



**ITT**

**Lehman Brothers  
2007 Industrial Select Conference**

**Steve Loranger  
Chairman, President & CEO**

**February 8, 2007**

*Engineered for life*

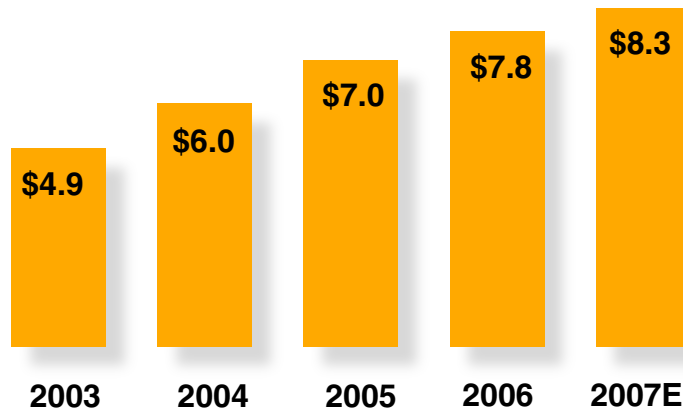
# Forward Looking Statements

## **“Safe Harbor Statement” under the Private Securities Litigation Reform Act of 1995 (“the Act”):**

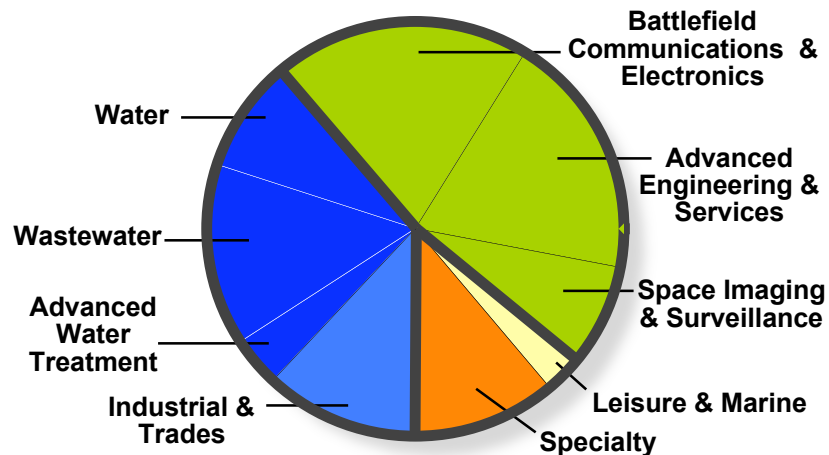
Certain material presented herein includes forward-looking statements intended to qualify for the safe harbor from liability established by the Act. These forward-looking statements include statements that describe the Company’s business strategy, outlook, objectives, plans, intentions or goals, and any discussion of future operating or financial performance. Whenever used words such as "anticipate," "estimate," "expect," "project," "intend," "plan," "believe," "target" and other terms of similar meaning are intended to identify such forward-looking statements. Forward-looking statements are uncertain and to some extent unpredictable, and involve known and unknown risks, uncertainties and other important factors that could cause actual results to differ materially from those expressed in, or implied from, such forward-looking statements. Factors that could cause results to differ materially from those anticipated by the Company include general global economic conditions, decline in consumer spending, interest and foreign currency exchange rate fluctuations, availability of commodities, supplies and raw materials, competition, acquisitions or divestitures, changes in government defense budgets, employment and pension matters, contingencies related to actual or alleged environmental contamination, claims and concerns, intellectual property matters, personal injury claims, governmental investigations, tax obligations, and changes in generally accepted accounting principles. Other factors are more thoroughly set forth in Item 1. Business, Item 1A. Risk Factors and Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Forward-Looking Statements in the ITT Industries, Inc. Annual Report on Form 10-K for the fiscal year ended December 31, 2005, and other of its filings with the Securities and Exchange Commission. The Company undertakes no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise.

# ITT Corporation - Today

REVENUE (\$Billion)



GROWTH PLATFORMS



- **Multi-Industry Company with Outstanding Organic Growth**

- **Leading Positions in Attractive Markets with Long-Term Growth Catalysts**

- **Portfolio and Management System Designed to Produce Predictable and Consistent Growth**



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Segments:



Fluid Technology



Defense Electronics & Services



Motion & Flow Control

# ITT Management System

## Vision

To be a premier multi-industry company known for its management talent, market leadership and operational excellence.

We create value for our shareholders through a growth-oriented, global portfolio of businesses that are leaders in their individual markets.

