

Edgar Filing: ITT INDUSTRIES INC - Form 11-K

ITT INDUSTRIES INC
Form 11-K
June 29, 2006

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, 2005

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 INDUSTRIES INVESTMENT AND SAVINGS PLAN FOR SALARIED EMPLOYEES

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

ITT INDUSTRIES, INC.
4 WEST RED OAK LANE, WHITE PLAINS, NY 10604

ITT INDUSTRIES INVESTMENT AND SAVINGS PLAN
FOR SALARIED EMPLOYEES

| | PAGE |
|---|-------------|
| | ----- |
| REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM | F-1 |
| FINANCIAL STATEMENTS: | |
| Statements of Net Assets Available for Benefits as of December 31, 2005 and 2004 | F-2 |
| Statement of Changes in Net Assets Available for Benefits for the Year Ended December 31, 2005 | F-3 |
| Notes to Financial Statements as of December 31, 2005 and 2004 and For the Year Ended December 31, 2005 | F-4 - F-11 |
| SUPPLEMENTAL SCHEDULE: | |
| Form 5500, Schedule H, Part IV, Line 4i - Schedule of Assets (Held at End of Year) as of December 31, 2005 | F-12 - F-23 |
| Exhibit 23 - Consent of Independent Registered Public Accounting Firm | F-24 |

Edgar Filing: ITT INDUSTRIES INC - Form 11-K

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.

These financial statements have been prepared from the Company's books and records after making all necessary adjustments thereto, and they represent the final statements for the period ended December 31, 2005.

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 INDUSTRIES INVESTMENT AND SAVINGS PLAN FOR SALARIED EMPLOYEES

BY: /s/ Geovanna Chan

(Geovanna Chan, Director Benefits Administration & Financial Reporting)

June 29, 2006

(Date)

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

We have audited the accompanying statements of net assets available for benefits of ITT Industries Investment and Savings Plan for Salaried Employees (the "Plan") as of December 31, 2005 and 2004, and the related statement of changes in net assets available for benefits for the year ended December 31, 2005. 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.

Edgar Filing: ITT INDUSTRIES INC - Form 11-K

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, 2005 and 2004, and the changes in net assets available for benefits for the year ended December 31, 2005 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 financial statements taken as a whole. The supplemental schedule of assets (held at end of year) as of December 31, 2005, is presented for the purpose of additional analysis and is not a required part of the basic 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 2005 financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

/s/ DELOITTE & TOUCHE LLP

Stamford, Connecticut
June 27, 2006

F-1

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

| | December 31 | |
|--|--------------------|--------------------|
| | 2005 | 2004 |
| Assets: | | |
| Cash | \$ 208 | \$ -- |
| Investments | 2,090,494 | 1,914,552 |
| Receivables: | | |
| Dividends | 1,466 | 1,397 |
| Interest | 3,089 | 2,591 |
| Employer Contributions | 890 | 813 |
| Participant Contributions | 2,678 | 2,347 |
| Unsettled Security Sales | -- | 597 |
| Total Receivables | 8,123 | 7,745 |
| Liabilities: | | |
| Accrued Financial Services Expense | -- | 168 |
| Accrued Administrative Expense | -- | 398 |
| Unsettled Security Purchases | -- | 6,414 |
| Total Liabilities | -- | 6,980 |
| Net Assets Available for Benefits | \$2,098,825 | \$1,915,317 |

Edgar Filing: ITT INDUSTRIES INC - Form 11-K

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

F-2

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

| | Year ended December 31, 2005 ----- |
|---|--|
| ADDITIONS: | |
| Additions to net assets attributed to: | |
| Investment Income: | |
| Net appreciation in fair value of investments | \$ 153,784 |
| Dividends | 22,753 |
| Interest | 30,147 |
| | ----- |
| Total investment income | 206,684 |
| Contributions: | |
| Participants | 73,152 |
| Employer | 23,707 |
| | ----- |
| Total contributions | 96,859 |
| Asset transfers/rollovers | 9,611 |
| | ----- |
| Total additions | 313,154 |
| | ----- |
| DEDUCTIONS: | |
| Deductions from net assets attributed to: | |
| Withdrawals and distributions | (126,000) |
| Investment management expenses | (2,000) |
| Administrative expenses | (1,646) |
| | ----- |
| Total deductions | (129,646) |
| INCREASE IN NET ASSETS | 183,508 |
| | ----- |
| NET ASSETS AVAILABLE FOR BENEFITS: | |
| Beginning of year | 1,915,317 |
| | ----- |
| End of year | \$2,098,825 |
| | ===== |

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

F-3

Edgar Filing: ITT INDUSTRIES INC - Form 11-K

ITT INDUSTRIES INVESTMENT AND SAVINGS PLAN FOR SALARIED EMPLOYEES
NOTES TO FINANCIAL STATEMENTS AS OF DECEMBER 31, 2005 AND 2004, AND FOR
THE YEAR ENDED DECEMBER 31, 2005
(\$ IN THOUSANDS)

1. DESCRIPTION OF THE PLAN

The following description of the ITT Industries Investment and Savings Plan for Salaried 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 contribution plan generally covering all regular salaried U.S. employees of ITT Industries, Inc. (the "Company"). Employees are eligible to join the Plan on the first day of the calendar month following completion of one month of service. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA").

