



# Barclays 2009 Industrial Select Conference

**Steve Loranger**  
Chairman, President & CEO

February 11, 2009

*Engineered for life*



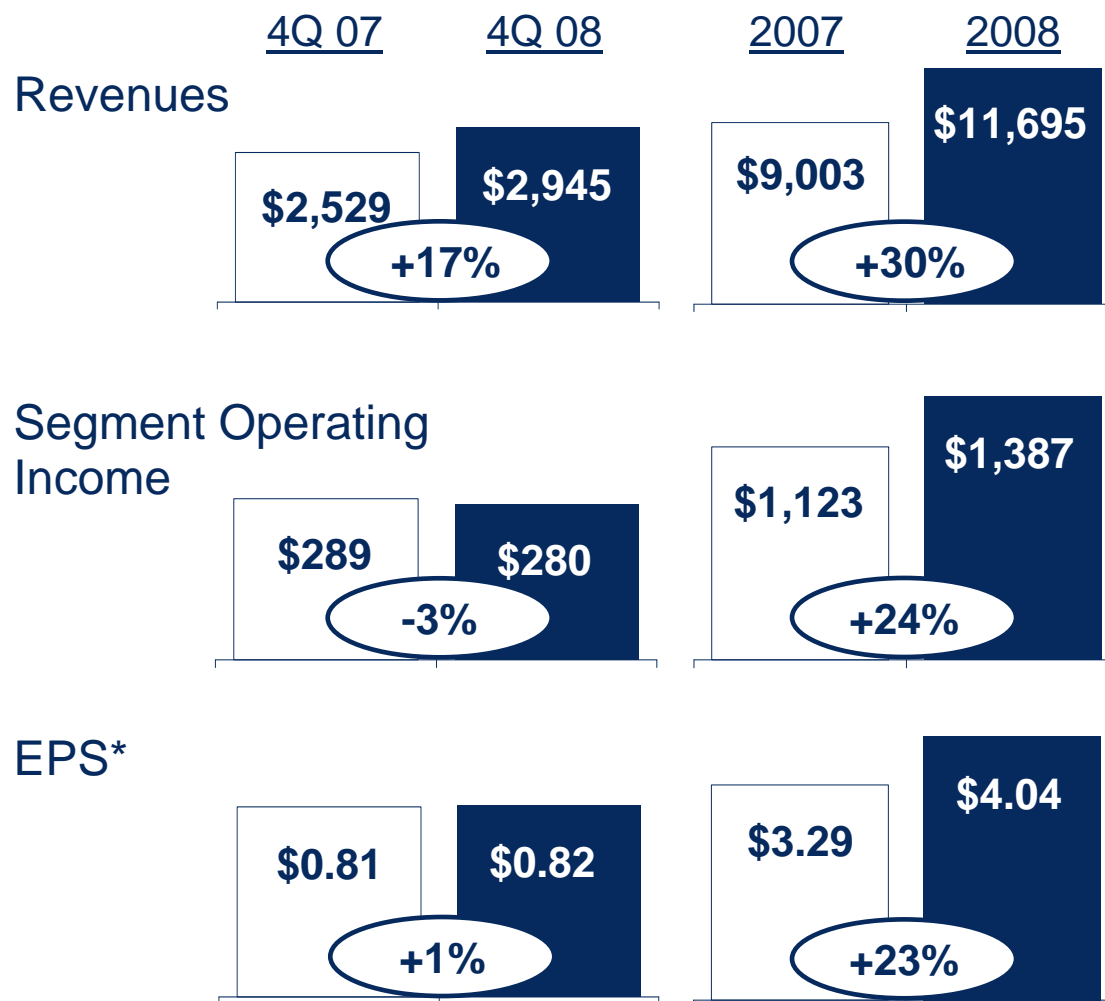
# Safe Harbor

“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 Private Securities Litigation Reform Act of 1995 ("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 income tax accounting, and changes in generally accepted accounting principles. Recent distress in the financial markets has had an adverse impact on the availability of credit and liquidity sources. Continued market deterioration could jeopardize certain counterparties obligations, including those of our insurers and financial institutions. 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 2007 Annual Report on Form 10-K 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.



# 2008 ITT Results



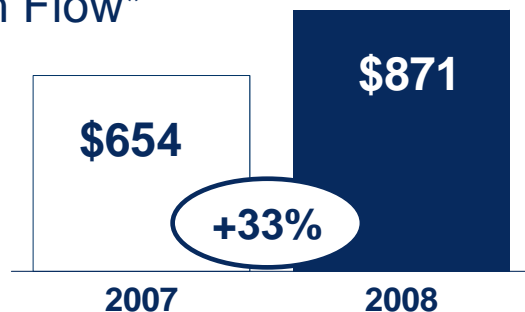
- Organic Revenue Growth
  - 4Q +5%; FY +7%
- Organic Order Growth
  - 4Q -8%; FY+9%
  