## Values

Honesty - Integrity - Quality - Citizenship - Respect  
Fairness - Accountability - Diversity - Inclusion

## Integrated Strategic Processes

### Growth

- Value-Based Management
- Value-Based Product Development
- Strategic Agenda Planning

### Resource Optimization

- Premier Resource Management
- Portfolio Management/ Capital Allocation
- Structural Alignment

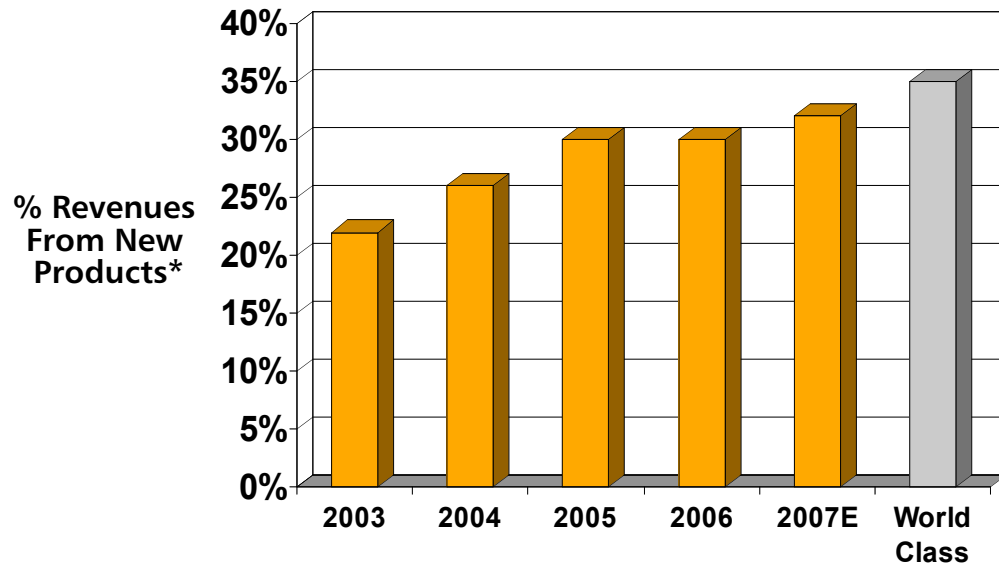
### Operational Excellence

- Value-Based Six Sigma/ Lean
- Value-Based Goal Deployment
- Acquisition Integration

### Leadership

- Value-Based Leadership Development
- Partnership for Performance
- Functional Excellence

