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), 6057(b), and 6058(a) of the Internal Revenue Code (the Code).

▶ **Complete all entries in accordance with the instructions to the Form 5500.**

OMB Nos. 1210-0110
1210-0089

2011

This Form is Open to Public Inspection

Part I Annual Report Identification Information

For calendar plan year 2011 or fiscal plan year beginning 01/01/2011 and ending 12/31/2011

A This return/report is for:
- [ ] a multiemployer plan;
- [ ] a multiple-employer plan; or
- [X] 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:
- [X] 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 AEROSPACE CONTROLS PENSION PLAN FOR HOURLY EMPLOYEES

1b Three-digit plan number (PN) ▶ 016

1c Effective date of plan 05/15/1963

2a Plan sponsor's name and address, including room or suite number (Employer, if for single-employer plan)

ITT CORPORATION

1133 WESTCHESTER AVENUE
WHITE PLAINS, NY 10604

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.	10/10/2012	ANN FERNANDES
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE			
	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

3a Plan administrator's name and address (if same as plan sponsor, enter "Same")
ITT AEROSPACE CONTROLS

28150 INDUSTRY DRIVE
VALENCIA, CA 91355

3b Administrator's EIN
13-5158950

3c Administrator's telephone number
661-294-1700

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

5	Total number of participants at the beginning of the plan year	**5**	648
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**	223
b	Retired or separated participants receiving benefits	**6b**	277
c	Other retired or separated participants entitled to future benefits	**6c**	92
d	Subtotal. Add lines **6a**, **6b**, and **6c**	**6d**	592
e	Deceased participants whose beneficiaries are receiving or are entitled to receive benefits	**6e**	43
f	Total. Add lines **6d** and **6e**	**6f**	635
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**	2
7	Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)	**7**	

8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristic Codes in the instructions:
1B 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)	X	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)	X	Trust
(4)		General assets of the sponsor

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

b General Schedules

(1)	X	**H** (Financial Information)
(2)		**I** (Financial Information – Small Plan)
(3)		**A** (Insurance Information)
(4)		**C** (Service Provider Information)
(5)	X	**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

2011

This Form is Open to Public Inspection

For calendar plan year 2011 or fiscal plan year beginning 01/01/2011 and ending 12/31/2011

▶ **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 AEROSPACE CONTROLS PENSION PLAN FOR HOURLY EMPLOYEES

B Three-digit plan number (PN) ▶ 016

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: [X] Single [ ] Multiple-A [ ] Multiple-B

F Prior year plan size: [ ] 100 or fewer [ ] 101-500 [X] More than 500

Part I Basic Information

1 Enter the valuation date: Month 01 Day 01 Year 2011

2 Assets:

a	Market value	**2a**	12056805
b	Actuarial value	**2b**	10975117

3 Funding target/participant count breakdown:

			(1) Number of participants	**(2)** Funding Target
a	For retired participants and beneficiaries receiving payment	**3a**	330	6551564
b	For terminated vested participants	**3b**	67	947897
c	For active participants:			
	(1) Non-vested benefits	**3c(1)**		316035
	(2) Vested benefits	**3c(2)**		5807351
	(3) Total active	**3c(3)**	251	6123386
d	Total	**3d**	648	13622847

4 If the plan is in at-risk status, check the box and complete lines (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 in at-risk status for fewer than five consecutive years and disregarding loading factor	**4b**	

5	Effective interest rate	**5**	6.26 %
6	Target normal cost	**6**	554682

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

	07/13/2012
Signature of actuary	Date
DYLAN PORTER	11-05426
Type or print name of actuary	Most recent enrollment number
BUCK CONSULTANTS, LLC	415-392-0616
Firm name	Telephone number (including area code)
50 FREMONT STREET, 12TH FLOOR SAN FRANCISCO, CA 94105-2228	
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 [ ]

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 (line 13 from prior year)	0	469441
8	Portion elected for use to offset prior year's funding requirement (line 35 from prior year)	0	469441
9	Amount remaining (line 7 minus line 8)	0	0
10	Interest on line 9 using prior year's actual return of 13.79%	0	0
11	Prior year's excess contributions to be added to prefunding balance:		
a	Present value of excess contributions (line 38 from prior year)		853
b	Interest on (a) using prior year's effective rate of 6.57 % except as otherwise provided (see instructions)		118
c	Total available at beginning of current plan year to add to prefunding balance		971
d	Portion of (c) to be added to prefunding balance		0
12	Other reductions in balances due to elections or deemed elections	0	0
13	Balance at beginning of current year (line 9 + line 10 + line 11d – line 12)	0	0

Part III Funding percentages

14	Funding target attainment percentage	14	80.56 %
15	Adjusted funding target attainment percentage	15	80.56 %
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	86.22 %
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
04/15/2011	209000				
07/15/2011	209000				
10/14/2011	209000				
01/13/2012	209000				
03/20/2012	1662498				
			Totals ► 18(b)	2498498	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 contributions 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	2347458

20 Quarterly contributions and liquidity shortfalls:

a Did the plan have a "funding shortfall" for the prior year? [X] Yes [ ] No

b If 20a is "Yes," were required quarterly installments for the current year made in a timely manner? [X] 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
0	0	0	0

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

21 Discount rate:

a Segment rates:

1st segment:	2nd segment:	3rd segment:	
3.78%	6.31%	6.57 %	☐ N/A, full yield curve used

b Applicable month (enter code)	**21b**	4
22 Weighted average retirement age	**22**	65

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

Part VIII Minimum required contribution for current year

31 Target normal cost and excess assets (see instructions):

a Target normal cost (line 6)	**31a**	554682
b Excess assets, if applicable, but not greater than 31a	**31b**	0

32 Amortization installments:

	Outstanding Balance	Installment
a Net shortfall amortization installment	2647730	499015
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**	
34 Total funding requirement before reflecting carryover/prefunding balances (lines 31a - 31b + 32a + 32b - 33)	**34**	1053697

	Carryover balance	Prefunding balance	Total balance
35 Balances elected for use to offset funding requirement	0	0	0

36 Additional cash requirement (line 34 minus line 35)	**36**	1053697
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c)	**37**	2347458

38 Present value of excess contributions for current year (see instructions)

a Total (excess, if any, of line 37 over line 36)	**38a**	1293761
b Portion included in line 38a attributable to use of prefunding and funding standard carryover balances	**38b**	0
39 Unpaid minimum required contribution for current year (excess, if any, of line 36 over line 37)	**39**	0
40 Unpaid minimum required contributions for all years	**40**	0

Part IX Pension funding relief under Pension Relief Act of 2010 (see instructions)

41 If a shortfall amortization base is being amortized pursuant to an alternative amortization schedule:

a Schedule elected ☐ 2 plus 7 years ☐ 15 years

b Eligible plan year(s) for which the election in line 41a was made ☐ 2008 ☐ 2009 ☐ 2010 ☐ 2011

42 Amount of acceleration adjustment	**42**	
43 Excess installment acceleration amount to be carried over to future plan years	**43**	

SCHEDULE D (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

DFE/Participating Plan Information

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).

▶ **File as an attachment to Form 5500.**

OMB No. 1210-0110

2011

This Form is Open to Public Inspection.