- Significant Acquisition Contributions
- Aggressive Restructuring & Realignment
  
- Exceeded guidance midpoint by \$0.04

\*EPS from Continuing Operations, excluding net impact of tax and other special items.  
 For non-GAAP reconciliations refer to [www.itt.com/ir](http://www.itt.com/ir)



# ITT Financial Position

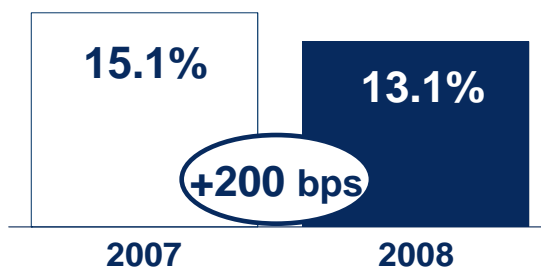
## Free Cash Flow\*



## 112% Free Cash Flow Conversion

- Improved working capital
- Strong acquisition performance

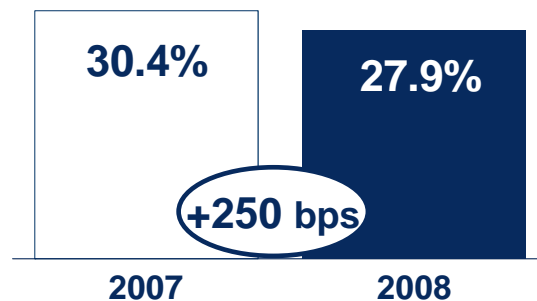
## Working Capital % of Sales



## +200 bps Improvement in Working Capital % of Sales

- Improved inventory turns
- Improved A/R days

## Net Debt to Net Capital



## +250 bps Reduction in Net Debt to Net Capital Ratio

- \$965 million in cash
- \$544 million reduction in net debt
- Includes \$1.3 billion equity reduction for pension

\*Free Cash Flow = Cash from operations (before discretionary pension contributions in '07 net of tax) less capital expenditures and '07 adjustment related to a sale/leaseback transaction.

For non-GAAP reconciliations refer to [www.itt.com/ir](http://www.itt.com/ir).

# ITT Corporation - Capabilities

## FLUID TECHNOLOGY



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



Population,  
Environment,  
Global Infrastructure

## DEFENSE ELECTRONICS & SERVICES



Supplier of military defense systems and advanced technical and operational services



