORDIALLY INVITED TO ATTEND THE ANNUAL MEETING. HOWEVER, WHETHER OR NOT YOU PLAN TO ATTEND THE ANNUAL MEETING IN PERSON, PLEASE COMPLETE, DATE, SIGN AND MAIL PROMPTLY THE ENCLOSED PROXY IN THE ENCLOSED POSTPAID ENVELOPE. THE PROXY IS REVOCABLE AND WILL NOT BE USED IF YOU ARE PRESENT AT THE ANNUAL MEETING AND PREFER TO VOTE YOUR SHARES IN PERSON.

By Order of the Board of Directors

Sincerely,

/s/ WILLIAM C. LONG
WILLIAM C. LONG
Vice President, General Counsel and
Secretary

March 28, 2003
15415 Katy Freeway
Houston, Texas 77094

[DIAMOND OFFSHORE DRILLING, INC. LOGO]

PROXY STATEMENT

DIAMOND OFFSHORE DRILLING, INC.

FOR 2003 ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD MAY 20, 2003

This Proxy Statement is being furnished to stockholders of Diamond Offshore Drilling, Inc., a Delaware corporation (the "Company"), in connection with the solicitation of proxies by the Board of Directors of the Company from such stockholders for the 2003 Annual Meeting of Stockholders of the Company (the "Annual Meeting") to be held on May 20, 2003 and any adjournments and postponements thereof. Shares of the Company's common stock, par value \$.01 per share ("Common Stock"), represented by a properly executed proxy in the accompanying form will be voted at the Annual Meeting. The proxy may be revoked at any time before its exercise by sending written notice of revocation to William C. Long, Corporate Secretary, Diamond Offshore Drilling, Inc., 15415 Katy Freeway, Houston, Texas 77094, or by signing and delivering a proxy which is dated later, or, if the stockholder attends the Annual Meeting in person, by giving notice of revocation to the Inspector(s) of Election (as hereinafter defined) at the Annual Meeting.

The Company has fixed the close of business on March 24, 2003 as the record date (the "Record Date") for the determination of stockholders entitled to notice of, and to vote at, the Annual Meeting. On that date there were outstanding and entitled to vote 130,336,455 shares of Common Stock, which is the Company's only class of voting securities outstanding. The presence at the Annual Meeting in person or by proxy of the holders of a majority of the outstanding shares of Common Stock entitled to vote is required to constitute a

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quorum for the transaction of business. Abstentions and broker non-votes will be counted in determining whether a quorum is present. Each stockholder is entitled to one vote for each share of Common Stock held of record. A plurality of the shares of Common Stock present in person or represented by proxy and entitled to vote at the Annual Meeting is required for the election of directors. Accordingly, the seven nominees for election as directors at the Annual Meeting who receive the greatest number of votes cast for election by the holders of record of Common Stock on the Record Date shall be the duly elected directors upon completion of the vote tabulation at the Annual Meeting. The affirmative vote of the holders of a majority of the shares of Common Stock present in person or represented by proxy and entitled to vote at the Annual Meeting is required for approval of all other items being submitted to the stockholders for their consideration. Abstentions will be considered present for purposes of calculating the vote, but will not be considered to have been voted in favor of the matter voted upon, and broker non-votes will not be considered present for purposes of calculating the vote.

Votes will be tabulated by ADP Investor Communication Services, and the results will be certified by one or more inspectors of election who are required to resolve impartially any interpretive questions as to the conduct of the vote (the "Inspector(s) of Election"). In tabulating votes, a record will be made of the number of shares voted for each nominee and for or against each other matter voted upon, the number of shares with respect to which authority to vote for that nominee or such other matter has been withheld, and the number of shares held of record by broker-dealers and present at the Annual Meeting but not voting.

This Proxy Statement is expected to be first mailed or delivered to stockholders of the Company entitled to notice of the Annual Meeting on or about April 3, 2003.

The date of this Proxy Statement is March 28, 2003.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS

The table below sets forth certain information with respect to each person or entity known by the Company to be the beneficial owner of 5% or more of the outstanding shares of Common Stock (based upon Schedule 13D and Schedule 13G filings by such persons with the Securities and Exchange Commission (the "Commission")). The percentages are calculated based on the amount of outstanding securities as of March 24, 2003, excluding securities held by or for the account of the Company.

TITLE OF CLASS	NAME AND ADDRESS OF BENEFICIAL OWNER	AMOUNT AND NATURE OF BENEFICIAL OWNERSHIP	PERCENT OF CLASS
Common Stock.....	Loews Corporation 667 Madison Avenue New York, NY 10021-8087	70,100,000 (1)	53.8%
Common Stock.....	Merrill Lynch & Co., Inc. (2) World Financial Center, North Tower 250 Vesey Street New York, NY 10381	9,303,774 (2)	7.1%

(1) Loews Corporation ("Loews") has sole investment power and sole voting power

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over the shares.

- (2) Merrill Lynch & Co., Inc. (on behalf of Merrill Lynch Investment Managers) has shared investment power and shared voting power over the shares.

Because Loews holds more than a majority of the outstanding shares of Common Stock of the Company, Loews has the power to approve matters submitted for consideration at the Annual Meeting without regard to the votes of the other stockholders. The Company understands that Loews intends to vote FOR the election of management's nominees for the Board of Directors and FOR the ratification of the appointment of Deloitte & Touche LLP as the Company's independent auditors. There are no agreements between the Company and Loews with respect to the election of directors or officers of the Company or with respect to the other matters which may come before the Annual Meeting.

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SECURITY OWNERSHIP OF MANAGEMENT AND DIRECTORS

The following table shows the amount and nature of beneficial ownership of the Common Stock and of the common stock, par value \$1.00 per share, of Loews ("Loews Common Stock") beneficially owned by each director of the Company, each Named Executive Officer (as hereinafter defined) of the Company and all directors and executive officers of the Company as a group, as of March 21, 2003. All directors and executive officers of the Company individually and as a group own less than 1% of the Common Stock of the Company. None of the directors or executive officers of the Company owns any shares of Loews's Carolina Group Stock. Except as otherwise noted, the named beneficial owner has sole voting power and sole investment power with respect to the number(s) of shares shown below.

