18-02706-FOIA

August 3, 2018

U.S. Securities and Exchange Commission
Office of FOIA Services
100 F Street, NE Mail Stop 2745
Washington, DC 20549-5100

RECEIVED
AUG 03 2018
Office of
FOIA Services

Dear FOIA Office:

Under the Freedom of Information Act (FOIA), we are requesting a copy of the following:

ITT INC comment letters.
DOC_DATE: 1/1/2001 to 12/31/2006
CIK_NUM: 0000216228

Process this request up to our education-use entitlements.

Thank You,

Dr. Amy Hutton
Boston College
Carroll School of Management,
Chestnut Hill, Massachusetts 02467
[redacted]

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
STATION PLACE
100 F STREET, NE
WASHINGTON, DC 20549-2465

Office of FOIA Services

August 8, 2018

Dr. Amy P. Hutton
Boston College
Carroll School of Management
Chestnut Hill, MA 02467

RE: Freedom of Information Act (FOIA), 5 U.S.C. § 552
Request No. **18-02706-FOIA**

Dear Dr. Hutton:

This letter is in response to your request, dated and received in this office on August 3, 2018, for SEC comment letters sent to ITT, Inc. from January 1, 2001 to December 31, 2006.

The search for responsive records has resulted in the retrieval of the enclosed letters dated August 29, 2002, November 5, 2002, and July 14, 2003 that may be responsive to your request.

If you have any questions, please contact me at jacksonw@sec.gov or (202) 551-8312. You may also contact me at foiapa@sec.gov or (202) 551-7900. You also have the right to seek assistance from Jeffery Ovall as a FOIA Public Liaison or contact the Office of Government Information Services (OGIS) for dispute resolution services. OGIS can be reached at 1-877-684-6448 or Archives.gov or via e-mail at ogis@nara.gov.

Sincerely,
Warren E. Jackson
Warren E. Jackson
FOIA Research Specialist

Enclosures

Mail Stop 0306

August 29, 2002

Edward W. Williams
Senior Vice President and
Corporate Controller
ITT Industries, Inc.
4 West Red Oak Lane
White Plains, NY 10604

RE: ITT Industries, Inc.
Form 10-K for the fiscal year ended December 31, 2001
Filed March 26, 2002

Forms 10-Q for the quarters ended March 31, and June 30, 2002
File No. 1-5627

Dear Mr. Williams:

We have reviewed your filings and have the following comments. We have limited our review to only your financial statements and related disclosures and will make no further review of your documents. Where indicated, we think you should revise your document in response to these comments. If you disagree, we will consider your explanation as to why our comment is inapplicable or a revision is unnecessary. Please be as detailed as necessary in your explanation. In some of our comments, we may ask you to provide us with supplemental information so we may better understand your disclosure. After reviewing this information, we may or may not raise additional comments.

Please understand that the purpose of our review process is to assist you in your compliance with the applicable disclosure requirements and to enhance the overall disclosure in your filing. We look forward to working with you in these respects. We welcome any questions you may have about our comments or on any other aspect of our review. Feel free to call us at the telephone numbers listed at the end of this letter.

December 31, 2001 Form 10-K

Selected Financial Data, page 15

1. We note that you present "Income from continuing operations, as adjusted." This amount does not appear to comply with GAAP and it is not clear why you present this information. Please respond to the following comments:

(a) Undue authority or prominence - A non-GAAP measure should be presented in a manner that does not give it greater authority or prominence than conventionally computed earnings or cash flows as reported in GAAP financial statements. For example, we recommend that EBITDA and similar measures be located within an "other data" section in selected financial data. Discussion in MD&A of results as measured in the GAAP financial statements should be no less complete than discussions of performance or liquidity depicted by non-GAAP measures.
(b) Measures not comparable - Since all companies and analysts do not calculate non-GAAP measures in the same fashion, we recommend that you alert investors to the fact that the measure may not be comparable to similarly titled measures reported by other companies.
(c) How measures are used by management and investors - Management should consider how any non-GAAP measure is expected to be used by investors, identify significant factors that should be considered, and discuss significant trends or requirements not captured by the measure to ensure balance and avoid undue reliance on the measure. Notwithstanding disclosures by competitors or requests from financial analysts, we believe that most non-GAAP measures generally should be

avoided unless management itself believes that the measure provides relevant and useful information.

