

MCDERMOTT INTERNATIONAL INC

Form 10-Q

November 07, 2007

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

FORM 10-Q

(Mark One)

X QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2007

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File No. 001-08430

MCDERMOTT INTERNATIONAL, INC.

(Exact name of registrant as specified in its charter)

REPUBLIC OF PANAMA  
(State or Other Jurisdiction of  
Incorporation or Organization)

72-0593134  
(I.R.S. Employer Identification No.)

777 N. ELDRIDGE PKWY.  
HOUSTON, TEXAS  
(Address of Principal Executive Offices)

77079  
(Zip Code)

Registrant's Telephone Number, Including Area Code (281) 870-5901

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer  Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange

Act). Yes [ ] No [P]

The number of shares of the registrant's common stock outstanding at October 31, 2007 was 225,165,319.

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PART I

McDERMOTT INTERNATIONAL, INC.

FINANCIAL INFORMATION

Item 1. Condensed Consolidated Financial Statements

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McDERMOTT INTERNATIONAL, INC.  
CONDENSED CONSOLIDATED BALANCE SHEETS

	<b>September 30, 2007 (Unaudited)</b>	<b>December 31, 2006</b>
	<b>(In thousands)</b>	
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 735,599	\$ 600,843
Restricted cash and cash equivalents (Note 10)	98,295	106,674
Investments	248,089	172,171
Accounts receivable – trade, net	761,341	668,310
Accounts and notes receivable – unconsolidated affiliates	33,227	29,825
Accounts receivable – other	95,769	48,041
Contracts in progress	217,641	230,146
Inventories (Note 1)	94,428	77,769
Deferred income taxes	120,575	180,234
Other current assets	87,100	39,461
<b>Total Current Assets</b>	<b>2,492,064</b>	<b>2,153,474</b>
Property, Plant and Equipment	1,966,456	1,525,187
Less accumulated depreciation	1,071,111	1,011,693
<b>Net Property, Plant and Equipment</b>	<b>895,345</b>	<b>513,494</b>
Investments	159,610	121,914
Goodwill	149,229	89,226
Deferred Income Taxes	226,497	260,341
Long-Term Income Tax Receivable	2,958	299,786
Other Assets	269,081	195,527
<b>TOTAL</b>	<b>\$ 4,194,784</b>	<b>\$ 3,633,762</b>

See accompanying notes to condensed consolidated financial statements.

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McDERMOTT INTERNATIONAL, INC.  
CONDENSED CONSOLIDATED BALANCE SHEETS

	<b>September 30, 2007 (Unaudited)</b>	<b>December 31, 2006</b>
<b>(In thousands)</b>		
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>Current Liabilities:</b>		
Notes payable and current maturities of long-term debt	\$ 6,555	\$ 257,492
Accounts payable	462,828	407,094
Accrued employee benefits	273,791	246,182
Accrued liabilities – other	220,241	185,762
Accrued contract cost	111,050	110,992
Advance billings on contracts	1,392,893	1,116,118
Accrued warranty expense	102,041	79,077
Income taxes payable	42,332	58,557
<b>Total Current Liabilities</b>	<b>2,611,731</b>	<b>2,461,274</b>
<b>Long-Term Debt</b>	<b>10,653</b>	<b>15,242</b>
Accumulated Postretirement Benefit Obligation	99,630	