

EADS RODNEY W
Form 4
January 10, 2006

FORM 4

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

OMB APPROVAL

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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 *
EADS RODNEY 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)
01/06/2006

____ Director _____ 10% Owner
 Officer (give title below) _____ Other (specify below)
Senior 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 or Price (A) or (D) | | |
| Common Stock | 01/06/2006 | | M | | 594 | A | \$ 21.93 594 D |
| Common Stock | 01/06/2006 | | S | | 594 | D | \$ 74.53 0 D |
| Common Stock | 01/06/2006 | | M | | 500 | A | \$ 19.78 500 D |
| Common Stock | 01/06/2006 | | S | | 500 | D | \$ 74.53 0 D |
| Common Stock | 01/06/2006 | | M | | 500 | A | \$ 21.23 500 D |

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Common Stock 01/06/2006 S 500 D \$ 74.53 0 D

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

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(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) | \$ 21.93 | 01/06/2006 | | M | 594 | 04/15/2003 ⁽¹⁾ 12/31/2012 | Common Stock | 594 |
| Stock Option (right to buy) | \$ 19.78 | 01/06/2006 | | M | 500 | 04/22/2004 ⁽²⁾ 04/22/2013 | Common Stock | 500 |
| Stock Option (right to buy) | \$ 21.23 | 01/06/2006 | | M | 500 | 04/22/2004 ⁽²⁾ 07/01/2013 | Common Stock | 500 |

Reporting Owners

Reporting Owner Name / Address

Relationships

EADS RODNEY W
15415 KATY FREEWAY
SUITE 100
HOUSTON, TX 77094

Director 10% Owner Officer Other

Senior Vice President

Signatures

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

01/10/2006

__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 in three equal annual installments on April 15, 2003, 2004 and 2005.
 - (2) The options vested in two equal annual installments on April 22, 2004 and April 22, 2005.

Remarks:

Form 2 of 2 dated January 10, 2006.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
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