

ITT Corp
Form 10-Q
November 02, 2012
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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 September 30, 2012
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: 1-5672**

ITT CORPORATION

State of Indiana

(State or Other Jurisdiction)

of Incorporation or Organization)

13-5158950

(I.R.S. Employer

Identification Number)

1133 Westchester Avenue, White Plains, NY 10604

(Principal Executive Office)

Telephone Number: (914) 641-2000

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 and (2) has been subject to such filing requirements for the past 90 days. Yes No

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Indicate by check mark whether the registrant has submitted electronically and posted on its web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). 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 company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company
(Do not check if a 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

As of October 23, 2012, there were outstanding 92.7 million shares of common stock (\$1 par value per share) of the registrant.

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ITT CORPORATION AND SUBSIDIARIES

PART I. FINANCIAL INFORMATION**Item 1. FINANCIAL STATEMENTS****CONSOLIDATED CONDENSED INCOME STATEMENTS (UNAUDITED)**

(IN MILLIONS, EXCEPT PER SHARE AMOUNTS)

For the Periods Ended September 30	Three Months		Nine Months	
	2012	2011	2012	2011
Revenue	\$ 555.9	\$ 515.9	\$ 1,700.3	\$ 1,601.4
Costs of revenue	387.1	360.7	1,184.9	1,102.1
Gross profit	168.8	155.2	515.4	499.3
Sales and marketing expenses	42.6	43.6	137.7	128.9
General and administrative expenses	58.2	28.0	150.1	120.5
Research and development expenses	15.7	15.8	49.5	49.3
Asbestos-related costs, net	12.8	59.3	35.1	90.8
Transformation costs	2.6	19.8	11.9	84.2
Operating income (loss)	36.9	(11.3)	131.1	25.6
Interest and non-operating (income) expenses, net	(5.1)	22.5	(0.1)	66.1
Income (loss) from continuing operations before income tax (benefit) expense	42.0	(33.8)	131.2	(40.5)
Income tax (benefit) expense	(18.8)	(4.3)	43.5	(8.2)
Income (loss) from continuing operations	60.8	(29.5)	87.7	(32.3)
Income from discontinued operations, including tax (benefit) expense of \$(1.8), \$41.2, \$(2.1) and \$172.8, respectively	12.2	138.0	5.3	431.8
Net income	\$ 73.0	\$ 108.5	\$ 93.0	\$ 399.5
Earnings (Loss) Per Share:				
Basic:				
Continuing operations	\$ 0.66	\$ (0.32)	\$ 0.94	\$ (0.35)
Discontinued operations	0.13	1.49	0.06	4.66
Net income	\$ 0.79	\$ 1.17	\$ 1.00	\$ 4.31
Diluted:				
Continuing operations	\$ 0.65	\$ (0.32)	\$ 0.93	\$ (0.35)
Discontinued operations	0.13	1.49	0.06	4.66
Net income	\$ 0.78	\$ 1.17	\$ 0.99	\$ 4.31
Weighted average common shares basic	92.5	92.7	93.2	92.6
Weighted average common shares diluted	93.5	92.7	94.3	92.6
Cash dividends declared per common share	\$ 0.091	\$ 0.50	\$ 0.273	\$ 1.50

The accompanying Notes to Consolidated Condensed Financial Statements are an integral part of the above income statements.

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ITT CORPORATION AND SUBSIDIARIES

CONSOLIDATED CONDENSED STATEMENTS OF COMPREHENSIVE INCOME**(UNAUDITED)**

(IN MILLIONS)

FOR THE PERIODS ENDED SEPTEMBER 30	Three Months		Nine Months	
	2012	2011	2012	2011
Net income	\$ 73.0	\$ 108.5	\$ 93.0	\$ 399.5
Other comprehensive income:				
Net foreign currency translation adjustment	12.9	(194.0)	(2.6)	(19.1)
Net change in postretirement benefit plans, net of tax impacts of \$0.0, \$340.9, \$0.0 and \$317.2, respectively	2.9	(584.6)	17.3	(545.0)
Net change in unrealized gains on investment securities, net of tax impacts of \$0.0, \$0.5, \$0.0 and \$7.1, respectively		(0.8)		(11.7)
Other comprehensive income (loss)	15.8	(779.4)	14.7	(575.8)
Comprehensive income (loss)	\$ 88.8	\$ (670.9)	\$ 107.7	\$ (176.3)
Disclosure of reclassification adjustments:				
Net change in postretirement benefit plans, net of tax:				
Amortization of prior service costs, net of tax benefit of \$0.0, \$0.2, \$0.0 and \$0.7, respectively	\$ 0.2	\$ 0.4	\$ 0.6	\$ 1.2
Amortization of net actuarial loss, net of tax benefit of \$0.0, \$11.4, \$0.0 and \$34.6, respectively	2.7	20.1	7.8	58.9
Prior service cost recognized from curtailment, net of tax benefit of \$0.8		1.4		1.4
Unrealized change in net actuarial loss, net of tax benefit of \$353.3		(606.5)	8.9	(606.5)
Net change in postretirement benefit plans, net of tax	\$ 2.9	\$ (584.6)	\$ 17.3	\$ (545.0)
Net change in unrealized gains on investment securities, net of tax:				
Unrealized losses arising during period, net of tax benefit of \$0.0, \$0.5, \$0.0 and \$1.0, respectively	\$	\$ (0.8)	\$	\$ (1.6)
Gains realized during the period, net of tax expense of \$0.0, \$0.0, \$0.0 and \$6.1, respectively				(10.1)
Net change in unrealized gains on investment securities, net of tax	\$	\$ (0.8)	\$	\$ (11.7)

The accompanying Notes to Consolidated Condensed Financial Statements are an integral part of the above statements of comprehensive income.

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ITT CORPORATION AND SUBSIDIARIES

CONSOLIDATED CONDENSED BALANCE SHEETS

(IN MILLIONS, EXCEPT PER SHARE AMOUNTS)

	September 30, 2012 (Unaudited)	December 31, 2011
Assets		
Current assets:		
Cash and cash equivalents	\$ 762.0	\$ 689.9
Receivables, net	458.2	396.1
Inventories, net	268.7	253.9
Other current assets	225.6	421.8
Total current assets	1,714.5	1,761.7
Plant, property and equipment, net	323.9	324.1