

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). <p style="text-align: center;">▶ Complete all entries in accordance with the instructions to the Form 5500.</p>	OMB Nos. 1210-0110 1210-0089 <div style="text-align: center; font-size: 1.5em; font-weight: bold;">2012</div> This Form is Open to Public Inspection
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Part I	Annual Report Identification Information
For calendar plan year 2012 or fiscal plan year beginning <u>01/01/2012</u> and ending <u>12/31/2012</u>	
A This return/report is for:	☐ a multiemployer plan; ☐ a multiple-employer plan; or ☒ a single-employer plan; ☐ a DFE (specify) ____
B This return/report is:	☐ the first return/report; ☐ the final return/report; ☐ an amended return/report; ☐ a short plan year return/report (less than 12 months).
C If the plan is a collectively-bargained plan, check here.	☐
D Check box if filing under:	☒ Form 5558; ☐ automatic extension; ☐ the DFVC program; ☐ special extension (enter description)

Part II	Basic Plan Information —enter all requested information				
1a Name of plan <u>ITT AEROSPACE CONTROLS PENSION PLAN FOR HOURLY EMPLOYEES</u>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">1b Three-digit plan number (PN) ▶</td> <td style="width: 20%; text-align: center;"><u>016</u></td> </tr> <tr> <td colspan="2">1c Effective date of plan <u>05/15/1963</u></td> </tr> </table>	1b Three-digit plan number (PN) ▶	<u>016</u>	1c Effective date of plan <u>05/15/1963</u>	
1b Three-digit plan number (PN) ▶	<u>016</u>				
1c Effective date of plan <u>05/15/1963</u>					
2a Plan sponsor's name and address; include room or suite number (employer, if for a single-employer plan) <u>ITT CORPORATION</u> <u>1133 WESTCHESTER AVENUE</u> <u>WHITE PLAINS, NY 10604</u>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td>2b Employer Identification Number (EIN) <u>13-5158950</u></td> </tr> <tr> <td>2c Sponsor's telephone number <u>914-641-2000</u></td> </tr> <tr> <td>2d Business code (see instructions) <u>333200</u></td> </tr> </table>	2b Employer Identification Number (EIN) <u>13-5158950</u>	2c Sponsor's telephone number <u>914-641-2000</u>	2d Business code (see instructions) <u>333200</u>	
2b Employer Identification Number (EIN) <u>13-5158950</u>					
2c Sponsor's telephone number <u>914-641-2000</u>					
2d Business code (see instructions) <u>333200</u>					

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. Signature of plan administrator	<u>10/14/2013</u> Date	<u>ANN FERNANDES</u> 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
Preparer's name (including firm name, if applicable) and address; include room or suite number. (optional) <u>DELOITTE TAX LLP</u> <u>1633 BROADWAY</u> <u>NEW YORK, NY 10019</u>			Preparer's telephone number (optional) <u>212-492-3600</u>

3a Plan administrator's name and address ☐ Same as Plan Sponsor Name ☐ Same as Plan Sponsor Address 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		5 639
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	271
b Retired or separated participants receiving benefits.....	6b	268
c Other retired or separated participants entitled to future benefits.....	6c	77
d Subtotal. Add lines 6a , 6b , and 6c	6d	616
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.....	6e	44
f Total. Add lines 6d and 6e	6f	660
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	4
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 Characteristics 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 Characteristics Codes in the instructions:		
9a Plan funding arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor		9b Plan benefit arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor
10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)		
a Pension Schedules (1) ☒ R (Retirement Plan Information) (2) ☐ MB (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary (3) ☒ SB (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary		b General Schedules (1) ☒ H (Financial Information) (2) ☐ I (Financial Information – Small Plan) (3) ☐ A (Insurance Information) (4) ☐ C (Service Provider Information) (5) ☒ D (DFE/Participating Plan Information) (6) ☐ G (Financial Transaction Schedules)

SCHEDULE SB (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Single-Employer Defined Benefit Plan Actuarial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500 or 5500-SF.	OMB No. 1210-0110 2012 This Form is Open to Public Inspection
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For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012

