

ITT CORPORATION AND SUBSIDIARIES
CONSOLIDATED CONDENSED INCOME STATEMENTS
(In millions, except per share)
(Unaudited)

	Three Months Ended		Twelve Months Ended	
	December 31,		December 31,	
	2007	2006	2007	2006
Sales and revenues	\$2,528.7	\$2,051.3	\$9,003.3	\$7,807.9
Costs of sales and revenues	1,828.1	1,458.9	6,435.0	5,618.4
Selling, general and administrative expenses.....	364.2	331.7	1,342.7	1,175.9
Research and development expenses.....	52.4	41.3	182.3	160.9
Restructuring and asset impairment charges, net	35.0	19.7	66.1	51.7
Total costs and expenses	<u>2,279.7</u>	<u>1,851.6</u>	<u>8,026.1</u>	<u>7,006.9</u>
Operating income	249.0	199.7	977.2	801.0
Interest expense	46.2	25.4	114.9	86.2
Interest income	18.6	10.6	49.6	25.4
Miscellaneous (income) expense, net.....	<u>2.8</u>	<u>(0.7)</u>	<u>13.4</u>	<u>12.9</u>
Income from continuing operations before income taxes.....	218.6	185.6	898.5	727.3
Income tax expense.....	<u>90.2</u>	<u>63.7</u>	<u>265.5</u>	<u>227.6</u>
Income from continuing operations.....	128.4	121.9	633.0	499.7
Discontinued operations, net of tax	<u>29.9</u>	<u>18.9</u>	<u>109.1</u>	<u>81.4</u>
Net income	<u>\$ 158.3</u>	<u>\$ 140.8</u>	<u>\$ 742.1</u>	<u>\$ 581.1</u>
Earnings Per Share:				
Income from continuing operations:				
Basic.....	\$ 0.71	\$ 0.66	\$ 3.51	\$ 2.71
Diluted	\$ 0.70	\$ 0.65	\$ 3.44	\$ 2.67
Discontinued operations:				
Basic.....	\$ 0.17	\$ 0.10	\$ 0.60	\$ 0.44
Diluted	\$ 0.16	\$ 0.10	\$ 0.59	\$ 0.43
Net income:				
Basic.....	\$ 0.88	\$ 0.76	\$ 4.11	\$ 3.15
Diluted	\$ 0.86	\$ 0.75	\$ 4.03	\$ 3.10
Average Common Shares — Basic	180.5	184.0	180.6	184.3
Average Common Shares — Diluted.....	183.9	187.1	184.0	187.4

ITT CORPORATION AND SUBSIDIARIES
CONSOLIDATED CONDENSED BALANCE SHEETS
(In millions)
(Unaudited)

	December 31, 2007	December 31, 2006
Assets		
Current Assets:		
Cash and cash equivalents	\$ 1,840.0	\$ 937.1
Receivables, net	1,935.0	1,288.9
Inventories, net	890.4	726.5
Assets of discontinued businesses held for sale	5.0	183.2
Deferred income taxes	110.1	79.8
Other current assets	<u>156.3</u>	<u>102.8</u>
Total current assets	4,936.8	3,318.3
Plant, property and equipment, net	980.3	833.0
Deferred income taxes	28.5	136.1
Goodwill, net	3,806.9	2,336.8
Other intangible assets, net	733.0	213.2
Other assets	<u>1,050.2</u>	<u>563.2</u>
Total assets	<u>\$ 11,535.7</u>	<u>\$ 7,400.6</u>
Liabilities and Shareholders' Equity		
Current Liabilities:		
Accounts payable	\$ 1,296.8	\$ 929.4
Accrued expenses	938.0	839.4
Accrued taxes	40.9	105.6
Notes payable and current maturities of long-term debt	3,083.0	597.0
Pension and postretirement benefits	68.5	68.9
Liabilities of discontinued businesses held for sale	1.0	96.7
Deferred income taxes	<u>8.2</u>	<u>0.2</u>
Total current liabilities	5,436.4	2,637.2
Pension and postretirement benefits	764.6	735.5
Long-term debt	483.0	500.4
Other liabilities	<u>921.0</u>	<u>658.1</u>
Total liabilities	7,605.0	4,531.2
Shareholders' equity	<u>3,930.7</u>	<u>2,869.4</u>
Total liabilities and shareholders' equity	<u>\$ 11,535.7</u>	<u>\$ 7,400.6</u>

