



Third Quarter 2008 Investor Review

October 24, 2008

Engineered for life

Q3 Highlights



+8% Organic Revenue Growth

- All Segments Contribute – Led by Defense and Fluid
- Double-digit Organic Order Growth



+26% EPS Growth

- Acquisitions Contributing



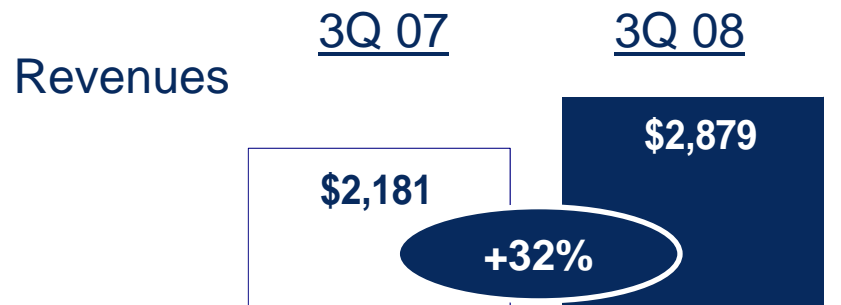
127% Free Cash Flow Conversion

- \$759 Million Year-to-Date



Proactively Addressing Market Conditions

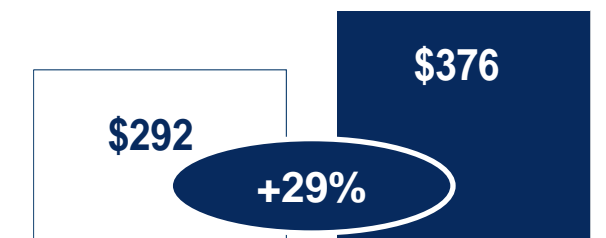
ITT Q3 Results



+8% Organic Growth

- Defense +9%; Fluid +8%; Motion +6%
- ITT Organic Orders +13%

Segment Operating Income



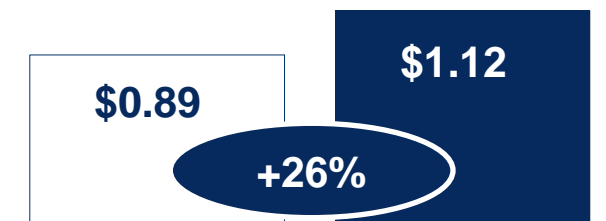
Strong Acquisition Performance

- EDO and IMC Continue to Deliver

Segment Operating Margin -30 bps

- Productivity, price, FX and pension offset by material costs and acquisition

EPS *



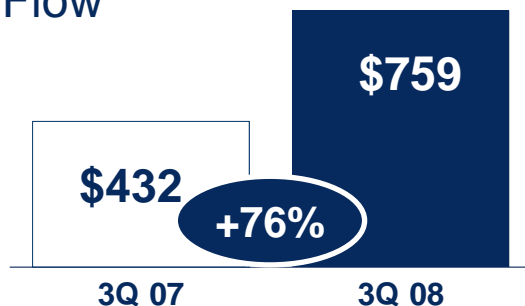
\$0.07 Improvement vs Mid-Point of Prior Guidance

- Improved operating performance
- Lower taxes and interest

* EPS from Continuing Operations, excluding net benefit of tax settlement/other.
For non-GAAP reconciliations, refer to slide 12 and www.itt.com/ir

ITT Q3 Financial Position

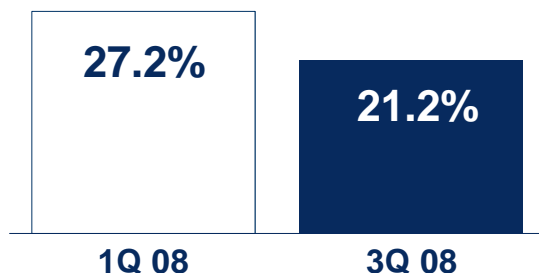
Free Cash Flow *



+127% Free Cash Flow Conversion

- Improved Working Capital
- Strong Acquisition Performance
- ~50% of Revenue with U.S. Federal Agencies

