

Key Performance Indicators and Non-GAAP Measures

Management reviews key performance metrics including sales and revenues, segment operating income and margins, earnings per share, orders growth, and backlog, among others, in connection with its management of our business. In addition, we consider the following non-GAAP measures to be key performance indicators for purposes of this REG-G reconciliation:

Organic Sales and Revenues defined as reported GAAP sales and revenues excluding the impact of foreign currency fluctuations and contributions from acquisitions and divestitures (for the first 12 months). The Company believes that Organic Sales and Revenues provide a useful measure of the operation's underlying revenue performance after adjusting for foreign exchange, acquisitions and divestitures that may impact comparability. The Company utilizes Organic Sales and Revenues to measure, evaluate and manage the Company's revenue performance. The Company's definition of Organic Sales and Revenue may not be comparable to similar measures utilized by other companies.

Organic Orders are Non-GAAP performance measures that may provide useful information related to the Company's future revenue performance. Organic Orders exclude the impact of foreign currency fluctuations and contributions from acquisitions and divestitures (for the first 12 months). The Company's definition of Organic Orders may not be comparable to similar measures utilized by other companies.

Adjusted Income from Continuing Operations and **Adjusted EPS** are defined as reported GAAP Income from Continuing Operations and reported GAAP Diluted Earnings Per Share, adjusted to exclude Special Items. Special Items may include, but are not limited to, non-operating settlements or adjustments related to prior periods. These items are not a substitute for GAAP measures. Special items represent significant charges or credits that impact current results, but may not be related to the Company's ongoing operations and performance. The Company uses Adjusted Income from Continuing Operations and Adjusted EPS to measure, evaluate and manage the Company. The Company believes that results excluding Special Items provide a useful analysis of ongoing operating trends. The Company's definitions of Adjusted Income from Continuing Operations and Adjusted EPS may not be comparable to similar measures utilized by other companies.

Free Cash Flow is defined as GAAP Net Cash - Operating Activities less Capital Expenditures and other Special Items. Free Cash Flow should not be considered a substitute for income or cash flow data prepared in accordance with GAAP. The Company's definition of Free Cash Flow may not be comparable to similar measures utilized by other companies. Management believes that Free Cash Flow is an important measure of performance and it is utilized as one measure of the Company's ability to generate cash. Note that due to other financial obligations and commitments, the entire Free Cash Flow amount may not be available for discretionary purposes.

Management believes that the above metrics are useful to investors evaluating our operating performance for the periods presented, and provide a tool for evaluating our ongoing operations and our management of assets held from period to period. These metrics, however, are not a measure of financial performance under GAAP and should not be considered a substitute for sales and revenue growth (decline), or cash flows from operating, investing and financing activities as determined in accordance with GAAP and may not be comparable to similarly titled measures reported by other companies.

ITT Corporation Non-GAAP Reconciliation
Reported vs. Organic Sales and Revenues / Orders Growth
Fourth Quarter 2009 & 2008

(\$ Millions)

