

ITT Corp  
Form 11-K  
June 28, 2010

**SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549  
FORM 11-K**

(Mark One)

☐ **Annual Report pursuant to Section 15(d) of the Securities Exchange Act of 1934 for the fiscal year ended December 31, 2009**

**OR**

☐ **Transition Report pursuant to Section 15(d) of the Securities Exchange Act of 1934 for the transition period from \_\_\_\_\_ to \_\_\_\_\_  
Commission File Number 1-5627**

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

**ITT SALARIED INVESTMENT AND SAVINGS PLAN**

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

**ITT CORPORATION**

**1133 WESTCHESTER AVENUE, WHITE PLAINS, NY 10604**

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ITT SALARIED INVESTMENT AND SAVINGS PLAN

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

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These financial statements have been prepared from the ITT Salaried Investment and Savings Plan's books and records after making all necessary adjustments thereto, and they represent the final statements for the period ended December 31, 2009.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Investment and Savings Plan Committee has duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

ITT SALARIED INVESTMENT AND SAVINGS PLAN

BY:/s/ Michael S. Seay  
Michael S. Seay  
Plan Administrator  
Director, Global Benefits, ITT Corporation

June 28, 2010  
(Date)

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Trustees and Participants of the  
ITT Salaried Investment and Savings Plan  
White Plains, New York

We have audited the accompanying statements of net assets available for benefits of the ITT Salaried Investment and Savings Plan (the Plan) as of December 31, 2009 and 2008, and the related statement of changes in net assets available for benefits for the year ended December 31, 2009. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Plan is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2009 and 2008, and the changes in net assets available for benefits for the year ended December 31, 2009 in conformity with accounting principles generally accepted in the United States of America. Our audits were conducted for the purpose of forming an opinion on the basic 2009 financial statements taken as a whole. The supplemental schedule of assets (held at end of year) as of December 31, 2009, is presented for the purpose of additional analysis and are not a required part of the basic 2009 financial statements, but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This schedule is the responsibility of the Plan's management. Such schedule has been subjected to the auditing procedures applied in our audit of the basic 2009 financial statements and, in our opinion, are fairly stated in all material respects when considered in relation to the basic 2009 financial statements taken as a whole.

/s/ Deloitte & Touche LLP  
Stamford, CT  
June 28, 2010

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ITT SALARIED INVESTMENT AND SAVINGS PLAN  
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS  
(\$ IN THOUSANDS)

|  | December 31, |           |
|--|--------------|-----------|
|  | 2009         | 2008      |
| Assets:  |              |           |
| Investments:   |              |           |
| Cash and cash equivalents  | \$ 30,736    | \$ 21,972 |
| Equities   | 745,664      | 670,162   |
| Mutual funds   | 193,790      | 142,787   |
| U.S. government securities   | 18,341       | 18,243    |
| Corporate bonds  | 26,690       | 21,140    |
| Guaranteed investment contracts  | 697,382      | 642,142   |
| Common collective trusts   | 353,765      | 253,542   |
| Brokerage account  | 8,383        | 5,389     |
| Member loans   | 27,961       | 26,583    |
| Total investments  | 2,102,712    | 1,801,960 |
| Receivables:   |              |           |
| Dividends  | 2,265        | 2,195     |
| Interest   | 515          | 423       |
| Unsettled security sales   | 293          | 439       |
| Total receivables  | 3,073        | 3,057     |
| Collateral held under securities lending agreement                     |              | 82,313    |
| Non-participant directed investments                                   | 12,601       |           |
| Total assets   | 2,118,386    | 1,887,330 |
| Liabilities:   |              |           |
| Liability to return collateral held under securities lending agreement |              | 92,702    |
| Liability to plan sponsor  | 19,440       |           |
| Accrued financial services expense                                     | 817          | 769       |
| Accrued administrative expense   | 220          | 187       |
| Unsettled security purchases   | 1,294        | 893       |
| Total liabilities  | 21,771       | 94,551    |
| NET ASSETS AVAILABLE FOR BENEFITS AT FAIR VALUE                        | 2,096,615    | 1,792,779 |
|  | (4,727)      | 44,833    |