CONTRIBUTIONS--

EMPLOYEE--An eligible employee as defined in the Plan ("Member") may generally elect to contribute 2% to 25% of base salary. A Member may designate his/her savings as Before-Tax Savings, After-Tax Savings, or any combination of the two. A Member who is considered a Highly Compensated Employee under the Plan may elect Plan savings up to a maximum of 14% of base pay as either Before-Tax Savings, After-Tax Savings, or any combination subject to the dollar limitation contained in section 402(g) of the Internal Revenue Code (the "Code") in order to satisfy the IRS Non-Discrimination Test.

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, of each eligible Member. All Members have the ability to invest their Company contributions in any of the Plan's investment options.

All Company contributions, including the future Company contributions to the Plan, have been deposited into the Employee Stock Ownership account (ESOP). All dividends associated with the Company contribution held in the ITT Industries Stock Fund 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 Industries Stock Fund or paid to them in cash on a quarterly basis.

F-4

INVESTMENT DIRECTION--A Member may direct employee contributions and Company contributions, in any whole percentage, among any of twelve investment options, and the Member can change his/her future savings and reallocate his/her accumulated investments in 1% increments on a daily basis among the twelve funds, however, limited to a maximum of four fund reallocations or transfers in any calendar month, as defined below. The twelve funds are as follows:

- ITT Industries Stock Fund
- Managed Equity Index Fund
- Stable Value Fund
- Balanced Fund
- Long Term Bond Fund
- Equity Value Fund

Edgar Filing: ITT INDUSTRIES INC - Form 11-K

Aggressive Growth Fund
 Global Equity Fund
 Small Cap Equity Fund
 Asset Allocation Fund - Conservative
 Asset Allocation Fund - Moderate
 Asset Allocation Fund - Aggressive

MEMBER ACCOUNTS--Each Member's account is credited with the Member's contributions, Company contributions and an allocation of Plan earnings, 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, the automated voice response system, or by speaking to a Plan representative at the ITT Industries Benefits Center ("Benefits Center").

A Member or deferred Member* may perform 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.

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:

* A Member who has terminated employment with the Company and the Member has elected to either defer his account or did not make any election and therefore, his account was automatically deferred, the spouse 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.

F-5

| 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% |

As of December 31, 2005 and 2004, the cumulative matching Company contributions and floor Company contributions made on behalf of all Members, including a pro-rata share of investment income, were as follows:

| | |
|-------|-------|
| 2005 | 2004 |
| ----- | ----- |

Edgar Filing: ITT INDUSTRIES INC - Form 11-K

| | | |
|------------|-----------|-----------|
| Vested | \$847,506 | \$763,549 |
| Non-vested | 6,202 | 6,072 |
| | ----- | ----- |
| | \$853,708 | \$769,621 |
| | ===== | ===== |

FORFEITURES--Forfeitures of the non-vested portion of any Member's matching Company contributions are applied to reduce future Company contributions. Forfeitures for the year ended December 31, 2005 were \$457.

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 Share or fifty thousand dollars, reduced by the Member's highest outstanding loan balance, if any, during the prior one-year period. The interest rate charged by the Plan is based on the prime rate plus 1%, set at the date of the loan origination, 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 two loans outstanding at the same time. Loans to Members at December 31, 2005 and 2004 were \$24,701 and \$23,359, respectively.

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

PAYMENT OF BENEFITS--On termination of employment (including death, disability, or retirement), a Member or his/her surviving spouse beneficiary may elect to receive a lump-sum amount equal to the value of the Member's vested interest in his/her account paid in cash or as a rollover to another qualified plan or an IRA, or periodic payments under one of two alternative installment options. In any case, a Member or his/her surviving spouse beneficiary whose vested account balance is more than three thousand five hundred dollars (five thousand dollars effective January 1, 2005) may elect to keep his/her 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.

F-6

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 his/her account. The distribution can be in a 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 - If a Member's account balance is greater than one thousand dollars but less than five thousand dollars and the Member fails to make an affirmative election to either receive the lump sum payment or have it directly rolled over to an eligible retirement plan within the election period, the account balance will be automatically rolled over to

Edgar Filing: ITT INDUSTRIES INC - Form 11-K

an IRA established in the Member's name.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING--The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America.

