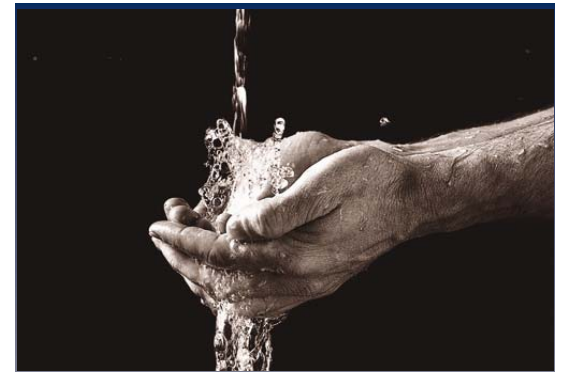




Fourth Quarter 2008 Investor Review

February 4, 2009

Engineered for life



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 2007 Annual Report on Form 10-K 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.



Q4 Highlights

2008 Highlights


 +5% Organic Revenue Growth

- Defense +7%
- Fluid +7%

 +\$0.04 EPS Performance*

 \$94M Restructuring & Realignment Actions

 Defense President & Value Center Realignment Announced

 +7% Organic Revenue Growth


- Defense +8%
- Fluid +8%

 +23% EPS Growth

- Acquisitions successfully integrated

 112% Free Cash Flow Conversion

- \$871 million generated

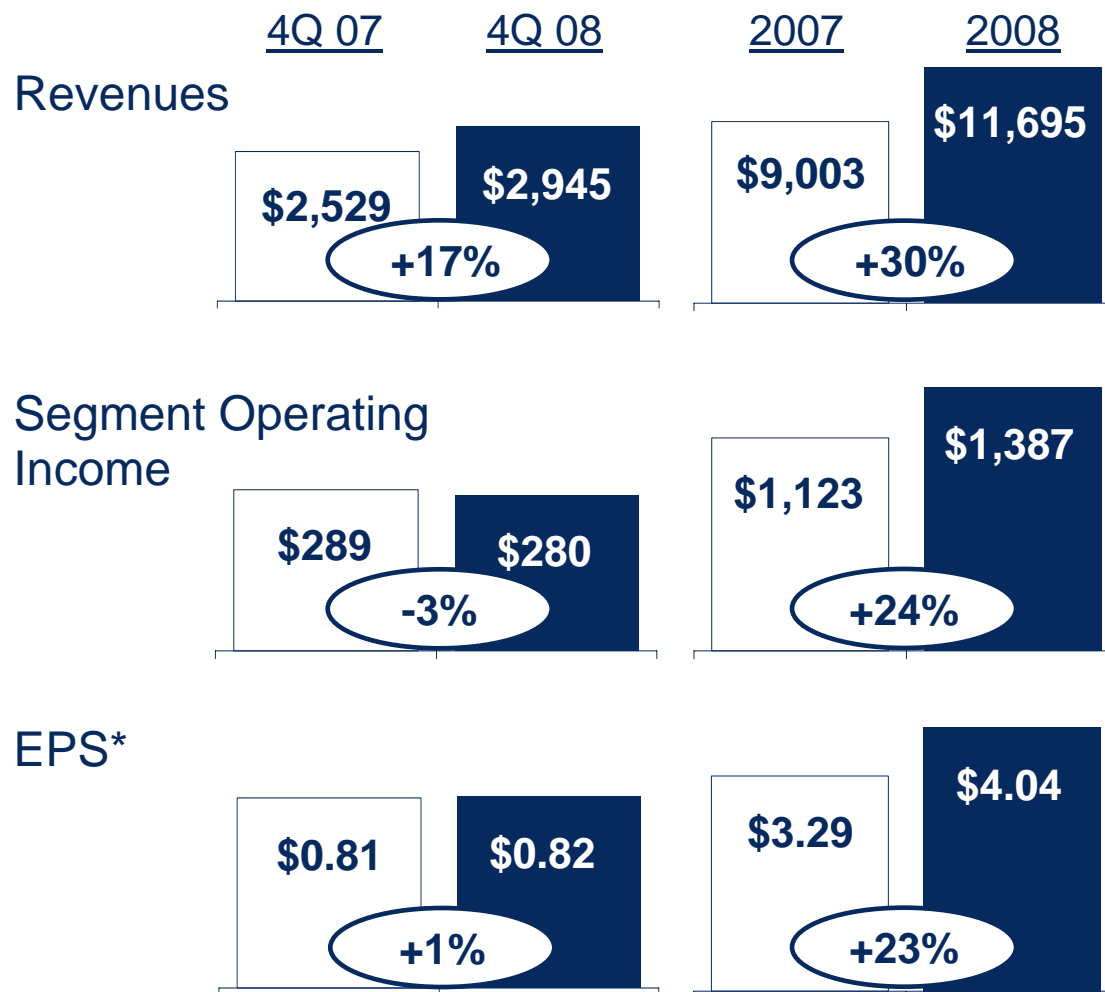
 Strong Defense Performance

- Incremental wins
- Vital CREW units delivered

* Compared to previous 2008 guidance midpoint



2008 ITT Results



- Organic Revenue Growth
 - 4Q +5%; FY +7%
- Organic Order Growth
 - 4Q -8%; FY+9%