# Innovation Drives Sustainable Competitive Advantage



\* Sales from products released within 3 years over total sales

**N-Pump**



**New Generation Dewatering Pumps**



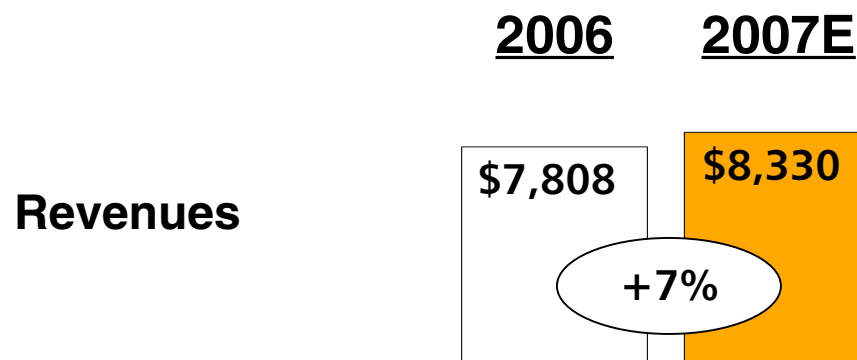
**Subminiature Connector**



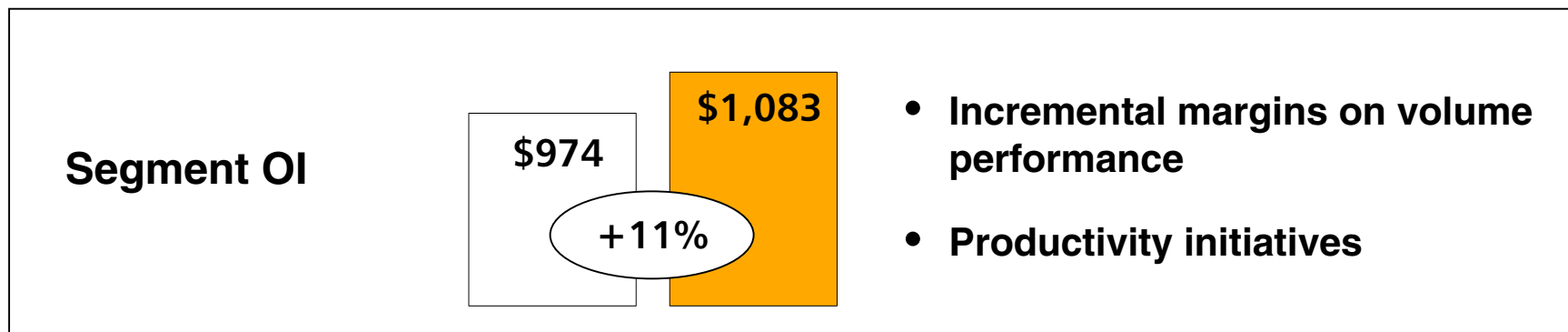
**Next Generation Air Traffic Control Radios**

**Highly Engineered Products Drive Organic Growth**

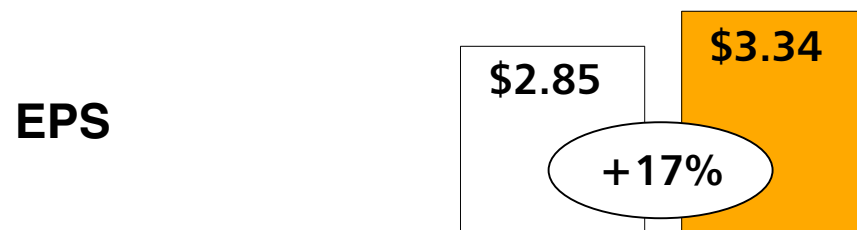
# A Look at the Year Ahead



- Attractive growth
  - Contributions from all segments



- Incremental margins on volume performance
- Productivity initiatives

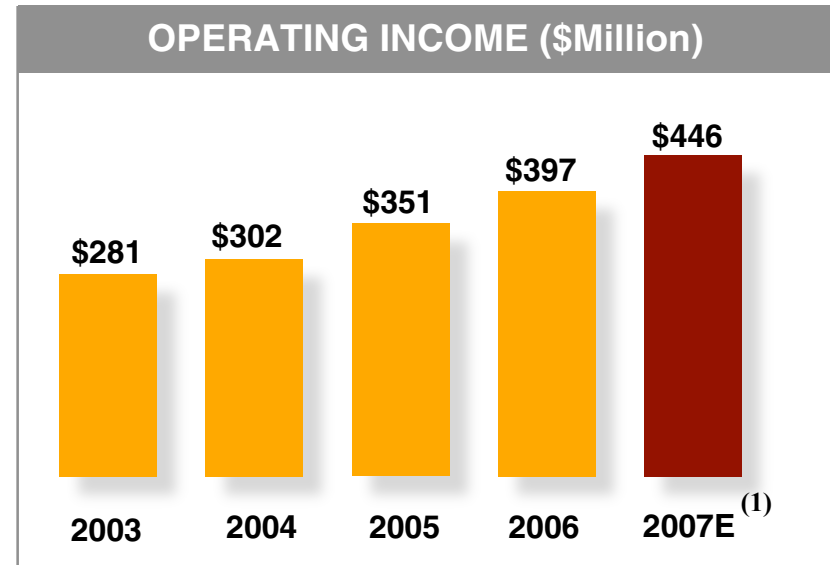
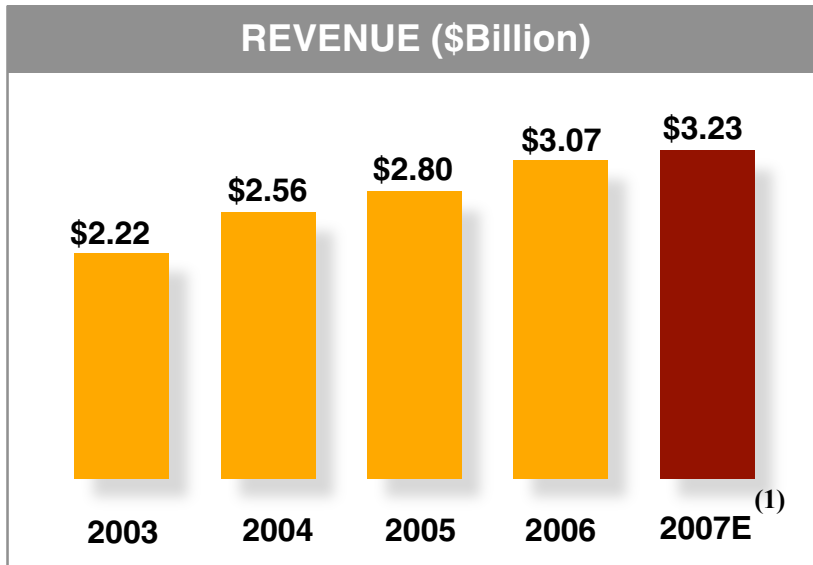