Adjustment from fair value to contract value for fully benefit-responsive  
investment contracts

|                                   |              |              |
|-----------------------------------|--------------|--------------|
| NET ASSETS AVAILABLE FOR BENEFITS | \$ 2,091,888 | \$ 1,837,612 |
|-----------------------------------|--------------|--------------|

The accompanying notes to financial statements are an integral part of the above statements.

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ITT SALARIED INVESTMENT AND SAVINGS PLAN  
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS  
(\$ IN THOUSANDS)

|   | Year ended<br>December 31,<br>2009 |
|---|------------------------------------|
| Investment income:                                |                                    |
| Net appreciation in fair value of investments     | \$ 218,753                         |
| Dividends   | 15,170                             |
| Interest  | 26,216                             |
| <br>Total investment income                       | <br>260,139                        |
| <br>Contributions:                                |                                    |
| Participants                                      | 84,294                             |
| Employer  | 27,825                             |
| <br>Total contributions                           | <br>112,119                        |
| <br>Asset rollovers                               | <br>5,786                          |
| <br>DEDUCTIONS:                                   |                                    |
| Withdrawals and distributions                     | (117,901)                          |
| Investment management and administrative expenses | (5,867)                            |
| <br>Total deductions                              | <br>(123,768)                      |
| <br>INCREASE IN NET ASSETS                        | <br>254,276                        |
| <br>NET ASSETS AVAILABLE FOR BENEFITS:            |                                    |
| Beginning of year                                 | 1,837,612                          |
| <br>End of year                                   | <br>\$ 2,091,888                   |

The accompanying notes to financial statements are an integral part of the above statement.

ITT SALARIED INVESTMENT AND SAVINGS PLAN  
NOTES TO FINANCIAL STATEMENTS AS OF DECEMBER 31, 2009 AND 2008, AND  
FOR THE YEAR ENDED DECEMBER 31, 2009  
(\$ IN THOUSANDS)

**1. DESCRIPTION OF THE PLAN**

The following description of the ITT Salaried Investment and Savings Plan (the **Plan**) is provided for general information purposes only. Eligible employees, referred to herein as **Members** ( **Members** ), should refer to the Plan document for more complete information about the Plan.

**General** The Plan is a defined contribution plan generally covering all regular salaried U.S. employees of ITT Corporation (the **Company** or the **Plan Sponsor** ). Employees are eligible to join the Plan on the first day of the calendar month following completion of one month of service. Part time /temporary employees are eligible as of the first of the month following the completion of at least 1,000 hours of service in an anniversary year. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 ( **ERISA** ).

**Contributions**

**Employee** A Member may generally elect to contribute 2% to 25% of base salary. A Member may designate their contributions as Before-Tax Contributions, After-Tax Contributions, or any combination of the two. In 2009, a Member who is considered a Highly Compensated Employee ( **HCE** ) under the Plan may elect Plan contributions up to a maximum of 14% of base salary as either Before-Tax Contributions, After-Tax Contributions, or any combination. Member contributions are subject to the dollar limitation contained in Section 402(g) of the Internal Revenue Code ( **IRC** ). All salaried employees who first satisfy the eligibility requirements for participation in the Plan on or after January 1, 2006 and who have not elected a contribution rate, shall be deemed to have elected a 2% before-tax employee contribution rate, provided however, that at any time, such employee may elect to contribute at a different rate, including 0%, in accordance with the terms of the Plan.

**Employer** An amount equal to 50% of a Member's first 6% of base salary saved is matched by the Company. In addition, the Company contributes 1/2 of 1% of base salary to the Floor Company Contribution Account, as defined by the Plan, to each eligible Member. All Members have the ability to invest their Company contributions in any of the Plan's investment options subject to the same limitations as the employee's contributions.

