

Form 5500 Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Annual Return/Report of Employee Benefit Plan This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6047(e), and 6058(a) of the Internal Revenue Code (the Code). <p style="text-align: center;">▶ Complete all entries in accordance with the instructions to the Form 5500.</p>	OMB Nos. 1210-0110 1210-0089 <div style="text-align: center; font-size: 1.5em; font-weight: bold;">2009</div> This Form is Open to Public Inspection
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Part I	Annual Report Identification Information
For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009	
A This return/report is for:	☐ a multiemployer plan; ☐ a multiple-employer plan; or ☒ a single-employer plan; ☐ a DFE (specify) ____
B This return/report is:	☐ the first return/report; ☐ the final return/report; ☐ an amended return/report; ☐ a short plan year return/report (less than 12 months).
C If the plan is a collectively-bargained plan, check here.	☐
D Check box if filing under:	☒ Form 5558; ☐ automatic extension; ☐ the DFVC program; ☐ special extension (enter description)

Part II	Basic Plan Information —enter all requested information				
1a Name of plan ITT SALARIED RETIREMENT PLAN	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">1b Three-digit plan number (PN) ▶</td> <td style="width: 20%; text-align: center; color: blue;">001</td> </tr> <tr> <td colspan="2">1c Effective date of plan 01/01/1929</td> </tr> </table>	1b Three-digit plan number (PN) ▶	001	1c Effective date of plan 01/01/1929	
1b Three-digit plan number (PN) ▶	001				
1c Effective date of plan 01/01/1929					
2a Plan sponsor's name and address (employer, if for a single-employer plan) (Address should include room or suite no.) ITT CORPORATION 1133 WESTCHESTER AVENUE WHITE PLAINS, NY 10604	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td>2b Employer Identification Number (EIN) 13-5158950</td> </tr> <tr> <td>2c Sponsor's telephone number 914-641-2000</td> </tr> <tr> <td>2d Business code (see instructions) 333200</td> </tr> </table>	2b Employer Identification Number (EIN) 13-5158950	2c Sponsor's telephone number 914-641-2000	2d Business code (see instructions) 333200	
2b Employer Identification Number (EIN) 13-5158950					
2c Sponsor's telephone number 914-641-2000					
2d Business code (see instructions) 333200					

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Filed with authorized/valid electronic signature.	10/12/2010	MICHAEL SEAY
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE	Filed with authorized/valid electronic signature.	10/12/2010	JANICE KLETTNER
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500.

Form 5500 (2009)
v.092307.1

3a Plan administrator's name and address (if same as plan sponsor, enter "Same") ITT CORPORATION 1133 WESTCHESTER AVENUE WHITE PLAINS, NY 10604	3b Administrator's EIN 13-5158950 3c Administrator's telephone number 914-641-2000
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4 If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report: a Sponsor's name	4b EIN 4c PN
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5 Total number of participants at the beginning of the plan year	5	53116
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6 Number of participants as of the end of the plan year (welfare plans complete only lines 6a , 6b , 6c , and 6d).		
a Active participants.....	6a	15538
b Retired or separated participants receiving benefits.....	6b	20458
c Other retired or separated participants entitled to future benefits.....	6c	17850
d Subtotal. Add lines 6a , 6b , and 6c	6d	53846
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.....	6e	2696
f Total. Add lines 6d and 6e	6f	56542
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item).....	6g	
h Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested.....	6h	185

7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)	7	
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8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristic Codes in the instructions:
1A 1D 1E 1G 3H

b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristic Codes in the instructions:

9a Plan funding arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor	9b Plan benefit arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor
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10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)

a Pension Schedules

- (1) ☒ **R** (Retirement Plan Information)
(2) ☐ **MB** (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary
(3) ☒ **SB** (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary

b General Schedules

- (1) ☒ **H** (Financial Information)
(2) ☐ **I** (Financial Information – Small Plan)
(3) ☐ **A** (Insurance Information)
(4) ☐ **C** (Service Provider Information)
(5) ☒ **D** (DFE/Participating Plan Information)
(6) ☐ **G** (Financial Transaction Schedules)

SCHEDULE SB (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Single-Employer Defined Benefit Plan Actuarial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500 or 5500-SF.	OMB No. 1210-0110 2009 This Form is Open to Public Inspection
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For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009

▶ **Round off amounts to nearest dollar.**

▶ **Caution:** A penalty of \$1,000 will be assessed for late filing of this report unless reasonable cause is established.

A Name of plan <u>ITT SALARIED RETIREMENT PLAN</u>	B Three-digit plan number (PN) ▶ <u>001</u>
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF <u>ITT CORPORATION</u>	D Employer Identification Number (EIN) <u>13-5158950</u>
E Type of plan: ☒ Single ☐ Multiple-A ☐ Multiple-B	F Prior year plan size: ☐ 100 or fewer ☐ 101-500 ☒ More than 500

Part I	Basic Information
1	Enter the valuation date: Month <u>01</u> Day <u>01</u> Year <u>2009</u>
2	Assets:
a	Market value 2a <u>2942900203</u>
b	Actuarial value 2b <u>3237190223</u>
3	Funding target/participant count breakdown
	(1) Number of participants (2) Funding Target
a	For retired participants and beneficiaries receiving payment 3a <u>23171</u> <u>2091435047</u>
b	For terminated vested participants 3b <u>17389</u> <u>437499349</u>
c	For active participants:
(1)	Non-vested benefits 3c(1) <u>98273505</u>
(2)	Vested benefits 3c(2) <u>688074411</u>
(3)	Total active 3c(3) <u>12556</u> <u>786347916</u>
d	Total 3d <u>53116</u> <u>3315282312</u>
4	If the plan is at-risk, check the box and complete items (a) and (b) ☐
a	Funding target disregarding prescribed at-risk assumptions 4a
b	Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been at-risk for fewer than five consecutive years and disregarding loading factor 4b
5	Effective interest rate 5 <u>8.22</u> %
6	Target normal cost 6 <u>70387912</u>

Statement by Enrolled Actuary

To the best of my knowledge, the information supplied in this schedule and accompanying schedules, statements and attachments, if any, is complete and accurate. Each prescribed assumption was applied in accordance with applicable law and regulations. In my opinion, each other assumption is reasonable (taking into account the experience of the plan and reasonable expectations) and such other assumptions, in combination, offer my best estimate of anticipated experience under the plan.

SIGN HERE	<u>08/20/2010</u>
Signature of actuary	Date
<u>SCOT MARTIN</u>	<u>08-04380</u>
Type or print name of actuary	Most recent enrollment number
<u>BUCK CONSULTANTS, LLC</u>	<u>201-902-2502</u>
Firm name	Telephone number (including area code)
<u>500 PLAZA DRIVE</u> <u>SECAUCUS, NJ 07096-1533</u>	
Address of the firm	

If the actuary has not fully reflected any regulation or ruling promulgated under the statute in completing this schedule, check the box and see instructions ☐

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500 or 5500-SF.

Schedule SB (Form 5500) 2009
v.092308.1

Part II Beginning of year carryover and prefunding balances		(a) Carryover balance	(b) Prefunding balance
7	Balance at beginning of prior year after applicable adjustments (Item 13 from prior year)	412807919	0
8	Portion used to offset prior year's funding requirement (Item 35 from prior year)	0	0
9	Amount remaining (Item 7 minus item 8).....	412807919	0
10	Interest on item 9 using prior year's actual return of <u>-31.96</u> %	-131933411	
11	Prior year's excess contributions to be added to prefunding balance:		
a	Excess contributions (Item 38 from prior year)		0
b	Interest on (a) using prior year's effective rate of <u>6.05</u> %		0
c	Total available at beginning of current plan year to add to prefunding balance		0
d	Portion of (c) to be added to prefunding balance.....		0
12	Reduction in balances due to elections or deemed elections.....	0	0
13	Balance at beginning of current year (item 9 + item 10 + item 11d – item 12).....	280874508	0

Part III Funding percentages			
14	Funding target attainment percentage.....	14	89.17 %
15	Adjusted funding target attainment percentage.....	15	97.64 %
16	Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement.....	16	117.41 %
17	If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage.....	17	%

Part IV Contributions and liquidity shortfalls					
18 Contributions made to the plan for the plan year by employer(s) and employees:					
(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees
12/21/2009	5000000				
12/22/2009	5000000				
12/23/2009	10000000				
12/24/2009	10000000				
12/28/2009	50000000				
12/29/2009	20000000				
Totals ►			18(b)	100000000	18(c) 0

19 Discounted employer contributions – see instructions for small plan with a valuation date after the beginning of the year:	
a Contributions allocated toward unpaid minimum required contribution from prior years.....	19a 0
b Contributions made to avoid restrictions adjusted to valuation date	19b 0
c Contributions allocated toward minimum required contribution for current year adjusted to valuation date.....	19c 92511432
20 Quarterly contributions and liquidity shortfalls:	
a Did the plan have a "funding shortfall" for the prior year?	☐ Yes ☒ No
b If 20a is "Yes," were required quarterly installments for the current year made in a timely manner?	☐ Yes ☐ No
c If 20a is "Yes," see instructions and complete the following table as applicable:	

Liquidity shortfall as of end of Quarter of this plan year			
(1) 1st	(2) 2nd	(3) 3rd	(4) 4th

Part V Assumptions used to determine funding target and target normal cost

21 Discount rate:				
a Segment rates:	1st segment: %	2nd segment: %	3rd segment: %	☒ N/A, full yield curve used
b Applicable month (enter code)				21b
22 Weighted average retirement age				22 62
23 Mortality table(s) (see instructions) ☐ Prescribed - combined ☒ Prescribed - separate ☐ Substitute				

Part VI Miscellaneous items

24 Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment.	☒ Yes ☐ No
25 Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment.	☒ Yes ☐ No
26 Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment.....	☒ Yes ☐ No
27 If the plan is eligible for (and is using) alternative funding rules, enter applicable code and see instructions regarding attachment.....	27

Part VII Reconciliation of unpaid minimum required contributions for prior years

28 Unpaid minimum required contribution for all prior years	28	0
29 Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (item 19a).....	29	0
30 Remaining amount of unpaid minimum required contributions (item 28 minus item 29)	30	0

Part VIII Minimum required contribution for current year

31 Target normal cost, adjusted, if applicable (see instructions).....	31	70387912
32 Amortization installments:	Outstanding Balance	Installment
a Net shortfall amortization installment	0	0
b Waiver amortization installment	0	0
33 If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount	33	0
34 Total funding requirement before reflecting carryover/prefunding balances (item 31 + item 32a + item 32b – item 33).....	34	70387912
	Carryover balance	Prefunding balance
35 Balances used to offset funding requirement	0	0
36 Additional cash requirement (item 34 minus item 35).....	36	70387912
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (Item 19c).....	37	92511432
38 Interest-adjusted excess contributions for current year (see instructions).....	38	22123520
39 Unpaid minimum required contribution for current year (excess, if any, of item 36 over item 37).....	39	0
40 Unpaid minimum required contribution for all years	40	0

<div>SCHEDULE D</div> <div>(Form 5500)</div> <div>Department of the Treasury Internal Revenue Service</div> <div>Department of Labor Employee Benefits Security Administration</div>		<div>DFE/Participating Plan Information</div> <div>This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).</div> <div>▶ File as an attachment to Form 5500.</div>		<div>OMB No. 1210-0110</div> <div>2009</div> <div>This Form is Open to Public Inspection.</div>	
For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009					
A Name of plan ITT SALARIED RETIREMENT PLAN				B Three-digit plan number (PN) ▶ 001	
C Plan or DFE sponsor's name as shown on line 2a of Form 5500 ITT CORPORATION				D Employer Identification Number (EIN) 13-5158950	
Part I Information on interests in MTIAs, CCTs, PSAs, and 103-12 IEs (to be completed by plans and DFEs) (Complete as many entries as needed to report all interests in DFEs)					
a Name of MTIA, CCT, PSA, or 103-12 IE: INVESTMENT MASTER TRUST OF ITT CORP					
b Name of sponsor of entity listed in (a): ITT CORPORATION					
c EIN-PN 36-6668234-300		d Entity code M		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 3723074808	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
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c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
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code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)

Part II Information on Participating Plans (to be completed by DFEs)

(Complete as many entries as needed to report all participating plans)

a Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
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plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN

SCHEDULE H (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Financial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500.	OMB No. 1210-0110
		2009
		This Form is Open to Public Inspection

For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009		
A Name of plan ITT SALARIED RETIREMENT PLAN	B Three-digit plan number (PN) ►	001
C Plan sponsor's name as shown on line 2a of Form 5500 ITT CORPORATION	D Employer Identification Number (EIN) 13-5158950	

Part I	Asset and Liability Statement
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1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. **Round off amounts to the nearest dollar.** MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.

Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a		
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)		
(2) Participant contributions	1b(2)		
(3) Other.....	1b(3)		
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)		
(2) U.S. Government securities.....	1c(2)		
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)		
(B) All other.....	1c(3)(B)		
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)		
(B) Common	1c(4)(B)		
(5) Partnership/joint venture interests	1c(5)		
(6) Real estate (other than employer real property)	1c(6)		
(7) Loans (other than to participants)	1c(7)		
(8) Participant loans	1c(8)		
(9) Value of interest in common/collective trusts.....	1c(9)		
(10) Value of interest in pooled separate accounts.....	1c(10)		
(11) Value of interest in master trust investment accounts	1c(11)	3104705913	3723074808
(12) Value of interest in 103-12 investment entities	1c(12)		
(13) Value of interest in registered investment companies (e.g., mutual funds).....	1c(13)		
(14) Value of funds held in insurance company general account (unallocated contracts).....	1c(14)		
(15) Other	1c(15)		

1d Employer-related investments:

		(a) Beginning of Year	(b) End of Year
(1) Employer securities	1d(1)		
(2) Employer real property	1d(2)		
e Buildings and other property used in plan operation	1e		
f Total assets (add all amounts in lines 1a through 1e)	1f	3104705913	3723074808

Liabilities

g Benefit claims payable	1g		
h Operating payables	1h	865136	511926
i Acquisition indebtedness	1i		
j Other liabilities	1j		
k Total liabilities (add all amounts in lines 1g through 1j)	1k	865136	511926

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	3103840777	3722562882
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Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

Income**a Contributions:**

		(a) Amount	(b) Total
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)	100000000	
(B) Participants	2a(1)(B)		
(C) Others (including rollovers)	2a(1)(C)		
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		100000000

b Earnings on investments:**(1) Interest:**

(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)		
(B) U.S. Government securities	2b(1)(B)		
(C) Corporate debt instruments	2b(1)(C)		
(D) Loans (other than to participants)	2b(1)(D)		
(E) Participant loans	2b(1)(E)		
(F) Other	2b(1)(F)		
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		0

(2) Dividends: (A) Preferred stock	2b(2)(A)		
(B) Common stock	2b(2)(B)		
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)		
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		0

(3) Rents	2b(3)		
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(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)		
(B) Aggregate carrying amount (see instructions)	2b(4)(B)		
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		0

		(a) Amount	(b) Total
2b (5) Unrealized appreciation (depreciation) of assets: (A) Real estate.....	2b(5)(A)		
(B) Other	2b(5)(B)		
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B).....	2b(5)(C)		0
(6) Net investment gain (loss) from common/collective trusts	2b(6)		
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		783667650
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds).....	2b(10)		
c Other income.....	2c		
d Total income. Add all income amounts in column (b) and enter total.....	2d		883667650

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	264945545	
(2) To insurance carriers for the provision of benefits	2e(2)		
(3) Other	2e(3)		
(4) Total benefit payments. Add lines 2e(1) through (3).....	2e(4)		264945545
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions).....	2g		
h Interest expense.....	2h		
i Administrative expenses: (1) Professional fees	2i(1)		
(2) Contract administrator fees	2i(2)		
(3) Investment advisory and management fees	2i(3)		
(4) Other	2i(4)		
(5) Total administrative expenses. Add lines 2i(1) through (4).....	2i(5)		0
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		264945545

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d.....	2k		618722105
l Transfers of assets:			
(1) To this plan.....	2l(1)		
(2) From this plan	2l(2)		

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) ☒ Unqualified (2) ☐ Qualified (3) ☐ Disclaimer (4) ☐ Adverse

b Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)? ☐ Yes ☒ No

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: DELOITTE & TOUCHE LLP

(2) EIN: 13-3891517

d The opinion of an independent qualified public accountant is **not attached** because:

(1) ☐ This form is filed for a CCT, PSA, or MTIA. (2) ☐ It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

- 4** CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete 4j and 4l. MTIAs also do not complete 4l.

During the plan year:

	Yes	No	Amount
a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.).....		X	
b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.).....		X	
c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)		X	
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.).....		X	
e Was this plan covered by a fidelity bond?.....	X		15000000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?		X	
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.).....		X	
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.).....		X	
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?.....		X	
l Has the plan failed to provide any benefit when due under the plan?		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.).....		X	
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.			

- 5a** Has a resolution to terminate the plan been adopted during the plan year or any prior plan year?
If yes, enter the amount of any plan assets that reverted to the employer this year ☐ Yes ☒ No Amount:

- 5b** If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)

5b(2) EIN(s)

5b(3) PN(s)

SCHEDULE R (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Retirement Plan Information This schedule is required to be filed under section 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110 2009 This Form is Open to Public Inspection.
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For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009

A Name of plan <u>ITT SALARIED RETIREMENT PLAN</u>	B Three-digit plan number (PN) ▶ <u>001</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>ITT CORPORATION</u>	D Employer Identification Number (EIN) <u>13-5158950</u>

Part I	Distributions
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All references to distributions relate only to payments of benefits during the plan year.

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions.....	1	<u>0</u>
2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits): EIN(s): <u>36-1561860</u>		
Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.		
3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year.....	3	<u>436</u>

Part II	Funding Information (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part)
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4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)?.....	☐ Yes	☒ No	☐ N/A
If the plan is a defined benefit plan, go to line 8.			
5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. Date: Month _____ Day _____ Year _____ If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.			
6 a Enter the minimum required contribution for this plan year	6a		
b Enter the amount contributed by the employer to the plan for this plan year	6b		
c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount).....	6c		
If you completed line 6c, skip lines 8 and 9.			
7 Will the minimum funding amount reported on line 6c be met by the funding deadline?	☐ Yes	☐ No	☐ N/A
8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change?.....	☐ Yes	☐ No	☒ N/A

Part III	Amendments
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9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box(es). If no, check the "No" box.....	☐ Increase	☐ Decrease	☐ Both	☒ No
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Part IV	ESOPs (see instructions). If this is not a plan described under Section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.
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10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan?.....	☐ Yes	☐ No
11 a Does the ESOP hold any preferred stock?	☐ Yes	☐ No
b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.)	☐ Yes	☐ No
12 Does the ESOP hold any stock that is not readily tradable on an established securities market?	☐ Yes	☐ No

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500.

Schedule R (Form 5500) 2009
v.092308.1

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

- 14** Enter the number of participants on whose behalf no contributions were made by an employer as an employer of the participant for:

a The current year	14a	
b The plan year immediately preceding the current plan year	14b	
c The second preceding plan year	14c	

- 15** Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

a The corresponding number for the plan year immediately preceding the current plan year	15a	
b The corresponding number for the second preceding plan year	15b	

- 16** Information with respect to any employers who withdrew from the plan during the preceding plan year:

a Enter the number of employers who withdrew during the preceding plan year	16a	
b If item 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers	16b	

- 17** If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans

- 18** If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

- 19** If the total number of participants is 1,000 or more, complete items (a) through (c)

- a** Enter the percentage of plan assets held as:

Stock: 76% Investment-Grade Debt: 3% High-Yield Debt: 20% Real Estate: 0% Other: 1%

- b** Provide the average duration of the combined investment-grade and high-yield debt:

☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☒ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more

- c** What duration measure was used to calculate item 19(b)?

☐ Effective duration ☒ Macaulay duration ☐ Modified duration ☐ Other (specify):

ITT Salaried Retirement Plan

*Financial Statements as of and for the Years
Ended December 31, 2009 and 2008 and
Independent Auditors' Report*

ITT SALARIED RETIREMENT PLAN

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INDEPENDENT AUDITORS' REPORT

To the Trustees and Participants of
The ITT Salaried Retirement Plan:

We have audited the accompanying statements of net assets available for benefits of the ITT Salaried Retirement Plan (the "Plan") as of December 31, 2009 and 2008, and the related statements of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, information regarding the Plan's net assets available for benefits as of December 31, 2009, and the changes therein for the year then ended and its financial status as of December 31, 2008, and the changes therein for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Notes 3 and 6 to the financial statements, the Plan holds a proportionate share of a Master Trust which includes investments valued at \$1.9 billion (44.2% of total assets) and \$2.2 billion (61.6% of total assets) as of December 31, 2009 and 2008, respectively, whose fair values have been estimated by management in the absence of readily determinable fair values. Management's estimates are based on their financial analysis of the investment, including information provided by the investment manager.

Deloitte & Touche LLP

July 20, 2010

ITT SALARIED RETIREMENT PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS AS OF DECEMBER 31, 2009 AND 2008 (\$ IN THOUSANDS)

	2009	2008
ASSETS:		
Investments, at fair value:		
Plan's interest in the Investment Master Trust of ITT Corporation	\$ 3,517,838	\$ 2,942,900
Net assets held in 401(h) account	<u>205,236</u>	<u>161,806</u>
Total assets	<u>3,723,074</u>	<u>3,104,706</u>
LIABILITIES:		
Accrued expenses	512	865
Accounts related to obligations of 401(h) account	<u>205,236</u>	<u>161,806</u>
Total liabilities	<u>205,748</u>	<u>162,671</u>
NET ASSETS AVAILABLE FOR BENEFITS	<u>\$ 3,517,326</u>	<u>\$ 2,942,035</u>

See notes to financial statements.

ITT SALARIED RETIREMENT PLAN

STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008 (\$ IN THOUSANDS)

	2009	2008
NET APPRECIATION (DEPRECIATION) -		
Plan's interest in the Master Trust of ITT Corporation	\$ 748,869	\$ (1,440,760)
EMPLOYER CONTRIBUTIONS	100,000	-
DEDUCTIONS:		
Benefits paid to participants	264,946	268,947
Administrative expenses	8,632	6,094
Total deductions	<u>273,578</u>	<u>275,041</u>
NET INCREASE (DECREASE) IN NET ASSETS	575,291	(1,715,801)
NET ASSETS AVAILABLE FOR BENEFITS:		
Beginning of year	<u>2,942,035</u>	<u>4,657,836</u>
End of year	<u>\$ 3,517,326</u>	<u>\$ 2,942,035</u>

See notes to financial statements.

