

Key Performance Indicators and Non-GAAP Measures

Management reviews key performance metrics including sales and revenues, segment operating income and margins, earnings per share, orders growth, and backlog, among others, in connection with its management of our business. In addition, we consider the following non-GAAP measures to be key performance indicators for purposes of this REG-G reconciliation:

Organic Sales and Revenues defined as reported GAAP sales and revenues excluding the impact of foreign currency fluctuations and contributions from acquisitions and divestitures (for the first 12 months). The Company believes that Organic Sales and Revenues provide a useful measure of the operation's underlying revenue performance after adjusting for foreign exchange, acquisitions and divestitures that may impact comparability. The Company utilizes Organic Sales and Revenues to measure, evaluate and manage the Company's revenue performance. The Company's definition of Organic Sales and Revenue may not be comparable to similar measures utilized by other companies.

Organic Orders are Non-GAAP performance measures that may provide useful information related to the Company's future revenue performance. Organic Orders exclude the impact of foreign currency fluctuations and contributions from acquisitions and divestitures (for the first 12 months). The Company's definition of Organic Orders may not be comparable to similar measures utilized by other companies.

Adjusted Income from Continuing Operations and **Adjusted EPS** are defined as reported GAAP Income from Continuing Operations and reported GAAP Diluted Earnings Per Share, adjusted to exclude Special Items. Special Items may include, but are not limited to, non-operating settlements or adjustments related to prior periods. These items are not a substitute for GAAP measures. Special items represent significant charges or credits that impact current results, but may not be related to the Company's ongoing operations and performance. The Company uses Adjusted Income from Continuing Operations and Adjusted EPS to measure, evaluate and manage the Company. The Company believes that results excluding Special Items provide a useful analysis of ongoing operating trends. The Company's definitions of Adjusted Income from Continuing Operations and Adjusted EPS may not be comparable to similar measures utilized by other companies.

Free Cash Flow is defined as GAAP Net Cash - Operating Activities less Capital Expenditures and other Special Items. Free Cash Flow should not be considered a substitute for income or cash flow data prepared in accordance with GAAP. The Company's definition of Free Cash Flow may not be comparable to similar measures utilized by other companies. Management believes that Free Cash Flow is an important measure of performance and it is utilized as one measure of the Company's ability to generate cash. Note that due to other financial obligations and commitments, the entire Free Cash Flow amount may not be available for discretionary purposes.

Management believes that the above metrics are useful to investors evaluating our operating performance for the periods presented, and provide a tool for evaluating our ongoing operations and our management of assets held from period to period. These metrics, however, are not a measure of financial performance under GAAP and should not be considered a substitute for sales and revenue growth (decline), or cash flows from operating, investing and financing activities as determined in accordance with GAAP and may not be comparable to similarly titled measures reported by other companies.

ITT Corporation Non-GAAP Reconciliation
Reported vs. Organic Sales and Revenues / Orders Growth
Third Quarter 2009 & 2008

(\$ Millions)

	(As Reported - GAAP)				(As Adjusted - Organic)			
	(A)	(B)			(C)	(D)	(E) = B+C+D	(F) = E / A
	Sales & Revenues 3M 2009	Sales & Revenues 3M 2008	Change 2009 vs. 2008	% Change 2009 vs. 2008	Acquisition / Divestitures 3M 2009	FX Contribution 3M 2009	Change Adj. 09 vs. 08	% Change Adj. 09 vs. 08
ITT Corporation - Consolidated	2,697.7	2,879.3	(181.5)	-6.3%	1.7	52.3	(127.5)	-4.4%
Defense Electronics & Services	1,567.4	1,539.5	27.9	1.8%	0.0	1.1	29.0	1.9%
Communications Systems	228.8	261.9	(33.1)	-12.6%	0.0	0.0	(33.1)	-12.6%
Space Systems	158.8	154.2	4.6	3.0%	0.0	0.1	4.7	3.0%
Advanced Engineering & Sciences	258.5	247.1	11.4	4.6%	0.0	0.0	11.4	4.6%
Electronic Systems	392.2	383.4	8.8	2.3%	0.0	1.0	9.8	2.6%
Night Vision	130.8	126.6	4.2	3.3%	0.0	0.0	4.2	3.3%
Systems	374.7	346.2	28.5	8.2%	0.0	0.0	28.5	8.2%
Intell & Info Warfare	35.5	31.2	4.3	13.8%	0.0	0.0	4.3	13.8%
Fluid Technology	825.6	949.3	(123.7)	-13.0%	(8.8)	37.1	(95.4)	-10.0%
Industrial Process	172.2	196.2	(24.0)	-12.2%	0.0	1.8	(22.2)	-11.3%
Residential and Commercial Water Group	278.6	331.7	(53.1)	-16.0%	(8.8)	9.0	(52.9)	-15.9%
Water & WasteWater	389.2	437.5	(48.3)	-11.0%	0.0	27.0	(21.3)	-4.9%
Motion & Flow Control	306.9	393.8	(86.9)	-22.1%	10.5	14.2	(62.2)	-15.8%
Flow Control	46.7	61.8	(15.1)	-24.4%	5.4	3.7	(6.0)	-9.7%
Motion Technologies	120.6	132.0	(11.4)	-8.6%	0.0	7.3	(4.1)	-3.1%
Control Technologies	59.9	81.9	(22.0)	-26.9%	5.1	0.9	(16.0)	-19.5%
Interconnect Solutions	81.2	118.4	(37.2)	-31.4%	0.0	2.3	(34.9)	-29.5%
	Orders 3M 2009	Orders 3M 2008	Change 2009 vs. 2008	% Change 2009 vs. 2008	Acquisition Contribution 3M 2009	FX Contribution 3M 2009	Change Adj. 09 vs. 08	% Change Adj. 09 vs. 08
Defense Electronics & Services	1,275.3	1,920.2	(644.9)	-34%	0.0	0.2	(644.7)	-33.6%
Fluid Technology	823.0	1,017.1	(194.1)	-19%	(8.0)	44.5	(157.6)	-15.5%
Motion & Flow Control	314.8	402.3	(87.5)	-22%	9.9	15.7	(61.9)	-15.4%
Total Segment Orders	2,406.2	3,340.0	(933.8)	-28%	1.9	60.4	(871.5)	-26.1%

