

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

	<b>Three Months Ended</b>	
	<b>March 31,</b>	
	<b>2008</b>	<b>2007</b>
Sales and revenues.....	\$2,806.4	\$2,070.3
Costs of sales and revenues .....	2,045.5	1,486.1
Selling, general and administrative expenses .....	420.6	320.0
Research and development expenses .....	52.6	40.3
Restructuring and asset impairment charges, net .....	3.6	6.4
Total costs and expenses.....	<u>2,522.3</u>	<u>1,852.8</u>
Operating income .....	284.1	217.5
Interest expense.....	40.6	23.8
Interest income.....	8.4	8.2
Miscellaneous expense, net .....	<u>3.0</u>	<u>3.9</u>
Income from continuing operations before income tax expense .....	248.9	198.0
Income tax expense .....	<u>78.0</u>	<u>61.2</u>
Income from continuing operations .....	170.9	136.8
Discontinued operations, net of tax .....	<u>1.0</u>	<u>3.2</u>
Net income .....	<u>\$ 171.9</u>	<u>\$ 140.0</u>
<b>Earnings Per Share:</b>		
Income from continuing operations:		
Basic .....	\$ 0.94	\$ 0.75
Diluted .....	\$ 0.93	\$ 0.74
Discontinued operations:		
Basic .....	\$ 0.01	\$ 0.02
Diluted .....	\$ 0.01	\$ 0.02
Net income:		
Basic .....	\$ 0.95	\$ 0.77
Diluted .....	\$ 0.94	\$ 0.76
Average Common Shares — Basic.....	180.7	181.2
Average Common Shares — Diluted .....	183.4	184.3

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

	<b>March 31, 2008</b>	<b>December 31, 2007</b>
<b>Assets</b>		
Current Assets:		
Cash and cash equivalents .....	\$ 899.6	\$ 1,840.0
Receivables, net .....	1,984.3	1,935.0
Inventories, net .....	960.3	887.6
Deferred income taxes .....	105.9	105.9
Other current assets .....	<u>193.2</u>	<u>161.3</u>
Total current assets .....	4,143.3	4,929.8
Plant, property and equipment, net .....	985.3	980.3
Deferred income taxes .....	36.2	29.7
Goodwill, net .....	3,891.4	3,829.7
Other intangible assets, net .....	684.7	733.0
Other assets .....	<u>1,054.4</u>	<u>1,050.2</u>
Total assets .....	<u>\$ 10,795.3</u>	<u>\$ 11,552.7</u>
<b>Liabilities and Shareholders' Equity</b>		
Current Liabilities:		
Accounts payable .....	\$ 1,341.0	\$ 1,296.8
Accrued expenses .....	921.1	958.9
Accrued taxes .....	101.4	40.9
Notes payable and current maturities of long-term debt .....	1,990.3	3,083.0
Pension and postretirement benefits .....	68.5	68.5
Deferred income taxes .....	<u>7.5</u>	<u>8.2</u>
Total current liabilities .....	4,429.8	5,456.3
Pension and postretirement benefits .....	775.4	764.6
Long-term debt .....	482.5	483.0
Other liabilities .....	<u>906.7</u>	<u>904.0</u>
Total liabilities .....	6,594.4	7,607.9
Shareholders' equity .....	<u>4,200.9</u>	<u>3,944.8</u>
Total liabilities and shareholders' equity .....	<u>\$ 10,795.3</u>	<u>\$ 11,552.7</u>