ITT SALARIED RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008 (IN THOUSANDS)

1. DESCRIPTION OF THE PLAN

The following description of the ITT Salaried Retirement Plan (the “Plan”) is provided for general information purposes only. Participants should refer to the Plan document for more complete information.

General — The Plan is a defined benefit plan where salaried employees of ITT Corporation (the “Company” or “Plan Sponsor”) with at least one year of service and who are at least age 21 are eligible to participate. Retirement income is provided through a percentage formula using final average compensation, benefit service and an adjustment for Social Security. A summary description of the Plan is contained in the Summary Plan Description which has been distributed to participants and filed with the Department of Labor.

Under a trust agreement dated July 1, 1977, The Northern Trust Company (the “Trustee” or “Northern Trust”) serves as trustee of the Plan and administers the Plan’s investment assets. The Plan’s assets consist of an undivided interest in an investment account of the Investment Master Trust of ITT Corporation (the “Master Trust”), EIN 36-6668234, a master trust established by the Company and administered by the Trustee. The Master Trust includes the combined assets of the Plan as well as several other employee benefit plans of the Company. A schedule of Master Trust assets has been filed with the U.S. Department of Labor and includes the Plan’s proportionate share of such assets at December 31, 2009 and 2008.

Effective January 1, 1997, the Plan was amended to include a medical-benefit component in addition to the normal retirement benefits to fund a portion of the postretirement obligations of the ITT Corporation Salaried Medical and Dental Plan in accordance with Section 401(h) of the Internal Revenue Code (“IRC”). A separate account has been established and maintained in the Plan for the net assets related to the medical benefit component (“401(h) account”). In accordance with IRC Section 401(h), the Plan’s investments in the 401(h) account may not be used for, or diverted to, any purpose other than providing health benefits for retirees and their beneficiaries. The related obligations for health benefits are not included in the Plan’s obligations, but are reported as obligations in the financial statements of the ITT Corporation Salaried Medical and Dental Plan.

Use of the Master Trust permits the commingling of trust assets with the assets of certain other Company pension plans for investment and administrative purposes. Although assets of the Plan are commingled in the Master Trust, the Trustee maintains supporting records for the purpose of allocating the net gain (loss) of the investment account to the participating plans. The net investment income (loss) of the investment assets is allocated by the Trustee to each participating plan based on the relationship of the interest of each plan to the total of the interests of the participating plans.

Pension Benefits — Participants are eligible for monthly benefit payments upon reaching age 65. The normal monthly benefit payments are determined by multiplication of the participant’s final average compensation by a benefit rate, which depends upon the period of credited service, by the total number of years of credited service, not to exceed 40 years.

Participants are eligible to receive early retirement benefits between the ages of 55 and 65 upon the completion of 10 years of service. Early retirement benefits are computed in a manner similar to normal retirement at age 65, except that

they are reduced by certain factors, as outlined in the Plan document, for each month that the early retirement date precedes the normal retirement date.

Death and Disability Benefits — A married employee who is a vested participant is automatically covered by the vested spouse's benefit which provides for spousal survivorship benefits in the event of the employee's death prior to becoming eligible for early or normal retirement benefits. Also, a participant who is eligible for early or normal retirement is automatically covered by pre-retirement survivor's benefit which provides for survivorship benefits payable to the participant's named beneficiary in the event of the participant's death prior to benefit commencement date.

An employee who becomes totally and permanently disabled and is eligible to receive Social Security Disability Benefits will continue to earn benefit credits under the Plan.

Plan Amendments — Effective January 1, 2007 and January 1, 2008 the Plan was amended to comply with the provisions of the Pension Protection Act of 2006 (the "Pension Act"). Effective January 1, 2008, the Plan was amended so that a participant whose last day of employment with the Company is on or after January 1, 2008 will be fully vested after 3 years of service. Prior to January 1, 2008, a participant was fully vested after 5 years of service.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting — The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America.

Use of Estimates, Risks and Uncertainties — The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of net assets available for benefits and changes therein. Actual results could differ from these estimates. Investment securities, in general, are exposed to various risks, such as interest rate risk, credit risk, and overall market volatility. Further, the Plan's valuation methods may produce a fair value estimate that may not be indicative of net realizable value or reflective of future fair values. While the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to estimate fair value could result in a different measure of fair value at the measurement date which could materially affect the amounts reported in the financial statements.

Income Recognition — Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

Administrative Expenses — Administrative expenses of the Plan are paid by the Master Trust on behalf of the Plan, as provided in the Plan document and the Master Trust agreement. The Plan Sponsor provides accounting and other administrative services to the Plan and Master Trust at no charge.

Payment of Benefits — Benefit payments to participants are recorded upon distribution.

3. FAIR VALUE MEASUREMENTS

The Plan's investments are measured at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e., an exit price).

In measuring Plan assets at fair value, a fair value hierarchy is applied which categorizes and prioritizes the inputs used to estimate fair value into three levels. The fair value hierarchy is based on maximizing the use of observable inputs

and minimizing the use of unobservable inputs when measuring fair value. Classification within the fair value hierarchy is based on the lowest level input that is significant to the fair value measurement. The three levels of the fair value hierarchy are defined as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 inputs are other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices (in non-active markets or in active markets for similar assets or liabilities), inputs other than quoted prices that are observable, and inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3 inputs are unobservable inputs for the assets or liabilities.

In certain instances, fair value is estimated using quoted market prices obtained from an external pricing service. In obtaining such data from the pricing service, the Plan has evaluated the methodologies used to develop the estimate of fair value in order to evaluate whether such valuations are representative of fair value, including net asset value (“NAV”). Additionally, in certain circumstances, the Plan may adjust NAV reported by an asset manager when sufficient evidence indicates NAV is not representative of fair value.

In September 2009, the Financial Accounting Standards Board provided investors with a practical expedient for measuring the fair value of investments in certain entities that calculate NAV. The Plan adopted this guidance for the year ended December 31, 2009; however, application of the practical expedient did not have a material effect on the Plan’s fair value measurements.

The following is a description of the valuation methodologies used for the Master Trust and inputs used to measure fair value for major categories of investments in the Master Trust.

- Equity securities – Equities (including common and preferred shares, domestic listed and foreign listed, closed end mutual funds and exchange traded funds) are generally valued at the closing price reported on the major market on which the individual securities are traded at the measurement date. As all equity securities held by the Master Trust are publicly traded in active markets, the securities are classified within Level 1 of the fair value hierarchy.
- Open ended mutual funds, common collective trusts (“CCTs”) and commingled funds – Open ended mutual funds, collective trusts and commingled funds are measured at NAV. These funds are generally classified within Level 2 of the fair value hierarchy.
- Private equity – The valuation of limited partnership interests in private equity funds may require significant management judgment. The NAV reported by the asset manager is adjusted when management determines that NAV is not representative of fair value. In making such an assessment, a variety of factors are reviewed by management, including, but not limited to, the timeliness of NAV as reported by the asset manager and changes in general economic and market conditions subsequent to the last NAV reported by the asset manager. These funds are generally classified within Level 3 of the fair value hierarchy.
- Absolute return (hedge funds) – The valuation of limited partnership interests in hedge funds may require significant management judgment. The NAV reported by the asset manager is adjusted when management determines that NAV is not representative of fair value. In making such an assessment, a variety of factors are reviewed by management, including, but not limited to, the timeliness of NAV as reported by the asset

manager and changes in general economic and market conditions subsequent to the last NAV reported by the asset manager. Depending on how quickly the Master Trust can redeem these investments and the extent of any adjustments to NAV, hedge funds are classified within either Level 2 (redeemable within 90 days) or Level 3 (redeemable beyond 90 days) of the fair value hierarchy.

- Fixed income – U.S. government securities are generally valued using quoted prices of securities with similar characteristics. Corporate bonds and notes are generally valued by using pricing models (e.g. discounted cash flows), quoted prices of securities with similar characteristics or broker quotes. Fixed income securities are generally classified in Level 2 of the fair value hierarchy.

The following table sets forth by level within the fair value hierarchy a summary of the Master Trust's investments measured at fair value on a recurring basis at December 31, 2009:

Fair Value Measurements at December 31, 2009

Asset Category	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Equities Securites:				
Domestic	\$ 774,292	\$ 149,103	\$ 81,948	\$ 1,005,343
Developed markets	208,356	6,167	97,995	312,518
Emerging markets	157,885	221,632	29,843	409,360
ITT stock	51,827	-	-	51,827
Subtotal-equity securities	1,192,360	376,902	209,786	1,779,048
Private Equity:				
Buyout funds	-	1,440	907,813	909,253
Distressed funds	-	-	182,018	182,018
Venture/growth equity funds	-	-	34,870	34,870
Mezzanine	-	-	29,600	29,600
Subtotal-private equity	-	1,440	1,154,301	1,155,741
Absolute returns (hedge funds):				
Fund of funds	-	29,113	275,217	304,330
Fixed income mulit/strat	-	154,013	182,056	336,069
Equity long/short	-	83,665	42,346	126,011
Macro	-	39,725	-	39,725
Subtotal-absolute return	-	306,516	499,619	806,135
Fixed Income:				
Fixed income	13,621	155,238	-	168,859
Subtotal-fixed income	13,621	155,238	-	168,859
Other:				
Commodities	-	160,790	27,548	188,338
Cash and other, net	113,141	(10,192)	14,659	117,608
Subtotal-other	113,141	150,598	42,207	305,946
Collateral held under securities lending agreement	-	94,110	-	94,110
Subtotal-collateral	-	94,110	-	94,110
Total	\$ 1,319,122	\$ 1,084,804	\$ 1,905,913	\$ 4,309,839

The following table sets forth by level within the fair value hierarchy a summary of the Master Trust's investments measured at fair value on a recurring basis at December 31, 2008:

Fair Value Measurements at December 31, 2008

Asset Category	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Equities Securities:				
Domestic	\$ 622,602	\$ 62,722	\$ 114,253	\$ 799,577
Developed markets	202,453	7,161	61,735	271,349
Emerging markets	78,700	44,602	112,278	235,580
ITT stock	47,897	-	-	47,897
Subtotal-equity securities	951,652	114,485	288,266	1,354,403
Private Equity:				
Buyout funds	-	4,000	818,293	822,293
Distressed funds	-	-	86,842	86,842
Venture/growth equity funds	-	4	23,370	23,374
Mezzanine	-	-	23,874	23,874
Subtotal-private equity	-	4,004	952,379	956,383
Absolute returns (hedge funds):				
Fund of funds	-	442	414,789	415,231
Fixed income mulit/strat	-	-	267,365	267,365
Equity long/short	-	-	111,697	111,697
Macro	-	2	33,911	33,913
Subtotal-absolute return	-	444	827,762	828,206
Fixed Income:				
Fixed income	-	76,296	41,715	118,011
Subtotal-fixed income	-	76,296	41,715	118,011
Other:				
Commodities	-	-	123,340	123,340
Cash and other, net	45	93,083	4,548	97,676
Subtotal-other	45	93,083	127,888	221,016
Collateral held under securities lending agreement	-	153,829	-	153,829
Subtotal-collateral	-	153,829	-	153,829
Total	\$ 951,697	\$ 442,141	\$ 2,238,010	\$ 3,631,848

The following table presents a reconciliation of the beginning and ending balances of the fair value measurements using significant unobservable inputs (Level 3) at December 31, 2009:

