

## **DIAMOND OFFSHORE DRILLING, INC.**

### **Corporate Governance Guidelines**

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#### **Introduction**

The following Corporate Governance Guidelines (the “Guidelines”) have been adopted by the Board of Directors (the “Board”) of Diamond Offshore Drilling, Inc. (the “Company”) to assist the Board in the exercise of its responsibilities to oversee the management of the business and affairs of the Company. These Guidelines reflect the Board’s commitment to monitor the effectiveness of policy and decision making both at the Board and management levels, with a view to enhancing stockholder value over the long term.

These Guidelines provide an important framework for the corporate governance practices of the Board and are to be construed in the context of, but not to affect the Board’s obligations or authority under, the Company’s charter and by-laws, stock exchange rules and applicable laws or regulations.

The Board’s principal role is to promote the best interests of the Company and its stockholders by overseeing the management of the Company’s business and affairs. Management of the Company is responsible for, among other things, implementing the Company’s strategic plan; identifying and managing risk; making and keeping the books and records of the Company; preparing the Company’s financial statements and determining that they are complete, accurate, and in accordance with generally accepted accounting principles; establishing satisfactory disclosure controls and internal control over financial reporting; and timely reporting to the Board. The independent auditor is responsible for auditing the Company’s financial statements and the effectiveness of the Company’s internal control over financial reporting. The Company’s internal and outside counsel are responsible for assuring compliance with laws and regulations and the Company’s corporate governance policies.

#### **Composition of the Board**

The Board shall from time to time review the manner in which the Board and its leadership are configured, with a view toward maintaining a structure that will best serve the Company and its stockholders.

The Board has no fixed policy with respect to combining or separating the offices of Chairman of the Board and Chief Executive Officer. These have been at times combined and at times separated. The Board has exercised discretion in combining or separating the positions as it has deemed appropriate in light of prevailing circumstances, and the Board may in the future reevaluate this determination.

The Board does not believe it is advisable to establish a term or age limit for directors because

such a limit may deprive the Company and its stockholders of the contribution of directors who have developed valuable insights into the Company and its operations over time.

### **Director Qualification Standards**

The Board has overall responsibility for selecting candidates for Board membership. The Nominating, Governance and Sustainability Committee will recommend director candidates to the Board for nomination or appointment. The Nominating, Governance and Sustainability Committee's responsibilities include screening candidates, recommending to the Board criteria for nominees and recommending to the Board the slate of nominees for election to the Board at the annual meeting of stockholders. Final approval of any candidate shall be determined by the Board. The Nominating, Governance and Sustainability Committee and the Board recognize that the needs of the Board, in terms of the relative experience and other qualifications of its members, may change over time. In identifying, evaluating and nominating individuals to serve as a director, including those identified by stockholders, the Nominating, Governance and Sustainability Committee and the Board will consider matters they deem relevant, which may include the candidate's character and integrity; business specialization; career achievements; breadth of experience; soundness of judgment; ability to make independent analytical inquiries; independence and potential conflicts of interest; potential to meet the present needs of the Board in light of the current mix of director skills and attributes; ability to represent the total corporate interests of the Company and its stockholders; and diversity of race, ethnicity and gender.

The Board recognizes the benefits of diversity throughout the Company and the merits of achieving diversity. In identifying, evaluating and nominating individuals to serve as a director, the Board does not have formal diversity requirements or rules. Rather, the Board believes that the Company is best served by directors with a wide range of perspectives, professional experience, skills and other individual qualities and attributes. The Board considers diversity broadly to include diversity of race, ethnicity and gender, as well as diversity of viewpoint, professional experience and individual characteristics, qualities and skills, resulting in the inclusion of varying perspectives among the directors. The Board also considers whether these capabilities and characteristics will enhance and complement the full Board so that, as a unit, the Board possesses the appropriate skills and experience to oversee the Company's business, ensure consideration of a wide range of perspectives and serve the long-term interests of the stockholders.

Directors are expected to promptly report changes in their business or professional affiliations or responsibilities to the Chairman of the Board. Each non-management director is expected to notify the Chairman as soon as practicable after any event, situation or condition that may affect the Board's evaluation of the director's independence. Directors who are also employees of the Company must offer their resignation from the Board at the same time they leave employment with the Company.