(d) Balanced presentation - Non-GAAP measures that measure cash or "funds" generated by operations (liquidity) should be balanced with equally prominent disclosure of amounts from the statement of cash flows (cash flows from operating, investing and financing activities) and, in some cases, the ratio or deficiency of earnings to fixed charges. Explanation may be necessary to the extent that funds depicted by the measure are not available for management`s discretionary use (due to legal or functional requirements to conserve funds for capital replacement and expansion, debt service and balloon maturities, deferred interest and dividend payments, and other commitments and uncertainties).

(e) Measure of operating performance vs. measure of liquidity - A frequent disclosure issue is the use of a non-GAAP measure in a discussion of operating performance when the measure is primarily a measure of liquidity, capital resources, or debt service capacity. For example, calculations that depict an adjusted or normalized measure of working capital or funds generated by operations and available to meet capital and debt requirements often are presented inappropriately as if they should be used as alternative measures of earnings, return on investment or similar performance or efficiency factors. In that case, the staff will request the measure`s presentation in an appropriate context with clarification of its expected use.

(f) Pro forma measure of performance - If management is presenting the non-GAAP calculation as an alternative or pro forma measure of performance, the staff discourages adjustments to eliminate or smooth items characterized as nonrecurring, infrequent or unusual. Different unusual items are likely to occur every period, and companies and investors may differ as to what types of events warrant adjustment. Trends may be distorted and disclosure unbalanced if only certain items are adjusted while the effects of other infrequent events or transactions (whether favorable or unfavorable) are not considered or highlighted. Of course, all such special items should be highlighted in the registrant`s disclosures to permit analysis by investors. Where management intends the measure to be indicative of liquidity and communicates that use through the context of its presentation, the staff ordinarily will not object to adjustment for non-cash charges relating to special items if it is meaningful to investors in the circumstances.

Accordingly, please delete your presentation of "Income from continuing operations, as adjusted," or tell us in detail why your current presentation is appropriate.

2. We note that you present "Income from continuing operations, as adjusted per share." It is not appropriate to present per share data other than that relating to net income as computed in accordance with GAAP. Please delete this presentation, or tell us in detail why your current presentation is appropriate.

Management`s Discussion and Analysis of Financial Condition and Results of Operations, page 16

Highlights, page 16

3. We note that the figures in the table are adjusted as described in footnotes (a) and (b). Consistent with our comment above, please revise this presentation to present only the amounts computed in accordance with GAAP, or delete the table, or tell us in detail why your current presentation is appropriate. You may discuss and quantify in a footnote to the table that the amounts include restructuring and other special items.

4. We note that you discuss free cash flow on page 16. Please revise, consistent with the comment above, to provide the disclosures related to non-GAAP measures of liquidity, or tell us in detail why your current presentation is appropriate.

5. Revise to discuss, or cross-reference to where you discuss, the nature of your "Value-based six sigma" program, "Black Belts" and " Champions." How is this program a "key component of the ITT Management System"? How will this program help you "drive towards operational excellence, improve efficiencies and accelerate new

product introductions"? Or tell us in detail why your current presentation is appropriate.

Results of Operations, page 17

6. Please explain in more detail why your operating income before restructuring charges increased in 2001 even though your sales declined. What process improvement efforts? What cost control actions? What was the improved product mix? Quantify the impact of each factor listed. Why did SG&A expenses decrease? Why did R&D increase?

7. Please delete your pro forma presentation of "Operating income before restructuring and other special items" in the table on page 18, or tell us in detail why you believe that this presentation is appropriate.

8. You disclose that you reversed a $60 million accrual into income in the fourth quarter of 2001. Explain and quantify in more detail the nature and timing of and reasons for the reversal.

9. Please tell us why you received a claim settlement of $25.6 million in 1999 and why you classified the settlement as revenues.

Liquidity and Capital Resources, page 19

10. Due to the significance of the restructuring charge you recorded in 2001 and 1999, please move your discussion of these charges from "Liquidity and Capital Resources" to "Results of Operations" or tell us in detail why your current presentation is appropriate. Tell us why you believed it was appropriate to present a section entitled "Highlights" in MD&A that did not discuss this charge. Why do you believe that the discussion in "Highlights" is balanced?