	(As Reported - GAAP)				(As Adjusted - Organic)			
	(A)	(B)	(C)	(D)	(E) = B+C+D	(F) = E / A		
	Sales & Revenues 3M 2009	Sales & Revenues 3M 2008	Change 2009 vs. 2008	% Change 2009 vs. 2008	Acquisition / Divestitures 3M 2009	FX Contribution 3M 2009	Change Adj. 09 vs. 08	% Change Adj. 09 vs. 08
ITT Corporation - Consolidated	2,869.7	2,945.0	(75.3)	-2.6%	(4.4)	(73.9)	(153.6)	-5.2%
Defense Electronics & Services	1,616.8	1,636.0	(19.2)	-1.2%	0.0	(0.4)	(19.6)	-1.2%
Communications Systems	223.0	306.8	(83.8)	-27.3%	0.0	0.0	(83.8)	-27.3%
Space Systems	175.6	173.0	2.6	1.5%	0.0	(0.2)	2.4	1.4%
Advanced Engineering & Sciences	276.7	256.3	20.4	8.0%	0.0	0.0	20.4	8.0%
Electronic Systems	337.4	342.4	(5.0)	-1.5%	0.0	(0.2)	(5.2)	-1.5%
Night Vision	171.9	144.2	27.7	19.2%	0.0	0.0	27.7	19.2%
Systems	393.3	364.2	29.1	8.0%	0.0	0.0	29.1	8.0%
Intell & Info Warfare	49.3	68.1	(18.8)	-27.6%	0.0	0.0	(18.8)	-27.6%
Fluid Technology	924.3	984.3	(60.0)	-6.1%	(12.9)	(56.3)	(129.2)	-13.1%
Industrial Process	168.1	227.0	(58.9)	-25.9%	0.0	(2.5)	(61.4)	-27.0%
Residential and Commercial Water Group	274.6	306.9	(32.3)	-10.5%	(12.9)	(11.9)	(57.1)	-18.6%
Water & WasteWater	499.7	466.6	33.1	7.1%	0.0	(43.2)	(10.1)	-2.2%
Motion & Flow Control	332.0	326.6	5.4	1.7%	8.5	(17.2)	(3.3)	-1.0%
Flow Control	48.0	45.0	3.0	6.7%	3.9	(0.8)	6.1	13.6%
Motion Technologies	137.1	103.3	33.8	32.7%	0.0	(13.6)	20.2	19.6%
Control Technologies	57.4	76.8	(19.4)	-25.3%	4.6	(0.2)	(15.0)	-19.5%
Interconnect Solutions	90.4	101.8	(11.4)	-11.2%	0.0	(2.6)	(14.0)	-13.8%
	Orders 3M 2009	Orders 3M 2008	Change 2009 vs. 2008	% Change 2009 vs. 2008	Acquisition Contribution 3M 2009	FX Contribution 3M 2009	Change Adj. 09 vs. 08	% Change Adj. 09 vs. 08
Defense Electronics & Services	1,890.1	1,793.5	96.6	5.4%	0.0	(0.2)	96.4	5.4%
Fluid Technology	847.2	796.1	51.1	6.4%	(13.3)	(53.2)	(15.4)	-1.9%
Motion & Flow Control	326.3	296.6	29.7	10.0%	8.1	(16.5)	21.3	7.2%
Total Segment Orders	3,036.4	2,886.6	149.8	5.2%	(5.2)	(69.9)	74.7	2.6%

Note: Excludes intercompany eliminations.

ITT Corporation Non-GAAP Reconciliation
Reported vs. Organic Sales and Revenues / Orders Growth
Full Year 2009 & 2008

(\$ Millions)

	(As Reported - GAAP)				(As Adjusted - Organic)			
	(A)	(B)	(C)	(D)	(E) = B+C+D	(F) = E / A		
	Sales & Revenues FY 2009	Sales & Revenues FY 2008	Change 2009 vs. 2008	% Change 2009 vs. 2008	Acquisition / Divestitures FY 2009	FX Contribution FY 2009	Change Adj. 09 vs. 08	% Change Adj. 09 vs. 08
ITT Corporation - Consolidated	10,904.5	11,694.8	(790.3)	-6.8%	11.9	223.7	(554.7)	-4.7%
Defense Electronics & Services	6,296.8	6,282.3	14.5	0.2%	0.0	5.0	19.5	0.3%
Communications Systems	983.4	1,141.8	(158.4)	-13.9%	0.0	0.0	(158.4)	-13.9%
Space Systems	641.8	594.8	47.0	7.9%	0.0	0.5	47.5	8.0%
Advanced Engineering & Sciences	1,013.2	968.7	44.5	4.6%	0.0	0.0	44.5	4.6%
Electronic Systems	1,554.5	1,537.7	16.8	1.1%	0.0	4.5	21.3	1.4%
Night Vision	532.0	500.7	31.3	6.3%	0.0	0.0	31.3	6.3%
Systems	1,464.1	1,401.1	63.0	4.5%	0.0	0.0	63.0	4.5%
Intell & Info Warfare	149.1	185.1	(36.0)	-19.4%	0.0	0.0	(36.0)	-19.4%
Fluid Technology	3,363.3	3,840.6	(477.3)	-12.4%	(23.9)	152.6	(348.6)	-9.1%
Industrial Process	719.2	815.5	(96.3)	-11.8%	0.0	11.6	(84.7)	-10.4%
Residential and Commercial Water Group	1,078.5	1,283.2	(204.7)	-16.0%	(23.9)	33.8	(194.8)	-15.2%
Water & WasteWater	1,632.3	1,805.0	(172.7)	-9.6%	0.0	109.9	(62.8)	-3.5%
Motion & Flow Control	1,253.0	1,583.4	(330.4)	-20.9%	35.8	66.4	(228.2)	-14.4%
Flow Control	183.5	247.5	(64.0)	-25.9%	16.9	17.4	(29.7)	-12.0%
Motion Technologies	490.9	561.9	(71.0)	-12.6%	0.0	35.4	(35.6)	-6.3%
Control Technologies	242.7	321.9	(79.2)	-24.6%	18.9	4.0	(56.3)	-17.5%
Interconnect Solutions	341.4	453.2	(111.8)	-24.7%	0.0	9.7	(102.1)	-22.5%
	Orders FY 2009	Orders FY 2008	Change 2009 vs. 2008	% Change 2009 vs. 2008	Acquisition Contribution FY 2009	FX Contribution FY 2009	Change Adj. 09 vs. 08	% Change Adj. 09 vs. 08
Defense Electronics & Services	6,223.0	6,231.5	(8.5)	0%	0.0	3.1	(5.4)	-0.1%
Fluid Technology	3,263.5	3,938.7	(675.2)	-17%	(24.1)	183.0	(516.3)	-13.1%
Motion & Flow Control	1,237.2	1,563.3	(326.1)	-21%	35.7	64.7	(225.7)	-14.4%
Total Segment Orders	10,689.7	11,726.7	(1,037.0)	-9%	11.6	250.5	(774.9)	-6.6%