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

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

A Name of plan <u>ITT AEROSPACE CONTROLS PENSION PLAN FOR HOURLY EMPLOYEES</u>	B Three-digit plan number (PN) ▶ <u>016</u>
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF <u>ITT CORPORATION</u>	D Employer Identification Number (EIN) <u>13-5158950</u>
E Type of plan: ☒ Single ☐ Multiple-A ☐ Multiple-B	F Prior year plan size: ☐ 100 or fewer ☐ 101-500 ☒ More than 500

Part I	Basic Information
1 Enter the valuation date: Month <u>01</u> Day <u>01</u> Year <u>2012</u>	
2 Assets:	
a Market value	2a <u>13249830</u>
b Actuarial value	2b <u>13746956</u>
3 Funding target/participant count breakdown:	
a For retired participants and beneficiaries receiving payment.....	3a <u>320</u> <u>6330639</u>
b For terminated vested participants.....	3b <u>92</u> <u>1268479</u>
c For active participants:	
(1) Non-vested benefits.....	3c(1) <u>266392</u>
(2) Vested benefits.....	3c(2) <u>5069945</u>
(3) Total active	3c(3) <u>227</u> <u>5336337</u>
d Total	3d <u>639</u> <u>12935455</u>
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 <u>6.99 %</u>
6 Target normal cost.....	6 <u>487721</u>

Statement by Enrolled Actuary

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

SIGN HERE		<u>07/01/2013</u>
	Signature of actuary	Date
<u>DYLAN PORTER</u>		<u>11-05426</u>
	Type or print name of actuary	Most recent enrollment number
<u>BUCK CONSULTANTS, LLC</u>		<u>415-392-0616</u>
	Firm name	Telephone number (including area code)
<u>353 SACRAMENTO STREET</u> <u>SUITE 800</u> <u>SAN FRANCISCO, CA 94111</u>		
	Address of the firm	

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

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

Schedule SB (Form 5500) 2012
v. 120126

Part II		Beginning of Year Carryover Prefunding Balances	
		(a) Carryover balance	(b) Prefunding balance
7	Balance at beginning of prior year after applicable adjustments (line 13 from prior year)	0	0
8	Portion elected for use to offset prior year's funding requirement (line 35 from prior year)	0	0
9	Amount remaining (line 7 minus line 8)	0	0
10	Interest on line 9 using prior year's actual return of <u>-2.87</u> %		
11	Prior year's excess contributions to be added to prefunding balance:		
a	Present value of excess contributions (line 38a from prior year)		1293761
b	Interest on (a) using prior year's effective interest rate of <u>6.26</u> % except as otherwise provided (see instructions)		80989
c	Total available at beginning of current plan year to add to prefunding balance		1374750
d	Portion of (c) to be added to prefunding balance		1374750
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	1374750

Part III		Funding Percentages	
14	Funding target attainment percentage	14	95.64 %
15	Adjusted funding target attainment percentage	15	106.27 %
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	80.56 %
17	If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage	17	%

Part IV		Contributions and Liquidity Shortfalls	
18 Contributions made to the plan for the plan year by employer(s) and employees:			
(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	
12/31/2012	1727746	0	
Totals ▶		18(b)	1727746
		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 1615165
20	Quarterly contributions and liquidity shortfalls:	
a	Did the plan have a "funding shortfall" for the prior year?	☒ Yes ☐ No
b	If line 20a is "Yes," were required quarterly installments for the current year made in a timely manner?	☒ Yes ☐ No
c	If line 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
0		0
		0

Part V Assumptions Used to Determine Funding Target and Target Normal Cost

21 Discount rate:				
a Segment rates:	1st segment: 5.54%	2nd segment: 6.85%	3rd segment: 7.52 %	☐ 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 subject to 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	487721	
b Excess assets, if applicable, but not greater than line 31a	31b	0	
32 Amortization installments:	Outstanding Balance	Installment	
a Net shortfall amortization installment	563249	221852	
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	709573	
	Carryover balance	Prefunding balance	Total balance
35 Balances elected for use to offset funding requirement.....	0	528000	528000
36 Additional cash requirement (line 34 minus line 35)	36	181573	
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c)	37	1615165	
38 Present value of excess contributions for current year (see instructions)			
a Total (excess, if any, of line 37 over line 36)	38a	1433592	
b Portion included in line 38a attributable to use of prefunding and funding standard carryover balances	38b	528000	
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 an election was made to use PRA 2010 funding relief for this plan:			
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) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration</small>	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 2012 This Form is Open to Public Inspection.
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For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012