USE OF ESTIMATES--The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of net assets available for benefits and changes therein. Actual results could differ from those estimates. The Plan utilizes various investment securities. Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and those changes could materially affect the amounts reported in the financial statements.

INVESTMENT VALUATION AND INCOME RECOGNITION--The Plan's investments are stated at fair value except for its benefit-responsive investment contract investments which are stated at contract value (Note 6). Quoted market prices are used to value investments except investments in common collective trusts, which are stated at estimated fair values based on the unit values of the underlying funds. Shares of registered investment companies are valued at the net asset value of shares held by the Plan at year-end. 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 2005, these expenses amounted to 0.20% 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 Industries Stock Fund.

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 \$120 and \$117 at December 31, 2005 and 2004 respectively.

F-7

3. INVESTMENTS

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

| | December 31 | |
|--|-------------|-----------|
| | 2005 | 2004 |
| *ITT Industries Common Stock, 14,587,992 and 14,881,758 shares outstanding (restated for two-for-one stock split effective February 21, 2006), respectively, at fair value | \$749,969 | \$628,382 |

Edgar Filing: ITT INDUSTRIES INC - Form 11-K

| | | |
|---|-----------|-----------|
| Investment Contract with Bank of America, at contract value | \$186,776 | \$178,682 |
| Investment Contract with IXIS Financial Products Inc. formerly, Caisse des Depots et Consignations (CDC), at contract value | \$167,978 | \$192,775 |
| Investment Contract with Monumental Life Insurance Company, at contract value | \$178,394 | \$187,027 |
| *JP Morgan Chase Bank US Smart Index Fund, 8,211,843 and 8,631,803 shares respectively, at fair value | \$194,292 | \$196,028 |

* Permitted party-in-interest

During 2005, the Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) appreciated in value by \$153,784, as follows:

| | | |
|--------------------------|-----------|--|
| Mutual Funds | \$ 4,846 | |
| Common Stock | 138,468 | |
| Common/Collective Trusts | 11,489 | |
| U.S. Notes | (1,020) | |
| Other Federal Agencies | 1 | |
| | ----- | |
| Net appreciation | \$153,784 | |
| | ===== | |

4. PLAN TRUSTEE

State Street Bank and Trust Company served as the Plan's Trustee for the period from January 1, 2005 to December 31, 2005. Fees paid by the Plan for Trustee services provided by State Street Bank and Trust Company amounted to \$379 for the year ended December 31, 2005.

5. FEDERAL INCOME TAX STATUS

The Internal Revenue Service 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 Code. The Plan Administrator and the Plan's tax counsel believe that the Plan is designed and is currently being operated in compliance with the applicable requirements of the Code. Therefore, no provision for income taxes has been included in the Plan's financial statements.

F-8

6. INVESTMENT CONTRACTS WITH INSURANCE AND OTHER FINANCIAL INSTITUTIONS.

The Plan has entered into numerous group annuity contracts with five regulated insurance companies and other financial institutions. These contracts, which are classified as part of the Stable Value Fund, are included in the financial statements at contract value because they are fully benefit responsive. Contract value represents contributions made under the contract, plus earnings and less Plan withdrawals and administrative expenses. The fair value of the investment contracts at December 31, 2005 and 2004 was \$596,457 and \$622,473, respectively.

Edgar Filing: ITT INDUSTRIES INC - Form 11-K

The aggregate fair value of these contracts was \$4,395 below book value as of December 31, 2005 and exceeded book value by \$12,220 at December 31, 2004.

There are no reserves against contract value for credit risk of the contract issuer or otherwise. The average yield of the investment contracts at December 31, 2005 and for the year ended December 31, 2004 was 4.57% and 4.43% respectively. The crediting interest rate for the investment contracts ranged from 4.33% to 4.69% at December 31, 2005 and from 4.30% to 4.52% at December 31, 2004. The crediting interest rates are based on an agreed-upon formula with the issuers, but cannot be less than zero. The investment contracts have scheduled maturities from March 30, 2006 to May 31, 2018.

7. EXEMPT PARTY-IN-INTEREST TRANSACTIONS

At December 31, 2005 and 2004, the Plan held 14,587,992* and 14,881,758* shares outstanding, respectively, of common stock of ITT Industries, Inc., the sponsoring employer, with a cost basis of \$329,450 and \$288,205, respectively. During the year ended December 31, 2005, the Plan recorded related dividend income of \$5,300.

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

Certain Plan investments are shares of common stock and common collective trusts managed by JP Morgan Chase Bank, the recordkeeper of the Plan.

These transactions are not deemed prohibited party-in-interest transactions, because they are covered by statutory or administrative exemptions from the Code and ERISA's rules on prohibited transactions.

