

MCDERMOTT INTERNATIONAL INC  
Form 10-Q  
May 12, 2008

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

(Mark One)

F O R M 1 0 - Q

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

For the quarterly period ended March 31, 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 No. 001-08430

MCDERMOTT INTERNATIONAL, INC.

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(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, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting

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company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer  (Do not check if a smaller reporting company)

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

The number of shares of the registrant's common stock outstanding at April 30, 2008 was 226,465,342.

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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

## ASSETS

	March 31, 2008 (Unaudited)	December 31, 2007
(In thousands)		
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 800,600	\$ 1,001,394
Restricted cash and cash equivalents (Note 1)	79,347	64,786
Investments	348,186	300,092
Accounts receivable – trade, net	817,577	770,024
Accounts and notes receivable – unconsolidated affiliates	3,328	2,303
Accounts receivable – other	100,078	71,162
Contracts in progress	212,917	194,292
Inventories (Note 1)	108,098	95,208
Deferred income taxes	143,123	160,783
Other current assets	109,079	97,456
<b>Total Current Assets</b>	<b>2,722,333</b>	<b>2,757,500</b>
Property, Plant and Equipment	2,031,973	2,004,138
Less accumulated depreciation	1,101,097	1,090,400
<b>Net Property, Plant and Equipment</b>	<b>930,876</b>	<b>913,738</b>
Investments	200,807	162,069
Goodwill	165,212	158,533
Deferred Income Taxes	132,014	134,292
Investments in Unconsolidated Affiliates	69,238	62,241
Other Assets	231,585	223,113
<b>TOTAL</b>	<b>\$ 4,452,065</b>	<b>\$ 4,411,486</b>

See accompanying notes to condensed consolidated financial statements.

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McDERMOTT INTERNATIONAL, INC.  
CONDENSED CONSOLIDATED BALANCE SHEETS

LIABILITIES AND STOCKHOLDERS' EQUITY

	March 31, 2008 (Unaudited)	December 31, 2007
	(In thousands)	
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current Liabilities:		
Notes payable and current maturities of long-term debt	\$ 6,771	\$ 6,599
Accounts payable	453,757	455,659
Accrued employee benefits	264,503	343,812
Accrued liabilities – other	223,375	175,557
Accrued contract cost	117,534	93,281
Advance billings on contracts	1,379,739	1,463,223
Accrued warranty expense	105,726	101,330
Income taxes payable	53,267	57,071
<b>Total Current Liabilities</b>	<b>2,604,672</b>	<b>2,696,532</b>
<b>Long-Term Debt</b>	<b>6,368</b>	<b>10,609</b>
<b>Accumulated Postretirement Benefit Obligation</b>	<b>93,791</b>	<b>96,253</b>
<b>Self-Insurance</b>		