11. On December 14, 2001, you announced a restructuring plan to "reduce structural costs and improve profitability." Your plan includes the closure of five facilities, the discontinuance of 21 products, the severance of 3,400 persons and other asset impairments. The reasons for the plan are vague. Please revise to explain the reasons for your plan in more detail, or tell us in detail why your current presentation is appropriate. We believe that MD&A should include a discussion of the events and decisions which gave rise to the exit costs and exit plan, and the likely effects of management`s plans on financial position, future operating results and liquidity unless it is determined that a material effect is not reasonably likely to occur. You should identify the periods in which material cash outlays are anticipated and the expected source of their funding. You should also discuss material revisions to exit plans, exit costs, or the timing of the plan`s execution, including the nature and reasons for the revisions. See SAB Topic 5:P. What facilities did you close and why? What products did you discontinue and why? How will the discontinuance impact your future operations? What types of positions did you terminate and why? What assets became impaired? How much of the charge was for each purpose? How much of the charge was for each segment? Of the products discontinued, how many were from each segment? Please similarly revise your discussion for 1999.

12. Since you do not discuss the restructuring charge within your segment discussion, you should be clear in your consolidated disclosure how the charge impacted each segment, or add a discussion to each applicable segment in your segment discussion.

13. We believe that the expected effects on future earnings and cash flows resulting from the exit plan (for example, reduced depreciation, reduced employee expense, etc.) should be quantified and disclosed, along with the initial period in which those effects are expected to be realized. This includes whether you expect the cost savings to be offset by anticipated increases in other expenses or reduced revenues. This discussion should clearly identify the income statement line items to be impacted (for example, cost of sales; marketing; selling, general and administrative expenses; etc.). In later periods if actual savings anticipated by the exit plan are not achieved as expected or are achieved in periods other than as expected, MD&A should discuss that outcome, its reasons, and its likely effects on future operating results and liquidity. See SAB

Topic 5:P.

14. Explain in more detail the nature and timing of and reasons for the reversal of 1998 restructuring charges of $44.8 million in 1999.

Consolidated Financial Statements, page F-1

Consolidated Income Statements, page F-4

15. Please tell us why you refer to "other special items" within restructuring charges. Tell us and quantify the other special items for each period presented. Where do you discuss these other special items in the notes to the financial statements and MD&A?

16. Please tell us and disclose why it was impracticable to restate sales and cost of sales in 1999 for the adoption of EITF 00-10.

Consolidated Statements of Cash Flows, page F-7

17. Please tell us why you present the change in receivables, inventories, accounts payable, and accrued expenses on a net and not a gross basis.

Note 1. Accounting Policies, page F-9

Sales and Revenue Recognition, page F-9

18. Please report product and service revenues (and cost of revenues) separately on the face of the income statement, or tell us why your current presentation is appropriate. See Item 5-03(b) of Regulation S-X.

19. Please disclose whether your shipping terms are customarily FOB shipping point or FOB destination.

20. Please disclose the nature of any contingencies such as rights or return, conditions of acceptance, warranties, price protection, etc. Describe your accounting treatment for these contingencies and any significant assumptions, material changes, and reasonably likely uncertainties.

Note 3. Acquisitions, page F-12

21. Please tell us and disclose why you have not finalized your purchase price allocations for 2001 acquisitions. Describe the information that you need to finalize the allocation. When do you expect to obtain the information? Please see SFAS 38, paragraph 4(b) and SAB Topic 2-A (7). We believe that the allocation period should not extend beyond the minimum reasonable period necessary to gather the information that the registrant has arranged to obtain for purposes of the estimate, and in any event usually should not exceed one year. See SAB Topic 5:P.

Note 4. Restructuring and Other Special Items, page F-13

22. Beginning with the period in which an exit plan is committed to, you should disclose, in all periods, including interim periods, until the exit plan is completed, of the following:

(a) The amount of involuntary termination benefits accrued and charged to expense and their income statement classification.
(b) The number of employees to be terminated.
(c) A description of the employee group(s) to be terminated.
(d) The actual amount of involuntary termination benefits paid and charged against the liability and the number of employees actually terminated pursuant to the exit plan.
(e) Where the activities that will not be continued are significant to the enterprise`s revenue or operating results or if the exit costs recognized at the commitment date are material: (i) A description of the major actions comprising the exit plan, activities that will not be continued, including the method of disposition, and the anticipated date of completion; (ii) A description of the type and amount of exit costs recognized as liabilities and their income statement classification; (iii) A description of the type and amount of exit costs paid and charged against the liability; (iv) The

revenue and net operating income or losses from activities that will not be continued if those activities have separately identifiable operations for all periods presented.
(f) The amount of any adjustment(s) to the liability account and whether the corresponding entry was recorded as an adjustment of the cost of an acquiree or included in the determination of net income for the period.