ITT CORPORATION AND SUBSIDIARIES
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS
(In millions)
(Unaudited)

	Twelve Months Ended	
	December 31,	
	2007	2006
Operating Activities		
Net income.....	\$ 742.1	\$ 581.1
Less: Income from discontinued operations.....	<u>(109.1)</u>	<u>(81.4)</u>
Income from continuing operations	633.0	499.7
Adjustments to income from continuing operations:		
Depreciation and amortization	185.4	171.6
Stock-based compensation	34.6	22.9
Restructuring and asset impairment charges, net.....	66.1	51.7
Payments for restructuring.....	(51.5)	(43.4)
Change in receivables	(236.7)	(61.2)
Change in inventories	111.8	(101.4)
Change in accounts payable and accrued expenses.....	137.2	246.4
Change in accrued and deferred taxes	(34.1)	30.3
Change in other current and non-current assets.....	(106.0)	(74.0)
Change in other current and non-current liabilities.....	47.2	30.7
Other, net.....	<u>11.1</u>	<u>7.4</u>
Net cash — operating activities.....	<u>798.1</u>	<u>780.7</u>
Investing Activities		
Additions to plant, property and equipment.....	(239.3)	(177.1)
Acquisitions, net of cash acquired.....	(1,780.2)	(89.5)
Proceeds from sale of assets and businesses	283.6	226.6
Other, net.....	<u>6.8</u>	<u>(6.3)</u>
Net cash — investing activities	<u>(1,729.1)</u>	<u>(46.3)</u>
Financing Activities		
Short-term debt, net	2,311.9	(155.6)
Long-term debt repaid.....	(244.2)	(13.3)
Long-term debt issued	0.5	0.5
Repurchase of common stock.....	(299.0)	(210.0)
Proceeds from issuance of common stock.....	65.4	69.0
Dividends paid	(96.6)	(77.6)
Tax benefit from stock option exercises.....	15.0	16.7
Other, net.....	<u>(0.9)</u>	<u>0.1</u>
Net cash — financing activities	<u>1,752.1</u>	<u>(370.2)</u>
Exchange Rate Effects on Cash and Cash Equivalents	103.0	50.6
Net Cash — Discontinued Operations:		
Operating Activities	(16.2)	80.2
Investing Activities	(4.0)	(9.3)
Financing Activities	<u>(1.0)</u>	<u>0.4</u>
Net change in cash and cash equivalents.....	902.9	486.1
Cash and cash equivalents — beginning of year	937.1	451.0
Cash and Cash Equivalents — end of period.....	<u>\$ 1,840.0</u>	<u>\$ 937.1</u>

**ITT Corporation Non-GAAP Reconciliation
Reported vs. Organic Revenue / Orders Growth
Fourth Quarter 2007 & 2006**

(\$ Millions)