A Name of plan <u>ITT AEROSPACE CONTROLS PENSION PLAN FOR HOURLY EMPLOYEES</u>	B Three-digit plan number (PN) ►	<u>016</u>
C Plan or DFE sponsor's name as shown on line 2a of Form 5500 <u>ITT CORPORATION</u>	D Employer Identification Number (EIN) <u>13-5158950</u>	

Part I	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)
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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 <u>38-7003271-302</u>	d Entity code <u>M</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>15525845</u>
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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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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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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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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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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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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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a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

a Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
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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**b** Name of
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plan sponsor**c** EIN-PN

SCHEDULE H (Form 5500) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration</small> <small>Pension Benefit Guaranty Corporation</small>	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 <div style="border: 1px solid black; padding: 5px; font-size: 1.2em; font-weight: bold;">2012</div> This Form is Open to Public Inspection
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For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012		
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
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1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. **Round off amounts to the nearest dollar.** MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.

Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a		
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)	1871498	0
(2) Participant contributions	1b(2)		
(3) Other.....	1b(3)	26950	0
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)	11400454	15525845
(12) Value of interest in 103-12 investment entities	1c(12)		
(13) Value of interest in registered investment companies (e.g., mutual funds).....	1c(13)		
(14) Value of funds held in insurance company general account (unallocated contracts).....	1c(14)		
(15) Other	1c(15)		

1d Employer-related investments:

		(a) Beginning of Year	(b) End of Year
(1) Employer securities	1d(1)		
(2) Employer real property	1d(2)		
e Buildings and other property used in plan operation	1e		
f Total assets (add all amounts in lines 1a through 1e)	1f	13298902	15525845

Liabilities

g Benefit claims payable	1g		
h Operating payables	1h	32793	38685
i Acquisition indebtedness	1i		
j Other liabilities	1j		
k Total liabilities (add all amounts in lines 1g through 1j)	1k	32793	38685

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	13266109	15487160
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Part II Income and Expense Statement

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

Income

		(a) Amount	(b) Total
a Contributions:			
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)	1727746	
(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)		1727746
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
(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

		(a) Amount	(b) Total
(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)		1265853
(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		2993599

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	772548	
(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)		772548
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		772548

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d.....	2k		2221051
l Transfers of assets:			
(1) To this plan.....	2l(1)		
(2) From this plan	2l(2)		

Part III Accountant's Opinion

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

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

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

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

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

(1) Name: **DELOITTE & TOUCHE LLP**

(2) EIN: **13-3891517**

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

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

Part IV Compliance Questions

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

During the plan year:

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.).....

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.).....

	Yes	No	Amount
4a		X	
4b		X	

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

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

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

5b(1) Name of plan(s)

5b(2) EIN(s)	5b(3) PN(s)

Part V Trust Information (optional)

6a Name of trust

6b Trust's EIN

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 2012 This Form is Open to Public Inspection.
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For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012

A Name of plan <u>ITT AEROSPACE CONTROLS PENSION PLAN FOR HOURLY EMPLOYEES</u>	B Three-digit plan number (PN) ▶ <u>016</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>ITT CORPORATION</u>	D Employer Identification Number (EIN) <u>13-5158950</u>

Part I	Distributions
---------------	----------------------

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

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

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

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

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 lines 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 lines 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 lines 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 lines 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 lines 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 lines 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 line 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 lines (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 line 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, 2012 and 2011, 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.	