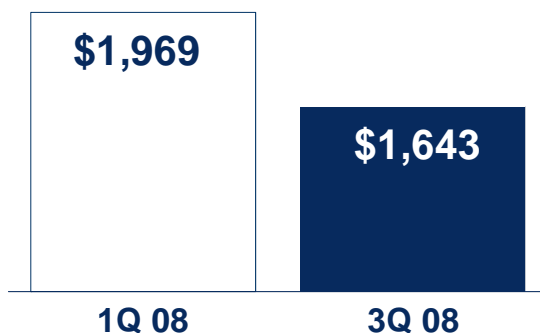
Net Debt to Net Capital



+600 bps Reduction in Net Debt to Net Capital Ratio

- \$957 Million in Cash & Cash Equivalents
 - \$197 Million in U.S.
- Disciplined Capital Deployment

Commercial Paper

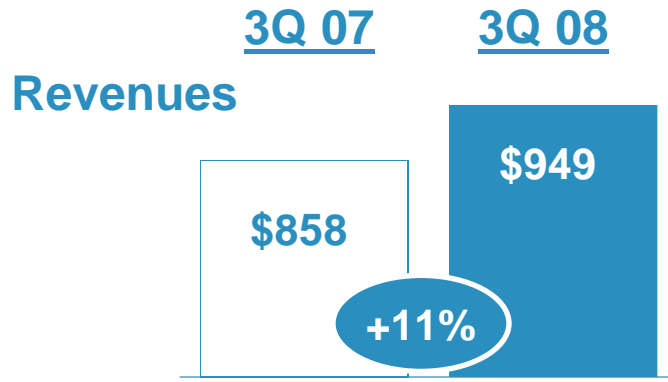


+\$326 Million Commercial Paper Reduction

- \$2.75 Billion in Untapped Revolving Credit Agreements

* Free Cash Flow = Cash from operations (before discretionary pension contributions in '07 net of tax) less capital expenditures.
For non-GAAP reconciliations, refer to www.itt.com/ir.

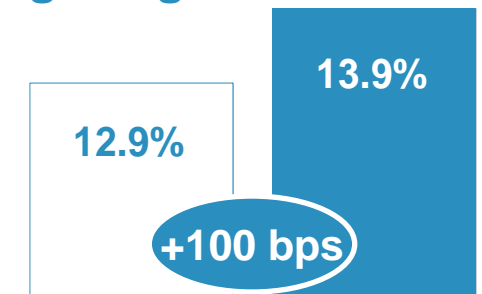
Fluid Technology



Operating Income



Operating Margin



Operating Performance

- + 8% Organic Revenue
 - +7% North America; +8% International
- + 6% Organic Orders
- +100 bps Operating Margin
 - Price, FX, pension & lower restructuring more than offset higher material costs and investments

Organic Revenue

- +14% Industrial Process
 - Chemical, oil & gas, and power markets
- + 8% Water & Wastewater
 - Global municipal & dewatering markets
 - Emerging markets +18%
- + 4% Residential & Commercial Water
 - Global commercial, agriculture/irrigation up nicely
 - North America residential weak

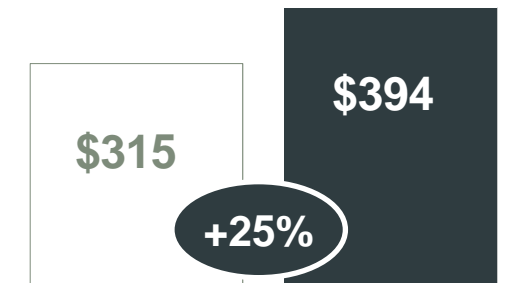
* YOY growth rates may not calculate due to rounding

Motion & Flow Control

3Q 07

3Q 08

Revenues



Operating Performance

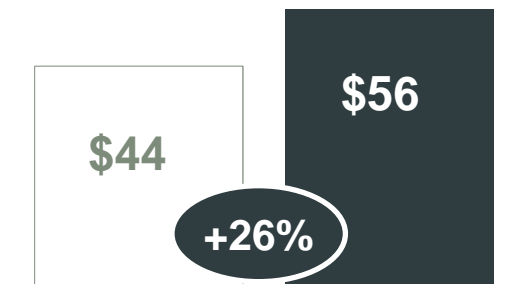
+6% Organic Revenue

+4% Organic Orders

+10 bps Operating Margin

- Productivity, FX & pension, partially offset by acquisitions, investments and footprint actions