* Restated for two-for-one stock split effective February 21, 2006.

8. PLAN TERMINATION

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, Members will become 100% vested in their accounts.

F-9

9. ASSET TRANSFERS /ROLLOVERS

During 2005, \$9,611 of assets were transferred into the Plan of which \$3,232 were transferred from the Flojet Corp. 401(k) Savings Plan, the Pure-Flo Precision Employees Profit Sharing Plan and from the Allen Osborne Associates, Inc 401(k) Plan and the balance was from individual Member's rollovers.

10. RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500

The following is a reconciliation of net assets available for benefits according to the financial statements to the Plan's Form 5500:

| As of December 31 | |
|-------------------|-------|
| 2005 | 2004 |
| ----- | ----- |

Edgar Filing: ITT INDUSTRIES INC - Form 11-K

| | | |
|--|-------------|-------------|
| Net assets available for benefits per the financial statements | \$2,098,825 | \$1,915,317 |
| Amounts allocated to withdrawing Members | (120) | (117) |
| | ----- | ----- |
| Net assets available for benefits per the Form 5500 | \$2,098,705 | \$1,915,200 |
| | ===== | ===== |

The following is a reconciliation of benefits paid (withdrawals) to Members according to the financial statements to the Form 5500:

| | Year Ended December 31, 2005 |
|---|---------------------------------|
| | ----- |
| Benefits paid to Members per the financial statements | \$126,000 |
| Add: Amounts allocated to withdrawing Members at December 31, 2005 | 120 |
| Less: Amounts allocated to withdrawing Members at December 31, 2004 | (117) |
| | ----- |
| Benefits paid to Members per the Form 5500 | \$126,003 |
| | ===== |

11. SUBSEQUENT EVENTS

NEW INVESTMENT OPTIONS -- Effective January 1, 2006 the Plan has been amended to include five new Target Retirement Funds to replace the three Asset Allocation Funds, (Conservative, Moderate and Aggressive) eliminated as of December 31, 2005. In the event a Member has not made investment elections for his/her existing employee and company account balances and/or future contributions, such balances and/or future contributions will be invested in the Target Retirement Fund that is appropriate based on the Member's year of birth. The five funds are as follows:

| Funds | Member's Year of Birth |
|-------------------------------|------------------------|
| ----- | ----- |
| Target Retirement Fund Income | Prior to 1945 |
| Target Retirement Fund 2010 | 1945 - 1949 |
| Target Retirement Fund 2015 | 1950 - 1954 |
| Target Retirement Fund 2020 | 1955 - 1964 |
| Target Retirement Fund 2030 | 1965 or Later |

F-10

In addition, commencing January 1, 2006, the Plan provides access to a self-directed brokerage account which allows a Member to invest in publicly traded securities subject to certain limitations. No more than 20% of a Member's account may be directed to the Self-directed Brokerage Account Fund.

ITT INDUSTRIES STOCK FUND - Effective April 1, 2006, the Plan has been amended to limit the amount that may be held in the ITT Industries Common Stock Fund to 20% of a Member's balance. Member's whose investment in the ITT Industries Common Stock Fund exceeded 20% of their total account balance immediately

Edgar Filing: ITT INDUSTRIES INC - Form 11-K

preceding the effective date of the amendment are permitted to remain invested in the stock fund at the level in effect immediately preceding the effective date. Members whose investment in the ITT Industries Common Stock Fund are 20% or more immediately following the effective date of the amendment or on the last day of any quarter thereafter are not permitted to designate more than 20% of their employee or company contributions to the stock fund.

AUTOMATIC ENROLLMENT - Effective January 1, 2006, the Plan has been amended to provide that 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.

ACCOUNT MANAGEMENT OPTION - Effective January 1, 2006, the Plan has been amended to make access to professional investment management services available to Members through a Personal Asset Manager program.

NEW TRUSTEE - Effective January 1, 2006 the Plan's Trustee, State Street Bank and Trust Company was succeeded by Wells Fargo Bank, NA.

F-11

| | |
|--|----------------------------|
| ITT INDUSTRIES INVESTMENT AND SAVINGS PLAN FOR SALARIED EMPLOYEES SCHEDULE H, ITEM 4I - SCHEDULE OF ASSETS (HELD AT END OF YEAR) AS OF DECEMBER 31, 2005 | EIN: 13-5158950 PN: 100 |
|--|----------------------------|