Note: Excludes intercompany eliminations.

ITT Corporation Non-GAAP Reconciliation
Reported vs. Organic Sales and Revenues / Orders Growth
Q4 vs Q3 2009

(\$ Millions)

	(As Reported - GAAP)				(As Adjusted - Organic)			
	(A)	(B)	(C)	(D)	(E) = B+C+D	(F) = E / A		
	Sales & Revenues	Change	Acquisition /	FX Contribution	Change	% Change Adj		
	Q4 2009	Q409 vs. Q309	Divestitures	Q/Q 2009	Adjusted	Q409 vs. Q309		
	Q3 2009	Q409 vs. Q309	Q/Q 2009	Q/Q 2009	Q409 vs. Q309	Q409 vs. Q309		
		% Change						
		Q409 vs. Q309				Q409 vs. Q309		
ITT Corporation - Consolidated	2,869.7	172.0	0.0	(32.1)	139.9	5.2%		
Defense Electronics & Services	1,616.8	49.4	0.0	(0.1)	49.3	3.1%		
Communications Systems	223.0	(5.8)	0.0	0.0	(5.8)	-2.5%		
Space Systems	175.6	16.8	0.0	(0.1)	16.7	10.5%		
Advanced Engineering & Sciences	276.7	18.2	0.0	0.0	18.2	7.0%		
Electronic Systems	337.4	(54.8)	0.0	0.0	(54.8)	-14.0%		
Night Vision	171.9	41.1	0.0	0.0	41.1	31.4%		
Systems	393.3	18.6	0.0	0.0	18.6	5.0%		
Intell & Info Warfare	49.3	13.8	0.0	0.0	13.8	38.9%		
Fluid Technology	924.3	98.7	0.0	(25.4)	73.3	8.9%		
Industrial Process	168.1	(4.1)	0.0	(0.1)	(4.2)	-2.4%		
Residential and Commercial Water Group	274.6	(4.0)	0.0	(4.5)	(8.5)	-3.1%		
Water & WasteWater	499.7	110.5	0.0	(21.3)	89.2	22.9%		
Motion & Flow Control	332.0	25.1	0.0	(6.6)	18.5	6.0%		
Flow Control	48.0	1.3	0.0	(0.1)	1.2	2.6%		
Motion Technologies	137.1	16.5	0.0	(5.4)	11.1	9.2%		
Control Technologies	57.4	(2.5)	0.0	(0.1)	(2.6)	-4.3%		
Interconnect Solutions	90.4	9.2	0.0	(1.1)	8.1	10.0%		
	Orders	Change	Acquisition	FX Contribution	Change Adjusted	% Change		
	Q4 2009	Q409 vs. Q309	Contribution	Q/Q 2009	Q409 vs. Q309	Adjusted		
	Q3 2009	Q409 vs. Q309	Q/Q 2009	Q/Q 2009	Q409 vs. Q309	Q409 vs. Q309		
		% Change				% Change		
		Q409 vs. Q309				Adjusted		
		Q409 vs. Q309				Q409 vs. Q309		
Defense Electronics & Services	1,890.1	614.8	0.0	(0.1)	614.7	48.2%		
Fluid Technology	847.2	24.2	0.0	(18.9)	5.3	0.6%		
Motion & Flow Control	326.3	11.5	0.0	(4.7)	6.8	2.2%		
Total Segment Orders	3,036.4	630.2	0.0	(23.7)	606.5	25.2%		

Note: Excludes intercompany eliminations.

