



**ITT**

**Electrical Products Group  
2007 Annual Spring Conference**

**Steve Loranger  
Chairman, President & CEO**

**May 21, 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 Corporation, Inc. Annual Report on Form 10-K for the fiscal year ended December 31, 2006, 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

## FLUID TECHNOLOGY



World's largest supplier of pumps and systems to transport and control water and other fluids

## DEFENSE ELECTRONICS & SERVICES



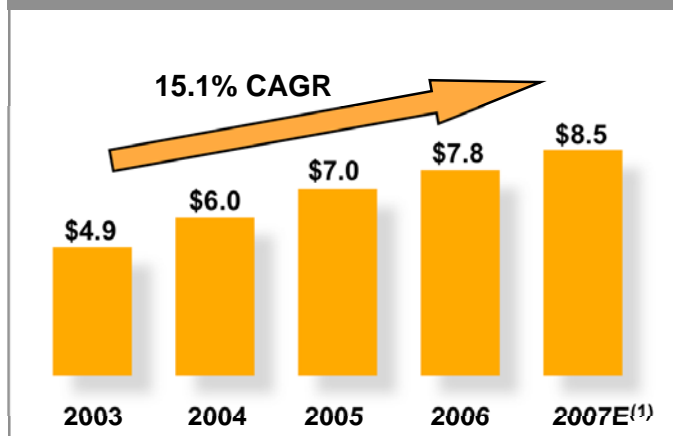
Supplier of military defense systems and advanced technical and operational services

## MOTION & FLOW CONTROL



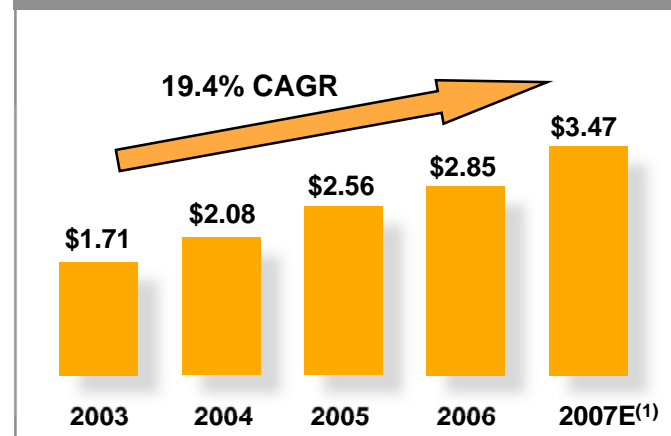
Component producer for the transportation, marine, construction and aerospace markets

### CONSOLIDATED REVENUE (\$B)



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

### Earnings Per Share



For non-GAAP reconciliations, refer to Appendix



**Organic Growth Driven by Leading Positions in Attractive Markets**

# 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

**N Pump**



**New Generation  
Dewatering Pumps**



**Enhanced Night Vision  
Goggles**



**VSX Pump – with  
ProSmart Monitoring  
Equipment**



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**Suite of Integrated Radio-  
Frequency Countermeasures**



