

CONSOL ENERGY INC
Form 10-Q/A
February 05, 2004

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

FORM 10-Q/A

(Amendment No. 1)

(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, 2003 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)

51-0337383

(IRS Employer Identification No.)

**1800 Washington Road, Pittsburgh, Pennsylvania
15241**

(Address of principal executive offices, including 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 an accelerated filer (as defined in Rule 12b-2 of the Exchange Act).

Yes No

As of July 31, 2003, there were 78,784,883 shares of Common Stock, \$.01 par value, outstanding.

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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 June 30,		Six Months Ended June 30,	
	2003	2002	2003	2002
Sales - Outside	\$ 511,235	\$ 482,073	\$ 1,017,795	\$ 987,275
Sales - Related Parties		815	1,369	819
Freight - Outside	25,580	33,699	57,608	70,131
Freight - Related Parties		549	562	549
Other Income	19,703	15,530	38,993	23,901
Total Revenue and Other Income	556,518	532,666	1,116,327	1,082,675
Cost of Goods Sold and Other Operating Charges	383,691	362,511	791,562	725,421
Freight Expense	25,580	34,248	58,170	70,680
Selling, General and Administrative Expense	19,389	17,195	36,473	33,852
Depreciation, Depletion and Amortization	62,293	65,801	122,999	132,258
Interest Expense	8,490	11,848	17,966	21,985
Taxes Other Than Income	42,420	42,867	85,562	93,592
Export Sales Excise Tax Resolution	(614)	(1,037)	(614)	(1,037)
Total Costs	541,249	533,433	1,112,118	1,076,751
Earnings (Loss) Before Income Taxes	15,269	(767)	4,209	5,924
Income Tax Expense (Benefit)	4,710	(9,794)	(9,739)	(8,604)
Earnings Before Cumulative Effect of Change in Accounting Principle	10,559	9,027	13,948	14,528
Cumulative Effect of Changes in Accounting for Mine Closing, Reclamation and Gas Well Closing Costs, net of Income Taxes of \$3,035			4,768	
Net Income	\$ 10,559	\$ 9,027	\$ 18,716	\$ 14,528
Basic Earnings Per Share	\$ 0.13	\$ 0.11	\$ 0.24	\$ 0.18
Dilutive Earnings Per Share	\$ 0.13	\$ 0.11	\$ 0.24	\$ 0.18
Weighted Average Number of Common Shares Outstanding:				

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Basic	<u>78,759,875</u>	<u>78,722,778</u>	<u>78,754,557</u>	<u>78,714,967</u>
Dilutive	<u>79,104,915</u>	<u>78,935,017</u>	<u>78,960,438</u>	<u>78,921,664</u>
Dividends Paid Per Share	<u>\$ 0.14</u>	<u>\$ 0.28</u>	<u>\$ 0.28</u>	<u>\$ 0.56</u>

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

CONSOL ENERGY INC. AND SUBSIDIARIESCONSOLIDATED BALANCE SHEETS
(Dollars in thousands, except per share data)

	(Unaudited)	DECEMBER 31,
	JUNE 30,	2002
	2003	2002
	<u> </u>	<u> </u>
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 13,967	\$ 11,517
Accounts and Notes Receivable:		
Trade	170,400	205,891
Other Receivables	81,953	127,226
Inventories	129,298	135,621
Deferred Income Taxes	89,077	92,236
Recoverable Income Taxes	14,542	21,935
Prepaid Expenses	29,974	28,411
	<u> </u>	<u> </u>
Total Current Assets	529,211	622,837
Property, Plant and Equipment:		
Property, Plant and Equipment	5,365,207	5,257,456
Less - Accumulated Depreciation, Depletion and Amortization	2,714,369	2,651,233
	<u> </u>	<u> </u>
Total Property, Plant and Equipment - Net	2,650,838	2,606,223
Other Assets:		
Deferred Income Taxes	442,604	420,718
Intangible Assets, Net	381,485	388,362
Investment in Affiliates	81,573	135,362
Other	115,312	119,658
	<u> </u>	<u> </u>
Total Other Assets	1,020,974	1,064,100
	<u> </u>	<u> </u>
TOTAL ASSETS	\$ 4,201,023	\$ 4,293,160
	<u> </u>	<u> </u>

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

CONSOL ENERGY INC. AND SUBSIDIARIESCONSOLIDATED BALANCE SHEETS
(Dollars in thousands, except per share data)

