

ITT EDUCATIONAL SERVICES INC
Form 10-Q
October 22, 2009

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, 2009
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 1-13144

ITT EDUCATIONAL SERVICES, INC.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

36-2061311
(I.R.S. Employer Identification
No.)

13000 North Meridian Street
Carmel, Indiana
(Address of principal executive
offices)

46032-1404
(Zip Code)

Registrant's telephone number, including area code: (317)
706-9200

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 Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

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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 (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

36,945,066

Number of shares of Common Stock, \$.01 par value,
outstanding at September 30, 2009

ITT EDUCATIONAL SERVICES, INC.
Carmel, Indiana

Quarterly Report to Securities and Exchange Commission
September 30, 2009

PART I
FINANCIAL INFORMATION

Item 1. Financial Statements.

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and 2008 (unaudited) and
December 31, 2008

Condensed Consolidated
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for the three and nine months
ended September 30, 2009 and
2008

Condensed Consolidated
Statements of Cash Flows
(unaudited) for the three and nine
months ended September 30, 2009
and 2008

Condensed Consolidated
Statements of Shareholders' Equity
for the nine months ended
September 30, 2009 and 2008
(unaudited) and the year ended
December 31, 2008

Notes to Condensed Consolidated
Financial Statements

ITT EDUCATIONAL SERVICES, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Dollars in thousands, except per share data)

	September 30, 2009 (unaudited)	As of December 31, 2008	September 30, 2008 (unaudited)
Assets			
Current assets:			
Cash and cash equivalents	\$ 130,971	\$ 226,255	\$ 136,698
Short-term investments	144,146	138,709	150,000
Restricted cash	5,723	10,405	17
Accounts receivable, net	93,819	29,779	33,309
Deferred income taxes	16,328	12,104	13,012
Prepaid expenses and other current assets	19,106	13,793	12,980
Total current assets	410,093	431,045	346,016
Property and equipment, net	192,341	166,671	166,140
Direct marketing costs, net	27,222	22,973	22,694
Other assets	20,705	3,170	19,481
Total assets	\$ 650,361	\$ 623,859	\$ 554,331
Liabilities and Shareholders' Equity			
Current liabilities:			
Current portion of long-term debt	\$ 150,000	\$ --	\$ --
Accounts payable	67,183	54,815	58,781
Accrued compensation and benefits	23,340	21,133	28,574
Accrued income taxes	7,917	14,976	1,753
Other accrued liabilities	15,884	11,423	12,274
Deferred revenue	146,203	162,206	142,044
Total current liabilities	410,527	264,553	243,426
Long-term debt	--	150,000	150,000
Deferred income taxes	4,092	1,504	10,108
Other liabilities	22,262	19,951	19,207
Total liabilities	436,881	436,008	422,741
Shareholders' equity:			
Preferred stock, \$.01 par value, 5,000,000 shares authorized, none issued	--	--	--
Common stock, \$.01 par value, 300,000,000 shares authorized, 54,068,904 issued	541	541	541
Capital surplus	151,653	135,655	133,723
Retained earnings	929,907	732,107	670,073
	(12,558)	(13,384)	(3,417)

Accumulated other comprehensive
(loss)

Treasury stock, 17,123,838, 15,352,376 and 15,376,719 shares, at cost	(856,063)	(667,068)	(669,330)
Total shareholders' equity	213,480	187,851	131,590
Total liabilities and shareholders' equity	\$ 650,361	\$ 623,859	\$ 554,331

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

ITT EDUCATIONAL SERVICES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Dollars and shares in thousands, except per share data)
(unaudited)

Three Months Ended