| (A) | (B) IDENTITY OF ISSUER, BORROWER, LESSOR OR SIMILARY PARTY | (C) DESCRIPTION OF INVESTMENT INCLUDING MATURITY DATE, RATE INTEREST, COLLATERAL, AND P MATURITY VALUE |
|-----|---|---|
| * | State Street Bank + Trust Co Short Term Investment Fund | Money Market Fund |
| | United States Treasury Bonds | US Government Security, Par - 3 Maturity 8/15/13, Interest 12% |
| | United States Treasury Bonds | US Government Security, Par - 3 Maturity 2/15/15, Interest 11.2% |
| | United States Treasury Bonds | US Government Security, Par - 2 Maturity 2/15/31, Interest 5.37% |
| | United States Treasury Notes | US Government Security, Par - 5 Maturity 2/15/09, Interest 3% |
| | United States Treasury Notes | US Government Security, Par - 1 Maturity 7/15/09, Interest 3.62% |
| | United States Treasury Notes | US Government Security, Par - 5 Maturity 9/30/06, Interest 2.5% |
| | ADC Telecommunications Inc | Common Stock |

Edgar Filing: ITT INDUSTRIES INC - Form 11-K

| | |
|--------------------------|--------------|
| Abbott Labs | Common Stock |
| Agilent Technologies Inc | Common Stock |
| Alcoa Inc | Common Stock |
| Alliance Gaming Group | Common Stock |

F-12

| | |
|--|----------------------------|
| ITT INDUSTRIES INVESTMENT AND SAVINGS PLAN FOR SALARIED EMPLOYEES SCHEDULE H, ITEM 4I - SCHEDULE OF ASSETS (HELD AT END OF YEAR) AS OF DECEMBER 31, 2005 | EIN: 13-5158950 PN: 100 |
|--|----------------------------|

| (A) | (B) IDENTITY OF ISSUER, BORROWER, LESSOR OR SIMILARY PARTY | (C) DESCRIPTION OF INVESTMENT INCLUDING MATURITY DATE, RATE INTEREST, COLLATERAL, AND PAYMENT MATURITY VALUE |
|-------|---|---|
| ----- | ----- | ----- |
| | Allied Waste Industries | Common Stock |
| | Altria Group Inc | Common Stock |
| | American Electric Power Inc | Common Stock |
| | American International Group Inc | Common Stock |
| | American Tower Corp | Common Stock |
| | Andrx Corp Del | Common Stock |
| | Aquila Inc | Common Stock |
| | Aramark Corp | Common Stock |
| | Arrow Electronics Inc | Common Stock |
| | Avnet Inc | Common Stock |
| | Axis Capital Holdings Ltd | Common Stock |
| | BJ Services Co | Common Stock |
| | BP Plc | Common Stock |
| | Bank of America Corp | Common Stock |
| | Bank of New York Inc | Common Stock |
| | BEA Systems Inc | Common Stock |
| | Benfield Froup Limited | Common Stock |

Edgar Filing: ITT INDUSTRIES INC - Form 11-K

F-13

ITT INDUSTRIES INVESTMENT AND SAVINGS PLAN FOR SALARIED
EMPLOYEES SCHEDULE H, ITEM 4I - SCHEDULE OF ASSETS
(HELD AT END OF YEAR) AS OF DECEMBER 31, 2005

EIN: 13-5158950
PN: 100

| (A) | (B) IDENTITY OF ISSUER, BORROWER, LESSOR OR SIMILARY PARTY | (C) DESCRIPTION OF INVESTMENT INCLUDING MATURITY DATE, RATE INTEREST, COLLATERAL, AND PAYMENT MATURITY VALUE |
|-----|---|---|
| | Blockbuster Inc | Common Stock |
| | Boeing Co | Common Stock |
| | Borg Warner Inc | Common Stock |
| | CSX Corp | Common Stock |
| | CA Inc | Common Stock |
| | Cadbury Schweppes PLC | Common Stock |
| | Chevron Corp | Common Stock |
| | Chubb Corp | Common Stock |
| | Citigroup Inc | Common Stock |
| | Citizens Communications Co | Common Stock |
| | Clorox Co | Common Stock |
| | Comcast Corp New | Common Stock |
| | Community Health Sys Inc New | Common Stock |
| | ConocoPhillips | Common Stock |
| | Cooper Industries Ltd | Common Stock |
| | Crown Castle Intl Corp | Common Stock |
| | Devry Inc | Common Stock |

F-14

ITT INDUSTRIES INVESTMENT AND SAVINGS PLAN FOR SALARIED
EMPLOYEES SCHEDULE H, ITEM 4I - SCHEDULE OF ASSETS
(HELD AT END OF YEAR) AS OF DECEMBER 31, 2005