- Strong performance throughout portfolio
- Maintaining outlook for solid long-term earnings growth



Note: 2007E represents midpoints of guidance ranges  
Segment OI and EPS are adjusted for special items

# Fluid Technology



## POSITION OF STRENGTH

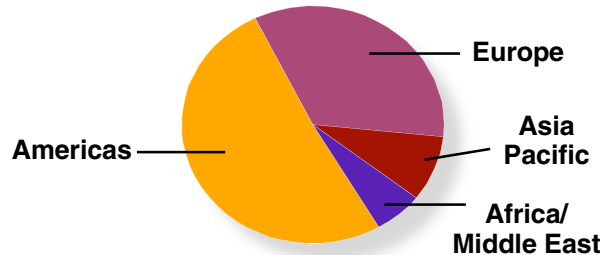
- **Leading Water/Wastewater Equipment Supplier**
- **Premier Brands – Several 100+ Years**
- **Large Installed Base**
- **Growing at 2x GDP**
- **Substantial Margin Improvement Opportunities**

(1) Represents the mid-point of full-year guidance

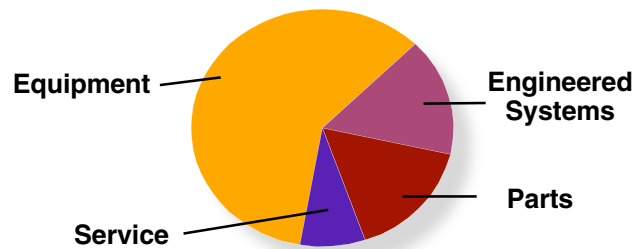
**Growth Drivers Expected to Take Decades to Play Out**

