

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

	<b>Three Months Ended</b>	
	<b>March 31,</b>	
	<u><b>2010</b></u>	<u><b>2009</b></u>
Revenue .....	\$2,636	\$2,557
Costs of revenue.....	1,908	1,888
Selling, general and administrative expenses.....	383	383
Research and development expenses.....	63	53
Asbestos-related costs, net .....	15	-
Restructuring and asset impairment charges, net .....	17	11
Total costs and expenses .....	<u>2,386</u>	<u>2,335</u>
Operating income .....	250	222
Interest expense .....	25	26
Interest income .....	3	4
Miscellaneous expense, net .....	<u>5</u>	<u>3</u>
Income from continuing operations before income tax expense.....	223	197
Income tax expense.....	<u>77</u>	<u>10</u>
Income from continuing operations.....	146	187
Loss from discontinued operations, net of tax .....	<u>-</u>	<u>(3)</u>
Net income .....	<u>\$ 146</u>	<u>\$ 184</u>
<b>Earnings (Loss) Per Share</b>		
Basic:		
Continuing operations.....	\$ 0.80	\$ 1.02
Discontinued operations .....	<u>-</u>	<u>(0.01)</u>
Net Income .....	\$ 0.80	\$ 1.01
Diluted:		
Continuing operations.....	\$ 0.79	\$ 1.02
Discontinued operations .....	<u>-</u>	<u>(0.01)</u>
Net Income .....	\$ 0.79	\$ 1.01
Average common shares — basic.....	183.3	182.0
Average common shares — diluted.....	184.9	183.2

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

	March 31, 2010	December 31, 2009
<b>Assets</b>		
Current Assets:		
Cash and cash equivalents .....	\$ 880	\$ 1,216
Receivables, net .....	1,853	1,797
Inventories, net .....	821	802
Deferred income taxes .....	235	234
Other current assets <sup>(a)</sup> .....	<u>238</u>	<u>207</u>
Total current assets .....	4,027	4,256
Plant, property and equipment, net .....	1,049	1,051
Deferred income taxes .....	546	583
Goodwill .....	4,071	3,864
Other intangible assets, net .....	664	519
Asbestos-related assets .....	584	604
Other non-current assets .....	<u>259</u>	<u>252</u>
Total assets .....	<u>\$ 11,200</u>	<u>\$ 11,129</u>
<b>Liabilities and Shareholders' Equity</b>		
Current Liabilities:		
Accounts payable .....	\$ 1,207	\$ 1,291
Accrued expenses <sup>(b)</sup> .....	970	1,035
Accrued taxes .....	93	105
Short-term debt and current maturities of long-term debt....	289	75
Postretirement benefits .....	73	73
Deferred income taxes .....	<u>35</u>	<u>37</u>
Total current liabilities .....	2,667	2,616
Postretirement benefits .....	1,775	1,788
Long-term debt .....	1,365	1,431
Asbestos-related liabilities .....	860	867
Other non-current liabilities .....	<u>614</u>	<u>549</u>
Total liabilities .....	7,281	7,251
Shareholders' equity .....	<u>3,919</u>	<u>3,878</u>
Total liabilities and shareholders' equity .....	<u>\$ 11,200</u>	<u>\$ 11,129</u>

(a) Includes asbestos-related assets of \$62 for both periods presented.

(b) Includes asbestos-related liabilities of \$66 for both periods presented.

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

	Three Months Ended March 31,	
	2010	2009
<b>Operating Activities</b>		
Net income.....	\$ 146	\$ 184
Less: Loss from discontinued operations.....	-	3
Income from continuing operations.....	146	187
Adjustments to income from continuing operations:		
Depreciation and amortization.....	69	66
Stock-based compensation.....	8	8
Asbestos-related costs, net.....	15	-
Restructuring and asset impairment charges, net.....	17	11
Payments for restructuring.....	(16)	(26)
Contributions to pension plans.....	(2)	(5)
Change in receivables.....	(68)	76
Change in inventories.....	3	(44)
Change in accounts payable and accrued expenses.....	(73)	(17)
Change in accrued and deferred taxes.....	7	(4)
Change in other assets.....	(22)	(46)
Change in other liabilities.....	(11)	(2)
Other, net.....	4	9
Net Cash — Operating Activities.....	77	213
<b>Investing Activities</b>		
Capital expenditures.....	(52)	(48)
Acquisitions, net of cash acquired.....	(391)	(1)
Proceeds from sale of assets and businesses.....	1	10
Other, net.....	1	2
Net Cash — Investing Activities.....	(441)	(37)
<b>Financing Activities</b>		
Short-term debt, net.....	151	(166)
Long-term debt repaid.....	(1)	(3)
Proceeds from issuance of common stock.....	5	2
Dividends paid.....	(85)	(32)
Tax impact from equity compensation activity.....	1	(1)
Other, net.....	5	-
Net Cash — Financing Activities.....	76	(200)
Exchange rate effects on cash and cash equivalents.....	(48)	(30)
Net change in cash and cash equivalents.....	(336)	(54)
Cash and cash equivalents — beginning of year.....	1,216	965
<b>Cash and Cash Equivalents — end of period.....</b>	<b>\$ 880</b>	<b>\$ 911</b>