

FMC CORP  
Form 10-Q  
May 05, 2011  
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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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FORM 10-Q

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Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934  
For the quarterly period ended March 31, 2011  
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 1-2376

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FMC CORPORATION  
(Exact name of registrant as specified in its charter)

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Delaware 94-0479804  
(State or other jurisdiction of (I.R.S. Employer  
incorporation or organization) Identification No.)

1735 Market Street 19103  
Philadelphia, Pennsylvania (Zip Code)  
(Address of principal executive offices)  
Registrant's telephone number, including area code: 215-299-6000

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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 HAS SUBMITTED ELECTRONICALLY AND POSTED ON ITS CORPORATE WEBSITE, 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

INDICATE BY CHECK MARK WHETHER THE REGISTRANT IS A SHELL COMPANY (AS DEFINED IN RULE 12B-2 OF THE EXCHANGE ACT) YES  NO

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INDICATE THE NUMBER OF SHARES OUTSTANDING OF EACH OF THE ISSUER'S CLASSES OF COMMON STOCK, AS OF THE LATEST PRACTICABLE DATE

Class	Outstanding at March 31, 2011
Common Stock, par value \$0.10 per share	71,740,377

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## PART I - FINANCIAL INFORMATION

## ITEM 1. FINANCIAL STATEMENTS

FMC CORPORATION AND CONSOLIDATED SUBSIDIARIES  
CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(in Millions, Except Per Share Data)	Three Months Ended March 31,	
	2011	2010
	(unaudited)	
Revenue	\$795.0	\$756.5
Costs and Expenses		
Costs of sales and services	506.9	489.5
Selling, general and administrative expenses	105.9	90.9
Research and development expenses	22.7	23.5
Restructuring and other charges (income)	4.5	16.7
Total costs and expenses	640.0	620.6
Income from continuing operations before equity in (earnings) loss of affiliates, interest expense, net and income taxes	155.0	135.9
Equity in (earnings) loss of affiliates	(0.9	) (0.9
Interest expense, net	9.9	10.0
Income from continuing operations before income taxes	146.0	126.8
Provision for income taxes	40.6	40.7
Income from continuing operations	105.4	86.1
Discontinued operations, net of income taxes	(8.0	) (5.7
Net income	97.4	80.4
Less: Net income attributable to noncontrolling interests	3.4	3.0
Net income attributable to FMC stockholders	\$94.0	\$77.4
Amounts attributable to FMC stockholders:		
Continuing operations, net of income taxes	\$102.0	\$83.1
Discontinued operations, net of income taxes	(8.0	) (5.7
Net income	\$94.0	\$77.4
Basic earnings (loss) per common share attributable to FMC stockholders:		
Continuing operations	\$1.42	\$1.14
Discontinued operations	(0.11	) (0.08
Net income	\$1.31	\$1.06
Diluted earnings (loss) per common share attributable to FMC stockholders:		
Continuing operations	\$1.41	\$1.14
Discontinued operations	(0.11	) (0.08
Net income	\$1.30	\$1.06

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

Table of ContentsFMC CORPORATION AND CONSOLIDATED SUBSIDIARIES  
CONDENSED CONSOLIDATED BALANCE SHEETS

(in Millions, Except Share and Par Value Data)	March 31, 2011 (unaudited)	December 31, 2010
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$86.0	\$161.5
Trade receivables, net of allowance of \$21.8 at March 31, 2011 and \$21.7 at December 31, 2010	973.9	852.9
Inventories	379.6	347.8
Prepaid and other current assets	185.8	175.3
Deferred income taxes	92.2	108.7
Total current assets	1,717.5	1,646.2
Investments	23.8	22.4
Property, plant and equipment, net	938.8	918.5
Goodwill	206.4	194.4
Other assets	234.7	223.7
Deferred income taxes	295.0	314.7
Total assets	\$3,416.2	\$3,319.9
<b>LIABILITIES AND EQUITY</b>		
Current liabilities		
Short-term debt	\$9.4	\$18.5
Current portion of long-term debt	119.7	116.4
Accounts payable, trade and other	351.2	389.3
Accrued and other liabilities	199.9	223.0
Accrued payroll	37.3	66.3
Accrued customer rebates	147.2	100.9
Guarantees of vendor financing	20.8	24.1
Accrued pension and other postretirement benefits, current	9.4	9.5
Income taxes	11.4	15.4
Total current liabilities	906.3	963.4
Long-term debt, less current portion	533.9	503.0
Accrued pension and other postretirement benefits, long-term	287.9	307.5
Environmental liabilities, continuing and discontinued	209.1	209.9
Reserve for discontinued operations	40.6	38.6
Other long-term liabilities	121.0	108.3
Commitments and contingent liabilities (Note 17)		
Equity		
Preferred stock, no par value, authorized 5,000,000 shares; no shares issued in 2011 or 2010	—	—
Common stock, \$0.10 par value, authorized 130,000,000 shares in 2011 and 2010; 92,991,896 issued shares at March 31, 2011 and December 31, 2010, respectively	9.3	9.3
Capital in excess of par value of common stock	451.2	443.6
Retained earnings	1,936.3	1,853.0
Accumulated other comprehensive income (loss)	(277.7)	(311.7)
Treasury stock, common, at cost: 21,251,519 shares at March 31, 2011 and 21,506,052 shares at December 31, 2010	(857.4)	(862.7)