NAME OF BENEFICIAL OWNER -----	COMPANY COMMON STOCK -----	LOEWS COMMON STOCK -----	% OF LOEWS COMMON STOCK -----
James S. Tisch(1).....	40,000	3,055,500	1.6%
Lawrence R. Dickerson(2).....	29,606	0	*
Alan R. Batkin(3).....	6,500	0	*
Herbert C. Hofmann(4).....	6,000	18,600	*
Arthur L. Rebell(5).....	6,000	23,500	*
Michael H. Steinhardt(6).....	5,500	0	*
Raymond S. Troubh(7).....	10,500	10,000	*
Rodney W. Eads(8).....	8,625	0	*
David W. Williams(9).....	18,648	0	*
John L. Gabriel, Jr.(10).....	11,665	0	*
All Directors and Executive Officers as a Group(1) (2) (3) (4) (5) (6) (7) (8) (9) (10) (11) ..	172,820	3,107,600	1.7%

* Less than 1% of the Loews Common Stock.

- (1) The number of shares of Company Common Stock includes 35,000 shares of Company Common Stock issuable upon the exercise of options granted under the Company's 2000 Stock Option Plan which are or will become exercisable within 60 days of March 21, 2003. The number of shares of Loews Common Stock includes 30,000 shares of Loews Common Stock issuable upon the exercise of options granted under the Loews Corporation 2000 Stock Option

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Plan which are currently exercisable. The number of shares of Loews Common Stock also includes 2,765,500 shares of Loews Common Stock held by trusts of which Mr. Tisch is the managing trustee and beneficiary and 100,000 shares of Loews Common Stock held by a charitable foundation to which Mr. Tisch has shared voting and investment power.

- (2) Includes 1,981 shares held by virtue of Mr. Dickerson's investment in Company Common Stock pursuant to the Retirement Plan (as hereinafter defined), in which he shares voting and investment power with his spouse. Also includes 27,625 shares of Company Common Stock issuable upon the exercise of options granted under the Company's 2000 Stock Option Plan which are or will become exercisable within 60 days of March 21, 2003.
 - (3) Includes 5,500 shares of Company Common Stock issuable upon the exercise of options granted under the Company's 2000 Stock Option Plan which are or will become exercisable within 60 days of March 21, 2003. In addition, 1,000 shares of Company Common Stock are held by Mr. Batkin in which he shares voting and investment power with his spouse.
 - (4) Includes 5,500 shares of Company Common Stock issuable upon the exercise of options granted under the Company's 2000 Stock Option Plan which are or will become exercisable within 60 days of March 21, 2003. The number of shares of Loews Common Stock represents 18,600 shares of Loews Common Stock issuable upon the exercise of options granted under the Loews Corporation 2000 Stock Option Plan which are currently exercisable.
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- (5) Includes 5,500 shares of Company Common Stock issuable upon the exercise of options granted under the Company's 2000 Stock Option Plan which are or will become exercisable within 60 days of March 21, 2003. The number of shares of Loews Common Stock includes 22,500 shares of Loews Common Stock issuable upon the exercise of options granted under the Loews Corporation 2000 Stock Option Plan which are currently exercisable.
 - (6) Includes 5,500 shares of Company Common Stock issuable upon the exercise of options granted under the Company's 2000 Stock Option Plan which are or will become exercisable within 60 days of March 21, 2003.
 - (7) Includes 5,500 shares of Company Common Stock issuable upon the exercise of options granted under the Company's 2000 Stock Option Plan which are or will become exercisable within 60 days of March 21, 2003.
 - (8) Includes 8,625 shares of Company Common Stock issuable upon the exercise of options granted under the Company's 2000 Stock Option Plan which are or will become exercisable within 60 days of March 21, 2003.
 - (9) Includes 1,148 shares held by virtue of Mr. Williams' investment in Company Common Stock pursuant to the Retirement Plan, in which he shares voting and investment power with his spouse. Also includes 17,500 shares of Company Common Stock issuable upon the exercise of options granted under the Company's 2000 Stock Option Plan which are or will become exercisable within 60 days of March 21, 2003.
 - (10) Includes 1,290 shares held by virtue of Mr. Gabriel's investment in Company Common Stock pursuant to the Retirement Plan, in which he shares voting and investment power with his spouse. Also includes 10,375 shares of Company Common Stock issuable upon the exercise of options granted under the Company's 2000 Stock Option Plan which are or will become exercisable within 60 days of March 21, 2003.

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- (11) The number of shares of Company Common Stock owned by all directors and executive officers as a group includes 4,026 shares of Company Common Stock beneficially owned, as of March 21, 2003, and 25,750 shares of Company Common Stock issuable upon the exercise of options granted under the Company's 2000 Stock Option Plan which are or will become exercisable within 60 days of March 21, 2003 by executive officers of the Company who are not Named Executive Officers. See "Executive Compensation." Investment and voting power with respect to shares owned by Mr. Krenek, Vice President and Chief Financial Officer, and Mr. Vecchio, Senior Vice President -- Technical Services, is shared with each such executive officer's spouse.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires that the Company's executive officers and directors, and persons who beneficially own more than ten percent of the Company's Common Stock, file initial reports of ownership and reports of changes in ownership of the Company's equity securities with the Commission and the New York Stock Exchange. Executive officers, directors and greater than ten percent beneficial owners are required by Commission regulations to furnish the Company with copies of all Section 16(a) reports they file. Based solely on a review of such reports furnished to the Company and written representations that no report on Form 5 was required for 2002, the Company believes that no director, executive officer or beneficial owner of more than ten percent of the Common Stock failed to file a Section 16(a) report on a timely basis during 2002.