**Subminiature  
Connector**



**FSD Shock  
Absorber**

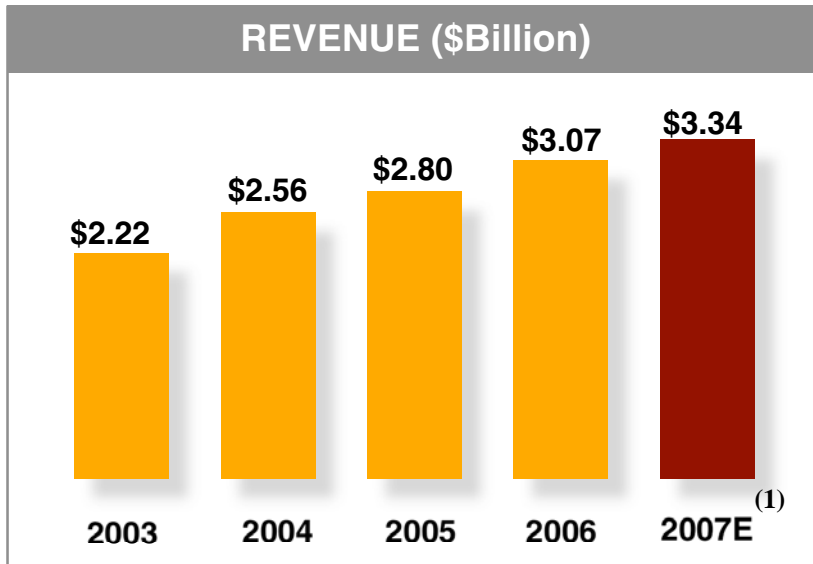


**Next Generation Air  
Traffic Control Radios**

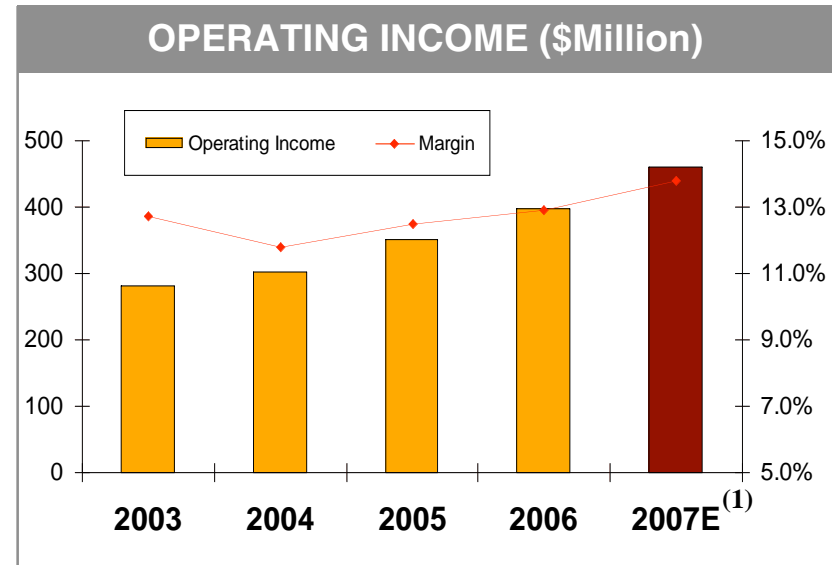


**Highly Engineered Products Drive Organic Growth**

# Fluid Technology



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



For non-GAAP reconciliations, refer to Appendix

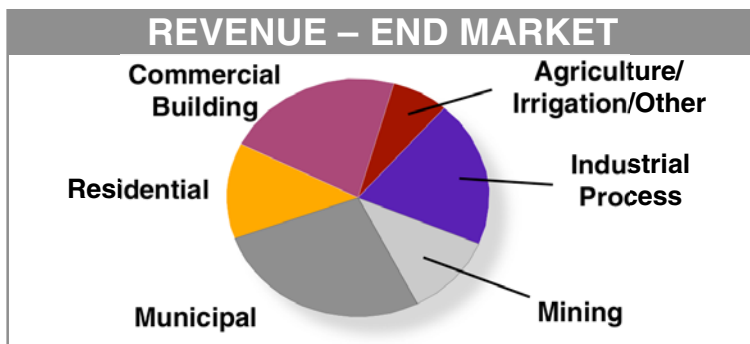
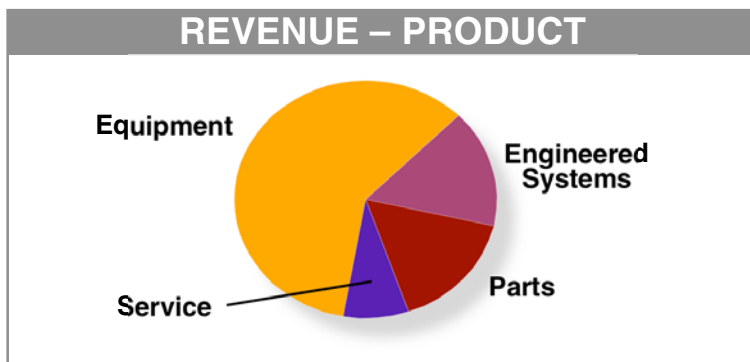
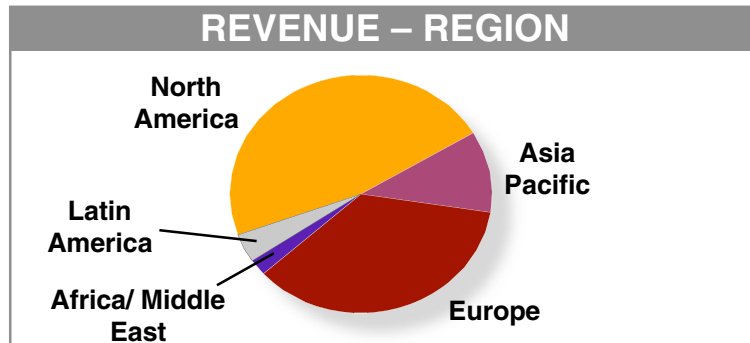
- ### REVENUE DRIVERS
- Brand strength; geographic breadth; strong distribution channels
  - Large installed base
  - New product innovation
  - Market adjacencies:
    - De-watering/sludge
    - Monitoring, control & testing