Global Security,  
Asymmetric Threats

## MOTION & FLOW CONTROL

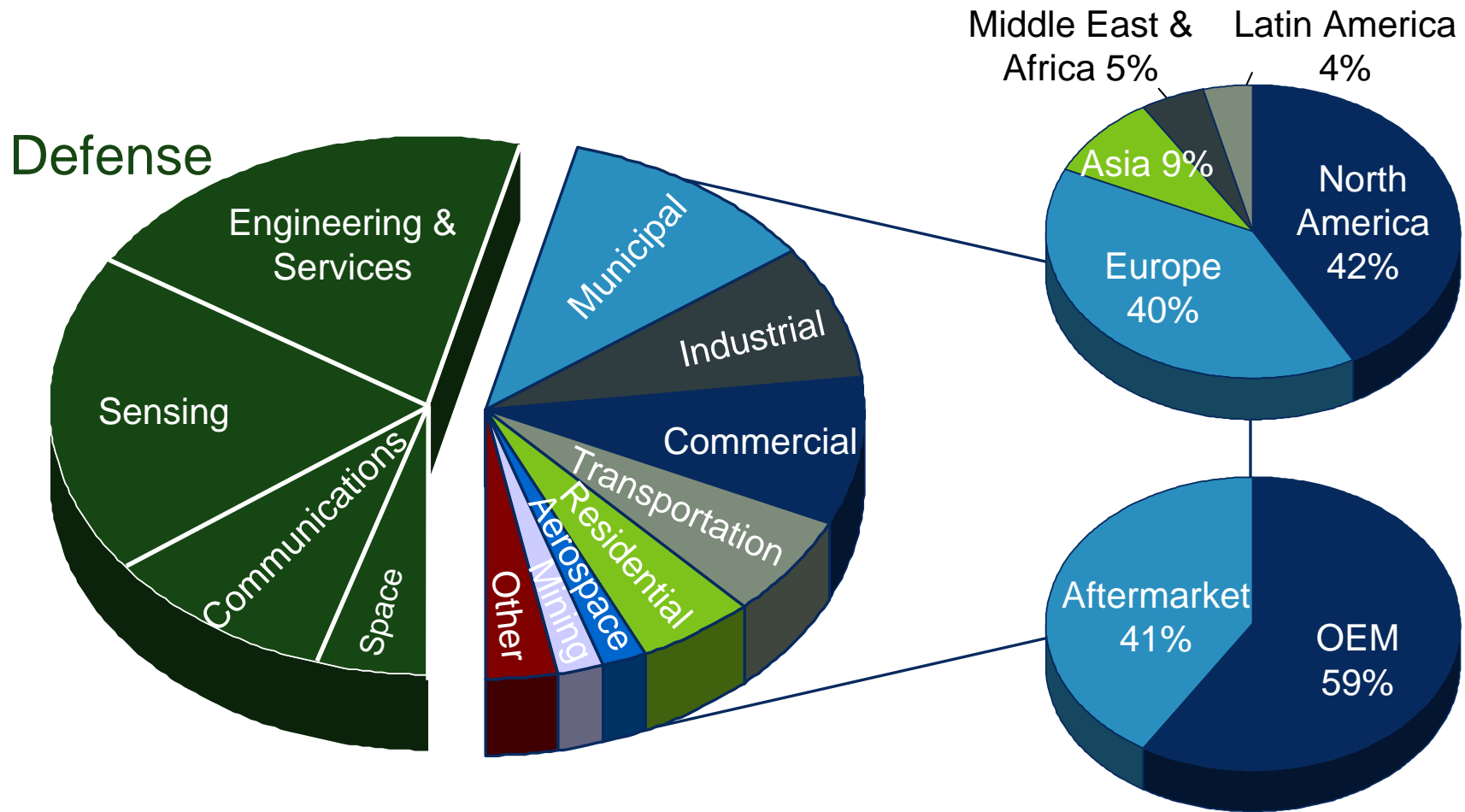


Manufacturer of highly-engineered critical components for aerospace, marine, industrial & transportation mkts



Population,  
Global Infrastructure

# ITT Diversification

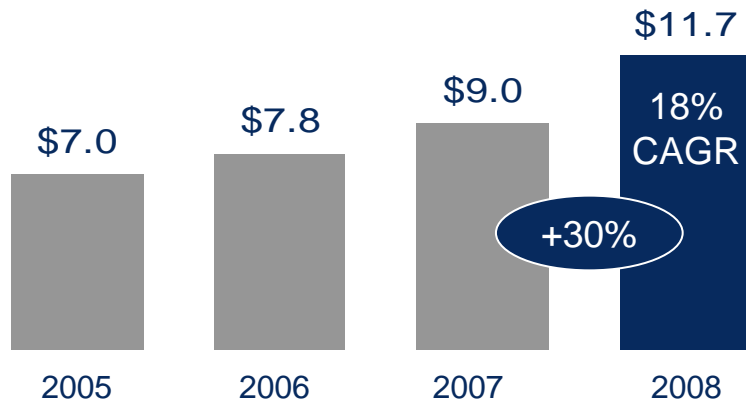


Highly Diversified Customer Base

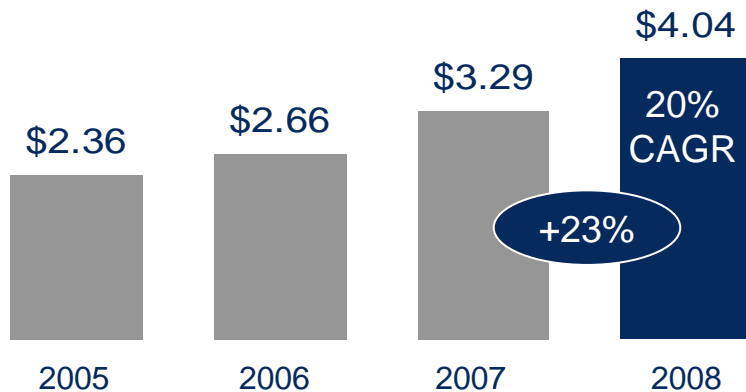


# ITT Corporation Performance

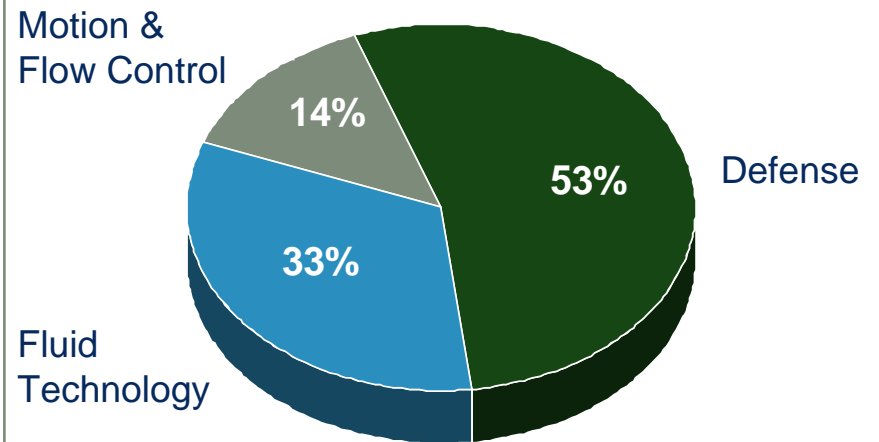
## CONSOLIDATED REVENUES (\$B)