# Fluid Technology – Diversified Along Many Lines

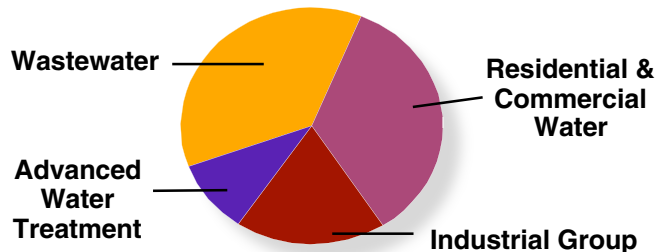
REVENUE – REGION



REVENUE – PRODUCT

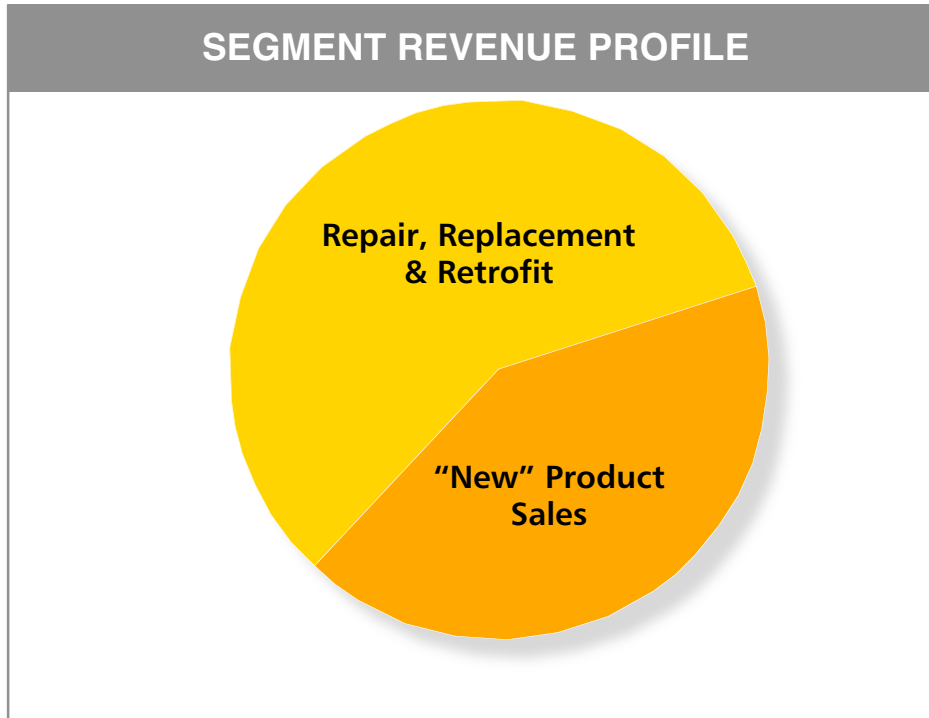


REVENUE – VALUE CENTERS



- **Multi-national coverage**
- **Branded leadership positions**
- **Focusing on growth in Asia**
- **Product diversification focused at the high-end of the market**
- **Shared research and development, technology and production expertise**
- **Diverse end-market customer base**
- **Fragmented customer base adds to attractiveness of the business**

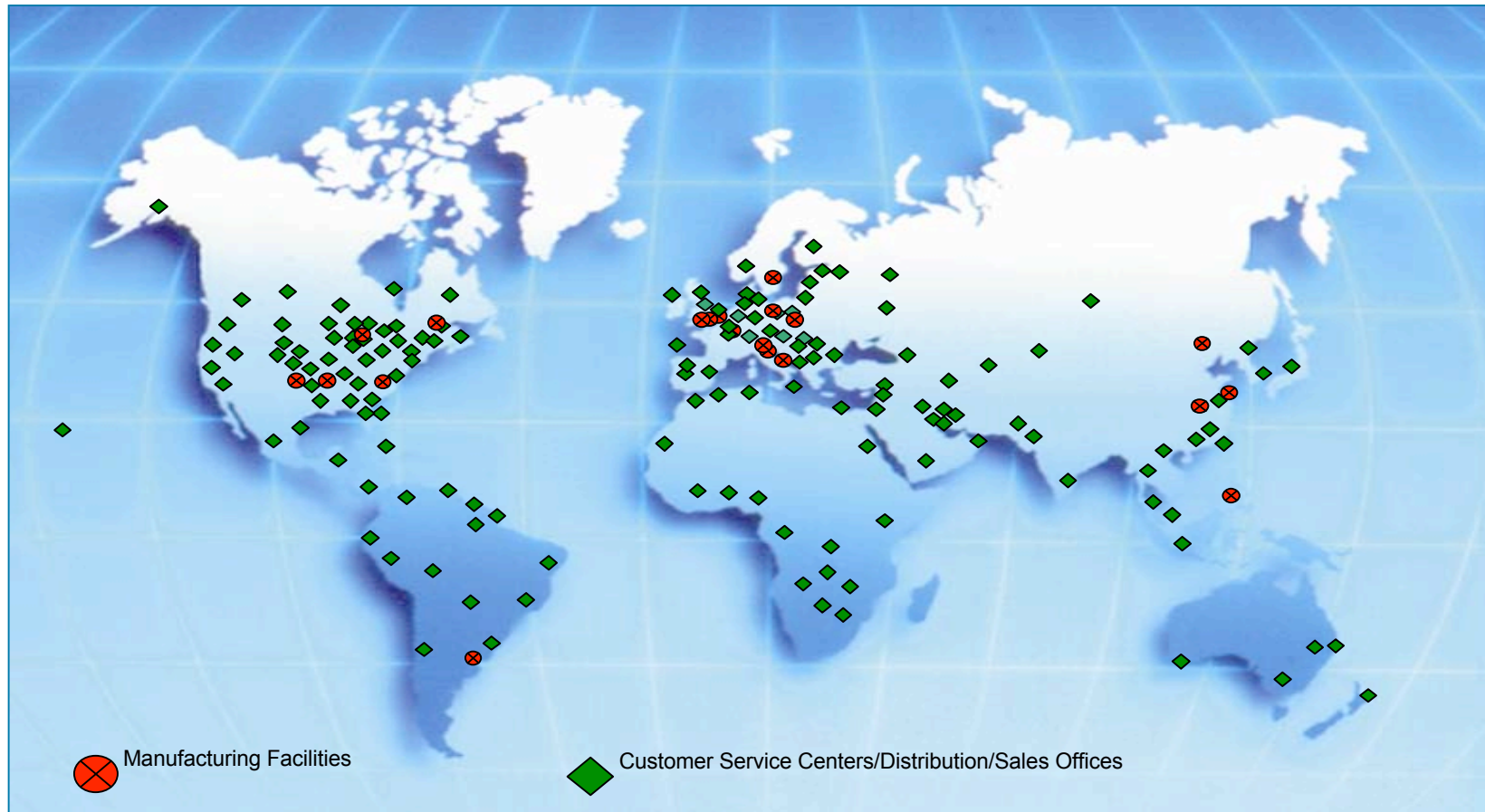
# Fluid Technology “Annuity Based” Revenue Stream



