



# Electrical Products Group

*2009 Annual Spring Conference*

**Steve Loranger**  
Chairman, President and  
Chief Executive Officer

May 18, 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 include:

- Economic, political and social conditions in the countries in which we conduct our businesses;
- Changes in government defense budgets;
- Decline in consumer spending;
- Sales and revenues mix and pricing levels;
- Availability of adequate labor, commodities, supplies and raw materials;
- Interest and foreign currency exchange rate fluctuations;
- Competition and industry capacity and production rates;
- Ability of third parties, including our commercial partners, financial institutions and insurers, to comply with their commitments to us;
- Our ability to borrow or refinance our existing indebtedness and availability of liquidity sufficient to meet our needs;
- Acquisitions or divestitures;
- Personal injury claims;
- Our ability to effect restructuring and cost reduction programs and realize savings from such actions;
- Government regulations and compliance therewith;
- Changes in technology;
- Intellectual property matters;
- Governmental investigations;
- Potential future employee benefit plan contributions and other employment and pension matters;
- Contingencies related to actual or alleged environmental contamination, claims and concerns;
- Changes in generally accepted accounting principles;
- Other factors set forth in our Annual Report on Form 10-K for the fiscal year ended December 31, 2008 and our other 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 - Portfolio

## FLUID TECHNOLOGY



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



## MOTION & FLOW CONTROL



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



## DEFENSE



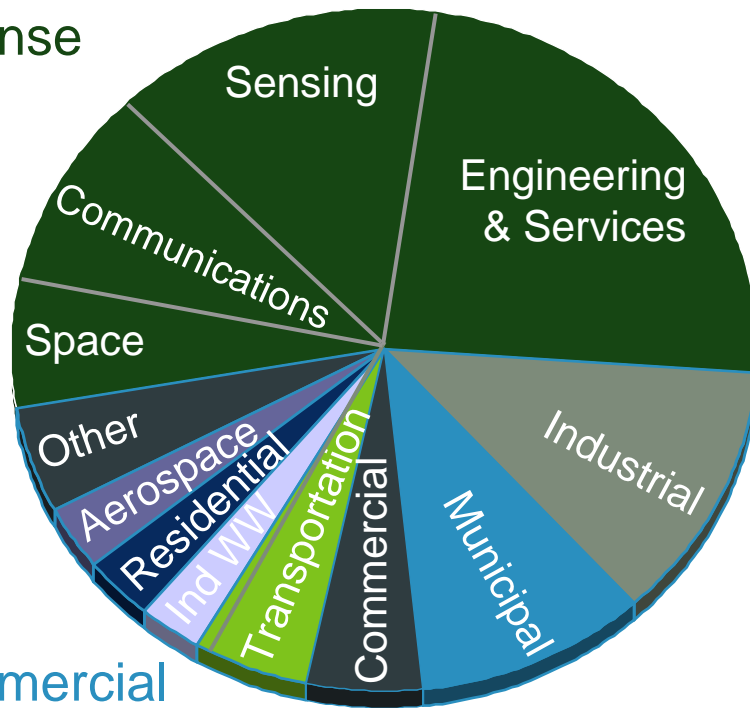
Supplier of military defense systems and advanced technical and operational services



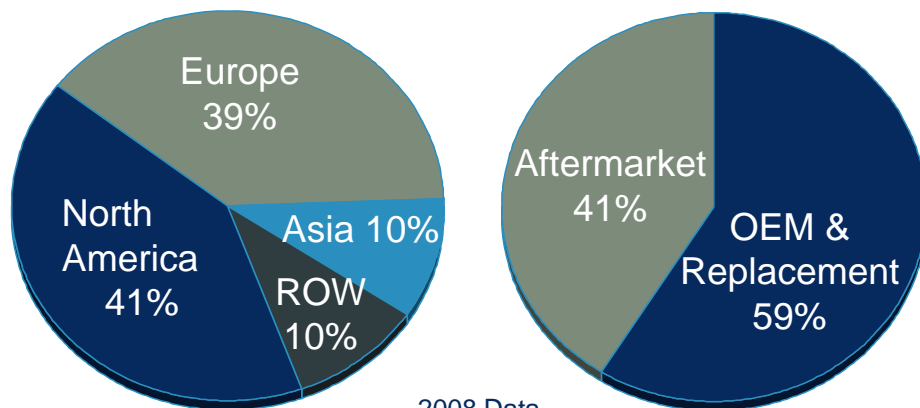
Population - Environment - Infrastructure - Security

