UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

☑ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2017

or

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission File Number: 001-05672

ITT INC.

State of Indiana	**81-1197930**
(State or Other Jurisdiction of Incorporation or Organization)	*(I.R.S. Employer Identification Number)*

1133 Westchester Avenue, White Plains, NY 10604
(Principal Executive Office)

Telephone Number: (914) 641-2000

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No o

Indicate by check mark whether the registrant has submitted electronically and posted on its web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☑ No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☑	Accelerated filer o	Non-accelerated filer o	Smaller reporting company o
Emerging growth company o		(Do not check if a smaller reporting company)	

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No ☑

As of May 5, 2017, there were outstanding 88.7 million shares of common stock ($1 par value per share) of the registrant.

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FORWARD-LOOKING AND CAUTIONARY STATEMENTS

Some of the information included herein includes forward-looking statements intended to qualify for the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995. These forward-looking statements are not historical facts, but rather are based on current expectations, estimates, assumptions and projections about our business, future financial results and the industry in which we operate, and other legal, regulatory and economic developments. These forward-looking statements include, but are not limited to, future strategic plans and other statements that describe the company’s business strategy, outlook, objectives, plans, intentions or goals, and any discussion of future events and future operating or financial performance.

We use words such as "anticipate," "estimate," "expect," "project," "intend," "plan," "believe," "target," "future," "may," "will," "could," "should," "potential," "continue," "guidance" and other similar expressions 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 or implied in, or reasonably inferred from, such forward-looking statements.

Where in any forward-looking statement we express an expectation or belief as to future results or events, such expectation or belief is based on current plans and expectations of our management, expressed in good faith and believed to have a reasonable basis. However, there can be no assurance that the expectation or belief will occur or that anticipated results will be achieved or accomplished. More information on factors that could cause actual results or events to differ materially from those anticipated is included in our reports filed with the U.S. Securities and Exchange Commission (the SEC), including our Annual Report on Form 10-K for the year ended December 31, 2016 (particularly under the caption "Risk Factors"), our Quarterly Reports on Form 10-Q (including Part II, Item 1A, "Risk Factors," of this Quarterly Report on Form 10-Q) and in other documents we file from time to time with the SEC.

The forward-looking statements included in this Quarterly Report on Form 10-Q (this Report) speak only as of the date of this Report. We undertake no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise.

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and current reports, proxy statements and other information with the SEC. You can inspect, read and copy these reports, proxy statements and other information at the SEC's Public Reference Room, which is located at 100 F Street, N.E., Washington, D.C. 20549. You can obtain information regarding the operation of the SEC's Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC also maintains a website at www.sec.gov where you may access our reports, proxy statements and other information that we file with, or furnish to, the SEC.

We make available free of charge at www.itt.com (in the "Investors" section) copies of materials we file with, or furnish to, the SEC. We also use the Investor Relations page of our website at www.itt.com (in the "Investors" section) to disclose important information to the public.

Information contained on our website, or that can be accessed through our website, does not constitute a part of this Report. We have included our website address only as an inactive textual reference and do not intend it to be an active link to our website. Our corporate headquarters is located at 1133 Westchester Avenue, White Plains, NY 10604 and the telephone number of this location is (914) 641-2000.

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS (UNAUDITED)

(IN MILLIONS, EXCEPT PER SHARE AMOUNTS)

For the Three Months Ended March 31	2017	2016
Revenue	$ 625.8	$ 609.1
Costs of revenue	423.5	413.8
Gross profit	202.3	195.3
General and administrative expenses	66.2	69.0
Sales and marketing expenses	43.1	43.3
Research and development expenses	22.5	19.2
Asbestos-related costs, net	14.9	12.8
Operating income	55.6	51.0
Interest and non-operating expenses, net	0.8	1.7
Income from continuing operations before income tax expense	54.8	49.3
Income tax expense	9.1	11.7
Income from continuing operations	45.7	37.6
Loss from discontinued operations, including tax benefit of $0.1 and $0.3, respectively	(0.1)	(0.3)
Net income	45.6	37.3
Less: Loss attributable to noncontrolling interests	(0.4)	(0.1)
Net income attributable to ITT Inc.	$ 46.0	$ 37.4
Amounts attributable to ITT Inc.:		
Income from continuing operations, net of tax	$ 46.1	$ 37.7
Loss from discontinued operations, net of tax	(0.1)	(0.3)
Net income attributable to ITT Inc.	$ 46.0	$ 37.4
Earnings per share attributable to ITT Inc.:		
Basic:		
Continuing operations	$ 0.52	$ 0.42
Discontinued operations	—	—
Net income	$ 0.52	$ 0.42
Diluted:		
Continuing operations	$ 0.52	$ 0.42
Discontinued operations	—	(0.01)
Net income	$ 0.52	$ 0.41
Weighted average common shares – basic	88.5	89.6
Weighted average common shares – diluted	89.2	90.5
Cash dividends declared per common share	$ 0.128	$ 0.124

The accompanying Notes to Consolidated Condensed Financial Statements are an integral part of the above statements of operations.

CONSOLIDATED CONDENSED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)
(IN MILLIONS)

For the Three Months Ended March 31	**2017**	2016
Net income	**$ 45.6**	$ 37.3
Other comprehensive income:		
Net foreign currency translation adjustment	**19.2**	27.2
Net change in postretirement benefit plans, net of tax impacts of $0.5 and $0.6, respectively	**1.1**	1.1
Other comprehensive income	**20.3**	28.3
Comprehensive income	**65.9**	65.6
Less: Comprehensive loss attributable to noncontrolling interests	**(0.4)**	(0.1)
Comprehensive income attributable to ITT Inc.	**$ 66.3**	$ 65.7
Disclosure of reclassification adjustments to postretirement benefit plans (see Note 14)		
Amortization of prior service benefit, net of tax expense of $(0.5) and $(0.5), respectively	**$ (0.7)**	$ (0.9)
Amortization of net actuarial loss, net of tax benefits of $1.0 and $1.1, respectively	**1.8**	2.0
Net change in postretirement benefit plans, net of tax	**$ 1.1**	$ 1.1

The accompanying Notes to Consolidated Condensed Financial Statements are an integral part of the above statements of comprehensive income.

CONSOLIDATED CONDENSED BALANCE SHEETS
(IN MILLIONS, EXCEPT PER SHARE AMOUNTS)

		March 31, 2017		December 31, 2016
		(Unaudited)		
Assets				
Current assets:				
Cash and cash equivalents	$	**348.5**	$	460.7
Receivables, net		**576.9**		523.9
Inventories, net		**311.5**		295.2
Other current assets		**142.0**		122.0
Total current assets		**1,378.9**		1,401.8
Plant, property and equipment, net		**481.5**		464.5
Goodwill		**865.7**		774.7
Other intangible assets, net		**156.7**		160.3
Asbestos-related assets		**301.3**		314.6
Deferred income taxes		**300.2**		297.4
Other non-current assets		**186.1**		188.4
Total non-current assets		**2,291.5**		2,199.9
Total assets	$	**3,670.4**	$	3,601.7
Liabilities and Shareholders' Equity				
Current liabilities:				
Short-term loans and current maturities of long-term debt	$	**213.1**	$	214.3
Accounts payable		**313.6**		301.7
Accrued liabilities		**359.1**		350.2
Total current liabilities		**885.8**		866.2
Asbestos-related liabilities		**866.6**		877.5
Postretirement benefits		**251.9**		248.6
Other non-current liabilities		**174.1**		181.0
Total non-current liabilities		**1,292.6**		1,307.1
Total liabilities		**2,178.4**		2,173.3
Shareholders' equity:				
Common stock:				
Authorized – 250.0 shares, $1 par value per share				
Issued and Outstanding – 88.7 shares and 88.4 shares, respectively		**88.7**		88.4
Retained earnings		**1,832.6**		1,789.2
Total accumulated other comprehensive loss		**(430.9)**		(451.2)
Total ITT Inc. shareholders' equity		**1,490.4**		1,426.4
Noncontrolling interests		**1.6**		2.0
Total shareholders' equity		**1,492.0**		1,428.4
Total liabilities and shareholders' equity	$	**3,670.4**	$	3,601.7

The accompanying Notes to Consolidated Condensed Financial Statements are an integral part of the above balance sheets.

CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS (UNAUDITED)
(IN MILLIONS)

For the Three Months Ended March 31	**2017**	2016
Operating Activities		
Net income	**$ 45.6**	$ 37.3
Less: Loss from discontinued operations	**(0.1)**	(0.3)
Less: Loss attributable to noncontrolling interests	**(0.4)**	(0.1)
Income from continuing operations attributable to ITT Inc.	**46.1**	37.7
Adjustments to income from continuing operations:		
Depreciation and amortization	**24.8**	25.3
Stock-based compensation	**3.7**	2.9
Asbestos-related costs, net	**14.9**	12.8
Asbestos-related payments, net	**(13.0)**	(4.3)
Changes in assets and liabilities:		
Change in receivables	**(34.7)**	(21.0)
Change in inventories	**(1.6)**	(4.0)
Change in accounts payable	**2.5**	(14.8)
Change in accrued expenses	**(3.5)**	(28.8)
Change in accrued and deferred income taxes	**(4.6)**	3.4
Other, net	**(7.5)**	(3.5)
Net Cash – Operating activities	**27.1**	5.7
Investing Activities		
Capital expenditures	**(36.7)**	(21.0)
Acquisitions, net of cash acquired	**(113.7)**	(0.2)
Purchases of investments	**—**	(40.0)
Maturities of investments	**—**	36.3
Other, net	**0.3**	0.1
Net Cash – Investing activities	**(150.1)**	(24.8)
Financing Activities		
Commercial paper, net borrowings	**(1.5)**	28.5
Short-term revolving loans, borrowings	**—**	27.7
Short-term revolving loans, repayments	**—**	(27.7)
Long-term debt, issued	**2.1**	—
Long-term debt, repayments	**(0.3)**	(0.3)
Repurchase of common stock	**(2.3)**	(6.9)
Proceeds from issuance of common stock	**5.9**	6.1
Dividends paid	**(0.2)**	(11.4)
Excess tax benefit from equity compensation activity	**—**	3.0
Other, net	**—**	(2.1)
Net Cash – Financing activities	**3.7**	16.9
Exchange rate effects on cash and cash equivalents	**7.9**	9.9
Net Cash – Operating activities of discontinued operations	**(0.8)**	7.5
Net change in cash and cash equivalents	**(112.2)**	15.2
Cash and cash equivalents – beginning of year	**460.7**	415.7
Cash and cash equivalents – end of period	**$ 348.5**	$ 430.9
Supplemental Disclosures of Cash Flow Information		
Cash paid during the year for:		
Interest	**$ 1.0**	$ 1.4
Income taxes, net of refunds received	**$ 13.2**	$ 5.0

The accompanying Notes to Consolidated Condensed Financial Statements are an integral part of the above statements of cash flows.

CONSOLIDATED CONDENSED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)
(IN MILLIONS)

For the Three Months Ended March 31	2017	2016
Common Stock		
Common stock, beginning balance	$ 88.4	$ 89.5
Activity from stock incentive plans	0.4	0.7
Share repurchases	(0.1)	(0.2)
Common stock, ending balance	88.7	90.0
Retained Earnings		
Retained earnings, beginning balance	1,789.2	1,696.7
Cumulative adjustment for accounting change (See Note 2)	0.5	—
Net income attributable to ITT Inc.	46.0	37.4
Dividends declared	(11.4)	(11.2)
Activity from stock incentive plans	10.5	11.4
Share repurchases	(2.2)	(6.7)
Purchase of noncontrolling interest	—	(0.4)
Retained earnings, ending balance	1,832.6	1,727.2
Accumulated Other Comprehensive Loss		
Postretirement benefit plans, beginning balance	(145.2)	(153.7)
Net change in postretirement benefit plans	1.1	1.1
Postretirement benefit plans, ending balance	(144.1)	(152.6)
Cumulative translation adjustment, beginning balance	(306.0)	(270.1)
Net cumulative translation adjustment	19.2	27.2
Cumulative translation adjustment, ending balance	(286.8)	(242.9)
Unrealized loss on investment securities, beginning balance	—	(0.3)
Unrealized loss on investment securities, ending balance	—	(0.3)
Total accumulated other comprehensive loss	(430.9)	(395.8)
Noncontrolling interests		
Noncontrolling interests, beginning balance	2.0	3.3
Loss attributable to noncontrolling interests	(0.4)	(0.1)
Dividend to noncontrolling interest shareholders	—	(1.9)
Purchase of noncontrolling interest	—	0.4
Other	—	(0.2)
Noncontrolling interests, ending balance	1.6	1.5
Total Shareholders' Equity		
Total shareholders' equity, beginning balance	1,428.4	1,365.4
Net change in common stock	0.3	0.5
Net change in retained earnings	43.4	30.5
Net change in accumulated other comprehensive loss	20.3	28.3
Net change in noncontrolling interests	(0.4)	(1.8)
Total shareholders' equity, ending balance	$ 1,492.0	$ 1,422.9

The accompanying Notes to Consolidated Condensed Financial Statements are an integral part of the above statements of changes in shareholders' equity.

NOTE 1
DESCRIPTION OF BUSINESS AND BASIS OF PRESENTATION

Description of Business

ITT Inc. is a diversified manufacturer of highly engineered critical components and customized technology solutions for the transportation, industrial, and oil and gas markets. Unless the context otherwise indicates, references herein to "ITT," "the Company," and such words as "we," "us," and "our" include ITT Inc. and its subsidiaries. ITT operates through three segments: Industrial Process, consisting of industrial pumping and complementary equipment; Motion Technologies, consisting of friction and shock and vibration equipment; and Connect & Control Technologies, consisting of electronic connectors, fluid handling, motion control and noise and energy absorption products. Financial information for our segments is presented in Note 3, Segment Information.

Basis of Presentation

The unaudited consolidated condensed financial statements have been prepared pursuant to the rules and regulations of the SEC and, in the opinion of management, reflect all adjustments (which include normal recurring adjustments) necessary for a fair presentation of the financial position, results of operations, and cash flows for the periods presented. Certain information and note disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) have been condensed or omitted pursuant to such SEC rules. We believe that the disclosures made are adequate to make the information presented not misleading. We consistently applied the accounting policies described in ITT's Annual Report on Form 10-K for the year ended December 31, 2016 (2016 Annual Report) in preparing these unaudited financial statements. These financial statements should be read in conjunction with the financial statements and notes thereto included in our 2016 Annual Report.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Estimates are revised as additional information becomes available. Estimates and assumptions are used for, but not limited to, asbestos-related liabilities and recoveries from insurers, revenue recognition, unrecognized tax benefits, deferred tax valuation allowances, projected benefit obligations for postretirement plans, accounting for business combinations, goodwill and other intangible asset impairment testing, environmental liabilities, allowance for doubtful accounts and inventory valuation. Actual results could differ from these estimates.