For calendar plan year 2011 or fiscal plan year beginning 01/01/2011 and ending 12/31/2011

A Name of plan
ITT AEROSPACE CONTROLS PENSION PLAN FOR HOURLY EMPLOYEES

B Three-digit plan number (PN) ▶ 016

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	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103 12 IE at end of year (see instructions)
36-6668234-300	M	0

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	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103 12 IE at end of year (see instructions)
38-7003271-302	M	11400454

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:

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:

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:

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:

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:

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:

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:

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:

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:

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)

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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)

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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)

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:

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:

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)

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	
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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

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

2011

This Form is Open to Public Inspection

For calendar plan year 2011 or fiscal plan year beginning 01/01/2011 and ending 12/31/2011

A Name of plan
ITT AEROSPACE CONTROLS PENSION PLAN FOR HOURLY EMPLOYEES

B Three-digit plan number (PN) ▶ 016

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

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)	404000	1871498
(2) Participant contributions	1b(2)		
(3) Other	1b(3)	0	26950
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)	11662237	11400454
(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)		

			(a) Beginning of Year	(b) End of Year
1d	Employer-related investments:			
	(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	12066237	13298902
	Liabilities			
g	Benefit claims payable	1g		
h	Operating payables	1h	55613	32793
i	Acquisition indebtedness	1i		
j	Other liabilities	1j		
k	Total liabilities (add all amounts in lines 1g through1j)	1k	55613	32793
	Net Assets			
l	Net assets (subtract line 1k from line 1f)	1l	12010624	13266109

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) Amount	(b) Total
a	**Contributions:**			
	(1) Received or receivable in cash from: **(A)** Employers	2a(1)(A)	2498498	
	(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)		2498498
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)		
	(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)		-467140
(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		2031358
Expenses			
e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	775873	
(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)		775873
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		775873
Net Income and Reconciliation			
k Net income (loss). Subtract line 2j from line 2d	2k		1255485
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) [X] 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 [X] 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.)	4a		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.)	4b		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.)	4c		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.)	4d		X	
e	Was this plan covered by a fidelity bond?	4e	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?	4f		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?	4g		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?	4h		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.)	4i		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.)	4j		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?	4k		X	
l	Has the plan failed to provide any benefit when due under the plan?	4l		X	
m	If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)	4m		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.	4n			

5a Has a resolution to terminate the plan been adopted during the plan year or any prior plan year? ☐ **Yes** ☒ **No**

If "Yes," enter the amount of any plan assets that reverted to the employer this year **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

2011

This Form is Open to Public Inspection.

For calendar plan year 2011 or fiscal plan year beginning 01/01/2011 and ending 12/31/2011

A Name of plan
ITT AEROSPACE CONTROLS PENSION PLAN FOR HOURLY EMPLOYEES

B Three-digit plan number (PN) ▶ 016

C Plan sponsor's name as shown on line 2a of Form 5500
ITT CORPORATION

D Employer Identification Number (EIN)
13-5158950

Part I Distributions

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 | 0

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): 36-1561860

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 | 0

Part II Funding Information (If the plan is not subject to the minimum funding requirements of section of 412 of the Internal Revenue Code or ERISA section 302, skip this Part)

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 (include any prior year accumulated funding deficiency not waived) 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 or other authority 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

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. If no, check the "No" box. ..... ☐ Increase ☐ Decrease ☐ Both ☒ No

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.

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

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: _____% Investment-Grade Debt: _____% High-Yield Debt: _____% Real Estate: _____% Other: _____%

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 Aerospace Controls Pension Plan for Hourly Employees

Sponsor EIN 13-5158950
Plan No. 016

Financial Statements as of and for the
Years Ended December 31, 2011 and 2010,
and Independent Auditors' Report

ITT AEROSPACE CONTROLS PENSION PLAN FOR HOURLY EMPLOYEES

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NOTE: All supplemental schedules required by Section 2520.103-10 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 have been omitted because they are not applicable.

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INDEPENDENT AUDITORS' REPORT

To the Trustees and Participants
ITT Aerospace Controls Pension Plan for Hourly Employees:

We have audited the accompanying financial statements of the ITT Aerospace Controls Pension Plan for Hourly Employees (the "Plan") as of December 31, 2011 and 2010, and for the years then ended, listed in the table of contents. 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 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, 2011, and the changes therein for the year then ended and its financial status as of December 31, 2010, and the changes therein for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Deloitte & Touche LLP

August 21, 2012

ITT AEROSPACE CONTROLS PENSION PLAN FOR HOURLY EMPLOYEES

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
AS OF DECEMBER 31, 2011 AND 2010

	2011	2010
ASSETS:		
Investments at fair value:		
Plan's interest in the ITT Master Trust	$11,400,454	$ -
Plan's interest in the Former Master Trust		11,662,237
Employer contribution receivable	1,871,498	404,000
Receivable from the Former Master Trust	26,950	
Total assets	13,298,902	12,066,237
LIABILITIES:		
Accrued administrative expenses	32,793	55,613
NET ASSETS AVAILABLE FOR BENEFITS	$13,266,109	$12,010,624

See notes to financial statements.

ITT AEROSPACE CONTROLS PENSION PLAN FOR HOURLY EMPLOYEES

STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	2011	2010
ADDITIONS:		
Plan's interest in the ITT Master Trust investment loss	$ (164,367)	$ -
Plan's interest in the Former Master Trust investment (loss) income	(153,493)	1,472,823
Employer contributions	2,498,498	404,000
Total additions	2,180,638	1,876,823
DEDUCTIONS:		
Benefits paid to participants	775,873	755,093
Administrative expenses	149,280	207,733
Total deductions	925,153	962,826
NET INCREASE	1,255,485	913,997
NET ASSETS AVAILABLE FOR BENEFITS:		
Beginning of year	12,010,624	11,096,627
End of year	$13,266,109	$12,010,624

See notes to financial statements.

1. DESCRIPTION OF THE PLAN

The following description of the ITT Aerospace Controls Pension Plan for Hourly Employees (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 pension plan covering substantially all employees of ITT Aerospace Controls, a subsidiary of ITT Corporation (the "Company" or "Plan Sponsor"). The Benefits Administration Committee, as appointed by the Board of Directors of the Company, controls and manages the operation and administration of the Plan. Northern Trust (the "Trustee") serves as the trustee of the Plan, and together with several investment managers, manages the Plan's investments. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

On October 31, 2011 (the "spin-off date"), ITT Corporation completed a tax-free pro rata distribution of Exelis Inc. and Xylem Inc. from the Company. In connection with the spin-off, the companies executed a Benefits and Compensation Matters Agreement pursuant to which:

- The Company will continue to sponsor the Plan.
- The Investment Master Trust of the Company (the "Former Master Trust") was renamed and transferred to Exelis Inc. on the spin-off date and Exelis Inc. assumed all liabilities associated with the Former Master Trust.
- Effective the spin-off date, the Company created the Investment Master Trust of ITT Corporation (the "ITT Master Trust"), a new master trust.
- Shortly after the spin-off date, the Plan's interest in the Former Master Trust was liquidated and cash was transferred from the Former Master Trust to the ITT Master Trust.
- At December 31, 2011, there was a receivable due from the Former Master Trust to pay any outstanding bills for the period prior to the spin-off date.

