

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	2009	2010	2009
Revenue .....	\$2,739	\$2,719	\$5,317	\$5,225
Costs of revenue.....	1,958	1,950	3,818	3,796
Selling, general and administrative expenses.....	375	389	753	767
Research and development expenses.....	60	57	123	110
Asbestos-related costs, net .....	12	-	27	-
Restructuring and asset impairment charges, net .....	10	20	27	31
Total costs and expenses .....	<u>2,415</u>	<u>2,416</u>	<u>4,748</u>	<u>4,704</u>
Operating income .....	324	303	569	521
Interest expense .....	23	23	48	49
Interest income .....	8	4	11	8
Miscellaneous expense, net .....	4	3	8	6
Income from continuing operations before income tax expense.....	305	281	524	474
Income tax expense.....	79	81	154	90
Income from continuing operations.....	<u>226</u>	<u>200</u>	<u>370</u>	<u>384</u>
Income from discontinued operations, net of tax .....	12	1	14	1
Net income .....	<u>\$ 238</u>	<u>\$ 201</u>	<u>\$ 384</u>	<u>\$ 385</u>
<b>Earnings (Loss) Per Share</b>				
Basic:				
Continuing operations.....	\$ 1.23	\$ 1.09	\$ 2.01	\$ 2.10
Discontinued operations .....	0.06	0.01	0.08	0.01
Net Income .....	<u>\$ 1.29</u>	<u>\$ 1.10</u>	<u>\$ 2.09</u>	<u>\$ 2.11</u>
Diluted:				
Continuing operations.....	\$ 1.22	\$ 1.09	\$ 2.00	\$ 2.09
Discontinued operations .....	0.06	0.01	0.07	0.01
Net Income .....	<u>\$ 1.28</u>	<u>\$ 1.10</u>	<u>\$ 2.07</u>	<u>\$ 2.10</u>
Average common shares — basic.....	184.0	182.5	183.6	182.3
Average common shares — diluted.....	185.5	183.6	185.2	183.4

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

	<b>June 30, 2010</b>	<b>December 31, 2009</b>
<b>Assets</b>		
Current Assets:		
Cash and cash equivalents .....	\$ 844	\$ 1,216
Receivables, net .....	1,829	1,754
Inventories, net .....	813	802
Current Assets of Discontinued Operations .....	137	141
Deferred income taxes .....	233	232
Other current assets <sup>(a)</sup> .....	<u>237</u>	<u>206</u>
Total current assets .....	4,093	4,351
Plant, property and equipment, net .....	1,037	1,050
Deferred income taxes .....	504	583
Goodwill .....	3,953	3,788
Other intangible assets, net .....	616	501
Asbestos-related assets .....	579	604
Other non-current assets .....	<u>233</u>	<u>252</u>
Total assets .....	<u>\$ 11,015</u>	<u>\$ 11,129</u>
<b>Liabilities and Shareholders' Equity</b>		
Current Liabilities:		
Accounts payable .....	\$ 1,208	\$ 1,273
Accrued expenses <sup>(b)</sup> .....	985	1,020
Accrued taxes .....	13	103
Short-term debt and current maturities of long-term debt....	106	75
Postretirement benefits .....	73	73
Current Liabilities of Discontinued Operations .....	47	44
Deferred income taxes .....	<u>42</u>	<u>36</u>
Total current liabilities .....	2,474	2,624
Postretirement benefits .....	1,754	1,788
Long-term debt .....	1,363	1,431
Asbestos-related liabilities .....	864	867
Other non-current liabilities .....	<u>538</u>	<u>541</u>
Total liabilities .....	6,993	7,251
Shareholders' equity .....	<u>4,022</u>	<u>3,878</u>
Total liabilities and shareholders' equity .....	<u>\$ 11,015</u>	<u>\$ 11,129</u>

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

(b) Includes asbestos-related liabilities of \$67 for 2010 and \$66 for 2009.

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

	Six Months Ended June 30,	
	2010	2009
<b>Operating Activities</b>		
Net income.....	\$ 384	\$ 385
Less: Income from discontinued operations.....	14	1
Income from continuing operations.....	370	384
Adjustments to income from continuing operations:		
Depreciation and amortization .....	140	140
Stock-based compensation.....	16	16
Asbestos-related costs, net.....	27	-
Restructuring and asset impairment charges, net.....	27	31
Payments for restructuring.....	(32)	(46)
Contributions to pension plans.....	(6)	(11)
Change in receivables .....	(121)	78
Change in inventories .....	2	(49)
Change in accounts payable and accrued expenses.....	(19)	47
Change in accrued and deferred taxes.....	(41)	(13)
Change in other assets.....	2	(24)
Change in other liabilities.....	(16)	(9)
Other, net.....	7	2
Net Cash — Operating Activities.....	356	546
<b>Investing Activities</b>		
Capital expenditures .....	(106)	(87)
Acquisitions, net of cash acquired.....	(401)	(35)
Proceeds from sale of assets and businesses.....	2	14
Other, net.....	1	4
Net Cash — Investing Activities.....	(504)	(104)
<b>Financing Activities</b>		
Short-term debt, net.....	34	(1,323)
Long-term debt repaid.....	(70)	(4)
Long-term debt issued .....	-	992
Proceeds from issuance of common stock.....	9	2
Dividends paid .....	(130)	(70)
Tax impact from equity compensation activity.....	3	(1)
Other, net.....	6	2
Net Cash — Financing Activities.....	(148)	(402)
Exchange rate effects on cash and cash equivalents	(85)	15
<b>Cash from (used for) discontinued operations:</b>		
Operating Activities.....	9	(1)
Net change in cash and cash equivalents.....	(372)	54
Cash and cash equivalents — beginning of year.....	1,216	965
<b>Cash and Cash Equivalents — end of period.....</b>	<b>\$ 844</b>	<b>\$ 1,019</b>