Please revise the disclosures for your 2001 and 1999 plans or advise.

23. Please present a separate rollforward for the 2001, 1999, and 1998 restructuring plans. Do not include a reversal for 1998 in the 1999 plan. The rollforward should be presented by each significant component of the restructuring charge including severance, leasehold termination payments, asset impairments, inventory writedowns, long-term asset disposals, adjustments for warranties and product returns, and other facility exit costs, among others. The total amount reflected in the rollforward schedule should agree to the amounts reflected in your statements of operations for each period. Present separate line items for payments, charges, reversals and other. Explain the nature of each line item. For reversals, explain in detail the nature and timing of and reasons for the reversal. Quantify the significant components of other items.

24. We note the following disclosures:

"Also in the fourth quarter of 2001, the Company recorded asset impairments amounting to $14.4 for machinery and equipment and a cost based investment. These assets were written down to their fair values based on management`s projections of the individual future cash flows to be generated by each of the assets. These assets were reviewed for impairment in the fourth quarter of 2001, because at that time business events indicated that the carrying amounts of the assets may not be recovered. Management deemed the market decline experienced in 2001 for certain products to be other than temporary and recognized that there exists significant pricing pressure in the Electronic Components segment that is expected to continue."

"The non-cash portion of the restructuring charge represents asset impairments that were recorded based on management`s projection of the cash flows to be generated by the assets until operations cease."

Please respond to the following comments:

(a) Where do you discuss in MD&A your outlook for the Electronics Components segment including pricing pressure and permanent declines in the sales of certain products?
(b) Tell us and disclose the nature of the products for which you deemed the market decline experienced in 2001 to be other than temporary.
(c) Tell us and disclose in more detail why the charge was recorded in the fourth quarter of fiscal 2001 and not in an earlier period.
(d) Disclose why you recorded the charges. How do the machinery and equipment and cost based investment relate to market declines experienced in 2001 for certain products and significant pricing pressure in the Electronic Components segment that is expected to continue?
(e) Tell us and disclose the amount of impairment related to machinery and equipment and the amount related to a cost based investment.
(f) Provide all of the disclosures required by SFAS 121 for each charge.
(g) Tell us and explain in more detail how you determined the amount of the impairment charges.
(h) Tell us and disclose why you differentiate between the $22.3 million and the $14.4 million impairment charges.
(i) Tell us and disclose the nature and timing of and reasons for the impairment charge of $22.3 million.
(j) Similarly revise your disclosure related to 1999 impairment charges.

Please revise or advise.

25. Please reconcile the rollforward schedule on page F-15 with the rollforward schedule in Schedule II on page S-1.

26. We note the following disclosure:

"During the fourth quarter of 1999, the Company also assessed its 1998 restructuring accruals, determined that activities related to those accruals would be completed for $44.8 million less than originally estimated, and reversed the related accruals into income. The excess was primarily the result of favorable experience in employee separations and asset disposal costs that were not required."

Please respond to the following comments:

(a) Tell us and disclose the amount of the reversal related to employee separations and asset disposal costs.
(b) Tell us and disclose in more detail why the reversals were needed. What changed? Why? When did you know of these changes?
(c) Did you assess your 1998 restructuring charge as of the end of the fourth quarter of 1998, and as of the end of the first three quarters of 1999? What was the result? What changed in the fourth quarter of 1999?
(d) Provide us with a quarterly rollforward of your 1998 restructuring charge.

Please revise or advise.

Note 5. Discontinued Operations, page F-15

27. We note that you established accruals for pending litigation and other retained obligations in September 1988. Tell us the nature and amount of each significant component of the accrual.

