



Second Quarter 2009 Investor Review

July 31, 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 include:

- Economic, political and social conditions in the countries in which we conduct our businesses;
- Changes in government defense budgets;
- Decline in consumer spending;
- Sales and revenues mix and pricing levels;
- Availability of adequate labor, commodities, supplies and raw materials;
- Interest and foreign currency exchange rate fluctuations;
- Competition and industry capacity and production rates;
- Ability of third parties, including our commercial partners, counterparties, financial institutions and insurers, to comply with their commitments to us;
- Our ability to borrow or refinance our existing indebtedness and availability of liquidity sufficient to meet our needs;
- Acquisitions or divestitures;
- Personal injury claims;
- Our ability to effect restructuring and cost reduction programs and realize savings from such actions;
- Government regulations and compliance therewith;
- Changes in technology;
- Intellectual property matters;
- Governmental investigations;
- Potential future employee benefit plan contributions and other employment and pension matters;
- Contingencies related to actual or alleged environmental contamination, claims and concerns;
- Changes in generally accepted accounting principles;
- Other factors set forth in our Annual Report on Form 10-K for the fiscal year ended December 31, 2008 and our other 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.



Q2 Highlights

Performing Nicely in Tough Conditions

+\$0.26

Q2 EPS of \$1.06 vs Guidance Mid-Point*

- Strong Segment Operational Performance
- Increasing Full Year Guidance & Tightening Range

139%

YTD Free Cash Flow Conversion*

- \$462M YTD Free Cash Flow
- +12% vs Prior Year

\$1B

Debt Issuance at 5.5% Avg

- Paid Down Commercial Paper

+29%

Defense Organic Orders

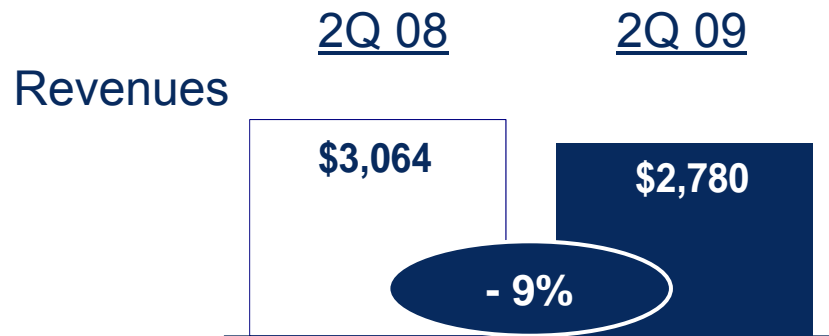
- \$363M US SINGARS Order
- \$138M Intelligence & Information Warfare



* For non-GAAP reconciliations, refer to appendix and www.itt.com/ir.

Q2 ITT Results

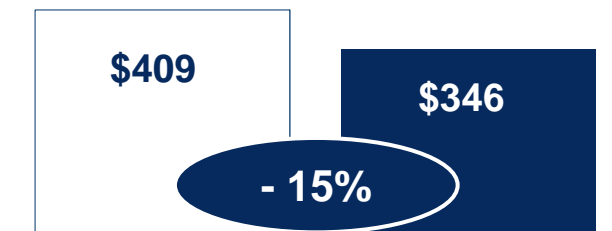
Performance Ahead of Expectations



-5% Organic Revenue

Flat Organic Orders

Segment Operating Income



-100 bps Segment Operating Margin

- Strong Productivity
- Lower Volumes
- Higher Pension & Restructuring Expense

EPS*



Improved Operating Performance vs Expectations

- Raising Full Year Guidance

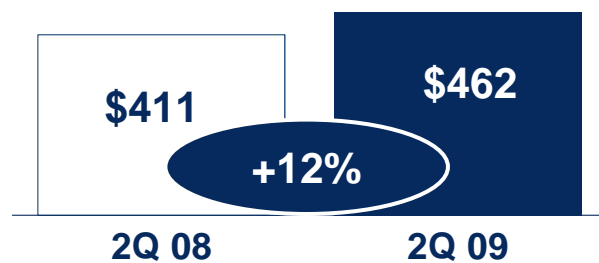
*EPS from Continuing Operations, excluding net benefit related to tax special items.
For non-GAAP reconciliations, refer to appendix and www.itt.com/ir.