The Plan's assets include an undivided interest in an investment account of the ITT Master Trust, EIN 38-7003271, at December 31, 2011, and for the period from October 31, 2011 through December 31, 2011, and the Former Master Trust as of and for the year ended December 31, 2010, and for the period from January 1, 2011 through October 31, 2011 (collectively, the "Master Trusts"). The Master Trusts include the combined assets of the Plan, as well as several other employee benefit plans sponsored by the Company and its subsidiaries (collectively, the "Participating Plans"). Use of a master trust permits the commingling of Plan assets with the assets of other Participating Plans for investment and administrative purposes. Although Plan assets are commingled in the Master Trusts, the Trustee maintains supporting records for the purpose of allocating the net income (loss) of the Master Trusts to the Participating Plans. The net investment (loss) income of the investment account is allocated by the Trustee to each Participating Plan based on the relationship of the interest of each Participating Plan to the total of the interests of the Participating Plans.

Eligibility — All ITT Aerospace Controls' hourly employees are eligible to participate upon the latter of (i) age 21 or (ii) upon completion of one year of continuous service.

Pension Benefits — Participants are eligible for monthly benefit payments upon reaching age 65. The normal monthly benefit payments are determined by multiplying the benefit rate, which depends upon the period of credited service, by the total number of years of credited service, not to exceed 35 years. A participant is 100% vested after five years of service. Prior to that time, the participant is not vested.

Participants are eligible to receive early retirement benefits between the ages of 55 and 65 upon the completion of 10 years of continuous 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 preretirement death benefit option, which will provide a benefit for the surviving spouse upon death prior to retirement, unless coverage is waived. The benefit would be equal to the benefit the spouse would have received had the employee retired on the date of death, computed under the normal form of payment and subject to certain limitations.

An employee, who has attained age 50, has completed 15 years of continuous service, and who becomes totally and permanently disabled is eligible to receive a disability retirement benefit. The amount of the benefit is computed, as it would be for normal retirement based on the employee's years of credited service as of the date of disability.

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 (U.S. GAAP).

Use of Estimates — The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, disclosure of contingent assets and liabilities, and the actuarial present value of accumulated plan benefits and changes therein at the date of the financial statements. Actual results could differ from those estimates.

Risks and Uncertainties — Investment securities, in general, are exposed to various risks, such as interest rate risk, credit risk, and overall market volatility. Due to the level of risk associated with certain investment securities held by the Plan, it is reasonably possible that values realized at the time of sale could materially differ from amounts reported in the financial statements.

Investment Valuation and Income Recognition — The Plan's interest in the Master Trusts is presented at fair value, which has been determined based on the fair value of the underlying investments of the Master Trusts. Fair value is 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. See Note 5 for description of valuation methods. 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. Management fees and operating expenses charged to the Plan for the investments in the registered investment companies, common collective trust (CCT) funds and, commingled funds are deducted from income earned on a daily basis and are not separately reflected. Consequently, management fees and operating expenses are reflected as a reduction of investment return for such investments.

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

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

Recent Accounting Pronouncement — In May 2011, the Financial Accounting Standards Board issued guidance intended to achieve common fair value measurements and related disclosures between U.S. GAAP and international accounting standards. The amendments primarily clarify existing fair value guidance and, therefore, the amendments are not intended to change the application of existing fair value measurement guidance. However, the amendments include certain instances where a particular principle or requirement for measuring fair value or disclosing information about fair value measurements has changed. This guidance is effective for the periods beginning after December 15, 2011, and early application is prohibited. The requirements are not expected to have a material effect on the Plan's financial statements.

3. FUNDING POLICY

Contributions to provide benefits under the Plan are made solely by the Company. Funding requirements under Internal Revenue Service (IRS) rules are a major consideration in making contributions to our postretirement plans. With respect to qualified pension plans, we intend to contribute annually not less than the minimum required by applicable law and regulations. While the Company has significant discretion in making voluntary contributions, the ERISA, as amended by the Pension Protection Act of 2006 and further amended by the Worker, Retiree, and Employer Recovery Act of 2008 and applicable Internal Revenue Code (IRC) regulations mandate minimum funding thresholds. Failure to satisfy the minimum funding thresholds could result in restrictions on our ability to amend the Plan or make benefit payments. Although mandatory contributions to our U.S. postretirement plans were not required during 2011, we will continue to monitor the funded status and minimum funding requirements.

4. 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 or their beneficiaries, (2) beneficiaries of employees who have died, and (3) present employees or their beneficiaries. The actuarial present value of accumulated plan benefits is determined by an independent actuary and 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, 2011. This represents a disclosure measure based solely on the funding valuation.

The actuarial present value of accumulated plan benefits as of January 1, 2011, is as follows:

Vested benefits:	
Participant and/or beneficiaries currently receiving benefits	$ 5,415,212
Other participants	4,608,205
Total vested benefits	10,023,417
Nonvested benefits	210,384
Total actuarial present value of accumulated plan benefits	$ 10,233,801

The changes in the actuarial present value of the Plan's accumulated plan benefits for the year ended January 1, 2011, are as follows:

Actuarial present value of accumulated plan benefits — January 1, 2010	$ 10,189,902
Decrease (increase) during the year attributable to:	
Benefits accumulated	(84,852)
Benefits paid	(755,093)
Interest	883,844
Actuarial present value of accumulated plan benefits — January 1, 2011	$ 10,233,801

The actuarial cost method used to measure the present value of accumulated plan benefits is the Unit Cost Method. The significant actuarial assumptions used in the January 1, 2011 valuation were as follows:

- Mortality: UP-94 Table (scale AA projected 16 years) with special mortality table used for the period after disability in 2011 and in 2010.
- Retirement age: Age 65.
- Investment return: 9.0%.
- Discount rate: 9.0%.

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.

5. FAIR VALUE MEASUREMENTS

In measuring Master Trusts' 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 nonactive 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 assess 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.

The following is a description of the valuation methodologies used to measure the Master Trusts' assets at fair value.

- 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. These funds are generally classified within Level 1 and 2 of the fair value hierarchy.

- CCT and Commingled Funds — Open-ended mutual funds, collective trusts, and commingled funds are arrangements in which the funds of individual trusts are pooled to avail themselves of professional investment management and achieve greater diversification of investment, stability of income, or other investment objectives. CCT funds invest in debt and equity securities, the mix of which varies by fund, and report NAV as of the measurement date. 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 Trusts 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.

- Commodities, Cash, and Other — Commodities are valued based on the closing price in the market. When held in a private equity or hedge fund, depending on how quickly the Master Trust can redeem these investments and the extent of any adjustments to NAV, commodities are classified within either Level 2 (redeemable within 90 days) or Level 3 (redeemable beyond 90 days) of the fair value hierarchy. Cash investments are money market commingled trust vehicles, which are value by quoted market price or NAV, and are classified as Level 1 or Level 2 accordingly.