28. We note that in 1998, you received notifications of claims from the buyers of the businesses requesting post-closing adjustments. Tell us and disclose how you accounted for those claims in 1998. You submitted the claims to arbitration in 1999. Tell us and disclose how you accounted for the events of 1999. In late 2001 and early 2002, both claims were favorably settled. Tell us and disclose how you accounted for the events in 2001 and 2002. Tell us why. That is, support your accounting treatment in each period. Tell us how you determined the amount of any accruals, reversals, payments, etc. It appears that you recognized the impact of the 2002 settlement in 2001. Why? How often did you re-assess the accrual? Why? How did you determine that $60 million was the proper amount to reverse? Provide a quarterly rollforward of the accrual for 1999, 2000, 2001, and 2002. What is the amount of your accrual as of December 31, 2001 and why is it necessary? Tell us and disclose the nature of any remaining accruals as of each balance sheet date. Where is the accrual reflected in the balance sheet? Provide a rollforward of the accrual in Schedule II or tell us why the current presentation is appropriate.

Note 17. Employee Benefit Plans, page F-21

29. Please tell us why you used an expected return on plan assets of 9.73% in 2000 and 9.61% in 2001. Tell us and disclose whether or not you plan to reduce this rate for 2002. If not, please explain why.

Note 19. Commitments and Contingencies, F-25

30. Please disclose the amount and nature of any significant accruals made pursuant to the provisions of SFAS 5. If you made no accrual for a loss contingency because one or both of the conditions in paragraph 8 of SFAS 5 were not met, or if an exposure to loss exists in excess of the amount accrued pursuant to the provisions of paragraph 8, you should disclose the contingency when there is at least a reasonable possibility that a loss or an additional loss may have been incurred. The disclosure should indicate the nature of the contingency and should give an estimate of the possible loss or range of loss or state that such an estimate cannot be made. Please revise or advise.

31. Please revise the notes to the financial statements to include information necessary to understand the material uncertainties affecting both the measurement of the environmental liability and the realization of recoveries.

32. Paragraphs 9 and 10 of SFAS 5 identify disclosures regarding loss

contingencies that generally are furnished in notes to financial statements. We believe that product and environmental liabilities typically are of such significance that detailed disclosures regarding the judgments and assumptions underlying the recognition and measurement of the liabilities are necessary to prevent the financial statements from being misleading and to inform readers fully regarding the range of reasonably possible outcomes that could have a material effect on your financial condition, results of operations, or liquidity. Examples of disclosures that may be necessary include:

(a) Circumstances affecting the reliability and precision of loss estimates.
(b) The extent to which unasserted claims are reflected in any accrual or may affect the magnitude of the contingency.
(c) Uncertainties with respect to joint and several liability that may affect the magnitude of the contingency, including disclosure of the aggregate expected cost to remediate particular sites that are individually material if the likelihood of contribution by the other significant parties has not been established.
(d) Disclosure of the nature and terms of cost-sharing arrangements with other potentially responsible parties.
(e) The extent to which disclosed but unrecognized contingent losses are expected to be recoverable through insurance, indemnification arrangements, or other sources, with disclosure of any material limitations of that recovery.
(f) Uncertainties regarding the legal sufficiency of insurance claims or solvency of insurance carriers.
(g) The time frame over which the accrued or presently unrecognized amounts may be paid out.
(h) Material components of the accruals and significant assumptions underlying estimates.
(i) We believe there is a rebuttable presumption that no asset should be recognized for a claim for recovery from a party that is asserting that it is not liable to indemnify the registrant. Registrants that overcome that presumption should disclose the amount of recorded recoveries that are being contested and discuss the reasons for concluding that the amounts are probable of recovery.
(j) Registrants are cautioned that a statement that the contingency is not expected to be material does not satisfy the requirements of SFAS 5 if there is at least a reasonable possibility that a loss exceeding amounts already recognized may have been incurred and the amount of that additional loss would be material to a decision to buy or sell the registrant`s securities. In that case, the registrant must either (a) disclose the estimated additional loss, or range of loss, that is reasonably possible, or (b) state that such an estimate cannot be made.
(k) Examples of specific disclosures typically relevant to an understanding of historical and anticipated product liability costs include the nature of personal injury or property damages alleged by claimants, aggregate settlement costs by type of claim, and related costs of administering and litigating claims. Disaggregated disclosure that describes accrued and reasonably likely losses with respect to particular claims may be necessary if they are individually material. If the contingency involves a large number of relatively small individual claims of a similar type, such as personal injury from exposure to asbestos, disclosure of the number of claims pending at each balance sheet date, the number of claims filed for each period presented, the number of claims dismissed, settled, or otherwise resolved for each period, and the average settlement amount per claim may be necessary.
(l) We believe that material liabilities for site restoration, post-closure, and monitoring commitments, or other exit costs that may occur on the sale, disposal, or abandonment of a property should be disclosed in the notes to the financial statements. Appropriate disclosures generally would include the nature of the costs involved, the total anticipated cost, the total costs accrued to date, the balance sheet classification of accrued amounts, and the range or amount of reasonably possible additional losses. If an asset held for sale or development will require remediation to be performed by the registrant prior to development, sale, or as a condition of sale, a note to the financial statements should describe how the necessary expenditures are considered in the assessment of the asset`s net realizable value. Additionally, if the registrant may be liable for remediation of environmental damage relating to assets or businesses previously disposed, disclosure should be made in the financial

statements unless the likelihood of a material unfavorable outcome of that contingency is remote.