- **Installed Base of >13 million pumps**
- **Extensive distribution channels enables close customer contact**
- **Market expansion drives virtuous cycle**
- **Proven ability to capture this revenue stream**

**> 55% of Revenue Driven by Repair, Replacement & Retrofit**

# Fluid Technology – Leveraging Distribution Channels



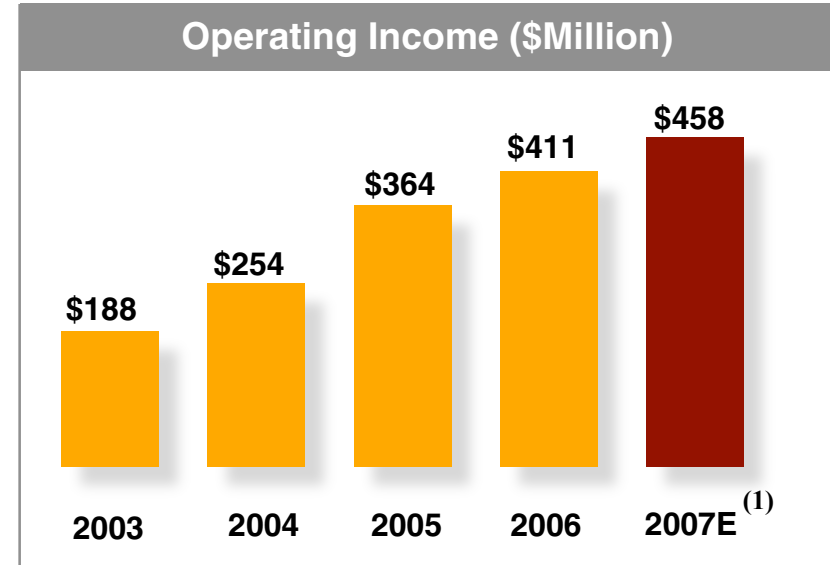
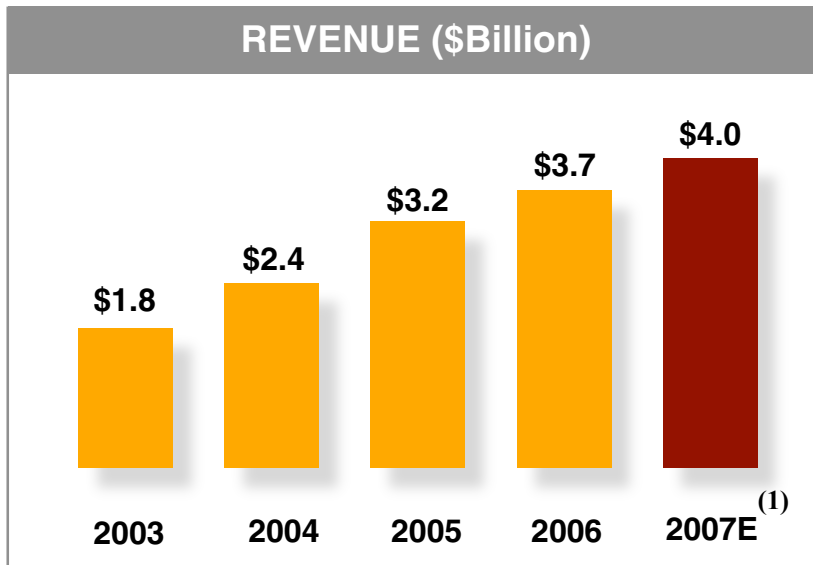
- **Channel Strength**  
– nearly 2,400 distributors

- **Sales presence**  
in 137 countries

- **Forward integration supplemented**  
with market focused direct technical  
and commercial support from ITT