	(As Reported - GAAP)				(As Adjusted - Organic)						
	Sales & Revenues 3M 2007	Sales & Revenues 3M 2006	Change 2007 vs. 2006	% Change 2007 vs. 2006	Sales & Revenues 3M 2007	Acquisition Contribution 3M 2007	FX Contribution 3M 2007	Adj. Sales & Revenues 3M 2007	Sales & Revenues 3M 2006	Change Adj. 07 vs. 06	% Change Adj. 07 vs. 06
ITT Corporation - Consolidated	2,528.7	2,051.3	477.4	23.3%	2,528.7	(108.4)	(76.5)	2,343.8	2,051.3	292.5	14.3%
Defense Electronics & Services	1,177.9	952.3	225.6	23.7%	1,177.9	(52.6)	(0.2)	1,125.1	952.3	172.8	18.1%
Communications Systems	222.4	204.0	18.4	9.0%	222.4	0.0	0.0	222.4	204.0	18.4	9.0%
Space Systems	166.7	156.3	10.4	6.7%	166.7	0.0	(0.2)	166.5	156.3	10.2	6.5%
Advanced Engineering & Sciences	144.8	89.8	55.0	61.2%	144.8	(3.4)	0.0	141.4	89.8	51.6	57.5%
Electronic Systems	100.4	88.2	12.2	13.8%	100.4	0.0	0.0	100.4	88.2	12.2	13.8%
Night Vision	125.5	118.4	7.1	6.0%	125.5	0.0	0.0	125.5	118.4	7.1	6.0%
Systems	372.9	299.0	73.9	24.7%	372.9	0.0	0.0	372.9	299.0	73.9	24.7%
EDO	49.2	0.0	49.2	NA	49.2	(49.2)	0.0	0.0	0.0	0.0	0.0%
Fluid Technology	985.2	838.8	146.4	17.5%	985.2	0.0	(55.0)	930.2	838.8	91.4	10.9%
Industrial Process	192.0	155.7	36.3	23.3%	192.0	0.0	(1.8)	190.2	155.7	34.5	22.2%
Residential and Commercial Water Group	304.2	271.7	32.5	12.0%	304.2	0.0	(12.8)	291.4	271.7	19.7	7.3%
Water & WasteWater	500.9	420.5	80.4	19.1%	500.9	0.0	(41.2)	459.7	420.5	39.2	9.3%
Motion & Flow Control	370.2	263.1	107.1	40.7%	370.2	(55.8)	(20.2)	294.2	263.1	31.1	11.8%
Aerospace Controls	26.6	20.3	6.3	31.0%	26.6	(0.7)	0.0	25.9	20.3	5.6	27.6%
Flow Control	62.8	51.2	11.6	22.7%	62.8	(7.9)	(2.6)	52.3	51.2	1.1	2.1%
Friction Technologies	101.9	75.3	26.6	35.3%	101.9	0.0	(11.3)	90.6	75.3	15.3	20.3%
Energy Absorption	68.8	22.4	46.4	207.1%	68.8	(42.3)	(2.4)	24.1	22.4	1.7	7.6%
IMC Controls	16.5	0.0	16.5	0.0%	16.5	(16.5)	0.0	0.0	0.0	0.0	0.0%
Interconnect Solutions	104.8	93.9	10.9	11.6%	104.8	0.0	(3.9)	100.9	93.9	7.0	7.5%
	Orders 3M 2007	Orders 3M 2006	Change 2007 vs. 2006	% Change 2007 vs. 2006	Orders 3M 2007	Acquisition Contribution 3M 2007	FX Contribution 3M 2007	Adj. Orders 3M 2007	Orders 3M 2006	Change Adj. 07 vs. 06	% Change Adj. 07 vs. 06
Defense Electronics & Services	1,401.6	1,211.7	189.9	16%	1,401.6	(2.2)	(0.2)	1,399.2	1,211.7	187.5	15.5%
Fluid Technology	907.7	762.5	145.2	19%	907.7	0.0	(49.6)	858.1	762.5	95.6	12.5%
Motion & Flow Control	414.9	275.1	139.8	51%	414.9	(83.7)	(22.9)	308.3	275.1	33.2	12.1%
Total Segment Orders	2,720.5	2,243.7	476.8	21%	2,720.5	(85.9)	(75.7)	2,558.9	2,243.7	315.2	14.0%

Note: Excludes intercompany eliminations.

**ITT Corporation Non-GAAP Reconciliation
Reported vs. Organic Revenue / Orders Growth
Full Year 2007 & 2006**

(\$ Millions)