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ELECTION OF DIRECTORS

The Company's Board of Directors consists of seven directors. All directors are elected annually to serve until the next annual meeting of stockholders and until their respective successors are duly elected and qualified or until their earlier resignation or removal. The executive officers of the Company are elected annually by the Board of Directors to serve until the next annual meeting of the Board of Directors and until their successors are duly elected and qualified, or until their earlier death, resignation, disqualification or removal from office. Information with respect to the current directors of the Company is set forth below.

The nominees for director are James S. Tisch, Lawrence R. Dickerson, Alan R. Batkin, Herbert C. Hofmann, Arthur L. Rebell, Michael H. Steinhardt and Raymond S. Troubh. Each of the seven directors to be elected at the Annual Meeting will serve a term of one year to expire at the Company's 2004 annual meeting of stockholders.

It is intended that the proxies received from holders of Common Stock, in the absence of contrary instructions, will be voted at the Annual Meeting for the election of Messrs. Tisch, Dickerson, Batkin, Hofmann, Rebell, Steinhardt and Troubh. Although the Company does not contemplate that any of the nominees will be unable to serve, decline to serve, or otherwise be unavailable as a nominee at the time of the Annual Meeting, in such event the proxies will be voted in accordance with the authority granted in the proxies for such other candidate or candidates as may be nominated by the Board of Directors.

Further information concerning the nominees for election as directors at the Annual Meeting, including their business experience during the past five years, appears below.

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NAME	POSITION	AGE AS OF JANUARY 31, 2003	DIRECTOR SINCE
James S. Tisch(1)	Chairman of the Board and Chief Executive Officer	50	1989
Lawrence R. Dickerson(1)	Director, President and Chief Operating Officer	50	1998
Alan R. Batkin(2)	Director	58	1999
Herbert C. Hofmann(1)	Director	60	1992
Arthur L. Rebell	Director	61	1996
Michael H. Steinhardt(2)	Director	62	1997
Raymond S. Troubh(2)	Director	76	1995

(1) Member, Executive Committee of the Board of Directors

(2) Member, Audit Committee of the Board of Directors

James S. Tisch has served as Chief Executive Officer of the Company since March 1998. Mr. Tisch has served as Chairman of the Board since November 1995 and as a director of the Company since June 1989. Mr. Tisch has served as President and Chief Executive Officer of Loews, a diversified holding company, since January 1999 and, prior thereto, as President and Chief Operating Officer of Loews from 1994. Mr. Tisch, a director of Loews since 1986, also serves as a director of CNA Financial Corporation, a 90% owned subsidiary of Loews, Vail Resorts, Inc. and BKF Capital Group, Inc.

Lawrence R. Dickerson has served as President, Chief Operating Officer and a director of the Company since March 1998. Previously, Mr. Dickerson served as Senior Vice President of the Company from April 1993 and Chief Financial Officer of the Company from June 1989. Mr. Dickerson has also served on the United States Commission on Ocean Policy since 2001.

Alan R. Batkin has served as a director of the Company since July 1999. Mr. Batkin has served as Vice Chairman of Kissinger Associates, Inc. since 1990. Mr. Batkin also serves as a director of Overseas Shipholding Group, Inc., Hasbro, Inc., and Schweitzer-Mauduit International, Inc.

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Herbert C. Hofmann has served as a director of the Company since January 1992. Mr. Hofmann has served as Senior Vice President of Loews since January 1992. He has served as President and Chief Executive Officer of Bulova Corporation, a 97% owned subsidiary of Loews, which distributes and sells watches and clocks, since 1989.

Arthur L. Rebell has served as a director of the Company since July 1996. Mr. Rebell has served as Senior Vice President of Loews since June 1998. Mr. Rebell served as a Managing Director of Strategic Management Company LLC from August 1997 until May 1998.

Michael H. Steinhardt has served as a director of the Company since December 1997. Since December 1995, Mr. Steinhardt has been a Managing Member in Steinhardt Management LLC. Mr. Steinhardt also serves as a director of the Wharton School, University of Pennsylvania, Wildlife Conservation Society, the Dalton School, Tel Aviv University, Israel Museum, Brandeis University and New

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York University.

Raymond S. Troubh has served as a director of the Company since November 1995. Mr. Troubh is a financial consultant, a former Governor of the American Stock Exchange and a former general partner of Lazard Freres & Co., an investment banking firm. Mr. Troubh is chairman of Enron Corp. and also serves as a director of ARIAD Pharmaceuticals, Inc., General American Investors Company, Gentiva Health Services, Inc., Hercules Incorporated, Petrie Stores Liquidating Trust (Trustee), Triarc Companies, Inc. and WHX Corporation.

DIRECTOR COMPENSATION

Directors who are employees of the Company are not paid any fees or additional compensation for service as members of the Board of Directors or any committee thereof. Each director who is not an employee of the Company receives a quarterly award of an option to purchase 500 shares of the Company's Common Stock in accordance with the terms of the Company's 2000 Stock Option Plan. The options vest immediately and have a term of five years from the date of grant. The Chairman of the Audit Committee of the Board of Directors of the Company receives a retainer of \$2,500 per annum, payable quarterly. Each director of the Company who is not an employee of the Company or any of its subsidiaries or of Loews or any other affiliated companies is paid a fee of \$1,500 for attendance at each meeting of the Board of Directors and \$1,000 for attendance at each meeting of the Audit Committee in addition to the reasonable costs and expenses incurred by such directors in relation to their services.

BOARD OF DIRECTORS AND COMMITTEES

BOARD OF DIRECTORS

The Company's Board of Directors has seven members and two standing committees. During 2002, the Board of Directors held five meetings and acted by unanimous written consent on one occasion. Further information concerning the Board of Directors' standing committees appears below.

EXECUTIVE COMMITTEE

The Executive Committee of the Board of Directors consists of three members, Mr. Tisch, Mr. Dickerson and Mr. Hofmann. The Executive Committee has and may exercise all the powers of the Board of Directors in the management of the business of the Company that may lawfully be delegated to it by the Board of Directors. These powers include, among other things, declaring a dividend, authorizing the issuance of stock, recommending to stockholders mergers or a sale of substantially all of the assets of the Company, providing advice and counsel to management of the Company, reviewing management's recommendations for significant changes to the organizational structure of the Company and recommending changes to the Board of Directors. During 2002, the Executive Committee met one time and took action by unanimous written consent on seven occasions.