- ### MARGIN DRIVERS
- Volume increases
  - Productivity enhancements:
    - Realignment of organizational structure
    - Low-cost manufacturing transition
    - Significant global sourcing benefits
    - Six Sigma/Lean progress continues



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

# Fluid Technology – Diversified Along Many Lines

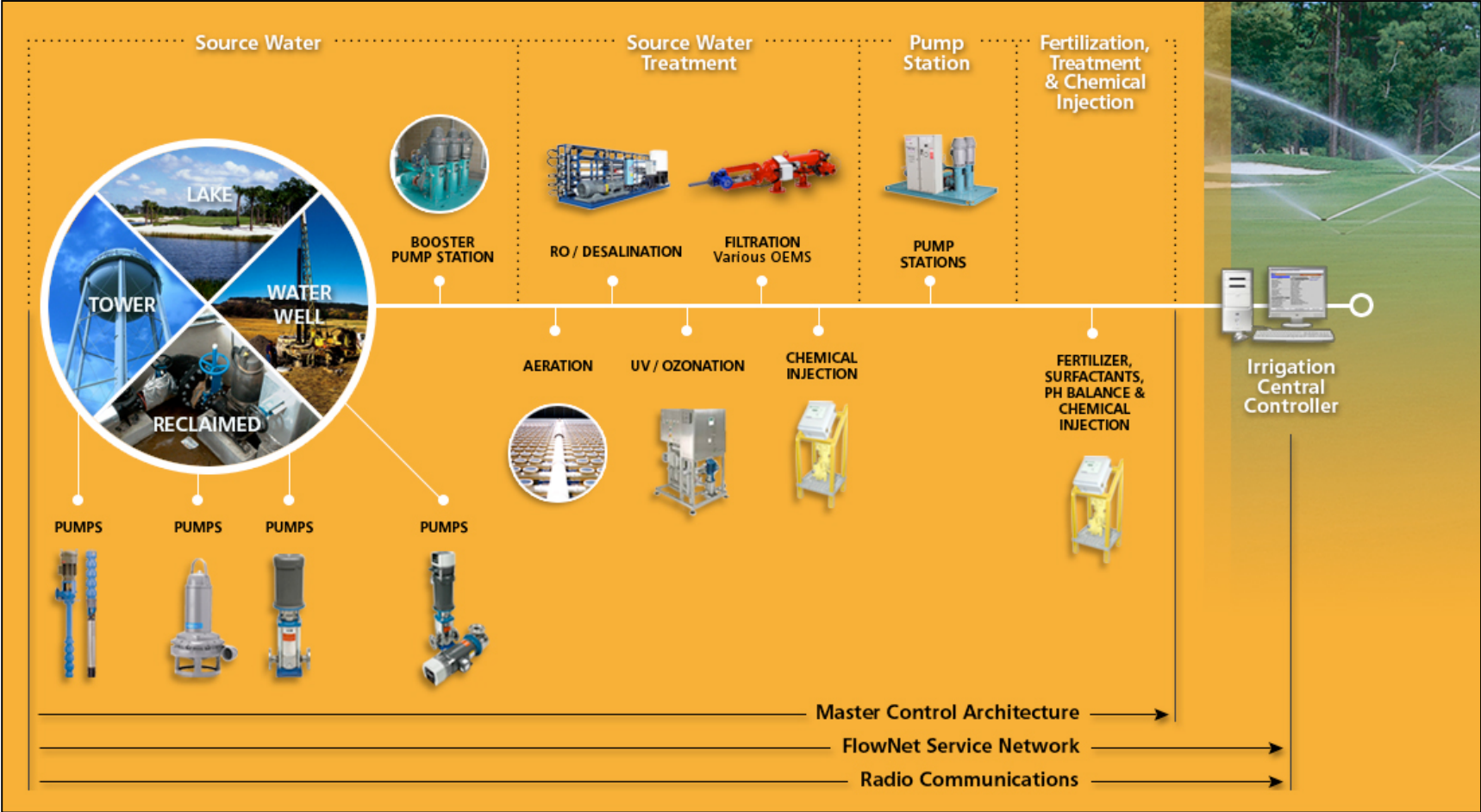


- **Multi-national coverage**
- **Branded leadership positions**
- **Focusing on growth in Asia**
  
- **Product diversification focused at the high-end of the market**
- **Shared research and development, technology and production expertise**
  