ITT's quarterly financial periods end on the Saturday that is generally closest to the last day of the calendar quarter, except for the last quarterly period of the fiscal year, which ends on December 31st. For ease of presentation, the quarterly financial statements included herein are described as ending on the last day of the calendar quarter.

Certain prior year amounts have been reclassified to conform to the current year presentation.

NOTE 2
RECENT ACCOUNTING PRONOUNCEMENTS

The Company considers the applicability and impact of all accounting standard updates (ASUs). ASUs not listed below were assessed and determined to be either not applicable or are expected to have minimal impact on our consolidated financial position or results of operations.

Accounting Pronouncements Recently Adopted

In March 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-09 to simplify several aspects of the accounting standard for employee share-based payment transactions, including the classification of excess tax benefits and deficiencies and the accounting for employee forfeitures. ITT elected to adopt this guidance as of January 1, 2017 which includes the following:

- Excess tax benefits and deficiencies will no longer be recognized as a change in additional paid-in-capital in the equity section of the Balance Sheet. Instead they will be recognized on the Statements of Operations as a tax expense or benefit. On the Statement of Cash Flows, excess tax benefits and deficiencies will no longer be classified as a financing activity. Instead they will be classified as an operating activity. These provisions were adopted using a prospective method of transition. During the first quarter of 2017, we recorded an income tax benefit of $1.1 on the Statement of Operations and classified this benefit on the Statement of Cash Flows as an operating activity. The prior year's excess tax benefit of $3.0 was recorded as a change in equity on the Balance Sheet and was classified as a financing activity on the Statement of Cash Flows.

Previously unrecognized tax benefits due to net operating loss carryforwards were recognized during the first quarter of 2017 using a modified retrospective approach, resulting in a cumulative-effect adjustment to increase retained earnings by $2.1 as of January 1, 2017. A corresponding deferred tax asset of $25.6 was partially offset by a valuation allowance of $23.5 as the newly recognized net operating losses are not considered more likely than not realizable.

- The impact of forfeitures will now be recognized as they occur as opposed to previously estimating future employee forfeitures. We adopted this provision utilizing a modified retrospective approach, resulting in a cumulative-effect adjustment reducing retained earnings by $1.6 as of January 1, 2017.
- The ASU also provides new guidance to other areas of the standard including minimum statutory tax withholding rules and the calculation of diluted common shares outstanding. The adoption of this provision will be reflected prospectively in the financial statements and did not have a material impact.

Accounting Pronouncements Not Yet Adopted

In March 2017, the FASB issued ASU 2017-07 which amends the Statement of Operations presentation for the components of net periodic benefit cost for entities that sponsor defined benefit pension and other postretirement plans. Under the ASU, entities are now required to disaggregate the service cost component and present it with other current compensation costs for the related employees. All other components of net periodic benefit cost will no longer be classified as an operating expense. In addition, only the service cost component will be eligible for capitalization on the balance sheet. The ASU requires a retrospective transition method to adopt the requirement to present service costs separately from the other components of net periodic benefit cost in the statements of operations and a prospective transition method to adopt the requirement that prohibits capitalization of all components of net periodic benefit cost on the balance sheet except service costs. The ASU is effective for the Company beginning in the first quarter of 2018, at which time we expect to adopt the new standard. We are currently assessing the impact of this amendment on our financial statements.

In February 2016, the FASB issued ASU 2016-02 impacting the accounting for leases intending to increase transparency and comparability of organizations by requiring balance sheet presentation of leased assets and increased financial statement disclosure of leasing arrangements. The revised standard will require entities to recognize a liability for their lease obligations and a corresponding asset representing the right to use the underlying asset over the lease term. Lease obligations are to be measured at the present value of lease payments and accounted for using the effective interest method. The accounting for the leased asset will differ slightly depending on whether the agreement is deemed to be a financing or operating lease. For finance leases, the leased asset is depreciated on a straight-line basis and recorded separately from the interest expense in the statements of operations, resulting in higher expense in the earlier part of the lease term. For operating leases, the depreciation and interest expense components are combined, recognized evenly over the term of the lease, and presented as a reduction to operating income. The ASU requires that assets and liabilities be presented or disclosed separately and classified appropriately as current and noncurrent. The ASU further requires additional disclosure of certain qualitative and quantitative information related to lease agreements. The ASU is effective for the Company beginning in the first quarter 2019, at which time we expect to adopt the new standard. We are currently assessing our existing lease agreements and related financial disclosures to evaluate the impact of these amendments on our financial statements.

In May 2014, the FASB issued ASU 2014-09 amending the existing accounting standards for revenue recognition. The amendments are based on the principle that revenue should be recognized to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The guidance provides a five-step analysis of transactions to determine when and how revenue is recognized. The guidance also requires enhanced disclosures regarding the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity’s contracts with customers. The new guidance will be effective for the Company beginning in its first quarter of 2018. Based on our assessment to date, we have not identified any material changes to the timing of revenue recognition under the new standard. Therefore, at this time, we expect to adopt the new standard using a modified retrospective approach with the cumulative effect recognized as of the date of initial application.

NOTE 3
SEGMENT INFORMATION

In the first quarter of 2017, we combined our former Interconnect Solutions and Control Technologies segments to form Connect & Control Technologies. All prior year segment information has been reclassified based on our current segment structure. The Company's segments are reported on the same basis used by our chief operating decision maker, for evaluating performance and for allocating resources. Our three reportable segments are referred to as: Industrial Process, Motion Technologies, and Connect & Control Technologies.

Industrial Process manufactures engineered fluid process equipment serving a diversified mix of customers in global industries such as chemical, oil and gas, mining, and other industrial process markets and is a provider of plant optimization and efficiency solutions and aftermarket services and parts.

Motion Technologies manufactures brake components and specialized sealing solutions, shock absorbers and damping technologies primarily for the global automotive, truck and trailer, public bus and rail transportation markets.

Connect & Control Technologies designs and manufactures harsh-environment connector solutions and critical energy absorption and flow control components for the aerospace and defense, general industrial, medical, and oil and gas markets.

Corporate and Other consists of corporate office expenses including compensation, benefits, occupancy, depreciation and other administrative costs, as well as charges related to certain matters, such as asbestos and environmental liabilities, that are managed at a corporate level and are not included in segment results when evaluating performance or allocating resources. Assets of the segments exclude general corporate assets, which principally consist of cash, investments, asbestos-related receivables, deferred taxes, and certain property, plant and equipment.

	Revenue		Operating Income		Operating Margin	
For the Three Months Ended March 31	**2017**	2016	**2017**	2016	**2017**	2016
Industrial Process	**$ 186.1**	$ 208.8	**$ 7.3**	$ 9.0	**3.9%**	4.3%
Motion Technologies	**287.3**	257.0	**54.9**	50.7	**19.1%**	19.7%
Connect & Control Technologies	**153.3**	144.3	**16.3**	12.4	**10.6%**	8.6%
Total segment results	**626.7**	610.1	**78.5**	72.1	**12.5%**	11.8%
Asbestos-related costs, net	**—**	—	**(14.9)**	(12.8)	**—**	—
Eliminations / Other corporate costs	**(0.9)**	(1.0)	**(8.0)**	(8.3)	**—**	—
Total Eliminations / Corporate and Other costs	**(0.9)**	(1.0)	**(22.9)**	(21.1)	**—**	—
Total	**$ 625.8**	$ 609.1	**$ 55.6**	$ 51.0	**8.9%**	8.4%

	Total Assets		Capital Expenditures		Depreciation & Amortization	
For the Three Months Ended March 31	**2017**	2016[(a)]	**2017**	2016	**2017**	2016
Industrial Process	**$ 990.6**	$ 998.1	**$ 9.9**	$ 3.5	**$ 6.8**	$ 7.2
Motion Technologies	**1,019.4**	838.4	**22.3**	14.2	**10.7**	10.1
Connect & Control Technologies	**688.7**	678.4	**4.4**	3.2	**5.6**	6.4
Corporate and Other	**971.7**	1,086.8	**0.1**	0.1	**1.7**	1.6
Total	**$ 3,670.4**	$ 3,601.7	**$ 36.7**	$ 21.0	**$ 24.8**	$ 25.3

(a) Amounts reflect balances as of December 31, 2016.

NOTE 4
RESTRUCTURING ACTIONS

We have initiated various restructuring activities throughout our businesses during the past two years, of which only those noted below are considered to be individually significant. Other less significant restructuring actions taken during 2017 and 2016 included various reduction in workforce initiatives. The table below summarizes the restructuring costs presented within general and administrative expenses in our Consolidated Condensed Statements of Operations for the three months ended March 31, 2017 and 2016.

For the Three Months Ended March 31	**2017**	2016
Severance costs	**$ 1.1**	$ 5.1
Asset write-offs	**—**	0.2
Other restructuring costs	**1.5**	0.2
Total restructuring costs	**$ 2.6**	$ 5.5
By segment:		
Industrial Process	**$ 1.3**	$ 3.2
Motion Technologies	**0.2**	1.4
Connect & Control Technologies	**0.5**	0.9
Corporate and Other	**0.6**	—

The following table displays a rollforward of the restructuring accruals, presented on our Consolidated Condensed Balance Sheet within accrued liabilities, for the three months ended March 31, 2017 and 2016.

For the Three Months Ended March 31	**2017**	2016
Restructuring accruals - beginning balance	**$ 14.6**	$ 20.0
Restructuring costs	**2.6**	5.5
Cash payments	**(5.4)**	(6.5)
Asset write-offs	**—**	(0.2)
Foreign exchange translation and other	**1.0**	(0.1)
Restructuring accrual - ending balance	**$ 12.8**	$ 18.7
By accrual type:		
Severance accrual	**$ 11.2**	$ 18.4
Facility carrying and other costs accrual	**1.6**	0.3

Industrial Process Restructuring Actions

Beginning in early 2015, we have been executing a series of restructuring actions focused on achieving efficiencies and reducing the overall cost structure of the Industrial Process segment. During the first three months of 2017, we continued to pursue these objectives and we recognized $1.3 of restructuring costs primarily related to the exit of certain office space. Cash payments related to the remaining accrual are expected to be substantially complete in 2018, other than the lease exit costs. However, we will continue to monitor and evaluate the need for any additional restructuring actions.

The following table provides a rollforward of the restructuring accruals associated with the Industrial Process restructuring actions.

For the Three Months Ended March 31	**2017**	2016
Restructuring accruals - beginning balance	**$ 6.5**	$ 4.9
Restructuring costs	**1.3**	3.2
Cash payments	**(2.3)**	(3.3)
Asset write-offs	**—**	(0.2)
Foreign exchange translation and other	**0.5**	—
Restructuring accruals - ending balance	**$ 6.0**	$ 4.6

NOTE 5
INCOME TAXES

For the three months ended March 31, 2017 and 2016, the Company recognized income tax expense of $9.1 and $11.7 and had an effective tax rate of 16.6% and 23.7%, respectively. The lower effective tax rate in 2017 is primarily driven by tax benefits on excess stock based compensation due to the adoption of ASU 2016-09 and a tax rate change on Korea deferred tax assets. Refer to Note 2, Recent Accounting Pronouncements, for further information on ASU 2016-09. In addition, the Company continues to benefit from a larger mix of earnings in non-U.S. jurisdictions with favorable tax rates.

The Company operates in various tax jurisdictions and is subject to examination by tax authorities in these jurisdictions. The Company is currently under examination in several jurisdictions including Canada, Germany, Hong Kong, Italy, Mexico, South Korea, the U.S. and Venezuela. The estimated tax liability calculation for unrecognized tax benefits considers uncertainties in the application of complex tax laws and regulations in various tax jurisdictions. Due to the complexity of some uncertainties, the ultimate resolution may result in a payment that is materially different from the current estimate of the unrecognized tax benefit. Over the next 12 months, the net amount of the tax liability for unrecognized tax benefits in foreign and domestic jurisdictions could change by approximately $19 due to changes in audit status, expiration of statutes of limitations and other events. In addition, the settlement of any future examinations relating to the 2011 and prior tax years could result in changes in amounts attributable to the Company under its Tax Matters Agreement with Exelis Inc. and Xylem Inc. relating to the Company's 2011 spin-off of those businesses.

NOTE 6
EARNINGS PER SHARE DATA

The following table provides a reconciliation of the data used in the calculation of basic and diluted earnings per share from continuing operations attributable to ITT for the three months ended March 31, 2017 and 2016.

For the Three Months Ended March 31	**2017**	2016
Basic weighted average common shares outstanding	**88.5**	89.6
Add: Dilutive impact of outstanding equity awards	**0.7**	0.9
Diluted weighted average common shares outstanding	**89.2**	90.5

The following table provides the number of shares underlying stock options excluded from the computation of diluted earnings per share for the three months ended March 31, 2017 and 2016 because they were anti-dilutive.

For the Three Months Ended March 31	**2017**	2016
Anti-dilutive stock options	**0.4**	0.6
Weighted average exercise price per share	**$ 42.40**	$ 39.74
Year(s) of expiration	**2024 - 2025**	2024 - 2026

In addition, 0.2 of outstanding PSU awards were excluded from the computation of diluted earnings per share for the three months ended March 31, 2017 and 2016 respectively, as the necessary performance conditions had not yet been satisfied.

NOTE 7
RECEIVABLES, NET

	March 31, 2017	December 31, 2016
Trade accounts receivable	**$ 564.2**	$ 513.5
Notes receivable	**3.7**	4.2
Other	**23.1**	21.6
Receivables, gross	**591.0**	539.3
Less: Allowance for doubtful accounts	**(14.1)**	(15.4)
Receivables, net	**$ 576.9**	$ 523.9

NOTE 8
INVENTORIES, NET

	March 31, 2017	December 31, 2016
Finished goods	$ 51.8	$ 53.0
Work in process	63.2	60.5
Raw materials	171.4	166.0
Inventoried costs related to long-term contracts	43.6	33.5
Total inventory before progress payments	330.0	313.0
Less: Progress payments	(18.5)	(17.8)
Inventories, net	$ 311.5	$ 295.2

NOTE 9
OTHER CURRENT AND NON-CURRENT ASSETS

	March 31, 2017	December 31, 2016
Asbestos-related assets	$ 66.0	$ 66.0
Prepaid income taxes	27.0	7.6
Other	49.0	48.4
Other current assets	$ 142.0	$ 122.0
Other employee benefit-related assets	$ 98.2	$ 96.5
Environmental-related assets	24.3	33.4
Capitalized software costs	42.0	38.1
Other	21.6	20.4
Other non-current assets	$ 186.1	$ 188.4

NOTE 10
PLANT, PROPERTY AND EQUIPMENT, NET

	March 31, 2017	December 31, 2016
Land and improvements	$ 28.6	$ 28.2
Machinery and equipment	932.7	898.6
Buildings and improvements	239.1	244.6
Furniture, fixtures and office equipment	70.2	68.0
Construction work in progress	77.1	68.5
Other	10.2	5.3
Plant, property and equipment, gross	1,357.9	1,313.2
Less: Accumulated depreciation	(876.4)	(848.7)
Plant, property and equipment, net	$ 481.5	$ 464.5

Depreciation expense of $18.3 and $18.1 was recognized in the three months ended March 31, 2017 and 2016, respectively.

