

CONSOL ENERGY INC
Form 10-Q
August 05, 2008
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2008 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 Number: 001-14901

CONSOL Energy Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or Other Jurisdiction of

Incorporation or Organization)

1800 Washington Road

Pittsburgh, Pennsylvania
(Address of Principal Executive Offices)

51-0337383
(IRS Employer

Identification No.)

15241
(Zip Code)

(412) 831-4000

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(Registrant's Telephone Number, Including Area Code)

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, a non-accelerated filer, or smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer Smaller Reporting Company

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

Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of the latest practicable date.

Class	Shares outstanding as of July 18, 2008
Common stock, \$0.01 par value	183,187,399

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	Three Months Ended June 30,		Six Months Ended June 30,	
	2008	2007	2008	2007
Sales Outside	\$ 1,111,410	\$ 879,300	\$ 1,997,735	\$ 1,712,427
Sales Gas Royalty Interests	22,515	14,484	39,019	26,666
Sales Purchased Gas	1,647	1,317	5,186	2,476
Freight Outside	63,927	43,667	108,671	87,300
Other Income	11,397	121,230	86,016	146,314
Total Revenue and Other Income	1,210,896	1,059,998	2,236,627	1,975,183
Cost of Goods Sold and Other Operating Charges (exclusive of depreciation, depletion and amortization shown below)	740,735	591,157	1,377,463	1,110,406
Gas Royalty Interests Costs	21,880	12,500	37,954	23,138
Purchased Gas Costs	1,522	1,473	4,943	2,492
Freight Expense	63,927	43,667	108,671	87,300
Selling, General and Administrative Expense	30,644	26,539	61,114	52,548
Depreciation, Depletion and Amortization	95,775	75,689	188,503	152,478
Interest Expense	8,526	6,174	18,702	13,437
Taxes Other Than Income	73,299	62,474	144,905	130,752
Total Costs	1,036,308	819,673	1,942,255	1,572,551
Earnings Before Income Taxes and Minority Interest	174,588	240,325	294,372	402,632
Income Taxes	61,798	79,524	97,351	122,458
Earnings Before Minority Interest	112,790	160,801	197,021	280,174
Minority Interest	(11,778)	(7,684)	(20,927)	(13,795)
Net Income	\$ 101,012	\$ 153,117	\$ 176,094	\$ 266,379
Basic Earnings Per Share	\$ 0.55	\$ 0.84	\$ 0.96	\$ 1.46
Dilutive Earnings Per Share	\$ 0.54	\$ 0.83	\$ 0.95	\$ 1.44
Weighted Average Number of Common Shares Outstanding:				
Basic	182,977,726	182,195,390	182,775,355	182,282,857

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Dilutive	185,637,248	185,000,122	185,330,300	184,788,415
Dividends Paid Per Share	\$ 0.10	\$ 0.07	\$ 0.20	\$ 0.14

The accompanying notes are an integral part of these financial statements.

Table of Contents**CONSOL ENERGY INC. AND SUBSIDIARIES****CONSOLIDATED BALANCE SHEETS**

(Dollars in thousands, except per share data)

	(Unaudited) June 30, 2008	December 31, 2007
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 55,189	\$ 41,651
Accounts and Notes Receivable:		
Trade	282,409	180,545
Other Receivables	52,736	69,771
Inventories	174,660	163,193
Deferred Income Taxes	204,713	130,820
Recoverable Income Taxes	37,186	19,090
Prepaid Expenses	46,865	78,085
Total Current Assets	853,758	683,155
Property, Plant and Equipment:		
Property, Plant and Equipment	9,352,002	8,945,312
Less Accumulated Depreciation, Depletion and Amortization	4,101,556	3,980,270
Total Property, Plant and Equipment Net	5,250,446	4,965,042
Other Assets:		
Deferred Income Taxes	343,823	374,811
Investment in Affiliates	68,199	94,866
Other	75,009	90,216
Total Other Assets	487,031	559,893
TOTAL ASSETS	\$ 6,591,235	\$ 6,208,090

The accompanying notes are an integral part of these financial statements.

Table of Contents**CONSOL ENERGY INC. AND SUBSIDIARIES****CONSOLIDATED BALANCE SHEETS**

(Dollars in thousands, except per share data)

	(Unaudited) June 30, 2008	December 31, 2007
LIABILITIES AND STOCKHOLDERS EQUITY		
Current Liabilities:		
Accounts Payable	\$ 267,966	\$ 238,312
Short-Term Notes Payable	207,000	247,500
Current Portion of Long-Term Debt	20,716	18,283
Other Accrued Liabilities	733,880	512,302
Total Current Liabilities	1,229,562	1,016,397
Long-Term Debt:		
Long-Term Debt	411,887	398,077
Capital Lease Obligations	85,640	90,848
Total Long-Term Debt	497,527	488,925
Deferred Credits and Other Liabilities:		
Postretirement Benefits Other Than Pensions	2,388,980	2,336,809
Pneumoconiosis Benefits	180,535	171,896
Mine Closing	402,270	399,633
Workers Compensation	131,356	118,356
Deferred Revenue		3,162
Salary Retirement	61,330	67,392
Reclamation	33,821	34,317
Other	269,972	193,666
Total Deferred Credits and Other Liabilities	3,468,264	3,325,231
Minority Interest	158,181	163,118
Total Liabilities and Minority Interest	5,353,534	4,993,671
Stockholders Equity:		
Common Stock, \$.01 par value; 500,000,000 Shares Authorized, 185,126,526 Issued and 183,150,253 Outstanding at June 30, 2008; 185,126,526 Issued and 182,291,623 Outstanding at December 31, 2007	1,851	1,851
Preferred Stock, 15,000,000 Shares Authorized; None Issued and Outstanding		
Capital in Excess of Par Value	997,308	966,544
Retained Earnings	852,123	766,536
Accumulated Other Comprehensive Loss	(542,789)	(419,284)
Common Stock in Treasury, at Cost 1,976,273 Shares at June 30, 2008 and 2,834,903 Shares at December 31, 2007	(70,792)	(101,228)
Total Stockholders Equity	1,237,701	1,214,419
TOTAL LIABILITIES AND STOCKHOLDERS EQUITY	\$ 6,591,235	\$ 6,208,090

The accompanying notes are an integral part of these financial statements.

Table of Contents**CONSOL ENERGY INC. AND SUBSIDIARIES****CONSOLIDATED STATEMENT OF STOCKHOLDERS EQUITY**

(Dollars in thousands, except per share data)

	Common Stock	Capital in Excess of Par Value	Retained Earnings (Deficit)	Other Compre- hensive Income (Loss)	Treasury Stock	Total Stock- holders Equity
Balance December 31, 2007	\$ 1,851	\$ 966,544	\$ 766,536	\$ (419,284)	\$ (101,228)	\$ 1,214,419
(Unaudited)						
Net Income			176,094			176,094
Treasury Rate Lock (Net of (\$31) tax)				(35)		(35)
Amortization of Prior Service Costs and Actuarial Loss (Net of (\$106) tax)				(173)		(173)
Minority Interest in Other Comprehensive Income and Stock-based Compensation of Gas				27,667		27,667
Gas Cash Flow Hedge (Net of (\$96,703) tax)				(150,877)		(150,877)
Comprehensive Income (Loss)			176,094	(123,418)		52,676