See SAB Topic 5:Y. Please revise or advise.

June 30, 2002 Form 10-Q

Condensed Consolidated Financial Statements, page 2

Note 8. Goodwill and Other Intangible Assets, page 8

33. Please tell us and in future filings disclose the number of reporting units used to assess the impairment of your goodwill. Tell us the nature of each unit.

* * * *

As appropriate, please amend your Form 10-K and respond to these comments within 10 business days or tell us when you will provide us with a response. You may wish to provide us with marked copies of the amendment to expedite our review. Please furnish a cover letter with your amendment that keys your responses to our comments and provides any requested supplemental information. Detailed cover letters greatly facilitate our review. Please file your cover letter on EDGAR. Please understand that we may have additional comments after reviewing your amendment and responses to our comments.

You may contact Barbara Stark, Staff Accountant, at (202) 942-2861 or the undersigned at (202) 942-1880 with any questions.

Sincerely,

Margery Reich
Senior Assistant Chief Accountant

Edward W. Williams
ITT Industries, Inc.
August 29, 2002
Page 14

Mail Stop 0306

November 5, 2002

Edward W. Williams
Senior Vice President and
Corporate Controller
ITT Industries, Inc.
4 West Red Oak Lane
White Plains, NY 10604

RE: ITT Industries, Inc.
Form 10-K for the fiscal year ended December 31, 2001
Filed March 26, 2002

Forms 10-Q for the quarters ended March 31, and June 30, 2002
File No. 1-5627

Dear Mr. Williams:

We have reviewed your filings and have the following comments. We have limited our review to only your financial statements and related disclosures and will make no further review of your documents. Where indicated, we think you should revise your document in response to these comments. If you disagree, we will consider your explanation as to why our comment is inapplicable or a revision is unnecessary. Please be as detailed as necessary in your explanation. In some of our comments, we may ask you to provide us with supplemental information so we may better understand your disclosure. After reviewing this information, we may or may not raise additional comments.

Please understand that the purpose of our review process is to assist you in your compliance with the applicable disclosure requirements and to enhance the overall disclosure in your filing. We look forward to working with you in these respects. We welcome any questions you may have about our comments or on any other aspect of our review. Feel free to call us at the telephone numbers listed at the end of this letter.

1. Please file your October 3, 2002 letter to the staff on EDGAR as correspondence.

December 31, 2001 Form 10-K

Selected Financial Data, page 15

2. Please see prior comment #1. Your presentation of non-GAAP income from continuing operations in the table on page 15 is not appropriate. When you present measures of pro forma performance you should not make adjustments to eliminate or smooth items characterized as nonrecurring, infrequent or unusual. Different items are likely to occur every period, and companies and investors may differ as to what types of events warrant adjustment. Trends may be distorted and disclosure unbalanced if only certain items are adjusted while the effects of other infrequent events or transactions (whether favorable or unfavorable) are not considered or highlighted. Where you intend the measure to be indicative of liquidity and communicate that use through the context of your presentation, we ordinarily will not object to adjustment for non-cash charges relating to special items if it is meaningful to investors in the circumstances. In future filings please delete this presentation.

Management`s Discussion and Analysis of Financial Condition and Results of Operations, page 16

Results of Operations, page 17

3. See prior comment #6. Were the cost control actions of $55.2

million related to a restructuring charge? Was it normal employee attrition? If a restructuring charge, what types of employees did you terminate and when? Why did you implement the restructuring plan and when? Do you provide all of the disclosures required by SAB Topic 5:P? Where?