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AUDIT COMMITTEE

The Audit Committee of the Board of Directors consists of three members, Mr. Batkin, Mr. Steinhardt and Mr. Troubh. The primary function of the Audit Committee is to assist the Board of Directors in fulfilling its responsibility to oversee management's conduct of the Company's financial reporting process, including review of the financial reports and other financial information of the Company, the Company's systems of internal accounting, the Company's financial controls, and the annual independent audit of the Company's financial

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statements. Directors who are affiliates of the Company or officers or employees of the Company or its subsidiaries or of Loews or any other affiliated companies are not qualified for Audit Committee membership. During 2002, the Audit Committee met six times.

The Company's Board of Directors has adopted a written charter under which the Audit Committee operates and has determined that all members of the Committee are "independent" in accordance with the currently applicable rules of the New York Stock Exchange. The Company's management is responsible for its financial statements and reporting process, including its system of internal controls. The Company's independent auditors are responsible for expressing an opinion on the conformity of the Company's audited financial statements with accounting principles generally accepted in the United States.

The information contained in this Proxy Statement with respect to the Audit Committee charter and the independence of the members of the Audit Committee shall not be deemed to be "soliciting material" or to be "filed" with the Commission, nor shall such information be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent that the Company specifically incorporates it by reference in such filing.

AUDIT COMMITTEE REPORT

In fulfilling its responsibilities, the Audit Committee has reviewed and discussed the Company's audited financial statements for the year ended December 31, 2002 with the Company's management and independent auditors. The Audit Committee has also discussed with the Company's independent auditors the matters required to be discussed by Statement on Auditing Standards No. 61, "Communication with Audit Committees," as amended. In addition, the Audit Committee has discussed with the independent auditors their independence in relation to the Company and its management, and the matters in the written disclosures provided to the Audit Committee as required by Independence Standards Board Standard No. 1, "Independence Discussions with Audit Committees."

The members of the Audit Committee rely without independent verification on the information provided to them by management and the independent auditors. They do not provide any expert or special assurance as to the Company's financial statements or any professional certification as to the independent auditors' work. Accordingly, the Audit Committee's oversight does not provide an independent basis to determine that management has applied appropriate accounting and financial reporting principles or internal controls and procedures, that the audit of the Company's financial statements has been carried out in accordance with generally accepted auditing standards, that the Company's financial statements are presented in accordance with generally accepted accounting principles, or that the Company's auditors are in fact "independent."

Based on the review and discussions referred to above, the Audit Committee has recommended to the Company's Board of Directors that the Company's audited financial statements be included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2002 filed with the Commission.

THE AUDIT COMMITTEE

Alan R. Batkin, Chairman
Michael H. Steinhardt
Raymond S. Troubh

The information contained in the foregoing report shall not be deemed to be "soliciting material" or to be "filed" with the Commission, nor shall such

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information be incorporated by reference into any filing under the

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Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent that the Company specifically incorporates it by reference in such filing.

ATTENDANCE AT MEETINGS

During the Company's fiscal year ended December 31, 2002, each director of the Company attended not less than 75% of the total number of meetings of the Board of Directors and committees of the Board of Directors on which that director serves.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

During the Company's fiscal year ended December 31, 2002, the Company had no compensation committee, although the Executive Committee of the Board of Directors performed certain similar functions with respect to the compensation and bonuses of the Company's executive officers. See "Board of Directors Report on Executive Compensation -- General," "-- Annual Cash Bonus Incentives" and "-- Compensation of the Chief Executive Officer." Decisions concerning compensation of executive officers were made during such fiscal year by persons who were members of the Company's Board of Directors, including James S. Tisch and Lawrence R. Dickerson, executive officers of the Company.

NOMINATING COMMITTEE

During the Company's fiscal year ended December 31, 2002, the Company had no nominating committee or other committee of the Board of Directors performing similar functions.

EXECUTIVE COMPENSATION

The following table shows for the years ended December 31, 2002, 2001 and 2000 the cash compensation paid by the Company, and a summary of certain other compensation paid or accrued for each such year, to its Chief Executive Officer and each of the Company's four other most highly compensated executive officers as of December 31, 2002 (collectively, the "Named Executive Officers") for service in all capacities with the Company and its subsidiaries.

SUMMARY COMPENSATION TABLE

NAME AND PRINCIPAL POSITION	ANNUAL COMPENSATION (1)			LONG-TERM COMPENSATION AWARDS	ALL OTHER COMPENSATION (3)
	YEAR	SALARY	BONUS (2)	SECURITIES UNDERLYING OPTIONS (#)	
James S. Tisch..... Chairman of the Board and Chief Executive Officer	2002	\$300,000	\$ --	36,250	\$15,009
	2001	300,000	--	18,750	14,522
	2000	300,000	--	20,000	14,478
Lawrence R. Dickerson..... President and Chief Operating	2002	516,000	185,000	27,500	31,589
	2001	472,500	210,000	15,000	29,505

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Officer	2000	440,000	160,000	16,000	27,027
David W. Williams.....	2002	429,700	175,000	18,125	26,790
Executive Vice President	2001	393,750	175,000	9,375	24,855
	2000	368,750	125,000	10,000	23,358
Rodney W. Eads.....	2002	319,174	90,000	10,750	20,630
Senior Vice President --	2001	292,778	125,000	3,750	18,820
Worldwide Operations	2000	276,374	70,000	5,000	17,644
John L. Gabriel, Jr.....	2002	294,383	90,000	10,375	19,090
Senior Vice President --	2001	275,943	130,000	5,625	17,101
Contracts and Marketing	2000	240,483	74,000	6,000	14,795