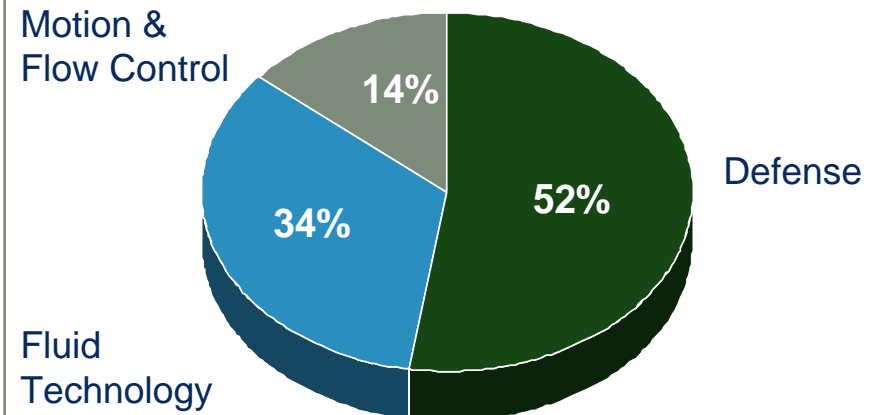
## EARNINGS PER SHARE\*



## 2008 REVENUES



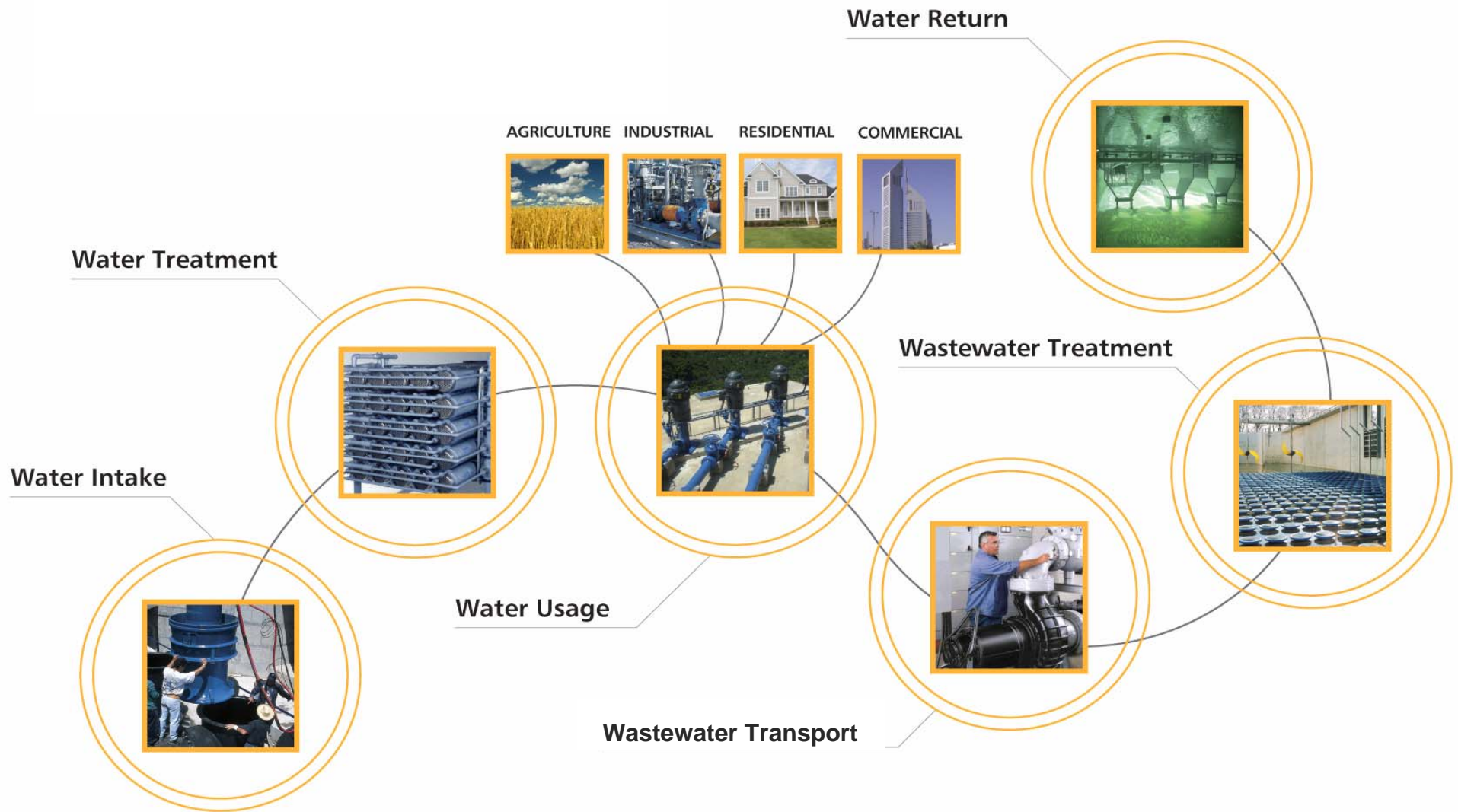
## 2008 OPERATING INCOME



\*EPS from Continuing Operations, excluding net impact of tax and other special items.  
For non-GAAP reconciliations refer to [www.itt.com/ir](http://www.itt.com/ir)



