

CONSOL ENERGY INC
Form 10-Q
August 01, 2007
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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, 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 Number: 001-14901

CONSOL Energy Inc.

(Exact Name of Registrant as Specified in Its Charter)

Delaware
(State or Other Jurisdiction of

51-0337383
(IRS Employer Identification No.)

Incorporation or Organization)

1800 Washington Road

Pittsburgh, Pennsylvania
(Address of Principal Executive Offices)

15241
(Zip Code)

(412) 831-4000

(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.

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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. (Check one):

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

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 20, 2007
Common stock, \$0.01 par value	182,409,940

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Table of Contents**PART I****FINANCIAL INFORMATION****ITEM 1. CONDENSED FINANCIAL STATEMENTS
CONSOL ENERGY INC. AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF INCOME****(Unaudited)****(Dollars in thousands, except per share data)**

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2007	2006	2007	2006
Sales Outside	\$ 879,300	\$ 824,234	\$ 1,712,427	\$ 1,693,251
Sales Gas Royalty Interests	14,484	12,686	26,666	28,493
Sales Purchased Gas	1,317	9,778	2,476	32,130
Freight Outside	43,667	37,689	87,300	74,768
Other Income	121,230	47,876	146,314	89,509
Total Revenue and Other Income	1,059,998	932,263	1,975,183	1,918,151
Cost of Goods Sold and Other				
Operating Charges (exclusive of depreciation, depletion and amortization shown below)	591,157	537,393	1,110,406	1,072,325
Gas Royalty Interests Costs	12,500	10,235	23,138	23,619
Purchased Gas Costs	1,473	9,986	2,492	32,751
Freight Expense	43,667	37,689	87,300	74,768
Selling, General and Administrative Expense	26,539	21,911	52,548	41,991
Depreciation, Depletion and Amortization	75,689	74,448	152,478	146,264
Interest Expense	6,174	6,253	13,437	12,106
Taxes Other Than Income	62,474	66,156	130,752	138,156
Total Costs	819,673	764,071	1,572,551	1,541,980
Earnings Before Income Taxes and Minority Interest	240,325	168,192	402,632	376,171
Income Taxes	79,524	50,632	122,458	115,359
Earnings Before Minority Interest	160,801	117,560	280,174	260,812
Minority Interest	(7,684)	(7,066)	(13,795)	(15,562)
Net Income	\$ 153,117	\$ 110,494	\$ 266,379	\$ 245,250
Basic Earnings Per Share	\$ 0.84	\$ 0.60	\$ 1.46	\$ 1.33
Dilutive Earnings Per Share	\$ 0.83	\$ 0.59	\$ 1.44	\$ 1.32

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Weighted Average Number of Common Shares

Outstanding:

Basic	182,195,390	183,286,425	182,282,857	183,775,190
Dilutive	185,000,122	185,820,234	184,788,415	186,156,863
Dividends Paid Per Share	\$ 0.07	\$ 0.07	\$ 0.14	\$ 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, 2007	December 31, 2006
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 306,505	\$ 223,883
Accounts and Notes Receivable:		
Trade	293,648	303,175
Other Receivables	47,358	51,890
Inventories	164,305	149,307
Deferred Income Taxes	123,292	117,231
Recoverable Income Taxes		1,278
Prepaid Expenses	50,423	67,732
Total Current Assets	985,531	914,496
Property, Plant and Equipment:		
Property, Plant and Equipment	8,152,659	7,849,936
Less Accumulated Depreciation, Depletion and Amortization	3,901,792	3,809,649
Total Property, Plant and Equipment Net	4,250,867	4,040,287
Other Assets:		
Deferred Income Taxes	487,339	507,996
Investment in Affiliates	89,192	84,219
Other	99,816	116,334
Total Other Assets	676,347	708,549
TOTAL ASSETS	\$ 5,912,745	\$ 5,663,332

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, 2007	December 31, 2006
LIABILITIES AND STOCKHOLDERS EQUITY		
Current Liabilities:		
Accounts Payable	\$ 173,248	\$ 225,060
Current Portion of Long-Term Debt	14,923	59,518
Accrued Income Taxes	20,071	
Other Accrued Liabilities	470,912	455,546
Total Current Liabilities	679,154	740,124
Long-Term Debt:		
Long-Term Debt	397,415	391,983
Capital Lease Obligations	95,860	100,762
Total Long-Term Debt	493,275	492,745
Deferred Credits and Other Liabilities:		
Postretirement Benefits Other Than Pensions	2,256,213	2,252,115
Pneumoconiosis Benefits	188,940	184,424
Mine Closing	391,330	389,896
Workers Compensation	133,000	121,337
Deferred Revenue	6,022	13,106
Salary Retirement	114,292	113,944
Reclamation	28,235	26,461
Other	169,361	127,370
Total Deferred Credits and Other Liabilities	3,287,393	3,228,653
Minority Interest	150,962	135,659
Total Liabilities and Minority Interest	4,610,784	4,597,181
Stockholders Equity:		
Common Stock, \$.01 par value; 500,000,000 Shares Authorized, 185,126,526 Issued and 182,323,255 Outstanding at June 30, 2007; 185,126,526 Issued and 182,654,629 Outstanding at December 31, 2006	1,851	1,851
Preferred Stock, 15,000,000 Shares Authorized; None Issued and Outstanding		
Capital in Excess of Par Value	941,656	921,881
Retained Earnings	829,886	600,541
Other Comprehensive Loss	(376,868)	(375,717)
Common Stock in Treasury, at Cost 2,803,271 Shares at June 30, 2007 and 2,471,897 Shares at December 31, 2006	(94,564)	(82,405)
Total Stockholders Equity	1,301,961	1,066,151
TOTAL LIABILITIES AND STOCKHOLDERS EQUITY	\$ 5,912,745	\$ 5,663,332

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

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CONSOL ENERGY INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS 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, 2006	\$ 1,851	\$ 921,881	\$ 600,541	\$ (375,717)	\$ (82,405)	\$ 1,066,151
(Unaudited)						
Net Income			266,379			266,379
Treasury Rate Lock (Net of \$26 tax)				(41)		(41)
Amortization of Prior Service Costs and Actuarial Gains (Loss) (Net of \$906 tax)				(1,818)		(1,818)
Pension Settlement Accounting (Net of \$1,062 tax)				2,132		2,132
Minority Interest in Other Comprehensive Income and Stock-based Compensation of Gas				263		263
Gas Cash Flow Hedge (Net of \$1,399 tax)						