**Match Leading Products with Leading Distribution Capabilities**

# Defense Electronics & Services



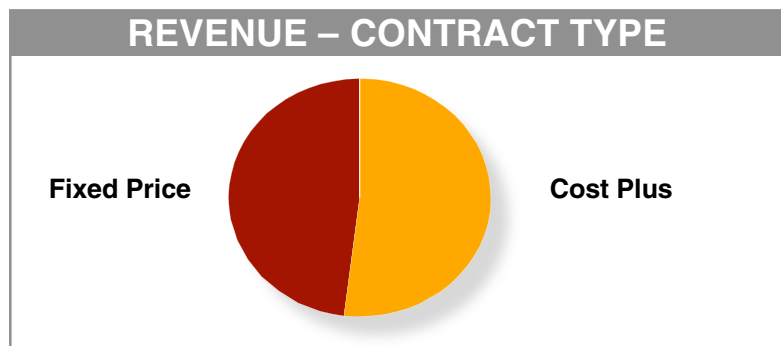
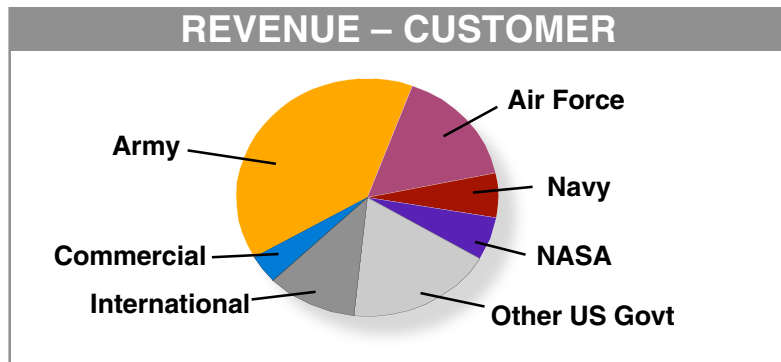
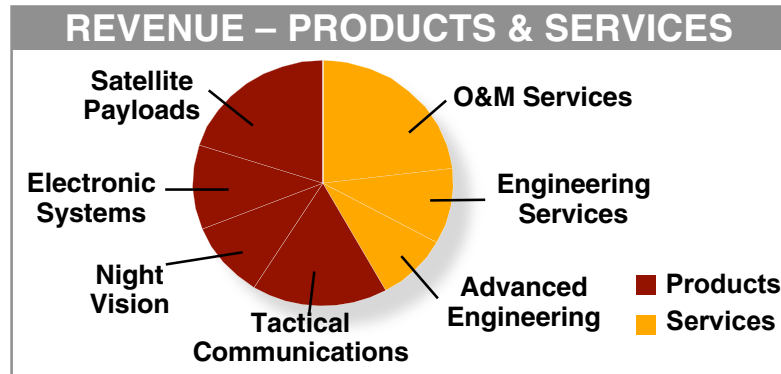
## LONG-TERM VIEW

- **Revenue growth 8% – 10% over the planning horizon**
  - **Desirable positions in sensing & surveillance, battlefield electronics and advanced engineering**
  - **Strong backlog provides great visibility**
  - **Well positioned to benefit from continuation of outsourcing trend**
  - **Innovating for next generation products & services**

(1) Represents the mid-point of full-year guidance

**Diverse Portfolio at Center of DoD Priorities**

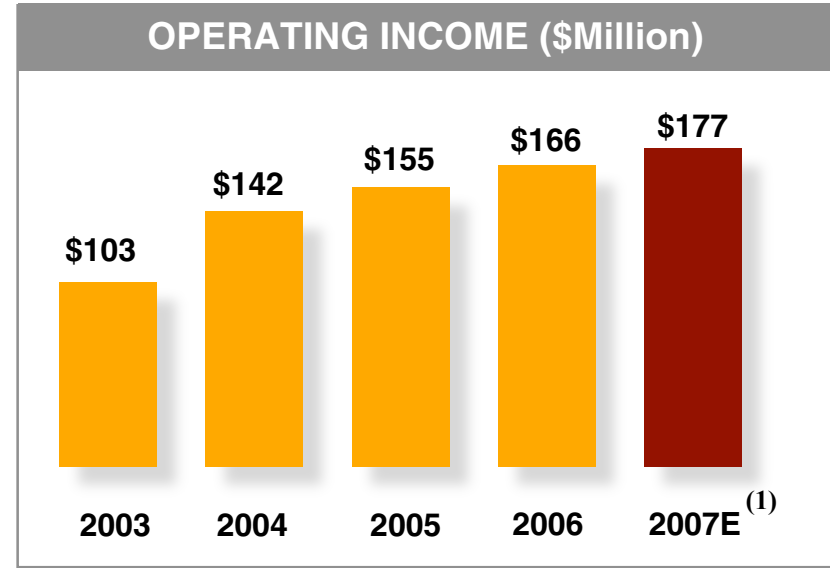
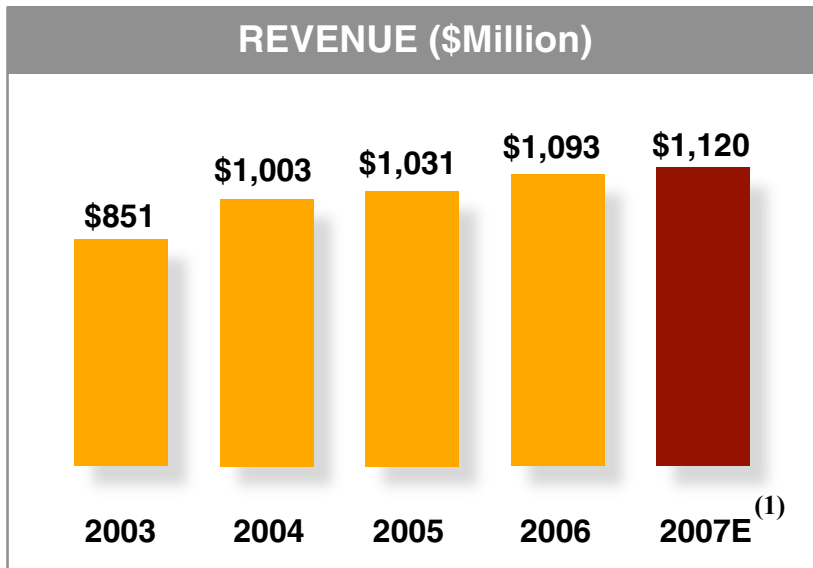
# Defense Electronics & Services Diversification