- **Diverse end-market customer base**
- **Fragmented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

Based on 2006  
data



# Driving Technology in Support of Our Customers



## Integrating Our ITT Core Products & Services



# Motion & Flow Control

## ■ Group of Attractive Businesses

- Strong financial performance
- Products designed for “premium” market
- High aftermarket exposure
- Strong brand recognition

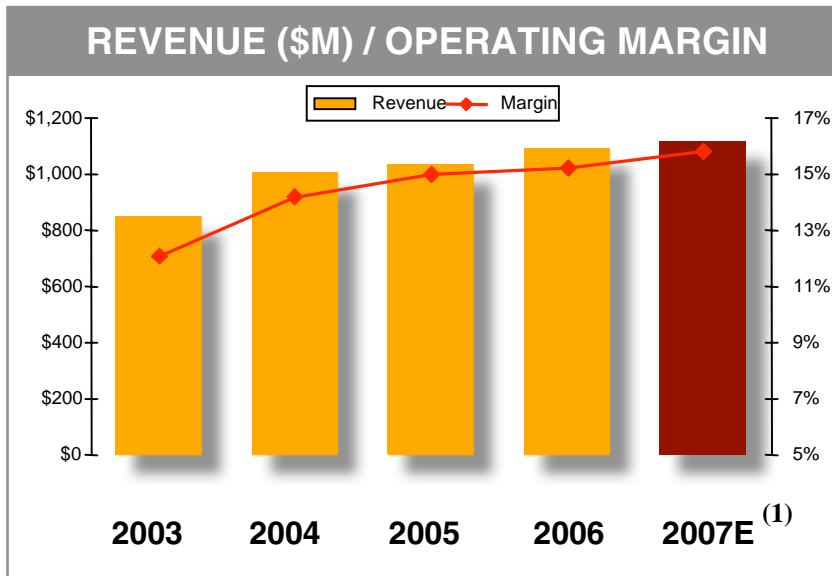
## ■ Core Capabilities

- Product innovation
- Global distribution channels
- Outstanding customer relationships
- Operating excellence