Operating Income



Organic Revenue

+11% Aerospace Controls

- Strong aftermarket

+9% Friction Technologies

- Balanced OEM and aftermarket
- Five new platform wins

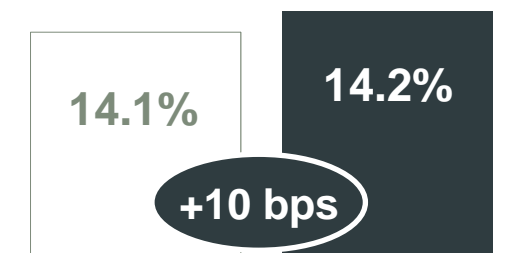
+8% Interconnect Solutions

- North American military, aerospace and oil exploration

-9% Flow Control

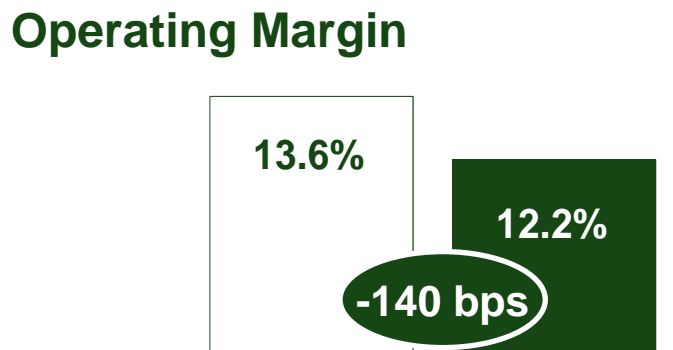
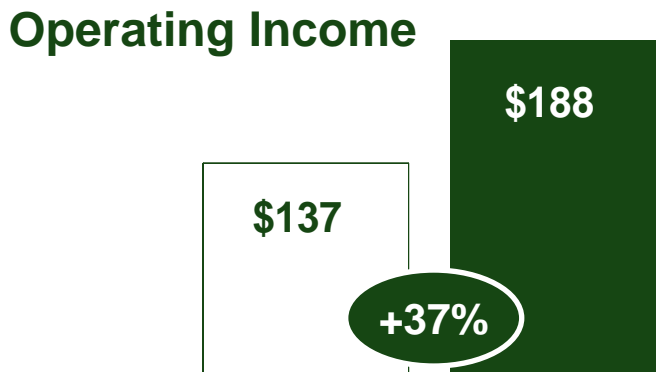
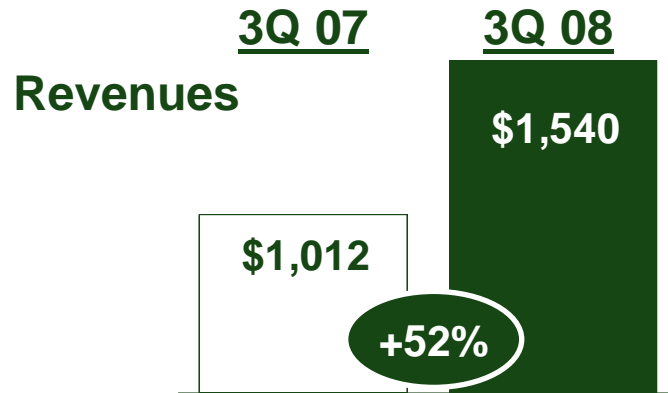
- Marine and Spa & Whirlpool declines
- Beverage strong

Operating Margin



* YOY growth rates may not calculate due to rounding

Defense Electronics & Services



Operating Performance

+9% Organic Revenue

+21% Organic Orders

- Strong product orders

-140 bps Operating Margin

- Favorable pension and net cost productivity offset by EDO acquisition and mix impact