	(As Reported - GAAP)				(As Adjusted - Organic)						
	Sales & Revenues FY 2007	Sales & Revenues FY 2006	Change 2007 vs. 2006	% Change 2007 vs. 2006	Sales & Revenues FY 2007	Acquisition Contribution FY 2007	FX Contribution FY 2007	Adj. Sales & Revenues FY 2007	Sales & Revenues FY 2006	Change Adj. 07 vs. 06	% Change Adj. 07 vs. 06
ITT Corporation - Consolidated	9,003.3	7,807.9	1,195.4	15.3%	9,003.3	(150.6)	(198.6)	8,654.1	7,807.9	846.2	10.8%
Defense Electronics & Services	4,176.2	3,659.3	516.9	14.1%	4,176.2	(54.6)	(0.6)	4,121.0	3,659.3	461.7	12.6%
Communications Systems	805.4	757.9	47.5	6.3%	805.4	(0.8)	0.0	804.6	757.9	46.7	6.2%
Space Systems	605.8	626.8	(21.0)	-3.4%	605.8	0.0	(0.6)	605.2	626.8	(21.6)	-3.4%
Advanced Engineering & Sciences	480.8	326.8	154.0	47.1%	480.8	(4.6)	0.0	476.2	326.8	149.4	45.7%
Electronic Systems	409.6	371.7	37.9	10.2%	409.6	0.0	0.0	409.6	371.7	37.9	10.2%
Night Vision	484.7	419.8	64.9	15.5%	484.7	0.0	0.0	484.7	419.8	64.9	15.5%
Systems	1353.7	1164.3	189.4	16.3%	1,353.7	0.0	0.0	1,353.7	1,164.3	189.4	16.3%
EDO	49.2	0.0	49.2	NA	49.2	(49.2)	0.0	0.0	0.0	0.0	0.0%
Fluid Technology	3,509.1	3,070.1	439.0	14.3%	3,509.1	(26.8)	(138.4)	3,343.9	3,070.1	273.8	8.9%
Industrial Process	703.9	595.6	108.3	18.2%	703.9	0.0	(5.2)	698.7	595.6	103.1	17.3%
Residential and Commercial Water Group	1,183.3	1,086.6	96.7	8.9%	1,183.3	(1.4)	(33.7)	1,148.2	1,086.6	61.6	5.7%
Water & WasteWater	1,663.3	1,419.2	244.1	17.2%	1,663.3	(25.4)	(101.5)	1,536.4	1,419.2	117.2	8.3%
Motion & Flow Control	1,332.5	1,092.9	239.6	21.9%	1,332.5	(69.2)	(58.7)	1,204.6	1,092.9	111.7	10.2%
Aerospace Controls	101.3	82.7	18.6	22.5%	101.3	(3.0)	0.0	98.3	82.7	15.6	18.9%
Flow Control	251.6	224.4	27.2	12.1%	251.6	(7.9)	(9.1)	234.6	224.4	10.2	4.5%
Friction Technologies	393.4	318.4	75.0	23.6%	393.4	0.0	(31.9)	361.5	318.4	43.1	13.5%
Energy Absorption	144.3	87.2	57.1	65.5%	144.3	(42.3)	(6.7)	95.3	87.2	8.1	9.3%
IMC Controls	16.5	0.0	16.5	0.0%	16.5	(16.5)	0.0	0.0	0.0	0.0	0.0%
Interconnect Solutions	425.6	380.2	45.4	11.9%	425.6	0.0	(11.0)	414.6	380.2	34.4	9.0%
	Orders FY 2007	Orders FY 2006	Change 2007 vs. 2006	% Change 2007 vs. 2006	Orders FY 2007	Acquisition Contribution FY 2007	FX Contribution FY 2007	Adj. Orders FY 2007	Orders FY 2006	Change Adj. 07 vs. 06	% Change Adj. 07 vs. 06
Defense Electronics & Services	4,073.9	4,118.0	(44.1)	-1%	4,073.9	(4.2)	(0.6)	4,069.1	4,118.0	(48.9)	-1.2%
Fluid Technology	3,657.1	3,144.1	513.0	16%	3,657.1	(20.8)	(139.1)	3,497.2	3,144.1	353.1	11.2%
Motion & Flow Control	1,399.3	1,141.4	257.9	23%	1,399.3	(86.0)	(63.1)	1,250.2	1,141.4	108.8	9.5%
Total Segment Orders	9,118.1	8,391.7	726.4	9%	9,118.1	(111.0)	(205.5)	8,801.6	8,391.7	409.9	4.9%

Note: Excludes intercompany eliminations.

ITT Corporation Non-GAAP Reconciliation
Segment Operating Income & OI Margin Adjusted for Restructuring
Fourth Quarter of 2007 & 2006

(\$ Millions)

	Q4 2007	Q4 2006	%	Q4 2007	Adjust for 2007	Q4 2007	Q4 2006	Adjust for 2006	Q4 2006	%
	<u>As Reported</u>	<u>As Reported</u>	<u>Change 07 vs. 06</u>	<u>As Reported</u>	<u>Restructuring</u>	<u>As Adjusted</u>	<u>As Reported</u>	<u>Restructuring</u>	<u>As Adjusted</u>	<u>Change Adj. 07 vs. 06</u>
Sales and Revenues:										
Defense Electronics & Services	1,177.9	952.3		1,177.9		1,177.9	952.3		952.3	
Fluid Technology	985.2	838.8		985.2		985.2	838.8		838.8	
Motion & Flow Control	370.2	263.1		370.2		370.2	263.1		263.1	
Intersegment eliminations	(4.6)	(2.9)		(4.6)		(4.6)	(2.9)		(2.9)	
Total Sales and Revenues	<u>2,528.7</u>	<u>2,051.3</u>		<u>2,528.7</u>		<u>2,528.7</u>	<u>2,051.3</u>		<u>2,051.3</u>	
Operating Margin:										
Defense Electronics & Services	10.6%	10.0%		10.6%		10.9%	10.0%		10.3%	60 BP
Fluid Technology	12.7%	12.9%		12.7%		14.7%	12.9%		14.7%	- BP
Motion & Flow Control	10.3%	13.6%		10.3%		13.6%	13.6%		13.9%	(30) BP
Total Ongoing Segments	11.4%	11.7%		11.4%		12.8%	11.7%		12.6%	20 BP
Income:										
Defense Electronics & Services	125.4	95.3	31.6%	125.4	3.4	128.8	95.3	2.5	97.8	31.7%
Fluid Technology	125.4	108.2	15.9%	125.4	19.6	145.0	108.2	15.2	123.4	17.5%
Motion & Flow Control	38.0	35.9	5.8%	38.0	12.2	50.2	35.9	0.7	36.6	37.2%
Total Segment Operating Income	<u>288.8</u>	<u>239.4</u>	<u>20.6%</u>	<u>288.8</u>	<u>35.2</u>	<u>324.0</u>	<u>239.4</u>	<u>18.4</u>	<u>257.8</u>	<u>25.7%</u>