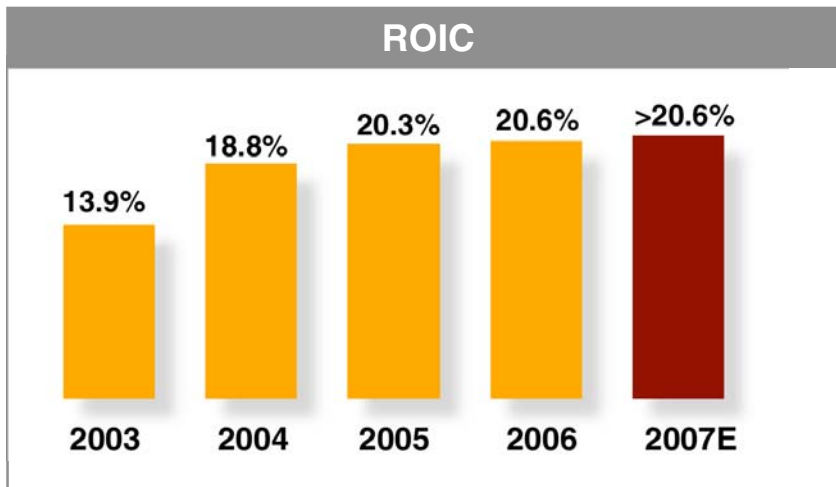


**Attractive Technologies Delivering Continued Value Creation**

# Motion & Flow Control – Strong Financial Performance



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

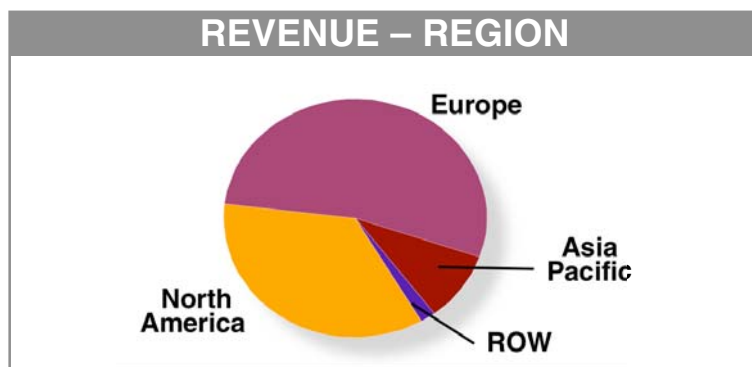
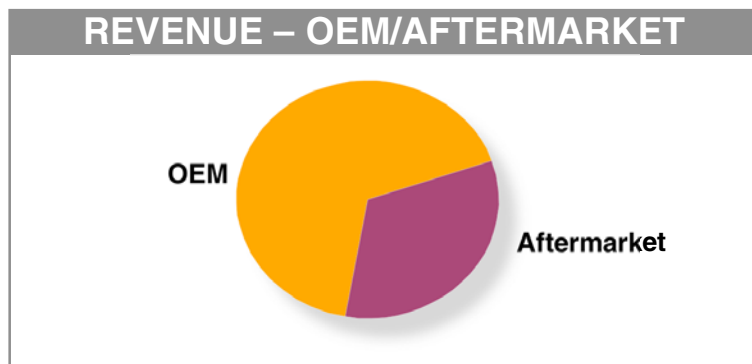
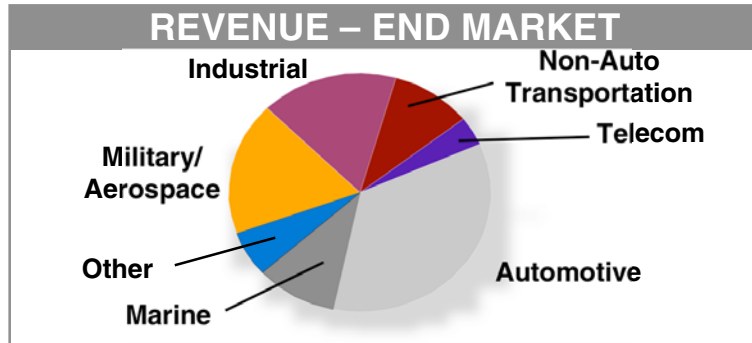


For non-GAAP reconciliations, refer to Appendix

- **Consistent organic revenue growth through share gains and new product introductions**
- **Continual operating margin expansion driven by lean operations and strategic sourcing**

- **Strong return on invested capital**
- **Common manufacturing facilities to improve return**

# Motion & Flow Control – Diversified Along Many Lines



- **Wide array of end-market exposure**
- **Products serve high-end of their respective markets**
- **Balance between OEM and aftermarket adds to consistency**
- **Portfolio has traditionally favored North America and Western Europe**
- **Asia represents compelling growth opportunity**