Consolidated Financial Statements, page F-1

Note 5. Discontinued Operations, page F-15

4. See prior comments #8 and #27. Please provide the following disclosures in your December 31, 2001 Form 10-K:

(a) Provide a rollforward of each significant component of the accrual from January 1, 1999 through December 31, 2001.
(b) Explain all significant activity reflected in the rollforward.
(c) Disclose where you reflected the accrual and reversals and additions in the balance sheet and statement of operations.
(d) Quantify and discuss reasons for significant changes in MD&A. Also discuss cash versus non-cash charges and how you will fund the cash portion of the accrual.
(e) Explain the reasons for each significant component of the accrual as of December 31, 2001.
(f) Provide similar information in your March 31, and June 30, 2002 Forms 10-Q.

5. See prior comments #27 and #28. Please respond to the following comments:

(a) Where is the accrual reflected in your balance sheet? Please explain.
(b) Explain to us in detail why you reversed the $70,931,000 in the fourth quarter of 2000. In your response, show us the significant components of the accrual as of January 1, 1999. Explain how you determined the amount of the accrual at that date. Reference the accounting literature upon which you relied in establishing the accrual. Show us how you determined the amount to reverse in 2000. Explain why the amount was reversed in the fourth quarter of 2000 and not in an earlier period. Cite the accounting literature upon which you relied.
(c) Explain in more detail the timing of the charge to write off the receivable of $70 million. Why did you originally record the receivable?
(d) Why was the balance of the accrual negative in June and September of 2001? Discuss why you did not record an additional accrual in either of these quarters.
(e) In the fourth quarter of 2001 you recorded an additional accrual of $18,160,000. Tell us why it was appropriate to increase the accrual in the fourth quarter and not in an earlier period.
(f) How did you calculate the amount of the additional accrual of $24,521,000 recorded in the first quarter of 2002? Why was the accrual recorded in the first quarter of 2002 and not in an earlier period? Cite the accounting literature upon which you relied.
(g) Tell us where you recorded the additional accrual of $24,521,000.
(h) Please show us the significant components of your remaining accrual of $14,580,000 for environmental liabilities. Explain the status of each significant component and how you determined the amount of the accrual.
(i) Please show us the significant components of your income tax accrual. How did you calculate the amounts provided. Cite the accounting literature upon which you relied. Show us how you calculated the amount of the reversal of $82,165,000 in the fourth quarter of 2001. Cite the accounting literature upon which you relied. Explain the timing of the reversal. When was the German tax ruling cited in your response?

Note 17. Employee Benefit Plans, page F-21

6. See prior comment #29. Please tell us the actual return on your entire portfolio`s assets on a rolling ten-year performance basis for 2000 and 2001. Tell us the status of your current review. We note that you expect the rate to decrease for 2002 due to a downward revision in the equity risk premium for U.S. equities as determined by your financial advisors.

Note 19. Commitments and Contingencies, F-25

7. See prior comment #30. Does your accrual related to the San Fernando Valley aquifer represent your obligation for the eleven-year operating period of the water treatment system? Please explain how you calculated the amount of the accrual of $11.3 million.

8. See prior comment #30. How are you accounting for the recoveries from your insurance companies and why? Where are the amounts classified? What amounts do you reflect for recoveries in 1999, 2000, 2001, and the six months ended June 30, 2002?

* * * *

As appropriate, please amend your Forms 10-K and 10-Q and respond to these comments within 10 business days or tell us when you will provide us with a response. You may wish to provide us with marked copies of the amendment to expedite our review. Please furnish a cover letter with your amendment that keys your responses to our comments and provides any requested supplemental information. Detailed cover letters greatly facilitate our review. Please file your cover letter on EDGAR. Please understand that we may have additional comments after reviewing your amendment and responses to our comments.

You may contact Barbara Stark, Staff Accountant, at (202) 942-2861 or Brian Cascio, Assistant Chief Accountant, with any questions. You may also contact the undersigned at (202) 942-1880.

Sincerely,

Margery Reich
Senior Assistant Chief Accountant

Mail Stop 0306

July 14, 2003

David J. Anderson
Senior Vice President and
Chief Financial Officer
ITT Industries, Inc.
4 West Red Oak Lane
White Plains, NY 10604

RE: ITT Industries, Inc.
Form 10-K for the fiscal year ended December 31, 2002
Filed March 27, 2003

Form 10-Q for the quarter ended March 31, 2003
File No. 1-05672

Dear Mr. Anderson:

We have reviewed your filings and have the following comments. We have limited our review to only your financial statements and related disclosures and will make no further review of your documents. Please be as detailed as necessary in your explanation. In some of our comments, we may ask you to provide us with supplemental information so we may better understand your disclosure. After reviewing this information, we may or may not raise additional comments.