The major categories of the ITT Master Trust's assets measured at fair value by classification within the fair value hierarchy at December 31, 2011, are as follows:

	Fair Value Measurements at December 31, 2011			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
CCT funds:				
Domestic	$ -	$ 69,712,930	$ -	$ 69,712,930
Developed markets		33,456,167		33,456,167
Emerging markets		16,359,534		16,359,534
Fixed income — bond		62,808,753		62,808,753
Total CCT funds	-	182,337,384	-	182,337,384
Total	$ -	$ 182,337,384	$ -	$ 182,337,384

The major categories of the Former Master Trust's assets measured at fair value by classification within the fair value hierarchy at December 31, 2010, are as follows:

	Fair Value Measurements at December 31, 2010			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Equities:				
Domestic	$ 815,347,000	$ 162,109,000	$ 102,463,000	$ 1,079,919,000
Developed markets	248,229,000		118,140,000	366,369,000
Emerging markets	193,796,000	229,532,000	38,327,000	461,655,000
ITT stock	54,325,000			54,325,000
Total equities	1,311,697,000	391,641,000	258,930,000	1,962,268,000
Private equity:				
Buyout funds		162,559,000	854,393,000	1,016,952,000
Distressed funds			233,513,000	233,513,000
Venture/growth equity funds			47,497,000	47,497,000
Mezzanine			34,914,000	34,914,000
Total private equity	-	162,559,000	1,170,317,000	1,332,876,000
Absolute returns (hedge funds):				
Fund of funds		30,602,000	244,676,000	275,278,000
Fixed-income multistrategy		171,385,000	202,486,000	373,871,000
Equity long/short		84,265,000	50,336,000	134,601,000
Macro		12,404,000		12,404,000
Total absolute returns	-	298,656,000	497,498,000	796,154,000
Fixed income	8,909,000	60,724,000		69,633,000
Other:				
Commodities		210,860,000	35,114,000	245,974,000
Cash and other—net	905,000	71,822,000	26,926,018	99,653,018
Total other	905,000	282,682,000	62,040,018	345,627,018
Total	$ 1,321,511,000	$ 1,196,262,000	$ 1,988,785,018	$ 4,506,558,018

A reconciliation of the beginning and ending balances of the fair value measurements using significant unobservable inputs (Level 3) for the Master Trusts' year ended December 31, 2011, is as follows:

	Equity Securities	Private Equity	Absolute Returns	Other	Total
Beginning balance — January 1, 2011	$ 258,930,092	$ 1,170,317,105	$ 497,497,367	$ 62,040,454	$ 1,988,785,018
Realized gains and losses		5,526,791	29,801,818	191,962	35,520,571
Unrealized gains and losses	(15,127,379)	5,827,702	(30,766,146)	(836,999)	(40,902,822)
Purchases		169,183,219	65,573,759	9,305,393	244,062,371
Sales (a)	(236,074,765)	(1,218,378,478)	(562,106,798)	(66,751,499)	(2,083,311,540)
Settlements	(7,727,948)	(132,476,339)		(3,949,311)	(144,153,598)
Ending balance — December 31, 2011	$ -	$ -	$ -	$ -	$ -

(a) As of October 31, 2011, the spin-off date, all Level 3 investments were sold and reinvested into funds classified as Level 1 and 2.

A reconciliation of the Former Master Trust's beginning and ending balances of the fair value measurements using significant unobservable inputs (Level 3) for the year ended December 31, 2010, is as follows:

	Equity Securities	Private Equity	Absolute Returns	Other	Total
Beginning balance — January 1, 2010	$209,786,000	$1,154,301,000	$499,619,000	$ 42,207,000	$1,905,913,000
Relating to assets sold during the period (realized gains and losses)	44,640,000	45,823,000	33,000,000	1,911,000	125,374,000
Relating to assets still held at the reporting date (unrealized gains and losses)		90,418,000	8,656,000	361,000	99,435,000
Purchases, sales, issuance, and settlements — net	4,504,092	11,001,105	(43,777,633)	17,561,454	(10,710,982)
Transfers in/or out of Level 3 (a)		(131,226,000)			(131,226,000)
Ending balance — December 31, 2010	$258,930,092	$1,170,317,105	$497,497,367	$ 62,040,454	$1,988,785,018

(a) As of December 31, 2010, it was probable that certain funds would be redeemed at a value other than NAV due to pending sales in the secondary market. As a result, the funds were measured based on evidence of the price a market participant would pay in an orderly transaction. As there were no significant unobservable inputs in determining fair value, these funds were reclassified from Level 3 to Level 2.

The Plan reports transfers within the fair value hierarchy at the beginning of the reporting period.

Below is a summary of the ITT Master Trust's investments at December 31, 2011, where fair value is estimated based on NAV:

Investment	Fair Value	Unfunded Commitment	Redemption Frequency (If Eligible)	Redemption Notice Period
CCT funds:				
Domestic (a)	$ 69,712,930	$ -	Daily	T-1
Developed markets (b)	33,456,167		Daily	T-2
Emerging markets (c)	16,359,534		Daily	T-2
Fixed income — bond (d)	62,808,753		Daily	T-1
Total CCT funds	182,337,384	-		
Total	$182,337,384	$ -		

T-1 = Trade date plus 1 day
T-2 = Trade date plus 2 days

(a) CCT investing in the equity securities of the largest 3,000 U.S. companies representing the broad market intended to match the performance of the Russell 3000 Index.

(b) CCT investing primarily in equity securities in Europe, Asia, and the Far East intended to mirror the performance of the Morgan Stanley Capital International (MSCI) Europe, Asia, Far East (EAFE) Index.

(c) CCT investing primarily in equity market performance in global emerging markets intended to mirror the performance of the MSCI Emerging Markets Index.

(d) CCT investing in investment grade fixed-rate taxable bonds intended to match the performance of the Barclays Capital U.S. Aggregate Bond Index.

Below is a summary of the Former Master Trust's investments at December 31, 2010, where fair value is estimated based on NAV (in thousands):

Investment	Fair Value	Unfunded Commitment	Redemption Frequency (If Eligible)	Redemption Notice Period
Equities:				
Domestic	$ 264,572	$ -	Daily	N/A
Developed markets	118,140		Daily	N/A
Emerging markets	267,859		Daily	N/A
Total equities	650,571	-		
Private equity:				
Buyout funds (a)	1,016,952	374,271	N/A (j)	None
Distressed funds (b)	233,513	125,627	N/A (j)	None
Venture/growth equity funds (c)	47,497	52,185	N/A (j)	None
Mezzanine (d)	34,914	42,791	N/A (j)	None
Total private equity	1,332,876	594,874		
Absolute returns (hedge funds):				
Fund of funds (e)	275,278		Weekly, quarterly	Four to 60 days (i)
Fixed income/multi-strat (f)	373,871		Quarterly	30 to 91 days (i)
Equity long/short (g)	134,601		Daily, monthly	30 to 60 days (i)
Macro (h)	12,404		Daily, monthly	Three to 30 days (i)
Total absolute returns	796,154	-		
Fixed income	60,724		Daily	N/A
Other:				
Commodities	245,974		Monthly, Quarterly	30 to 90 days
Cash and other, net	98,748		Annually, Daily	N/A
Total other	344,722	-		
Total	$3,185,047	$594,874		

(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 $498,543 where ownership of the partnership interest is directly held and $416,573 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 12 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 seven to nine years.

(c) Venture and growth 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 seven to nine 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 10 to 12 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/multistrategy 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 versus bonds) interest rates, currency, sovereign risk, and commodities over a span of different time frames.

(i) Redemption restrictions vary by investment management agreement but are based on the initial investment date and take into account summary of liquidity terms, notice period, redemption schedule, withdrawal with or without penalties, and the firm's redemption schedule.

(j) Private equity assets are "redeemed" via a secondary sale market where a broker is contracted to bid out the assets in question.

6. INVESTMENTS

The ITT Master Trust's investments, which represented 5% or more of ITT Master Trust's net assets as of December 31, 2011, are shown below. There were no investments which represented 5% or more of the Former Master Trust's net assets as of December 31, 2010.