# Uniquely Diversified for Exceptional Performance

## Defense



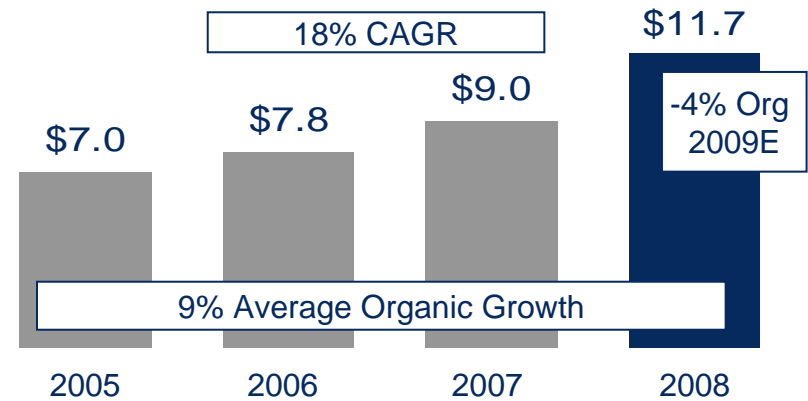
## Commercial



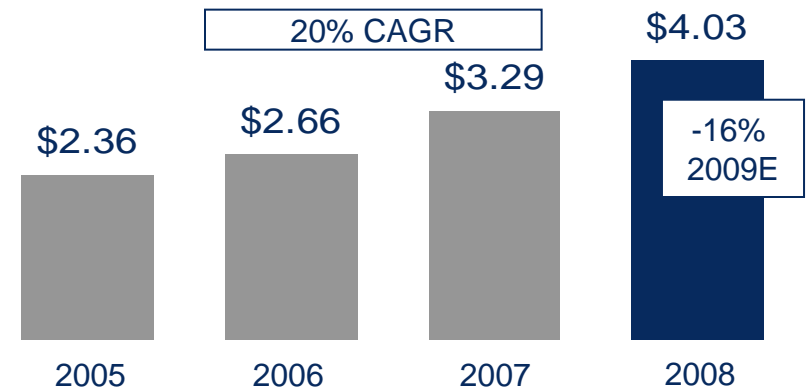
2008 Data



## CONSOLIDATED REVENUES (\$B)



## EARNINGS PER SHARE\*



\*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)

# Disciplined & Balanced Capital Management

## Strong Free Cash Flow Generation

- Focused working capital management

\$911M in Cash at 3/31/09

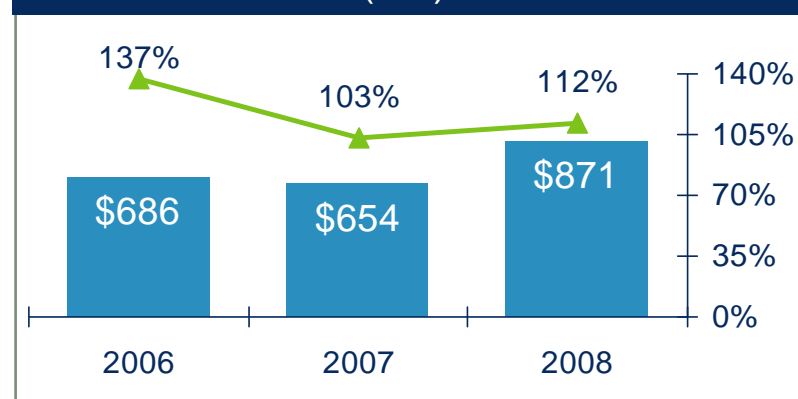
\$1B Notes Issued

- 5 & 10 Year Notes at 5.5% average rate

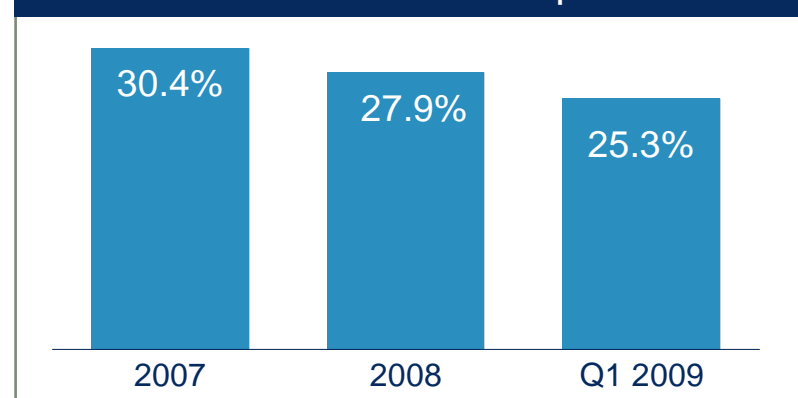
## Balanced Deployment:

- 22% Dividend Increase
- \$1B Share Repurchase Program
  - Time Extended
- 2009 Strategic Investments
  - Laing, bolt-on Fluid acquisition
  - ADS-B air traffic control program
  - Operational excellence

## Free Cash Flow\* (\$M) / FCF Conversion



## Net Debt to Net Capital

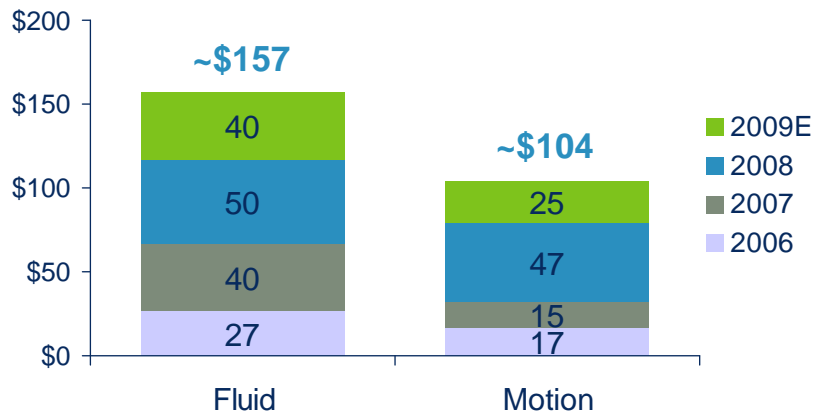


\*Free Cash Flow = Cash from operations (before discretionary pension contributions net of tax) less capital expenditures and cash payment for sale/leaseback.  
For non-GAAP reconciliations, refer to [www.itt.com/ir](http://www.itt.com/ir).



# Commercial Cost Actions

## Restructuring & Realignment Exp



## LCR Spending



(1) LCR = Low Cost Region

(2) % of commercial business direct material purchases

## Initiatives Since 2006

- \$261M in Restructuring & Realignment
- 5 Shared LCR Manufacturing Facilities:
  - Vadodora, India
  - Wuxi and Nanjing, China
  - Nogales and Chihuahua, Mexico
- 2 New Eastern European Facilities
  - Poland & Czech Republic
- 26 Value Centers Consolidated to 14
- Commercial Strategic Leadership
- Lean Six Sigma
- Leveraging Global Strategic Supply Chain
- Key Market Strategic Investments:
  - Emerging market expansion
  - China & India operational infrastructure
  - Treatment moved into WWW
  - Disposed non-strategic operations