NOTE 11
GOODWILL AND OTHER INTANGIBLE ASSETS, NET

Goodwill

The following table provides a rollforward of the carrying amount of goodwill for the three months ended March 31, 2017 by segment.

	Industrial Process	Motion Technologies	Connect & Control Technologies	Total
Goodwill - December 31, 2016	$ 308.4	$ 202.3	$ 264.0	$ 774.7
Acquired	—	89.0	—	89.0
Foreign exchange translation	2.6	(1.0)	0.4	2.0
Goodwill - March 31, 2017	$ 311.0	$ 290.3	$ 264.4	$ 865.7

The goodwill acquired during the quarter ended March 31, 2017 relates to our acquisition of Axtone Railway Components (Axtone) and represents the excess of the preliminary purchase price over the net assets acquired, the valuation of which is pending completion. Upon completion of the valuation, the goodwill acquired will be adjusted to reflect the final fair value of the net assets acquired. Refer to Note 18, Acquisitions, for additional information.

Other Intangible Assets, Net

Information regarding our other intangible assets is as follows:

	March 31, 2017			December 31, 2016		
	Gross Carrying Amount	**Accumulated Amortization**	**Net Intangibles**	Gross Carrying Amount	Accumulated Amortization	Net Intangibles
Customer relationships	**$ 156.2**	**$ (63.0)**	**$ 93.2**	$ 155.8	$ (59.3)	$ 96.5
Proprietary technology	**52.7**	**(17.9)**	**34.8**	52.5	(16.8)	35.7
Patents and other	**10.4**	**(8.5)**	**1.9**	9.0	(7.6)	1.4
Finite-lived intangible total	**219.3**	**(89.4)**	**129.9**	217.3	(83.7)	133.6
Indefinite-lived intangibles	**26.8**	**—**	**26.8**	26.7	—	26.7
Other intangible assets	**$ 246.1**	**$ (89.4)**	**$ 156.7**	$ 244.0	$ (83.7)	$ 160.3

Amortization expense related to finite-lived intangible assets was $4.6 and $5.4 for the three months ended March 31, 2017 and 2016, respectively.

NOTE 12
ACCRUED LIABILITIES AND OTHER NON-CURRENT LIABILITIES

	March 31, 2017	December 31, 2016
Compensation and other employee-related benefits	**$ 118.9**	$ 120.5
Asbestos-related liabilities	**76.3**	76.8
Customer-related liabilities	**44.3**	39.9
Accrued income taxes and other tax-related liabilities	**38.8**	31.0
Environmental liabilities and other legal matters	**26.2**	25.1
Accrued warranty costs	**18.2**	17.4
Other accrued liabilities	**36.4**	39.5
Accrued liabilities	**$ 359.1**	$ 350.2
Deferred income taxes and other tax-related accruals	**$ 26.2**	$ 24.9
Environmental liabilities	**59.1**	63.2
Compensation and other employee-related benefits	**33.6**	33.0
Other	**55.2**	59.9
Other non-current liabilities	**$ 174.1**	$ 181.0

NOTE 13
DEBT

	March 31, 2017	December 31, 2016
Commercial paper	**$ 112.0**	$ 113.5
Short-term loans	**100.0**	100.0
Current maturities of long-term debt and capital leases	**1.1**	0.8
Short-term loans and current maturities of long-term debt	**213.1**	214.3
Long-term debt and capital leases	**4.0**	2.0
Total debt and capital leases	**$ 217.1**	$ 216.3

Commercial Paper

Commercial paper outstanding had an associated weighted average interest rate of 1.37% and 1.14% and maturity terms less than one month from the date of issuance as of March 31, 2017 and December 31, 2016, respectively.

Short-term Loans

As of March 31, 2017 and December 31, 2016, outstanding borrowings under our $500 Revolving Credit Agreement, had an associated weighted average interest rate of 2.09% and 1.87%, respectively. Refer to the Liquidity section within "Item 2. Management's Discussion and Analysis," for additional information on the revolving credit facility as well as our overall funding and liquidity strategy.

NOTE 14
POSTRETIREMENT BENEFIT PLANS

The following tables provide the components of net periodic benefit cost for pension plans and other employee-related benefit plans for the three months ended March 31, 2017 and 2016.

	2017			2016		
For the Three Months Ended March 31	**Pension**	**Other Benefits**	**Total**	Pension	Other Benefits	Total
Service cost	**$ 1.4**	**$ 0.2**	**$ 1.6**	$ 1.2	$ 0.2	$ 1.4
Interest cost	**3.0**	**1.1**	**4.1**	3.4	1.2	4.6
Expected return on plan assets	**(4.6)**	**(0.1)**	**(4.7)**	(5.0)	(0.2)	(5.2)
Amortization of prior service cost (benefit)	**0.2**	**(1.4)**	**(1.2)**	0.2	(1.6)	(1.4)
Amortization of net actuarial loss	**1.7**	**1.1**	**2.8**	1.9	1.2	3.1
Total net periodic benefit cost	**$ 1.7**	**$ 0.9**	**$ 2.6**	$ 1.7	$ 0.8	$ 2.5

We made contributions to our global postretirement plans of $3.5 and $3.3 during the three months ended March 31, 2017 and 2016, respectively. We expect to make contributions of approximately $8 to $12 during the remainder of 2017, principally related to our other postretirement employee benefit plans.

Amortization from accumulated other comprehensive income into earnings related to prior service cost and net actuarial loss was $1.1, net of tax, for the three months ended March 31, 2017 and 2016, respectively. No other reclassifications from accumulated other comprehensive income into earnings were recognized during any of the presented periods.

NOTE 15
LONG-TERM INCENTIVE EMPLOYEE COMPENSATION

Our long-term incentive plan (LTIP) costs are primarily recorded within general and administrative expenses. The following table provides the components of LTIP costs for the three months ended March 31, 2017 and 2016.

For the Three Months Ended March 31	**2017**	2016
Equity based awards	**$ 3.7**	$ 2.9
Liability-based awards	**0.5**	0.5
Total share-based compensation expense	**$ 4.2**	$ 3.4

At March 31, 2017, there was $29.6 of total unrecognized compensation cost related to non-vested equity awards. This cost is expected to be recognized ratably over a weighted-average period of 2.3 years. Additionally, unrecognized compensation cost related to liability-based awards was $3.8, which is expected to be recognized ratably over a weighted-average period of 2.3 years.

Year-to-Date 2017 LTIP Activity

The majority of our LTIP awards are granted during the first quarter of each year and vest on the completion of a three-year service period. During the three months ended March 31, 2017, we granted the following LTIP awards as provided in the table below:

	# of Awards Granted	Weighted Average Grant Date Fair Value Per Share
Restricted stock units (RSUs)	0.3	$ 41.96
Performance stock units (PSUs)	0.1	$ 44.89

In each of the three months ended March 31, 2017 and 2016, 0.3 non-qualified stock options were exercised resulting in proceeds of $5.9 and $6.1, respectively. During the three months ended March 31, 2017 and 2016, RSUs of 0.1 and 0.2 vested and were issued, respectively. There were no PSUs that vested on December 31, 2016 because the minimum performance requirements were not met.

NOTE 16
CAPITAL STOCK

On October 27, 2006, a three-year $1 billion share repurchase program was approved by the Board of Directors (Share Repurchase Program). On December 16, 2008, the provisions of the Share Repurchase Program were modified by the Board of Directors to replace the original three-year term with an indefinite term. We did not repurchase any shares of common stock under this program during three months ended March 31, 2017 and 2016. To date, the Company has repurchased 20.4 shares for $829.4 under the Share Repurchase Program.

Separate from the Share Repurchase Program, the Company repurchased 0.1 shares and 0.2 shares for an aggregate price of $2.3 and $6.9, during the three months ended March 31, 2017 and 2016, respectively, in settlement of employee tax withholding obligations due upon the vesting of RSUs and PSUs.

NOTE 17
COMMITMENTS AND CONTINGENCIES

From time to time, we are involved in legal proceedings that are incidental to the operation of our businesses. Some of these proceedings allege damages relating to environmental exposures, intellectual property matters, copyright infringement, personal injury claims, employment and employee benefit matters, government contract issues and commercial or contractual disputes and acquisitions or divestitures. We will continue to defend vigorously against all claims. Although the ultimate outcome of any legal matter cannot be predicted with certainty, based on present information including our assessment of the merits of the particular claim, as well as our current reserves and insurance coverage, we do not expect that such legal proceedings will have a material adverse impact on our financial statements, unless otherwise noted below.

Asbestos Matters

Subsidiaries of ITT, including ITT LLC and Goulds Pumps LLC, have been sued, along with many other companies in product liability lawsuits alleging personal injury due to asbestos exposure. These claims generally allege that certain products sold by our subsidiaries prior to 1985 contained a part manufactured by a third party (*e.g.*, a gasket) which contained asbestos. To the extent these third-party parts may have contained asbestos, it was encapsulated in the gasket (or other) material and was non-friable. As of March 31, 2017, there were approximately 27 thousand pending claims against ITT subsidiaries, including Goulds Pumps LLC, filed in various state and federal courts alleging injury as a result of exposure to asbestos. Activity related to these asserted asbestos claims during the period was as follows:

For the Three Months Ended March 31 (in thousands)	2017
Pending claims – Beginning	**30**
New claims	**1**
Settlements	**(1)**
Dismissals	**(3)**
Pending claims – Ending	**27**

Frequently, plaintiffs are unable to identify any ITT LLC or Goulds Pumps LLC products as a source of asbestos exposure. Our experience to date is that a majority of resolved claims are dismissed without any payment from ITT subsidiaries. Management believes that a large majority of the pending claims have little or no value. In addition, because claims are sometimes dismissed in large groups, the average cost per resolved claim can fluctuate significantly from period to period. ITT expects more asbestos-related suits will be filed in the future, and ITT will continue to aggressively defend or seek a reasonable resolution, as appropriate.

Asbestos litigation is a unique form of litigation. Frequently, the plaintiff sues a large number of defendants and does not state a specific claim amount. After filing complaint, the plaintiff engages defendants in settlement negotiations to establish a settlement value based on certain criteria, including the number of defendants in the case. Rarely do the plaintiffs seek to collect all damages from one defendant. Rather, they seek to spread the liability, and thus the payments, among many defendants. As a result of this and other factors, the Company is unable to estimate the maximum potential exposure to pending claims and claims estimated to be filed over the next 10 years.

Estimating our exposure to pending asbestos claims and those that may be filed in the future is subject to significant uncertainty and risk as there are multiple variables that can affect the timing, severity, quality, quantity and resolution of claims. Any predictions with respect to the variables impacting the estimate of the asbestos liability and related asset are subject to even greater uncertainty as the projection period lengthens. In light of the variables and uncertainties inherent in the long-term projection of the Company's asbestos exposures, although it is probable that the Company will incur additional costs for asbestos claims filed beyond the next 10 years, which additional costs may be material, we do not believe there is a reasonable basis for estimating those costs at this time.

The asbestos liability and related receivables reflect management's best estimate of future events. However, future events affecting the key factors and other variables for either the asbestos liability or the related receivables could cause actual costs or recoveries to be materially higher or lower than currently estimated. Due to these uncertainties, as well as our inability to reasonably estimate any additional asbestos liability for claims which may be filed beyond the next 10 years, it is difficult to predict the ultimate cost of resolving all pending and unasserted asbestos claims. We believe it is possible that future events affecting the key factors and other variables within the next 10 years, as well as the cost of asbestos claims filed beyond the next 10 years, net of expected recoveries, could have a material adverse effect on our financial statements.

Asbestos-Related Costs, Net

As part of our ongoing review of our net asbestos exposure, each quarter we assess the most recent qualitative and quantitative data available for the key inputs and assumptions, comparing the data to expectations on which the most recent annual liability and asset estimates were calculated. Based on this evaluation, the Company determined that no change in the estimate was warranted for the quarter ended March 31, 2017 other than the incremental accrual to maintain a rolling 10-year forecast period. The net asbestos charge for the three months ended March 31, 2017 and 2016 was $14.9 and $15.4, respectively. Additionally, during the first quarter of 2016, we entered into a settlement agreement with an insurer to settle responsibility for multiple insurance claims, resulting in a benefit of $2.6.

Changes in Financial Position

The Company's estimated asbestos exposure, net of expected recoveries for the resolution of all pending claims and claims estimated to be filed in the next 10 years was $575.6 and $573.7 as of March 31, 2017 and December 31, 2016.The following table provides a rollforward of the estimated asbestos liability and related assets for the three months ended March 31, 2017 and 2016.

	2017			2016		
For the Three Months Ended March 31	**Liability**	**Asset**	**Net**	Liability	Asset	Net
Beginning balance	**$ 954.3**	**$ 380.6**	**$ 573.7**	$ 1,042.8	$ 412.0	$ 630.8
Asbestos provision	**17.4**	**2.5**	**14.9**	17.8	2.4	15.4
Insurance settlement agreements	**—**	**—**	**—**	—	2.6	(2.6)
Net cash activity	**(28.8)**	**(15.8)**	**(13.0)**	(15.5)	(11.2)	(4.3)
Ending balance	**$ 942.9**	**$ 367.3**	**$ 575.6**	$ 1,045.1	$ 405.8	$ 639.3
Current portion	**$ 76.3**	**$ 66.0**		$ 88.1	$ 74.5	
Noncurrent portion	**$ 866.6**	**$ 301.3**		$ 957.0	$ 331.3	

Environmental Matters

In the ordinary course of business, we are subject to federal, state, local, and foreign environmental laws and regulations. We are responsible, or are alleged to be responsible, for ongoing environmental investigation and site remediation. These sites are in various stages of investigation or remediation and in many of these proceedings our liability is considered de minimis. We have received notification from the U.S. Environmental Protection Agency, and from similar state and foreign environmental agencies, that a number of sites formerly or currently owned or operated by ITT, and other properties or water supplies that may be or have been impacted from those operations, contain disposed or recycled materials or wastes and require environmental investigation or remediation. These sites include instances where we have been identified as a potentially responsible party under federal and state environmental laws and regulations.

The following table provides a rollforward of the estimated environmental liability for the three months ended March 31, 2017 and 2016.