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- (1) Amounts exclude perquisites and other personal benefits because such compensation did not exceed the lesser of \$50,000 or 10% of the total annual salary and bonus reported for each Named Executive Officer.
 - (2) Amounts include all deferred portions of bonuses based on service during the respective year indicated by the Named Executive Officers. See "Board of Directors Report on Executive Compensation -- Annual Cash Bonus Incentives."
 - (3) The amounts shown for 2002 include (i) the Company's 3.75% contribution under the Retirement Plan referred to below in the following amounts on behalf of the following Named Executive Officers: Mr. Tisch, \$7,500; Mr. Dickerson, \$7,500; Mr. Williams, \$7,500; Mr. Eads, \$7,500; and Mr. Gabriel, \$7,500, (ii) the Company's matching contribution under the Retirement Plan referred to below in the following amounts on behalf of the following Named Executive Officers: Mr. Dickerson, \$2,750; Mr. Williams, \$2,750; Mr. Eads, \$2,750; and Mr. Gabriel, \$2,750, (iii) the Company's contributions for group term life insurance, spouse/dependent life insurance, and long-term disability insurance in the following amounts on behalf of the following Named Executive Officers: Mr. Tisch, \$3,526; Mr. Dickerson, \$3,526; Mr. Williams, \$3,526; Mr. Eads, \$3,521; and Mr. Gabriel, \$3,475, (iv) the Company's contributions under the Deferred Compensation and Supplemental Executive Retirement Plan referred to below in the following amounts on behalf of the following Named Executive Officers: Mr. Tisch, \$3,983; Mr. Dickerson, \$17,813; Mr. Williams, \$13,014; Mr. Eads, \$6,858; and Mr. Gabriel, \$5,365. In some cases, the total of the foregoing itemized amounts does not equal the corresponding aggregate amount set forth in the "All Other Compensation" column due to rounding.

The Company maintains a defined contribution plan (the "Retirement Plan") designed to qualify under Section 401(k) of the Internal Revenue Code of 1986, as amended (the "Code"), pursuant to which the Company contributes 3.75% of the participant's defined compensation and the Company matches 25% of the first 6% of each participant's compensation contributed. Participants are fully vested immediately upon enrollment in the plan. Up to 25% of the amount of such contributions to the Retirement Plan may be used by the participants to purchase shares of Common Stock of the Company.

In addition, under the Company's Deferred Compensation and Supplemental Executive Retirement Plan, the Company contributes to participants any portion of the 3.75% of the base salary contribution and the matching contribution to the Retirement Plan that cannot be contributed because of the limitations within the Code and because of elective deferrals that the participant makes under the

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plan. Additionally, the plan provides that participants may defer up to 10% of base compensation and/or up to 100% of any performance bonus. Participants in this plan are a select group of management or highly compensated employees of the Company and are fully vested in all amounts paid into the plan.

STOCK OPTION PLAN

Under the terms of the Company's 2000 Stock Option Plan, certain of the Company's employees, consultants and non-employee directors may be granted options to purchase Common Stock at no less than 100% of the fair market value of the Common Stock on the date the option is granted. The Stock Option Plan is administered by the Board of Directors. Such plan authorizes the issuance of options to acquire up to 750,000 shares of the Company's Common Stock, none of which had been exercised as of December 31, 2002. Unless otherwise specified by the Board of Directors at the time of the grant, stock options have a maximum term of ten years, subject to earlier termination under certain conditions, and vest in four equal, annual installments over four years.

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The following table shows for the year ended December 31, 2002 stock options granted by the Company to the Named Executive Officers.

OPTIONS GRANTED IN 2002

NAME	NO. OF SECURITIES UNDERLYING OPTIONS GRANTED	% OF TOTAL OPTIONS GRANTED TO EMPLOYEES IN 2002 (1)	EXERCISE PRICE PER SHARE	EXPIRATION DATE	PRESENT V GRANT DA
James S. Tisch.....	6,250	3.11%	\$30.53	1/02/2012	\$ 75,
	7,500	3.73	29.33	4/15/2012	94,
	7,500	3.73	29.20	7/01/2012	92,
	7,500	3.73	19.88	10/01/2012	59,
	7,500	3.73	21.93	12/31/2012	65,
Lawrence R. Dickerson.....	5,000	2.49	30.53	1/02/2012	60,
	5,625	2.80	29.33	4/15/2012	71,
	5,625	2.80	29.20	7/01/2012	69,
	5,625	2.80	19.88	10/01/2012	44,
	5,625	2.80	21.93	12/31/2012	48,
David W. Williams.....	3,125	1.55	30.53	1/02/2012	37,
	3,750	1.86	29.33	4/15/2012	47,
	3,750	1.86	29.20	7/01/2012	46,
	3,750	1.86	19.88	10/01/2012	29,
	3,750	1.86	21.93	12/31/2012	32,
Rodney W. Eads.....	1,250	0.62	30.53	1/02/2012	15,
	2,375	1.18	29.33	4/15/2012	30,
	2,375	1.18	29.20	7/01/2012	29,
	2,375	1.18	19.88	10/01/2012	18,
	2,375	1.18	21.93	12/31/2012	20,
John L. Gabriel, Jr.	1,875	0.93	30.53	1/02/2012	22,
	2,125	1.06	29.33	4/15/2012	26,
	2,125	1.06	29.20	7/01/2012	26,
	2,125	1.06	19.88	10/01/2012	16,
	2,125	1.06	21.93	12/31/2012	18,

- (1) This calculation is based on options to purchase a total of 201,100 shares of Common Stock granted to employees under the Company's 2000 Stock Option Plan during 2002.
- (2) The per share weighted-average fair value of stock options granted during 2002 on January 2, April 15, July 1, October 1 and December 31 was \$12.09, \$12.65, \$12.34, \$7.91 and \$8.69 per share, respectively. The fair value of each stock option granted was estimated on the date of grant using the Binomial Option Pricing Model. Assumptions used in the model included a weighted average risk-free interest rate of 3.71%, an expected life of options of six years, expected volatility of the Company's Common Stock price of 37% and an expected dividend yield on the Company's Common Stock of 2.29%.