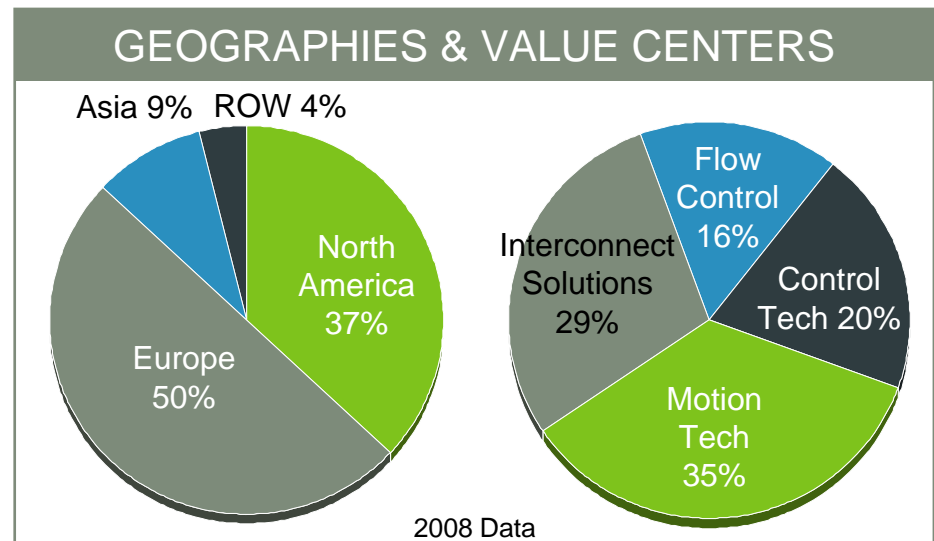
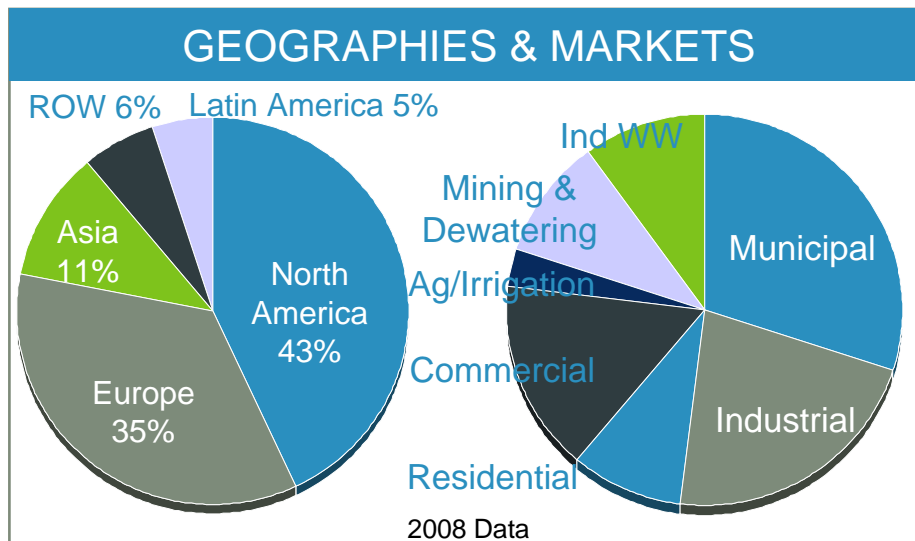


## Market Strength

- 8% Avg Organic Revenue Growth ('05-'08)
- -13% Organic Revenue 2009E
- 43% Aftermarket
- Future Benefits from Global Stimulus
- Premium Brands & Large Installed Base
- Strong Direct Distribution
- Innovation & Adjacencies

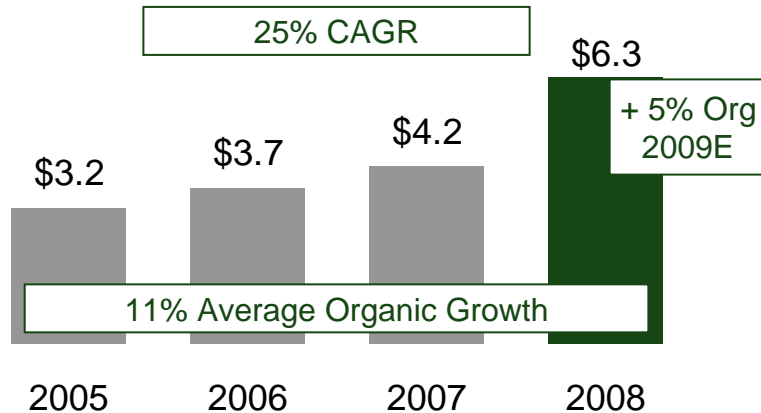
## Market Strength

- 6% Avg Organic Revenue Growth ('05-'08)
- -20% Organic Revenue 2009E
- 35% Aftermarket
- Consolidated Rail Market Strategy
- Diverse Customer Base
- Niche End Markets

