

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
Second 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	2,739	2,719	20	0.7%	(47)	19	(8)	-0.3%
Defense & Information Solutions	1,503	1,544	(41)	-2.7%	0	1	(40)	-2.6%
Electronic Systems	630	719	(89)	-12.4%	0	1	(88)	-12.3%
Geospatial Systems	298	261	37	14.2%	0	0	37	14.2%
Information Systems	579	562	17	3.0%	0	0	17	3.0%
Fluid Technology	878	869	9	1.0%	(47)	5	(33)	-3.8%
Industrial Process	167	195	(28)	-14.4%	0	(2)	(30)	-15.5%
Residential and Commercial Water Group	286	280	6	2.2%	(7)	6	5	1.6%
Water & WasteWater	445	413	32	7.8%	(39)	3	(4)	-1.1%
Motion & Flow Control	361	308	53	17.2%	0	13	66	21.4%
Motion Technologies	134	120	14	11.6%	0	9	23	19.4%
Interconnect Solutions	102	83	19	22.8%	0	2	21	25.0%
Control Technologies	68	62	6	9.9%	0	0	6	10.2%
Flow Control	59	45	14	30.0%	0	1	15	32.8%
	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	767	1,506	(739)	-49.1%	0	0	(739)	-49.1%
Fluid Technology	941	791	150	19.0%	(43)	11	118	14.9%
Motion & Flow Control	359	315	44	14.0%	0	9	53	16.8%
Total Segment Orders	2,064	2,611	(547)	-20.9%	(43)	20	(570)	-21.8%

Note: Excludes intercompany eliminations.

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

(\$ Millions)

	Q2 2010 As Reported	Q2 2009 As Reported	% Change 10 vs. 09
Revenue:			
Defense & Information Solutions	1,503	1,544	-2.7%
Fluid Technology	878	869	1.0%
Motion & Flow Control	361	308	17.2%
Intersegment eliminations	(3)	(2)	50.0%
Total Revenue	<u>2,739</u>	<u>2,719</u>	<u>0.7%</u>
Operating Margin:			
Defense & Information Solutions	12.9%	12.8%	10 BP
Fluid Technology	14.8%	12.9%	190 BP
Motion & Flow Control	11.6%	10.7%	90 BP
Total Operating Segments	<u>13.4%</u>	<u>12.6%</u>	<u>80 BP</u>
Income:			
Defense & Information Solutions	194	197	-1.5%
Fluid Technology	130	112	16.1%
Motion & Flow Control	42	33	27.3%
Total Segment Operating Income	<u>366</u>	<u>342</u>	<u>7.0%</u>

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

(\$ Millions, except EPS and shares)

	<u>Q2 2010</u> <u>As Reported</u>	<u>Q2 2010</u> <u>Adjustments</u>	<u>Q2 2010</u> <u>As Adjusted</u>	<u>Q2 2009</u> <u>As Reported</u>	<u>Q2 2009</u> <u>Adjustments</u>	<u>Q2 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>366</u>	<u> </u>	<u>366</u>	<u>342</u>	<u> </u>	<u>342</u>		
Interest Income (Expense)	(15)	(9) #A	(24)	(19)	(2) #B	(21)		
Other Income (Expense)	(4)		(4)	(3)		(3)		
Corporate (Expense)	<u>(42)</u>	<u>0</u>	<u>(42)</u>	<u>(39)</u>	<u> </u>	<u>(39)</u>		
Income from Continuing Operations before Tax	<u>305</u>	<u>(9)</u>	<u>296</u>	<u>281</u>	<u>(2)</u>	<u>279</u>		
Income Tax Expense	<u>(79)</u>	<u>(6) #A</u>	<u>(85)</u>	<u>(81)</u>	<u>(5) #C</u>	<u>(86)</u>		
Income from Continuing Operations	<u>226</u>	<u>(15)</u>	<u>211</u>	<u>200</u>	<u>(7)</u>	<u>193</u>		
Diluted EPS from Continuing Operations	<u>1.22</u>	<u>(0.08)</u>	<u>1.14</u>	<u>1.09</u>	<u>(0.04)</u>	<u>1.05</u>	<u>\$0.09</u>	<u>8.6%</u>

#A - Interest income and reversal of tax reserves related to the 2nd Quarter closure of a tax audit.

#B - Reversal of interest payable related to prior year tax items.

#C - Primarily represents a benefit for tax adjustments related to prior years.

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

(\$ Millions)

	6M 2010	6M 2009
Net Cash - Operating Activities	356	546
Capital Expenditures	(106)	(87)
Free Cash Flow	250	459
Income from Continuing Operations	370	384
Free Cash Flow Conversion	68%	120%
Non-Cash Special Tax Items	5	(58)
Income from Continuing Operations, Excluding Non-Cash Special Tax Items	375	326
Adjusted Free Cash Flow Conversion	67%	141%

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

	<u>June 30, 2010</u>	<u>December 30, 2009</u>
Net Debt/Net Capitalization	13.4%	7.0%
Total Debt/Total Capitalization	26.8%	28.0%
Short Term Debt	106	75
Long Term Debt	<u>1,363</u>	<u>1,431</u>
Total Debt	1,469	1,506
Cash & Cash equivalents	<u>844</u>	<u>1,216</u>
Net Debt	625	290
Total Shareholders' Equity	4,022	3,878
Net Debt	<u>625</u>	<u>290</u>
Net Capitalization	4,647	4,168