For the Three Months Ended March 31		2017		2016
Environmental liability - beginning balance	$	**76.6**	$	82.6
Change in estimates for pre-existing accruals				
Continuing operations		**(0.7)**		0.7
Discontinued operations		**—**		0.5
Net cash activity		**(3.4)**		(5.1)
Foreign currency		**—**		0.1
Environmental liability - ending balance	$	**72.5**	$	78.8

During the first quarter of 2017, ITT entered into a settlement agreement with a former subsidiary to settle all claims covered by the environmental Qualified Settlement Fund (QSF) established in the first quarter of 2016. The former subsidiary no longer has rights to the funds in the QSF. The settlement resulted in a reduction to both our environmental-related asset and the corresponding deferred income liability balance of $5.2. The total environmental-related asset as of March 31, 2017 and December 31, 2016 was $24.3 and $33.4, respectively.

We are currently involved with 35 active environmental investigation and remediation sites. At March 31, 2017, we have estimated the potential high-end liability range of environmental-related matters to be $121.0.

As actual costs incurred at identified sites in future periods may vary from our current estimates given the inherent uncertainties in evaluating environmental exposures, management believes it is possible that the outcome of these uncertainties may have a material adverse effect on our financial statements.

Other Matters

The Company is responding to a civil subpoena from the Department of Defense, Office of the Inspector General, which was issued in the second quarter of 2015 as part of an investigation being led by the Civil Division of the U.S. Department of Justice. The subpoena and related investigation involve certain products manufactured by the Company's Connect & Control Technologies segment that are purchased or used by the U.S. government. The Company is cooperating with the government and producing documents responsive to the subpoena. The Company is unable to estimate the timing or outcome of this matter.

NOTE 18
ACQUISITIONS

Axtone Railway Components

On January 26, 2017, we acquired 100% of the privately held stock of Axtone Railway Components (Axtone) for a preliminary purchase price of $113.7, net of cash acquired. The preliminary purchase price is subject to change during the measurement period (up to one year from the acquisition date) as certain customary working capital adjustments are finalized. Axtone, which had 2016 revenue of $72, is a manufacturer of highly engineered and customized energy absorption solutions, including springs, buffers, and coupler components for the railway and industrial markets.

The preliminary purchase price for Axtone was allocated to net tangible assets acquired and liabilities assumed based on their preliminary fair values as of January 26, 2017, with the excess of the preliminary purchase price of $89.0 recorded as goodwill. The primary areas of purchase price allocation that are not yet finalized relate to the valuation of intangible assets acquired, certain tangible assets and liabilities, income tax, and residual goodwill. We expect to obtain the information necessary to finalize the fair value of the net assets and liabilities during the measurement period. Changes to the preliminary estimates of the fair value during the measurement period will be recorded as adjustments to those assets and liabilities with a corresponding adjustment to goodwill in the period they occur. The goodwill arising from this acquisition, which is not expected to be deductible for income tax purposes, has been assigned to the Motion Technologies segment.

Preliminary Allocation of Purchase Price for Axtone

Cash	$	9.4
Receivables		11.5
Inventory		11.7
Plant, property and equipment		14.1
Goodwill		89.0
Other assets		5.3
Accounts payable and accrued liabilities		(12.0)
Postretirement liabilities		(3.8)
Other liabilities		(2.1)
Net assets acquired	$	123.1

Pro forma results of operations have not been presented because the acquisition was not deemed material at the acquisition date.

NOTE 19
SUBSEQUENT EVENTS

The Company recently entered into an agreement to sell excess property for a cash purchase price of approximately $41. On April 16, 2017, the purchaser’s due diligence period ended. There are remaining conditions to closing which are anticipated to be finalized in the first half of 2018. At closing, the Company will receive the cash proceeds and is expected to record a gain of approximately $38 to $40.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

(In millions, except per share amounts, unless otherwise stated)

OVERVIEW

ITT Inc. is a diversified manufacturer of highly engineered critical components and customized technology solutions for the transportation, industrial, and oil and gas markets. Building on our heritage of engineering, we partner with our customers to deliver enduring solutions to the key industries that underpin our modern way of life. We manufacture components that are integral to the operation of systems and manufacturing processes in our key markets. Our products provide enabling functionality for applications where reliability and performance are critically important to our customers and the users of their products.

Our businesses share a common, repeatable operating model. Each business applies technology and engineering expertise to solve our customers' most pressing challenges. Our applied engineering aptitude enables a tight business fit with our customers given the critical nature of their applications. This in turn provides us with unique insight to our customer's requirements and enables us to develop solutions to assist our customers in achieving their business goals. Our technology and customer intimacy work in tandem to produce opportunities to capture recurring revenue streams, aftermarket opportunities, and long-lived original equipment manufacturer (OEM) platforms.

Our product and service offerings are organized into three segments: Industrial Process, Motion Technologies, and Connect & Control Technologies. See Note 3, Segment Information, in this Report for a summary description of each segment. Additional information is also available in our 2016 Annual Report within Part I, Item 1, "Description of Business".

DISCUSSION OF FINANCIAL RESULTS
Three Months Ended March 31

For the Three Months Ended March 31	2017	2016	Change
Revenue	**$ 625.8**	$ 609.1	2.7%
Gross profit	**202.3**	195.3	3.6%
Gross margin	**32.3%**	32.1%	20bp
Operating expenses	**146.7**	144.3	1.7%
Expense to revenue ratio	**23.4%**	23.7%	(30)bp
Operating income	**55.6**	51.0	9.0%
Operating margin	**8.9%**	8.4%	50bp
Interest and non-operating expense (income), net	**0.8**	1.7	(52.9%)
Income tax expense	**9.1**	11.7	(22.2%)
Effective tax rate	**16.6%**	23.7%	(710)bp
Income from continuing operations attributable to ITT Inc.	**46.1**	37.7	22.3%
Loss from discontinued operations, net of tax	**(0.1)**	(0.3)	(66.7%)
Net income attributable to ITT Inc.	**46.0**	37.4	23.0%

All comparisons included within Management's Discussion and Analysis of Financial Condition and Results of Operations refer to the comparable three months ended March 31, 2016, unless stated otherwise.

Executive Summary

During the first quarter of 2017, we continued our focus on optimizing execution across the enterprise while advancing our essential long-term growth plans. We created a new Chief Operating Officer structure, which is driving more robust processes and performance across the company. We also took steps towards aligning the operations and management of our connectors and control technologies businesses to increase focus on the aerospace and industrial markets, optimize operations, leverage shared infrastructure, and drive long-term growth. The result is the creation of a new business segment, Connect & Control Technologies, which is the combination of two previous business segments, Interconnect Solutions and Control Technologies. Our first quarter results reflect benefits from the structural reset at Industrial Process and operational improvements at our connector facilities, as well as from our balanced and diverse portfolio as the impact of difficult markets were mitigated by our continued market share growth and geographic expansion in the transportation end-markets.

In relation to capital deployment, we completed the acquisition of Axtone Railway Group (Axtone), a manufacturer of highly engineered and customized energy absorption solutions for railway and other harsh environment industrial markets. We made further progress on our North American brake pad facility, which is now ahead of the original construction schedule. We have also reached an agreement to sell excess property that is expected to close in the first half of 2018. See Note 19, Subsequent Events, in the Notes to Consolidated Condensed Financial Statements for additional information regarding the sale of this property.

Our first quarter 2017 results include:

- Revenue of $625.8, reflecting year-over-year growth of $16.7 or 2.7% compared to the prior year, was driven by higher sales volumes in the transportation end-markets from share gains in our automotive brake pad business and strength in aerospace and defense. However, our revenue results for the quarter also reflect the continued softness within the oil & gas market, particularly related to project declines due to weak backlog entering 2017. Organic revenue, which excludes the impacts from foreign exchange, acquisitions, and divestitures, increased 1.9% compared to the prior year.

- Orders of $670.6 reflect year-over-year growth of $47.1 or 7.6%, sequential growth of 17.0%, and a book to bill ratio of 1.07x with all three segments providing a book to bill of 1.0x or greater. The primary drivers of our order growth during the quarter include our continued share gains in the automotive brake pad market, particularly in Europe and China, as well as strong oil & gas orders that include a significant downstream project win in Africa and improved demand in North America, and incremental orders from our newly acquired Axtone business. Organic orders, which excludes the impacts from foreign exchange, acquisitions, and divestitures, increased 7% compared to the prior year.

- Operating income of $55.6 reflects a $4.6 or 9.0% increase over the prior year, and a 50 basis point improvement to operating margin, driven by incremental restructuring benefits from our structural reset of the Industrial Process segment, as well as higher sales volumes, lower acquisition-related costs, and productivity savings. These favorable drivers more than offset the impact from unfavorable foreign currency fluctuations, higher strategic investments to support platform award growth at Motion Technologies, and increased material costs. Adjusted segment operating income increased $2.7, or 3.3%.

- Income from continuing operations was $0.52 per diluted share, reflecting an increase of $0.10 over the prior year. Adjusted income from continuing operations was $0.64 per diluted share, reflecting a $0.05, or 8.5%, increase over the prior year.

As we move through 2017, we expect that continued uncertainty in global oil and currency markets, incremental pricing pressures, rising commodity costs, and uncertainty from new U.S. Administration policies will provide challenges in the coming year, but we will continue to focus our attention on areas that are within our control. We will continue to progress our Lean transformation, and monitor and reduce our cost structure by taking approximately $30 in restructuring and realignment actions in 2017. We also expect to realize significant benefits from our prior restructuring and productivity actions which will help to mitigate much of the uncertainty in our key end markets. In addition, we expect strong performances from our Automotive and Rail businesses to continue into 2017.

Further details related to these results are contained elsewhere in the Discussion of Financial Results section. Refer to the section titled "Key Performance Indicators and Non-GAAP Measures" for reconciliations between GAAP and non-GAAP metrics.

REVENUE

For the Three Months Ended March 31		2017		2016	Change	Organic Revenue Growth[(a)]
Industrial Process	$	**186.1**	$	208.8	(10.9)%	(10.9)%
Motion Technologies		**287.3**		257.0	11.8 %	9.6 %
Connect & Control Technologies		**153.3**		144.3	6.2 %	6.8 %
Eliminations		**(0.9)**		(1.0)	(10.0)%	—
Revenue	$	**625.8**	$	609.1	2.7 %	1.9 %

(a) See the section titled "Key Performance Indicators and Non-GAAP Measures" for a definition and reconciliation of organic revenue.

Industrial Process

Both revenue and organic revenue for the three months ended March 31, 2017 decreased $22.7, or 10.9%, as a 39% decline in project pump revenue due to weak backlog entering the year and slow parts activity, were partially offset by 2% growth in short-cycle baseline pumps and valves growth to general industrial markets and increased service activity to the chemical and general industrial markets.

Orders for the three months ended March 31, 2017 were $221.8, reflecting an increase of $33.0 or 17.5% over the prior year, and a book to bill ratio of 1.19x. Activity for the quarter included a $26 downstream oil and gas order in Africa. Excluding this large project win, orders increased approximately 4% compared to the prior year and sequentially (versus the fourth quarter of 2016) due to growth in aftermarket orders from strong North American service activity, a large oil and gas spares order in Europe, and increased part orders to the mining and general industrial markets. Order results also reflect 2% growth in short-cycle baseline pumps and valves primarily within the oil & gas and general industrial markets. Organic orders for the three months ended March 31, 2017 increased $32.9, or 17.4%.

The level of order and shipment activity related to project pumps can vary significantly from period to period, which may impact year-over-year comparisons. Backlog as of March 31, 2017 was $385, reflecting an increase of $37.8, or 10.9%, from the December 31, 2016 level.

Motion Technologies

Revenue for the three months ended March 31, 2017 increased $30.3, or 11.8%, including incremental revenue of $14.0 from our 2017 acquisition of Axtone and unfavorable foreign currency translation impacts of $8.4, resulting in organic revenue growth of $24.7, or 9.6%. Organic revenue grew 12% from our friction materials business due to continued strength in the automotive OEM sales channel primarily from market and share gains in Europe and China and strength in aftermarket brake pads from an increase in dealer service activity. Wolverine contributed organic revenue growth of 7% driven by share gains in sealing solutions across key geographies. Organic revenue from our KONI business increased 1% as shock absorber strength from car enthusiast and defense markets were offset by North American and China railway market weakness.

Orders for the three months ended March 31, 2017 were $287.2, reflecting an increase of $21.8, or 8.2% over the prior year, and a book to bill ratio of 1.00x. Order results for the quarter include incremental orders of $12.3 from our acquisition of Axtone and unfavorable foreign currency translation impacts of $8.2, resulting in organic order growth of $17.7, or 6.7%. Organic order growth reflects a 12% increase from our friction materials business and an 8% increase from Wolverine business. KONI orders declined approximately 19% due to record prior year defense orders.

Connect & Control Technologies

Revenue for the three months ended March 31, 2017 increased $9.0, or 6.2%, reflecting growth in the general industrial connectors market from increased heavy vehicle activity due to new emissions standards in China, increases in defense market connector and component demand, and 30% sales growth from the oil and gas market stemming from positive market trends, share gains, and new product introductions. Aerospace sales were flat as growth in connector and environmental control system sales were offset by lower commercial aerospace component sales activity due to lower OEM wide-body platform production rates. Organic revenue increased $9.8, or 6.8%, which excludes unfavorable foreign currency translation impacts of $0.8.

Orders for the three months ended March 31, 2017 were $162.4, reflecting a decrease of $8.1, or 4.8% versus the prior year, and a book to bill ratio of 1.06x. The decrease in orders reflects a 13% decline in components due to unfavorable defense and environmental control system product order activity timing, which was partially offset by connector product order growth of approximately 6% due to increase order activity across key end-markets, including 40% order growth in the oil and gas market. Organic orders for the three months ended March 31, 2017 decreased $7.3, or 4.3%, which excludes unfavorable foreign currency translation of $0.8.

The U.S. Defense and Logistics Agency, Land and Maritime (DLA) issued a temporary stop shipment/stop production order to our connectors business which prevents it from producing or shipping certain military specified connectors. The segment's annual sales for the products affected is approximately $8 to $10. We are cooperating with the DLA's request for information. However, if these conditions remain unresolved, it could further negatively impact our revenue and results of operations.

GROSS PROFIT

Gross profit for the three months ended March 31, 2017 and 2016 was $202.3 and $195.3, respectively, reflecting a gross margin of 32.3% and 32.1%, respectively, a 20 basis point improvement over the prior year. The increase in gross margin is primarily driven by lower labor costs as a result of restructuring benefits from our structural cost reset at our Industrial Process segment and operational improvements at our Connect & Control Technologies segment. Partially offsetting the increase was unfavorable automotive and aerospace pricing impacts, an unfavorable change in sales mix, and increased direct materials costs due to higher commodity prices impacting our Motion Technologies segment.