- Balance of products and services supports the DoD's mission
- Strong legacy positions throughout portfolio provide leverage for the future
- Opportunities to further expand diversification in customer base
  - Non-DoD and international sales poised to grow
- Stable margins
- High return on invested capital

**Portfolio Provides a Platform for Continued Growth**

# Motion & Flow Control



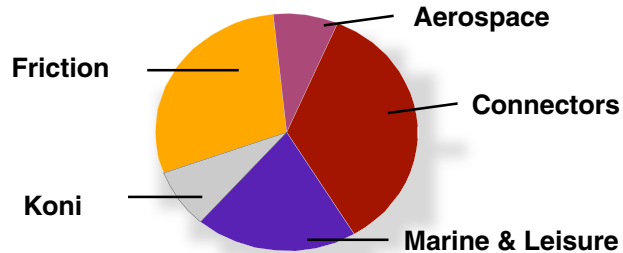
- DIVERSE ENGINEERED PRODUCTS**
- Strong positions in niche markets
  - Creating value through product innovation
  - Competitive advantage through operations excellence

(1) Represents the mid-point of full-year guidance

**Attractive Businesses Focused on Value Creation**

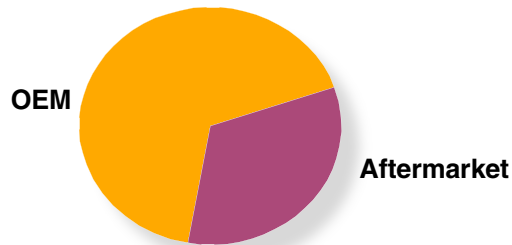
# Motion & Flow Control – Diversified Along Many Lines

## REVENUE – VALUE CENTERS



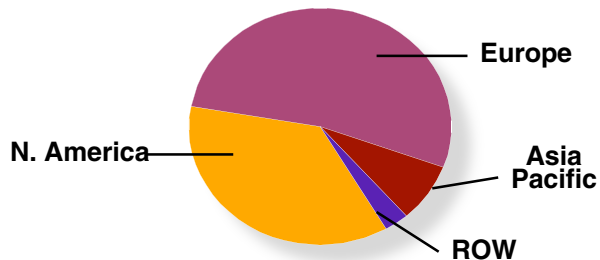
- Wide array of end-market exposure
- Products serve high-end of their respective markets

## REVENUE – OEM/AFTERMARKET



- Balance between OEM and Aftermarket adds to consistency

## REVENUE – REGION



- Portfolio has traditionally favored North American and Western Europe
- Asia represents compelling growth opportunity

**Unique Combination Creates Platform for Sustained Growth**

# Summary

- **Strong Organic Revenue Growth Coupled with Operational Excellence**
- **Intense Focus on Innovation**
- **Diversification Among and Within Operating Segments**
- **Financial Flexibility**
  - Invest in organic growth
  - Make strategic acquisitions
  - Increase dividends
  - Initiated \$1B stock buyback program



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