	2011
MFB NT Collective Aggregate Bond Index Fund — Nonlending	$62,835,951
MFB NT Collective Russell 3000 Index Fund — Nonlending	60,039,648
MFB NT Collective EAFE Index Fund — Nonlending	33,456,167
MFB NT Collective MSCI Emerging Markets Fund — Nonlending	16,359,533
COLTV Short Term Investment Fund	9,673,282

7. SECURITIES LENDING

The Former Master Trust participated in a securities lending program through the Trustee. Under this program, the Former Master Trust's investment securities are loaned to investment brokers for a fee. As of November 2010, the Former Master Trust exited the securities lending program. Securities loaned were fully collateralized by cash which was invested in CCT funds. Income from the program was immaterial for the year ended December 31, 2010. Fees from security lending activities were approximately $862,000 for the year ended December 31, 2010.

8. INTEREST IN MASTER TRUSTS

The net assets of the ITT Master Trust and the Former Master Trust at December 31, 2011 and 2010, respectively, are summarized as follows:

	2011	2010
Assets:		
Investments:		
Common and preferred stocks	$ -	$ 1,269,944,000
U.S. government securities		
Corporate bonds and notes		938,000
Partnerships/joint ventures		1,628,882,000
Hedge funds		796,154,000
Registered investment companies		240,052,000
CCT funds:		516,291,000
Domestic	69,712,930	
Developed markets	33,456,167	
Emerging markets	16,359,534	
Fixed income — bond	62,808,753	
Other		54,297,018
Total investments	182,337,384	4,506,558,018
Net assets of the Master Trusts	$ 182,337,384	$ 4,506,558,018
Plan's interest in net assets of the Master Trusts	$ 11,400,454	$ 11,662,237
Plan's interest in Master Trusts as a percentage of the total	6.25 %	0.26 %

The net investment loss of the ITT Master Trust for the period from October 31, 2011 through December 31, 2011, is summarized below:

	2011
Net (depreciation) appreciation in investments:	
CCT funds:	
Domestic	$ 231,151
Developed markets	(2,083,478)
Emerging markets	(1,410,289)
Fixed income — bond	641,573
Total CCT funds	(2,621,043)
Net depreciation in fair value of investments	(2,621,043)
Interest expense	(604)
Administrative expenses	(5,105)
Net investment loss of ITT Master Trust	$ (2,626,752)
Plan's interest in ITT Master Trust's investment loss	$ (164,367)

The net investment income (loss) of the Former Master Trust for the period from January 1, 2011 through October 31, 2011 and the year ended December 31, 2010, is summarized below:

	2011	2010
Net (depreciation) appreciation in fair value of investments:		
Common and preferred stocks	$ (47,484,648)	$ 160,559,000
U.S. government securities		(5,341,000)
Corporate bonds and notes	(2,188)	815,000
Partnerships/joint ventures	73,265,148	216,091,000
Hedge funds	(41,499,358)	52,599,000
Registered investment companies	(36,817,594)	40,024,000
CCT funds	(17,737,375)	94,211,000
Other	(8,000,000)	35,355,000
Net (depreciation) appreciation in fair value of investments	(78,276,015)	594,313,000
Interest income	1,505,686	7,321,000
Dividend income	17,780,455	20,537,000
Other income	22,551,463	27,679,000
Administrative expenses	(25,010,872)	(29,534,000)
Net investment (loss) income of the Former Master Trust	$ (61,449,283)	$ 620,316,000
Plan's interest in the Former Master Trust's investment income (loss)	$ (153,493)	$ 1,472,823

9. EXEMPT PARTY-IN-INTEREST TRANSACTIONS

Certain Master Trust investments are shares of registered investment companies managed by the Trustee. In addition, the Former Master Trust entered into a securities lending agreement with the Trustee as described in Note 7. These assets and related transactions qualify as exempt party-in-interest transactions.

In addition, the Former Master Trust invested in shares of ITT Corporation common stock. At December 31, 2010, the Former Master Trust held 1,038,000 shares of common stock of ITT Corporation, the Plan Sponsor, with a market value of $54,325,000. During the year ended December 31, 2010, the Former Master Trust recorded dividend income of $1,038,000 from the common stock of ITT Corporation. 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 Trusts. 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.

10. FEDERAL INCOME TAX STATUS

The IRS has determined and informed the Company by a letter dated April 11, 2012, that the Plan and related trust were designed in accordance with the applicable regulations of the IRC. The Plan has been amended since receiving the determination letter and the Company has filed for a favorable determination letter on January 31, 2011. The Company and Plan management believe that the Plan is currently designed and 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.

Plan management evaluates tax positions taken by the Plan and recognizes a tax liability if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. The Plan management has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2011, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Plan is subject to routine audits by the IRS; however, there are currently no audits for any tax periods in progress. The Plan management believes it is no longer subject to income tax examinations for years prior to 2008.

11. 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 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.

12. SUBSEQUENT EVENTS

For the year ended December 31, 2011, subsequent events were evaluated through August 21, 2012, the date the financial statements were available to be issued. On March 20, 2012, ITT Corporation chose to accelerate all remaining 2012 Plan contributions of $1,070,000 and make a $592,498 voluntary contribution to the Plan. All contributions were allocated to the 2011 Plan year.

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ITT AEROSPACE CONTROLS PENSION PLAN FOR HOURLY EMPLOYEES
EIN / PN: 13-5158950 / 016

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

Prescribed Funding Assumptions and Methods

Funding interest rates

Current Year:	Segment Rates with four month lookback:	
	First Segment Rate	3.78%
	Second Segment Rate	6.31%
	Third Segment Rate	6.57%
	Effective Interest Rate	6.26%
Prior Year:	Segment Rates with no lookback:	
	First Segment Rate	4.60%
	Second Segment Rate	6.65%
	Third Segment Rate	6.76%
	Effective Interest Rate	6.57%

Mortality

Mortality tables mandated by PPA as specified in IRS Regulation 1.430(h)(3)-1, applied on a static basis, projected 7 years from the valuation date for annuitants and 15 years for non-annuitants.

Actuarial cost method

The Funding Target is the present value of accrued benefits and based on compensation and service to date. The Target Normal Cost is the present value of benefits expected to be accrued during the current plan year, reflecting the effect of expected compensation increases during the year and including expected plan related expenses to be paid from plan assets during the year.

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

Non-Prescribed Funding Assumptions and Methods

Expenses

Expected plan related expenses of $192,575 were added to Target Normal Cost.

Frequency of optional payment forms

70% of future retirees and terminations are assumed to take a life annuity. Those future retirees who are assumed not to take a life annuity are assumed to take a Joint and Survivor 50%, 75%, or 100% Option with equal probability. Those terminations who are assumed not to take a life annuity are assumed to take a Joint and Survivor 50% or 75% Option with equal probability.

Marital percentage

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

Mortality table

The mortality table is applied on a static basis. Separate annuitant and non-annuitant tables were used.

Retirement rates

Age	Assumption
55	2.03%
56	2.05%
57	2.07%
58	2.14%
59	2.19%
60	2.30%
61	2.37%
62	2.59%
63	2.83%
64	3.07%
65	50.00%
66	30.00%
67	30.00%
68	30.00%
69	30.00%
70	100.00%

Terminated vested participants are assumed to retire at age 60.