Based on 2006 data



**Unique Combination Creates Platform for Sustained Growth**

# ITT Defense Electronics & Services - Capabilities

## Communications



Tactical Networking,  
Communications &  
Security

Air Traffic Control  
Communications  
Electronics

Spectrum Management

Total Communications  
Support Services

Information Technology

Command & Control  
Systems

## Sensing & Surveillance



Night Vision Systems

Image Intensified  
Cameras & Tubes

Electronic Warfare  
Systems

Air Defense

Radars

Bio-Chemical Detection

Remote Sensing

## Space



Navigational Payloads

Meteorological Sensors

Remote Sensing

Imaging Systems

Space Science Systems

Intelligence,  
Surveillance &  
Reconnaissance

GPS systems

Space Launch Support

## Advanced Engineering & Integrated Services



Operations &  
Maintenance

Advanced Engineering  
& Integration

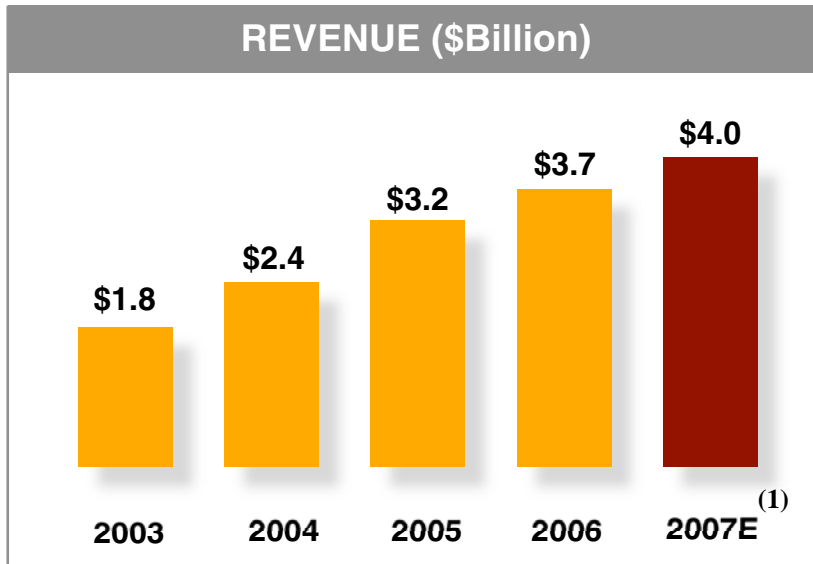
Weapon & Bio-  
Chemical Defense

Homeland Security

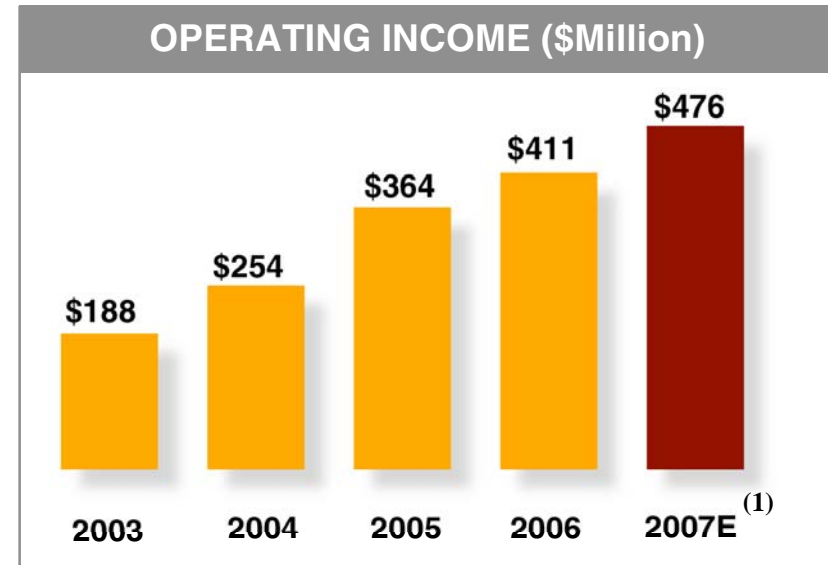
Facility Infrastructure

Power Solutions

# Defense Electronics & Services



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



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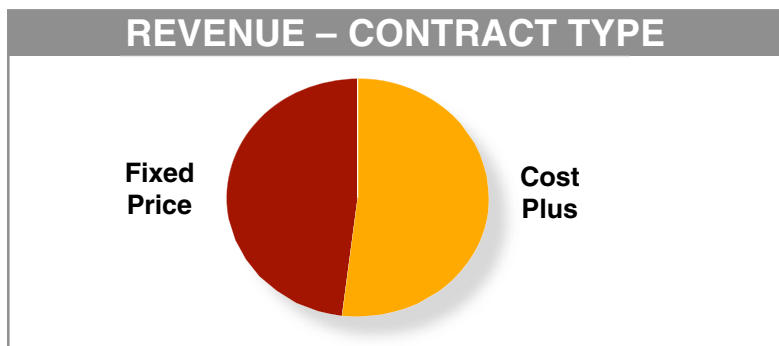
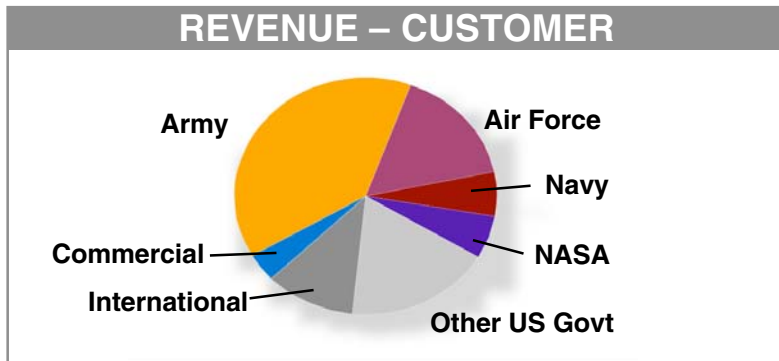
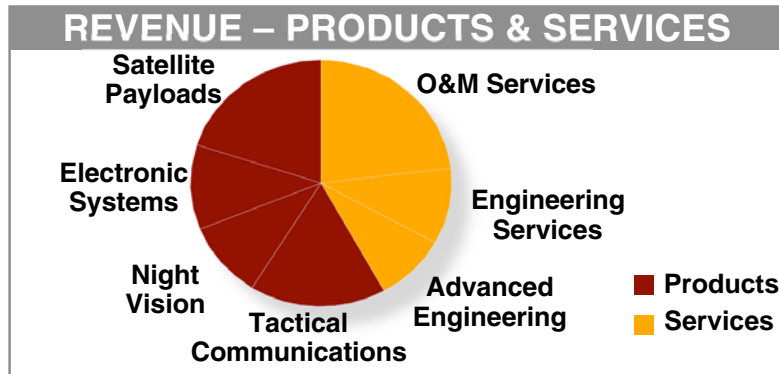
## LONG-TERM VIEW

- 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



**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**

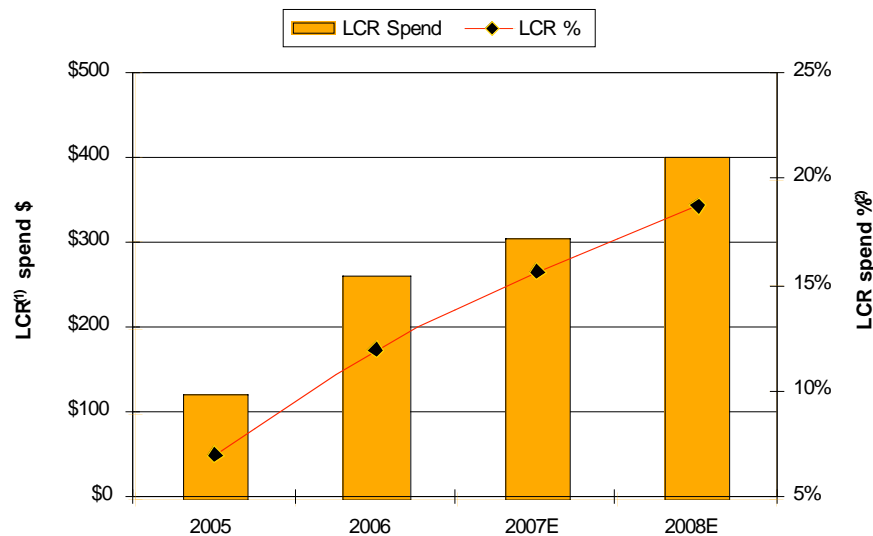


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**Portfolio Provides a Platform for Continued Growth**

