

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 that may include, but are not limited to, unusual and infrequent non-operating items and non-operating tax 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 Revenue / Order Growth
First Quarter 2010 & 2009**

(\$ Millions)

	(As Reported - GAAP)				(As Adjusted - Organic)			
	(A)	(B)			(C)	(D)	(E) = B+C+D	(F) = E / A
	Revenue 3M 2010	Revenue 3M 2009	Change 2010 vs. 2009	% Change 2010 vs. 2009	Acquisition / Divestitures 3M 2010	FX Contribution 3M 2010	Change Adj. 10 vs. 09	% Change Adj. 10 vs. 09
ITT Corporation - Consolidated	2,636	2,557	79	3.1%	(13)	(50)	16	0.6%
Defense & Information Solutions	1,450	1,508	(58)	-3.8%	0	0	(58)	-3.8%
Electronic Systems	508	676	(168)	-24.9%	0	0	(168)	-24.9%
Geospatial Systems	297	275	22	8.0%	0	0	22	8.0%
Information Systems	651	575	76	13.2%	0	0	76	13.2%
Fluid Technology	801	744	57	7.7%	(16)	(42)	(1)	-0.1%
Water & WasteWater	378	344	34	9.9%	(4)	(32)	(2)	-0.6%
Residential and Commercial Water Group	267	238	29	12.2%	(12)	(6)	11	4.6%
Industrial Process	172	184	(12)	-6.5%	0	(5)	(17)	-9.2%
Motion & Flow Control	387	306	81	26.5%	3	(8)	76	24.8%
Motion Technologies	169	113	56	49.6%	0	(5)	51	45.1%
Interconnect Solutions	98	87	11	12.6%	0	(2)	9	10.3%
Control Technologies	66	64	2	3.1%	1	0	3	4.7%
Flow Control	54	43	11	25.6%	2	(1)	12	27.9%
	Orders 3M 2010	Orders 3M 2009	Change 2010 vs. 2009	% Change 2010 vs. 2009	Acquisition Contribution 3M 2010	FX Contribution 3M 2010	Change Adj. 10 vs. 09	% Change Adj. 10 vs. 09
Defense & Information Solutions	1,256	1,504	(248)	-16.5%	0	0	(248)	-16.5%
Fluid Technology	890	802	88	11.0%	(17)	(47)	24	3.0%
Motion & Flow Control	374	281	93	33.1%	3	(6)	90	32.0%
Total Segment Orders	2,518	2,586	(68)	-2.6%	(14)	(53)	(135)	-5.2%

Note: Excludes intercompany eliminations.

ITT Corporation
Segment Operating Income & OI Margin
First Quarter of 2010 & 2009

(\$ Millions)

	Q1 2010	Q1 2009	%
	<u>As Reported</u>	<u>As Reported</u>	<u>Change 10 vs. 09</u>
Revenue:			
Defense & Information Solutions	1,450	1,508	-3.8%
Fluid Technology	801	744	7.7%
Motion & Flow Control	387	306	26.5%
Intersegment eliminations	(2)	(1)	100.0%
Total Revenue	<u>2,636</u>	<u>2,557</u>	<u>3.1%</u>
Operating Margin:			
Defense & Information Solutions	10.1%	10.9%	(80) BP
Fluid Technology	11.4%	9.3%	210 BP
Motion & Flow Control	14.2%	9.2%	500 BP
Total Operating Segments	<u>11.1%</u>	<u>10.2%</u>	<u>90 BP</u>
Income:			
Defense & Information Solutions	146	164	-11.0%
Fluid Technology	91	69	31.9%
Motion & Flow Control	55	28	96.4%
Total Segment Operating Income	<u>292</u>	<u>261</u>	<u>11.9%</u>

ITT Corporation Non-GAAP Reconciliation
Reported vs. Adjusted Income from Continuing Operations & Adjusted EPS
First Quarter of 2010 & 2009

(\$ Millions, except EPS and shares)

	<u>Q1 2010</u> <u>As Reported</u>	<u>Q1 2010</u> <u>Adjustments</u>	<u>Q1 2010</u> <u>As Adjusted</u>	<u>Q1 2009</u> <u>As Reported</u>	<u>Q1 2009</u> <u>Adjustments</u>	<u>Q1 2009</u> <u>As Adjusted</u>	<u>Change</u> <u>2010 vs. 2009</u> <u>As Adjusted</u>	<u>Percent Change</u> <u>2010 vs. 2009</u> <u>As Adjusted</u>
Segment Operating Income	<u>292</u>		<u>292</u>	<u>261</u>		<u>261</u>		
Interest Income (Expense)	(22)	(1) #A	(23)	(22)		(22)		
Other Income (Expense)	(5)		(5)	(3)		(3)		
Corporate (Expense)	<u>(42)</u>		<u>(42)</u>	<u>(39)</u>		<u>(39)</u>		
Income from Continuing Operations before Tax	<u>223</u>	<u>(1)</u>	<u>222</u>	<u>197</u>		<u>197</u>		
Income Tax Expense	<u>(77)</u>	<u>11</u> #B	<u>(66)</u>	<u>(10)</u>	<u>(54)</u> #C	<u>(64)</u>		
Income from Continuing Operations	<u>146</u>	<u>10</u>	<u>156</u>	<u>187</u>	<u>(54)</u>	<u>133</u>		
Diluted EPS from Continuing Operations	<u>0.79</u>	<u>0.05</u>	<u>0.84</u>	<u>1.02</u>	<u>(0.30)</u>	<u>0.72</u>	<u>\$0.12</u>	<u>16.7%</u>

#A - Interest refund related to prior year tax settlement.

#B - Primarily related to a reduction of deferred tax assets associated with the U.S. Patient Protection and Affordable Care Act (the Healthcare Reform Act).

#C - Primarily the reversal of a deferred tax liability no longer required as a result of the restructuring of certain international legal entities.

**ITT Corporation Non-GAAP Reconciliation
Net Cash - Operating Activities vs. Free Cash Flow
First Quarter of 2010 & 2009**

(\$ Millions)

	3M 2010	3M 2009
Net Cash - Operating Activities	<u>77</u>	<u>213</u>
Capital Expenditures	<u>(52)</u>	<u>(48)</u>
Free Cash Flow	<u><u>25</u></u>	<u><u>165</u></u>
Income from Continuing Operations	<u><u>146</u></u>	<u><u>187</u></u>
Free Cash Flow Conversion	<u><u>17%</u></u>	<u><u>88%</u></u>
Non-Cash Special Tax Items	<u>11</u>	<u>(58)</u>
Income from Continuing Operations, Excluding Non-Cash Special Tax Items	<u><u>157</u></u>	<u><u>129</u></u>
Adjusted Free Cash Flow Conversion	<u><u>16%</u></u>	<u><u>128%</u></u>

ITT Corporation
Debt Coverage Ratios 2010 & 2009
(\$ Millions)

	<u>March 30, 2010</u>	<u>December 30, 2009</u>
Net Debt/Net Capitalization	16.5%	7.0%
Total Debt/Total Capitalization	29.7%	28.0%
Short Term Debt	289	75
Long Term Debt	<u>1,365</u>	<u>1,431</u>
Total Debt	1,654	1,506
Cash & Cash equivalents	<u>880</u>	<u>1,216</u>
Net Debt	774	290
Total Shareholders' Equity	3,919	3,878
Net Debt	<u>774</u>	<u>290</u>
Net Capitalization	4,693	4,168