- Significant Acquisition Contributions
- Aggressive Restructuring & Realignment

- Exceeded guidance midpoint by \$0.04

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



ITT 2008 EPS* Guidance Roll-Forward

	2008 Guidance Midpoint	
Previous Full Year 2008 Guidance	\$	4.00
Q4 Operating Performance	\$	0.01
Q4 Corporate, Taxes & Other	\$	0.10
Q4 Incremental Restructuring & Realignment	\$	(0.07)
Total Q4 Performance	\$	0.04
2008 EPS*	\$	4.04
2008 EPS* Growth vs 2007		23%

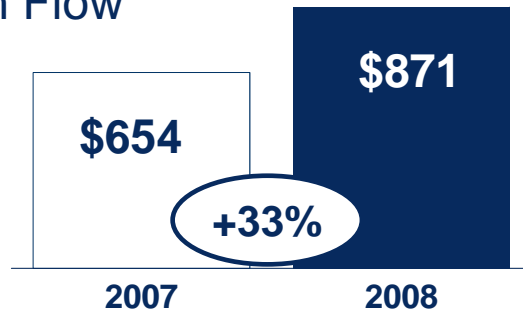
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Favorable Operating Performance and Incremental Restructuring



ITT Financial Position

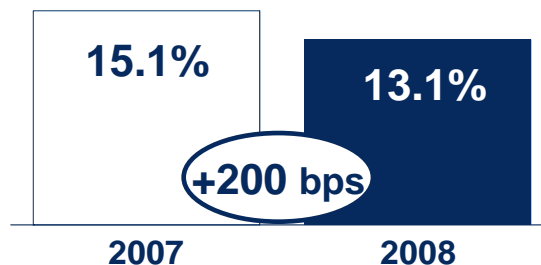
Free Cash Flow *



112% Free Cash Flow Conversion

- Improved working capital
- Strong acquisition performance

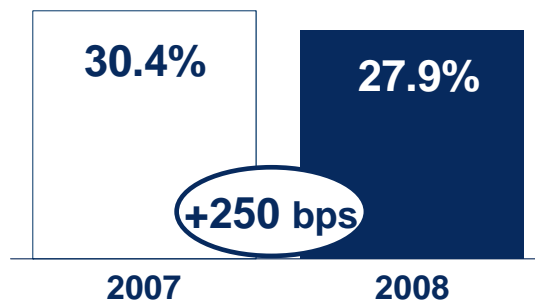
Working Capital % of Sales



+200 bps Improvement in Working Capital % of Sales

- Improved inventory turns
- Improved A/R days

Net Debt to Net Capital



+250 bps Reduction in Net Debt to Net Capital Ratio

- \$965 million in cash
- \$544 million reduction in net debt
- Includes \$1.3 billion equity reduction for pension

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

Fluid Technology

	Q4			Full-Year		
	<u>2007</u>	<u>2008</u>	<u>Change</u>	<u>2007</u>	<u>2008</u>	<u>Change</u>
Revenues	\$985	\$984	0%	\$3,509	\$3,841	9%
Operating Income	\$125	\$96	-24%	\$433	\$469	8%
Operating Margin	12.7%	9.7%	-300 bps	12.3%	12.2%	-10 bps
Restructuring & Realignment*	-\$20	-\$41	-\$22	-\$40	-\$50	-\$10

(*Included in Op Income & Margin)

Q4 Performance

+ 7% Organic Revenue

- +6% North America;
- +8% International; +27% Emerging Markets

+23% Industrial Process

- Oil & gas, mining and power markets

+ 4% Water & Wastewater

- Global municipal & dewatering
- Emerging markets +13%

+ 3% Residential & Commercial Water

- Global commercial, agriculture, irrigation up
- North America residential weak

-5% Organic Orders

- +13% Industrial Process
- -9% WWW; -9% R&CW

-300 bps Operating Margin

- -220 bps incremental restructuring and realignment
- Mix and one-time costs, partially offset by price, favorable FX and pension

Motion & Flow Control

	Q4			Full-Year		
	<u>2007</u>	<u>2008</u>	<u>Change</u>	<u>2007</u>	<u>2008</u>	<u>Change</u>
Revenues	\$370	\$327	-12%	\$1,333	\$1,583	19%
Operating Income	\$38	-\$4	-109%	\$187	\$192	2%
Operating Margin	10.3%	-1.1%	-1,140 bps	14.1%	12.1%	-200 bps
Restructuring & Realignment*	-\$12	-\$42	-\$30	-\$15	-\$47	-\$32

(*Included in Op Income & Margin)

Q4 Performance

-9% Organic Revenue

-22% Flow Control

- Global marine declines
- Divesting Spa product line

-13% Motion Technologies

- Global OEM production contraction
- Awarded new VW contract

Flat - Interconnect Solutions

- North America offset by weak Europe

-22% Organic Orders

- All businesses down except Control Technologies (Aerospace)
- December customer shut-downs