INDEPENDENT AUDITORS' REPORT

To the Trustees and Participants of the
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"), which comprise the statements of net assets available for benefits as of December 31, 2012 and 2011, and the related statements of changes in net assets available for benefits for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Plan's preparation and fair presentation of the financial statements in order to design 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, information regarding the Plan's net assets available for benefits as of December 31, 2012, and the changes therein for the year then ended and its financial status as of December 31, 2011, and the changes therein for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Deloitte & Touche LLP

September 18, 2013

ITT AEROSPACE CONTROLS PENSION PLAN FOR HOURLY EMPLOYEES

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS AS OF DECEMBER 31, 2012 AND 2011

	2012	2011
ASSETS:		
Investments at fair value — Plan's interest in the ITT Master Trust	\$ 15,525,845	\$ 11,400,454
Employer contribution receivable	-	1,871,498
Receivable from the Former Master Trust	<u>-</u>	<u>26,950</u>
Total assets	15,525,845	13,298,902
LIABILITIES — Accrued administrative expenses	<u>38,685</u>	<u>32,793</u>
NET ASSETS AVAILABLE FOR BENEFITS	<u>\$ 15,487,160</u>	<u>\$ 13,266,109</u>

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, 2012 AND 2011

	2012	2011
ADDITIONS:		
Plan's interest in the ITT Master Trust investment income (loss)	\$ 1,414,280	\$ (164,367)
Plan's interest in the Former Master Trust investment loss	-	(153,493)
Employer contributions	<u>1,727,746</u>	<u>2,498,498</u>
Total additions	<u>3,142,026</u>	<u>2,180,638</u>
DEDUCTIONS:		
Benefits paid to participants	772,548	775,873
Administrative expenses	<u>148,427</u>	<u>149,280</u>
Total deductions	<u>920,975</u>	<u>925,153</u>
NET INCREASE	2,221,051	1,255,485
NET ASSETS AVAILABLE FOR BENEFITS:		
Beginning of year	<u>13,266,109</u>	<u>12,010,624</u>
End of year	<u>\$ 15,487,160</u>	<u>\$ 13,266,109</u>

See notes to financial statements.

ITT AEROSPACE CONTROLS PENSION PLAN FOR HOURLY EMPLOYEES

NOTES TO FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

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), as amended.

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. On the spin-off date, the Investment Master Trust of ITT Corporation (the “Former Master Trust”) was renamed and transferred to Exelis Inc. and Exelis Inc. assumed all liabilities associated with the Former Master Trust. The Company created the Investment Master Trust of ITT Corporation (the “ITT Master Trust”), a new master trust. 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. After payment of the outstanding bills, the full balance was received by the ITT Master Trust on May 1, 2012.

The Plan’s assets include an undivided interest in an investment account of the ITT Master Trust, EIN 38-7003271, as of December 31, 2012 and 2011, and for the year ended December 31, 2012 and the period from October 31, 2011 through December 31, 2011, and the Former Master Trust 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 income (loss) 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, 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 — The Plan participates in the ITT Master Trust which invests in various investment securities. 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, it is reasonably possible that values realized at the time of sale could materially differ from amounts reported in the financial statements.

Plan contributions are made and the actuarial present value and the actuarial value of accumulated plan benefits are reported based on certain assumptions pertaining to interest rates, inflation rates, and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimates and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions in the near term would be material to the financial statements.

Investment Valuation and Income Recognition — The Plan's interest in the ITT Master Trust is presented at fair value, which has been determined based on the fair value of the underlying investments of the ITT Master Trust. 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 a 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.

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 Trust agreements. The Plan Sponsor provides accounting and other administrative services to the Plan and Master Trusts at no charge.

Management fees and operating expenses charged to the Plan for the investments in the common collective trust (CCT) 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.

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 guidance primarily clarifies existing fair value guidance and is not intended to change the application of existing fair value measurement guidance. However, the guidance includes 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. The Plan adopted this guidance on January 1, 2012. The guidance did not 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 the Company's postretirement plans. With respect to qualified pension plans, the Company intends to contribute annually not less than the minimum required by applicable law and regulations. While the Company has significant discretion in making voluntary contributions, 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 the Company's ability to amend the Plan or make benefit payments. Although mandatory contributions to the Plan were not required during 2012 and 2011, the Company 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, 2012. This represents a disclosure measure based solely on the funding valuation.