OPERATING EXPENSES

For the Three Months Ended March 31	**2017**	2016	Change
General and administrative expenses	**$ 66.2**	$ 69.0	(4.1)%
Sales and marketing expenses	**43.1**	43.3	(0.5)%
Research and development expenses	**22.5**	19.2	17.2 %
Asbestos-related costs, net	**14.9**	12.8	16.4 %
Total operating expenses	**$ 146.7**	$ 144.3	1.7 %
Total Operating Expenses By Segment:			
Industrial Process	**$ 45.8**	$ 54.1	(15.3)%
Motion Technologies	**40.8**	31.9	27.9 %
Connect & Control Technologies	**37.2**	37.0	0.5 %
Corporate & Other	**22.9**	21.3	7.5 %

General and administrative expenses for the three months ended March 31, 2017 decreased $2.8, or 4.1%, reflecting an approximate $6 benefit from lower restructuring charges and current year savings from past restructuring actions, which were partially offset by higher incentive-related compensation costs and incremental costs associated with our recently acquired Axtone business.

Sales and marketing expenses for the three months ended March 31, 2017 decreased $0.2, or 0.5%, as lower selling and commission expenses at Industrial Process were offset by higher costs at Motion Technologies and incremental sales and marketing costs of $0.7, related to our acquisition of Axtone.

Research and development expenses for the three months ended March 31, 2017 increased $3.3, or 17.2%, primarily due to increased product development activities at Motion Technologies.

Asbestos-related costs, net, increased $2.1, or 16.4% during the three months ended March 31, 2017. The increase was primarily driven by a benefit of $2.6 in the prior year for a settlement agreement with an insurer to settle responsibility for multiple insurance claims. See Note 17, Commitments and Contingencies, to the Consolidated Condensed Financial Statements for further information.

OPERATING INCOME

For the Three Months Ended March 31	**2017**	2016	Change
Industrial Process	**$ 7.3**	$ 9.0	(18.9)%
Motion Technologies	**54.9**	50.7	8.3 %
Connect & Control Technologies	**16.3**	12.4	31.5 %
Segment operating income	**78.5**	72.1	8.9 %
Asbestos-related costs, net	**(14.9)**	(12.8)	16.4 %
Other corporate costs	**(8.0)**	(8.3)	3.6 %
Total corporate and other benefit	**(22.9)**	(21.1)	(8.5)%
Total operating income	**$ 55.6**	$ 51.0	9.0 %
Operating margin:			
Industrial Process	**3.9%**	4.3%	(40)bp
Motion Technologies	**19.1%**	19.7%	(60)bp
Connect & Control Technologies	**10.6%**	8.6%	200bp
Segment operating margin	**12.5%**	11.8%	70bp
Consolidated operating margin	**8.9%**	8.4%	50bp

Industrial Process operating income for the three months ended March 31, 2017 decreased $1.7, or 18.9%. The decline primarily resulted from unfavorable impacts from volume and mix of approximately $10, as well as negative impacts from cost overruns associated with complex pump projects. In addition, unfavorable foreign currency impacted operating income by $1.2 compared to the prior year. Incremental restructuring benefits and improved operational execution on lower volumes partially offset the decline.

Motion Technologies operating income for the three months ended March 31, 2017 increased $4.2, or 8.3%, as benefits from higher sales volumes and savings from productivity and sourcing incentives more than offset the approximately $10 of negative impacts from higher material and labor costs, unfavorable pricing and sales mix impacts, higher strategic investment costs, and an unfavorable impact from foreign currency fluctuations. Our acquisition of Axtone provided a modest incremental increase to operating income during the quarter.

Connect & Control Technologies operating income for the three months ended March 31, 2017 increased $3.9, or 31.5%, as higher sales volume, operational improvements at our North American connector facilities, and incremental restructuring benefits provided operating income growth of approximately $7. These items were partially offset by unfavorable pricing, sales mix, and foreign currency fluctuation impacts.

Other corporate costs for the three months ended March 31, 2017 declined by $0.3, or 3.6% reflecting a favorable comparison to a prior year foreign currency loss of $2.4 and lower environmental costs that were partially offset by certain costs associated primarily with the sale of excess property and higher long-term incentive costs of $1.1.

INTEREST AND NON-OPERATING INCOME AND EXPENSES, NET

During the three months ended March 31, 2017, interest and non-operating expenses, net decreased $0.9 to $0.8. The decrease is principally related to lower average outstanding debt and an increase in interest income of $0.5 related to time deposits.

INCOME TAX EXPENSE

For the three months ended March 31, 2017 and 2016, the Company recognized income tax expense of $9.1 and $11.7 and had an effective tax rate of 16.6% and 23.7%, respectively. The lower effective tax rate in 2017 is primarily driven by tax benefits on excess stock based compensation due to the adoption of ASU 2016-09 and a tax rate change on Korea deferred tax assets. Refer to Note 2, Recent Accounting Pronouncements, for further information on ASU 2016-09. In addition, the Company continues to benefit from a larger mix of earnings in non-U.S. jurisdictions with favorable tax rates.

The Company operates in various tax jurisdictions and is subject to examination by tax authorities in these jurisdictions. The Company is currently under examination in several jurisdictions including Canada, Germany, Hong Kong, Italy, Mexico, South Korea, the U.S. and Venezuela. The estimated tax liability calculation for unrecognized tax benefits considers uncertainties in the application of complex tax laws and regulations in various tax jurisdictions. Due to the complexity of some uncertainties, the ultimate resolution may result in a payment that is materially different from the current estimate of the unrecognized tax benefit. Over the next 12 months, the net amount of the tax liability for unrecognized tax benefits in foreign and domestic jurisdictions could change by approximately $19 due to changes in audit status, expiration of statutes of limitations and other events. In addition, the settlement of any future examinations relating to the 2011 and prior tax years could result in changes in amounts attributable to the Company under its Tax Matters Agreement with Exelis Inc. and Xylem Inc. relating to the Company's 2011 spin-off of those businesses.

LIQUIDITY

Funding and Liquidity Strategy

We monitor our funding needs and design and execute strategies to meet overall liquidity requirements, including the management of our capital structure, on both a short- and long-term basis. We expect to fund our ongoing working capital, capital expenditures, dividends and financing requirements through cash flows from operations and cash on hand or by accessing the commercial paper market. If our access to the commercial paper market were adversely affected, we believe that alternative sources of liquidity, including our Revolving Credit Agreement, described below, would be sufficient to meet our short-term funding requirements.

We manage our worldwide cash requirements considering available funds among the many subsidiaries through which we conduct business and the cost effectiveness with which those funds can be accessed. We have identified and continue to look for opportunities to access cash balances in excess of local operating requirements to meet our global liquidity needs in a cost-efficient manner. A majority of our cash and cash equivalents is held by our international subsidiaries. We have transferred, and plan to continue to, transfer cash between certain international subsidiaries and the U.S. and between other international subsidiaries when it is cost effective to do so. Our intent is generally to indefinitely reinvest these funds outside of the U.S. consistent with our overall intention to support growth and expand in markets outside the U.S. through the development of products, increased non-U.S. capital spending and potentially the acquisition of foreign businesses. However, we have determined that certain undistributed foreign earnings generated in Luxembourg, Japan, Hong Kong, and South Korea should not be considered permanently reinvested outside of the U.S. There were no cash distributions from foreign countries for the three months ended March 31, 2017. Cash distributions from foreign countries amounted to $100.0 for the year ended December 31, 2016. The timing and amount of additional future distributions, if any, remains under evaluation.

The amount and timing of dividends payable on our common stock are within the sole discretion of our Board of Directors and will be based on, and affected by, a number of factors, including our financial position and results of operations, available cash, expected capital spending plans, prevailing business conditions and other factors the Board of Directors deems relevant. Therefore, there can be no assurance as to what level of dividends, if any, will be paid in the future. In the first quarter of 2017, we declared a dividend of $0.128 per share for shareholders of record on March 13, 2017, which was paid on April 3, 2017. The dividend declared in the first quarter of 2017 is a 3.2% increase from the prior year.

During the three months ended March 31, 2017 and 2016, there were no shares of common stock repurchased under our $1 billion share repurchase program. To date, under the program, the Company has repurchased 20.4 shares for $829.4.

Significant factors that affect our overall management of liquidity include our credit ratings, the adequacy of commercial paper and supporting bank lines of credit, and the ability to attract long-term capital on satisfactory terms. We assess these factors along with current market conditions on a continuous basis, and as a result, may alter the mix of our short- and long-term financing when it is advantageous to do so.

Commercial Paper

We access the commercial paper market to supplement the cash flows generated internally and to provide additional short-term funding for strategic investments and other funding requirements. We manage our short-term liquidity through the use of our commercial paper program by adjusting the level of commercial paper borrowings as opportunities to deploy additional capital arise and it is cost effective to do so. As of March 31, 2017, we had an outstanding commercial paper balance of $112.0. The average outstanding commercial paper balance during the three months ended March 31, 2017 was $117.1. There have been no material changes that have impacted our funding and liquidity capabilities since December 31, 2016.

Credit Facilities

Our revolving $500 credit agreement (the Revolving Credit Agreement) provides for increases of up to $200 for a possible maximum total of $700 in aggregate principal amount, at the request of the Company and with the consent of the institutions providing such increased commitments. The Revolving Credit Agreement is intended to provide access to additional liquidity and be a source of alternate funding to the commercial paper program, if needed. Our policy is to maintain unused committed bank lines of credit in an amount greater than outstanding commercial paper balances. The provisions of the Revolving Credit Agreement require that we maintain an interest coverage ratio, as defined, of at least 3.0 and a leverage ratio, as defined, of not more than 3.0. At March 31, 2017, we had $100.0 outstanding under the Revolving Credit Agreement. As of March 31, 2017, our interest coverage ratio and leverage ratio were within the prescribed thresholds. In the event of certain ratings downgrades of the Company, to a level below investment grade, the direct and indirect significant U.S. subsidiaries of the Company would be required to guarantee the obligations under the credit facility. The Revolving Credit Agreement matures in November 2021.

Sources and Uses of Liquidity

Our principal source of liquidity is our cash flow generated from operating activities, which provides us with the ability to meet the majority of our short-term funding requirements. The following table summarizes net cash derived from operating, investing, and financing activities from continuing operations, as well as net cash from discontinued operations, for the three months ended March 31, 2017 and 2016.

For the Three Months Ended March 31	**2017**	2016
Operating activities	**$ 27.1**	$ 5.7
Investing activities	**(150.1)**	(24.8)
Financing activities	**3.7**	16.9
Foreign exchange	**7.9**	9.9
Total net cash flow from continuing operations	**(111.4)**	7.7
Net cash from discontinued operations	**(0.8)**	7.5
Net change in cash and cash equivalents	**$ (112.2)**	$ 15.2

Net cash provided by operating activities was $27.1 for the three months ended March 31, 2017 compared to $5.7 for the three months ended March 31, 2016. The change in net cash provided by operating activities primarily reflects higher incentive compensation payments in the prior year as well as favorable changes in working capital, primarily accounts payable principally related to timing of payments. This was partially offset by higher asbestos payments of $8.7 and higher tax payments of $8.2.

Net cash used by investing activities was $150.1 for the three months ended March 31, 2017, compared to a $24.8 net use of cash during the same prior year period. The year-over-year increase reflects the purchase of Axtone for $113.7 (net of cash acquired), as well as higher capital expenditures which increased $15.7 primarily due to capacity expansion projects in support of global automotive friction growth.

Net cash provided by financing activities was $3.7 reflecting a decrease of $13.2 for the three months ended March 31, 2017 primarily due to a decrease in net borrowings of $27.9. This was partially offset by lower dividend payments which declined by $11.2 due to the timing of our quarterly dividend payment.

Net cash used by discontinued operations was $0.8 for the three months ended March 31, 2017 compared to net cash provided by discontinued operation for the three months ended March 31, 2016 of $7.5. The change of $8.3 is primarily driven by a cash payment in the prior year from Xylem Inc. related to the Tax Matters Agreement.

Asbestos

Based on the estimated undiscounted asbestos liability as of March 31, 2017 for claims filed or estimated to be filed over the next 10 years, we have estimated that we will be able to recover approximately 39% of the asbestos indemnity and defense costs from our insurers. Actual insurance reimbursements may vary significantly from period to period and the anticipated recovery rate is expected to decline over time due to gaps in our insurance coverage, reflecting uninsured periods, the insolvency of certain insurers, prior settlements with our insurers and our expectation that certain insurance policies will exhaust within the next 10 years. In the 10th year of our estimate, our insurance recoveries are currently projected to be approximately 15%. Additionally, future recovery rates may be impacted by other factors, such as future insurance settlements, insolvencies and judicial determinations relevant to our coverage program, which are difficult to predict and subject to a high degree of uncertainty.

While there are overall limits on the aggregate amount of insurance available to the Company with respect to asbestos claims, with respect to certain coverage, those overall limits were not reached by the estimated liability recorded by the Company at March 31, 2017.

Further, there is uncertainty in estimating when cash payments related to the recorded asbestos liability will be fully expended and such cash payments will continue for a number of years beyond the next 10 years due to the significant proportion of future claims included in the estimated asbestos liability and the delay between the date a claim is filed and when it is resolved. Subject to these inherent uncertainties, it is expected that cash payments related to pending claims and claims to be filed in the next 10 years will extend through approximately 2030.

Although asbestos cash outflows can vary significantly from year to year, our current net cash outflows, net of tax benefits, are projected to average $15 to $25 over the next five years, as compared to an average of $13 over the past three years, and increase to an average of approximately $30 to $40 per year over the remainder of the projection period.

In light of the variables and uncertainties inherent in the long-term projection of the Company's asbestos exposures and potential recoveries, although it is probable that the Company will incur additional costs for asbestos claims filed beyond the next 10 years, we do not believe that there is a reasonable basis for estimating the number of future claims, the nature of future claims, or the cost to resolve future claims for years beyond the next 10 years at this time. Accordingly, no liability or related asset has been recorded for any costs that may be incurred for claims asserted subsequent to 2027.

Due to these uncertainties, as well as our inability to reasonably estimate any additional asbestos liability for claims that may be filed beyond the next 10 years, it is difficult to predict the ultimate outcome of the cost of resolving the pending and estimated unasserted asbestos claims. We believe it is possible that the future events affecting the key factors and other variables within the next 10 years, as well as the cost of asbestos claims filed beyond the next 10 years, net of expected recoveries, could have a material adverse effect on our financial statements.

KEY PERFORMANCE INDICATORS AND NON-GAAP MEASURES

Management reviews a variety of key performance indicators including revenue, segment operating income and margins, earnings per share, order growth, and backlog, some of which are non-GAAP. In addition, we consider certain measures to be useful to management and investors when evaluating our operating performance for the periods presented. These measures provide a tool for evaluating our ongoing operations and management of assets from period to period. This information can assist investors in assessing our financial performance and measures our ability to generate capital for deployment among competing strategic alternatives and initiatives, including, but not limited to, acquisitions, dividends, and share repurchases. These metrics, however, are not measures of financial performance under accounting principles generally accepted in the United States of America (GAAP) and should not be considered a substitute for measures determined in accordance with GAAP. We consider the following non-GAAP measures, which may not be comparable to similarly titled measures reported by other companies, to be key performance indicators:

- "organic revenue" and "organic orders" are defined as revenue and orders, excluding the impacts of foreign currency fluctuations, acquisitions, and divestitures. Divestitures include sales of portions of our business that did not meet the criteria for presentation as a discontinued operation. The period-over-period change resulting from foreign currency fluctuations is estimated using a fixed exchange rate for both the current and prior periods. Management believes that reporting organic revenue and organic orders provides useful information to investors by helping identify underlying trends in our business and facilitating easier comparisons of our revenue performance with prior and future periods and to our peers. Reconciliations of organic revenue for the three months ended March 31, 2017 are provided below.