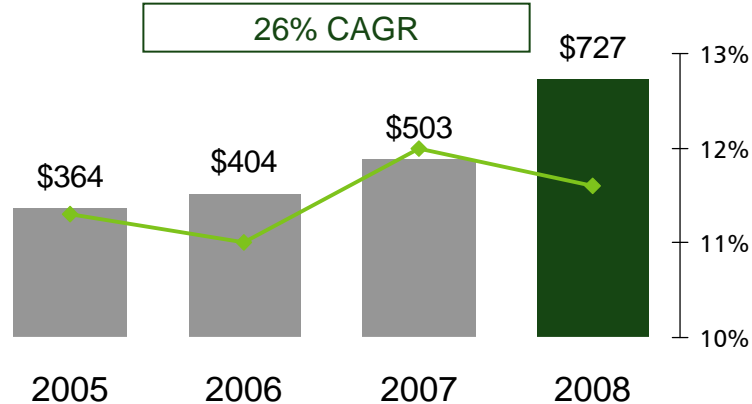


# Defense Electronics & Services

## DEFENSE REVENUES (\$B)



## OPERATING INCOME (\$M)/MARGIN



## Market Strengths

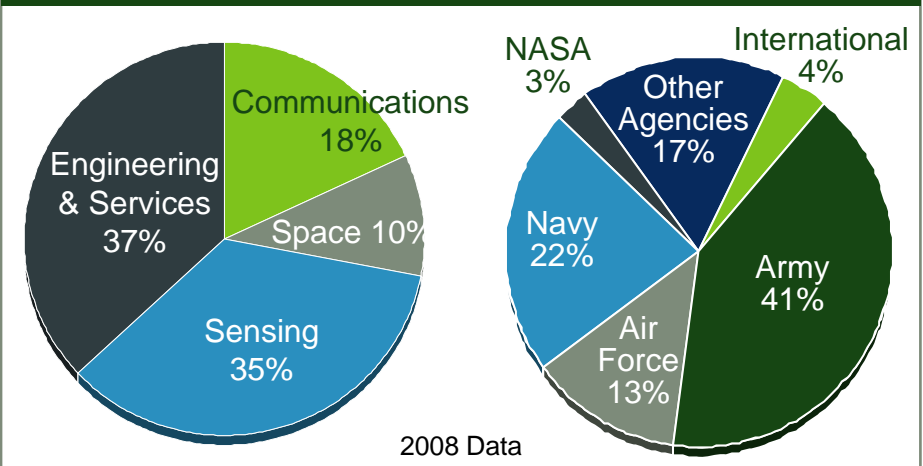
- Large Installed Base
- Next Generation Development
- Aligned with Future Customer Needs
- Expanding Non-DOD Customer Base

## Operating Performance

- Six Sigma and Lean Initiatives
- Balanced Contracts
- Strong Cash Flow & ROIC



## CAPABILITIES & CUSTOMERS



# Core Defense Products

## SINGGARS



### Installed Base

- 450K+ US Base
- ~50 to 100K More US Required
- In 130 Vehicle Types

### Upgrade

- Radio Based Combat ID
- ~ 360K Unit Modernization

### Expand

- JTRS GD & ITT SideHat
  - 250K+ Unit Potential
  - JTRS SRW
- Rifleman Radio Opportunity