The actuarial present value of accumulated plan benefits as of January 1, 2012, is as follows:

Vested benefits:	
Participant and/or beneficiaries currently receiving benefits	\$ 5,799,892
Other participants	<u>5,546,251</u>
Total vested benefits	11,346,143
Nonvested benefits	<u>224,832</u>
Total actuarial present value of accumulated plan benefits	<u>\$11,570,975</u>

The changes in the actuarial present value of the Plan's accumulated plan benefits for the year ended January 1, 2012, are as follows:

Actuarial present value of accumulated plan benefits — January 1, 2011	\$ 10,233,801
Increase (decrease) during the year attributable to:	
Benefits accumulated	169,351
Benefits paid	(775,873)
Interest	886,880
Changes in actuarial assumptions	<u>1,056,816</u>
Actuarial present value of accumulated plan benefits — January 1, 2012	<u>\$11,570,975</u>

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, 2012 valuations were:

- Mortality: UP-94 Table (scale AA projected 16 years) with special mortality table used for the period after disability in 2012 and in 2011
- Retirement age: Age 65
- Investment return: 8%
- Discount rate: 8%

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. Due to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that certain changes in these estimates and assumptions could be material to the financial statements.

5. FAIR VALUE MEASUREMENTS

Accounting Standards Codification 820, *Fair Value Measurements and Disclosures*, provides a framework for measuring fair value. This framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value, as follows: Level 1, which refers to securities valued using unadjusted quoted prices from active markets for identical assets and liabilities; Level 2, which refers to securities not traded on an active market but for which observable market inputs are readily available or quoted prices in an active market for similar assets and liabilities; and Level 3,

which refers to securities valued based on significant unobservable inputs. Assets are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

Asset Valuation Techniques – Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2012 and 2011.

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 ITT Master Trust's assets at fair value:

- CCTs — CCTs 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.

As of December 31, 2012 and 2011, all of the ITT Master Trust's assets were classified as Level 2 within the fair value hierarchy. The major categories of the ITT Master Trust's assets measured at fair value as of December 31, 2012 and 2011, are as follows:

	2012	2011
CCTs:		
Domestic	\$ 88,848,943	\$ 69,712,930
Developed markets	45,975,605	33,456,167
Emerging markets	26,124,360	16,359,534
Fixed income — bond	<u>86,115,439</u>	<u>62,808,753</u>
Total investments	<u>\$247,064,347</u>	<u>\$182,337,384</u>

Transfers Between Levels — The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period.

We evaluate the significance of transfers between levels based upon the nature of the financial instrument and size of the transfer relative to total net assets available for benefits. There were no transfers between levels for the years ended December 31, 2012 and 2011.

A reconciliation of the beginning and ending balances of the fair value measurements using significant unobservable inputs (Level 3) for the Master Trusts' for the 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.

Below is a summary of the ITT Master Trust's investments as of December 31, 2012 and 2011, where fair value is estimated based on NAV:

Investment	2012 Fair Value	2011 Fair Value	2012 Redemption Notice Period	2011 Redemption Notice Period
CCTs:				
Domestic (a)	\$ 88,848,943	\$ 69,712,930	T-0	T-1
Developed markets (b)	45,975,605	33,456,167	T-1	T-2
Emerging markets (c)	26,124,360	16,359,534	T-1	T-2
Fixed income — bond (d)	86,115,439	62,808,753	T-0	T-1
Total CCTs	247,064,347	182,337,384		
Total	\$ 247,064,347	\$ 182,337,384		

T-0 = trade date

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.

There were no unfunded commitments as of December 31, 2012 and 2011 and the redemption frequency of each investment is daily.

6. INVESTMENTS

The ITT Master Trust's investments, which represented 5% or more of ITT Master Trust's net assets available for benefits as of December 31, 2012 and 2011, are shown below.