YEAR END OPTION VALUES

NAME	NUMBER OF SECURITIES UNDERLYING UNEXERCISED OPTIONS AT DECEMBER 31, 2002		VALUE OF UNEXERCISED MONEY OPTIONS DECEMBER 31, 2002	
	EXERCISABLE	UNEXERCISABLE	EXERCISABLE	UNEXERCISABLE
James S. Tisch.....	16,250	58,750	--	\$1
Lawrence R. Dickerson.....	13,000	45,500	--	1
David W. Williams.....	8,125	29,375	--	
Rodney W. Eads.....	3,750	15,750	--	
John L. Gabriel, Jr.	4,875	17,125	--	

BOARD OF DIRECTORS REPORT ON EXECUTIVE COMPENSATION

GENERAL

Recommendations regarding compensation of the Company's executive officers are prepared by the President and submitted to the Executive Committee of the Board of Directors for approval, except that the President does not participate in the preparation of recommendations, or the review, modification or approval thereof, with respect to his own compensation.

The Company's compensation program is designed to enable the Company to attract, motivate and retain high-quality senior management by providing a competitive total compensation opportunity based on performance. Toward this end, the Company provides for competitive base salaries, annual variable performance incentives payable in cash, and stock options for the achievement of financial performance goals.

SALARIES

Every salaried employee of the Company is assigned a salary grade at the commencement of employment pursuant to a system that considers objective criteria, such as the employee's level of financial responsibility and supervisory duties, and the education and skills required to perform the employee's functions; however, the assignment of an employee to a particular salary grade necessarily involves subjective judgments. Within each grade,

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salaries are determined within a range based solely on subjective factors such as the employee's contribution to the Company and individual performance. No fixed, relative weights are assigned to these subjective factors. On occasion, an officer's compensation will be fixed at a level above the maximum level for his or her salary grade in response to a subjective determination that the officer's compensation, if set at the maximum level for his or her grade, would be below the level merited by his or her contributions to the Company.

ANNUAL CASH BONUS INCENTIVES

Annual cash bonus incentives may be awarded under the Diamond Offshore Management Bonus Program, which is intended to provide a means whereby certain selected officers and key employees of the Company may develop a sense of proprietorship and personal involvement in the development and financial success of the Company, and encourage the participants to remain with and devote their best efforts to the business of the Company, thereby advancing the interests of the Company and its stockholders. The Executive Committee of the Company's Board of Directors is authorized to establish an annual bonus pool based on such committee's evaluation of the Company during the year relative to peer companies, the performance of the Company's share price and extraordinary events during the year. The Executive Committee did establish a bonus pool (the "Bonus Pool") for fiscal year 2002.

The Executive Committee established the bonus payout from the Bonus Pool based upon corporate, group or individual performance, or a combination thereof, or such other subjective criteria as the Executive Committee considered appropriate. These bonuses for 2002 are payable in annual installments (25%, 15%, 15%, 15%, 15% and 15%) over the six calendar year period following 2002 for participants of salary grade 12 and above, and are payable in annual installments (50%, 25% and 25%) over the three calendar year period following 2002 for participants of salary grade 11 and below, and, with certain exceptions, are forfeited if not paid prior to termination of employment.

The Competitor Group Index used in the total stockholder return comparison (see "Common Stock Performance Graph" below) is not used to determine any cash bonus incentives for executives of the Company or for purposes of the Diamond Offshore Management Bonus Program.

STOCK OPTION PLAN

Stock options under the Company's 2000 Stock Option Plan may be granted to optionees selected from time to time by the Board of Directors. The purposes of the Stock Option Plan are to allow the Company and its subsidiaries to attract and retain qualified employees, consultants and non-employee directors, to motivate

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these individuals to achieve the Company's long-term goals and to reward them upon achievement of those goals. During 2002, options to acquire 201,100 shares of the Company's Common Stock were granted under the Stock Option Plan. All of these options were outstanding as of December 31, 2002.

The Board of Directors has broad authority to administer and interpret the Stock Option Plan, including the authority to determine who will receive a grant and to determine the specific provisions of that grant. The Board of Directors also has the authority to accelerate the exercisability of an outstanding option and extend the option term of an outstanding option.

COMPENSATION OF THE CHIEF EXECUTIVE OFFICER

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Decisions regarding compensation (salary and bonus) of the Company's Chief Executive Officer were made by members of the Board of Directors who were independent of management and not affiliated with the Company, its officers or employees of the Company or its subsidiaries or of Loews or any other affiliated companies. James S. Tisch did not participate in the preparation of recommendations, or the review, modification or approval thereof, with respect to his compensation. Such decision for 2002 was determined subjectively, and not necessarily tied to corporate performance, with consideration given to Mr. Tisch's level of responsibility and importance to the Company relative to other Company executives, his contributions to the successful implementation of significant strategic initiatives that are expected to benefit the Company in future years, including the Company's capital upgrade program and on-going rationalization of its rig fleet (purchases and sales). No fixed, relative weights were assigned to these subjective factors.

THE BOARD OF DIRECTORS

James S. Tisch, Chairman
Lawrence R. Dickerson
Alan R. Batkin
Herbert C. Hofmann
Arthur L. Rebell
Michael H. Steinhardt
Raymond S. Troubh

The information contained in the foregoing report shall not be deemed to be "soliciting material" or to be "filed" with the Commission, nor shall such information be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent that the Company specifically incorporates it by reference in such filing.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Prior to the initial public offering of the Common Stock in October 1995 (the "Initial Public Offering"), the Company was a wholly owned subsidiary of Loews, and in connection with the Initial Public Offering, the Company and Loews entered into agreements pursuant to which certain management, administrative and other services are provided by Loews to the Company and certain other obligations were assumed by the parties. These agreements were not the result of arm's length negotiations between the parties.

