

DIAMOND OFFSHORE DRILLING INC  
Form 4  
August 23, 2006

**FORM 4**

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

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
**WILLIAMS DAVID W**

2. Issuer Name and Ticker or Trading Symbol  
**DIAMOND OFFSHORE DRILLING INC [DO]**

5. Relationship of Reporting Person(s) to Issuer  
  
(Check all applicable)

(Last) (First) (Middle)  
  
15415 KATY FREEWAY, SUITE 100  
  
(Street)

3. Date of Earliest Transaction (Month/Day/Year)  
**08/22/2006**

\_\_\_\_ Director  
 Officer (give title below) \_\_\_\_\_ 10% Owner  
\_\_\_\_\_ Other (specify below)  
**Executive Vice President**

HOUSTON, TX 77094

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)  
 Form filed by One Reporting Person  
 Form filed by More than One Reporting Person

(City) (State) (Zip)

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

| 1. Title of Security (Instr. 3) | 2. Transaction Date (Month/Day/Year) | 2A. Deemed Execution Date, if any (Month/Day/Year) | 3. Transaction Code (Instr. 8) | 4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) |                | 5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|----------------------------------------------------|--------------------------------|-------------------------------------------------------------------|----------------|-----------------------------------------------------------------------------------------------|----------------------------------------------------------|-----------------------------------|
|                                 |                                      |                                                    |                                | Code                                                              | V Amount Price |                                                                                               |                                                          |                                   |
| Common Stock                    | 08/22/2006                           |                                                    | M                              | 938                                                               | A \$ 22.49     | 938                                                                                           | D                                                        |                                   |
| Common Stock                    | 08/22/2006                           |                                                    | S                              | 938                                                               | D \$ 73.9386   | 0                                                                                             | D                                                        |                                   |
| Common Stock                    | 08/22/2006                           |                                                    | M                              | 938                                                               | A \$ 23.65     | 938                                                                                           | D                                                        |                                   |
| Common Stock                    | 08/22/2006                           |                                                    | S                              | 938                                                               | D \$ 73.9386   | 0                                                                                             | D                                                        |                                   |
| Common Stock                    | 08/22/2006                           |                                                    | M                              | 938                                                               | A \$ 32.78     | 938                                                                                           | D                                                        |                                   |

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|              |            |   |     |   |            |     |   |
|--------------|------------|---|-----|---|------------|-----|---|
| Common Stock | 08/22/2006 | S | 938 | D | \$ 73.9386 | 0   | D |
| Common Stock | 08/22/2006 | M | 938 | A | \$ 39.98   | 938 | D |
| Common Stock | 08/22/2006 | S | 938 | D | \$ 73.9386 | 0   | D |

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

**Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.**

SEC 1474  
(9-02)

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned**  
(e.g., puts, calls, warrants, options, convertible securities)

| 1. Title of Derivative Security (Instr. 3) | 2. Conversion or Exercise Price of Derivative Security | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if any (Month/Day/Year) | 4. Transaction Code (Instr. 8) | 5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5) | 6. Date Exercisable and Expiration Date (Month/Day/Year) | 7. Title and Amount of Underlying Securities (Instr. 3 and 4) | 8. Amount or Number of Shares |
|--------------------------------------------|--------------------------------------------------------|--------------------------------------|----------------------------------------------------|--------------------------------|-----------------------------------------------------------------------------------------|----------------------------------------------------------|---------------------------------------------------------------|-------------------------------|
| Stock Option (right to buy)                | \$ 22.49                                               | 08/22/2006                           |                                                    | M                              | 938                                                                                     | 05/18/2005 <sup>(1)</sup> 05/18/2014                     | Common Stock                                                  | 938                           |
| Stock Option (right to buy)                | \$ 23.65                                               | 08/22/2006                           |                                                    | M                              | 938                                                                                     | 05/18/2005 <sup>(1)</sup> 07/01/2014                     | Common Stock                                                  | 938                           |
| Stock Option (right to buy)                | \$ 32.78                                               | 08/22/2006                           |                                                    | M                              | 938                                                                                     | 05/18/2005 <sup>(1)</sup> 10/01/2014                     | Common Stock                                                  | 938                           |
| Stock Option (right to buy)                | \$ 39.98                                               | 08/22/2006                           |                                                    | M                              | 938                                                                                     | 05/18/2005 <sup>(1)</sup> 12/31/2014                     | Common Stock                                                  | 938                           |

## Reporting Owners

| Reporting Owner Name / Address                                           | Relationships |           |                          |       |
|--------------------------------------------------------------------------|---------------|-----------|--------------------------|-------|
|                                                                          | Director      | 10% Owner | Officer                  | Other |
| WILLIAMS DAVID W<br>15415 KATY FREEWAY<br>SUITE 100<br>HOUSTON, TX 77094 |               |           | Executive Vice President |       |

## Signatures

/s/ William C. Long Attorney-in-Fact for David W.

Williams

08/23/2006

\_\_Signature of Reporting Person

Date

## Explanation of Responses:

- \* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).
  - \*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) The options vested on May 18, 2006.
  - (2) The options vest in two equal annual installments beginning on May 18, 2007.

### Remarks:

Form 2 of 2 dated August 23, 2006.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.