EIN: 13-5158950
PN: 100

Edgar Filing: ITT INDUSTRIES INC - Form 11-K

| (A) | (B) IDENTITY OF ISSUER, BORROWER, LESSOR OR SIMILARY PARTY | (C) DESCRIPTION OF INVESTMENT INCLUDING MATURITY DATE, RATE INTEREST, COLLATERAL, AND PAYMENT MATURITY VALUE |
|-----|---|---|
| | Discovery Holding Co | Common Stock |
| | Dover Corp | Common Stock |
| | Du Pont EI De Nemours & Co | Common Stock |
| | Ensco Intl Inc | Common Stock |
| | Education Management Corp | Common Stock |
| | Electronic Data System Corp | Common Stock |
| | Embraer Empresa Brasileira | Common Stock |
| | Entergy Corp | Common Stock |
| | Expedia Inc | Common Stock |
| | Exxon Mobil Corp | Common Stock |
| | Federal Home Loan Mortgage Corp | Common Stock |
| | Federal National Mortgage Assn | Common Stock |
| | Flextronics International Ltd | Common Stock |
| | Gemstar TV Guide Intl Inc | Common Stock |
| | General Electric Co | Common Stock |
| | Genworth Financial Inc | Common Stock |
| | GlobalSantaFe Corp | Common Stock |

F-15

ITT INDUSTRIES INVESTMENT AND SAVINGS PLAN FOR SALARIED
EMPLOYEES SCHEDULE H, ITEM 4I - SCHEDULE OF ASSETS
(HELD AT END OF YEAR) AS OF DECEMBER 31, 2005

EIN: 13-5158950
PN: 100

| (A) | (B) IDENTITY OF ISSUER, BORROWER, LESSOR OR SIMILARY PARTY | (C) DESCRIPTION OF INVESTMENT INCLUDING MATURITY DATE, RATE INTEREST, COLLATERAL, AND PAYMENT MATURITY VALUE |
|-----|---|---|
| | Goldman Sachs Group Inc | Common Stock |
| | Goodrich Corp | Common Stock |

Edgar Filing: ITT INDUSTRIES INC - Form 11-K

| | |
|-----------------------------------|--------------|
| Gtech Holdings Corp | Common Stock |
| HCA Inc | Common Stock |
| Harmony Gold Mng Ltd | Common Stock |
| Hartford Financial Services Group | Common Stock |
| Hewitt Associates Inc | Common Stock |
| Hewlett Packard Co | Common Stock |
| Human Genome Sciences Inc | Common Stock |
| Huntsman Corp | Common Stock |
| IDT Corp | Common Stock |
| IAC InterActiveCorp | Common Stock |
| * ITT Industries, Inc | Common Stock |
| Imclone Systems Inc | Common Stock |
| Intel Corp | Common Stock |
| Interpublic Group Co Inc | Common Stock |
| * JP Morgan Chase & Co | Common Stock |

F-16

ITT INDUSTRIES INVESTMENT AND SAVINGS PLAN FOR SALARIED
 EMPLOYEES SCHEDULE H, ITEM 4I - SCHEDULE OF ASSETS
 (HELD AT END OF YEAR) AS OF DECEMBER 31, 2005

EIN: 13-5158950
 PN: 100

| (A) | (B) IDENTITY OF ISSUER, BORROWER, LESSOR OR SIMILARY PARTY | (C) DESCRIPTION OF INVESTMENT INCLUDING MATURITY DATE, RATE INTEREST, COLLATERAL, AND PAYMENT MATURITY VALUE |
|-------|---|---|
| ----- | ----- | ----- |
| | Jones Apparel Group Inc | Common Stock |
| | Kroger Co | Common Stock |
| | Lazard Ltd | Common Stock |
| | Lear Corp | Common Stock |
| | Lehman Brothers Holdings Inc | Common Stock |
| | Lilly Eli & Co | Common Stock |
| | Limited Brands Inc | Common Stock |

Edgar Filing: ITT INDUSTRIES INC - Form 11-K

| | |
|-------------------------------|--------------|
| MEMC Electronic Materials Inc | Common Stock |
| Magna Intl Inc | Common Stock |
| Manhattan Associates Inc | Common Stock |
| Manpower Inc | Common Stock |
| McDonalds Corp | Common Stock |
| Meadwestvaco Corp | Common Stock |
| Medco Health Solutions Inc | Common Stock |
| Medimmune Inc | Common Stock |
| Merck & Co Inc | Common Stock |
| Merrill Lynch & Co Inc | Common Stock |

F-17

ITT INDUSTRIES INVESTMENT AND SAVINGS PLAN FOR SALARIED
EMPLOYEES SCHEDULE H, ITEM 4I - SCHEDULE OF ASSETS
(HELD AT END OF YEAR) AS OF DECEMBER 31, 2005

