



***JANUARY 5, 2010 COVERAGE: ITT STRATEGIC REALIGNMENT***

**ITT Corp to overhaul defense business, cut jobs**

**Karen Jacobs**

**Reuters**

**January 5, 2010**

ITT Corp (ITT.N) said on Tuesday it plans to reorganize its defense business into three divisions to improve operations and cut costs in the face of a tightening U.S. budget, cutting the segment's workforce 2 percent to 3 percent.

As part of the revamp, the business segment will be renamed ITT Defense and Information Solutions and its structure will be consolidated into three units from seven.

Dave Melcher, president of ITT's defense business, said the move would result in relocations, reassignments and reductions in the company's overall footprint and workforce. But no immediate changes were planned to any of the company's large manufacturing facilities, he added.

"We're projecting that we're going to have about a 2 to 3 percent reduction in the overall size of the workforce in 2010" on an employee base of as much as 24,000, Melcher told Reuters in an interview.

The defense business is ITT's largest segment, accounting for about 54 percent of its total 2008 revenue of \$11.7 billion. The diversified manufacturer's other segments supply wastewater pumps and products for autos and commercial aerospace.

ITT, based in White Plains, New York, said the three units created in the consolidation would be electronic systems, to include electronics and communications; geospatial systems, which will supply night-vision goggles and space capabilities; and information systems, which will include intelligence solutions.

ITT shares were off 90 cents, or 1.8 percent, at \$48.65 in afternoon trading on the New York Stock Exchange.