Three Months Ended March 31	Industrial Process	Motion Technologies	Connect & Control Technologies	Eliminations	Total ITT
2017 Revenue	$ 186.1	$ 287.3	$ 153.3	$ (0.9)	$ 625.8
(Acquisitions)/divestitures, net	—	(14.0)	—	—	(14.0)
Foreign currency translation	—	8.4	0.8	(0.1)	9.1
2017 Organic revenue	$ 186.1	$ 281.7	$ 154.1	$ (1.0)	$ 620.9
2016 Revenue	$ 208.8	$ 257.0	$ 144.3	$ (1.0)	$ 609.1
Organic (decline) growth	(10.9)%	9.6%	6.8%		1.9%

Reconciliations of organic orders for the three months ended March 31, 2017 are provided below:

Three Months Ended March 31	Industrial Process	Motion Technologies	Connect & Control Technologies	Eliminations	Total ITT
2017 Orders	$ 221.8	$ 287.2	$ 162.4	$ (0.8)	$ 670.6
(Acquisitions)/divestitures, net	—	(12.3)	—	—	(12.3)
Foreign currency translation	(0.1)	8.2	0.8	—	8.9
2017 Organic orders	$ 221.7	$ 283.1	$ 163.2	$ (0.8)	$ 667.2
2016 Orders	$ 188.8	$ 265.4	$ 170.5	$ (1.2)	$ 623.5
Organic growth (decline)	17.4%	6.7%	(4.3)%		7.0%

- "adjusted segment operating income" is defined as operating income, adjusted to exclude special items that include, but are not limited to, restructuring costs, realignment costs, certain asset impairment charges, certain acquisition-related expenses, and other unusual or infrequent operating items. Special items represent significant charges or credits that impact current results, which management views as unrelated to the Company's ongoing operations and performance. We believe that adjusted segment operating income is useful to investors and other users of our financial statements in evaluating ongoing operating profitability, as well as in evaluating operating performance in relation to our competitors.

Reconciliations of segment operating income to adjusted segment operating income for the three months ended March 31, 2017 and 2016 are provided below.

Three Months Ended March 31, 2017	Industrial Process	Motion Technologies	Connect & Control Technologies	Total Segment
Segment operating income	$ 7.3	$ 54.9	$ 16.3	$ 78.5
Restructuring costs	1.3	0.2	0.5	2.0
Acquisition-related expenses	—	0.7	—	0.7
Realignment costs and other[(a)]	1.4	—	1.1	2.5
Adjusted segment operating income	$ 10.0	$ 55.8	$ 17.9	$ 83.7

Three Months Ended March 31, 2016	Industrial Process	Motion Technologies	Connect & Control Technologies	Total Segment
Segment operating income	$ 9.0	$ 50.7	$ 12.4	$ 72.1
Restructuring costs	3.2	1.4	0.9	5.5
Acquisition-related expenses	—	1.0	1.4	2.4
Realignment costs and other[(a)]	—	—	1.0	1.0
Adjusted segment operating income	$ 12.2	$ 53.1	$ 15.7	$ 81.0

(a) Primarily reflects realignment costs associated with an action to move certain production lines in our Connect & Control Technologies segment in 2017 and 2016; and 2017 costs associated with management reorganization at our Industrial Process segment.

- "adjusted income from continuing operations" and "adjusted income from continuing operations per diluted share" are defined as income from continuing operations attributable to ITT Inc. and income from continuing operations attributable to ITT Inc. per diluted share, adjusted to exclude special items that include, but are not limited to, asbestos-related costs, restructuring costs, realignment costs, certain asset impairment charges, certain acquisition-related expenses, income tax settlements or adjustments, and other unusual or infrequent non-operating items. Special items represent significant charges or credits, on an after-tax basis, that impact current results, which management views as unrelated to the Company's ongoing operations and performance. We believe that adjusted income from continuing operations is useful to investors and other users of our financial statements in evaluating ongoing operating profitability, as well as in evaluating operating performance in relation to our competitors.

A reconciliation of adjusted income from continuing operations, including adjusted income from continuing operations per diluted share, is provided below.

For the Three Months Ended March 31		**2017**		2016
Income from continuing operations attributable to ITT Inc.	**$**	**46.1**	$	37.7
Net asbestos-related costs, net of tax benefit of $5.5 and $4.7, respectively		**9.4**		8.1
Restructuring costs, net of tax benefit of $0.9 and $1.4, respectively		**1.7**		4.1
Tax-related special items[(a)]		**(3.1)**		1.3
Realignment costs, net of tax benefit of $1.7 and $0.7, respectively[(b)]		**2.9**		0.2
Acquisition-related costs, net of tax benefit of $0.3 and $0.5, respectively		**0.4**		1.9
Adjusted income from continuing operations attributable to ITT Inc.	**$**	**57.4**	$	53.3
Income from continuing operations attributable to ITT Inc. per diluted share	**$**	**0.52**	$	0.42
Adjusted income from continuing operations attributable to ITT Inc. per diluted share	**$**	**0.64**	$	0.59

(a) Tax-related special items for the three months ended March 31, 2017 primarily relate to a tax rate change in a foreign jurisdiction, tax benefits on excess stock based compensation, and distribution of foreign earnings. Tax-related special items for the three months ended March 31, 2016 primarily related to distributions of foreign earnings.

(b) Realignment costs include certain costs associated with the sale of excess property in 2017 and costs associated with an action to move certain production lines in our Connect & Control Technologies segment in both 2017 and 2016.

- "adjusted free cash flow" is defined as net cash provided by operating activities less capital expenditures, adjusted for cash payments for restructuring costs, realignment actions, net asbestos cash flows and other significant items that impact current results which management views as unrelated to the Company's ongoing operations and performance. Due to other financial obligations and commitments, including asbestos, the entire free cash flow may not be available for discretionary purposes. We believe that adjusted free cash flow provides useful information to investors as it provides insight into the primary cash flow metric used by management to monitor and evaluate cash flows generated by our operations. A reconciliation of adjusted free cash flow is provided below.

For the Three Months Ended March 31		**2017**		2016
Net cash provided by operating activities	**$**	**27.1**	$	5.7
Capital expenditures		**(36.7)**		(21.0)
Restructuring cash payments		**5.4**		6.5
Net asbestos cash flows		**13.0**		4.3
Other cash payments[(a)]		**4.5**		—
Adjusted free cash flow	**$**	**13.3**	$	(4.5)

(a) Other cash payments during 2017 primarily relate to costs associated with the pending sale of excess property.

RECENT ACCOUNTING PRONOUNCEMENTS

See Note 2 to the Consolidated Condensed Financial Statements for information on recent accounting pronouncements.

CRITICAL ACCOUNTING ESTIMATES

The preparation of ITT's financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosure of contingent assets and liabilities. ITT believes the most complex and sensitive judgments, because of their significance to the Consolidated Condensed Financial Statements, result primarily from the need to make estimates about the effects of matters that are inherently uncertain. Management's Discussion and Analysis of Financial Condition and Results of Operations in the 2016 Annual Report describes the critical accounting estimates that are used in the preparation of the Consolidated Condensed Financial Statements. Actual results in these areas could differ from management's estimates. There have been no significant changes concerning ITT's critical accounting estimates as described in our 2016 Annual Report.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There has been no material change in the information concerning market risk as stated in our 2016 Annual Report.

ITEM 4. CONTROLS AND PROCEDURES

The Chief Executive Officer and Chief Financial Officer of the Company have evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this report. Based on such evaluation, such officers have concluded that, as of the end of the period covered by this report, the Company’s disclosure controls and procedures are effective.

There have been no changes in our internal control over financial reporting during the last fiscal quarter that have materially affected or are reasonably likely to materially affect the Company’s internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

From time to time, we are involved in legal proceedings that are incidental to the operation of our businesses. Some of these proceedings allege damages relating to environmental exposures, intellectual property matters, copyright infringement, personal injury claims, employment and employee benefit matters, government contract issues and commercial or contractual disputes and acquisitions or divestitures. Descriptions of certain legal proceedings to which the Company is a party are contained in Note 17, Commitments and Contingencies to the Consolidated Condensed Financial Statements included in Part I, Item 1 of this Report and are incorporated by reference herein. Such descriptions include the following recent developments:

Asbestos Proceedings

Subsidiaries of ITT, ITT LLC and Goulds Pumps LLC, are joined as a defendant with numerous other companies in product liability lawsuits alleging personal injury due to asbestos exposure. These claims allege that certain of their products sold prior to 1985 contained a part manufactured by a third party (e.g., a gasket) which contained asbestos. To the extent these third-party parts may have contained asbestos, it was encapsulated in the gasket (or other) material and was non-friable. Frequently, the plaintiffs are unable to identify any ITT LLC or Goulds Pumps LLC products as a source of asbestos exposure. In addition, a large majority of claims pending against the Company subsidiaries have been placed on inactive dockets because the plaintiff cannot demonstrate a significant compensable loss. Our experience to date is that a substantial portion of resolved claims have been dismissed without payment by the Company's subsidiaries.

We record a liability for pending asbestos claims and asbestos claims estimated to be filed over the next 10 years. While it is probable that we will incur additional costs for future claims to be filed against the Company, a liability for potential future claims beyond the next 10 years is not reasonably estimable due to the variables and uncertainties inherent in the long-term projection of the Company's asbestos exposures and potential recoveries. As of March 31, 2017, we have recorded an undiscounted asbestos-related liability for pending claims and unasserted claims estimated to be filed over the next 10 years of $942.9, including expected legal fees, and an associated asset of $367.3 which represents estimated recoveries from insurers, resulting in a net asbestos exposure of $575.6.

Environmental

In the ordinary course of business, we are subject to federal, state, local, and foreign environmental laws and regulations. We are responsible, or are alleged to be responsible, for ongoing environmental investigation and site remediation. These sites are in various stages of investigation or remediation and in many of these proceedings our liability is considered de minimis. We have received notification from the U.S. Environmental Protection Agency, and from similar state and foreign environmental agencies, that a number of sites formerly or currently owned or operated by ITT, and other properties or water supplies that may be or have been impacted from those operations, contain disposed or recycled materials or wastes and require environmental investigation or remediation. These sites include instances where we have been identified as a potentially responsible party under federal and state environmental laws and regulations.

Other Matters

The Company is responding to a civil subpoena from the Department of Defense, Office of the Inspector General, which was issued in the second quarter of 2015 as part of an investigation being led by the Civil Division of the U.S. Department of Justice. The subpoena and related investigation involve certain products manufactured by the Company’s Connect & Control Technologies segment that are purchased or used by the U.S. government. The Company is cooperating with the government and producing documents responsive to the subpoena. The Company is unable to estimate the timing or outcome of this matter.

ITEM 1A. RISK FACTORS

Reference is made to the risk factors set forth in Part I, Item 1A, "Risk Factors," of our 2016 Annual Report, which are incorporated by reference herein. There have been no material changes with regard to the risk factors disclosed in such report.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Purchases of equity securities by the issuer and affiliated purchasers

(IN MILLIONS, EXCEPT PER SHARE AMOUNTS) PERIOD	TOTAL NUMBER OF SHARES PURCHASED	AVERAGE PRICE PAID PER SHARE(1)	TOTAL NUMBER OF SHARES PURCHASED AS PART OF PUBLICLY ANNOUNCED PLANS OR PROGRAMS(2)	MAXIMUM DOLLAR VALUE OF SHARES THAT MAY YET BE PURCHASED UNDER THE PLANS OR PROGRAMS(2)
1/1/2017 - 1/31/2017	—	—	—	$ 170.6
2/1/2017 - 2/28/2017	—	—	—	$ 170.6
3/1/2017 - 3/31/2017	0.1	$ 41.05	—	$ 170.6

(1) Average price paid per share is calculated on a settlement basis and includes commissions.

(2) On October 27, 2006, our Board of Directors approved a three-year $1 billion Share Repurchase Program. On December 16, 2008, our Board of Directors modified the provisions of the Share Repurchase Program to replace the original three-year term with an indefinite term. As of March 31, 2017, we had repurchased 20.4 shares for $829.4, including commissions, under the Share Repurchase Program. The program is consistent with our capital allocation process, which has centered on those investments necessary to grow our businesses organically and through acquisitions, while also providing cash returns to shareholders. Our strategy for cash flow utilization is to invest in our business, execute strategic acquisitions, pay dividends and repurchase common stock.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

Disclosure pursuant to Section 219 of the Iran Threat Reduction & Syria Human Rights Act (ITRA)

This disclosure is made pursuant to Section 219 of the Iran Threat Reduction and Syria Human Rights Act of 2012 which added subsection (r) to Section 13 of the Exchange Act (Section 13(r)). Section 13(r) requires an issuer to disclose in its annual or quarterly reports whether it or any of its affiliates have knowingly engaged in certain activities, transactions or dealings relating to Iran. Disclosure of such activities, transactions or dealings is required even when conducted outside the United States by non-U.S. persons in compliance with applicable law, and whether or not such activities are sanctionable under U.S. law.

In its 2012 Annual Report, ITT described its acquisition of all the shares of Joh. Heinr. Bornemann GmbH (Bornemann) in November 2012, as well as certain activities of Bornemann in Iran and the wind down of those activities in accordance with a General License issued on December 26, 2012 (the General License) by the Office of Foreign Assets Control. As permitted by the General License, on or before March 8, 2013, Bornemann completed the wind-down activities and ceased all activities in Iran. As required to be disclosed by Section 13(r), the gross revenues and operating income to Bornemann from its Iranian activities subsequent to its acquisition by ITT were Euros 2.2 million and Euros 1.5 million, respectively. Prior to its acquisition by ITT, Bornemann issued a performance bond to its Iranian customer in the amount of Euros 1.3 million (the Bond). Bornemann requested that the Bond be canceled prior to March 8, 2013; however, the former customer refused this request and as a result the Bond remains outstanding. Bornemann did not receive gross revenues or operating income, or pay interest, with respect to the Bond in any subsequent periods through March 31, 2017, however, Bornemann did pay fees in 2016 of approximately Euros 11 thousand to the German financial institution which is maintaining the Bond.

ITEM 6. EXHIBITS

(a) See the Exhibit Index for a list of exhibits filed herewith.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned thereunto duly authorized.