EIN: 13-5158950
PN: 100

| (A) | (B) IDENTITY OF ISSUER, BORROWER, LESSOR OR SIMILARY PARTY | (C) DESCRIPTION OF INVESTMENT INCLUDING MATURITY DATE, RATE INTEREST, COLLATERAL, AND PAYMENT MATURITY VALUE |
|-------|---|---|
| ----- | ----- | ----- |
| | Metlife Inc | Common Stock |
| | Microsoft Corp | Common Stock |
| | Montpelier Re Holdings Ltd | Common Stock |
| | Nalco Holding Co | Common Stock |
| | National City Corp | Common Stock |
| | Navistar International Corp Inc | Common Stock |
| | Navigant Consulting Co | Common Stock |
| | Noble Corp | Common Stock |
| | Nokia Corp | Common Stock |
| | Nortel Networks Corp | Common Stock |
| | Northrop Grumman Corp | Common Stock |
| | Nuveen Investments Inc | Common Stock |

Edgar Filing: ITT INDUSTRIES INC - Form 11-K

| | |
|---------------------------|--------------|
| Occidental Petroleum Corp | Common Stock |
| Office Depot Inc | Common Stock |
| Packaging Corp America | Common Stock |
| Pearson PLC | Common Stock |
| Pepsico Inc | Common Stock |

F-18

ITT INDUSTRIES INVESTMENT AND SAVINGS PLAN FOR SALARIED
 EMPLOYEES SCHEDULE H, ITEM 4I - SCHEDULE OF ASSETS
 (HELD AT END OF YEAR) AS OF DECEMBER 31, 2005

EIN: 13-5158950
 PN: 100

| (A) | (B) IDENTITY OF ISSUER, BORROWER, LESSOR OR SIMILARY PARTY | (C) DESCRIPTION OF INVESTMENT INCLUDING MATURITY DATE, RATE INTEREST, COLLATERAL, AND PAYMENT MATURITY VALUE |
|-------|---|---|
| ----- | ----- | ----- |
| | Performance Food Group Co | Common Stock |
| | Pfizer Inc | Common Stock |
| | Pinnacle Entmt Inc | Common Stock |
| | Procter & Gamble Co | Common Stock |
| | Radio One Inc | Common Stock |
| | Rockwood Holdings Inc | Common Stock |
| | Rowan Cos Inc | Common Stock |
| | Royal Bank of Scotland Group | Common Stock |
| | Safeway Inc | Common Stock |
| | The St Paul Travelers Companies Inc | Common Stock |
| | Sanmina Sci Corp | Common Stock |
| | Sanofi Aventis | Common Stock |
| | Schlumberger Ltd | Common Stock |
| | Schwab Charles Corp | Common Stock |
| | Sempra Energy | Common Stock |
| | Smurfit Stone Container Corp | Common Stock |
| | Solectron Corp | Common Stock |

Edgar Filing: ITT INDUSTRIES INC - Form 11-K

F-19

ITT INDUSTRIES INVESTMENT AND SAVINGS PLAN FOR SALARIED EMPLOYEES SCHEDULE H, ITEM 4I - SCHEDULE OF ASSETS (HELD AT END OF YEAR) AS OF DECEMBER 31, 2005
 EIN: 13-5158950
 PN: 100

| (A) | (B) IDENTITY OF ISSUER, BORROWER, LESSOR OR SIMILARY PARTY | (C) DESCRIPTION OF INVESTMENT INCLUDING MATURITY DATE, RATE OF INTEREST, COLLATERAL, AND PAYMENT MATURITY VALUE |
|-----|--|---|
| | Sprint Nextel Corp | Common Stock |
| | Suntrust Banks Inc | Common Stock |
| | TXU Corp | Common Stock |
| | Target Corp | Common Stock |
| | Tech Data Corp | Common Stock |
| | Tellabs Inc | Common Stock |
| | Temple Inland Inc | Common Stock |
| | Tenet Healthcare Corp | Common Stock |
| | Textron Inc | Common Stock |
| | Tibco Software Inc | Common Stock |
| | Time Warner Inc | Common Stock |
| | Toyota Motor Co | Common Stock |
| | Unilever N V | Common Stock |
| | Unumprovident Corp | Common Stock |
| | Viacom Inc | Common Stock |
| | VNU N V | Common Stock |
| | Wachovia Corp | Common Stock |

F-20

ITT INDUSTRIES INVESTMENT AND SAVINGS PLAN FOR SALARIED EMPLOYEES SCHEDULE H, ITEM 4I - SCHEDULE OF ASSETS (HELD AT END OF YEAR) AS OF DECEMBER 31, 2005
 EIN: 13-5158950
 PN: 100