Organic Revenue

+40% Advanced Engineering and Sciences

- Data analysis contract
- FAA's ADS-B air traffic modernization

+12% Systems

- Sensor program

+6% Communications Systems

- Increased international
- JTRS development

-12% Electronic Systems

- Project timing
- +218% increase in organic orders

* YOY growth rates may not calculate due to rounding

ITT 2008 EPS Guidance Roll-Forward *

	Low	Mid	High
Previous Full Year 2008 Guidance	<u>\$ 4.11</u>	<u>\$ 4.14</u>	<u>\$ 4.17</u>
Q3 Operating Performance	~	\$ 0.03	
Q3 Interest, Taxes	~	\$ 0.04	
Total Change vs Mid-point	~	<u>\$ 0.07</u>	
Revised EPS Before Incremental FX and Restructuring Actions	<u>\$ 4.18</u>	<u>\$ 4.21</u>	<u>\$ 4.24</u>
Q4 Incremental FX	~	\$ (0.04)	
Q4 Incremental Restructuring Actions	~	\$ (0.17)	
Revised 2008 EPS Guidance	<u>\$ 3.97</u>	<u>\$ 4.00</u>	<u>\$ 4.03</u>

* Continuing EPS, excludes net benefit of tax settlement/other.



ITT 2008 Earnings Outlook *(\$ in Millions except EPS)*

Full Year 2008 Guidance		
	2008	yr/yr Growth**
Segment Guidance		
Fluid Technology - Revenues	\$ 3,745 - \$ 3,785	7%
OI Margin	12.5% - 12.7%	30 bps
Defense Electronics - Revenues	\$ 6,130 - \$ 6,170	47%
OI Margin	11.6% - 11.8%	-30 bps
Motion & Flow Control - Revenues	\$ 1,585 - \$ 1,615	20%
OI Margin	13.1% - 13.3%	-90 bps
Consolidated Guidance		
ITT - Revenues	\$ 11,450 - \$ 11,550	28%
ITT Segment OI Margin	12.1% - 12.3%	-30 bps
Earnings Per Share*	\$ 3.97 - \$ 4.03	22%

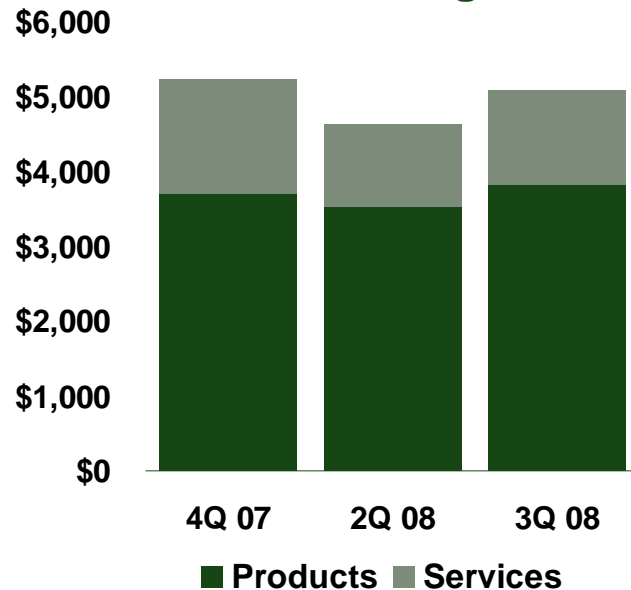
*Continuing EPS, excludes net benefit of tax settlement/other

** Based on guidance midpoints



Defense Electronics & Services

Backlog



Backlog Projected at \$5 Billion at Year-End

Product Backlog

- 100% of Forecasted '08 Revenue

Services Backlog

- 50% of Forecasted '08 Revenue

Wins 7/1/08 to 10/21/08

Night Vision

- \$153M Omni VII Orders
- \$24M Enhanced Night Vision Sole Source (\$560M ID/IQ)

Communication Systems

- JTRS Team w/GD
- \$117M Soldier Radio Waveform development
- \$490M Foreign Military Sales ID/IQ
- Spanish Military Modernization program

Electronic Systems

- \$1.0B CREW 2.1 ID/IQ - 15K units
- \$433M CREW 2.1 Orders - 6.3K units

Services

- US Strategic Command (\$900M ID/IQ 1 of 6 primes)
- \$1.3B NASA Space Communication Network Services
- Milestone Reached on FAA Air Traffic Modernization (\$207M Contract - \$1.9B Program)