## **Public Company Directorships**

The Company does not have a policy limiting the number of public company boards of directors upon which a director may sit. Service as a member of the Board is a significant commitment in terms of both time and responsibility. Accordingly, each director is encouraged to limit the number of public company boards on which the director serves and to be mindful of the director's other existing and planned future commitments, so that such other directorships and commitments do not materially interfere with the director's service as an effective and active member of the Board. In identifying, evaluating and nominating individuals to serve as a director, including those identified by stockholders, the Board will consider the number of public company boards and other boards or comparable governing bodies on which a candidate is a member. In addition, directors are expected to advise the Chairman of the Board in advance of accepting an invitation to serve on another public company board of directors, audit committee or compensation committee.

Given the significant time demands and responsibilities of serving on a public company audit committee, no member of the Company's Audit Committee may serve on the audit committees of more than two other public companies unless the Board determines that such simultaneous service would not impair the ability of such director to effectively serve on the Company's Audit Committee.

## **Director Responsibilities**

### *Board Role.*

The Board fulfills its role (directly or by delegating certain responsibilities to its committees) by:

- providing advice and counsel to the Chief Executive Officer and principal senior executives;
- selecting, regularly evaluating, fixing the compensation of and, where appropriate, replacing the Chief Executive Officer;
- setting the direction of the Company's strategic plan and overseeing the conduct of the Company's business and strategic plans to evaluate whether the business is being properly managed;
- reviewing and approving the Company's financial objectives and major corporate plans and actions;
- reviewing and approving major changes in the appropriate auditing and accounting principles and practices;
- providing oversight of internal and external audit processes and financial reporting;

- ensuring that the Company maintains an active dialogue with stockholders so that their perspectives are thoughtfully considered and reviewing stockholder proposals properly submitted and responding as appropriate;
- devising and maintaining a human capital management system and a corporate culture that promotes compliance with legal and regulatory requirements and the ethical conduct of the Company's business;
- providing oversight of risk assessment and protection processes as well as processes designed to promote legal compliance; and
- performing such other functions as the Board believes appropriate or necessary, or as otherwise prescribed by rules or regulations.

*Standard of Care for Directors.*

Directors should exercise their business judgment to act in what they reasonably believe to be the best interests of the Company and its stockholders in a manner consistent with their fiduciary duties. In considering the best interests of the Company and its stockholders, directors may consider, as appropriate, the needs of employees, suppliers and customers of the Company and its subsidiaries, communities in which the Company and its subsidiaries conduct business and other pertinent factors in addition to the objective of maximizing stockholder value.

Directors shall be provided with information to inform them about the Company's business, performance and prospects, as well as any matters submitted for Board action. Such information will be made available to the directors periodically and, in any event, within a reasonable period of time before meetings where the subject matter of such information is on the meeting agenda. Information should be relevant, concise and timely. Requests for action by the Board should include the recommendation of management and be accompanied by data sufficient for the directors to make a reasonably well-informed determination as to the advisability of the matter.

Directors should regularly attend meetings of the Board and all committees upon which they serve. If necessary, directors may participate in such meetings by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other. To prepare for meetings, directors should review the materials that are sent to them in advance of those meetings and otherwise spend the necessary time and effort to discharge their responsibilities appropriately. Directors are not required to attend the annual meeting of stockholders of the Company.

*Meetings of the Board.*

The Board expects that it will meet at least four times a year. Additional meetings (or actions to be taken by unanimous consent) may be scheduled as necessary or appropriate in light of circumstances. The Company's Secretary shall prepare an annual schedule of meetings for the Board, the Audit Committee, the Compensation Committee and the Nominating, Governance

and Sustainability Committee. To the extent practicable, the schedule shall be designed to accommodate discussion of agenda subjects that are generally of a recurring nature and are expected to be discussed during the ensuing year. Certain matters shall be addressed by the Board at least annually, including a review of the Company's strategic plan or objectives, business and financial performance for the prior year and compliance with applicable law and applicable stock exchange rules.

Meetings of the Board shall be chaired by the Chairman of the Board. The Company's Chief Financial Officer, General Counsel and Secretary should also attend all meetings of the Board, subject to the Board's discretion to excuse one or more of these officers from all or portions of any meeting.