ITT Corporation Non-GAAP Reconciliation
Segment Operating Income & OI Margin Adjusted for Restructuring
Full Year 2007 & 2006

(\$ Millions)

	FY 2007	FY 2006	%	FY 2007	Adjust for 2007	FY 2007	FY 2006	Adjust for 2006	FY 2006	%
	<u>As Reported</u>	<u>As Reported</u>	<u>Change 07 vs. 06</u>	<u>As Reported</u>	<u>Restructuring</u>	<u>As Adjusted</u>	<u>As Reported</u>	<u>Restructuring</u>	<u>As Adjusted</u>	<u>Change Adj. 07 vs. 06</u>
Sales and Revenues:										
Defense Electronics & Services	4,176.2	3,659.3		4,176.2		4,176.2	3,659.3		3,659.3	
Fluid Technology	3,509.1	3,070.1		3,509.1		3,509.1	3,070.1		3,070.1	
Motion & Flow Control	1,332.5	1,092.9		1,332.5		1,332.5	1,092.9		1,092.9	
Intersegment eliminations	(14.5)	(14.4)		(14.5)		(14.5)	(14.4)		(14.4)	
Total Sales and Revenues	<u>9,003.3</u>	<u>7,807.9</u>		<u>9,003.3</u>		<u>9,003.3</u>	<u>7,807.9</u>		<u>7,807.9</u>	
Operating Margin:										
Defense Electronics & Services	12.0%	11.0%		12.0%		12.3%	11.0%		11.2%	110 BP
Fluid Technology	12.3%	12.1%		12.3%		13.5%	12.1%		12.9%	60 BP
Motion & Flow Control	14.1%	13.7%		14.1%		15.2%	13.7%		15.2%	- BP
Total Ongoing Segments	12.5%	11.8%		12.5%		13.2%	11.8%		12.5%	70 BP
Income:										
Defense Electronics & Services	502.7	404.3	24.3%	502.7	9.7	512.4	404.3	6.3	410.6	24.8%
Fluid Technology	432.7	370.6	16.8%	432.7	39.9	472.6	370.6	26.7	397.3	19.0%
Motion & Flow Control	187.4	149.7	25.2%	187.4	14.9	202.3	149.7	16.5	166.2	21.7%
Total Segment Operating Income	<u>1,122.8</u>	<u>924.6</u>	<u>21.4%</u>	<u>1,122.8</u>	<u>64.5</u>	<u>1,187.3</u>	<u>924.6</u>	<u>49.5</u>	<u>974.1</u>	<u>21.9%</u>

**ITT Corporation Non-GAAP Reconciliation
Reported vs. Adjusted Net Income & EPS
Fourth Quarter of 2007 & 2006**

(\$ Millions, except EPS and shares)