Note: Excludes intercompany eliminations.

ITT Corporation Non-GAAP Reconciliation
Reported vs. Organic Sales and Revenues / Orders Growth
Q3 vs Q2 2009

(\$ Millions)

	(As Reported - GAAP)				(As Adjusted - Organic)			
	(A)	(B)	(C)	(D)	(E) = B+C+D	(F) = E / A		
	Sales & Revenues	Change	Acquisition /	FX Contribution	Change	% Change Adj		
	Q3 2009	Q309 vs. Q209	Divestitures	Q/Q 2009	Q309 vs. Q209	Q309 vs. Q209		
	Sales & Revenues	% Change	Q/Q 2009	Q/Q 2009	Adjusted	% Change Adj		
	Q2 2009	Q309 vs. Q209	Q/Q 2009	Q/Q 2009	Change	Q309 vs. Q209		
ITT Corporation - Consolidated	2,697.7	(82.3)	0.0	(28.6)	(110.9)	-4.0%		
Defense Electronics & Services	1,567.4	(36.7)	0.0	(0.3)	(37.0)	-2.3%		
Communications Systems	228.8	(45.4)	0.0	0.0	(45.4)	-16.6%		
Space Systems	158.8	1.5	0.0	(1.0)	0.5	0.3%		
Advanced Engineering & Sciences	258.5	12.4	0.0	0.0	12.4	5.0%		
Electronic Systems	392.2	(34.0)	0.0	(0.2)	(34.2)	-8.0%		
Night Vision	130.8	17.1	0.0	0.0	17.1	15.0%		
Systems	374.7	11.9	0.0	0.0	11.9	3.3%		
Intell & Info Warfare	35.5	2.6	0.0	0.0	2.6	7.9%		
Fluid Technology	825.6	(43.5)	0.0	(20.6)	(64.1)	-7.4%		
Industrial Process	172.2	(23.0)	0.0	(0.2)	(23.2)	-11.9%		
Residential and Commercial Water Group	278.6	(5.3)	0.0	(4.9)	(10.2)	-3.6%		
Water & WasteWater	389.2	(17.5)	0.0	(16.1)	(33.6)	-8.3%		
Motion & Flow Control	306.9	(1.3)	0.0	(7.7)	(9.0)	-2.9%		
Flow Control	46.7	1.2	0.0	(1.1)	0.1	0.2%		
Motion Technologies	120.6	0.6	0.0	(4.8)	(4.2)	-3.5%		
Control Technologies	59.9	(1.7)	0.0	(0.2)	(1.9)	-3.1%		
Interconnect Solutions	81.2	(1.6)	0.0	(1.5)	(3.1)	-3.7%		
	Orders	Change	Acquisition	FX Contribution	Change Adjusted	% Change		
	Q3 2009	Q309 vs. Q209	Contribution	Q/Q 2009	Q309 vs. Q209	Adjusted		
	Q2 2009	Q309 vs. Q209	Q/Q 2009	Q/Q 2009	Q309 vs. Q209	Q309 vs. Q209		
Defense Electronics & Services	1,275.3	(292.4)	0.0	(0.3)	(292.7)	-18.7%		
Fluid Technology	823.0	31.8	0.0	(23.2)	8.6	1.1%		
Motion & Flow Control	314.8	(0.3)	0.0	(7.4)	(7.7)	-2.4%		
Total Segment Orders	2,406.2	(267.8)	0.0	(30.9)	(298.7)	-11.2%		

Note: Excludes intercompany eliminations.