Any contributions (employee and/or Company) directed by Members into the ITT Stock Fund, including future contributions to the Plan, are deposited into the Employee Stock Ownership account ( **ESOP** ). All dividends associated with the contributions held in the ESOP in the Plan are immediately 100% vested. In addition, Members can make an election regarding the payment of their ESOP dividends. Members can elect to have their ESOP dividends either reinvested in the ITT Stock Fund or paid to them in cash on a quarterly basis.



The Plan limits the amount that may be held in the ITT Stock Fund to 20% of a Member's total account balance. Members who hold 20% or more of their total account balance in the ITT Stock Fund at the end of any calendar quarter, will not be permitted to designate any future contributions (employee and Company) to the ITT Stock Fund, or transfer balances into that Fund, for the following calendar quarter. Members who hold less than 20% of their total account balance in the ITT Stock Fund may designate up to 20% of their future contributions (employee and Company) to the ITT Stock Fund, and may transfer balances into that Fund, provided that the balance in the ITT Stock Fund does not exceed 20% of the Member's total account balance after the transfer.

The Plan also limits the amount that may be held in the Schwab Personal Choice Retirement Account ( PCRA ) to 20% of a Member's total account balance.

**Investment Direction** Members may direct employee contributions and Company contributions, in any whole percentage, among any of twenty-four investment options, and the Members can change their future contributions and reallocate accumulated investments in 1% increments on a daily basis among the twenty-four funds, however, limited to a maximum of four fund reallocations or transfers in any calendar month. A reallocation or a transfer shall be defined as a single reallocation or a single transfer, or as a series of reallocations and/or transfers taking place on a single business day. The twenty-four funds are as follows:

Stable Value Fund

Long Term Bond Fund

JPMCB SmartRetirement Income Fund

JPMCB SmartRetirement Fund 2010

JPMCB SmartRetirement Fund 2015

JPMCB SmartRetirement Fund 2020

JPMCB SmartRetirement Fund 2025

JPMCB SmartRetirement Fund 2030

JPMCB SmartRetirement Fund 2035

JPMCB SmartRetirement Fund 2040

JPMCB SmartRetirement Fund 2045

JPMCB SmartRetirement Fund 2050

Balanced Fund

Enhanced Equity Index Fund

Large Cap Core Plus Fund

Large Cap Value Fund

Large Cap Growth Fund

Global Equity Fund

International Equity Fund

Small Cap Core Fund

Small Cap Value Fund

Small Cap Growth Fund

ITT Stock Fund

Schwab Personal Choice Retirement Account

**Member Accounts** Each Member's account is credited with the Member's contributions, Company contributions, plan earnings or losses, and withdrawals, net of administrative expenses and investment management fees. Allocations are based on Member account balances, as defined in the Plan document. The benefit to which a Member is entitled is the benefit that can be provided from the Member's vested account.

Plan accounts are valued and reconciled between the trustee and record keeper daily. Members can initiate transactions by using the Plan's web site or by speaking to a Plan representative at the ITT Benefits Center ( Benefits Center ).

A deferred Member is a Member who has terminated employment with the Company and has (i) elected to defer their account in the Plan, or (ii) not made any election prior to termination and, therefore, their account was automatically deferred in the Plan. A deferred Member is also the beneficiary of a deceased Member or deferred Member, or an alternate payee designated as such pursuant to a domestic relations order as qualified by the Plan.