	EQUITY SECURITIES	PRIVATE EQUITY	ABSOLUTE RETURNS	FIXED INCOME	OTHER	TOTAL
Beginning balance - January 1, 2009	\$ 288,266	\$ 952,379	\$ 827,762	\$ 41,715	\$ 127,888	\$ 2,238,010
Relating to assets sold during the period (realized gains and losses)	(254)	27,039	2,618	-	1,308	30,711
Relating to assets still held at the reporting date (unrealized gains and losses)	73,809	87,095	89,305	-	973	251,182
Purchases, sales, issuance, and settlements, net	5,357	87,792	(192,483)	-	5,355	(93,979)
Transfers in/or out of Level 3	(157,392)	(4)	(227,583)	(41,715)	(93,317)	(520,011)
Ending balance - December 31, 2009	<u>\$ 209,786</u>	<u>\$ 1,154,301</u>	<u>\$ 499,619</u>	<u>\$ -</u>	<u>\$ 42,207</u>	<u>\$ 1,905,913</u>

The following table presents a reconciliation of the beginning and ending balances of the fair value measurements using significant unobservable inputs (Level 3) at December 31, 2008:

	<u>EQUITY SECURITIES</u>	<u>PRIVATE EQUITY</u>	<u>ABSOLUTE RETURNS</u>	<u>FIXED INCOME</u>	<u>OTHER</u>	<u>TOTAL</u>
Beginning balance - January 1, 2008	\$ 544,799	\$ 874,462	\$ 747,439	\$ 73,390	\$ 226,569	\$ 2,466,659
Relating to assets sold during the period (realized gains and losses)	70,952	(1,092)	19,569	3,704	-	93,133
still held at the reporting date (unrealized gains and losses)	(294,738)	(244,625)	(155,909)	(25,379)	(149,968)	(870,619)
Purchases, sales, issuance, and settlements, net	(32,747)	323,634	216,663	(10,000)	51,287	548,837
Transfers in/or out of Level 3	-	-	-	-	-	-
Ending balance - December 31, 2008	<u>\$ 288,266</u>	<u>\$ 952,379</u>	<u>\$ 827,762</u>	<u>\$ 41,715</u>	<u>\$ 127,888</u>	<u>\$ 2,238,010</u>

The following table presents information regarding the nature and risks of the investments, including unfunded commitments and redemption restrictions for investments that do not have readily determinable fair value and have the attributes of an investment company as of December 31, 2009:

	Fair value	Unfunded commitments	Redemption frequency (if eligible)	Redemption notice period
Equity securities:				
Domestic	\$ 231,051	-	daily	N/A
Developed Markets	104,162	-	daily	N/A
Emerging Markets	251,475	-	daily	N/A
ITT Stock	-	-	daily	N/A
Subtotal - equity securities	586,688	-		
Private equity:				
Buyout funds (a)	909,253	556,754	N/A	None
Distressed funds (b)	182,018	101,983	N/A	None
Venture/growth equity funds (c)	34,870	54,346	N/A	None
Mezzanine funds (d)	29,600	28,353	N/A	None
Subtotal - private equity	1,155,741	741,436		
Absolute return (hedge funds):				
Fund of funds (e)	304,330	-	weekly, quarterly	four to 60 days
Fixed Income/multi-strat (f)	336,069	-	quarterly	30 to 91 days
Equity long/short (g)	126,011	-	daily, monthly	30 to 60 days
Macro (h)	39,725	-	daily, monthly	three to 30 days
Subtotal - absolute return	806,135	-		
Fixed Income:				
Fixed Income	155,238	-	daily	N/A
Subtotal - Fixed Income	155,238	-		
Other:				
Commodities	188,338	-	monthly, quarterly, annually	30 to 90 days
Cash and other, net	4,467	-	daily	N/A
Subtotal - Other	192,805	-		
Collateral held under securities lending agreement	94,110	-	N/A	N/A
Subtotal - collateral	94,110	-		
Total	\$ 2,990,717	\$ 741,436		

(a) Private equity buyout funds are partnership investment vehicles that take a controlling interest primarily in private companies with the intent of developing them for future sale at a higher price to a strategic or financial buyer or through an initial public offering. These investments include \$482,415 where ownership of the partnership interest is directly held and \$342,936 invested through funds of private equity funds. The nature of the investments in this category is that distributions are received through the liquidation of the underlying assets of the fund. These partnership vehicles are expected to be liquidated over the next three to 13 years.

- (b) Private equity distressed funds are partnership investment vehicles that purchase debt or preferred equity instruments of companies that are distressed, near bankrupt or bankrupt. The nature of the investments in this category is that distributions are received through the liquidation of the underlying assets of the fund. These partnership vehicles are expected to be liquidated over the next eight to 10 years.
- (c) Venture and growth equity private equity funds are partnership investment vehicles that provide seed or growth capital to start-ups and early stage companies, usually in high growth industries, such as information and clean technology, health care and biotechnology. The nature of the investments in this category is that distributions are received through the liquidation of the underlying assets of the fund. These partnership vehicles are expected to be liquidated over the next eight to 10 years.
- (d) Mezzanine private equity funds provide mezzanine loans to companies that need capital but do not want to sell or dilute their equity interests. Mezzanine loans are subordinated debt or preferred equity securities that represent a claim on the borrower's assets which is senior to the common equity but subordinate to senior secured and unsecured debt. The nature of the investments in this category is that distributions are received through the liquidation of the underlying assets of the fund. These partnership vehicles are expected to be liquidated over the next nine to 11 years.
- (e) Absolute return fund of funds include partnership investment vehicles that invest in a diversified portfolio of other hedge funds that employ a range of investment strategies.
- (f) Fixed income/multi-strat absolute return funds are partnership investment vehicles that invest in multiple investment strategies, such as macro, equity long/short, convertible arbitrage and event driven, often with the intent to diversify risk and reduce volatility.
- (g) Equity long/short absolute return funds include partnership investment vehicles that can purchase both long and short positions of publicly traded equities. Management of the fund has the ability to shift investments from value to growth strategies, from small to large capitalization companies, and from a net long position to a net short position.
- (h) Macro absolute return funds include partnership investment vehicles that make investments predicated on the managers views, either fundamentally or quantitatively derived, on different global factors, such as asset allocation (e.g., stocks vs. bonds) interest rates, currency, sovereign risk and commodities over a span of different time frames.

4. FUNDING POLICY

Contributions to provide benefits under the Plan are made solely by the Company. The Company's funding policy is to make cash contributions to the Plan not less than the minimum required by applicable law and regulations.

The Pension Act contains funding requirements for defined benefit pension plans. The Pension Act establishes a 100% funding target over seven years for plan years beginning after December 31, 2007. No shortfall amortization payments are required if the pension plan meets the following targets: 92% funded in 2008; 94% funded in 2009; and 96% funded in 2010. The Worker, Retiree and Employer Recovery Act of 2008 ("WRERA") was passed in December 2008. WRERA provides (i) the shortfall amortization charge will be based on the transition percentages (92% in 2008, 94% in 2009, 96% in 2010 and 100% thereafter as opposed to the original Pension Act language of 100% of funding target, (ii) clarification that the averaging method used to value assets is to be adjusted for expected earnings which results in "asset smoothing", and (iii) relief from the restriction on benefit accruals in 2009, by allowing a plan sponsor to use the greater of the Adjusted Funding Target Attainment Percentage from January 1, 2008 and January 1, 2009.

Interest, dividends and cumulative net appreciation of investments of the Plan serve to reduce future contributions that would otherwise be required to provide for the defined level of benefits under the Plan document. The Company's contributions are adjusted to reflect differences between actual contributions in prior years and the amounts required

under the Company's current funding policy to meet the minimum funding requirements of ERISA. The Company met the minimum funding requirements for the years ended December 31, 2009 and 2008.

5. ACCUMULATED PLAN BENEFITS

Accumulated plan benefits are those future periodic payments, including lump-sum distributions, that are attributable under the Plan's provisions to service rendered by employees as of the valuation date. Accumulated plan benefits include benefits expected to be paid to: (1) retired or terminated employees, (2) beneficiaries of employees who have died, and (3) present employees or their beneficiaries. The actuarial present value of accumulated plan benefits is the amount that results from applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as for death, disability, withdrawal, or retirement) between the valuation date and the expected date of payment.

The following amounts were calculated as of the latest actuarial valuation date, which was January 1, 2009.

The actuarial present value of accumulated plan benefits as of January 1, 2009 and 2008 is as follows:

	2009	2008
Vested benefits:		
Participants and/or beneficiaries currently receiving benefits	\$ 2,018,255	\$ 1,914,378
Other participants	989,791	1,021,029
Total vested benefits	3,008,046	2,935,407
Nonvested benefits	89,113	76,980
Total actuarial present value of accumulated plan benefits	<u>\$ 3,097,159</u>	<u>\$ 3,012,387</u>

The changes in the actuarial present value of the Plan's accumulated plan benefits for the year ended January 1, 2009, are as follows:

Actuarial present value of accumulated plan benefits at January 1, 2008	\$ 3,012,387
Increase (decrease) during the year attributable to:	
Benefits accumulated	93,722
Assumption changes	724
Benefits paid	(268,947)
Interest	259,273
Actuarial present value of accumulated plan benefits at January 1, 2009	<u>\$ 3,097,159</u>

The actuarial cost method used to measure the present value of accumulated plan benefits is the Accrued Benefit Method. The significant actuarial assumptions used in the January 1, 2009 and 2008 valuations were:

- Mortality: UP-94 mortality table (scale AA projected 16 years) with special mortality table used for the period after disability in 2009 and RP-2000 with projections specified by IRS Proposed Reg. Section 1.430(h)(3)-1, with separate annuitant and non-annuitant static mortality tables in 2008

- Retirement age: Age 65.
- Investment return was 9.0% per annum for 2009 and 2008.
- Discount rate was 9.0% per annum for 2009 and 2008.

Actuarial assumptions for the period before normal retirement include factors for mortality, termination of employment, early retirement and disability.

The foregoing actuarial assumptions are based on the presumption that the Plan will continue. If the Plan were to terminate, different actuarial assumptions and other factors might be applicable in determining the actuarial present value of accumulated plan benefits.

6. INTEREST IN MASTER TRUST

The net investments of the Master Trust at December 31, 2009 and 2008 are summarized as follows:

	2009	2008
Assets:		
Investments:		
Common and preferred stocks	\$ 1,031,490	\$ 829,706
U.S. government securities	44,123	54,876
Corporate bonds and notes	64,994	19,524
Partnerships/joint ventures	1,396,335	1,119,617
Hedge funds	860,724	735,280
Registered investment companies	197,965	120,946
Common collective trusts	528,422	500,780
Other	91,676	97,290
Total investments	4,215,729	3,478,019
Collateral held under securities lending agreement	94,110	153,829
Total assets	4,309,839	3,631,848
Liabilities:		
Payables for securities purchased	-	49,372
Liability to return collateral held under securities lending agreement	94,110	161,032
Total liabilities	94,110	210,404
Net assets of the Master Trust	\$ 4,215,729	\$ 3,421,444
Plan's interest in net assets of the Master Trust	\$ 3,517,838	\$ 2,942,900
Plan's interest in Master Trust as a percentage of the total	83.45%	86.01%
401(h) account's interest in net assets of the Master Trust	\$ 205,236	\$ 161,806
401(h) account's interest in Master Trust as a percentage of the total	4.87%	4.73%

Upon the Plan Sponsor's adoption of certain elements of FASB Accounting Standards Codification ("ASC") Topic 715 for the year ended December 31, 2009, the Company and the Trust determined the optimal presentation for unsettled securities was to allocate these liabilities to the respective asset categories. There is no impact on net assets for 2009 or 2008.

