

Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

Part I Reporting Issuer

1 Issuer's name DIAMOND OFFSHORE DRILLING INC		2 Issuer's employer identification number (EIN) 76-0321760	
3 Name of contact for additional information Darren Daugherty	4 Telephone No. of contact 281-492-5300	5 Email address of contact IR@dodi.com	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact 15415 Katy Fwy, Suite 100		7 City, town, or post office, state, and Zip code of contact Houston, Texas 77094	
8 Date of action see Part II, Line 14		9 Classification and description Distribution to public shareholders	
10 CUSIP number 25271C102	11 Serial number(s)	12 Ticker symbol DO	13 Account number(s)

Part II Organizational Action Attach additional statements if needed. See back of form for additional questions.

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶ **During calendar year 2014, Diamond Offshore Drilling, Inc. declared and paid distributions to shareholders of its common stock that included a return of capital component as follows:**

			Total
Declaration	Record	Payment	Distribution
Date	Date	Date	per share
02/06/2014	02/19/2014	03/03/2014	\$0.875
04/24/2014	05/07/2014	06/02/2014	\$0.875
07/24/2014	08/06/2014	09/02/2014	\$0.875
10/23/2014	11/05/2014	12/01/2014	\$0.875

15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ▶ **Diamond Offshore Drilling, Inc. has determined that a portion of each distribution described above should be treated as a return of capital under IRC Section 301(c)(2) and applied as a reduction to the adjusted tax basis of a shareholder's stock. To the extent the return of capital amount exceeds the adjusted tax basis of a shareholder's stock, the excess is treated as capital gain pursuant to IRC Section 301(c)(3). At this time, based upon reasonable assumptions, Diamond Offshore Drilling, Inc. has determined that the following per share amounts should be treated as return of capital and applied as a reduction to the basis of a shareholder's stock:**

Declaration	Record	Payment	Total Distribution	Taxable Dividend	Return of Capital
Date	Date	Date	per share	per share	per share
02/06/2014	02/19/2014	03/03/2014	\$0.875	\$0.000	\$0.875
04/24/2014	05/07/2014	06/02/2014	\$0.875	\$0.000	\$0.875
07/24/2014	08/06/2014	09/02/2014	\$0.875	\$0.000	\$0.875
10/23/2014	11/05/2014	12/01/2014	\$0.875	\$0.000	\$0.875

16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶

The calculation of the change in basis (i.e., basis reduction from return of capital amounts) was determined as follows:

1. the portion of each distribution that was paid out of current or accumulated earnings & profits was treated as a taxable dividend.
2. the portion of each distribution that exceeded current and accumulated earnings & profits was treated as a return of capital.

Part II Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ _____

IRC Section 301(c)

IRC Section 312

IRC Section 316(a)

18 Can any resulting loss be recognized? ▶ N/A

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ N/A

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here

Signature ▶ *Stephen G. Elwood* Date ▶ 15 JANUARY 2015

Print your name ▶ Stephen G. Elwood Title ▶ Senior Vice President - Tax

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
Firm's name ▶			Firm's EIN ▶	
Firm's address ▶			Phone no.	