ITT Corporation
Segment Operating Income & OI Margin
Fourth Quarter of 2009 & 2008

(\$ Millions)

	Q4 2009	Q4 2008	%
	<u>As Reported</u>	<u>As Reported</u>	<u>Change 09 vs. 08</u>
Sales and Revenues:			
Defense Electronics & Services	1,616.8	1,636.0	-1.2%
Fluid Technology	924.3	984.3	-6.1%
Motion & Flow Control	332.0	326.6	1.7%
Intersegment eliminations	(3.4)	(1.9)	78.9%
Total Sales and Revenues	<u>2,869.7</u>	<u>2,945.0</u>	<u>-2.6%</u>
Operating Margin:			
Defense Electronics & Services	12.8%	11.5%	130 BP
Fluid Technology	11.3%	9.7%	160 BP
Motion & Flow Control	5.0%	-1.1%	610 BP
Total Ongoing Segments	<u>11.4%</u>	<u>9.5%</u>	<u>190 BP</u>
Income:			
Defense Electronics & Services	207.1	187.5	10.5%
Fluid Technology	104.5	95.7	9.2%
Motion & Flow Control	16.7	(3.6)	563.9%
Total Segment Operating Income	<u>328.3</u>	<u>279.6</u>	<u>17.4%</u>

ITT Corporation
Segment Operating Income & OI Margin
Full Year 2009 & 2008

(\$ Millions)

	FY 2009	FY 2008	%
	<u>As Reported</u>	<u>As Reported</u>	<u>Change 09 vs. 08</u>
Sales and Revenues:			
Defense Electronics & Services	6,296.8	6,282.3	0.2%
Fluid Technology	3,363.3	3,840.6	-12.4%
Motion & Flow Control	1,253.0	1,583.4	-20.9%
Intersegment eliminations	(8.6)	(11.5)	-25.2%
Total Sales and Revenues	<u>10,904.5</u>	<u>11,694.8</u>	<u>-6.8%</u>
Operating Margin:			
Defense Electronics & Services	12.3%	11.6%	70 BP
Fluid Technology	11.7%	12.2%	(50) BP
Motion & Flow Control	9.4%	12.1%	(270) BP
Total Ongoing Segments	<u>11.8%</u>	<u>11.9%</u>	<u>(10) BP</u>
Income:			
Defense Electronics & Services	776.0	727.0	6.7%
Fluid Technology	392.9	468.7	-16.2%
Motion & Flow Control	118.2	191.7	-38.3%
Total Segment Operating Income	<u>1,287.1</u>	<u>1,387.4</u>	<u>-7.2%</u>

ITT Corporation Non-GAAP Reconciliation
Reported vs. Adjusted Income from Continuing Operations & Adjusted EPS
Fourth Quarter of 2009 & 2008

(\$ Millions, except EPS and shares)

	<u>Q4 2009</u> <u>As Reported</u>	<u>Q4 2009</u> <u>Adjustments</u>	<u>Q4 2009</u> <u>As Adjusted</u>	<u>Q4 2008</u> <u>As Reported</u>	<u>Q4 2008</u> <u>Adjustments</u>	<u>Q4 2008</u> <u>As Adjusted</u>	<u>Change</u> <u>2009 vs. 2008</u> <u>As Adjusted</u>	<u>Percent Change</u> <u>2009 vs. 2008</u> <u>As Adjusted</u>
Segment Operating Income	<u>328.3</u>	<u> </u>	<u>328.3</u>	<u>279.6</u>	<u> </u>	<u>279.6</u>		
Interest Income (Expense)	(23.4)	-	(23.4)	(32.8)	2.3 #B	(30.5)		
Other Income (Expense)	0.6	-	0.6	(2.5)	-	(2.5)		
Corporate (Expense)	<u>(40.3)</u>	<u> </u>	<u>(40.3)</u>	<u>(36.4)</u>	<u> </u>	<u>(36.4)</u>		
Income from Continuing Operations before Tax	<u>265.2</u>	<u> </u>	<u>265.2</u>	<u>207.9</u>	<u>2.3</u>	<u>210.2</u>		
Income Tax Expense	<u>(69.6)</u>	<u>(17.3) #A</u>	<u>(86.9)</u>	<u>(32.4)</u>	<u>(28.6) #C</u>	<u>(61.0)</u>		
Income from Continuing Operations	<u>195.6</u>	<u>(17.3)</u>	<u>178.3</u>	<u>175.5</u>	<u>(26.3)</u>	<u>149.2</u>		
Diluted EPS from Continuing Operations	<u>1.06</u>	<u>(0.09)</u>	<u>0.97</u>	<u>0.96</u>	<u>(0.14)</u>	<u>0.82</u>	<u>\$0.15</u>	<u>18.3%</u>