	(Unaudited) JUNE 30, 2003	DECEMBER 31, 2002
	<u> </u>	<u> </u>
<u>LIABILITIES AND STOCKHOLDERS EQUITY</u>		
Current Liabilities:		
Accounts Payable	\$ 109,973	\$ 151,371
Short-Term Notes Payable	28,357	204,545
Current Portion of Long-Term Debt	52,704	8,615
Other Accrued Liabilities	540,463	449,902
	<u> </u>	<u> </u>
Total Current Liabilities	731,497	814,433
Long-Term Debt:		
Long-Term Debt	442,837	485,535
Capital Lease Obligations	1,934	2,896
	<u> </u>	<u> </u>
Total Long-Term Debt	444,771	488,431
Deferred Credits and Other Liabilities:		
Postretirement Benefits Other Than Pensions	1,450,458	1,437,987
Pneumoconiosis Benefits	449,273	455,436
Mine Closing	364,050	332,920
Workers Compensation	255,125	261,250
Deferred Revenue	80,715	102,400
Salary Retirement	113,335	91,474
Reclamation	11,190	5,812
Other	150,039	140,970
	<u> </u>	<u> </u>
Total Deferred Credits and Other Liabilities	2,874,185	2,828,249
Stockholders Equity:		
Common Stock, \$.01 par value; 500,000,000 Shares Authorized, 80,267,558 Issued; and 78,769,133 Outstanding at June 30, 2003, and 78,749,001 Outstanding at December 31, 2002	803	803
Preferred Stock, 15,000,000 Shares Authorized; None Issued and Outstanding		
Capital in Excess of Par Value	643,907	643,787
Retained Earnings (Deficit)	(375,353)	(372,017)
Other Comprehensive Loss	(101,859)	(93,370)
Common Stock in Treasury, at Cost - 1,498,425 Shares at June 30, 2003 and 1,518,557 Shares at December 31, 2002	(16,928)	(17,156)
	<u> </u>	<u> </u>
Total Stockholders Equity	150,570	162,047
	<u> </u>	<u> </u>
TOTAL LIABILITIES AND STOCKHOLDERS EQUITY	\$ 4,201,023	\$ 4,293,160
	<u> </u>	<u> </u>

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

CONSOL ENERGY INC. AND SUBSIDIARIESCONSOLIDATED STATEMENTS OF STOCKHOLDERS EQUITY

(Dollars in thousands, except per share data)

	<u>Common Stock</u>	<u>Capital in Excess of Par Value</u>	<u>Retained Earnings (Deficit)</u>	<u>Other Comprehensive Income (Loss)</u>	<u>Treasury Stock</u>	<u>Total Stockholders Equity</u>
Balance - December 31, 2002	\$ 803	\$ 643,787	\$ (372,017)	\$ (93,370)	\$ (17,156)	\$ 162,047
(Unaudited)						
Net Income			18,716			18,716
Minimum Pension Liability (Net of \$3,136 tax)				(5,825)		(5,825)
Treasury Rate Lock (Net of \$26 tax)				(41)		(41)
Interest Rate Swap Contract (Net of \$133 tax)				(208)		(208)
Gas Cash Flow Hedge (Net of \$1,537 tax)				(2,415)		(2,415)
Comprehensive Income (Loss)			18,716	(8,489)		10,227
Treasury Stock Issued (20,132 shares)		120			228	348
Dividends (\$.28 per share)			(22,052)			(22,052)
Balance - June 30, 2003	\$ 803	\$ 643,907	\$ (375,353)	\$ (101,859)	\$ (16,928)	\$ 150,570

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

CONSOL ENERGY INC. AND SUBSIDIARIESCONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

(Dollars in thousands)

	Six Months Ended June 30,	
	2003	2002
<i>Operating Activities:</i>		
Net Income	\$ 18,716	\$ 14,528
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Cumulative Effect of Change in Accounting Principle, net of tax	(4,768)	
Depreciation, Depletion and Amortization	122,999	132,258
Gain on the Sale of Assets	(17,403)	(2,126)
Amortization of Advance Mining Royalties	1,424	4,940
Deferred Income Taxes	(15,638)	(19,797)
Equity in Earnings of Affiliates	5,077	2,589
Changes in Operating Assets:		
Accounts Receivable Securitization	50,000	
Accounts and Notes Receivable	30,402	4,817
Inventories	1,104	(87,807)
Prepaid Expenses	(4,782)	(2,121)
Changes in Other Assets	3,601	3,137
Changes in Operating Liabilities:		