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

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%

Withdrawal rates[1]

Age	Rates
25	8.36%
30	6.30%
35	4.77%
40	3.76%
45	3.00%
50	2.35%
55	2.03%
60	2.30%
65	0.00%

The rates shown are the ultimate withdrawal rates for participants with 3 or more years of service. For ages 45 or less, the rates for the first, second, and third year of employment are the above multiplied by 1.838 plus 0.0343, 1.393 plus 0.0056 and 1.240 minus 0.0046, respectively.

Asset valuation method

The Actuarial Value of Assets is Market Value as of the valuation date, including discounted receivable contributions, reduced by 2/3 and 1/3 of the of the gain/(loss) in the prior 2 years, respectively. The gain/(loss) for each period is determined as the actual return on Market Value during the period less the expected return on Market Value 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, including discounted receivable contributions.

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

2010 measurement period: 6.76%
2009 measurement period: 6.69%

[1] For active participants not eligible for retirement.

ITT AEROSPACE CONTROLS PENSION PLAN FOR HOURLY EMPLOYEES
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Schedule SB, Part V - Summary of Plan Provisions

Effective Date May 15, 1963.

Last Amended January 1, 2007.

Eligibility for Participation First day of month following attainment of age 21 and completion of 1 year of service.

Actuarial Equivalent The determination of actuarially equivalent annuity benefits is based on the mortality table 1984 GBB and interest at 8.5% per annum.

Normal Retirement Pension

Eligibility Age 65

Basic Monthly Benefit

Period of Service*	Benefit Unit Per Year of Service Effective		
	01/01/2002	01/01/2004	01/01/2007
05/15/1963 - 12/31/2000**	$ 20.00	$ 22.00	$ 22.00
01/01/2001 - 12/31/2006	$ 20.00	$ 22.00	$ 22.00
01/01/2007 and thereafter	-------	-------	$ 30.00

*Maximum service is 35 years.
**8/14/1978 for former Neo-Dyn employees.

Early Retirement Pension

Eligibility Age 55 and 10 years of service. Former participants of the ITT General Controls Division Pension Plan for Hourly Employees may retire early at age 60 with 3 years of service.

Benefit Accrued pension deferred to age 65, or immediate pension equal to accrued pension reduced by 1/15th for each of first 5 years and 1/30 for each of next 5 years by which the commencement precedes the participant's normal retirement date.

ITT AEROSPACE CONTROLS PENSION PLAN FOR HOURLY EMPLOYEES
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Schedule SB, Part V - Summary of Plan Provisions

Disability Retirement Pension

Eligibility	Total and permanent disability after age 50 and 15 years of service.
Benefit	Accrued pension payable immediately with a minimum benefit of $50 per month.

Deferred Vested Pension

Eligibility	Five years of service.
Benefit	Accrued pension deferred to age 65, or reduced pension on or after age 55. Reduction same as for early retirement.

Pre-Retirement Spouse's Death Benefit

Eligibility	Automatic after five years of service or eligibility for early retirement unless otherwise elected.
Benefit	50% of benefit payable to the participant had the participant retired at the beginning of the month of death or at age 55, whichever is later, under normal form of benefit. Vested former employees are charged for coverage at all ages.

Normal Form of Benefit

Single	Life annuity.
Married	Reduced 50% joint and survivorship annuity.

Optional Forms of Benefit

(1) Life annuity.
(2) 50% joint and survivorship annuity.
(3) 75% joint and survivorship annuity.
(4) 100% joint and survivorship annuity (N/A for terminations).
(5) Social Security leveling option.

Contributions

Noncontributory.

ITT AEROSPACE CONTROLS PENSION PLAN FOR HOURLY EMPLOYEES
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Schedule SB, Line 24 - Change in Actuarial Assumptions

The expected plan related expenses added to the Target Normal Cost were updated from $138,302 to $192,575.

ITT AEROSPACE CONTROLS PENSION PLAN FOR HOURLY EMPLOYEES
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Schedule SB, Line 25 - Change in Method

The interest rate basis was changed to the three segment rate with a four month lookback prior to the valuation date.

ITT AEROSPACE CONTROLS PENSION PLAN FOR HOURLY EMPLOYEES
EIN / PN: 13-5158950 / 016

Schedule SB, Line 26 - Schedule of Active Participant Data

	CREDITED SERVICE										
AGE	< 1	1 - 4	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30 - 34	35 - 39	40+	Total
< 25	0	0	0	0	0	0	0	0	0	0	0
25 - 29	0	5	0	0	0	0	0	0	0	0	5
30 - 34	0	12	0	1	0	0	0	0	0	0	13
35 - 39	0	7	1	5	1	0	0	0	0	0	14
40 - 44	0	7	0	7	1	0	0	0	0	0	15
45 - 49	0	14	3	5	1	6	7	0	0	0	36
50 - 54	0	13	5	11	6	7	9	5	1	0	57
55 - 59	0	10	4	11	3	2	13	8	3	0	54
60 - 64	0	7	2	8	4	3	9	10	1	1	45
65 - 69	0	0	0	3	2	1	1	3	1	0	11
70+	0	0	0	0	0	0	0	0	1	0	1
Total	0	75	15	51	18	19	39	26	7	1	251

Includes participants on leave of absence and transferred participants.

ITT AEROSPACE CONTROLS PENSION PLAN FOR HOURLY EMPLOYEES
EIN / PN: 13-5158950 / 016

Schedule SB, line 32 - Schedule of Amortization Bases

Type of Base	Present Value of any remaining installments	Valuation Date the base was established	Number of years remaining in the amortization period	Amortization installment
1. Shortfall	1,006,659	1/1/2009	5	216,542
2. Shortfall	589,122	1/1/2010	6	109,396
3. Shortfall	1,051,949	1/1/2011	7	173,077

ITT AEROSPACE CONTROLS PENSION PLAN FOR HOURLY EMPLOYEES
EIN / PN: 13-5158950 / 016

Schedule SB, Line 8 – Late Election to Apply Balances to Quarterly Installments

The amount reported in line 35 on the 2010 Schedule SB, $466,526, was the amount actually applied toward the minimum contribution, adjusted to exclude penalty interest for a late election. The amount reported in line 8b of the 2011 Schedule SB, $469,441, is the amount of the credit balance actually used, including the amount applied toward penalty interest.

ITT AEROSPACE CONTROLS PENSION PLAN FOR HOURLY EMPLOYEES
EIN / PN: 13-5158950 / 016

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

The retirement age shown is based on an employee who fulfilled the minimum requirement for early eligibility and is calculated in accordance with the following formula which generally assumes employees terminate at the middle of the year

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.

$$\frac{\sum_{t=0}^{FRA-ERA} ({}_tp_{ERA}) * (q^r_{ERA+t}) * (ERA + t + ½)}{\sum_{t=0}^{FRA-ERA} ({}_tp_{ERA}) * (q^r_{ERA+t})}$$

where

FRA	=	age by which everyone is assumed to retire
ERA	=	age before which nobody is assumed to retire
${}_tp_{ERA}$	=	probability of surviving at work to age ERA + t
q^r_{ERA+t}	=	probability of retiring at age ERA + t

Probability of

Age	Normal Retirement	Early Retirement
55		2.03%
56		2.05
57		2.07
58		2.14
59		2.19
60		2.30
61		2.37
62		2.59
63		2.83
64		3.07
65	50.00%	
66	30.00	
67	30.00	
68	30.00	
69	30.00	
70	100.00	

Plan Name	**ITT Aerospace Controls Pension Plan for Hourly Employees**
Plan Sponsor EIN	**13-5158950**
ERISA Plan #	**016**
Plan Year Ending	**12/31/2011**

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	

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), 6057(b), and 6058(a) of the Internal Revenue Code (the Code).