The net investment income (loss) of the Master Trust for the years ended December 31, 2009 and 2008 is summarized below:

	2009	2008
Net appreciation (depreciation) investments:		
Common and preferred stocks	\$ 262,039	\$ (654,344)
U.S. government securities	3,830	5,894
Corporate bonds and notes	9,942	(1,849)
Partnerships/joint ventures	32,431	(356,457)
Hedge funds	127,584	(212,325)
Registered investment companies	89,808	(140,469)
Common collective trusts	138,877	(266,852)
Other	30,292	(52,754)
Net appreciation (depreciation) of investments	<u>694,803</u>	<u>(1,679,156)</u>
Interest income	22,098	10,769
Dividend income	18,484	30,294
Other income	82,018	6,778
Administrative expenses	<u>(16,224)</u>	<u>(26,302)</u>
Investments income (loss) of Master Trust	<u>\$ 801,179</u>	<u>\$ (1,657,617)</u>
Plan's interest in Master Trust investments income (loss)	<u>\$ 748,869</u>	<u>\$ (1,440,760)</u>
401(h) account's interest in Master Trust investments income (loss)	<u>\$ 43,431</u>	<u>\$ (77,967)</u>

The Master Trust's financial information as of and for the year ended December 31, 2009, was derived from information prepared by Northern Trust and furnished to the plan administrator. The plan administrator has obtained a certification from the Trustee that such information is complete and accurate.

Securities Lending Transactions—The Master Trust participates in a securities lending program through the Trustee. Under this program, the Master Trust's investment securities are loaned to investment brokers for a fee. Securities loaned are fully collateralized by cash which is invested in CCTs. As of December 31, 2009 and 2008, \$93,183 and \$157,619, respectively, of the Master Trust's securities were loaned through the Trustee's securities lending program. The value of the collateral received as a percentage of the total current value of the securities on loan by the Master Trust was approximately 101% and 102% for the years ended December 31, 2009 and 2008, respectively. The fair value of invested collateral was \$94,110 and \$153,829 at December 31, 2009 and 2008, respectively. Income from the program was immaterial for the year ended December 31, 2009. The net investment loss from the invested collateral was \$7,203 for the year ended December 31, 2008. Fees from security lending activities were \$3,333 and \$5,142 for the years ended December 31, 2009 and 2008 respectively.

The Master Trust assets on loan under the securities lending agreement at December 31, 2009 and 2008 are as follows:

	2009	2008
Common stock	\$ 84,339	\$ 148,451
U.S. government securities	2,524	-
Registered investment companies	2,966	2,703
Other	3,354	6,465
Total	<u>\$ 93,183</u>	<u>\$ 157,619</u>

7. EXEMPT PARTY-IN-INTEREST TRANSACTIONS

Certain Master Trust investments are shares of registered investment companies managed by the Trustee. In addition, the Master Trust entered into a securities lending agreement with the Trustee as described in Note 6. These assets and related transactions qualify as exempt party-in-interest transactions.

In addition, the Master Trust invests in shares of ITT Corporation common stock. At December 31, 2009 and 2008, the Master Trust held 1,038 shares of common stock of ITT Corporation, the Plan Sponsor, with a market value of \$51,607 and \$47,716, respectively. During the year ended December 31, 2009 and 2008, the Master Trust recorded dividend income of \$882 and \$690 from the common stock of ITT Corporation, respectively. As ITT Corporation is the Plan Sponsor, these transactions qualify as exempt party-in-interest transactions.

Certain administrative functions are performed by officers and employees of the Company (who may also be a participant in the Plan) at no cost to the Plan or Master Trust. These transactions are not deemed prohibited party-in-interest transactions because they are covered by the statutory administrative exemptions from the IRC and ERISA's rules on prohibited transactions.

8. FEDERAL INCOME TAX STATUS

The Internal Revenue Service has determined and informed the Company by a letter dated June 25, 2002, that the Plan and related trust are designed in accordance with the applicable sections of the IRC. The Plan has been amended since receiving the determination letter; however, the plan administrator believes that the Plan is currently designed and is currently being operated in compliance with the applicable requirements of the IRC and the Plan and related trust continue to be tax-exempt. Therefore, no provision for income taxes has been included in the Plan's financial statements.

9. PLAN TERMINATION

Although it has not expressed any intention to do so, the Company has the right under the Plan, in certain circumstances, to discontinue its contributions at any time and to terminate the Plan subject to the provisions set forth in ERISA. In the event that the Plan is terminated, the net assets of the Plan will be allocated for payment of plan benefits to the participants in an order of priority determined in accordance with ERISA, applicable regulations thereunder and the Plan document.

Certain benefits under the Plan are insured by the Pension Benefit Guaranty Corporation ("PBGC") if the Plan terminates. Generally, the PBGC guarantees most vested normal age retirement benefits, early retirement benefits, and certain disability and survivor's pensions. However, the PBGC does not guarantee all types of benefits under the Plan, and the amount of benefit protection is subject to certain limitations. Vested benefits under the Plan are guaranteed at

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the level in effect on the date of the Plan's termination, subject to a statutory ceiling on the amount of an individual's monthly benefit.

Whether all participants receive their benefits should the Plan be terminated at some future time will depend on the sufficiency, at that time, of the Plan's net assets to provide those benefits, the priority of those benefits to be paid and the level and type of benefits guaranteed by the PBGC at that time. Some benefits may be fully or partially provided for by the existing assets and the PBGC guaranty while other benefits may not be provided for at all.

10. RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500

The following is a reconciliation of net assets available for pension benefits per the financial statements to the Form 5500:

	2009	2008
Net assets available for benefits per the financial statements	\$ 3,517,326	\$ 2,942,035
Net assets held in defined benefit plan - 401(h) account	205,236	161,806
	<u> </u>	<u> </u>
Net assets available for benefits per Form 5500	<u>\$ 3,722,562</u>	<u>\$ 3,103,841</u>

The net assets of the 401(h) account included in Form 5500 are not available to pay pension benefits but can be used only to pay retiree health benefits. The following is a reconciliation of the changes in net assets per the financial statements to the Form 5500:

	2009	2008
Increase (decrease) in net assets per the financial statements	\$ 575,291	\$ (1,715,801)
Net increase (decrease) 401(h) account	43,431	(77,967)
	<u> </u>	<u> </u>
Increase (decrease) in net assets per Form 5500	<u>\$ 618,722</u>	<u>\$ (1,793,768)</u>

11. SUBSEQUENT EVENTS

Effective January 1, 2010 Records of Action were approved resolving, that EDO, (with the exception of its CAS locations), Procast and Impeller, IMC, Kaliburn, and Flowtronex were designated participating corporations under the Salaried Retirement Plan, with respect to their eligible salaried employees, numbering approximately 3,650.

For the year ended December 31, 2009, subsequent events were evaluated through July 20, 2010, the date the financial statements were available to be issued.

SCHEDULE SB (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Single-Employer Defined Benefit Plan Actuarial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code). File as an attachment to Form 5500 or 5500-SF.	OMB No. 1210-0110 2009 This Form is Open to Public Inspection
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For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009

▶ **Round off amounts to nearest dollar.**

▶ **Caution:** A penalty of \$1,000 will be assessed for late filing of this report unless reasonable cause is established.

A Name of plan ITT Salaried Retirement Plan	B Three-digit plan number (PN) ▶ <u>001</u>
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF ITT Corporation	D Employer Identification Number (EIN) 13-5158950
E Type of plan: ☒ Single ☐ Multiple-A ☐ Multiple-B	
F Prior year plan size: ☐ 100 or fewer ☐ 101-500 ☒ More than 500	

Part I Basic Information

1 Enter the valuation date: Month <u>1</u> Day <u>1</u> Year <u>2009</u>			
2 Assets:			
a Market value.....	2a	2,942,900,203	
b Actuarial value.....	2b	3,237,190,223	
3 Funding target/participant count breakdown	(1) Number of participants	(2) Funding Target	
a For retired participants and beneficiaries receiving payment.....	3a	23,171	2,091,435,047
b For terminated vested participants.....	3b	17,389	437,499,349
c For active participants:			
(1) Non-vested benefits.....	3c(1)		98,273,505
(2) Vested benefits.....	3c(2)		688,074,411
(3) Total active.....	3c(3)	12,556	786,347,916
d Total.....	3d	53,116	3,315,282,312
4 If the plan is at-risk, check the box and complete items (a) and (b) ☐			
a Funding target disregarding prescribed at-risk assumptions.....	4a		
b Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been at-risk for fewer than five consecutive years and disregarding loading factor.....	4b		
5 Effective interest rate.....	5	8.22 %	
6 Target normal cost.....	6	70,387,912	

Statement by Enrolled Actuary

To the best of my knowledge, the information supplied in this schedule and accompanying schedules, statements and attachments, if any, is complete and accurate. Each prescribed assumption was applied in accordance with applicable law and regulations. In my opinion, each other assumption is reasonable (taking into account the experience of the plan and reasonable expectations) and such other assumptions, in combination, offer my best estimate of anticipated experience under the plan.

SIGN HERE	(signed) SCOT MARTIN Signature of actuary	<u>08/20/2010</u> Date <u>08-04380</u> Most recent enrollment number <u>(201) 902-2502</u> Telephone number (including area code)
<u>Scot Martin</u> Type or print name of actuary <u>Buck Consultants, LLC</u> Firm name <u>500 Plaza Drive</u> Address of the firm <u>Secaucus NJ 07096-1533</u>		

If the actuary has not fully reflected any regulation or ruling promulgated under the statute in completing this schedule, check the box and see instructions ☐

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500 or 5500-SF.

Schedule SB (Form 5500) 2009
v.092308.1

Part II		Beginning of year carryover and prefunding balances	
		(a) Carryover balance	(b) Prefunding balance
7	Balance at beginning of prior year after applicable adjustments (Item 13 from prior year)	412,807,919	0
8	Portion used to offset prior year's funding requirement (Item 35 from prior year)	0	0
9	Amount remaining (Item 7 minus item 8).....	412,807,919	0
10	Interest on item 9 using prior year's actual return of <u>(31.96)</u> %	(131,933,411)	
11	Prior year's excess contributions to be added to prefunding balance:		
a	Excess contributions (Item 38 from prior year)		0
b	Interest on (a) using prior year's effective rate of <u>6.05</u> %		0
c	Total available at beginning of current plan year to add to prefunding balance		0
d	Portion of (c) to be added to prefunding balance.....		0
12	Reduction in balances due to elections or deemed elections.....	0	0
13	Balance at beginning of current year (item 9 + item 10 + item 11d - item 12)	280,874,508	0

Part III		Funding percentages	
14	Funding target attainment percentage.....	14	89.17 %
15	Adjusted funding target attainment percentage.....	15	97.64 %
16	Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement.....	16	117.41 %
17	If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage.....	17	%

Part IV		Contributions and liquidity shortfalls	
18 Contributions made to the plan for the plan year by employer(s) and employees:			
(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	
12/21/2009	5,000,000		
12/22/2009	5,000,000		
12/23/2009	10,000,000		
12/24/2009	10,000,000		
12/28/2009	50,000,000		
12/29/2009	20,000,000		
		Totals ▶	18(b) 100,000,000 18(c) 0