The Chairman of the Board, with advice from the Chief Executive Officer and the Secretary, shall set the agenda of each meeting of the Board. Any director may suggest agenda items and may raise at meetings other matters that they consider worthy of discussion. The proceedings and deliberations of the Board and its committees and advisors (and the written records thereof) are confidential. Directors shall preserve the confidentiality of confidential material given or presented to the Board.

The Board shall keep minutes of its proceedings. The Board is governed by the rules regarding meetings (including meetings in person or by telephone or other similar communications equipment), action without meetings, notice, waiver of notice, and quorum and voting requirements set out in the Company's bylaws.

#### *Non-Management Directors.*

The Board shall schedule regular executive sessions where non-management directors shall meet without management participation. A non-management director shall preside at each such executive session. The executive sessions shall have such agendas and procedures as determined by the non-management directors. If the non-management directors include individuals who are not independent, the independent directors shall also separately meet in an executive session at least once per year. The authority in such sessions to act on behalf of the Company or the Board on any matters requires an express delegation of authority by the Board.

#### **Conflicts of Interest**

If a director develops an actual or potential conflict of interest with the Company, the director must report the conflict promptly to the Chairman of the Board or the Chairman of the Audit Committee. If a director (or any member of the director's immediate family) has a personal interest or other potential conflict of interest in a matter before the Board, the director must disclose to the full Board the material facts as to such relationship or interest and, if appropriate, refrain from participating in such discussion and from voting on a matter in which they or their family member may have a conflict.

#### **Communications with Directors**

Interested parties, including stockholders, may communicate directly with the Company's directors, including non-management directors, individually or as a group, by writing to the following address:

[Intended Recipient]  
c/o Corporate Secretary  
Diamond Offshore Drilling, Inc. 15415 Katy Freeway  
Houston, Texas 77094

Mailed communications will be reviewed by the Corporate Secretary and, if they pertain to the functions of the Board or Board committees or if the Corporate Secretary otherwise determines that they should be brought to the intended recipient's attention, they will be forwarded to the intended recipient. Concerns relating to accounting, internal controls, auditing or compliance matters will be referred to the Audit Committee and handled in accordance with procedures established by the Audit Committee. Items that are unrelated to the duties and responsibilities of the Board, such as personal employee complaints, resumes and job inquiries, surveys, service complaints, requests for donations, business solicitations or advertisements, will not be forwarded to the directors. In addition, material that is considered to be hostile, threatening, illegal or similarly unsuitable will not be forwarded.

### **Committees of the Board**

The Board will maintain a standing Audit Committee, Compensation Committee and Nominating, Governance and Sustainability Committee, as well as such other standing or ad hoc committees as the Board deems appropriate, taking into account the recommendations of the Nominating, Governance and Sustainability Committee. Each committee shall have the authority and responsibilities delineated in the resolutions creating the committee and any applicable committee charter, subject to the Company's charter and by-laws, stock exchange rules and applicable laws and regulations. The Board shall have the authority to disband any ad hoc or standing committee not required by applicable stock exchange rules or applicable laws and regulations when it deems it appropriate to do so.

Members of the Audit Committee, Compensation Committee and Nominating, Governance and Sustainability Committee and their chairpersons shall be appointed by the Board each year at the annual meeting of the Board. It is the Board's policy that only non-management directors shall serve on the Audit Committee and Compensation Committee and that such committee members meet the applicable independence and other requirements of stock exchange rules and applicable laws and regulations.

The Audit Committee, the Compensation Committee and the Nominating, Governance and Sustainability Committee shall each have a written charter approved by the Board. Committee charters shall be reviewed by the relevant committee at least annually in light of the activities of the committee, changes in stock exchange rules, applicable laws or regulations and other relevant considerations. Suggested revisions to such charters shall be presented to the Board for approval.

The chairpersons of the various committees, in consultation with their committee members, shall determine the frequency and length of committee meetings. The chairperson of each committee, in consultation with appropriate Company officers, will establish the agenda for each committee meeting. Committee members and other directors may suggest additional agenda items for committee meetings upon reasonable notice to the committee chairperson.

To the extent practicable, information regarding matters to be considered at committee meetings shall be distributed to committee members a reasonable period of time before the meeting. Each chairperson of the Audit Committee, the Compensation Committee and the Nominating, Governance and Sustainability Committee shall provide updates to the Board on the committee's activities periodically as necessary or advisable.

