

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
Sales and revenues	\$2,780.0	\$3,064.1	\$5,337.1	\$5,870.5
Costs of sales and revenues	2,001.2	2,197.0	3,889.2	4,242.5
Selling, general and administrative expenses.....	393.9	445.8	777.9	866.4
Research and development expenses.....	57.3	59.2	110.2	111.8
Restructuring and asset impairment charges, net	20.4	7.3	31.1	10.9
Total costs and expenses	<u>2,472.8</u>	<u>2,709.3</u>	<u>4,808.4</u>	<u>5,231.6</u>
Operating income	307.2	354.8	528.7	638.9
Interest expense	22.9	31.4	49.3	72.0
Interest income	3.8	7.9	8.1	16.3
Miscellaneous expense (income), net.....	<u>2.5</u>	<u>3.7</u>	<u>5.4</u>	<u>6.7</u>
Income from continuing operations before income taxes.....	285.6	327.6	482.1	576.5
Income tax expense.....	<u>83.0</u>	<u>103.3</u>	<u>93.0</u>	<u>181.3</u>
Income from continuing operations.....	202.6	224.3	389.1	395.2
Discontinued operations, net of tax	<u>(1.2)</u>	<u>(3.3)</u>	<u>(3.6)</u>	<u>(2.3)</u>
Net income	<u>\$ 201.4</u>	<u>\$ 221.0</u>	<u>\$ 385.5</u>	<u>\$ 392.9</u>
Earnings Per Share:				
Income from continuing operations:				
Basic.....	\$ 1.11	\$ 1.23	\$ 2.13	\$ 2.17
Diluted	\$ 1.10	\$ 1.21	\$ 2.12	\$ 2.14
Discontinued operations:				
Basic.....	\$ (0.01)	\$ (0.02)	\$ (0.02)	\$ (0.01)
Diluted	\$ -	\$ (0.02)	\$ (0.02)	\$ (0.01)
Net income:				
Basic.....	\$ 1.10	\$ 1.21	\$ 2.11	\$ 2.16
Diluted	\$ 1.10	\$ 1.19	\$ 2.10	\$ 2.13
Average Common Shares — Basic	182.5	182.3	182.3	182.0
Average Common Shares — Diluted.....	183.6	184.9	183.4	184.6

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

	June 30, 2009	December 31, 2008
Assets		
Current Assets:		
Cash and cash equivalents	\$ 1,019.0	\$ 964.9
Receivables, net	1,900.3	1,961.1
Inventories, net	858.0	803.8
Deferred income taxes	204.3	203.4
Other current assets	<u>151.7</u>	<u>131.0</u>
Total current assets	4,133.3	4,064.2
Plant, property and equipment, net	984.5	993.9
Deferred income taxes	590.1	608.5
Goodwill, net	3,847.8	3,831.3
Other intangible assets, net	574.9	616.5
Other assets	<u>421.3</u>	<u>365.8</u>
Total assets	<u>\$ 10,551.9</u>	<u>\$ 10,480.2</u>
Liabilities and Shareholders' Equity		
Current Liabilities:		
Accounts payable	\$ 1,316.4	\$ 1,234.6
Accrued expenses	945.8	991.2
Accrued taxes	67.3	30.2
Notes payable and current maturities of long-term debt	355.3	1,679.0
Pension and postretirement benefits	68.8	68.8
Deferred income taxes	<u>27.2</u>	<u>26.7</u>
Total current liabilities	2,780.8	4,030.5
Pension and postretirement benefits	2,142.1	2,141.6
Long-term debt	1,456.4	467.9
Other liabilities	<u>713.6</u>	<u>780.3</u>
Total liabilities	7,092.9	7,420.3
Shareholders' equity	<u>3,459.0</u>	<u>3,059.9</u>
Total liabilities and shareholders' equity	<u>\$ 10,551.9</u>	<u>\$ 10,480.2</u>

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

	Six Months Ended	
	June 30,	
	2009	2008
Operating Activities		
Net income.....	\$ 385.5	\$ 392.9
Less: Loss from discontinued operations.....	(3.6)	(2.3)
Income from continuing operations.....	389.1	395.2
Adjustments to income from continuing operations:		
Depreciation and amortization.....	142.8	148.6
Stock-based compensation.....	15.8	15.0
Restructuring and asset impairment charges, net.....	31.1	10.9
Payments for restructuring.....	(46.0)	(28.7)
Change in receivables.....	67.3	(68.4)
Change in inventories.....	(49.5)	(15.0)
Change in accounts payable.....	59.9	23.6
Change in accrued expenses.....	(9.3)	11.2
Change in accrued and deferred taxes.....	(11.5)	16.5
Change in other current and non-current assets.....	(48.8)	(29.1)
Change in other current and non-current liabilities.....	(1.0)	5.4
Other, net.....	8.9	5.0
Net cash — operating activities.....	548.8	490.2
Investing Activities		
Capital expenditures.....	(87.2)	(79.4)
Acquisitions, net of cash acquired.....	(34.6)	(229.0)
Proceeds from sale of assets and businesses.....	13.9	2.3
Other, net.....	4.1	(0.9)
Net cash — investing activities.....	(103.8)	(307.0)
Financing Activities		
Short-term debt, net.....	(1,322.6)	(1,143.5)
Long-term debt repaid.....	(3.8)	(14.5)
Long-term debt issued.....	992.1	0.5
Proceeds from issuance of common stock.....	1.6	22.0
Dividends paid.....	(70.4)	(57.2)
Tax impact from stock option exercises and restricted stock lapses.....	(0.7)	3.5
Other, net.....	(0.3)	(2.7)
Net cash — financing activities.....	(404.1)	(1,191.9)
Exchange Rate Effects on Cash and Cash Equivalents	14.5	54.8
Net Cash from Discontinued Operations	(1.3)	(8.4)
Net change in cash and cash equivalents.....	54.1	(962.3)
Cash and cash equivalents — beginning of year.....	964.9	1,840.0
Cash and Cash Equivalents — end of period.....	\$ 1,019.0	\$ 877.7