	2012	2011
MFB NT Collective Aggregate Bond Index Fund — Non Lending	\$ 86,115,439	\$ 62,835,951
MFB NT Collective Russell 3000 Index Fund — Non Lending	86,919,126	60,039,648
MFB NT Collective EAFE Index Fund — Non Lending	45,975,605	33,456,167
MFB NT Collective MSCI Emerging Markets Fund — Non Lending	26,124,360	16,359,533
COLTV Short Term Investment Fund	-	9,673,282

7. INTEREST IN MASTER TRUSTS

The net assets of the ITT Master Trust as of December 31, 2012 and 2011, are summarized as follows:

	2012	2011
Assets:		
CCTs:		
Domestic	\$ 88,848,943	\$ 69,712,930
Developed markets	45,975,605	33,456,167
Emerging markets	26,124,360	16,359,534
Fixed income — bond	<u>86,115,439</u>	<u>62,808,753</u>
Total investments	<u>247,064,347</u>	<u>182,337,384</u>
Net assets of the ITT Master Trust	<u>\$ 247,064,347</u>	<u>\$ 182,337,384</u>
Plan's interest in net assets of the ITT Master Trust	<u>\$ 15,525,845</u>	<u>\$ 11,400,454</u>
Plan's interest in the ITT Master Trust as a percentage of the total	<u>6.28 %</u>	<u>6.25 %</u>

The net investment income (loss) of the ITT Master Trust for the year ended December 31, 2012, and for the period from October 31, 2011 through December 31, 2011, is summarized below:

	2012	2011
Net appreciation (depreciation) in fair value of investments:		
CCTs:		
Domestic	\$ 10,079,215	\$ 231,151
Developed markets	6,267,555	(2,083,478)
Emerging markets	3,135,345	(1,410,289)
Fixed Income — bond	<u>3,082,309</u>	<u>641,573</u>
Total CCTs	<u>22,564,424</u>	<u>(2,621,043)</u>
Net appreciation (depreciation) in fair value of investments	22,564,424	(2,621,043)
Interest expense	(354)	(604)
Administrative expenses	<u>(1,649,959)</u>	<u>(5,105)</u>
Net investment income (loss) of ITT Master Trust	<u>\$ 20,914,111</u>	<u>\$ (2,626,752)</u>
Plan's interest in ITT Master Trust's investment income (loss)	<u>\$ 1,414,280</u>	<u>\$ (164,367)</u>

The net investment loss of the Former Master Trust for the period from January 1, 2011 through October 31, 2011, is summarized below:

	2011
Net (depreciation) appreciation in fair value of investments:	
Common and preferred stocks	\$ (47,484,648)
Corporate bonds and notes	(2,188)
Partnerships/joint ventures	73,265,148
Hedge funds	(41,499,358)
Registered investment companies	(36,817,594)
CCTs	(17,737,375)
Other	<u>(8,000,000)</u>
Net depreciation in fair value of investments	(78,276,015)
Interest income	1,505,686
Dividend income	17,780,455
Other income	22,551,463
Administrative expenses	<u>(25,010,872)</u>
Net investment loss of the Former Master Trust	<u>\$ (61,449,283)</u>
Plan's interest in the Former Master Trust's investment loss	<u>\$ (153,493)</u>

8. EXEMPT PARTY-IN-INTEREST TRANSACTIONS

Certain Master Trust investments are shares of CCTs managed by the Trustee. These assets and related transactions qualify as exempt party-in-interest transactions. Fees paid for management services were included as a reduction of the return earned on the investment.

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

9. 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; however, 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 is subject to routine audits by the IRS; however, there are currently no audits for any tax periods in progress. Plan management believes it is no longer subject to income tax examinations for years prior to 2009.

10. 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.

11. SUBSEQUENT EVENTS

On July 11, 2013, ITT approved freezing the Plan and increasing the employer match in the employees defined contribution plan to 6% or 7% of base pay, overtime, and bonuses. Effective December 31, 2013, the Plan will be amended and frozen. No new employees may become participants of the Plan. All Plan participants will be 100 percent vested in their accrued benefits on this date, and no further benefits may be earned. Only years of service and compensation earned prior to December 31, 2013 will be included in the retirement benefit.

For the year ended December 31, 2012, subsequent events were evaluated through September 18, 2013, the date the financial statements were available to be issued.

* * * * *

ITT Aerospace Controls Pension Plan for Hourly Employees

EIN/PN: 13-5158950 / 016

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

Prescribed Funding Assumptions and Methods

Funding interest rates

Current Year:	Segment Rates with four month lookback:	
	First Segment Rate	2.06%
	Second Segment Rate	5.25%
	Third Segment Rate	6.32%

In accordance with MAP-21, the first, second and third Segment Rates are constrained to a 90%-110% Corridor around the average Segment Rates for the 25-year period ending September 30, 2011, or 5.54%, 6.85% and 7.52%, respectively for minimum funding and benefit restrictions but not for maximum tax-deductible purposes.