19 Discounted employer contributions - see instructions for small plan with a valuation date after the beginning of the year:

a Contributions allocated toward unpaid minimum required contribution from prior years.	19a	0
b Contributions made to avoid restrictions adjusted to valuation date	19b	0
c Contributions allocated toward minimum required contribution for current year adjusted to valuation date.....	19c	92,511,432

20 Quarterly contributions and liquidity shortfalls:

a Did the plan have a "funding shortfall" for the prior year? ☐ Yes ☒ No

b If 20a is "Yes," were required quarterly installments for the current year made in a timely manner? ☐ Yes ☐ No

c If 20a is "Yes," see instructions and complete the following table as applicable:

Liquidity shortfall as of end of Quarter of this plan year			
(1) 1st	(2) 2nd	(3) 3rd	(4) 4th

Part V Assumptions used to determine funding target and target normal cost

21 Discount rate:				
a Segment rates:	1st segment: %	2nd segment: %	3rd segment: %	☒ N/A, full yield curve used
b Applicable month (enter code)				21b
22 Weighted average retirement age				22 62
23 Mortality table(s) (see instructions) ☐ Prescribed - combined ☒ Prescribed - separate ☐ Substitute				

Part VI Miscellaneous items

24 Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment.	☒ Yes ☐ No
25 Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment.	☒ Yes ☐ No
26 Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment.....	☒ Yes ☐ No
27 If the plan is eligible for (and is using) alternative funding rules, enter applicable code and see instructions regarding attachment.....	27

Part VII Reconciliation of unpaid minimum required contributions for prior years

28 Unpaid minimum required contribution for all prior years	28	0
29 Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (item 19a).....	29	0
30 Remaining amount of unpaid minimum required contributions (item 28 minus item 29).....	30	0

Part VIII Minimum required contribution for current year

31 Target normal cost, adjusted, if applicable (see instructions).....	31	70,387,912
32 Amortization installments:	Outstanding Balance	Installment
a Net shortfall amortization installment	0	0
b Waiver amortization installment	0	0
33 If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount	33	0
34 Total funding requirement before reflecting carryover/prefunding balances (item 31 + item 32a + item 32b - item 33).....	34	70,387,912
	Carryover balance	Prefunding balance
35 Balances used to offset funding requirement	0	0
36 Additional cash requirement (item 34 minus item 35).....	36	70,387,912
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (Item 19c).....	37	92,511,432
38 Interest-adjusted excess contributions for current year (see instructions).....	38	22,123,520
39 Unpaid minimum required contribution for current year (excess, if any, of item 36 over item 37).....	39	0
40 Unpaid minimum required contribution for all years	40	0

ITT SALARIED RETIREMENT PLAN
EIN / PN: 13-5158950 / 001

Schedule SB, Line 22 – Description of Weighted-Average Retirement Age

This age is derived by applying, for an employee with the characteristics of an average new entrant to the plan, the following formula, modified so that the “½” is not used for t = FRA-ERA.

$$\sum_{t=0}^{FRA-ERA} ({}_t p_{ERA}) * (q_{ERA+t}^r) * (ERA + t + \frac{1}{2})$$

$$\sum_{t=0}^{FRA-ERA} ({}_t p_{ERA}) * (q_{ERA+t}^r)$$

where

FRA = age by which everyone is assumed to retire
 ERA = age before which nobody is assumed to retire
 ${}_t p_{ERA}$ = probability of surviving at work to age ERA + t
 q_{ERA+t}^r = probability of retiring at age ERA + t

Probability of

<u>Age</u>	<u>Normal Retirement</u>	<u>Standard Early Retirement</u>	<u>Special Early Retirement</u>
50			6.53%
51			6.38
52			6.27
53			6.18
54			6.11
55		6.05%	7.50
56		6.08	8.00
57		6.11	8.50
58		6.21	9.00
59		6.29	9.50
60		8.45	10.00
61		8.56	15.00
62		8.89	25.00
63		9.25	15.00
64		9.61	10.00
65	50.00%		
66	30.00		
67	30.00		
68	30.00		
69	30.00		
70	100.00		

ITT SALARIED RETIREMENT PLAN
EIN / PN: 13-5158950 / 001

Schedule SB, Part V – Statement of Actuarial Assumptions and Methods

Prescribed Funding Assumptions and Methods

Funding discount rates

Current Year:	Yield Curve applicable 2 months prior to the valuation date.	
	Effective Interest Rate	8.22%
Prior Year:		
	First Segment Rate	5.31%
	Second Segment Rate	5.92%
	Third Segment Rate	6.43%
	Effective Interest Rate	6.05%

Mortality

RP-2000 Mortality Table, with projections specified by IRS Proposed Reg. Section 1.430(h)(3)-1, with separate annuitant and non-annuitant static mortality tables.

Actuarial cost method

Accrued benefit. A method under which the actuarial accrued liability is equal to the present value of benefits accrued to the valuation date. The normal cost is equal to the difference in the actuarial liability at the end of the plan year and the actuarial liability at the beginning of the plan year including expected plan related expenses to be paid from plan assets during the year.

ITT SALARIED RETIREMENT PLAN
EIN / PN: 13-5158950 / 001

Schedule SB, Part V – Statement of Actuarial Assumptions and Methods

Non-Prescribed Funding Assumptions and Methods

Salary increase assumption

Age	Annual Rate	Representative values of the assumed relationship of Average Salary from age 60 to 65 to Current Salary
25	9.105	8.441
30	7.562	5.705
35	6.647	4.073
40	5.816	3.033
45	5.329	2.314
50	5.079	1.799
51	5.027	1.713
52	4.977	1.632
53	4.928	1.555
54	4.881	1.483
55	4.868	1.414
56	4.824	1.349
57	4.780	1.287
58	4.738	1.229
59	4.696	1.174
60	4.656	1.122
61	4.648	1.072
62	4.609	1.025
63	4.572	0.980
64	4.565	0.937
65	4.582	1.118 ⁽¹⁾
66	4.493	1.070 ⁽¹⁾
67	4.487	1.024 ⁽¹⁾
68	4.482	0.980 ⁽¹⁾
69	4.476	0.938 ⁽¹⁾
70	4.471	--

Social Security

3.50% per year increase, compounded annually.

Cash Balance interest crediting rate

Former RSS participants:

7.00%

⁽¹⁾ Relationship of Average Salary Age 65 to Age 70 to Current Salary.

ITT SALARIED RETIREMENT PLAN
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Schedule SB, Part V – Statement of Actuarial Assumptions and Methods

Non-Prescribed Funding Assumptions and Methods (continued)

Expenses

Expected plan related expenses of \$8,394,637 were added to Target Normal Cost.

Frequency of optional payment forms

Optional Form	Probability for	
	Retirement from Active Employment	Retirement from Deferred Vested Status
50% J&S	0%	40%
75% J&S	0%	0%
100% J&S	30%	0%
Life Annuity	40%	60%
90%/50% Sp CA	30%	0%
5 Year C&L	0%	0%
Lump Sum (PEP only)	100%	100%

Marital percentage

85% of participants are assumed to be married at death. Husbands are assumed to be 3 years older than their wives.

ITT SALARIED RETIREMENT PLAN
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Schedule SB, Part V – Statement of Actuarial Assumptions and Methods

Non-Prescribed Funding Assumptions and Methods (continued)

Retirement rates

Age	Normal Retirement Rates	Standard Early Retirement Rates	Special Early Retirement Rates
50	-	-	6.53%
51	-	-	6.38%
52	-	-	6.27%
53	-	-	6.18%
54	-	-	6.11%
55	-	6.05%	7.50%
56	-	6.08%	8.00%
57	-	6.11%	8.50%
58	-	6.21%	9.00%
59	-	6.29%	9.50%
60	-	8.45%	10.00%
61	-	8.56%	15.00%
62	-	8.89%	25.00%
63	-	9.25%	15.00%
64	-	9.61%	10.00%
65	50.00%	-	-
66	30.00%	-	-
67	30.00%	-	-
68	30.00%	-	-
69	30.00%	-	-
70	100.00%	-	-

Disability rates

Age	Rates
25	0.03%
30	0.03%
35	0.03%
40	0.04%
45	0.08%
50	0.21%
55	0.45%
60	1.01%
65	0.00%

ITT SALARIED RETIREMENT PLAN
EIN / PN: 13-5158950 / 001

Schedule SB, Part V – Statement of Actuarial Assumptions and Methods

Non-Prescribed Funding Assumptions and Methods (continued)

Withdrawal rates⁽¹⁾

Age	Non-vested Rates	Vested Rates
25	22.54%	14.54%
30	19.45%	11.45%
35	17.16%	9.16%
40	15.64%	8.64%
45	14.50%	7.50%
50	13.53%	6.53%
55	6.05%	6.05%
60	8.45%	8.45%
65	0.00%	0.00%

Higher rates of withdrawal for non-vested are used during the first, second, and third years of employment for employees hired before age 45.

Asset valuation method

The Valuation Assets are determined using a method that spreads asset gains/(losses) over 8 quarters. The gain/(loss) for each period is determined as the actual return during the period less the expected return based on an assumed earnings rate chosen by the actuary but required by PPA to be not greater than the applicable third segment rate. The resulting value is constrained to be within a corridor of 90% to 110% of market value. The discounted value of accrued contributions, if any, is included in the Valuation Assets.

The expected return on plan assets is 9.00% per annum, limited by PPA to the applicable Third Segment Rate as follows:

2008 measurement period:	6.43%
2007 measurement period:	6.09%

⁽¹⁾ For active participants not eligible for retirement.

ITT SALARIED RETIREMENT PLAN
EIN / PIN 13-5158950 / 001

Schedule SB, Part V - Summary of Plan Provisions

Effective Date

January 1, 1965

Last Amended

January 1, 2008

Eligibility for Membership

All salaried employees age 21 with one year of service.

Normal Retirement Allowance

Eligibility

Age 65.

Benefit

For the first 40 years of benefit service, an employee may elect either of the following benefit accruals:

1) Traditional Pension Formula

2% of final average salary (1.5% for employees hired after January 1, 2000) during the 5 years of service in the last 10 years giving the highest average, for each of the first 25 years of traditional formula service, plus 1.5% of such final average salary for traditional formula service between 25 and 40 years, reduced by 1.25% of the Social Security benefit multiplied by traditional formula service up to 40 years.

2) Pension Equity Formula

Lump sum benefit based on the following percentages of final average salary: under age 30, 3% per year of service, age 30 - age 39, 4% per year of service, age 40 - age 49, 5% per year of service, age 50 and over, 6% per year of service. Total years credited cannot exceed 40.

ITT SALARIED RETIREMENT PLAN
EIN / PIN 13-5158950 / 001

Schedule SB, Part V - Summary of Plan Provisions

Special Early Retirement Allowance

Eligibility

For employees hired before January 1, 2000, age 55 and 15 years of service or age 50 with age and service totaling 80 or more years. For employees hired after December 31, 1999 but before January 1, 2005, age 55 and 15 years of service.

Benefit

For employees hired before January 1, 2000; accrued pension under the traditional formula can commence as early as age 50 and is reduced 5/12 of 1% for each month that payments commence prior to age 60, but not less than 75% of the unreduced benefit that would have been payable at age 60. For employees hired after December 31, 1999; accrued pension under the traditional formula can commence as early as age 55 and is reduced 5/12 of 1% for each month that payments commence prior to age 62, reduced 1/3 of 1% for each month that payments commence prior to age 58 and reduced 1/4 of 1% for each month that payments commence prior to age 57. Social Security reduction is not applied before age 62. Accrued pension under pension equity formula payable in the form of an actuarially equivalent annuity.