ITT Inc.

(Registrant)

By: /S/ STEVEN C. GIULIANO

Steven C. Giuliano

Vice President and Chief Accounting Officer

(Principal accounting officer)

May 8, 2017

EXHIBIT INDEX

EXHIBIT NUMBER	DESCRIPTION	LOCATION
(10.1)*	Form of 2017 Performance Unit Award Agreement	Filed herewith.
(10.2)*	Form of 2017 Restricted Stock Unit Agreement	Filed herewith.
(31.1)	Certification pursuant to Rule 13a-14(a)/15d-14 (a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Filed herewith.
(31.2)	Certification pursuant to Rule 13a-14(a)/15d-14 (a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Filed herewith.
(32.1)	Certification Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	This Exhibit is intended to be furnished in accordance with Regulation S-K Item 601(b) (32) (ii) and shall not be deemed to be filed for purposes of Section 18 of the Securities Exchange Act of 1934 or incorporated by reference into any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except as shall be expressly set forth by specific reference.
(32.2)	Certification Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	This Exhibit is intended to be furnished in accordance with Regulation S-K Item 601(b) (32) (ii) and shall not be deemed to be filed for purposes of Section 18 of the Securities Exchange Act of 1934 or incorporated by reference into any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except as shall be expressly set forth by specific reference.
(101)	The following materials from ITT Inc.'s Quarterly Report on Form 10-Q for the quarter ended March 31, 2017, formatted in XBRL (Extensible Business Reporting Language): (i) Consolidated Condensed Statements of Operations, (ii) Consolidated Condensed Statements of Comprehensive Income, (iii) Consolidated Condensed Balance Sheets, (iv) Consolidated Condensed Statements of Cash Flows, (v) Consolidated Condensed Statements of Changes in Shareholders' Equity, and (vi) Notes to Consolidated Condensed Financial Statements	Submitted electronically with this report.

* Management compensatory plan

EXHIBIT 10.1

ITT INC. 2011 OMNIBUS INCENTIVE PLAN
PERFORMANCE UNIT AWARD AGREEMENT

THIS AGREEMENT (the “Agreement”), effective as of the **23rd** day of **February 2017**, by and between ITT Inc. (the “Company”) and _______________ (the “Participant”),

WITNESSETH:

WHEREAS, the Participant is now employed by the Company or an Affiliate of the Company, and in recognition of the Participant's valued services, the Company, through the Compensation and Personnel Committee of its Board of Directors (the “Committee”), desires to provide an opportunity for the Participant to receive a performance-based long-term incentive award, pursuant to the provisions of the ITT 2011 Omnibus Incentive Plan, as approved by the Board of Directors on February 23, 2011 and effective May 11, 2011 (the “Plan”).

NOW, THEREFORE, in consideration of the terms and conditions set forth in this Agreement and the provisions of the Plan, which is incorporated herein as part of this Agreement and which provides definitions for capitalized terms not otherwise defined herein, and any administrative rules and regulations related to the Plan as may be adopted by the Committee, the parties hereto hereby agree as follows:

1. **Grant of Award and Performance Period**. In accordance with, and subject to, the terms and conditions of the Plan and this Agreement, the Company hereby grants to the Participant this performance unit award (the “Award”). A performance unit corresponds to the right to receive one Share, subject to the terms of the Award. The target number of performance units subject to this Award is _______________ (the “Target Units”). The actual number of performance units that will be settled under this Award will depend upon the achievement of the threshold performance goal described in Section 2 of this Agreement during the Performance Period, which for this Award commences **January 1, 2017** and ends **December 31, 2019**.

2. **Terms and Conditions**. It is understood and agreed that this Award is subject to the following terms and conditions:

   (a) **Threshold Condition to Payout of Awards**. Payment under this Award shall not be due and payable to the Grantee unless the Company earns a level of “Adjusted EBITDA” (as defined below) in any rolling consecutive four calendar quarter period during the Performance Period that exceeds $185 million (the “Threshold”). For purposes of this Agreement, “Adjusted EBITDA” means net income before interest, taxes, depreciation and amortization, adjusted to exclude the impact of (a) asset write-downs, (b) litigation or claim judgments or settlements, (c) the effect of changes in tax laws, accounting principles, or other laws or provisions affecting reported results, (d) any reorganization and restructuring programs, (e) extraordinary nonrecurring items, (f) acquisitions or divestitures, and (g) foreign exchange gains and losses. If the Threshold is achieved, then the number of performance units due and payable to the Participant hereunder shall be a number equal to the number of Target Units set forth above multiplied by two. In the event of an Acceleration Event that constitutes a change of ownership or control (as determined under Section 162(m) of the Code) and that occurs during the Performance Period, the Threshold shall be deemed to have been satisfied. Notwithstanding the foregoing, the Committee reserves the right, in the exercise of its total discretion, to reduce the number of performance units that shall be due and payable to the Participant hereunder.

(b) **Additional Factors**. For guidance to the Committee in determining the level of the Award that may be paid hereunder, the Committee will take into account the "Performance Unit Award Payout" and other terms and conditions set forth below, but the Committee is not obligated to apply these factors in determining the actual amount of Awards payable. The "Performance Unit Award Payout" shall be the sum of the TSR Unit Payout and the ROIC Unit Payout, each as described below.

(i) *TSR Unit Payout*. 50% of the Target Units shall be "TSR Target Units." The performance units calculated with respect to the TSR Target Units shall be determined in accordance with the following formula:

TSR Unit Payout = TSR Payout Factor x TSR Target Units

The "TSR Payout Factor" is based on the Company's Total Shareholder Return (defined and measured as described below, the "TSR") for the Performance Period relative to the TSR for each company in the S&P 400 Capital Goods Index ("Peer Group"), determined in accordance with the following table:

If Company's TSR rank against the S&P 400 Capital Goods Index is	**TSR Payout Factor (% of TSR Target Units)**
less than the 35th percentile	0%
at the 35th percentile	50%
at the 50th percentile	100%
at the 80th percentile or more	200%
The TSR Payout Factor is interpolated for actual results between the 35th percentile and the 80th percentile shown above.	

"Total Shareholder Return" is the percentage change in value of a shareholder's investment in the Company's common stock from the beginning to the end of the Performance Period, assuming reinvestment of dividends and any other shareholder payouts during the Performance Period. For purposes of this Agreement, the stock price at the beginning of the Performance Period will be the average closing stock price over the trading days in the month immediately preceding the start of the Performance Period, and the stock price at the end of the Performance Period will be the average closing stock price over the trading days in the last month of the Performance Period.

(ii) *ROIC Unit Payout*. 50% of the Target Units shall be "ROIC Target Units." The performance units calculated with respect to the ROIC Target Units shall be determined in accordance with the following formula:

ROIC Unit Payout = ROIC Payout Factor x ROIC Target Units

The "ROIC Payout Factor" is based on the Company's Return on Invested Capital (defined and measured as described below, the "ROIC"), achieved during the period established by the Compensation and Personnel Committee, relative to the

ROIC for each company listed on Appendix A (the "ROIC Peer Group"), determined in accordance with the following table:

If Company's ROIC rank against the ROIC Peer Group is	**ROIC Payout Factor (% of ROIC Target Units)**
less than the 35^{th} percentile	0%
at the 35^{th} percentile	50%
at the 50^{th} percentile	100%
at the 80^{th} percentile or more	200%
The ROIC Payout Factor is interpolated for actual results between the 35^{th} percentile and the 80^{th} percentile shown above.	

The term "ROIC" refers to a percentage calculated by dividing (A) income from continuing operations attributable to the Company before income tax, adjusted to exclude the impact from special items, interest income or expense, and amortization expense from intangible assets by (B) average total assets of continuing operations, less asbestos-related assets (including deferred tax assets on asbestos-related matters) and non-interest bearing current liabilities (excluding asbestos-related current liabilities) for the five preceding quarterly periods. Special items represent significant charges or credits that impact results, but may not be related to the Company's ongoing operations and performance, as disclosed in the Company's filings with the Securities and Exchange Commission.

(c) **Form and Timing of Payment of Award**. Payment with respect to an earned Performance Unit Award shall be made (i) as soon as practicable (but not later than March 15^{th}) in the calendar year following the close of the Performance Period, and (ii) in Shares in an amount equal to the Performance Unit Award Payout, as determined under this Section 2, in each case subject to subsections 2(e) and 2(f).

(d) **Effect of Termination of Employment**. Except as otherwise provided below (each provision of which is subject to the attainment of the Threshold and the Committee's discretion), if the Participant's employment with the Company or an Affiliate of the Company is terminated for any reason prior to the end of the Performance Period, any Award subject to this Agreement shall be immediately forfeited.

(i) Termination due to Death or Disability. If the Participant's termination of employment is due to death or Disability (as defined below), the Award shall vest and will be payable at the time and in the form as provided in subsection 2(c) above and shall be based on the performance criteria set forth in subsection 2(b) above as measured for the entire Performance Period.

(ii) Termination due to Early Retirement. If the Participant's termination of employment is due to Early Retirement (as defined below), then a prorated portion of the Award shall vest in accordance with the provisions of this subsection and will be payable at the time and in the form as provided in subsection 2(c) above. The prorated portion of the Award that vests due to termination of the Participant's employment due to Early Retirement shall be determined by multiplying (i) the

Performance Unit Award Payout determined pursuant to subsection 2(b) above for the entire Performance Period, by (ii) a fraction, the numerator of which is the number of full months the Participant has been continually employed since the beginning of the Performance Period and the denominator of which is 36. For this purpose, full months of employment shall be based on monthly anniversaries of the commencement of the Performance Period.

(iii) Termination by the Company for Other than Cause. If the Participant's employment is terminated by the Company (or an Affiliate of the Company, as the case may be) for other than Cause, a prorated portion of the Award shall vest in accordance with the provisions of this subsection and will be payable at the time and in the form as provided in subsection 2(c) above. The prorated portion of the Award that vests due to termination of the Participant's employment by the Company for other than cause shall be determined by multiplying (i) the Performance Unit Award Payout determined pursuant to subsection 2(b) above for the entire Performance Period, by (ii) a fraction, the numerator of which is the number of full months the Participant has been continually employed since the beginning of the Performance Period and the denominator of which is 36. For this purpose, full months of employment shall be based on monthly anniversaries of the commencement of the Performance Period. The term "Cause" shall mean "cause" as defined in any employment agreement then in effect between the Participant and the Company, or if not defined therein, or if there is no such agreement, the Participant's (a) embezzlement, misappropriation of corporate funds, or other material acts of dishonesty; (b) commission or conviction of any felony, or of any misdemeanor involving moral turpitude, or entry of a plea of guilty or nolo contendere to any felony or misdemeanor; (c) engagement in any activity that the Participant knows or should know could harm the business or reputation of the Company or an affiliate; (d) material failure to adhere to the Company's or its subsidiaries' or affiliates' corporate codes, policies or procedures as in effect from time to time; (e) willful failure to perform the Participant's assigned duties, repeated absenteeism or tardiness, insubordination, or the refusal or failure to comply with the directions or instructions of the Participant's supervisor, as determined by the Company or an affiliate; (f) violation of any statutory, contractual, or common law duty or obligation to the Company or an affiliate, including, without limitation, the duty of loyalty; (g) the Participant's violation of any of the applicable provisions of subsection 2(j) of this Agreement; or (h) material breach of any confidentiality or non-competition covenant entered into between the Participant and the Company or an affiliate. The determination of the existence of Cause shall be made by the Company in good faith, and such determination shall be conclusive for purposes of this Agreement.

(iv) Termination Due to Normal Retirement.

(A) After First 12 Months. If the Participant's separation from service is due to Normal Retirement (as defined below), and the separation from service occurs at least twelve (12) months after the first day of the Performance Period, the Award shall vest and will be payable in the amount determined pursuant to subsection 2(b) at the time and in the form as provided in subsection 2(c) above.

(B) Within First 12 Months. If the Participant's separation from service is due to Normal Retirement, and the separation from service occurs within the first twelve (12) months of the Performance Period, then a prorated portion of the Award shall vest in accordance with the provisions of this subsection and will be payable at the time and in the form as provided in subsection 2(c) above. The prorated portion of the Award that vests in accordance with the previous sentence shall be determined by multiplying (i) the Performance Unit Award Payout determined pursuant to subsection 2(b) above for the entire Performance Period, by (ii) a fraction, the numerator of which is the number of full months the Participant has been continually employed since the beginning of the Performance Period and the denominator of which is 12. For this purpose, full months of employment shall be based on monthly anniversaries of the commencement of the Performance Period.

(v) Early and Normal Retirement. For purposes of this Agreement, the term "Early Retirement" shall mean any termination of the Participant's employment (other than a Normal Retirement) after the date the Participant attains age 55 and completes 10 or more years of Effective Service (as such term is defined in the ITT Retirement Savings Plan for Salaried Employees). The term "Normal Retirement" shall mean any termination of the Participant's employment after (A) the date the Participant attains age 62 and completes 10 or more years of Effective Service (as such term is defined in the ITT Retirement Savings Plan for Salaried Employees) or, if earlier, (B) the date the Participant attains age 65.

(vi) Disability. For purposes of this Agreement, the term "Disability" shall mean the complete and permanent inability of the Participant to perform all of his or her duties under the terms of his or her employment, as determined by the Committee upon the basis of such evidence, including independent medical reports and data, as the Committee deems appropriate or necessary.

(e) **Acceleration Event - Involuntary Termination of Employment Without Cause or Termination With Good Reason**.

(i) Vesting. Notwithstanding anything in the Plan to the contrary other than subsection 2(f)(i) (but subject to attainment of the Threshold to the extent required as described above and the Committee's discretion), if, during the Performance Period, the Participant's employment is terminated on or within two (2) years after an Acceleration Event (A) by the Company (or an Affiliate, as the case may be) for other than Cause, as defined herein, and not because of the Participant's Early or Normal Retirement, Disability, or death, or (B) by the Participant because of Good Reason, then the Award shall become fully vested and valued as provided below in this subsection 2(e) and shall be paid at the time specified in subsection 2(c).

(ii) Payment Amount. Notwithstanding any provisions of this Agreement to the contrary, the value of the Performance Unit Award Payout payable under this subsection 2(e) shall be equal to the greater of (A) the "most recent share price" multiplied by the sum of (I) 50% of the Target Units multiplied by the TSR Payout Factor for the "most recent performance period" and (II) 50% of the Target Units multiplied by the ROIC Payout Factor for the "most recent performance period" or (B) the "most recent share price" multiplied by the Target Units. For this purpose, "most recent share price" means the market price of a Share on the date of the Acceleration Event, and "most recent performance period" means the performance period with respect to a similar performance-based award of the Company that most recently ended before the termination of employment.