	Q4 2007 As Reported	Q4 2007 Adjustments	Q4 2007 As Adjusted	Q4 2006 As Reported	Q4 2006 Adjustments	Q4 2006 As Adjusted	Change 2007 vs. 2006 As Adjusted	Percent Change 2007 vs. 2006 As Adjusted
Segment Operating Income	<u>288.8</u>	<u>35.2</u> #A	<u>324.0</u>	<u>239.4</u>	<u>18.4</u> #D	<u>257.8</u>		
Interest Income (Expense)	(27.6)	-	(27.6)	(14.8)	-	(14.8)		
Other Income (Expense)	(2.8)	-	(2.8)	0.7	-	0.7		
Corporate (Expense)	<u>(39.8)</u>	<u>(0.2)</u> #A	<u>(40.0)</u>	<u>(39.7)</u>	<u>1.3</u> #D	<u>(38.4)</u>		
Income from Continuing Operations before Tax	<u>218.6</u>	<u>35.0</u>	<u>253.6</u>	<u>185.6</u>	<u>19.7</u>	<u>205.3</u>		
Income Tax Items	(20.0)	20.0 #B	-	(2.4)	2.2 #E	(0.2)		
Income Tax Expense	(70.2)	(11.2) #C	(81.4)	(61.3)	(6.4) #F	(67.7)		
Total Tax Expense	<u>(90.2)</u>	<u>8.8</u>	<u>(81.4)</u>	<u>(63.7)</u>	<u>(4.2)</u>	<u>(67.9)</u>		
Income from Continuing Operations	<u>128.4</u>	<u>43.8</u>	<u>172.2</u>	<u>121.9</u>	<u>15.5</u>	<u>137.4</u>		
Diluted EPS from Continuing Operations	<u>0.70</u>	<u>0.24</u>	<u>0.94</u>	<u>0.65</u>	<u>0.08</u>	<u>0.73</u>	<u>\$0.21</u>	<u>28.8%</u>

#A - Remove Restructuring Expense of \$35.2M and (\$0.2M).

#B - Remove Tax Charge of \$20.0M and apply structural tax rate impact in Q4.

#C - Remove Tax Benefit on restructuring of (\$11.2M).

#D - Remove Restructuring Expense of \$18.4M and \$1.3M.

#E - Remove Tax Charge of \$2.4M and apply structural tax rate impact in Q4.

#F - Remove Tax Benefit on restructuring of (\$6.4M).

**ITT Corporation Non-GAAP Reconciliation
Reported vs. Adjusted Net Income & EPS
Full Year 2007 & 2006**

(\$ Millions, except EPS and shares)

	FY 2007 As Reported	FY 2007 Adjustments	FY 2007 As Adjusted	FY 2006 As Reported	FY 2006 Adjustments	FY 2006 As Adjusted	Change 2007 vs. 2006 As Adjusted	Percent Change 2007 vs. 2006 As Adjusted
Segment Operating Income	1,122.8	64.5 #A	1,187.3	924.6	49.5 #E	974.1		
Interest Income (Expense)	(65.3)	(7.0) #B	(72.3)	(60.8)		(60.8)		
Other Income (Expense)	(13.4)	-	(13.4)	(12.9)	-	(12.9)		
Corporate (Expense)	(145.6)	1.6 #A	(144.0)	(123.6)	2.2 #E	(121.4)		
Income from Continuing Operations before Tax	898.5	59.1	957.6	727.3	51.7	779.0		
Income Tax Items	20.6	(20.6) #C	-	0.2	(0.5) #F	(0.3)		
Income Tax Expense	(286.1)	(21.2) #D	(307.3)	(227.8)	(16.2) #G	(244.0)		
Total Tax Expense	(265.5)	(41.8)	(307.3)	(227.6)	(16.7)	(244.3)		
Income from Continuing Operations	633.0	17.3	650.3	499.7	35.0	534.7		
Diluted EPS from Continuing Operations	3.44	0.09	3.53	2.67	0.18	2.85	\$0.68	23.9%

#A - Remove Restructuring Expense of \$64.5M and \$1.6M.

#B - Remove Interest Adjustment on Tax Audit Settlement of (\$7.0M).

#C - Remove Tax Benefit of (\$20.6M).

#D - Remove Tax Benefit on restructuring of (\$21.2M).

#E - Remove Restructuring Expense of \$49.5M and \$2.2M.

#F - Remove Tax Benefit of (\$0.2M) and apply structural tax rate impact in Q4.

#G - Remove Tax Benefit on restructuring of (\$16.2M).

**ITT Corporation Non-GAAP Reconciliation
Cash From Operating Activities vs. Free Cash Flow
2007 & 2006**

(\$ Millions)

	<u>2007</u>	<u>2006</u>
Net Cash - Operating Activities	798.1	780.7
Capital Expenditures	(239.3)	(177.1)
Cash Payment re sale/leaseback	44.8	-
Pension Pre-funding, net of tax	<u>50.0</u>	<u>82.0</u>
Free Cash Flow	<u><u>653.6</u></u>	<u><u>685.6</u></u>