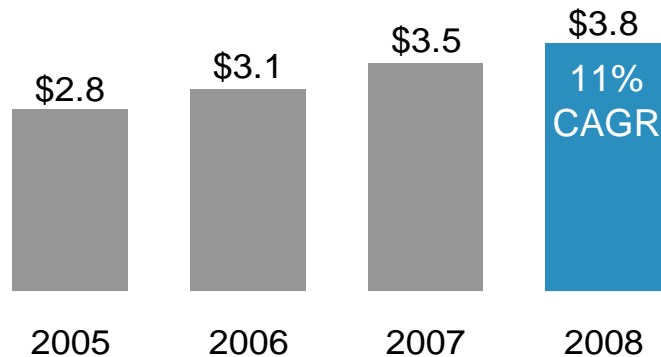
# ITT & The Cycle of Water



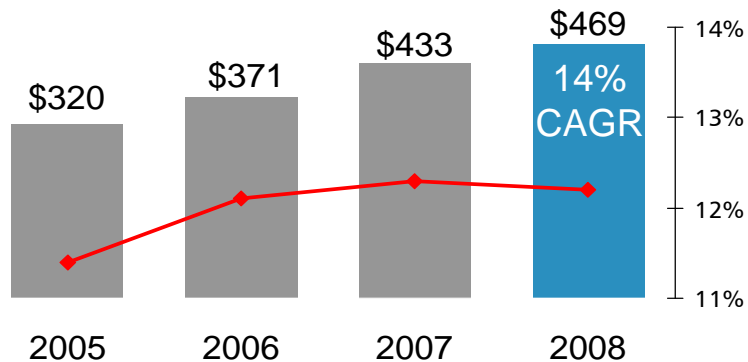
Enduring Global Drivers: Population, Scarcity, Regulation, Infrastructure

# Fluid Technology

## FLUID REVENUES (\$B)



## OPERATING INCOME (\$M)/MARGIN



## Market Strength

- Strong Aftermarket
- 70% Direct Distribution
- Innovation & Adjacencies

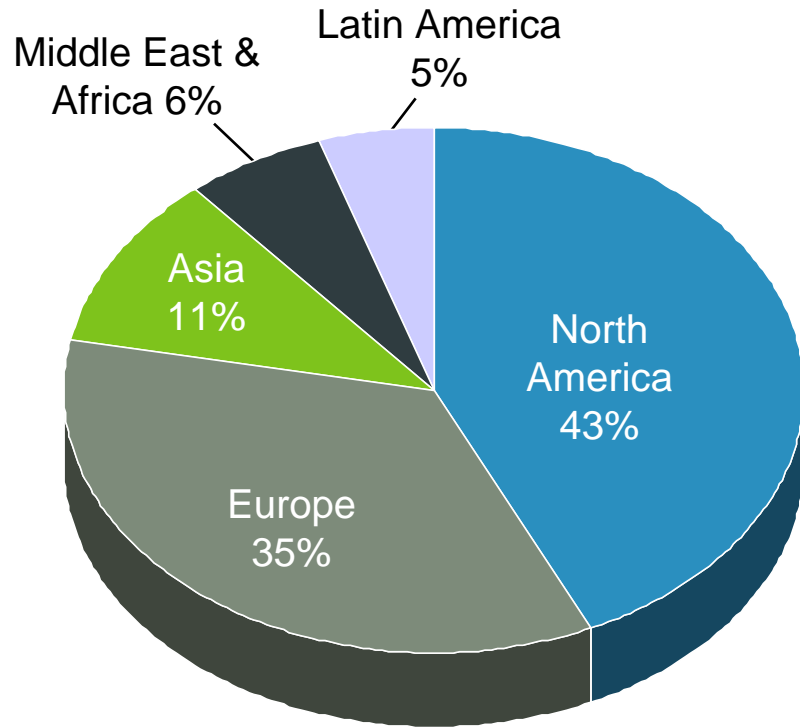
## Operating Performance

- Productivity Enhancements
- Global Strategic Sourcing
- Global Manufacturing Transitions
- \$50M in 2008 Restructuring & Realignment Actions