Standard Early Retirement Allowance

Eligibility

Age 55 and 10 years of service.

Benefit

Accrued pension deferred to age 65 or an immediate benefit reduced 1/4 of 1% for each month that payments commence prior to age 65. (For employees hired after January 1, 2005, the reduction is 6.67% per annum for retirements between ages 60 to 65, 6.11% at age 59, 5.71% at age 58, 5.42% at age 57, 5.19% at age 56, and 5.00% at age 55.) Social Security reduction is not applied before age 62 for employees hired prior to January 1, 2005. Accrued pension under pension equity formula payable in the form of an actuarially equivalent annuity.

Vested Benefit

Eligibility

5 years of service (3 years of service for pension equity formula).

Benefit

Accrued pension based on final average salary at termination.

ITT SALARIED RETIREMENT PLAN
EIN / PIN 13-5158950 / 001

Schedule SB, Part V - Summary of Plan Provisions

Vested Spouse Benefit

Eligibility

Death after becoming eligible for a vested benefit and prior to Benefit Commencement. Benefit commences no earlier than earliest retirement date which could have been elected by deceased participant.

Benefit

Accrued pension under traditional formula at time of death, adjusted as if participant had retired on date payments to spouse commence under joint and 50% survivorship option, and then died. For a terminated vested participant there is a charge for each year coverage is in effect after termination date. Coverage for which a charge is made may be waived with consent of the spouse. Accrued pension under pension equity formula in the form of actuarially equivalent annuity or lump sum payment equal to participant's full pension equity benefit.

Automatic Pre-Retirement Survivor Benefit

Eligibility

Death after earlier of age 65 or age 55 with 10 years of service and prior to Benefit Commencement.

Benefit

50% of accrued traditional pension at time of death, no adjustment for early commencement. Accrued pension under pension equity formula in the form of actuarially equivalent annuity or lump sum payment equal to participant's full pension equity benefit.

Supplemental Survivor's Benefit

Eligibility

Election available upon the earlier of age 65 or age 55 with 10 years of service. Charge for coverage is 1/2 of 1% for each year in effect.

Benefit

25% of accrued traditional pension, adjusted if beneficiary is more than 5 years younger. Payable to same beneficiary as under Automatic Pre-Retirement Survivor Benefit.

Normal Form of Benefit

Single

Life annuity.

Married

Actuarial equivalent 50% joint and survivor annuity, unless elects otherwise, for vested participants and retired participants hired on or after January 1, 2005; 90% Spouse's Contingent Annuity Option for retired participants who were hired prior to January 1, 2005.

ITT SALARIED RETIREMENT PLAN
EIN / PIN 13-5158950 / 001

Schedule SB, Part V - Summary of Plan Provisions

Spouse's Contingent Annuity Option

- (1) 90% (adjusted for difference in ages of more than 5 years) of benefit with 50% of the unreduced benefit payable to spouse after retired member's death.
- (2) 80% (adjusted for difference in ages of more than 5 years) of benefit with the reduced benefit payable to spouse after retired member's death.

Spouse's Contingent Annuity options are not available for vested benefits for participants hired on or after January 1, 2005.

Standard Contingent Annuity Option

- (1) 100% joint and survivor annuity.
- (2) 50 % joint and survivor annuity.
- (3) 75 % joint and survivor annuity.

Small Lump Sum

Actuarial equivalent value of vested benefit or surviving benefit \$5,000 or less, paid in the form of lump sum.

Maximum Benefit

ERISA maximum as amended by the Tax Reform Act of 1986, the Retirement Protection Act of 1994 (RPA '94) and the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA) and IRC Section 401(a)(17) compensation limitations as amended by the Omnibus Budget Reconciliation Act of 1993 and EGTRRA

Contributions

All contributions to support the Plan are made by the plan sponsor.

Special Benefits

This summary does not include special benefit provisions which may apply to a limited group of employees covered under former plans, certain frozen status members and retirement members. These provisions are taken into account in the valuation.

ITT SALARIED RETIREMENT PLAN
EIN/PIN 13-5158950 / 001

Schedule SB, line 24 – Change in Actuarial Assumptions

Expected plan related expenses were added to Target Normal Cost.

**ITT SALARIED RETIREMENT PLAN
EIN/PIN 13-5158950 / 001**

Schedule SB, line 25 – Change in Method

The asset valuation method was changed from market value to a method that spreads gains/(losses) over 8 quarters.

The interest rate basis was changed from the segment rates applicable at the valuation date to the yield curve applicable two months prior to the valuation date.

ITT Salaried Retirement Plan
EIN / PIN 13-5158950 / 001

Schedule SB, Line 26 - Schedule of Active Participant Data

AGE	Completed Years of Benefit Service																			Average Salary
	<u>Under 1</u>	<u>Average Salary</u>	<u>1-4</u>	<u>Average Salary</u>	<u>5-9</u>	<u>Average Salary</u>	<u>10-14</u>	<u>Average Salary</u>	<u>15-19</u>	<u>Average Salary</u>	<u>20-24</u>	<u>Average Salary</u>	<u>25-29</u>	<u>Average Salary</u>	<u>30-34</u>	<u>Average Salary</u>	<u>35-39</u>	<u>Average Salary</u>	<u>40+</u>	
Under 25			132	46,791	1															
25-29	8		610	61,945	42	64,681														
30 - 34	11		585	75,782	93	77,076	34	77,877												
35 - 39	7		676	81,983	117	82,982	88	75,564	10		4									
40 - 44	14		803	89,936	166	89,967	139	88,892	86	91,312	81	89,028	3							
45 - 49	17		1,046	90,414	219	99,393	230	98,833	117	101,736	269	103,079	126	102,877	6					
50 - 54	5		948	90,975	262	98,526	272	88,879	99	97,824	223	99,827	196	110,863	61	97,571	3			
55 - 59	3		620	87,170	184	95,419	252	89,674	86	103,438	153	99,459	111	107,061	72	112,268	21	95,136	4	
60 - 64	1		300	90,748	109	97,184	106	97,552	45	104,532	99	101,813	64	100,585	29	98,970	19		12	
65 - 69	1		90	104,432	36	99,636	22	110,206	7		26	110,596	9		4		2		2	
70+			19		10		11		1		3		2		2				3	

Note: In addition, there are 1,983 participants transferred to non-participating locations or to hourly paid status valued for accrued benefits only, and 224 active members on a leave of absence.

ITT SALARIED RETIREMENT PLAN
EIN/PIN 13-5158950 / 001

Schedule SB, line 21- Discount Rate

The discount rate is full yield curve with a 2 month lookback. Line 21b is left blank because EFAST2 generates an error when 2 appears in line 21b and Full Yield Curve is checked in line 21a.

ITT SALARIED RETIREMENT PLAN
EIN / PN: 13-5158950 / 001

Schedule SB, Part V – Statement of Actuarial Assumptions and Methods

Prescribed Funding Assumptions and Methods

Funding discount rates

Current Year:	Yield Curve applicable 2 months prior to the valuation date.	
	Effective Interest Rate	8.22%
Prior Year:		
	First Segment Rate	5.31%
	Second Segment Rate	5.92%
	Third Segment Rate	6.43%
	Effective Interest Rate	6.05%

Mortality

RP-2000 Mortality Table, with projections specified by IRS Proposed Reg. Section 1.430(h)(3)-1, with separate annuitant and non-annuitant static mortality tables.

Actuarial cost method

Accrued benefit. A method under which the actuarial accrued liability is equal to the present value of benefits accrued to the valuation date. The normal cost is equal to the difference in the actuarial liability at the end of the plan year and the actuarial liability at the beginning of the plan year including expected plan related expenses to be paid from plan assets during the year.

ITT SALARIED RETIREMENT PLAN
EIN / PN: 13-5158950 / 001

Schedule SB, Part V – Statement of Actuarial Assumptions and Methods

Non-Prescribed Funding Assumptions and Methods

Salary increase assumption

Age	Annual Rate	Representative values of the assumed relationship of Average Salary from age 60 to 65 to Current Salary
25	9.105	8.441
30	7.562	5.705
35	6.647	4.073
40	5.816	3.033
45	5.329	2.314
50	5.079	1.799
51	5.027	1.713
52	4.977	1.632
53	4.928	1.555
54	4.881	1.483
55	4.868	1.414
56	4.824	1.349
57	4.780	1.287
58	4.738	1.229
59	4.696	1.174
60	4.656	1.122
61	4.648	1.072
62	4.609	1.025
63	4.572	0.980
64	4.565	0.937
65	4.582	1.118 ⁽¹⁾
66	4.493	1.070 ⁽¹⁾
67	4.487	1.024 ⁽¹⁾
68	4.482	0.980 ⁽¹⁾
69	4.476	0.938 ⁽¹⁾
70	4.471	--

Social Security

3.50% per year increase, compounded annually.

Cash Balance interest crediting rate

Former RSS participants:

7.00%

⁽¹⁾ Relationship of Average Salary Age 65 to Age 70 to Current Salary.

ITT SALARIED RETIREMENT PLAN
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Schedule SB, Part V – Statement of Actuarial Assumptions and Methods

Non-Prescribed Funding Assumptions and Methods (continued)

Expenses

Expected plan related expenses of \$8,394,637 were added to Target Normal Cost.

Frequency of optional payment forms

Optional Form	Probability for	
	Retirement from Active Employment	Retirement from Deferred Vested Status
50% J&S	0%	40%
75% J&S	0%	0%
100% J&S	30%	0%
Life Annuity	40%	60%
90%/50% Sp CA	30%	0%
5 Year C&L	0%	0%
Lump Sum (PEP only)	100%	100%

Marital percentage

85% of participants are assumed to be married at death. Husbands are assumed to be 3 years older than their wives.

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Schedule SB, Part V – Statement of Actuarial Assumptions and Methods

Non-Prescribed Funding Assumptions and Methods (continued)

Retirement rates

Age	Normal Retirement Rates	Standard Early Retirement Rates	Special Early Retirement Rates
50	-	-	6.53%
51	-	-	6.38%
52	-	-	6.27%
53	-	-	6.18%
54	-	-	6.11%
55	-	6.05%	7.50%
56	-	6.08%	8.00%
57	-	6.11%	8.50%
58	-	6.21%	9.00%
59	-	6.29%	9.50%
60	-	8.45%	10.00%
61	-	8.56%	15.00%
62	-	8.89%	25.00%
63	-	9.25%	15.00%
64	-	9.61%	10.00%
65	50.00%	-	-
66	30.00%	-	-
67	30.00%	-	-
68	30.00%	-	-
69	30.00%	-	-
70	100.00%	-	-

Disability rates

Age	Rates
25	0.03%
30	0.03%
35	0.03%
40	0.04%
45	0.08%
50	0.21%
55	0.45%
60	1.01%
65	0.00%

ITT SALARIED RETIREMENT PLAN
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Schedule SB, Part V – Statement of Actuarial Assumptions and Methods

Non-Prescribed Funding Assumptions and Methods (continued)

Withdrawal rates⁽¹⁾

Age	Non-vested Rates	Vested Rates
25	22.54%	14.54%
30	19.45%	11.45%
35	17.16%	9.16%
40	15.64%	8.64%
45	14.50%	7.50%
50	13.53%	6.53%
55	6.05%	6.05%
60	8.45%	8.45%
65	0.00%	0.00%

Higher rates of withdrawal for non-vested are used during the first, second, and third years of employment for employees hired before age 45.