**Vesting** Members are immediately vested in their contributions and the Company floor contributions plus earnings thereon. Member's interests in matching Company contributions vest according to the following schedule, except as noted previously with respect to dividends on ESOP shares which are 100% vested:

| Years of Service        | Non-forfeitable Percentage |
|-------------------------|----------------------------|
| Less than 1 year        | 0%                         |
| 1 but less than 2 years | 20%                        |
| 2 but less than 3 years | 40%                        |
| 3 but less than 4 years | 60%                        |
| 4 but less than 5 years | 80%                        |
| 5 or more years         | 100%                       |

**Forfeitures** At December 31, 2009 and 2008, forfeited nonvested accounts totaled \$798 and \$729, respectively. During the year ended December 31, 2009, the forfeitures of \$798 were used to reduce employer contributions to the Plan.

**Member Loans** A Member may request a loan in any specified whole dollar amount which must be at least one thousand dollars but which may not exceed the lesser of 50% of the vested account balance or fifty thousand dollars, reduced by the Member's highest outstanding loan balance under all plans of the Company, if any, during the prior one-year period. The interest rate charged by the Plan is based on the prime rate plus 1%, as published in the Wall Street Journal on the first business day of the month in which the loan is originated, and remains the same throughout the term of the loan. General purpose loan terms range from one to sixty months. If the loan is used in the purchase of a primary residence, the loan term can be for a period of up to one hundred-eighty months. Members may have up to two loans outstanding at the same time. Loans to Members at December 31, 2009 and 2008 were \$27,961 and \$26,583, respectively. The loans are secured by the balance in the Member's account.

A terminated Member may continue to make periodic repayment on their loans after separation by contacting the Benefits Center. However, no new loans can be requested after termination of employment.

In 2009, it was determined that a number of outstanding loans were delinquent during 2008 and not defaulted in a timely manner. The Plan filed a Voluntary Correction Program application with the Internal Revenue Service ( IRS ) and received a Compliance Statement from the IRS in June 2009, through which the IRS accepted our Voluntary Correction Program.

**Payment of Benefits** On termination of employment (including death, disability, or retirement), a Member or their surviving spouse beneficiary may elect to receive a lump-sum amount equal to the value of the Member's vested interest in their account paid in cash or as a rollover to another qualified plan or an Individual Retirement Account ( IRA ), or periodic payments under one of two alternative installment options. In any case, a Member or their surviving spouse beneficiary whose vested account balance is more than five thousand dollars may elect to keep their account balance in the Plan until the year in which the Member reaches/would have reached age 70 1/2. Upon the death of a Member, with a non-spouse beneficiary, the distribution must be made within five years from the Member's date of death in the form of a lump sum payment or annual fixed period installments, provided that the number of installments does not extend beyond five years from the date of the Member's death. A non-spouse beneficiary who elects payment in the form of a lump sum, may elect that the payment be made as a rollover to a special IRA in accordance with the provisions of Section 402 (c)(11) of the IRC.

**Direct Rollover of Certain Distributions** If a Member leaves the Company for any reason, the Member is entitled to receive a distribution of the total vested value of their account. The distribution can be in the form of a rollover as follows:

- (1) **Elective Rollover** A Member may elect a rollover distribution paid directly to not more than two eligible retirement plans as specified by the Member.
- (2) **Mandatory Rollover**
  - (A) If a Member's account balance is greater than \$1,000 but less than \$5,001 and the Member fails to make an affirmative election to either receive the lump sum payment or have it directly rolled over to another qualified plan or an IRA within the election period, the account balance will be automatically rolled over to an IRA established in the Member's name.
  - (B) If a Member's account balance is \$1,000 or less and the Member fails to make an affirmative election to either receive the lump sum payment or have it directly rolled over to another qualified plan or an IRA within the election period, the account balance will be automatically paid out to the Member.

## **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. Certain amounts have been reclassified to conform to current year presentation.

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

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

**Expenses** The Plan pays for the administrative expenses of the Plan up to 0.25% of the market value of trust assets. In 2009, the plan accrued 0.125% of trust assets. These expenses are limited to services provided by unrelated vendors. The Company pays Plan administrative expenses which are not paid by the Plan. In addition to the administrative expense charge, an investment management fee is charged to each investment fund except for the ITT Stock Fund and the PCRA. In 2009, these investment management fees totaled \$3,087 and are reflected as a component of Investment Management and Administrative expense on the Statement of Changes in Net Assets Available For Benefits.