-1,140 bps Operating Margin

- -900 bps incremental restructuring and realignment
- Negative volume and footprint actions, partially offset by FX

Defense Electronics & Services

	Q4			Full-Year		
	<u>2007</u>	<u>2008</u>	<u>Change</u>	<u>2007</u>	<u>2008</u>	<u>Change</u>
Revenues	\$1,178	\$1,636	39%	\$4,176	\$6,282	50%
Backlog	-	-	-	\$5,234	\$5,240	0%
Operating Income	\$125	\$188	50%	\$503	\$727	45%
Operating Margin	10.6%	11.5%	+90 bps	12.0%	11.6%	-40 bps
Restructuring & Realignment*	-\$3	-\$9	-\$6	-\$10	-\$11	-\$1

(*Included in Op Income & Margin)

Q4 Performance

+7% Organic Revenue

+23% Advanced Engineering and Sciences

- Data analysis contract
- FAA's ADS-B air traffic modernization
- +80% Organic orders

+15% Night Vision

- Strong domestic & international

+7% Communications Systems

- Strong international
- JTRS development

+5% Systems

- SENSOR program
- +62% Organic orders

-6% Organic Orders

- Large PY CS order, +37% excluding CS

\$5.2 Billion Backlog Provides Visibility

+90 bps Operating Margin

- Cost productivity & pension, partially offset by EDO acquisition and restructuring cost

ITT 2009 Earnings Outlook *(\$ in Millions except EPS)*

Full Year 2009 Guidance

	2009	Yr/Yr Growth*	Organic Growth
Segment Revenue			
Fluid Technology	\$ 3,290 - \$ 3,370	-13%	-5%
Defense Electronics & Services	\$ 6,540 - \$ 6,590	5%	5%
Motion & Flow Control	\$ 1,150 - \$ 1,225	-25%	-16%
Consolidated Guidance			
ITT - Revenues	\$10,970 - \$11,170	-5%	-2%
Segment Margin	12.0% - 12.5%	40 bps	
Earnings Per Share**	\$ 3.60 - \$ 4.00	-6%	

First Quarter 2009 Consolidated Guidance

	Q109	Yr/Yr Growth*	Organic Growth
ITT - Revenues	\$ 2,475 - \$ 2,545	-11%	-6%
Earnings Per Share**	\$ 0.53 - \$ 0.63	-36%	

*Based on guidance midpoints

**Continuing EPS, excludes net impact of tax and other special items



ITT 2009 Actions

Focused on Customers

- ✓ Align with customer needs
- ✓ Strategic growth initiatives
- ✓ Life cycle cost improvements
- ✓ Strategic consolidation of Value Centers

Cost Management

- ✓ \$94 million of restructuring & realignment actions in Q4 2008
- ✓ \$50 million of new 2009 actions
- ✓ Developed contingency plans
- ✓ Discretionary spending controls
- ✓ Executive merit freeze & incentive adjustments

Disciplined Capital Deployment

- ✓ Focus on cash generation & liquidity preservation
- ✓ Reprioritizing investment decisions
- ✓ Disposing non-strategic Motion businesses:
 - Spa & Whirlpool
 - European Industrial Distribution
- ✓ Prepared Fluid manufacturing facility for sale

Operational Execution

- ✓ Streamlined oversight of Fluid and Motion segments
- ✓ Implemented detailed lean six sigma plans
- ✓ Global strategic sourcing plans
- ✓ Strong leadership team



Appendix



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ITT Q4 2008 Segment Performance

	Fluid	Motion & Flow	Defense	ITT
Q4 '08 Organic Rev Growth	7.2%	-8.8%	7.1%	4.9%
FX	-7.7%	-4.6%	-0.1%	-3.6%
Acquisition	0.4%	1.6%	31.9%	15.2%
Q4 '08 Total Rev Growth	-0.1%	-11.8%	38.9%	16.5%
Q4 '07 Margin	12.7%	10.3%	10.6%	11.4%
Operational, Investments, Other	-1.3%	-4.2%	2.4%	-0.1%
Restructuring & Realignment	-2.2%	-9.0%	-0.4%	-1.9%
Pension	0.3%	0.2%	0.6%	0.4%
FX	0.2%	1.6%	0.0%	0.3%
Acquisition	0.0%	0.0%	-1.7%	-0.6%
Q4 '08 Margin	9.7%	-1.1%	11.5%	9.5%



ITT Non-GAAP Reconciliation - EPS

	4Q07	4Q08	2007	2008
Reported EPS	\$ 0.86	\$ 1.02	\$ 4.03	\$ 4.33
Discontinued Ops.	\$ 0.16	\$ 0.06	\$ 0.59	\$ 0.10
Reported EPS - Continuing Ops.	<u>\$ 0.70</u>	<u>\$ 0.96</u>	<u>\$ 3.44</u>	<u>\$ 4.23</u>
Tax Settlement/Other	\$ (0.11)	\$ 0.14	\$ 0.15	\$ 0.19
Adjusted EPS - Continuing Ops.	<u>\$ 0.81</u>	<u>\$ 0.82</u>	<u>\$ 3.29</u>	<u>\$ 4.04</u>