	Effective Interest Rate	6.99%
Prior 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%

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.

ITT Aerospace Controls Pension Plan for Hourly Employees

EIN/PN: 13-5158950 / 016

Schedule SB, Part V – Statement of Actuarial Assumptions/Methods (Continued)

Non-Prescribed Funding Assumptions and Methods

Expenses

Expected plan related expenses of \$169,880 were added to the 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

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Schedule SB, Part V – Statement of Actuarial Assumptions/Methods (Continued)

Non-Prescribed Funding Assumptions and Methods (continued)

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 rates¹

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:

2011 measurement period:	6.57%
2010 measurement period:	6.76%

¹ For active participants not eligible for retirement.

ITT Aerospace Controls Pension Plan for Hourly Employees

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Schedule SB, line 22 – Description of Weight-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.

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

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

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_{ERA+t}^r = probability of retiring at age ERA + t

Probability of

<u>Age</u>	<u>Normal Retirement</u>	<u>Early Retirement</u>
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 – Summary of Plan Provisions

Effective Date

May 15, 1963.

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 ¹	Benefit Unit Per Year of Service		
	Effective		
	01/01/2002	01/01/2004	01/01/2007
05/15/1963 - 12/31/2000 ²	\$ 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

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.

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.

¹ Maximum service is 35 years.

² 8/14/1978 for former Neo-Dyn employees.

ITT Aerospace Controls Pension Plan for Hourly Employees

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Schedule SB, Part V – Summary of Plan Provisions (Continued)

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 \$192,575 to \$169,880.

ITT Aerospace Controls Pension Plan for Hourly Employees

EIN / PN: 13-5158950 / 016

Schedule SB, line 26 - Schedule of Active Participant Data

	BENEFIT SERVICE										
AGE	Under 1	1 - 4	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30 - 34	35 - 39	40+	Total
Under 25	0	0	0	0	0	0	0	0	0	0	0
25 - 29	0	4	0	0	0	0	0	0	0	0	4
30 - 34	0	9	2	0	0	0	0	0	0	0	11
35 - 39	0	5	2	5	1	0	0	0	0	0	13
40 - 44	0	9	2	6	0	0	0	0	0	0	17
45 - 49	0	11	1	4	2	4	3	0	0	0	25
50 - 54	0	14	5	6	7	8	8	4	1	0	53
55 - 59	0	9	3	9	6	2	10	6	4	0	49
60 - 64	0	7	2	6	4	2	10	7	3	1	42
65 - 69	0	0	0	1	3	1	1	2	3	0	11
70+	0	0	0	1	0	0	0	0	1	0	2
Total	0	68	17	38	23	17	32	19	12	1	227

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 Remaining Installments as of January 1, 2012	Date Established	Remaining Installments	Shortfall Amortization Installment
Shortfall	(\$1,633,015)	1/1/2012	7	(\$277,163)
Shortfall	\$903,449	1/1/2011	6	\$173,077
Shortfall	\$492,492	1/1/2010	5	\$109,396
Shortfall	\$800,323	1/1/2009	4	\$216,542

Plan Name	ITT Aerospace Controls Pension Plan for Hourly Employees
Plan Sponsor EIN	13-5158950
ERISA Plan #	016
Plan Year Ending	12/31/2012

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 5500Department of the Treasury
Internal Revenue ServiceDepartment 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**2012****This Form Is Open to Public Inspection****Part I Annual Report Identification Information**

For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012

- A** This return/report is for: ☐ a multiemployer plan; ☐ a multiple-employer plan; or
☒ a single-employer plan; ☐ a DFE (specify) _____
- B** This return/report is: ☐ the first return/report; ☐ the final return/report;
☐ an amended return/report; ☐ a short plan year return/report (less than 12 months).
- C** If the plan is a collectively-bargained plan, check here. ► ☐
- D** Check box if filing under: ☒ Form 5558; ☐ automatic extension; ☐ the DFVC program;
☐ special extension (enter description) _____

