

ITT CORP
Form 10-K
March 01, 2010

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**FORM 10-K
ANNUAL REPORT**

Pursuant to Section 13 of the Securities Exchange Act of 1934
For The Fiscal Year Ended December 31, 2009

2009

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NOTICE

This document is a copy of the Annual Report filed by ITT Corporation, with the Securities and Exchange Commission and the New York Stock Exchange. It has not been approved or disapproved by the Commission nor has the Commission passed upon its accuracy or adequacy.

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**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

**Form 10-K
ANNUAL REPORT**

(Mark One)

- ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2009
OR**
- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934
For the Transition period from to**

Commission File No. 1-5672

ITT CORPORATION

Incorporated in the State of Indiana

**13-5158950
(I.R.S. Employer Identification No.)**

**1133 Westchester Avenue, White Plains, NY 10604
(Principal Executive Office)
Telephone Number: (914) 641-2000**

**Securities registered pursuant to Section 12(b) of the Act, all of which are registered on The New York Stock
Exchange, Inc.:**

COMMON STOCK, \$1 PAR VALUE

**Securities registered pursuant to Section 12(g) of the Act:
None.**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files. Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company
(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

The aggregate market value of the common stock of the registrant held by non-affiliates of the registrant on June 30, 2009 was approximately \$8.1 billion.

As of January 29, 2010, there were outstanding 182.9 million shares of common stock, \$1 par value, of the registrant.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive proxy statement filed or to be filed with the Securities and Exchange Commission pursuant to Regulation 14A involving the election of directors at the annual meeting of the shareholders of the registrant scheduled to be held on May 11, 2010, are incorporated by reference in Part III of this Form 10-K.

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* Included pursuant to Instruction 3 to Item 401(b) of Regulation S-K.

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(In millions, except per share amounts, unless otherwise stated)

GENERAL

ITT Corporation is a global multi-industry high-technology engineering and manufacturing organization engaged directly and through its subsidiaries, with approximately 40,200 employees operating in 62 countries. We generate revenue and cash through the design, manufacture, and sale of a wide range of engineered products and by providing services in three vital markets: global defense and security, water and fluids management, and motion and flow control. Our portfolio of our three core businesses is focused on making a difference to our communities and the world. From climate change and water scarcity to population growth, infrastructure modernization, critical communications and security concerns, ITT Corporation is prepared to play a continuing role in developing sustainable solutions to pressing global problems.

Our growth strategy is centered on both organic and acquisition growth. Our ability to grow organically stems from our value-based product development process, new and existing technologies, distribution capabilities, customer relationships and strong market positions. We believe our innovative and essential products and services position us well to grow within the markets we serve at or above market rates. In addition to our growth initiatives, we have a number of strategic initiatives within the framework of the ITT Management System aimed at enhancing our operational performance. These include global strategic sourcing, footprint rationalization and realignment, Six Sigma and lean fulfillment.

Unless the context otherwise indicates, references herein to ITT, the Company, and such words as we, us, and our include ITT Corporation and its subsidiaries. ITT Industries, Inc. was incorporated on September 5, 1995 in Indiana. On July 1, 2006, ITT Industries, Inc. changed its name to ITT Corporation. Reference is made to COMPANY HISTORY AND CERTAIN RELATIONSHIPS.

Our principal executive offices are located at 1133 Westchester Avenue, White Plains, NY 10604. Our telephone number is (914) 641-2000.

BUSINESS SEGMENTS

Our business is comprised of three principal business segments which are aligned with the markets they serve: Defense Electronics & Services (Defense segment), Fluid Technology (Fluid segment), and Motion & Flow Control (Motion & Flow segment). The following table illustrates annual consolidated revenue and operating income attributable to each of our business segments, as well the percentage of total revenue and total segment operating income, for the periods specified.

YEAR ENDED DECEMBER 31	2009		2008		2007	
	\$	%	\$	%	\$	%
Revenue						
Defense	\$ 6,296.8	58%	\$ 6,282.3	54%	\$ 4,176.2	46%
Fluid	3,363.3	31	3,840.6	33	3,509.1	39
Motion & Flow	1,253.0	11	1,583.4	13	1,332.5	15
Eliminations	(8.6)		(11.5)		(14.5)	
Consolidated Revenue	\$ 10,904.5	100%	\$ 11,694.8	100%	\$ 9,003.3	100%

Operating Income

Defense	\$	776.0	60%	\$	727.0	52%	\$	502.7	45%
Fluid		392.9	31		468.7	34		432.7	38
Motion & Flow		118.2	9		191.7	14		187.4	17
Segment Operating Income		1,287.1	100%		1,387.4	100%		1,122.8	100%
Corporate and Other		(377.7)			(177.3)			(145.6)	
Consolidated Operating Income	\$	909.4		\$	1,210.1		\$	977.2	

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Our Defense segment is designed to serve future needs around safety, security, intelligence and communication. We achieve this through the development, manufacture, and support of high-technology electronic systems and components for worldwide defense and commercial markets, and by providing communications systems and engineering and applied research. The Defense segment is a trusted provider of mission-critical products and services that support the United States military and its allies. We also develop space-based technologies that enable Global Positioning Satellite (GPS) systems to communicate a precise location and allow weather satellites to help forecasters calculate when and where the next hurricane will hit. In many important ways, we are working to ensure a safer, more secure world. Principal manufacturing facilities are located within the United States of America and United Kingdom. The Defense segment sells its products to a wide variety of governmental and non-governmental entities located throughout the world. A substantial portion of U.S. Government work is performed in the United States under prime contracts and subcontracts, some of which by statute are subject to profit limitations and all of which are subject to termination by the U.S. Government. Certain products have particular commercial application, including night vision devices. The following table illustrates the percentage of revenue for each customer base:

YEAR ENDED DECEMBER 31	2009	2008	2007
U.S. Government ^(a)	92%	94%	94%
International governments	5	3	4
Commercial	3	3	2
	100%	100%	100%

(a) Includes revenue derived through the U.S. Government's foreign military sales program (FMS). The FMS program is the government-to-government method for selling U.S. defense equipment, services, and training. Factors that could impact the Defense segment's financial results include the level of defense funding by domestic and foreign governments, our ability to receive contract awards, advance technology, the ability to develop and market products and services for customers outside of traditional markets and our ability to obtain appropriate export licenses for international sales and business. Primary areas of business focus include new or improved product offerings, new contract wins, successful program execution and increasing our presence in international and commercial markets. The Defense segment is comprised of seven divisions; Advanced Engineering & Sciences, Communication Systems, Electronic Systems, Intelligence & Information Warfare, Night Vision, Space Systems and Systems Divisions. The following table illustrates the annual revenue by division within our Defense segment, and the percentage of total Defense segment revenue for the periods specified:

YEAR ENDED DECEMBER 31	2009		2008		2007	
	\$	%	\$	%	\$	%
Electronic Systems	\$ 1,554.5	25%	\$ 1,537.7	25%	\$ 450.7	11%
Systems	1,464.1	23	1,401.1	22	1,353.7	32
Advanced Engineering & Sciences	1,013.2	16	968.7	15	485.0	12
Communication Systems	983.4	16	1,141.8	18	807.5	19
Space Systems	641.8	10	594.8	10	605.8	14

Night Vision	532.0	8	500.7	8	484.7	12
Intelligence & Information Warfare	149.1					