Asset valuation method

The Valuation Assets are determined using a method that spreads asset gains/(losses) over 8 quarters. The gain/(loss) for each period is determined as the actual return during the period less the expected return based on an assumed earnings rate chosen by the actuary but required by PPA to be not greater than the applicable third segment rate. The resulting value is constrained to be within a corridor of 90% to 110% of market value. The discounted value of accrued contributions, if any, is included in the Valuation Assets.

The expected return on plan assets is 9.00% per annum, limited by PPA to the applicable Third Segment Rate as follows:

2008 measurement period:	6.43%
2007 measurement period:	6.09%

⁽¹⁾ For active participants not eligible for retirement.

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Schedule SB, Line 22 – Description of Weighted-Average Retirement Age

This age is derived by applying, for an employee with the characteristics of an average new entrant to the plan, the following formula, modified so that the “½” is not used for t = FRA-ERA.

$$\frac{\sum_{t=0}^{FRA-ERA} ({}_t p_{ERA}) * (q_{ERA+t}^r) * (ERA + t + \frac{1}{2})}{\sum_{t=0}^{FRA-ERA} ({}_t p_{ERA}) * (q_{ERA+t}^r)}$$

$$\sum_{t=0}^{FRA-ERA} ({}_t p_{ERA}) * (q_{ERA+t}^r)$$

where

FRA = age by which everyone is assumed to retire
 ERA = age before which nobody is assumed to retire
 ${}_t p_{ERA}$ = probability of surviving at work to age ERA + t
 q_{ERA+t}^r = probability of retiring at age ERA + t

Probability of

<u>Age</u>	<u>Normal Retirement</u>	<u>Standard Early Retirement</u>	<u>Special Early Retirement</u>
50			6.53%
51			6.38
52			6.27
53			6.18
54			6.11
55		6.05%	7.50
56		6.08	8.00
57		6.11	8.50
58		6.21	9.00
59		6.29	9.50
60		8.45	10.00
61		8.56	15.00
62		8.89	25.00
63		9.25	15.00
64		9.61	10.00
65	50.00%		
66	30.00		
67	30.00		
68	30.00		
69	30.00		
70	100.00		

ITT SALARIED RETIREMENT PLAN
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Schedule SB, Part V - Summary of Plan Provisions

Effective Date

January 1, 1965

Last Amended

January 1, 2008

Eligibility for Membership

All salaried employees age 21 with one year of service.

Normal Retirement Allowance

Eligibility

Age 65.

Benefit

For the first 40 years of benefit service, an employee may elect either of the following benefit accruals:

1) Traditional Pension Formula

2% of final average salary (1.5% for employees hired after January 1, 2000) during the 5 years of service in the last 10 years giving the highest average, for each of the first 25 years of traditional formula service, plus 1.5% of such final average salary for traditional formula service between 25 and 40 years, reduced by 1.25% of the Social Security benefit multiplied by traditional formula service up to 40 years.

2) Pension Equity Formula

Lump sum benefit based on the following percentages of final average salary: under age 30, 3% per year of service, age 30 - age 39, 4% per year of service, age 40 - age 49, 5% per year of service, age 50 and over, 6% per year of service. Total years credited cannot exceed 40.

ITT SALARIED RETIREMENT PLAN
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Schedule SB, Part V - Summary of Plan Provisions

Special Early Retirement Allowance

Eligibility

For employees hired before January 1, 2000, age 55 and 15 years of service or age 50 with age and service totaling 80 or more years. For employees hired after December 31, 1999 but before January 1, 2005, age 55 and 15 years of service.

Benefit

For employees hired before January 1, 2000; accrued pension under the traditional formula can commence as early as age 50 and is reduced 5/12 of 1% for each month that payments commence prior to age 60, but not less than 75% of the unreduced benefit that would have been payable at age 60. For employees hired after December 31, 1999; accrued pension under the traditional formula can commence as early as age 55 and is reduced 5/12 of 1% for each month that payments commence prior to age 62, reduced 1/3 of 1% for each month that payments commence prior to age 58 and reduced 1/4 of 1% for each month that payments commence prior to age 57. Social Security reduction is not applied before age 62. Accrued pension under pension equity formula payable in the form of an actuarially equivalent annuity.

Standard Early Retirement Allowance

Eligibility

Age 55 and 10 years of service.

Benefit

Accrued pension deferred to age 65 or an immediate benefit reduced 1/4 of 1% for each month that payments commence prior to age 65. (For employees hired after January 1, 2005, the reduction is 6.67% per annum for retirements between ages 60 to 65, 6.11% at age 59, 5.71% at age 58, 5.42% at age 57, 5.19% at age 56, and 5.00% at age 55.) Social Security reduction is not applied before age 62 for employees hired prior to January 1, 2005. Accrued pension under pension equity formula payable in the form of an actuarially equivalent annuity.

Vested Benefit

Eligibility

5 years of service (3 years of service for pension equity formula).

Benefit

Accrued pension based on final average salary at termination.

ITT SALARIED RETIREMENT PLAN
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Schedule SB, Part V - Summary of Plan Provisions

Vested Spouse Benefit

Eligibility

Death after becoming eligible for a vested benefit and prior to Benefit Commencement. Benefit commences no earlier than earliest retirement date which could have been elected by deceased participant.

Benefit

Accrued pension under traditional formula at time of death, adjusted as if participant had retired on date payments to spouse commence under joint and 50% survivorship option, and then died. For a terminated vested participant there is a charge for each year coverage is in effect after termination date. Coverage for which a charge is made may be waived with consent of the spouse. Accrued pension under pension equity formula in the form of actuarially equivalent annuity or lump sum payment equal to participant's full pension equity benefit.

Automatic Pre-Retirement Survivor Benefit

Eligibility

Death after earlier of age 65 or age 55 with 10 years of service and prior to Benefit Commencement.

Benefit

50% of accrued traditional pension at time of death, no adjustment for early commencement. Accrued pension under pension equity formula in the form of actuarially equivalent annuity or lump sum payment equal to participant's full pension equity benefit.

Supplemental Survivor's Benefit

Eligibility

Election available upon the earlier of age 65 or age 55 with 10 years of service. Charge for coverage is 1/2 of 1% for each year in effect.

Benefit

25% of accrued traditional pension, adjusted if beneficiary is more than 5 years younger. Payable to same beneficiary as under Automatic Pre-Retirement Survivor Benefit.

Normal Form of Benefit

Single

Life annuity.

Married

Actuarial equivalent 50% joint and survivor annuity, unless elects otherwise, for vested participants and retired participants hired on or after January 1, 2005; 90% Spouse's Contingent Annuity Option for retired participants who were hired prior to January 1, 2005.

ITT SALARIED RETIREMENT PLAN
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Schedule SB, Part V - Summary of Plan Provisions

Spouse's Contingent Annuity Option

- (1) 90% (adjusted for difference in ages of more than 5 years) of benefit with 50% of the unreduced benefit payable to spouse after retired member's death.
- (2) 80% (adjusted for difference in ages of more than 5 years) of benefit with the reduced benefit payable to spouse after retired member's death.

Spouse's Contingent Annuity options are not available for vested benefits for participants hired on or after January 1, 2005.

Standard Contingent Annuity Option

- (1) 100% joint and survivor annuity.
- (2) 50 % joint and survivor annuity.
- (3) 75 % joint and survivor annuity.

Small Lump Sum

Actuarial equivalent value of vested benefit or surviving benefit \$5,000 or less, paid in the form of lump sum.

Maximum Benefit

ERISA maximum as amended by the Tax Reform Act of 1986, the Retirement Protection Act of 1994 (RPA '94) and the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA) and IRC Section 401(a)(17) compensation limitations as amended by the Omnibus Budget Reconciliation Act of 1993 and EGTRRA

Contributions

All contributions to support the Plan are made by the plan sponsor.

Special Benefits

This summary does not include special benefit provisions which may apply to a limited group of employees covered under former plans, certain frozen status members and retirement members. These provisions are taken into account in the valuation.

**ITT SALARIED RETIREMENT PLAN
EIN/PIN 13-5158950 / 001**

Schedule SB, line 24 – Change in Actuarial Assumptions

Expected plan related expenses were added to Target Normal Cost.

ITT SALARIED RETIREMENT PLAN
EIN/PIN 13-5158950 / 001

Schedule SB, line 25 – Change in Method

The asset valuation method was changed from market value to a method that spreads gains/(losses) over 8 quarters.

The interest rate basis was changed from the segment rates applicable at the valuation date to the yield curve applicable two months prior to the valuation date.

ITT Salaried Retirement Plan
EIN / PIN 13-5158950 / 001

Schedule SB, Line 26 - Schedule of Active Participant Data

AGE	Completed Years of Benefit Service																			Average Salary
	<u>Under 1</u>	<u>Average Salary</u>	<u>1-4</u>	<u>Average Salary</u>	<u>5-9</u>	<u>Average Salary</u>	<u>10-14</u>	<u>Average Salary</u>	<u>15-19</u>	<u>Average Salary</u>	<u>20-24</u>	<u>Average Salary</u>	<u>25-29</u>	<u>Average Salary</u>	<u>30-34</u>	<u>Average Salary</u>	<u>35-39</u>	<u>Average Salary</u>	<u>40+</u>	
Under 25			132	46,791	1															
25-29	8		610	61,945	42	64,681														
30 - 34	11		585	75,782	93	77,076	34	77,877												
35 - 39	7		676	81,983	117	82,982	88	75,564	10		4									
40 - 44	14		803	89,936	166	89,967	139	88,892	86	91,312	81	89,028	3							
45 - 49	17		1,046	90,414	219	99,393	230	98,833	117	101,736	269	103,079	126	102,877	6					
50 - 54	5		948	90,975	262	98,526	272	88,879	99	97,824	223	99,827	196	110,863	61	97,571	3			
55 - 59	3		620	87,170	184	95,419	252	89,674	86	103,438	153	99,459	111	107,061	72	112,268	21	95,136	4	
60 - 64	1		300	90,748	109	97,184	106	97,552	45	104,532	99	101,813	64	100,585	29	98,970	19		12	
65 - 69	1		90	104,432	36	99,636	22	110,206	7		26	110,596	9		4		2		2	
70+			19		10		11		1		3		2		2				3	

Note: In addition, there are 1,983 participants transferred to non-participating locations or to hourly paid status valued for accrued benefits only, and 224 active members on a leave of absence.

Plan Name	ITT Salaried Retirement Plan
Plan Sponsor EIN	13-5158950
ERISA Plan #	001
Plan Year Ending	12/31/2009

The required attachment marked with an "X" in the Attachment column is included within the Accountant's Opinion attachment to Sch. H, Part III, Line 3, which consists of the entire audit report issued by the plan's Independent Qualified Public Accountant (IQPA).

Form/Schedule	Line #	Description	Attachment
5500 Sch. H	Line 3	Financial statements used in formulating the IQPA's opinion	X
5500 Sch. H	Line 4i	Schedule of Assets (Held at End of Year)	
5500 Sch. H	Line 4i	Schedule of Assets (Acquired and Disposed of Within Year)	
5500 Sch. H	Line 4j	Schedule of Reportable Transactions	
5500 Sch. H	Line 4a	Schedule of Delinquent Participant Contributions	

ITT SALARIED RETIREMENT PLAN
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Schedule SB, line 21- Discount Rate

The discount rate is full yield curve with a 2 month lookback. Line 21b is left blank because EFAST2 generates an error when 2 appears in line 21b and Full Yield Curve is checked in line 21a.