### **Director Access to Management and Independent Advisors**

The Company shall provide each director with complete access to management and management information, subject to reasonable advance notice and reasonable efforts to avoid disruption to the business. The Board and each Board committee shall have the right to consult and retain independent legal and other advisors at the expense of the Company. Board members will, when appropriate, coordinate such access through the Chairman of the Board. Any communications between the Board or the relevant Board committee and outside legal counsel in the course of obtaining such legal advice will be considered privileged communications of the Company, and the Board or such Board committee, as the case may be, will be entitled to take all necessary steps to preserve the privileged nature of those communications.

The Board shall receive appropriate funding from the Company, as determined by the Board, for the ordinary administrative expenses of the Board that are necessary or appropriate in carrying out its duties.

Management shall be responsive to requests for information from Board members. The Board encourages the Chairman of the Board and the Chief Executive Officer to invite members of management to make presentations at Board meetings in order to provide insights into the Company's business or to provide individuals with exposure to the Board for purposes of management development. Directors may suggest possible guests to the Chairman of the Board or the Chief Executive Officer. The Board will have access to the Company's books, records, facilities and personnel.

### **Director Compensation**

From time to time the Board, acting through the Compensation Committee, will review the form and amount of compensation, including cash, equity-based awards and other compensation, paid to non-employee directors and committee members. In this regard, the Compensation Committee may request that management report to it periodically on the status of the Board's compensation in relation to other similarly-situated companies. A director who is a current employee of the Company will not receive additional compensation for service as a director.

## **Director Orientation and Continuing Education**

The Board, in consultation with management, will establish or direct management to establish an appropriate orientation program for newly elected directors either prior to or within a reasonable period of time after their nomination or election as a director. The orientation program shall address the Company's strategic plans, significant risk exposures and compliance programs (including its Code of Business Conduct and Ethics) and may include presentations by management, the internal auditors and the independent accountants. Directors are encouraged to participate, from time to time, in relevant continuing education programs when available.

## **Review and Succession of CEO**

The Board, or the Compensation Committee or on behalf of the Board, in consultation with the Chairman of the Board, will conduct an annual review of the performance and compensation of the Chief Executive Officer.

The Board, or the Nominating, Governance and Sustainability Committee or on behalf of the Board, will establish and review such formal or informal policies and procedures regarding succession planning for the office of Chief Executive Officer, consulting with the Chief Executive Officer and others, as it considers appropriate.

## **Communications with Public and Others**

The Board believes that it is the responsibility of the Company's management to speak for the Company. Directors are expected to refrain from communicating with institutional investors, other stockholders, governmental or community officials, analysts or the press regarding the business of the Company and should refer all inquiries from institutional investors, analysts, the press or customers to the Chief Executive Officer or his or her designee. If public comments from the Board are appropriate, they should in most circumstances come from the Chairman of the Board. In those instances in which it is necessary for an individual director to speak with outside constituencies, it is expected that the director will, absent unusual circumstances, do so only at the request of the Chairman of the Board. Moreover, directors are expected to take special care in all communications concerning the Company, in light of confidentiality requirements and laws prohibiting insider trading, tipping and avoidance of selective disclosure.

## **Reliance on Management and Outside Advice**

In performing its functions, the Board and each Board committee is entitled to rely on the advice, reports and opinions of management, counsel, accountants, auditors, other expert advisors and other persons as to matters the director reasonably believes to be within such other person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Company. The Board shall have the authority to retain and approve the fees and retention terms of its outside advisors.

## **Annual Performance Evaluation of the Board**

The Board will conduct a self-evaluation annually to determine whether it and its committees are functioning effectively. The Board will discuss the evaluation to determine what, if any, action could improve Board and committee performance. The Board shall review these Guidelines on an annual basis to determine whether any changes are appropriate.

## **Website Posting**

The Company shall make these Guidelines available on or through its website. The Company shall disclose in its annual proxy statement that these Guidelines are available on or through its website and provide the website address.

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Nothing contained in these Guidelines (i) is intended to create, or should be construed as creating, any responsibilities, duties or liability of the members of the Board, except to the extent otherwise provided under the applicable laws of the State of Delaware, which shall continue to set the legal standard for the conduct of the members of the Board, or (ii) is intended to preclude or impair the protections provided in Section 141(e) of the Delaware General Corporation Law for good faith reliance by members of the Board on reports or other information provided by others.