**Payment of Benefits** Benefit payments to Members are recorded upon distribution. Amounts allocated to accounts of persons who have elected to withdraw from the Plan but have not yet been paid were \$5 and \$177 at December 31, 2009 and 2008, respectively.

### 3. FAIR VALUE MEASUREMENT

The Plan's investments are measured at fair value except for its benefit-responsive investment contracts which are stated at fair value and then adjusted to contract value (Note 8). Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e., an exit price).

In measuring plan assets at fair value, a fair value hierarchy is applied which categorizes and prioritizes the inputs used to estimate fair value into three levels. The fair value hierarchy is based on maximizing the use of observable inputs and minimizing the use of unobservable inputs when measuring fair value. Classification within the fair value hierarchy is based on the lowest level input that is significant to the fair value measurement. The three levels of the fair value hierarchy are defined as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

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

Level 3 inputs are unobservable inputs for the assets or liabilities.

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

**Cash equivalents and mutual funds** Fair value is measured at net asset value (NAV). Investments in cash equivalents and mutual funds are classified in Level 1 of the fair value hierarchy.

**Equities** Common and preferred stock is valued at the closing price reported on the major market on which the individual securities are traded at the measurement date. ITT Stock Fund invests primarily in ITT Corporation common stock, which is traded on the New York Stock Exchange (NYSE) under the ticker symbol (ITT) and is valued at its NAV. The NAV of the ITT Stock Fund is computed based on the closing price of ITT common stock reported by the NYSE at the measurement date, plus the NAV of the short-term money market included in the ITT Stock Fund, divided by the number of units outstanding. The money market portion of the ITT Stock Fund provides liquidity, which enables the Plan Members to transfer money daily among all investment choices. As all equity securities held by the Plan are publicly traded in active markets, the securities are classified within Level 1 of the fair value hierarchy.

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

**Guaranteed investment contracts** The Stable Value Fund includes traditional and synthetic guaranteed investment contracts (GICs). For a traditional GIC, the issuer of the GIC takes a deposit from the Plan and purchases investments that are held in the issuer's general accounts. In return, the issuer of the GIC is obligated to repay the principal and specified interest guaranteed to the Plan. The fair value of a traditional GIC is generally estimated by discounting the related cash flows based on current yields of similar instruments with comparable durations. In a synthetic GIC structure, there are two components, an underlying investment and a wrapper contract. The underlying investments remain owned by the Plan and are measured at fair value based

on the nature of the individual security. The fair value of wrapper contracts is generally estimated using a discounted replacement cost approach which incorporates the difference between current market rates for the identical wrapper contract (See Note 8) and wrap fees currently being charged by market participants. Traditional GICs are classified in Level 2 of the fair value hierarchy. Investments held underlying a synthetic GIC are classified in the fair value hierarchy based on the nature of the underlying security, which is generally Level 2, and the wrapper contracts are generally classified in Level 3.

Common collective trust ( CCTs ) CCTs are arrangements in which the funds of individual trusts are pooled to avail themselves of professional investment management and achieve greater diversification of investment, stability of income or other investment objectives. CCTs invest in debt and equity securities and report NAV as of the measurement date. Fair value is estimated based on the NAV practical expedient described below. There are no unfunded commitments related to the CCTs and investments in CCTs can be redeemed on a daily basis. CCTs are classified in Level 2 of the fair value hierarchy.

**Brokerage Account** Securities held in the PCRA Brokerage account are valued at the closing price reported on the major market on which the individual securities are traded at the measurement date. These securities are classified in Level 1 of the fair value hierarchy.

**Member loans** Loans to plan Members, all of which are secured by vested account balances of borrowing Members, are measured at fair value, which approximates their outstanding balances. Member loans are classified in Level 3 of the fair value hierarchy.