▶ Complete all entries in accordance with the instructions to the Form 5500.

OMB Nos. 1210-0110
1210-0089

2011

This Form Is Open to Public Inspection

Part I Annual Report Identification Information

For calendar plan year 2011 or fiscal plan year beginning 01/01/2011 and ending 12/31/2011

A This return/report is for:
- [ ] a multiemployer plan;
- [ ] a multiple-employer plan; or
- [X] 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:
- [X] 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 Aerospace Controls Pension Plan For Hourly Employees

1b Three-digit plan number (PN) ▶ 016

05/15/1963

2a Plan sponsor's name and address, including room or suite number (Employer, if for single-employer plan)

ITT CORPORATION

1133 Westchester Avenue

White Plains NY 10604

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	Ann Fernandes	10/3/12	Ann Fernandes
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE	Janice Klettner	10/5/12	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

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

2011

This Form is Open to Public Inspection

For calendar plan year 2011 or fiscal plan year beginning 01/01/2011 and ending 12/31/2011

▶ **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 Aerospace Controls Pension Plan For Hourly Employees

B Three-digit plan number (PN) ▶ 016

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: [X] Single [ ] Multiple-A [ ] Multiple-B

F Prior year plan size: [ ] 100 or fewer [ ] 101-500 [X] More than 500

Part I Basic Information

1	Enter the valuation date: Month 1 Day 1 Year 2011			
2	Assets:			
	a Market value	2a		12,056,805
	b Actuarial value	2b		10,975,117
3	Funding target/participant count breakdown:		(1) Number of participants	(2) Funding Target
	a For retired participants and beneficiaries receiving payment	3a	330	6,551,564
	b For terminated vested participants	3b	67	947,897
	c For active participants:			
	(1) Non-vested benefits	3c(1)		316,035
	(2) Vested benefits	3c(2)		5,807,351
	(3) Total active	3c(3)	251	6,123,386
	d Total	3d	648	13,622,847
4	If the plan is in at-risk status, check the box and complete lines (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 in at-risk status for fewer than five consecutive years and disregarding loading factor	4b		
5	Effective interest rate	5		6.26 %
6	Target normal cost	6		554,682

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

Signature of actuary

7/13/2012
Date

DYLAN PORTER
Type or print name of actuary

11-05426
Most recent enrollment number

BUCK CONSULTANTS, LLC
Firm name

(415) 392-0616
Telephone number (including area code)

50 FREMONT STREET, 12TH FLOOR

SAN FRANCISCO CA 94105-2228
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 [ ]

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 (line 13 from prior year)	0	469,441
8	Portion elected for use to offset prior year's funding requirement (line 35 from prior year)	0	469,441
9	Amount remaining (line 7 minus line 8)	0	0
10	Interest on line 9 using prior year's actual return of 13.79%	0	0
11	Prior year's excess contributions to be added to prefunding balance:		
	a Present value of excess contributions (line 38 from prior year)		853
	b Interest on (a) using prior year's effective rate of 6.57% except as otherwise provided (see instructions)		118
	c Total available at beginning of current plan year to add to prefunding balance		971
	d Portion of (c) to be added to prefunding balance		0
12	Other reductions in balances due to elections or deemed elections	0	0
13	Balance at beginning of current year (line 9 + line 10 + line 11d – line 12)	0	0

Part III Funding percentages

14	Funding target attainment percentage	14	80.56 %
15	Adjusted funding target attainment percentage	15	80.56 %
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	86.22 %
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
04/15/2011	209,000				
07/15/2011	209,000				
10/14/2011	209,000				
01/13/2012	209,000				
03/20/2012	1,662,498				
			Totals • 18(b)	2,498,498	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 contributions 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	2,347,458

20 Quarterly contributions and liquidity shortfalls:

a Did the plan have a "funding shortfall" for the prior year? [X] Yes [ ] No

b If 20a is "Yes," were required quarterly installments for the current year made in a timely manner? [X] 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
0	0	0	0

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
3.78 %	6.31 %	6.57 %	

b Applicable month (enter code)	**21b**	4
22 Weighted average retirement age	**22**	65

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

Part VIII Minimum required contribution for current year

31 Target normal cost and excess assets (see instructions):

a Target normal cost (line 6)	**31a**	554,682
b Excess assets, if applicable, but not greater than 31a	**31b**	0

32 Amortization installments:

	Outstanding Balance	Installment
a Net shortfall amortization installment	2,647,730	499,015
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**	
34 Total funding requirement before reflecting carryover/prefunding balances (lines 31a - 31b + 32a + 32b - 33)	**34**	1,053,697

	Carryover balance	Prefunding balance	Total balance
35 Balances elected for use to offset funding requirement	0	0	0

36 Additional cash requirement (line 34 minus line 35)	**36**	1,053,697
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c)	**37**	2,347,458
38 Present value of excess contributions for current year (see instructions)		
a Total (excess, if any, of line 37 over line 36)	**38a**	1,293,761
b Portion included in line 38a attributable to use of prefunding and funding standard carryover balances	**38b**	0
39 Unpaid minimum required contribution for current year (excess, if any, of line 36 over line 37)	**39**	0
40 Unpaid minimum required contributions for all years	**40**	0

Part IX Pension funding relief under Pension Relief Act of 2010 (see instructions)

41 If a shortfall amortization base is being amortized pursuant to an alternative amortization schedule:

a Schedule elected ☐ 2 plus 7 years ☐ 15 years

b Eligible plan year(s) for which the election in line 41a was made ☐ 2008 ☐ 2009 ☐ 2010 ☐ 2011

42 Amount of acceleration adjustment	**42**	
43 Excess installment acceleration amount to be carried over to future plan years	**43**	

ITT AEROSPACE CONTROLS PENSION PLAN FOR HOURLY EMPLOYEES
EIN / PN: 13-5158950 / 016

Schedule SB, Line 8 – Late Election to Apply Balances to Quarterly Installments

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ITT AEROSPACE CONTROLS PENSION PLAN FOR HOURLY EMPLOYEES
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where

FRA	=	age by which everyone is assumed to retire
ERA	=	age before which nobody is assumed to retire
${}_tp_{ERA}$	=	probability of surviving at work to age ERA + t
q^r_{ERA+t}	=	probability of retiring at age ERA + t

Probability of

Age	Normal Retirement	Early Retirement
55		2.03%
56		2.05
57		2.07
58		2.14
59		2.19
60		2.30
61		2.37
62		2.59
63		2.83
64		3.07
65	50.00%	
66	30.00	
67	30.00	
68	30.00	
69	30.00	
70	100.00	

ITT AEROSPACE CONTROLS PENSION PLAN FOR HOURLY EMPLOYEES
EIN / PN: 13-5158950 / 016

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

Prescribed Funding Assumptions and Methods

Funding interest rates

Current Year:	Segment Rates with four month lookback:	
	First Segment Rate	3.78%
	Second Segment Rate	6.31%
	Third Segment Rate	6.57%
	Effective Interest Rate	6.26%
Prior Year:	Segment Rates with no lookback:	
	First Segment Rate	4.60%
	Second Segment Rate	6.65%
	Third Segment Rate	6.76%
	Effective Interest Rate	6.57%

Mortality

Mortality tables mandated by PPA as specified in IRS Regulation 1.430(h)(3)-1, applied on a static basis, projected 7 years from the valuation date for annuitants and 15 years for non-annuitants.