Edgar Filing: ITT INDUSTRIES INC - Form 11-K

| (A) | (B) IDENTITY OF ISSUER, BORROWER, LESSOR OR SIMILARY PARTY | (C) DESCRIPTION OF INVESTMENT INCLUDING MATURITY DATE, RATE INTEREST, COLLATERAL, AND P MATURITY VALUE |
|-----|---|---|
| | Watson Pharmaceuticals Inc | Common Stock |
| | Weatherford Intl Ltd | Common Stock |
| | Westwood One Inc | Common Stock |
| | Wisconsin Energy Corp | Common Stock |
| | XL Capital Ltd | Common Stock |
| * | Participants Loans | Participant Loans The Loan interest rate ranges v from 4% - 11%, maturing from 1/3/2006 - 10/31/2028 |
| * | JP Morgan Chase Bank Corporate High Yield Opportunity Fund | Common/Collective Trusts |
| * | JP Morgan Chase Bank Disc Eq Fund | Common/Collective Trusts |
| * | JP Morgan Chase Bank EAFE Equal Opportunity Fund | Common/Collective Trusts |
| * | JP Morgan Chase Bank EAFE Plus Fund | Common/Collective Trusts |
| * | JP Morgan Chase Bank Emerging Market Fund | Common/Collective Trusts |
| * | JP Morgan Chase Bank Emerging Markets Equity Foc Fund | Common/Collective Trusts |
| * | JP Morgan Chase Bank Emerging Markets Fixed Income Fund | Common/Collective Trusts |
| * | JP Morgan Chase Bank Guaranty Trust Co of NY Liquidity Fund | Common/Collective Trusts |
| * | JP Morgan Chase Bank International Rate Fund | Common/Collective Trusts |
| * | JP Morgan Chase Bank MACS Equity Fund | Common/Collective Trusts |

F-21

ITT INDUSTRIES INVESTMENT AND SAVINGS PLAN FOR SALARIED
EMPLOYEES SCHEDULE H, ITEM 4I - SCHEDULE OF ASSETS
(HELD AT END OF YEAR) AS OF DECEMBER 31, 2005

EIN: 13-5158950
PN: 100

| (A) | (B) IDENTITY OF ISSUER, BORROWER, LESSOR OR SIMILARY PARTY | (C) DESCRIPTION OF INVESTMENT INCLUDING MATURITY DATE, RA INTEREST, COLLATERAL, AND P MATURITY VALUE |
|-----|---|---|
| * | JP Morgan Chase Bank Mortgage Private Placement Fund | Common/Collective Trusts |

Edgar Filing: ITT INDUSTRIES INC - Form 11-K

| | |
|--|---|
| * JP Morgan Chase Bank Public Bond Fund | Common/Collective Trusts |
| * JP Morgan Chase Bank Special Sit Property Fund | Common/Collective Trusts |
| * JP Morgan Chase Bank Strategic Property Fund | Common/Collective Trusts |
| * JP Morgan Chase Bank US Act Fixed Core Fund | Common/Collective Trusts |
| * JP Morgan Chase Bank US Analyst Fund | Common/Collective Trusts |
| * JP Morgan Chase Bank US Real Estate Sec Fund | Common/Collective Trusts |
| * JP Morgan Chase Bank US Smart Index Fund | Common/Collective Trusts |
| * JP Morgan Chase Bank US Strat Small Comp Eq Fund | Common/Collective Trusts |
| American Century Small Cap Quantitative Fund | Registered Investment Company |
| American Century Mutual Funds Inc | Registered Investment Company |
| New Perspective Fund Inc | Registered Investment Company |
| Bank of America N.A. | Bank Investment Contract Interest 4.68% |
| Business Mens Assurance Co | Insurance Company General Account Maturity 3/30/06, Interest 6.17% |
| IXIS Financial Products, Inc. (formerly CDC) | Insurance Company General Account Interest 5.25% |

F-22

| | |
|--|----------------------------|
| ITT INDUSTRIES INVESTMENT AND SAVINGS PLAN FOR SALARIED EMPLOYEES SCHEDULE H, ITEM 4I - SCHEDULE OF ASSETS (HELD AT END OF YEAR) AS OF DECEMBER 31, 2005 | EIN: 13-5158950 PN: 100 |
|--|----------------------------|

| (A) | (B) IDENTITY OF ISSUER, BORROWER, LESSOR OR SIMILARY PARTY | (C) DESCRIPTION OF INVESTMENT INCLUDING MATURITY DATE, RATE INTEREST, COLLATERAL, AND PAYMENT MATURITY VALUE |
|---------------------------------|---|---|
| ----- | | |
| * JP Morgan Chase Bank | | Bank Investment Contract Maturity 5/31/18, Interest 4.01% |
| | Monumental Life Insurance Co | Insurance Company General Account Maturity 5/31/18, Interest 4.29% |
| TOTAL | | |
| * Party-in-interest to the Plan | | |

Edgar Filing: ITT INDUSTRIES INC - Form 11-K

** Cost information is not required for participant directed investments and, therefore, is not included.

F-23