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Total FMC stockholders' equity	1,261.7	1,131.5
Noncontrolling interests	55.7	57.7
Total equity	1,317.4	1,189.2
Total liabilities and equity	\$3,416.2	\$3,319.9

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

Table of ContentsFMC CORPORATION AND CONSOLIDATED SUBSIDIARIES  
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(in Millions)	Three Months Ended March 31,	
	2011	2010
	(unaudited)	
Cash provided (required) by operating activities of continuing operations:		
Net income	\$97.4	\$80.4
Discontinued operations	8.0	5.7
Income from continuing operations	\$105.4	\$86.1
Adjustments from income from continuing operations to cash provided (required) by operating activities of continuing operations:		
Depreciation and amortization	30.4	33.9
Equity in (earnings) loss of affiliates	(0.9	) (0.9
Restructuring and other charges (income)	4.5	16.7
Deferred income taxes	35.6	36.8
Pension and other postretirement benefits	9.7	7.7
Share-based compensation	5.3	4.2
Excess tax benefits from share-based compensation	(4.8	) —
Changes in operating assets and liabilities, net of effect of acquisitions and divestitures:		
Trade receivables, net	(113.9	) (148.3
Guarantees of vendor financing	(3.3	) 7.2
Inventories	(25.0	) (6.9
Other current assets and other assets	(3.4	) (21.0
Accounts payable	(44.4	) (14.0
Accrued and other current liabilities and other liabilities	(11.8	) 12.7
Accrued payroll	(29.1	) (15.1
Accrued customer rebates	45.8	31.2
Income taxes	(2.8	) 3.9
Accrued pension and other postretirement benefits, net	(20.5	) (14.1
Environmental spending, continuing, net of recoveries	(2.1	) (1.9
Restructuring and other spending	(25.4	) (19.6
Cash provided (required) by operating activities	(50.7	) (1.4
Cash provided (required) by operating activities of discontinued operations:		
Environmental spending, discontinued, net of recoveries	(5.2	) (1.8
Payments of other discontinued reserves	(3.7	) (4.5
Cash provided (required) by operating activities of discontinued operations	(8.9	) (6.3
The accompanying notes are an integral part of these condensed consolidated financial statements.		

Table of ContentsFMC CORPORATION AND CONSOLIDATED SUBSIDIARIES  
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

(in Millions)	Three Months Ended March 31,	
	2011	2010
	(unaudited)	
Cash provided (required) by investing activities:		
Capital expenditures	\$(30.4	) \$(31.0
Proceeds from disposal of property, plant and equipment	0.2	1.2
Other investing activities	(2.3	) (0.7
Cash provided (required) by investing activities	(32.5	) (30.5
Cash provided (required) by financing activities:		
Net borrowings (repayments) under committed credit facilities	40.0	58.9
Increase (decrease) in short-term debt	(9.5	) (0.2
Repayments of long-term debt	(7.6	) (1.1
Distributions to noncontrolling interests	(5.8	) (2.6
Issuances of common stock, net	6.7	4.2
Excess tax benefits from share-based compensation	4.8	—
Dividends paid	(9.0	) (9.1
Repurchases of common stock	(3.6	) (1.4
Cash provided (required) by financing activities	16.0	48.7
Effect of exchange rate changes on cash and cash equivalents	0.6	(0.4
Increase (decrease) in cash and cash equivalents	(75.5	) 10.1
Cash and cash equivalents, beginning of period	161.5	76.6
Cash and cash equivalents, end of period	\$86.0	\$86.7

Supplemental disclosure of cash flow information: Cash paid for interest was \$7.2 million and \$7.2 million, and income taxes paid, net of refunds were \$5.2 million and \$2.8 million for the three months ended March 31, 2011 and 2010, respectively.