Services Agreement. The Company and Loews entered into a services agreement effective upon consummation of the Initial Public Offering (the "Services Agreement") pursuant to which Loews agreed to continue to perform certain administrative and technical services on behalf of the Company. Such services include personnel, telecommunications, purchasing, internal auditing, accounting, data processing and cash management services, in addition to advice and assistance with respect to preparation of tax returns and obtaining insurance. Under the Services Agreement, the Company reimburses Loews for (i) allocated personnel costs (such as salaries, employee benefits and payroll taxes) of the Loews personnel actually providing such services and (ii) all out-of-pocket expenses related to the provision of such services. The Services Agreement may be terminated at the Company's option upon 30 days' notice to Loews and at the option of Loews upon six months' notice to the Company. In addition, the Company has agreed to indemnify and hold harmless Loews for all claims and damages arising from the provision of services by Loews under the

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Services Agreement, unless due to the gross negligence or willful misconduct of Loews. Under the Services Agreement, the Company paid Loews approximately

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\$331,114 for services performed by Loews in 2002.

Registration Rights Agreement. Under a Registration Rights Agreement dated as of October 16, 1995 (the "Registration Rights Agreement"), as amended, between the Company and Loews, the Company, subject to certain limitations, will file, upon the request of Loews, one or more registration statements under the Securities Act of 1933, as amended, subject to a maximum of three such requests, in order to permit Loews to offer and sell any Common Stock that Loews may hold. Loews will bear the costs of any such registered offering, including any underwriting commissions relating to shares it sells in any such offering, any related transfer taxes and the costs of complying with non-U.S. securities laws, and any fees and expenses of separate counsel and accountants retained by Loews. The Company has the right to require Loews to delay any exercise by Loews of its rights to require registration and other actions for a period of up to 90 days if, in the judgment of the Company, any offering by the Company then being conducted or about to be conducted would be adversely affected. Subject to certain conditions, the Company has also granted Loews the right to include its Common Stock in any registration statements covering offerings of Common Stock by the Company, and the Company will pay all costs of such offerings other than underwriting commissions and transfer taxes attributable to the shares sold on behalf of Loews. The Company will indemnify Loews, and Loews will indemnify the Company, against certain liabilities in respect of any registration statement or offering covered by the Registration Rights Agreement, as amended.

On September 16, 1997, Loews and the Company entered into an agreement amending the Registration Rights Agreement (the "Registration Rights Agreement Amendment") in contemplation of the offering by Loews of its 3.125% Exchangeable Notes due 2007 (the "Loews Notes"), which are exchangeable for Common Stock. Pursuant to the Registration Rights Agreement Amendment, Loews exercised the first of its three demand registration rights for the shares of Common Stock underlying the Loews Notes and, in connection with such demand, the Company agreed to file and to use its best efforts to cause to be effective no later than September 30, 1998 a registration statement for a continuous offering of such shares for delivery upon the exchange of Loews Notes, and to maintain the effectiveness of such registration statement through September 15, 2007, or such earlier time as no Loews Notes are outstanding. Such registration statement was filed by the Company and was declared effective by the Commission on September 29, 1998. Pursuant to the Registration Rights Agreement Amendment, at any time and from time to time after such registration statement has been filed and declared effective, the Company has the right to require Loews to suspend the use of any resale prospectus or prospectus supplement included therein for a reasonable period of time, not to exceed 90 days in any one instance or an aggregate of 120 days in any 12-month period, if the Company is conducting or about to conduct an underwritten public offering of its securities for its own account, or would be required to disclose information regarding the Company not otherwise then required by law to be publicly disclosed where such disclosure would reasonably be expected to adversely affect any material business transaction or negotiation in which the Company is then engaged. However, no such suspension period may be in effect during the 14-day period preceding any redemption date with respect to, or the final maturity date of, the Loews Notes. Before giving notice to holders of Loews Notes of any optional redemption of Loews Notes, Loews agreed in the Registration Rights Agreement Amendment to give prior notice to the Company to enable the Company to determine whether it should suspend the use of the current resale prospectus or prospectus supplement covering the shares of Common Stock issuable upon the exchange of Loews Notes. Loews and the Company agreed that Loews will not give notice to holders of Loews Notes of the exercise of Loews's optional right to redeem any Loews Notes during the time that any suspension period with respect to any such prospectus or prospectus supplement is in effect.

Other. During 2002 the Company made payments of \$893,474 to Ernst & Young LLP for tax and other consulting services. The wife of Lawrence R. Dickerson, a

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Director and the President and Chief Operating Officer of the Company, is an audit partner at this firm.

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CUMULATIVE TOTAL STOCKHOLDER RETURN

The following graph sets forth the cumulative total stockholder return for the Common Stock, the Standard & Poor's 500 Index and a Competitor Group Index over the five year period ended December 31, 2002.

COMPARISON OF 1998 - 2002 CUMULATIVE TOTAL RETURN(1) INDEXED TOTAL STOCKHOLDER RETURN

(PERFORMANCE GRAPH)

	DEC. 31, 1997	DEC. 31, 1998	DEC. 31, 1999	DEC. 31, 2000	DEC. 31, 2002
Company	100	50	65	87	67
S&P 500	100	129	156	141	125
Competitor Group(2)	100	49	74	100	72

(1) Total return assuming reinvestment of dividends. Dividends for the periods reported include quarterly dividends of \$0.125 per share of Common Stock paid during 2002, 2001, 2000, 1999 and 1998. Assumes \$100 invested on December 31, 1997, in Common Stock, the S&P 500 Index and a Company-constructed competitor group index.

(2) The Company-constructed competitor group consists of the following companies: Baker Hughes Incorporated, ENSCO International Incorporated, Halliburton Company, Noble Drilling Corporation, Schlumberger Ltd., Tidewater Inc., and Transocean Inc. Total return calculations were weighted according to the respective company's market capitalization.

The foregoing information contained under the caption "Cumulative Total Stockholder Return" shall not be deemed to be "soliciting material" or to be "filed" with the Commission, nor shall such information be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent that the Company specifically incorporates it by reference in such filing.