Actuarial cost method

The Funding Target is the present value of accrued benefits and based on compensation and service to date. The Target Normal Cost is the present value of benefits expected to be accrued during the current plan year, reflecting the effect of expected compensation increases during the year and including expected plan related expenses to be paid from plan assets during the year.

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

Non-Prescribed Funding Assumptions and Methods

Expenses

Expected plan related expenses of $192,575 were added to Target Normal Cost.

Frequency of optional payment forms

70% of future retirees and terminations are assumed to take a life annuity. Those future retirees who are assumed not to take a life annuity are assumed to take a Joint and Survivor 50%, 75%, or 100% Option with equal probability. Those terminations who are assumed not to take a life annuity are assumed to take a Joint and Survivor 50% or 75% Option with equal probability.

Marital percentage

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

Mortality table

The mortality table is applied on a static basis. Separate annuitant and non-annuitant tables were used.

Retirement rates

Age	Assumption
55	2.03%
56	2.05%
57	2.07%
58	2.14%
59	2.19%
60	2.30%
61	2.37%
62	2.59%
63	2.83%
64	3.07%
65	50.00%
66	30.00%
67	30.00%
68	30.00%
69	30.00%
70	100.00%

Terminated vested participants are assumed to retire at age 60.

ITT AEROSPACE CONTROLS PENSION PLAN FOR HOURLY EMPLOYEES
EIN / PN: 13-5158950 / 016

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

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%

Withdrawal rates[1]

Age	Rates
25	8.36%
30	6.30%
35	4.77%
40	3.76%
45	3.00%
50	2.35%
55	2.03%
60	2.30%
65	0.00%

The rates shown are the ultimate withdrawal rates for participants with 3 or more years of service. For ages 45 or less, the rates for the first, second, and third year of employment are the above multiplied by 1.838 plus 0.0343, 1.393 plus 0.0056 and 1.240 minus 0.0046, respectively.

Asset valuation method

The Actuarial Value of Assets is Market Value as of the valuation date, including discounted receivable contributions, reduced by 2/3 and 1/3 of the of the gain/(loss) in the prior 2 years, respectively. The gain/(loss) for each period is determined as the actual return on Market Value during the period less the expected return on Market Value 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, including discounted receivable contributions.

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

2010 measurement period: 6.76%
2009 measurement period: 6.69%

[1] For active participants not eligible for retirement.

ITT AEROSPACE CONTROLS PENSION PLAN FOR HOURLY EMPLOYEES
EIN / PN: 13-5158950 / 016

Schedule SB, Part V - Summary of Plan Provisions

Effective Date May 15, 1963.

Last Amended January 1, 2007.

Eligibility for Participation First day of month following attainment of age 21 and completion of 1 year of service.

Actuarial Equivalent The determination of actuarially equivalent annuity benefits is based on the mortality table 1984 GBB and interest at 8.5% per annum.

Normal Retirement Pension

Eligibility Age 65

Basic Monthly Benefit

Period of Service*	Benefit Unit Per Year of Service Effective 01/01/2002	01/01/2004	01/01/2007
05/15/1963 - 12/31/2000**	$ 20.00	$ 22.00	$ 22.00
01/01/2001 - 12/31/2006	$ 20.00	$ 22.00	$ 22.00
01/01/2007 and thereafter	-------	-------	$ 30.00

*Maximum service is 35 years.

**8/14/1978 for former Neo-Dyn employees.

Early Retirement Pension

Eligibility Age 55 and 10 years of service. Former participants of the ITT General Controls Division Pension Plan for Hourly Employees may retire early at age 60 with 3 years of service.

Benefit Accrued pension deferred to age 65, or immediate pension equal to accrued pension reduced by 1/15th for each of first 5 years and 1/30 for each of next 5 years by which the commencement precedes the participant's normal retirement date.

ITT AEROSPACE CONTROLS PENSION PLAN FOR HOURLY EMPLOYEES
EIN / PN: 13-5158950 / 016

Schedule SB, Part V - Summary of Plan Provisions

Disability Retirement Pension

Eligibility	Total and permanent disability after age 50 and 15 years of service.
Benefit	Accrued pension payable immediately with a minimum benefit of $50 per month.

Deferred Vested Pension

Eligibility	Five years of service.
Benefit	Accrued pension deferred to age 65, or reduced pension on or after age 55. Reduction same as for early retirement.

Pre-Retirement Spouse's Death Benefit

Eligibility	Automatic after five years of service or eligibility for early retirement unless otherwise elected.
Benefit	50% of benefit payable to the participant had the participant retired at the beginning of the month of death or at age 55, whichever is later, under normal form of benefit. Vested former employees are charged for coverage at all ages.

Normal Form of Benefit

Single	Life annuity.
Married	Reduced 50% joint and survivorship annuity.

Optional Forms of Benefit

(1) Life annuity.
(2) 50% joint and survivorship annuity.
(3) 75% joint and survivorship annuity.
(4) 100% joint and survivorship annuity (N/A for terminations).
(5) Social Security leveling option.

Contributions Noncontributory.

ITT AEROSPACE CONTROLS PENSION PLAN FOR HOURLY EMPLOYEES
EIN / PN: 13-5158950 / 016

Schedule SB, Line 24 - Change in Actuarial Assumptions

The expected plan related expenses added to the Target Normal Cost were updated from $138,302 to $192,575.

ITT AEROSPACE CONTROLS PENSION PLAN FOR HOURLY EMPLOYEES
EIN / PN: 13-5158950 / 016

Schedule SB, Line 25 - Change in Method

The interest rate basis was changed to the three segment rate with a four month lookback prior to the valuation date.

ITT AEROSPACE CONTROLS PENSION PLAN FOR HOURLY EMPLOYEES
EIN / PN: 13-5158950 / 016

Schedule SB, Line 26 - Schedule of Active Participant Data

	CREDITED SERVICE										
AGE	< 1	1 - 4	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30 - 34	35 - 39	40+	Total
< 25	0	0	0	0	0	0	0	0	0	0	0
25 - 29	0	5	0	0	0	0	0	0	0	0	5
30 - 34	0	12	0	1	0	0	0	0	0	0	13
35 - 39	0	7	1	5	1	0	0	0	0	0	14
40 - 44	0	7	0	7	1	0	0	0	0	0	15
45 - 49	0	14	3	5	1	6	7	0	0	0	36
50 - 54	0	13	5	11	6	7	9	5	1	0	57
55 - 59	0	10	4	11	3	2	13	8	3	0	54
60 - 64	0	7	2	8	4	3	9	10	1	1	45
65 - 69	0	0	0	3	2	1	1	3	1	0	11
70+	0	0	0	0	0	0	0	0	1	0	1
Total	0	75	15	51	18	19	39	26	7	1	251

Includes participants on leave of absence and transferred participants.

ITT AEROSPACE CONTROLS PENSION PLAN FOR HOURLY EMPLOYEES
EIN / PN: 13-5158950 / 016

Schedule SB, line 32 - Schedule of Amortization Bases

Type of Base	Present Value of any remaining installments	Valuation Date the base was established	Number of years remaining in the amortization period	Amortization installment
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