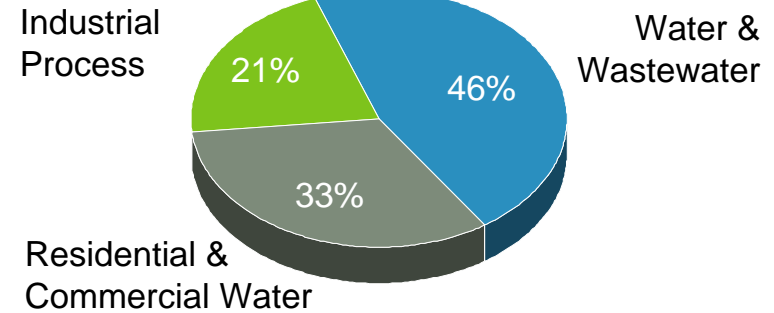


# Fluid Technology - Diversification

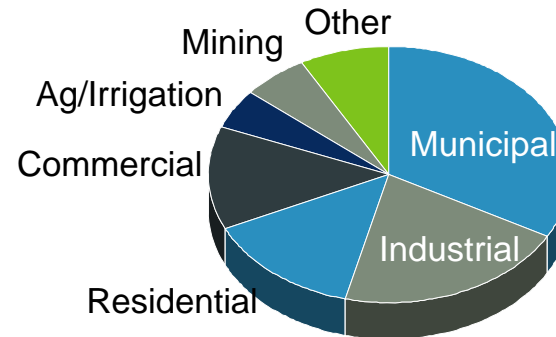
## GEOGRAPHIES



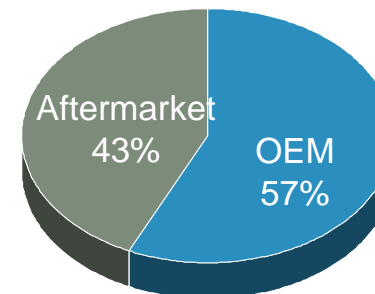
## VALUE CENTERS



## MARKET



## AFTERMARKET/OEM



#1 Global



#1 in N. America



#1 Global



#2 in N. America



#2 Global

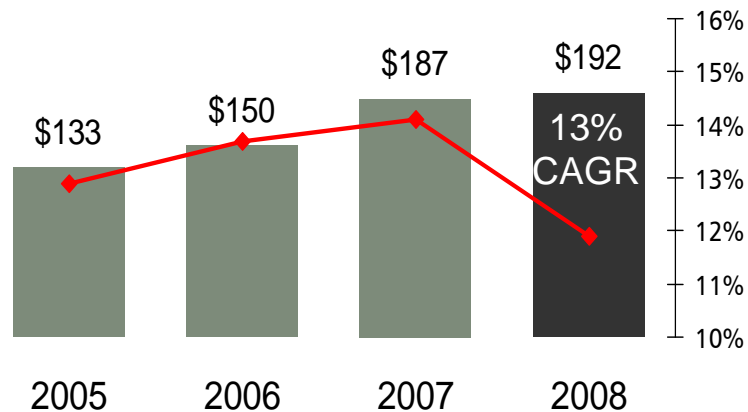


# Motion & Flow Control

## MOTION & FLOW REVENUES (\$B)



## OPERATING INCOME (\$M)/MARGIN



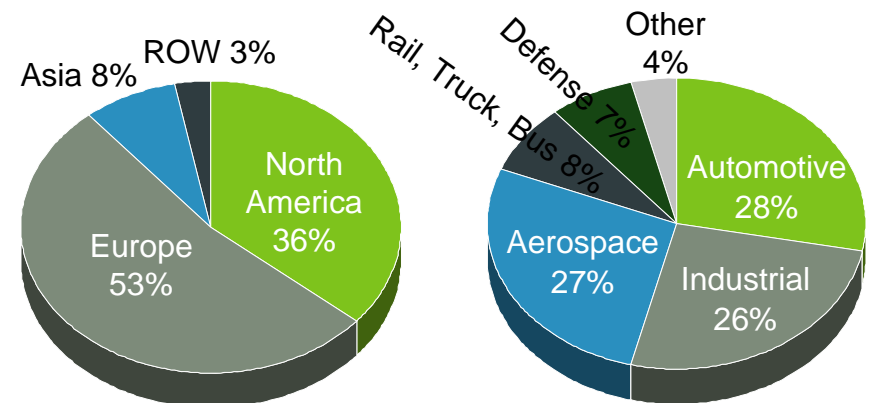
## Market Strength

- Diverse Customer Base
- Attractive End Markets
- 35% Aftermarket

## Operating Performance

- Common Manufacturing Facilities
- Low Cost Manufacturing Transitions
- Global Strategic Sourcing
- \$47M in 2008 Restructuring & Realignment Actions