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

	Three Months Ended March 31,	
	2008	2007
<b>Operating Activities</b>		
Net income.....	\$ 171.9	\$ 140.0
Less: Income from discontinued operations.....	(1.0)	(3.2)
Income from continuing operations .....	170.9	136.8
Adjustments to income from continuing operations:		
Depreciation and amortization .....	71.2	44.2
Stock-based compensation.....	8.1	7.5
Restructuring and asset impairment charges, net.....	3.6	6.4
Payments for restructuring.....	(14.6)	(11.2)
Change in receivables .....	(2.7)	(54.7)
Change in inventories .....	(49.7)	(34.4)
Change in accounts payable and accrued expenses.....	0.9	0.1
Change in accrued and deferred taxes .....	63.9	1.6
Change in other current and non-current assets.....	(27.4)	(89.1)
Change in other current and non-current liabilities.....	(3.8)	(13.7)
Other, net.....	(1.1)	5.8
Net cash — operating activities.....	219.3	(0.7)
<b>Investing Activities</b>		
Additions to plant, property and equipment.....	(33.9)	(28.1)
Acquisitions, net of cash acquired.....	(195.9)	(4.4)
Proceeds from sale of assets and businesses .....	3.2	1.0
Other, net.....	0.8	(0.4)
Net cash — investing activities .....	(225.8)	(31.9)
<b>Financing Activities</b>		
Short-term debt, net .....	(972.5)	305.6
Long-term debt repaid.....	(14.1)	(1.7)
Long-term debt issued .....	0.5	0.3
Repurchase of common stock.....	—	(186.5)
Proceeds from issuance of common stock.....	4.3	31.3
Dividends paid .....	(25.4)	(20.3)
Tax benefit from stock option exercises.....	0.6	7.3
Other, net.....	(1.8)	(0.3)
Net cash — financing activities .....	(1,008.4)	135.7
<b>Exchange Rate Effects on Cash and Cash Equivalents</b>	74.0	7.3
<b>Net Cash — Discontinued Operations:</b>		
<b>Operating Activities</b>	0.5	5.0
<b>Investing Activities</b>	—	(2.3)
<b>Financing Activities</b>	—	—
Net change in cash and cash equivalents.....	(940.4)	113.1
Cash and cash equivalents — beginning of year .....	1,840.0	937.1
<b>Cash and Cash Equivalents — end of period.....</b>	<b>\$ 899.6</b>	<b>\$ 1,050.2</b>

**ITT Corporation Non-GAAP Reconciliation  
Reported vs. Organic Revenue / Orders Growth  
First Quarter 2008 & 2007**

(\$ Millions)

	(As Reported - GAAP)				(As Adjusted - Organic)						
	Sales & Revenues 3M 2008	Sales & Revenues 3M 2007	Change 2008 vs. 2007	% Change 2008 vs. 2007	Sales & Revenues 3M 2008	Acquisition / Other Contribution 3M 2008	FX Contribution 3M 2008	Adj. Sales & Revenues 3M 2008	Sales & Revenues 3M 2007	Change Adj. 08 vs. 07	% Change Adj. 08 vs. 07
ITT Corporation - Consolidated	2,806.4	2,070.3	736.1	35.6%	2,806.4	(474.2)	(70.2)	2,262.0	2,070.3	191.7	9.3%
Defense Electronics & Services	1,507.6	969.4	538.2	55.5%	1,507.6	(417.5)	0.1	1,090.2	969.4	120.8	12.5%
Communications Systems	316.5	187.2	129.3	69.1%	316.5	(59.0)	0.0	257.5	187.2	70.3	37.6%
Space Systems	133.0	141.6	(8.6)	-6.1%	133.0	0.0	(0.2)	132.8	141.6	(8.8)	-6.2%
Advanced Engineering & Sciences	220.0	105.0	115.0	109.5%	220.0	(68.6)	0.0	151.4	105.0	46.4	44.2%
Electronic Systems	318.7	106	212.7	200.7%	318.7	(206.0)	0.0	112.7	106.0	6.7	6.3%
Night Vision	113.9	121.1	(7.2)	-5.9%	113.9	0.0	0.0	113.9	121.1	(7.2)	-5.9%
Systems	326.8	311.3	15.5	5.0%	326.8	0.0	0.0	326.8	311.3	15.5	5.0%
Integrated Structures	39.3	0.0	39.3	NA	39.3	(39.3)	0.3	0.3	0.0	0.3	NA
Intell & Info	47.2	0.0	47.2	NA	47.2	(47.2)	0.0	0.0	0.0	0.0	NA
Fluid Technology	881.4	786.0	95.4	12.1%	881.4	(0.7)	(45.4)	835.3	786.0	49.3	6.3%
Industrial Process	189.3	163.7	25.6	15.6%	189.3	0.0	(0.3)	189.0	163.7	25.3	15.5%
Residential and Commercial Water Group	293.1	267.9	25.2	9.4%	293.1	0.0	(12.8)	280.3	267.9	12.4	4.6%
Water & WasteWater	410.9	362.6	48.3	13.3%	410.9	(0.7)	(33.1)	377.1	362.6	14.5	4.0%
Motion & Flow Control	420.5	318.2	102.3	32.1%	420.5	(56.0)	(25.0)	339.5	318.2	21.3	6.7%
Aerospace Controls	26.9	23.5	3.4	14.5%	26.9	0.0	0.0	26.9	23.5	3.4	14.5%
Flow Control	68.3	62.6	5.7	9.1%	68.3	(7.3)	(1.5)	59.5	62.6	(3.1)	-5.0%
Friction Technologies	130.7	103.2	27.5	26.6%	130.7	0.0	(14.8)	115.9	103.2	12.7	12.3%
Energy Absorption	64.9	25.0	39.9	159.6%	64.9	(36.5)	(3.5)	24.9	25.0	(0.1)	-0.4%
IMC Controls	14.0	0.0	14.0	NA	14.0	(13.9)	(0.1)	0.0	0.0	0.0	NA
Interconnect Solutions	115.9	104.0	11.9	11.4%	115.9	0.0	(5.1)	110.8	104.0	6.8	6.5%
	Orders	Orders	Change	% Change	Orders	Acquisition	FX	Adj. Orders	Orders	Change	% Change
	3M 2008	3M 2007	2008 vs. 2007	2008 vs. 2007	3M 2008	Contribution	Contribution	3M 2008	3M 2007	Adj. 08 vs. 07	Adj. 08 vs. 07
Defense Electronics & Services	1,297.3	803.3	494.0	61%	1,297.3	(298.6)	-	998.7	803.3	195.4	24.3%
Fluid Technology	956.7	881.8	74.9	8%	956.7	(1.2)	(50.6)	904.9	881.8	23.1	2.6%
Motion & Flow Control	428.6	328.1	100.5	31%	428.6	(57.9)	(25.2)	345.5	328.1	17.4	5.3%
Total Segment Orders	2,679.3	2,011.5	667.8	33%	2,679.3	(357.7)	(75.7)	2,245.9	2,011.5	234.4	11.7%