Represents Non-DoD and International Activities



ITT Actions & Current Market Conditions

What We've Done:

Resource Optimization

Repositioned Portfolio

- ✓ Reduced consumer exposure
- ✓ Reduced North American auto exposure
- ✓ Increased long-cycle, macro-growth focus

Invested in Diversification

- ✓ Strategic growth investments
- ✓ New markets, geographies & customers
- ✓ Expanded installed base

Disciplined Capital Deployment

- ✓ 21.2% net debt to net capital

Invested in Operational Excellence

- ✓ IMS Implemented
- ✓ Strong leadership team
- ✓ Fully staffed global strategic sourcing



What We're Doing:

Focused on Execution

- ✓ Accelerating restructuring actions
- ✓ Conservative planning
- ✓ Discretionary spending controls
- ✓ Leveraging installed customer base and Fluid distribution network

Disciplined Capital Deployment

- ✓ Focused on liquidity preservation
- ✓ Reprioritizing investment decisions



Appendix



ITT

Engineered for life

ITT Q3 2008 Segment Performance

	Fluid	Motion & Flow	Defense	ITT
Q3 '08 Organic Rev Growth	7.5%	5.5%	8.7%	7.7%
FX	2.8%	4.5%	0.0%	1.8%
Acquisition	0.3%	15.2%	43.5%	22.5%
Q3 '08 Total Rev Growth	10.6%	25.2%	52.2%	32.0%
Q3 '07 Margin	12.9%	14.1%	13.6%	13.4%
Operational, Investments, Other	0.0%	-0.3%	-0.3%	-0.2%
Pension	0.4%	0.3%	0.6%	0.5%
FX	0.6%	0.6%	0.0%	0.3%
Acquisition	0.0%	-0.5%	-1.7%	-0.9%
Q3 '08 Margin	13.9%	14.2%	12.2%	13.1%



ITT Non-GAAP Reconciliation - EPS

	3Q07	3Q08
Reported EPS	\$ 1.25	\$ 1.18
Discontinued Ops.	\$ 0.33	\$ 0.07
Reported EPS from Continuing Ops.	<u>\$ 0.92</u>	<u>\$ 1.11</u>
Tax Settlement/Other	\$ 0.03	\$ (0.01)
Adjusted EPS from Continuing Ops.	<u><u>\$ 0.89</u></u>	<u><u>\$ 1.12</u></u>



Safe Harbor

“Safe Harbor Statement” under the Private Securities Litigation Reform Act of 1995 (“the Act”):

Certain material presented herein includes forward-looking statements intended to qualify for the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995 ("the Act"). These forward-looking statements include statements that describe the Company's business strategy, outlook, objectives, plans, intentions or goals, and any discussion of future operating or financial performance. Whenever used, words such as "anticipate," "estimate," "expect," "project," "intend," "plan," "believe," "target" and other terms of similar meaning are intended to identify such forward-looking statements. Forward-looking statements are uncertain and to some extent unpredictable, and involve known and unknown risks, uncertainties and other important factors that could cause actual results to differ materially from those expressed in, or implied from, such forward-looking statements. Factors that could cause results to differ materially from those anticipated by the Company include general global economic conditions, decline in consumer spending, interest and foreign currency exchange rate fluctuations, availability of commodities, supplies and raw materials, competition, acquisitions or divestitures, changes in government defense budgets, employment and pension matters, contingencies related to actual or alleged environmental contamination, claims and concerns, intellectual property matters, personal injury claims, governmental investigations, tax obligations and income tax accounting, and changes in generally accepted accounting principles. Recent distress in the financial markets has had an adverse impact on the availability of credit and liquidity sources. Continued market deterioration could jeopardize certain counterparties obligations, including those of our insurers and financial institutions. Other factors are more thoroughly set forth in Item 1. Business, Item 1A. Risk Factors, and Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Forward-Looking Statements in the ITT Corporation Annual Report on Form 10-K for the fiscal year ended December 31, 2007, and other of its filings with the Securities and Exchange Commission. The Company undertakes no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise.