Please understand that the purpose of our review process is to assist you in your compliance with the applicable disclosure requirements and to enhance the overall disclosure in your filing. We look forward to working with you in these respects. We welcome any questions you may have about our comments or on any other aspect of our review. Feel free to call us at the telephone numbers listed at the end of this letter.

December 31, 2002 10-K

Management`s Discussion and Analysis of Financial Condition and Results of Operations, page 16

Critical Accounting Policies, page 32

1. Please expand your MD&A discussion to describe any known trends and uncertainties related to your pension plan that will likely result in a material change in your results of operations, financial condition, or your liquidity. Your description should allow a reader to understand the significant assumptions you use to determine your pension cost and the likelihood of materially different reported results if different assumptions or conditions were to prevail. Consider addressing the points below to the extent necessary for an understanding of your particular facts and circumstances.

* The method used to determine the expected return assumption, including the time period you use to analyze historical results, whether you base your assumption on an arithmetic or compound average of historical returns (and the impact of using the arithmetic average rather than the compound average, if applicable), and how and why you made adjustments to the historical results to arrive at your expected return assumption;
* The assumed asset allocation of your pension plan assets (common stock, bonds, etc.); the extent to which it differs from the plan`s actual asset allocation at the reporting date and the reasons why;
* Highlight any material difference between expected returns and actual returns during the periods presented;
* If you smooth the effects of changes in actual returns by using a calculated market related value, the systematic and rationale method you use to recognize changes in fair value and the effect of this smoothing on your pension expense (income);

* Highlight any material unrecognized pension losses, and describe and quantify the effects on these unrecognized losses on your future pension expense (income);
* The source you use to determine your discount rate assumption, including rating and maturity information and how the maturity information is consistent with the timing of your expected future benefit payments;
* Any known or expected changes in your assumed discount rate, and how that change will impact your pension expense (income).

2. Please discuss the basis for assuming a range of return on assets of -5% to +5% and a discount rate range of 6.25% to 6.75%.

Financial Statements, page F-1

Note 7. Income Taxes, page F-20

3. Please tell us why your deferred tax asset for employee benefits increased from $26.0 as of December 31, 2001 to $379.2 as of December 31, 2002.

Note 13. page F-22

4. Under SFAS 142 you are also required to perform an annual impairment test. Did you perform this test? When? Supplementally and in future filings you should disclose whether or not you performed the test, the results, and when you perform the annual test.

Note 19. Employee Benefit Plans, page F-26

5. We understand that predicting future expected plan asset returns with a high level of accuracy is difficult, but you should have a systematic process in place for determining a best estimate. We believe that analyzing historic return is a logical start to an estimation process. Pease describe for us the systematic methodology you use to determine your expected long-term return assumption and provide us with an analysis that shows how your methodology resulted in your determining that 8.86% is your best estimate. This analysis should include:

* The historic asset return data you analyzed, segregated by asset class;
* How your actual asset allocation compares with the expected allocation you used to determine your return estimate;
* The source(s) and period(s) you used to determine the historic returns, and the method used to calculate the average returns (whether compound or arithmetic);
* If you used multiple historic periods, whether you looked to an average of the periods or weighted the periods, and if so why;
* Why you believe that the historical data you analyzed provides you with the best estimate of long-term returns;
* A explanation of all adjustments you made to the historic average returns data to arrive at your best estimate of expected long-term returns, or why you believe that no adjustments were necessary.

6. Please provide us with the source data you relied on to determine the assumed discount rate used to measure your end of the year PBO. Please explain to us how the rating and maturity characteristics of this data are consistent with the guidance given in paragraph 186 of SFAS 106 and EITF D-36.

* * * *

As appropriate, please respond to these comments within 10 business days or tell us when you will provide us with a response. Please furnish a cover letter with your amendment that keys your responses to our comments and provides any requested supplemental information. Detailed cover letters greatly facilitate our review. Please file your cover letter on EDGAR. Please understand that we may have additional comments after reviewing your amendment and responses to our comments.

You may contact Barbara Stark, Staff Accountant, at (202) 942-2861 or the undersigned at (202) 942-1880 with any questions.

Sincerely,

Margery Reich
Senior Assistant Chief Accountant