Q2 ITT Financial Position

Disciplined Deployment

Free Cash Flow *

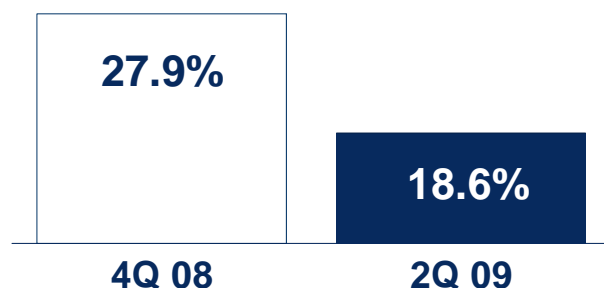


+139% Free Cash Flow Conversion

(ratio excludes Q1 \$58M non-cash special tax item)

- +110 bps Working Capital Improvement
- Improved Receivable Collections

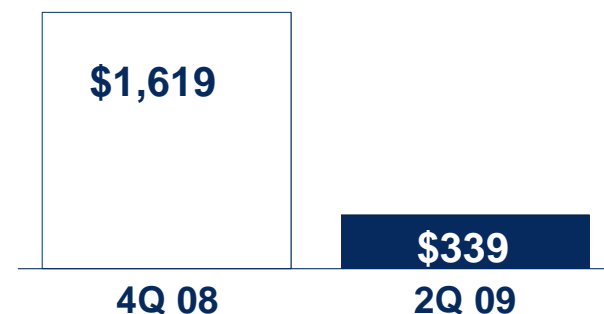
Net Debt to Net Capital



+930 bps Reduction in Net Debt to Net Capital Ratio

- \$1.0 Billion in Cash & Cash Equivalents
- Disciplined Capital Deployment

Commercial Paper



+\$1.3 Billion Commercial Paper Reduction

- Proceeds from \$1.0 Billion Term Debt Used to Pay Down Commercial Paper

* Free Cash Flow = Cash from operations less capital expenditures.
For non-GAAP reconciliations, refer to www.itt.com/ir.



Fluid Technology

Outperformed Expectations

Q2 Results				Q2 Revenue vs Expectations	
	2008	2009	Change		
Revenues	\$1,026	\$869	-15%	Municipal	Above
Operating Income	\$139	\$112	-20%	Industrial	Above
Operating Margin	13.5%	12.8%	-70 bps	Residential	In-line
Restructuring & Realignment*	-\$3	-\$16	-\$13	Commercial	Below
(*Included in Op Income & Margin)					
Q2 Performance					

-7% Organic Revenue:

-2% Industrial Process

- Lower North American general industrial
- Strong mining; oil & gas backlog shipments

-4% Water & Wastewater

- Municipal market down slightly
- Dewatering down

-14% Residential & Commercial Water

- Commercial weak in the Americas
- Rate of Residential decline slowing

-24% Organic Orders:

-13% Water & Wastewater

- Dewatering weak, partially offset by municipal

-18% Residential & Commercial Water

- Weak global Residential & Commercial

-43% Industrial Process

- Project weakness across all markets

-70 bps Operating Margin

- +30 bps operational productivity
- Negative volume/mix, pension & restructuring



Fluid Technology

Market Overview & Revenue Guidance

Some Markets Stabilizing – Mix Changing

Key Fluid Markets		
	Current Full Year Revenue Forecast vs	
	Prior Year	Prior Forecast
Municipal	~ flat	n/c
Industrial	▼ high teens	▼
Commercial	▼ high teens	▼
Residential	▼ low teens	▲
Emerging Mkts	▲ mid-single	n/c

Revenue 2009 Guidance vs 2008		
	Full Year Forecast	
	Current	Prior
2009 Organic	~ (12%)	~ (13%)
2009 Total	~ (15%)	~ (20%)



Motion & Flow Control

Improving Productivity

Q2 Results				Q2 Revenue vs Expectations	
	2008	2009	Change		
Revenues	\$443	\$308	-30%	Aerospace/Defense	Below
Operating Income	\$71	\$33	-53%	Automotive	Above
Operating Margin	16.1%	10.8%	-530 bps	General Industrial	In-Line
Restructuring*	-\$2	-\$6	-\$4		

(*Included in Op Income & Margin)

Q2 Performance

-19% Organic Revenue:

-15% Motion Technologies

- Global Auto OEM production declines
- European & Asian rail strong

-20% Control Technologies

- Global industrial and commercial aerospace OEM declines

-25% Interconnect Solutions

- Global industrial declines

-17% Organic Orders:

+4% Motion Technologies

- European automotive stimulus a positive
- BMW; Ford (US Taurus) and Mercedes wins

-24% Control Technologies

- OEM declines in industrial

-38% Interconnect Solutions

- Global industrial contraction

-530 bps Operating Margin

- Improving productivity vs Q1
- Negative volume, pension, restructuring and FX



Motion & Flow Control

Key Market Overview & Revenue Guidance

Changing Dynamics

Key Motion Markets		
	Current Revenue Forecast vs	
	Prior Year	Prior Forecast
Aerospace/Defense	▼ mid-single	▼
Automotive	▼ high-teens	▲
General Industrial	▼ mid-twenties	n/c