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 NAV. Additionally, in certain circumstances, the Plan may adjust NAV reported by an asset manager when sufficient evidence indicates NAV is not representative of fair value.

In September 2009, the Financial Accounting Standards Board provided investors with a practical expedient for measuring the fair value of investments in certain entities that calculate NAV. The practical expedient enables an entity holding investments in certain entities that calculate net asset value per share or its equivalent for which the fair value is not readily determinable, to measure the fair value of such investments on the basis of that net asset value per share or its equivalent without adjustment. The Plan adopted this guidance for the year ended December 31, 2009; however, application of the practical expedient did not have a material effect on the Plan's fair value measurements. No adjustments to the NAV reported by an asset manager have been recorded.

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

Fair Value Measurements at December 31, 2009

|                                      | Quoted Prices<br>in<br>Active<br>Markets for<br>Identical<br>Assets<br>(Level 1) | Significant<br>Other<br>Observable<br>Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) | Total        |
|--------------------------------------|--|---|--|--------------|
| Cash and cash equivalents            | \$ 30,736  |   |  | \$ 30,736    |
| Equities                             | 754,047  |   |  | 754,047      |
| Mutual funds                         | 193,790  |   |  | 193,790      |
| U.S. government securities           |  | \$ 18,341   |  | 18,341       |
| Corporate bonds                      |  | 26,690  |  | 26,690       |
| Guaranteed investment contracts      | 17,370   | 678,893   | \$ 1,119   | 697,382      |
| Common collective trusts             |  | 353,765   |  | 353,765      |
| Member loans                         |  |   | 27,961   | 27,961       |
| Participant directed investments     | 995,943  | 1,077,689   | 29,080   | 2,102,712    |
| Non-participant directed investments | 1,100  | 11,501  |  | 12,601       |
| Total                                | \$ 997,043   | \$ 1,089,190  | \$ 29,080  | \$ 2,115,313 |

Fair Value Measurements at December 31, 2008

|  | Quoted Prices<br>in<br>Active Markets<br>for<br>Identical<br>Assets<br>(Level 1) | Significant<br>Other<br>Observable<br>Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) | Total        |
|--|--|---|--|--------------|
| Cash and cash equivalents                          | \$ 21,972  |   |  | \$ 21,972    |
| Equities   | 675,551  |   |  | 675,551      |
| Mutual funds                                       | 142,787  |   |  | 142,787      |
| U.S. government securities                         |  | \$ 18,243   |  | 18,243       |
| Corporate bonds                                    |  | 21,140  |  | 21,140       |
| Guaranteed investment contracts                    | 20,407   | 594,584   | \$ 27,151  | 642,142      |
| Common collective trusts                           |  | 150,664   | 102,878  | 253,542      |
| Member loans                                       |  |   | 26,583   | 26,583       |
| Subtotal   | 860,717  | 784,631   | 156,612  | 1,801,960    |
| Collateral held under securities lending agreement | 36,834   | 42,726  | 2,753  | 82,313       |
| Total  | \$ 897,551   | \$ 827,357  | \$ 159,365   | \$ 1,884,273 |





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

|  | Guaranteed<br>Investment<br>Contracts | Common<br>Collective<br>Trusts | Member<br>Loans | Collateral<br>held<br>under<br>securities<br>lending<br>agreement | Total      |
|--|---------------------------------------|--------------------------------|-----------------|---|------------|
| Beginning balance - January 1, 2008              | \$ 46,221                             | \$ 124,204                     | \$ 25,389       | \$  | \$ 195,814 |
| Realized (losses)                                | (3,304)                               | (232)                          |                 |   | (3,536)    |
| Unrealized (losses)                              | (2,200)                               | (30,960)                       |                 | (765)   | (33,925)   |
| Purchases, sales, issuance, and settlements, net | (13,566)                              | 13,396                         | 1,194           | (163)   | 861        |
| Transfers in and/or out of Level 3               |                                       | (3,530)                        |                 | 3,681   | 151        |
| Balance - December 31, 2008                      | 27,151                                | 102,878                        | 26,583          | 2,753   | 159,365    |
| Unrealized (losses)                              | (481)                                 |                                |                 |   | \$ (481)   |
| Purchases, sales, issuance, and settlements, net |                                       |                                | 1,378           |   | 1,378      |
| Transfers in and/or out of Level 3               | (25,551)                              | (102,878)                      |                 | (2,753)   | (131,182)  |
| Ending balance - December 31, 2009               | \$ 1,119                              | \$                             | \$ 27,961       | \$  | \$ 29,080  |