## GEOGRAPHIES & MARKETS

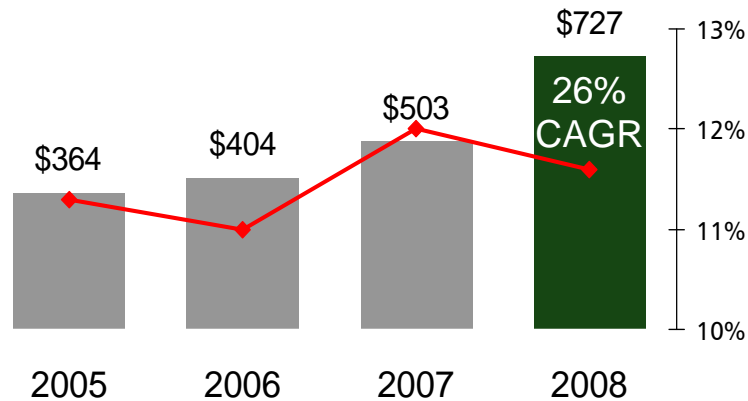


# Defense Electronics & Services

## DEFENSE REVENUES (\$B)



## OPERATING INCOME (\$M)/MARGIN



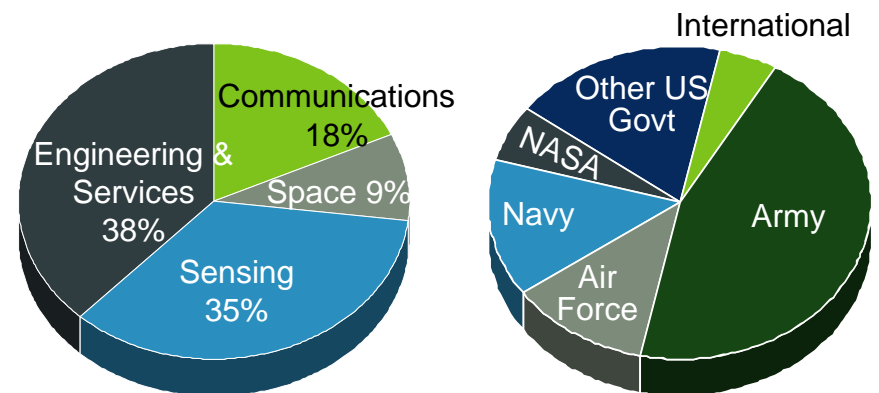
## Market Strength

- Large Installed Base
- Next Generation Development
- Aligned with Future Customer Needs

## Operating Performance

- Six Sigma and Lean Initiatives
- Balanced Fixed Price & Cost Plus Contracts
- Strong Cash Flow & ROIC

## CAPABILITIES & CUSTOMERS



# Defense Electronics & Services

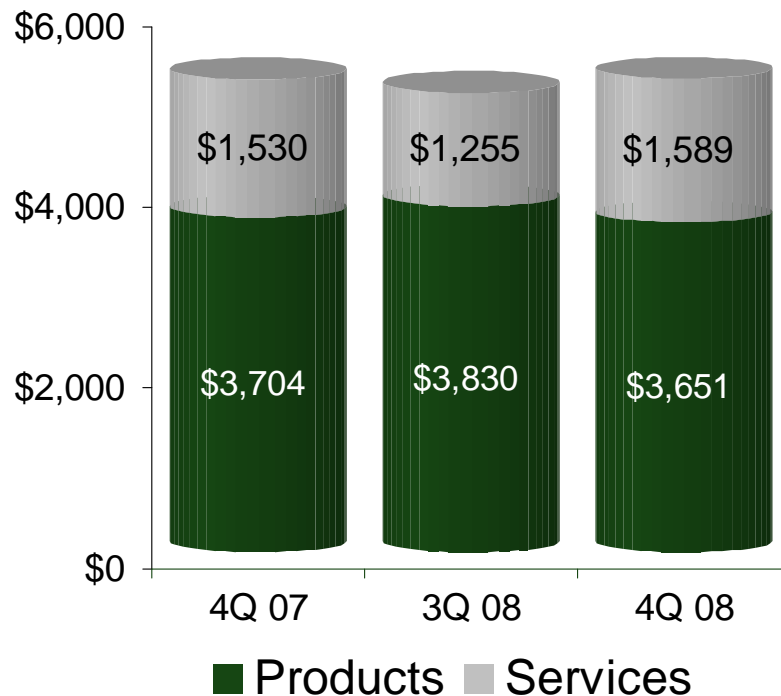
Defense Priorities	ITT Products & Services
<ul style="list-style-type: none"> <li>▪ Troop Level Increases                             <ul style="list-style-type: none"> <li>✓ +60K Army</li> <li>✓ +25K Marines</li> </ul> </li> <li>▪ Force Modernization</li> <li>▪ Security of Allied Nations</li> </ul>	<ul style="list-style-type: none"> <li>➔ SINCGARS Radios</li> <li>➔ Night Vision</li> <li>➔ Enhanced NV Goggles</li> <li>➔ CREW Counter-IED Jammers</li> <li>➔ Countermeasures</li> </ul> 
<ul style="list-style-type: none"> <li>▪ Cyber-Warfare</li> <li>▪ Space</li> </ul>	<ul style="list-style-type: none"> <li>➔ Intelligence Systems</li> <li>➔ Information Warfare</li> <li>➔ Satellite Payloads</li> </ul> 
<ul style="list-style-type: none"> <li>▪ Global Reach in the Air</li> <li>▪ Power Projection at Sea</li> </ul>	<ul style="list-style-type: none"> <li>➔ Airborne &amp; Marine Countermeasures</li> <li>➔ Unmanned Surface Vehicles</li> <li>➔ Coastal Radar/Sonar</li> </ul> 
<ul style="list-style-type: none"> <li>▪ Competitive Outsourcing</li> </ul>	<ul style="list-style-type: none"> <li>➔ Base Maintenance, Mission Control</li> <li>➔ Information Integration &amp; Operations</li> <li>➔ Advanced Research</li> </ul> 