Part II Basic Plan Information—enter all requested information**1a** Name of plan ITT 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; include room or suite number (employer, if for a single-employer plan)
ITT CORPORATION**2b** Employer Identification Number (EIN)
13-5158950**2c** Sponsor's telephone number
(914) 641-2000**2d** Business code (see instructions)
333200

1133 Westchester Avenue

White Plains

NY 10604

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	<i>Ann Fernandes</i>	10/4/13	Ann Fernandes
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE			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
Preparer's name (including firm name, if applicable) and address; include room or suite number. (optional) Deloitte Tax LLP 1633 Broadway New York NY 10019			Preparer's telephone number (optional) (212) 492-3600

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

Form 5500 (2012)
v. 120126

3a Plan administrator's name and address ☐ Same as Plan Sponsor Name ☐ Same as Plan Sponsor Address 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	5 639
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 271
b Retired or separated participants receiving benefits	6b 268
c Other retired or separated participants entitled to future benefits.....	6c 77
d Subtotal. Add lines 6a, 6b, and 6c.....	6d 616
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.	6e 44
f Total. Add lines 6d and 6e.	6f 660
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 4
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 Characteristics 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 Characteristics Codes in the instructions:	

9a Plan funding arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor	9b Plan benefit arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor
10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See Instructions)	
a Pension Schedules (1) ☒ R (Retirement Plan Information) (2) ☐ MB (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary (3) ☒ SB (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary	b General Schedules (1) ☒ H (Financial Information) (2) ☐ I (Financial Information - Small Plan) (3) ☐ A (Insurance Information) (4) ☐ C (Service Provider Information) (5) ☒ D (DFE/Participating Plan Information) (6) ☐ G (Financial Transaction Schedules)

SCHEDULE SB (Form 5500) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation</small>	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 2012 This Form is Open to Public Inspection
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For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012

▶ **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: ☒ Single ☐ Multiple-A ☐ Multiple-B ☐ Other		
F Prior year plan size: ☐ 100 or fewer ☐ 101-500 ☒ More than 500		

Part I Basic Information			
1 Enter the valuation date: Month <u>01</u> Day <u>01</u> Year <u>2012</u>			
2 Assets:			
a Market value	2a		13249830
b Actuarial value	2b		13746956
3 Funding target/participant count breakdown:		(1) Number of participants	(2) Funding Target
a For retired participants and beneficiaries receiving payment.....	3a	320	6330639
b For terminated vested participants	3b	92	1268479
c For active participants:			
(1) Non-vested benefits	3c(1)		266392
(2) Vested benefits	3c(2)		5069945
(3) Total active.....	3c(3)	227	5336337
d Total.....	3d	639	12935455
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		6.99%
6 Target normal cost.....	6		487721

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.

<div style="border: 1px solid black; padding: 5px; display: inline-block;">SIGN HERE</div> <div style="text-align: center; margin-top: 20px;"> Signature of actuary </div>	07/01/2013 Date 1105426 Most recent enrollment number 415-392-0616 Telephone number (including area code)
DYLAN PORTER Type or print name of actuary BUCK CONSULTANTS, LLC Firm name 353 Sacramento Street Suite 800 SAN FRANCISCO CA 94111 Address of the firm	

Part V Assumptions Used to Determine Funding Target and Target Normal Cost

21 Discount rate:			
a Segment rates:	1st segment: 5.54%	2nd segment: 6.85%	3rd segment: 7.52%
			☐ 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 subject to 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	487721
b Excess assets, if applicable, but not greater than line 31a		31b	0
32 Amortization installments:		Outstanding Balance	Installment
a Net shortfall amortization installment.....		563249	221852
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	709573
	Carryover balance	Prefunding balance	Total balance
35 Balances elected for use to offset funding requirement.....	0	528000	528000
36 Additional cash requirement (line 34 minus line 35).....		36	181573
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c).....		37	1615165
38 Present value of excess contributions for current year (see instructions)			
a Total (excess, if any, of line 37 over line 36)		38a	1433592
b Portion included in line 38a attributable to use of prefunding and funding standard carryover balances		38b	528000
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 an election was made to use PRA 2010 funding relief for this plan:			
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	