

MCDERMOTT INTERNATIONAL INC

Form 10-K/A

April 14, 2004

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

**FORM 10 K/A-2**

(Mark One)

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

For the fiscal year ended December 31, 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 001-08430

**McDERMOTT INTERNATIONAL, INC.**

(Exact name of registrant as specified in its charter)

REPUBLIC OF PANAMA

72-0593134

(State or Other Jurisdiction of Incorporation or Organization)

(I.R.S. Employer Identification No.)

1450 POYDRAS STREET  
NEW ORLEANS, LOUISIANA

70112-6050

(Address of Principal Executive Offices)

(Zip Code)

Registrant's Telephone Number, Including Area Code (504) 587-5400

Securities Registered Pursuant to Section 12(b) of the Act:

**Title of each class**

**Name of each Exchange on which registered**

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Common Stock, \$1.00 par value

New York Stock Exchange

Rights to Purchase Preferred Stock  
(Currently Traded with Common Stock)

New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Securities Exchange Act of 1934). YES  NO

The aggregate market value of the registrant's common stock held by nonaffiliates of the registrant on the last business day of the registrant's most recently completed second fiscal quarter (based on the closing sales price on the New York Stock Exchange on June 30, 2003), was approximately \$408,664,534.

The aggregate market value of the registrant's common stock held by nonaffiliates of the registrant was \$693,977,249 as of January 30, 2004.

The number of shares of the registrant's common stock outstanding at January 30, 2004 was 66,177,449.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's Proxy Statement to be filed with the Securities and Exchange Commission pursuant to Regulation 14A under the Securities Exchange Act of 1934 in connection with the registrant's 2004 Annual Meeting of Stockholders are incorporated by reference into Part III hereof.

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McDERMOTT INTERNATIONAL, INC.

INDEX TO FINANCIAL STATEMENT SCHEDULES AND EXHIBITS

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Financial Statement Schedule Covered by Reports of Independent Auditors: <u>V Supplemental Information Concerning Property-Casualty Insurance Operations</u>	4
All schedules other than the above have been omitted because they have been previously filed, are not required or the information is included in the Consolidated Financial Statements or Notes thereto.	
<u>Signature of Registrant</u>	5
<u>Consent of Independent Accountants</u>	



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**REPORT OF INDEPENDENT AUDITORS ON FINANCIAL STATEMENT SCHEDULES**

To the Board of Directors and Stockholders of  
McDermott International, Inc.

We have audited the consolidated financial statements of McDermott International, Inc. (the Company) as of December 31, 2003 and 2002, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2003, and have issued our report thereon dated March 15, 2004. Our report includes an emphasis of matter paragraph referring to Notes 1, 20 and 21 of the consolidated financial statements which discusses The Babcock & Wilcox Company's (B&W), a wholly owned subsidiary of the Company, voluntary petition with the U.S. Bankruptcy Court to reorganize under Chapter 11 of the U.S. Bankruptcy Code as well as the preliminary settlement agreement and proposed consensual plan of reorganization filed with the U.S. Bankruptcy Court to resolve the Chapter 11 filing and other matters. In addition, the emphasis of matter paragraph refers to Notes 12 and 21 of the consolidated financial statements which discuss significant operating losses incurred by J. Ray McDermott, S.A. (JRM), a wholly owned subsidiary of the Company, on certain construction projects which have negatively impacted the Company's results of operations and liquidity, and raise substantial doubt about JRM's ability to continue as a going concern. Our audit also included Schedule V - Supplementary Information Concerning Property-Casualty Operations. In our opinion, this financial statement schedule presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements.

PricewaterhouseCoopers LLP  
New Orleans, Louisiana  
March 15, 2004

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Schedule V

**McDERMOTT INTERNATIONAL, INC.**  
**SUPPLEMENTARY INFORMATION CONCERNING PROPERTY-CASUALTY INSURANCE**  
**OPERATIONS**  
**(In thousands)**

*Consolidated Property-Casualty Entities*

	Reserves for Unpaid Claims And Claim Adjustment Expenses	Earned Premiums	Net Investment Income	Claims and Claim Adjustment Expenses Incurred		Paid Claims and Claim Adjustment Expenses	Premiums Written
				Related to			
				Current Year	Prior Year		
For the Year Ended:							
December 31, 2003	\$ 73,333	\$20,183	\$2,447	\$19,651	\$ (9,577)	\$16,096	\$20,183
December 31, 2002	\$ 79,959	\$ 8,925	\$4,359	\$22,565	\$(14,035)	\$11,217	\$ 8,925
December 31, 2001	\$ 92,110	\$11,755	\$8,211	\$18,552	\$(18,717)	\$13,107	\$11,755

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SIGNATURE OF THE REGISTRANT

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this amendment to be signed on its behalf by the undersigned, thereunto duly authorized.

McDERMOTT  
INTERNATIONAL, INC.

/s/ Francis S. Kalman

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By: Francis S. Kalman  
Executive Vice President  
and  
Chief Financial Officer  
(Principal Financial Officer)

April 14, 2004

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EXHIBIT INDEX

**Exhibit  
Number**

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23.1 Consent of Independent Accountants

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