Revenue 2009 Guidance vs 2008		
	Full Year Forecast	
	Current	Prior
2009 Organic	~ (19%)	~ (20%)
2009 Total	~ (25%)	~ (28%)



Defense Electronics & Services

Strong Performance & Strategic Wins

Q2 Results			
	<u>2008</u>	<u>2009</u>	<u>Change</u>
Revenues	\$1,599	\$1,604	-
Operating Income	\$199	\$201	1%
Operating Margin	12.4%	12.5%	10 bps
	<u>Q1 09</u>	<u>Q2 09</u>	<u>Change</u>
Backlog	\$5,221	\$5,203	-

Q2 Performance

Flat Organic Revenue:

+17% Space

- GPS & Classified Programs

+7% Communications Systems

- Strong international SINCGARS
- Partially offset by lower communications and networking system deliveries

-6% Electronic Systems

- Lower CREW shipments vs strong prior year
- Partially offset by airborne electronic warfare

+29% Organic Orders

Significant Q2 2009 Orders:

- \$363M US SINCGARS
- \$138M Intelligence & Info Warfare equipment
- \$44M Maxwell Air Force Base services
- \$36M CREW 2.1

Solid Backlog

+10 bps Operating Margin

- Record operating income
- Strong productivity



2009 EPS* Guidance Roll-Forward

	Low	Mid	High
Previous Full Year 2009 EPS Guidance	\$ 3.20	\$ 3.40	\$ 3.60
Q2 Performance, Net of Timing		\$ 0.15	
Q3 & Q4 Items:			
Favorable FX, Interest & Taxes		\$ 0.12	
Incremental Restructuring & Investments		\$ (0.07)	
Revised Full Year 2009 EPS Guidance	\$ 3.50	\$ 3.60	\$ 3.70

* Continuing EPS, includes restructuring expense, excludes net impact of tax and other special items.
For non-GAAP reconciliations, refer to appendix and www.itt.com/ir.



ITT 2009 Outlook

Third Quarter 2009 Guidance

	Q3 2009	Yr/Yr ~ Growth*	Organic ~ Growth
ITT - Revenues (in billions)	\$ 2.6 - \$ 2.7	-7%	-5%
Earnings Per Share**	\$ 0.80 - \$ 0.90	-23%	

Full Year 2009 Guidance

	2009	Yr/Yr ~ Growth*	Organic ~ Growth
ITT - Revenues (in billions)	\$ 10.8 - \$ 11.0	-6%	-4%
Earnings Per Share**	\$ 3.50 - \$ 3.70	-11%	
Restructuring & Realignment Expense	~\$80 million		

* Based on guidance midpoints.

** Continuing EPS, includes restructuring expense, excludes net impact of tax and other special items.

For all non-GAAP reconciliations refer to www.itt.com/ir.





ITT

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Appendix

Q2 ITT 2009 Segment Performance

	Fluid	Motion & Flow	Defense	ITT
Q2 '09 Total Revenue vs PY	-15.3%	-30.4%	0.3%	-9.3%
FX	-8.5%	-8.3%	-0.1%	-4.1%
Acquisition/Divest	0.2%	-2.8%	0.0%	-0.3%
Q2 '09 Organic Revenue vs PY	-7.0%	-19.3%	0.4%	-4.9%
Q2 '08 Margin	13.5%	16.1%	12.4%	13.4%
Operational, Investments, Other	0.3%	-2.5%	0.7%	0.0%
Restructuring & Realignment	-1.4%	-1.1%	-0.1%	-0.6%
Pension	-0.3%	-0.6%	-0.5%	-0.5%
FX	0.8%	-1.5%	0.0%	0.1%
Acquisition/Disposition	-0.1%	0.4%	0.0%	0.0%
Q2 '09 Margin	12.8%	10.8%	12.5%	12.4%

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Q2 Non-GAAP Reconciliation* – EPS & FCF

EPS - Reconciliation	2Q08	2Q09
Reported EPS	\$ 1.19	\$ 1.10
Discontinued Ops.	\$ 0.02	\$ -
Reported EPS - Continuing Ops.	\$ 1.21	\$ 1.10
Special Items Tax/Other	\$ (0.03)	\$ (0.04)
Adjusted EPS - Continuing Ops.	\$ 1.18	\$ 1.06

FCF - Reconciliation	YTD 2008	YTD 2009
Net Cash - Operating Activities	\$ 490	\$ 549
Capital Expenditures	\$ (79)	\$ (87)
Free Cash Flow	\$ 411	\$ 462
Income from Continuing Operations	\$ 395	\$ 389
Non-Cash Special Tax Item	-	\$ (58)
Income from Continuing Ops Excluding Non-Cash Special Tax Item	\$ 395	\$ 331
Adjusted Free Cash Flow Conversion	104%	139%

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