The Plan reports transfers within the fair value hierarchy as of the beginning of the period. The 2009 transfers primarily reflect adoption of the NAV practical expedient described above.

**4. INVESTMENTS**

The following presents investments that represent 5 percent or more of the Plan's net assets available for benefits:

|  | December 31, |            |
|--|--------------|------------|
|  | 2009         | 2008       |
| ITT Corporation Common Stock, 9,208,369 and 10,077,932 shares, respectively, at fair value                             | \$ 458,024   | \$ 463,484 |
| Pyramid Enhanced Intermediate Fixed Income Fund*   | \$ 308,210   | \$ 274,198 |
| Pyramid Short Managed Maturing Fund*   | \$ 117,026   | \$ 104,351 |
| American Global New Perspective Fund (Global Equity Fund), 5,497,803 and 5,340,014 shares, respectively, at fair value | \$ 140,964   | \$ 100,819 |
| Pyramid Intermediate Managed Maturing Fund*  | \$ 115,088   | \$ 99,756  |

\* These investment contracts are part of the Stable Value fund investment option

During the year ended December 31, 2009, the Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) appreciated/(depreciated) in value by \$218,753, as follows:

|   |            |
|---|------------|
| Equities                                      | \$ 99,624  |
| Mutual funds                                  | 45,822     |
| U.S. government securities                    | (447)      |
| Corporate bonds                               | 4,718      |
| Common collective trusts                      | 67,422     |
| Other   | 1,614      |
| Net appreciation in fair value of investments | \$ 218,753 |

**5. SECURITIES LENDING**

Through July 28, 2009, the Plan participated in a securities lending program through the trustee. Under this program, the Plan's investment securities were loaned to investment bankers for a fee. On July 28, 2009, the Plan entered into a loan agreement with the Company for the purpose of unwinding the securities lending program and purchasing the collateral securities. The Plan repaid the collateral it held in return for the securities it had lent. As the value of the collateral held was less than the Plan's obligation to return the collateral, the Plan entered into a loan agreement with the Company to fund the collateral deficiency.

Fee income from the securities lending program was \$92 for the year ended December 31, 2009.

At December 31, 2008, \$90,662 of the Plan's securities were loaned through the securities lending program. The value of the collateral received for securities on loan at December 31, 2008 was \$92,702. The fair value of invested collateral was \$82,313 at December 31, 2008. The net investment loss from the invested collateral was \$10,389 and fee income from the securities lending program was \$355 for the year ended December 31, 2008. The investment loss and fee income are recorded in net change in fair value of investments on the Statement of Changes in Net Assets

Available for Benefits. As of July 28, 2009, no plan participant had realized a loss as a result of the collateral deficiency.

The assets acquired from the securities lending agreement are classified as Non-participant directed investments . Proceeds from the liquidation of these assets will be utilized to repay the liability to the Plan Sponsor. Plan assets on loan under the securities lending agreement at December 31, 2008 were as follows:

|                            |           |
|----------------------------|-----------|
| Equities                   | \$ 29,018 |
| U.S. government securities | 49,516    |
| Corporate bonds            | 12,128    |
| Total                      | \$ 90,662 |

## 6. PLAN TRUSTEE

Fees paid by the Plan for trustee services provided by Wells Fargo Bank, NA amounted to \$393 for the year ended December 31, 2009.