Note: Excludes intercompany eliminations.

**ITT Corporation Non-GAAP Reconciliation  
Segment Operating Income & OI Margin  
First Quarter of 2008 & 2007**

(\$ Millions)

	Q1 2008	Q1 2007	%
	<u>As Reported</u>	<u>As Reported</u>	<u>Change 08 vs. 07</u>
<b>Sales and Revenues:</b>			
Defense Electronics & Services	1,507.6	969.4	
Fluid Technology	881.4	786.0	
Motion & Flow Control	420.5	318.2	
Intersegment eliminations	(3.1)	(3.3)	
Total Sales and Revenues	<u>2,806.4</u>	<u>2,070.3</u>	
<b>Operating Margin:</b>			
Defense Electronics & Services	10.1%	11.4%	(130) BP
Fluid Technology	11.6%	11.1%	50 BP
Motion & Flow Control	16.2%	16.0%	20 BP
Total Ongoing Segments	11.5%	12.0%	(50) BP
<b>Income:</b>			
Defense Electronics & Services	152.8	110.4	38.4%
Fluid Technology	102.0	87.1	17.1%
Motion & Flow Control	68.0	51.0	33.3%
Total Segment Operating Income	<u>322.8</u>	<u>248.5</u>	<u>29.9%</u>

**ITT Corporation Non-GAAP Reconciliation  
Reported vs. Adjusted Net Income & EPS  
First Quarter of 2008 & 2007**

(\$ Millions, except EPS and shares)

	Q1 2008 As Reported	Q1 2008 Adjustments	Q1 2008 As Adjusted	Q1 2007 As Reported	Q1 2007 Adjustments	Q1 2007 As Adjusted	Change 2008 vs. 2007 As Adjusted	Percent Change 2008 vs. 2007 As Adjusted
Segment Operating Income	322.8		322.8	248.5		248.5		
Interest Income (Expense)	(32.2)		(32.2)	(15.6)		(15.6)		
Other Income (Expense)	(3.0)		(3.0)	(3.9)		(3.9)		
Corporate (Expense)	(38.7)		(38.7)	(31.0)		(31.0)		
Income from Continuing Operations before Tax	248.9		248.9	198.0		198.0		
Income Tax Expense	(78.0)	(3.1) #A	(81.1)	(61.2)	(1.4) #B	(62.6)		
Total Tax Expense	(78.0)	(3.1)	(81.1)	(61.2)	(1.4)	(62.6)		
Income from Continuing Operations	170.9	(3.1)	167.8	136.8	(1.4)	135.4		
Diluted EPS from Continuing Operations	0.93	(0.02)	0.91	0.74	(0.01)	0.73	\$0.18	24.7%

#A - Remove Tax Benefit of (\$3.1M).

#B - Remove Tax Benefit of (\$1.4M).

**ITT Corporation Non-GAAP Reconciliation  
Cash From Operating Activities vs. Free Cash Flow  
First Quarter of 2008 & 2007**

**(\$ Millions)**

	<u>Q1 2008</u>	<u>Q1 2007</u>
<b>Net Cash - Operating Activities</b>	<b>219.3</b>	<b>(0.7)</b>
Capital Expenditures	(33.9)	(28.1)
Pension Pre-funding, net of tax	-	50.0
<b>Free Cash Flow</b>	<b><u>185.4</u></b>	<b><u>21.2</u></b>