Nicely Aligned with Current Defense Priorities



# Defense Strategic Growth & Backlog

## Backlog



## Recent Wins & Opportunities

### GROW THE CORE

- JTRS Team Member
- Sole Source Enhanced NV Goggles
- GPS III
- LOGCAP

### INTERNATIONAL GROWTH

- \$490M Foreign Military Sales ID/IQ
- Spanish Military Modernization
- \$45M Sweden - Coastal Radar
- Australia - CREW
- UK & Other Allies - NV Awards

### ADJACENT MARKETS

- Counter-Drug Program
- US Strategic Command

### CROSS – VALUE PURSUITS

- FAA ADS-B Execution
- \$1.3B NASA Space Communications
- CREW Next Gen Development

Blue Indicates Non-DoD, Non-Conflict or International win or opportunity.



# ITT 2009 Actions

## Focused on Customers

- ✓ Align with customer needs
- ✓ Strategic growth initiatives
- ✓ Life cycle cost improvements
- ✓ Strategic Value Center consolidations

## Cost Management

- ✓ \$94 million of restructuring & realignment actions in Q4 2008
- ✓ \$50 million of 2009 actions
- ✓ Developed contingency plans
- ✓ Discretionary spending controls
- ✓ Executive merit freeze & incentive adjustments

## Disciplined Capital Deployment

- ✓ Focus on cash generation & liquidity preservation
- ✓ Reprioritizing investment decisions
- ✓ Disposing non-strategic Motion businesses:
  - Spa & Whirlpool
  - European Industrial Distribution
- ✓ Prepared Fluid facility for sale

## Operational Execution

- ✓ Streamlined oversight of Fluid and Motion
- ✓ Detailed lean six sigma
- ✓ Global strategic sourcing
- ✓ Strong leadership team



# ITT 2009 Earnings Outlook *(\$ in Millions except EPS)*

## Full Year 2009 Guidance

	2009	Yr/Yr Growth*	Organic Growth
<b>Segment Revenue</b>			
Fluid Technology	\$ 3,290 - \$ 3,370	-13%	-5%
Defense Electronics & Services	\$ 6,540 - \$ 6,590	5%	5%
Motion & Flow Control	\$ 1,150 - \$ 1,225	-25%	-16%
<b>Consolidated Guidance</b>			
ITT - Revenues	\$ 10,970 - \$ 11,170	-5%	-2%
Segment Margin	12.0% - 12.5%	40 bps	
Earnings Per Share**	\$ 3.60 - \$ 4.00	-6%	

## First Quarter 2009 Consolidated Guidance

	Q109	Yr/Yr Growth*	Organic Growth
ITT - Revenues	\$ 2,475 - \$ 2,545	-11%	-6%
Earnings Per Share**	\$ 0.53 - \$ 0.63	-36%	

\*Based on guidance midpoints

\*\*Continuing EPS, excludes net impact of tax and other special items



# Summary

- 2008 Another Record Year
  - Record Revenue, Cash and EPS
  - \$2 Billion in Acquisitions Integrated
  - Aggressive Cost Actions
  - Growth Investments
- Prepared for 2009
  - Healthy Balance Sheet
  - Balanced Portfolio
  - Detailed Operational & Contingency Plans
- Prepared for the Long-Term
  - Our Customers Are Central
  - Strategic Investments
  - Enduring Demand Drivers



# Appendix



**ITT**

*Engineered for life*

# ITT Non-GAAP Reconciliation - EPS

	4Q07	4Q08	2007	2008
Reported EPS	\$ 0.86	\$ 1.02	\$ 4.03	\$ 4.33
Discontinued Ops.	\$ 0.16	\$ 0.06	\$ 0.59	\$ 0.10
Reported EPS - Continuing Ops.	<u>\$ 0.70</u>	<u>\$ 0.96</u>	<u>\$ 3.44</u>	<u>\$ 4.23</u>
Tax Settlement/Other	\$ (0.11)	\$ 0.14	\$ 0.15	\$ 0.19
<b>Adjusted EPS - Continuing Ops.</b>	<b><u>\$ 0.81</u></b>	<b><u>\$ 0.82</u></b>	<b><u>\$ 3.29</u></b>	<b><u>\$ 4.04</u></b>

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