# Operational Excellence

## Global Sourcing



- (1) LCR = Low Cost Region  
(2) % of commercial business direct material purchases

## Lean Initiatives

- Value center consolidation
- Cycle time reduction
- Quality improvement

## Footprint Rationalization

- Consolidation of factories
  - Closed 14 facilities in high-cost regions during 2004-2006
- Expanding manufacturing and R&D presence in China, Eastern Europe and Mexico

# Summary

- **Intense Focus on Innovation**
- **Diversification Among and Within Business Segments**
- **Strong Organic Revenue Growth Coupled with Continued Margin Expansion Provides High-Level of Confidence in 2007 Targets\*:**
  - **Revenue growth: 9%**
  - **Segment Operating Income growth: 15%**
  - **EPS Growth: 22%**
- **Disciplined Capital Allocation**
  - **Dividend growth**
  - **Share repurchase**
  - **Acquisition strategy**

\* Represents midpoints of 2007 guidance ranges  
Segment OI and EPS are adjusted for special items



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# Appendix

# Non-GAAP Reconciliations – EPS

	2003	2004	2005	2006
<i>Adjusted EPS from Continuing Ops.</i>	\$ 1.71	\$ 2.08	\$ 2.56	\$ 2.85
Restructuring, Net	\$ (0.09)	\$ (0.11)	\$ (0.20)	\$ (0.19)
Tax Settlements/Other	\$ 0.26	\$ 0.19	\$ 0.44	\$ 0.01
<i>EPS from Continuing Ops.</i>	<u>\$ 1.88</u>	<u>\$ 2.16</u>	<u>\$ 2.80</u>	<u>\$ 2.67</u>
Discontinued Operations, net	\$ 0.27	\$ 0.13	\$ (0.86)	\$ 0.43
Cumulative Effect of a Change in Accounting Principle	\$ -	\$ -	\$ (0.03)	\$ -
<i>Reported EPS</i>	<u>\$ 2.15</u>	<u>\$ 2.29</u>	<u>\$ 1.91</u>	<u>\$ 3.10</u>

# Non-GAAP Reconciliations – Segment Op. Income

	2003	2004	2005	2006
<b>Defense Electronics &amp; Services</b>				
<i>Op. Income, as adj</i>	\$ 188.1	\$ 254.1	\$ 363.7	\$ 410.6
Restructuring	\$ (1.0)	\$ -	\$ -	\$ (6.3)
<i>Op. Income, as reported</i>	<u>\$ 187.1</u>	<u>\$ 254.1</u>	<u>\$ 363.7</u>	<u>\$ 404.3</u>
<b>Fluid Technology</b>				
<i>Op. Income, as adj</i>	\$ 281.1	\$ 301.9	\$ 351.2	\$ 397.3
Restructuring	\$ (13.0)	\$ (18.1)	\$ (31.6)	\$ (26.7)
<i>Op. Income, as reported</i>	<u>\$ 268.1</u>	<u>\$ 283.8</u>	<u>\$ 319.6</u>	<u>\$ 370.6</u>
<b>Motion &amp; Flow Control</b>				
<i>Op. Income, as adj</i>	\$ 102.9	\$ 141.8	\$ 155.2	\$ 166.2
Restructuring	\$ (9.6)	\$ (9.4)	\$ (21.9)	\$ (16.5)
<i>Op. Income, as reported</i>	<u>\$ 93.3</u>	<u>\$ 132.4</u>	<u>\$ 133.3</u>	<u>\$ 149.7</u>
<b>Combined Operating Segments</b>				
<i>Op. Income, as adj</i>	\$ 572.1	\$ 697.8	\$ 870.1	\$ 974.1
Restructuring	\$ (23.6)	\$ (27.5)	\$ (53.5)	\$ (49.5)
<i>Op. Income, as reported</i>	<u>\$ 548.5</u>	<u>\$ 670.3</u>	<u>\$ 816.6</u>	<u>\$ 924.6</u>