

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

	Three Months Ended		Twelve Months Ended	
	December 31,		December 31,	
	2009	2008	2009	2008
Sales and revenues	\$2,869.7	\$2,945.0	\$10,904.5	\$11,694.8
Costs of sales and revenues	2,021.1	2,128.3	7,833.6	8,439.4
Selling, general and administrative expenses.....	414.0	437.0	1,576.4	1,709.2
Research and development expenses.....	94.3	71.8	268.3	244.3
Asbestos-related costs, net	13.0	3.1	237.5	14.3
Restructuring and asset impairment charges, net	39.3	61.6	79.3	77.5
Total costs and expenses	<u>2,581.7</u>	<u>2,701.8</u>	<u>9,995.1</u>	<u>10,484.7</u>
Operating income	288.0	243.2	909.4	1,210.1
Interest expense	25.8	39.5	99.5	140.8
Interest income	2.4	6.7	24.3	31.3
Miscellaneous expense (income), net.....	<u>(0.6)</u>	<u>2.5</u>	<u>9.0</u>	<u>13.1</u>
Income from continuing operations before income taxes.....	265.2	207.9	825.2	1,087.5
Income tax expense.....	<u>69.6</u>	<u>32.4</u>	<u>174.5</u>	<u>312.3</u>
Income from continuing operations.....	195.6	175.5	650.7	775.2
Discontinued operations, net of tax	<u>3.6</u>	<u>10.0</u>	<u>(7.0)</u>	<u>19.5</u>
Net income	<u>\$ 199.2</u>	<u>\$ 185.5</u>	<u>\$ 643.7</u>	<u>\$ 794.7</u>
Earnings Per Share:				
Income from continuing operations:				
Basic.....	\$ 1.07	\$ 0.97	\$ 3.56	\$ 4.26
Diluted	\$ 1.06	\$ 0.96	\$ 3.54	\$ 4.21
Discontinued operations:				
Basic.....	\$ 0.02	\$ 0.06	\$ (0.03)	\$ 0.11
Diluted	\$ 0.02	\$ 0.05	\$ (0.04)	\$ 0.11
Net income:				
Basic.....	\$ 1.09	\$ 1.02	\$ 3.53	\$ 4.37
Diluted	\$ 1.08	\$ 1.01	\$ 3.50	\$ 4.32
Average Common Shares — Basic	182.9	181.7	182.5	181.9
Average Common Shares — Diluted.....	184.7	182.9	183.9	184.0

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

	December 31, 2009	December 31, 2008
Assets		
Current Assets:		
Cash and cash equivalents	\$ 1,215.6	\$ 964.9
Receivables, net	1,796.7	1,961.1
Inventories, net	802.3	803.8
Deferred income taxes	234.1	203.4
Other current assets (a)	<u>207.1</u>	<u>131.0</u>
Total current assets	4,255.8	4,064.2
Plant, property and equipment, net	1,051.0	993.9
Deferred income taxes	583.2	608.5
Goodwill, net	3,864.0	3,831.3
Other intangible assets, net	518.9	616.5
Asbestos-related assets	604.3	201.2
Other non-current assets	<u>251.9</u>	<u>164.6</u>
Total assets	<u>\$ 11,129.1</u>	<u>\$ 10,480.2</u>
Liabilities and Shareholders' Equity		
Current Liabilities:		
Accounts payable	\$ 1,291.3	\$ 1,234.6
Accrued expenses (b)	1,034.7	991.2
Accrued taxes	105.0	30.2
Short-term debt and current maturities of long-term debt....	75.0	1,679.0
Pension and postretirement benefits	73.2	68.8
Deferred income taxes	<u>36.4</u>	<u>26.7</u>
Total current liabilities	2,615.6	4,030.5
Pension and postretirement benefits	1,788.5	2,141.6
Long-term debt	1,430.8	467.9
Asbestos-related liabilities	867.2	225.9
Other non-current liabilities	<u>548.7</u>	<u>554.4</u>
Total liabilities	7,250.8	7,420.3
Shareholders' equity	<u>3,878.3</u>	<u>3,059.9</u>
Total liabilities and shareholders' equity	<u>\$ 11,129.1</u>	<u>\$ 10,480.2</u>

(a) 2009 includes asbestos-related assets of \$62.0

(b) 2009 includes asbestos-related liabilities of \$66.0

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

	Twelve Months Ended	
	December 31,	
	2009	2008
Operating Activities		
Net income.....	\$ 643.7	\$ 794.7
(Loss) income from discontinued operations.....	(7.0)	19.5
Income from continuing operations.....	<u>650.7</u>	<u>775.2</u>
Adjustments to income from continuing operations:		
Depreciation and amortization	292.6	278.3
Stock-based compensation.....	31.3	30.8
Asbestos-related costs, net.....	237.5	14.3
Restructuring and asset impairment charges, net.....	79.3	77.5
Payments for restructuring.....	(81.9)	(54.1)
Change in receivables	187.2	(112.9)
Change in inventories	20.9	70.4
Change in accounts payable.....	29.9	(40.4)
Change in accrued expenses.....	3.0	101.7
Change in accrued and deferred taxes.....	(9.2)	19.7
Change in other current and non-current assets.....	(21.2)	(6.0)
Change in other current and non-current liabilities.....	(174.1)	(31.0)
Other, net.....	23.7	(3.9)
Net cash — operating activities.....	<u>1,269.7</u>	<u>1,119.6</u>
Investing Activities		
Capital expenditures	(271.6)	(248.7)
Acquisitions, net of cash acquired.....	(34.3)	(275.7)
Proceeds from sale of assets and businesses.....	20.6	21.6
Other, net.....	0.2	(0.1)
Net cash — investing activities	<u>(285.1)</u>	<u>(502.9)</u>
Financing Activities		
Short-term debt, net.....	(1,603.0)	(1,229.0)
Long-term debt repaid.....	(29.3)	(23.3)
Long-term debt issued	992.5	0.6
Repurchase of common stock	-	(75.0)
Proceeds from issuance of common stock.....	14.7	34.4
Dividends paid	(147.9)	(120.9)
Tax impact from stock option exercises and restricted stock award lapses.....	3.0	6.7
Other, net.....	(1.9)	(0.9)
Net cash — financing activities	<u>(771.9)</u>	<u>(1,407.4)</u>
Exchange Rate Effects on Cash and Cash Equivalents	40.0	(73.4)
Net Cash from Discontinued Operations	<u>(2.0)</u>	<u>(11.0)</u>
Net change in cash and cash equivalents.....	250.7	(875.1)
Cash and cash equivalents — beginning of year.....	964.9	1,840.0
Cash and Cash Equivalents — end of period.....	<u>\$ 1,215.6</u>	<u>\$ 964.9</u>