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RATIFICATION OF APPOINTMENT OF INDEPENDENT ACCOUNTANTS

Upon the recommendation of the Audit Committee of the Board of Directors, none of whose members is an officer of the Company, the Board of Directors has appointed Deloitte & Touche LLP, independent certified public accountants, as the principal independent auditors of the Company and its subsidiaries for fiscal year 2003, subject to ratification by stockholders at the Annual Meeting. Deloitte & Touche LLP has served as the Company's auditors since 1989 and has no investment in the Company or its subsidiaries. If the appointment of Deloitte & Touche LLP is not approved, the Board of Directors will reconsider such

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appointment. If that firm shall decline to act or their employment is otherwise discontinued, the Board of Directors will appoint other independent auditors.

Audit Fees. The aggregate fees, including expenses reimbursed, billed by Deloitte & Touche LLP, the member firms of Deloitte & Touche Tohmatsu, and their respective affiliates (collectively, "Deloitte") for professional services rendered for the audit of the Company's annual financial statements for the fiscal year ended 2002 and for the reviews of the financial statements included in the Company's Quarterly Reports on Form 10-Q for that fiscal year were \$239,400.

Financial Information Systems Design and Implementation Fees. There were no services rendered to the Company or its subsidiaries by the Company's principal auditors for information technology services relating to financial information systems design and implementation for 2002.

All Other Fees. The aggregate fees, including expenses reimbursed, billed by Deloitte for services rendered to the Company, other than the services described above under "Audit Fees" and "Financial Information Systems Design and Implementation Fees", for the fiscal year ended 2002 were \$73,100. These other services included other audit and tax related services.

The Audit Committee has considered whether the provision of non-audit services is compatible with maintaining the principal accountant's independence.

It is expected that representatives of Deloitte & Touche LLP will be present at the Annual Meeting with an opportunity to make a statement should they desire to do so and will be available to respond to appropriate questions from stockholders.

SOLICITATION EXPENSES

The Company will bear the cost of preparing, printing and mailing this Proxy Statement and the accompanying proxy card and of this solicitation of proxies on behalf of the Company's Board of Directors. In addition to solicitation by mail, proxies may be solicited personally, by telephone or other means. Brokerage houses and other custodians and nominees will be asked whether other persons are beneficial owners of the shares of Common Stock which they hold of record, and, if so, they will be supplied with additional copies of the proxy materials for distribution to such beneficial owners. The Company will reimburse banks, nominees, brokers and other custodians for the reasonable costs of sending the proxy materials to the beneficial owners of the Common Stock.

STOCKHOLDER PROPOSALS

Stockholder proposals intended for inclusion in the Proxy Statement to be issued in connection with the Company's 2004 annual meeting of stockholders must be addressed to: William C. Long, Corporate Secretary, Diamond Offshore Drilling, Inc., 15415 Katy Freeway, Houston, Texas 77094, and must be received no later than November 29, 2003.

Stockholder proposals submitted outside of the Commission's procedures for including such proposals in the Company's Proxy Statement must be mailed or delivered to the attention of the Corporate Secretary at the address above and must be received by the Company's Corporate Secretary no later than November 29, 2003, except that, with respect to nominations of one or more persons for election as directors, written notice of the stockholder's intent to make such nomination(s), which notice must comply in all respects with the

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requirements therefor set forth in the Company's bylaws, must be mailed or delivered to the attention of the Corporate Secretary at the address above and must be received by the Company's Corporate Secretary no later than February 20, 2004. If a proposal or notice of nomination is received after such respective date, the Company's proxy for the 2004 annual meeting of stockholders may confer discretionary authority to vote on such matter without any discussion of such matter in the Proxy Statement for the 2004 annual meeting of stockholders.

OTHER MATTERS

While management has no reason to believe that any other business will be presented, if any other matters should properly come before the Annual Meeting, the proxies will be voted as to such matters in accordance with the best judgment of the proxy holders.

By Order of the Board of Directors

/s/ WILLIAM C. LONG
WILLIAM C. LONG
Vice President, General Counsel and
Secretary

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DIAMOND OFFSHORE DRILLING, INC.

COMMON

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS FOR THE
2003 ANNUAL MEETING OF STOCKHOLDERS ON MAY 20, 2003

The undersigned hereby appoints Lawrence R. Dickerson, William C. Long and Gary T. Krenek, and any one of them, and any substitute or substitutes, to be the attorneys and proxies of the undersigned at the 2003 Annual Meeting of Stockholders of Diamond Offshore Drilling, Inc. (the "Company") to be held at the Regency Hotel, 540 Park Avenue, New York, New York 10021 at 11:30 a.m. local time, and at any adjournments or postponements of said meeting, and to vote at such meeting the shares of stock the undersigned held of record on the books of the Company on the record date for the meeting.

This proxy, when properly executed, will be voted in the manner directed herein by the undersigned stockholder. If no direction is made, this Proxy will be voted FOR all nominees as directors, FOR the proposal to ratify the appointment of Deloitte & Touche LLP as the independent accountants of the Company for fiscal year 2003, and in accordance with the discretion of the persons designated above, with respect to any other business that may properly come before the meeting.

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS:

DIMND1 KEEP THIS PORTION FOR YOUR RECORDS

DETACH AND RETURN THIS PORTION ONLY

THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.

DIAMOND OFFSHORE DRILLING, INC.

1. Election of Directors

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NOMINEES: 01) James S. Tisch, 02) Lawrence R. Dickerson	For	Withhold	For All	To wi
03) Alan R. Batkin, 04) Herbert C. Hofmann,	All	All	Except	mark
05) Arthur L. Rebell, 06) Michael H. Steinhardt and	[]	[]	[]	the n
07) Raymond S. Troubh				-----

Vote On Proposal

2. Proposal to ratify the appointment of Deloitte & Touch LLP as the independent Public Accountants of the Company for fiscal year 2003.
3. In their discretion, upon such other matters that may properly come before the meeting and any adjournments or postponements thereof.

Please sign exactly as your name appears on this Proxy Card. When signing as attorney, executor, administrator, trustee, guardian or corporate or partnership official, please give full title as such and the full name of the entity on behalf of whom you are signing. If a partnership, please sign in partnership name by authorized person.

 Signature (PLEASE SIGN WITHIN BOX) Date

 Signature (Joint Owner)