#A - Remove tax benefit \$17.3M primarily related to release of valuation allowance on historical NOLs

#B - Remove \$2.3M additional interest expense regarding FIN48 reserves.

#C - Remove tax benefit of \$28.6M related to prior year adjustments.

ITT Corporation Non-GAAP Reconciliation
Reported vs. Adjusted Income from Continuing Operations & Adjusted EPS
Full Year 2009 & 2008

(\$ Millions, except EPS and shares)

	FY 2009 As Reported	FY 2009 Adjustments	FY 2009 As Adjusted	FY 2008 As Reported	FY 2008 Adjustments	FY 2008 As Adjusted	Change 2009 vs. 2008 As Adjusted	Percent Change 2009 vs. 2008 As Adjusted
Segment Operating Income	1,287.1		1,287.1	1,387.4		1,387.4		
Interest Income (Expense)	(75.2)	(13.2) #A	(88.4)	(109.5)	2.3 #D	(107.2)		
Other Income (Expense)	(9.0)		(9.0)	(13.1)		(13.1)		
Corporate (Expense)	(377.7)	209.6 #B	(168.1)	(177.3)		(177.3)		
Income from Continuing Operations before Tax	825.2	196.4	1,021.6	1,087.5	2.3	1,089.8		
Income Tax Expense	(174.5)	(151.4) #C	(325.9)	(312.3)	(36.4) #E	(348.7)		
Income from Continuing Operations	650.7	45.0	695.7	775.2	(34.1)	741.1		
Diluted EPS from Continuing Operations	3.54	0.24	3.78	4.21	(0.18)	4.03	(\$0.25)	-6.2%

#A - Remove interest refund related to prior year tax settlement.

#B - Remove estimated cost of asbestos claims to be filed in the next 10 years.

#C - Remove tax benefit of \$151.4M primarily related to: asbestos claims, reversal of deferred tax liabilities and release of valuation allowance on historical NOLs.

#D - Remove \$2.3M additional interest expense regarding FIN48 reserves.

#E - Remove tax benefit of \$36.4M related to prior year adjustments.

**ITT Corporation Non-GAAP Reconciliation
Net Cash - Operating Activities vs. Free Cash Flow
Fourth Quarter of 2009 & 2008**

(\$ Millions)

	<u>12M 2009</u>	<u>12M 2008</u>
Net Cash - Operating Activities	1,269.7	1,119.6
Capital Expenditures	(271.6)	(248.7)
Discretionary Pension Contributions, net of tax	62.0	-
Free Cash Flow	<u>1,060.1</u>	<u>870.9</u>
Income from Continuing Operations	<u>650.7</u>	<u>775.2</u>
Free Cash Flow Conversion	<u>163%</u>	<u>112%</u>
Non-Cash Special Tax Items & Asbestos Charge, net of tax	77.2	-
Income from Continuing Operations, Excluding Non-Cash Special Tax Item and asbestos charge, net of tax	<u>727.9</u>	<u>775.2</u>
Adjusted Free Cash Flow Conversion	<u>146%</u>	<u>112%</u>

ITT Corporation
Debt Coverage Ratios 2009 & 2008
(\$ Millions)

	<u>December 30, 2009</u>	<u>December 31, 2008</u>
Net Debt/Net Capitalization	7.0%	27.9%
Total Debt/Total Capitalization	28.0%	41.2%
Short Term Debt	75.0	1,679.0
Long Term Debt	<u>1,430.8</u>	<u>467.9</u>
Total Debt	1,505.8	2,146.9
Cash & Cash equivalents	<u>1,215.6</u>	<u>964.9</u>
Net Debt	290.2	1,182.0
Total Shareholders' Equity	3,878.3	3,059.9
Net Debt	<u>290.2</u>	<u>1,182.0</u>
Net Capitalization	4,168.5	4,241.9