## 7. FEDERAL INCOME TAX STATUS

The IRS has determined and informed the Company by letter dated February 12, 2004 that the Plan and related trust are designed in accordance with applicable sections of the IRC. The Plan has been amended since receiving the determination letter. However, the Plan administrator believes that the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC and the Plan and the related trust continue to be tax-exempt. Therefore, no provision for income taxes has been included in the Plan's financial statements. The Plan is in the process of being amended and restated in preparation for a determination letter filing by January 31, 2011.

## 8. INVESTMENT CONTRACTS WITH INSURANCE AND OTHER FINANCIAL INSTITUTIONS

The Plan provides a self managed stable value investment option to Members that includes synthetic GICs which simulate the performance of a GIC through an issuer's guarantee of a specific interest rate (the wrapper contract) and a portfolio of financial instruments that are owned by the Plan. The synthetic GIC includes underlying assets which are held in trust owned by the Plan and utilizes benefit-responsive wrapper contracts issued by Bank of America, N.A., Natixis Financial Products, Inc. (2008 only), JP Morgan Chase Bank and Monumental Life Insurance Co. The contracts provide that the Members execute plan transactions at contract value. Contract value represents contributions made to the fund, plus earnings, less Member withdrawals.

The following investments are the underlying categories in the guaranteed investment contracts as of December 31, 2009 and 2008:

|                            | 2009       | 2008       |
|----------------------------|------------|------------|
| Cash and cash equivalents  | \$ 17,370  | \$ 20,407  |
| U.S. government securities | 83,919     | 78,092     |
| Corporate bonds            | 40,249     | 33,051     |
| Investment contracts       | 5,572      | 5,136      |
| Common collective trusts   | 540,324    | 478,305    |
| Other                      | 9,948      | 27,151     |
| Total                      | \$ 697,382 | \$ 642,142 |

The interest rates are reset quarterly based on market rates of other similar investments, the current yield of the underlying investments and the spread between the market value and contract value. The rate cannot be less than 2%. Certain events such as plan termination or a Plan merger initiated by the Company may limit the ability of the Plan to transact at contract value or may allow for the termination of the wrapper contract at less than current value. The Company does not believe that any events that may limit the ability of the Plan to transact at contract value are probable.

|   | 2009  | 2008  |
|---|-------|-------|
| Average yields:                                   |       |       |
| Based on year-end average yield of investment (1) | 3.29% | 6.83% |
| Based on average yield credited to Members (2)    | 3.44% | 3.68% |

(1) Computed by  
market value  
sum of the funds  
holding times  
their respective  
yields, divided  
by the sum of  
the holdings as  
of the stated  
reporting date.

(2) Computed by  
the sum of the  
book value  
holdings times  
the crediting  
rate for the fund  
divided by the  
market value of  
the fund.

The Statement of Net Assets Available for Benefits presents investment contracts at fair value, as well as providing an additional line item showing an adjustment from fair value to contract value for fully benefit-responsive investment contracts. The Statement of Changes in Net Assets Available for Benefits is presented on a contract value basis.

## 9. EXEMPT PARTY-IN-INTEREST TRANSACTIONS

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At December 31, 2009 and 2008, the Plan held 9,208,369 and 10,077,932 shares outstanding, respectively, of common stock of the Company, with a cost basis of \$219,964 and \$236,646, respectively. During the year ended December 31, 2009, the Plan recorded related dividend income of \$7,827 and net appreciation of \$33,363.

Certain administrative functions are performed by the officers and employees of the Company (who may also be Members in the Plan) at no cost to the Plan.

At December 31, 2009 and 2008, Wells Fargo Bank, NA maintained short-term investments of \$48,888 and \$44,336, respectively.

Fees paid by the Plan for the investment m