### International



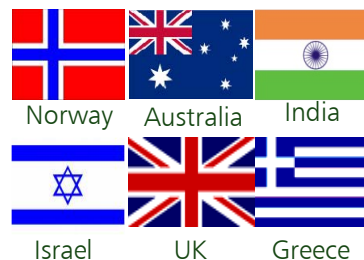
## Night Vision



- 1 Million Goggle Base
- Sole Source Positions
- 2 YR US Backlog

- Enhanced Night Vision
- Digital ENVG Development

- Homeland Security
- Law Enforcement
- Power Solutions
- Aviation



## CREW 2.1 Jammer



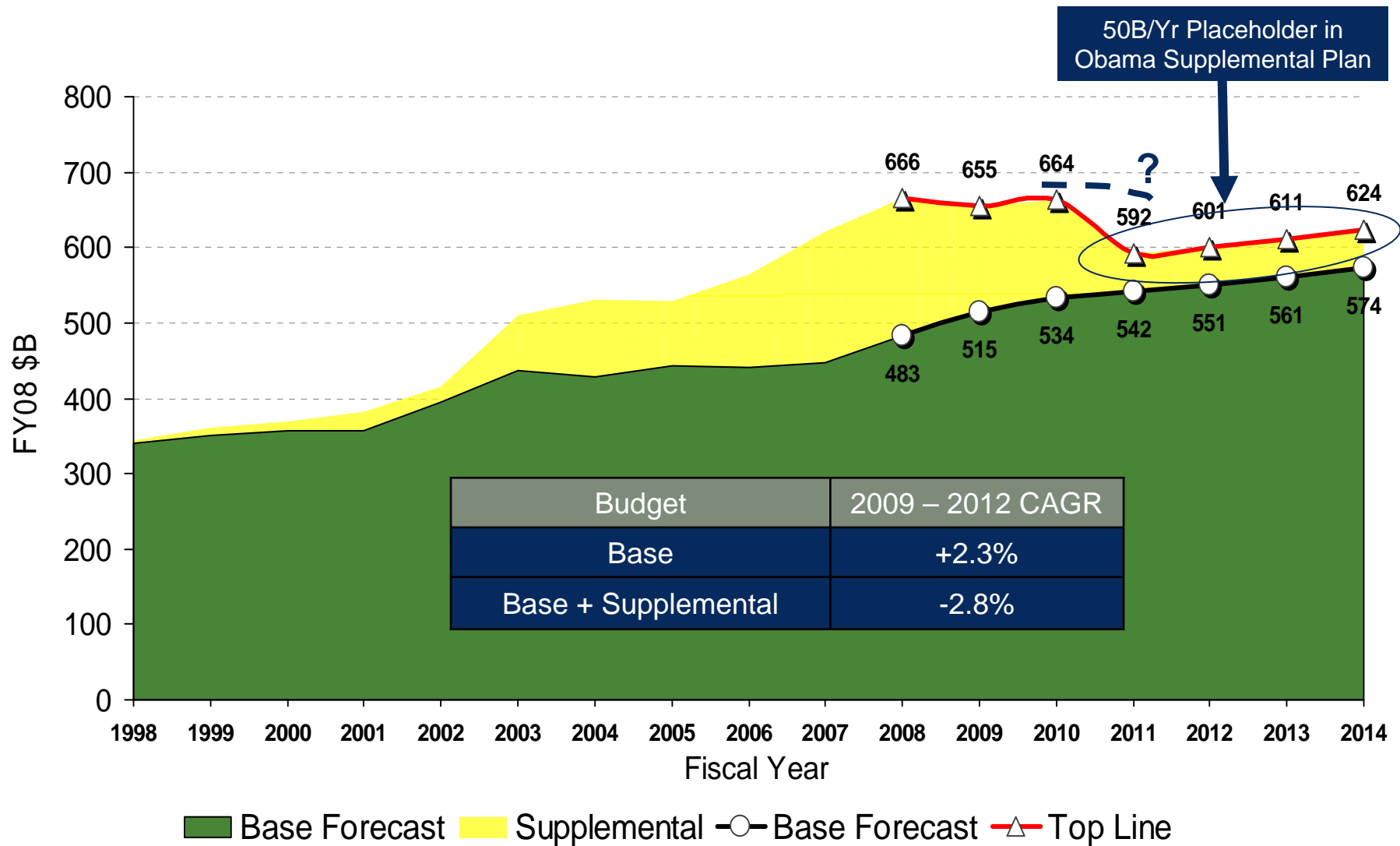
- 25K Unit ID/IQ Contracts
- 20K Ordered
- Backlog Forecasted into '10

- Spiral Upgrade
- MRAP & Other Vehicles

- All 4 Branches of Armed Services
- CREW 3 Series Development



# DoD Budget Outlook



# ITT 2009 Actions

## Focused on Customers

- ✓ Align with customer needs
- ✓ Life cycle cost improvements

## Disciplined Capital Deployment

- ✓ Focus on cash generation & liquidity preservation
- ✓ Reprioritizing investment decisions

## Cost Management & Operational Execution

- ✓ ~\$70 million of 2009 actions
- ✓ Discretionary spending controls
- ✓ Focused on productivity
- ✓ Detailed lean six sigma actions
- ✓ Global strategic sourcing

# ITT 2009 Outlook

## Second Quarter 2009 Consolidated Guidance

	Q209	Yr/Yr Growth*	Organic Growth
ITT - Revenues (in billions)	\$ 2.6 - \$ 2.7	-14%	-8%
Earnings Per Share**	\$ 0.75 - \$ 0.85	-32%	

## Full Year 2009 Guidance

	2009	Yr/Yr Growth*	Organic Growth
ITT - Revenues (in billions)	\$ 10.6 - \$ 11.0	-8%	-4%
Earnings Per Share**	\$ 3.20 - \$ 3.60	-16%	
Restructuring Expense	~\$70 million		

\*Based on guidance midpoints.

\*\*Continuing EPS, includes restructuring expense, excludes net impact of tax and other special items.





**ITT**

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