See Note 13 regarding quarterly cash dividend.

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



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Notes to Condensed Consolidated Financial Statements (unaudited)

## Note 1: Financial Information and Accounting Policies

In our opinion the condensed consolidated financial statements have been prepared in conformity with U.S. generally accepted accounting principles (“GAAP”) applicable to interim period financial statements and reflect all adjustments necessary for a fair statement of results of operations and cash flows for the three months ended March 31, 2011 and 2010, and our financial position as of March 31, 2011. All such adjustments are of a normal recurring nature. The results of operations for the three months ended March 31, 2011 and 2010 are not necessarily indicative of the results of operations for the full year. The condensed consolidated balance sheets as of March 31, 2011 and December 31, 2010, and the related condensed consolidated statements of income for the three months ended March 31, 2011 and 2010, and condensed consolidated statements of cash flows for the three months ended March 31, 2011 and 2010, have been reviewed by our independent registered public accountants. The review is described more fully in their report included herein.

Our accounting policies are set forth in detail in Note 1 to the consolidated financial statements included with our Annual Report on Form 10-K filed with the Securities and Exchange Commission for the year ended December 31, 2010 (the “2010 10-K”).

## Note 2: Recently Issued and Adopted Accounting Pronouncements and Regulatory Items

## Accounting guidance and regulatory items adopted in 2011

## Multiple Deliverable Revenue Arrangements

In October 2009, the Financial Accounting Standards Board (“FASB”) amended its guidance regarding the criteria for when to evaluate individual delivered items in a multiple deliverable arrangement and how to allocate consideration received. We adopted this guidance on January 1, 2011. There was no impact to our financial statements upon adoption.

## Note 3: Goodwill and Intangible Assets

The changes in the carrying amount of goodwill by business segment for the three months ended March 31, 2011, are presented in the table below:

(in Millions)	Agricultural Products	Specialty Chemicals	Industrial Chemicals	Total
Balance, December 31, 2010	\$2.8	\$191.0	\$0.6	\$194.4
Foreign Currency Adjustments	—	12.0	—	12.0
Balance, March 31, 2011	\$2.8	\$203.0	\$0.6	\$206.4

Our indefinite life intangible assets totaled \$2.4 million at March 31, 2011 and December 31, 2010. The indefinite life intangible assets consist of trade names in our Agricultural Products segment.

Our definite life intangible assets totaled \$55.6 million and \$51.6 million at March 31, 2011 and December 31, 2010, respectively. At March 31, 2011, these definite life intangibles were allocated among our business segments as follows: \$36.4 million in Agricultural Products, \$18.3 million in Specialty Chemicals and \$0.9 million in Industrial Chemicals. Definite life intangible assets consist primarily of patents, customer relationships, access and registration rights, industry licenses, developed formulations and other intangibles and are included in “Other assets” in the condensed consolidated balance sheets. The increase in definite life intangible assets during the three months ended March 31, 2011 was primarily due to the purchase of certain intangible assets from a third party in our Agricultural Products segment and foreign currency translation. Amortization was not significant in the periods presented.

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## FMC CORPORATION AND CONSOLIDATED SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (unaudited)—(Continued)

## Note 4: Inventories

Inventories consisted of the following:

(in Millions)	March 31, 2011	December 31, 2010
Finished goods and work in process	\$239.7	\$225.6
Raw materials	139.9	122.2
Net inventory	\$379.6	\$347.8

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## FMC CORPORATION AND CONSOLIDATED SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (unaudited)—(Continued)

## Note 5: Property, Plant and Equipment

Property, plant and equipment consisted of the following:

(in Millions)	March 31, 2011	December 31, 2010
Property, plant and equipment	\$2,825.9	\$2,777.2
Accumulated depreciation	1,887.1	1,858.7
Property, plant and equipment, net	\$938.8	\$918.5

## Note 6: Asset Retirement Obligations

As of March 31, 2011, the balance of our asset retirement obligations was \$31.6 million. This amount decreased \$3.0 million from December 31, 2010, primarily due to payments against the reserve related to the Huelva facility. A more complete description of our asset retirement obligations can be found in Note 8 to our 2010 consolidated financial statements in our 2010 10-K.

## Note 7: Restructuring and Other Charges (Income)

Our restructurin