ITT Corporation
Segment Operating Income & OI Margin
Third Quarter of 2009 & 2008

(\$ Millions)

	Q3 2009	Q3 2008	%
	<u>As Reported</u>	<u>As Reported</u>	<u>Change 09 vs. 08</u>
Sales and Revenues:			
Defense Electronics & Services	1,567.4	1,539.5	1.8%
Fluid Technology	825.6	949.3	-13.0%
Motion & Flow Control	306.9	393.8	-22.1%
Intersegment eliminations	(2.2)	(3.3)	-33.3%
Total Sales and Revenues	<u>2,697.7</u>	<u>2,879.3</u>	<u>-6.3%</u>
Operating Margin:			
Defense Electronics & Services	13.0%	12.2%	80 BP
Fluid Technology	13.1%	13.9%	(80) BP
Motion & Flow Control	13.2%	14.2%	(100) BP
Total Ongoing Segments	<u>13.0%</u>	<u>13.1%</u>	<u>(10) BP</u>
Income:			
Defense Electronics & Services	203.3	187.8	8.3%
Fluid Technology	108.0	132.2	-18.3%
Motion & Flow Control	40.4	55.9	-27.7%
Total Segment Operating Income	<u>351.7</u>	<u>375.9</u>	<u>-6.4%</u>

ITT Corporation Non-GAAP Reconciliation
Reported vs. Adjusted Income from Continuing Operations & Adjusted EPS
Third Quarter of 2009 & 2008

(\$ Millions, except EPS and shares)

	<u>Q3 2009</u> <u>As Reported</u>	<u>Q3 2009</u> <u>Adjustments</u>	<u>Q3 2009</u> <u>As Adjusted</u>	<u>Q3 2008</u> <u>As Reported</u>	<u>Q3 2008</u> <u>Adjustments</u>	<u>Q3 2008</u> <u>As Adjusted</u>	<u>Change</u> <u>2009 vs. 2008</u> <u>As Adjusted</u>	<u>Percent Change</u> <u>2009 vs. 2008</u> <u>As Adjusted</u>
Segment Operating Income	<u>351.7</u>		<u>351.7</u>	<u>375.9</u>		<u>375.9</u>		
Interest Income (Expense)	(10.6)	(10.8) #A	(21.4)	(21.0)		(21.0)		
Other Income (Expense)	(4.2)		(4.2)	(3.9)		(3.9)		
Corporate (Expense)	<u>(259.0)</u>	<u>209.6</u> #B	<u>(49.4)</u>	<u>(47.9)</u>		<u>(47.9)</u>		
Income from Continuing Operations before Tax	<u>77.9</u>	<u>198.8</u>	<u>276.7</u>	<u>303.1</u>		<u>303.1</u>		
Income Tax Expense	<u>(11.9)</u>	<u>(75.3)</u> #C	<u>(87.2)</u>	<u>(98.6)</u>	<u>0.6</u> #D	<u>(98.0)</u>		
Income from Continuing Operations	<u>66.0</u>	<u>123.5</u>	<u>189.5</u>	<u>204.5</u>	<u>0.6</u>	<u>205.1</u>		
Diluted EPS from Continuing Operations	<u>0.36</u>	<u>0.67</u>	<u>1.03</u>	<u>1.11</u>	<u>0.00</u>	<u>1.11</u>	<u>(\$0.08)</u>	<u>-7.2%</u>

#A - Remove interest refund related to prior year tax settlement.

#B - Remove estimated cost of asbestos claims to be filed in the next 10 years.

#C - Remove tax benefit primarily related to the above asbestos claims.

#D - Remove tax expense of \$0.6M.

**ITT Corporation Non-GAAP Reconciliation
Net Cash - Operating Activities vs. Free Cash Flow
Third Quarter of 2009 & 2008**

(\$ Millions)

	<u>9M 2009</u>	<u>9M 2008</u>
Net Cash - Operating Activities	1,056.7	896.0
Capital Expenditures	(140.4)	(136.6)
Pension Pre-funding, net of tax	-	-
Free Cash Flow	916.3	759.4
Income from Continuing Operations	455.1	599.7
Free Cash Flow Conversion	201%	127%
Non-Cash Special Tax Items	72.9	-
Income from Continuing Operations, Excluding Non-Cash Special Tax Item and asbestos charge, net of tax	528.0	599.7
Adjusted Free Cash Flow Conversion	174%	127%

ITT Corporation

Debt Coverage Ratios 2009 & 2008

	<u>September 30, 2009</u>	<u>December 31, 2008</u>
Net Debt/Net Capitalization	8.5%	27.9%
Total Debt/Total Capitalization	31.9%	41.2%
Short Term Debt	242.8	1,679.0
Long Term Debt	<u>1,439.7</u>	<u>467.9</u>
Total Debt	1,682.5	2,146.9
Cash & Cash equivalents	<u>1,347.7</u>	<u>964.9</u>
Net Debt	334.8	1,182.0
Total Shareholders' Equity	3,588.1	3,059.9
Net Debt	<u>334.8</u>	<u>1,182.0</u>
Net Capitalization	3,922.9	4,241.9