(iii) Good Reason. For this purpose, the term "Good Reason" shall mean (A) without the Participant's express written consent and excluding for this purpose an isolated, insubstantial and inadvertent action not taken in bad faith and which is remedied by the Company or its affiliates within 30 days after receipt of notice thereof given by the Participant, (I) a reduction in the Participant's annual base compensation (whether or not deferred), (II) the assignment to the Participant of any duties inconsistent in any material respect with the Participant's position (including status, offices, titles and reporting requirements), authority, duties or responsibilities, or (III) any other action by the Company or its affiliates that results in a material diminution in such position, authority, duties or responsibilities; or (B) without the Participant's express written consent, the Company's requiring the Participant's primary work location to be other than within twenty-five (25) miles of the location where the Participant was principally working immediately prior to the Acceleration Event; provided, that "Good Reason" shall cease to exist for an event on the 90th day following the later of its occurrence or the Participant's knowledge thereof, unless the Participant has given the Company notice thereof prior to such date.

(f) **Other Payments After an Acceleration Event.**

(i) Going Private Transaction. If an Acceleration Event occurs that constitutes a change in control under Section 409A of the Code and any related regulations or other effective guidance promulgated thereunder ("Section 409A") and, immediately following the Acceleration Event the common stock of the Company (or, if applicable, its successor) is not publicly traded, the Award shall immediately become 100% vested as of the date of the Acceleration Event and be settled in cash on such date in the amount described in clause (iii) below.

(ii) Other Acceleration Event. If clause (i) above does not apply and a Performance Period ends after the occurrence of an Acceleration Event, then, notwithstanding any provisions of this Agreement to the contrary (except as provided in subsection 2(e), and subject to attainment of the Threshold to the extent required as described above and the Committee's discretion), the Award shall be settled at the time provided in subsection 2(c) in the amount determined under clause (iii) below.

(iii) Amount. In the event of a payment under clause (i) or clause (ii), above, the value of the Performance Unit Award Payout payable at a time otherwise provided herein shall be equal to the greater of (A) the "most recent share price" multiplied by the sum of (I) 50% of the Target Units multiplied by the TSR Payout Factor for the "most recent performance period" and (II) 50% of the Target Units multiplied by the ROIC Payout Factor for the "most recent performance period" or (B) the "most recent share price" multiplied by the Target Units. For this purpose, "most recent share price” means the market price of a Share on the date of the Acceleration Event, and “most recent performance period” means the performance period with respect to a similar performance-based award of the Company that most recently ended before the Acceleration Event.

(g) **Tax Withholding**. Payments with respect to Awards under the Plan shall be subject to applicable tax withholding obligations as described in Article 15 of the Plan, or, if the Plan is amended, successor provisions.

(h) **No Shareholder Rights**. The Participant shall not be entitled to any rights or privileges of ownership of Shares with respect to this Award unless and until a Share is actually delivered to the Participant in settlement of this Award pursuant to this Agreement.

(i) **Participant Bound by Plan and Rules**. The Participant hereby acknowledges receipt of a copy of the Plan and this Agreement and agrees to be bound by the terms and provisions thereof. The Participant agrees to be bound by any rules and regulations for administering the Plan as may be adopted by the Committee prior to the settlement of the Award subject to this Agreement. The Committee shall be authorized to make all necessary interpretations concerning the provisions of this Agreement and the proper application of those provisions to particular fact patterns, including but not limited to the basis for the Participant’s termination of employment, and any such interpretation shall be final.

(j) **Non-Competition, Non-Solicitation and Non-Disparagement.** In consideration of the Company entering into this Agreement with the Participant, the Participant agrees as follows:

(i) During Participant’s employment with the Company (which, for purposes of this subsection 2(j) includes its subsidiaries), Participant will not, directly or indirectly, except for on behalf of the Company or except with the prior written approval of the Company, either as an employee, employer, consultant, agent, principal, partner, stockholder, member, corporate officer, director or in any other individual or representative capacity, engage or attempt to engage in any competitive activity relating to the Company’s business or products, or to its actual or demonstrably anticipated research or development, nor will Participant engage in any other activities that conflict with Participant’s employment obligations to the Company, where such activities (other employment, occupations, consulting, business activities, commitments, anticipated research or development, or conflicts) violate ITT’s Code of Conduct. Activities and commitments as used herein do not include passive investments in stocks or other financial instruments.

(ii) During Participant’s employment and for a period of twelve (12) months following the termination of Participant’s employment with the Company for any reason, Participant agrees that Participant will not within the Restricted Area, directly or indirectly, except with the Company’s prior written approval from an authorized officer, either as an employee, employer, consultant, agent, principal, partner, stockholder, member, corporate officer, director or in any other individual or representative capacity, engage or attempt to engage in any Competitive Activity relating to the Company’s business or products, or to its actual or demonstrably anticipated research or development. For the purposes of this subparagraph, “Competitive Activity” shall mean perform services for, have an interest in, be employed by, or do business with (including as a consultant), any person, firm, or corporation engaged in the same or a similar business as the Company's within the Restricted Area. For purposes of this Agreement, "Restricted Area" shall mean, any area in which the Company has transacted business for the twelve (12) months prior to Participant's termination of employment, which includes, but is not limited to, the state(s) in which Participant worked on behalf of the Company, the United States, Australia, Argentina, Brazil, Canada, Chile, China, Columbia, Czech Republic, Denmark, Egypt, France, Germany, Greece, Hong Kong, India, Indonesia, Italy, Japan, Republic of Korea, Luxembourg, Mexico, Netherlands, Peru, Poland, Russia, Saudi Arabia, Singapore, Spain, Taiwan, Thailand, United Arab Emirates, United Kingdom, Venezuela and such other countries as the Company is now conducting and may expand its business from time to time.

(iii) Throughout the Participant's term of employment with the Company and for a period of twelve (12) months following the Participant's termination of employment with the Company for any reason, the Participant shall not, directly or indirectly, divert or attempt to divert or assist others in diverting any business of the Company including by soliciting, contacting or communicating with any customer or supplier of the Company with whom the Participant has direct or indirect contact or upon termination of employment has had direct or indirect contact during the twelve (12) month period immediately preceding the Participant's date of termination with the Company.

(iv) During Participant's employment and for a period of twelve (12) months following Participant's termination of employment with the Company for any reason, the Participant shall not, directly or indirectly, hire, solicit, induce, attempt to induce or assist others in attempting to induce any employee of the Company with whom the Participant has worked or had material contact with, during the twelve (12) month period immediately preceding the termination of the Participant's employment, to leave the employment of the Company or to accept employment or affiliation with (including as a consultant) any other company or firm of which the Participant becomes an employee, owner, partner or consultant.

(v) Participant agrees not to make or publish any maliciously defamatory statements about the Company, including any current, former or future managers or representatives.

(vi) Participant agrees that damages in the event of a breach by Participant of Participant's obligations in this Agreement, including in this subsection 2(j), would be difficult if not impossible to ascertain, and that any such breach will result in irreparable and continuing damage to the Company. Therefore, Participant agrees that the Company, in addition to and without limiting any other remedy or right it may have, shall have the right to an immediate injunction or other equitable relief (without posting bond or other form of security) in the Chosen Courts (as defined below) enjoining any such threatened or actual breach. The existence of this right shall not preclude the Company from also pursuing any other rights and remedies at law or in equity that it may have.

(vii) If the Participant violates the terms of this subsection 2(j), then, in addition to any other remedy the Company might have, no amount shall be due to the Participant under this Agreement and the Participant shall be required to repay to the Company all amounts and Shares paid under this Agreement (or proceeds from Shares, if applicable).

(viii) Notice to Attorneys. For a Participant who is an attorney, the provisions in subsection 2(j)(ii) will apply only to prohibit Participant's employment for twelve (12) months in any position in the Restricted Area that involves non-legal responsibilities similar to those performed for the Company, or that would involve or risk the use or disclosure of the Company's attorney-client privileged or other Confidential Information, as defined in the Participant's respective confidentiality agreement with the Company. This restriction and the other restrictions in subsection 2(j) are not intended to bar Participant from performing solely legal functions for any entity or client, provided that work does not involve or risk the disclosure of the Company's attorney-client privileged information or other Confidential Information.

(k) **Governing Law**. This Agreement is issued in White Plains, New York, and shall be governed and construed in accordance with the laws of the State of New York, excluding any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of this Agreement to the substantive law of another jurisdiction.

(l) **Jurisdiction**. Participant hereby consents to the personal jurisdiction of and venue in the state and federal courts in the state of New York (collectively, the "Chosen Courts"), and agrees that such Chosen Courts shall have exclusive jurisdiction to hear and determine or settle any dispute that may arise out of or in connection with this Agreement, and that any action or proceeding arising out of or in connection with this Agreement shall be brought only in the Chosen Courts.

(m) **Attorneys' Fees**. If any action or proceeding is commenced to construe or enforce this Agreement or the rights and duties of the parties hereunder, then the party prevailing in that action will be entitled to recover its reasonable attorneys' fees and costs related to such action or proceeding.

(n) **Severability**. Any term or provision of this Agreement that is determined to be invalid or unenforceable by any court of competent jurisdiction in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity or unenforceability without rendering invalid or unenforceable the remaining terms and provisions of this Agreement or affecting the validity or enforceability of any of the terms or provisions of this Agreement in any other jurisdiction and such invalid or unenforceable provision shall be modified by such court so that it is enforceable to the extent permitted by applicable law.

(o) **Section 409A Compliance**. To the extent applicable, it is intended that the Plan and this Agreement comply with the requirements of Section 409A, and the Plan and this Agreement shall be interpreted accordingly.

(i) If it is determined that all or a portion of the Award constitutes deferred compensation for purposes of Section 409A, and if the Participant is a "specified employee," as defined in Section 409A(a)(2)(B)(i) of the Code, at the time of the

Participant's separation from service, then, to the extent required under Section 409A, any portion of this Award that would otherwise be distributed upon the Participant's termination of employment, shall instead be distributed on the earlier of (x) the first business day of the seventh month following the date of the Participant's termination of employment or (y) the Participant's death.

(ii) It is intended that this Agreement shall comply with the provisions of Section 409A, or an exception to Section 409A, to the extent applicable, so as not to subject the Participant to the payment of interest and taxes under Section 409A. Further, any reference to termination of employment, Early Retirement, Normal Retirement, separation from service, or similar terms under this Agreement shall be interpreted in a manner consistent with the definition of "separation from service" under Section 409A.

(p) **Successors**. All obligations of the Company under this Agreement shall be binding on any successor to the Company, and the term "Company" shall include any successor.

IN WITNESS WHEREOF, the Company has caused this instrument to be executed by its Chief Executive Officer, President or a Vice President, as of the 23rd day of February 2017.

Agreed to: **ITT Inc.**

____
Participant

Dated: _________________ Dated: February 23, 2017

Appendix A

ROIC PEER GROUP

- Actuant Corporation (ATU)
- AMETEK, Inc. (AME)
- Barnes Group, Inc. (B)
- Carlisle Companies Incorporated (CSL)
- Colfax Corporation (CFX)
- Crane Co. (CR)
- EnPro Industries, Inc. (NPO)
- Esterline Technologies Corporation (ESL)
- Flowserve Corporation (FLS)
- Harsco Corporation (HSC)
- Hubbell Incorporated (HUB.B)
- IDEX Corporation (IEX)
- Nordson Corporation (NDSN)
- Roper Industries, Inc. (ROP)
- SPX Flow, Inc. (FLOW)
- Woodward, Inc. (WWD)

If any ROIC Peer Group company's ROIC shall cease to be publicly available (due to a business combination, receivership, bankruptcy or other event) or if any such company is no longer publicly traded, the Compensation & Personnel Committee of the Company shall exclude that company from the ROIC Peer Group.

EXHIBIT 10.2

ITT INC.
2011 OMNIBUS INCENTIVE PLAN
RESTRICTED STOCK UNIT AGREEMENT

THIS AGREEMENT (the “Agreement”), effective as of the **23rd** day of **February, 2017**, by and between ITT Inc. (the “Company”) and _______________ (the “Grantee”),

WITNESSETH:

WHEREAS, the Grantee is now employed by the Company or an Affiliate (as defined in the Company’s 2011 Omnibus Incentive Plan (the “Plan”)) as an employee, and in recognition of the Grantee’s valued services, the Company, through the Compensation and Personnel Committee of its Board of Directors (the “Committee”), desires to provide an inducement to remain in service of the Company and as an incentive for increased efforts during such service pursuant to the provisions of the Plan.

NOW, THEREFORE, in consideration of the terms and conditions set forth in this Agreement and the provisions of the Plan, a copy of which is attached hereto and incorporated herein as part of this Agreement and which provides definitions for capitalized terms not otherwise defined herein, and any administrative rules and regulations related to the Plan as may be adopted by the Committee, the parties hereto hereby agree as follows:

1. **Grant of Restricted Stock Units**. In accordance with, and subject to, the terms and conditions of the Plan and this Agreement, the Company hereby confirms the grant on **February 23, 2017** (the “Grant Date”) to the Grantee of _______________ Restricted Stock Units. The Restricted Stock Units are notional units of measurement corresponding to Shares of common stock (*i.e.*, one Restricted Stock Unit is equivalent in value to one Share).

   The Restricted Stock Units represent an unfunded, unsecured right to receive Shares (and dividend equivalent payments pursuant Section 2(b) hereof) in the future if the conditions set forth in the Plan and this Agreement are satisfied.

2. **Terms and Conditions**. It is understood and agreed that the Restricted Stock Units are subject to the following terms and conditions:

   (a) **Restrictions**. Except as otherwise provided in the Plan and this Agreement, neither this Award nor any Restricted Stock Units subject to this Award may be sold, assigned, pledged, exchanged, transferred, hypothecated or encumbered, other than to the Company as a result of forfeiture of the Restricted Stock Units.

   (b) **Voting and Dividend Equivalent Rights.** The Grantee shall not have any privileges of a stockholder of the Company with respect to the Restricted Stock Units, including without limitation any right to vote Shares or to receive dividends. Dividend equivalents shall be earned with respect to each Restricted Stock Unit that vests. The amount of dividend equivalents earned with respect to each such Restricted Stock Unit that vests shall be equal to the total dividends declared on a Share where the record date of the dividend is between the Grant Date of this Award and the date this Award is settled. Any dividend equivalents earned shall be paid in cash to the Grantee when the Shares subject to the vested Restricted Stock Units are issued. No dividend equivalents shall be earned or paid with respect to any Restricted Stock Units that do not vest. Dividend equivalents shall not accrue interest.

(c) **Vesting of Restricted Stock Units and Payment**.

(i) Threshold Condition to Payout of Awards. The RSUs shall not be due and payable to the Grantee unless the Company earns a level of "Adjusted EBITDA" (as defined below) in any rolling consecutive four calendar quarter period during the "Performance Period" that exceeds $185 million (the "Threshold"). For purposes of this Agreement, "Adjusted EBITDA" means net income before interest, taxes, depreciation and amortization, adjusted to exclude the impact of (a) asset write-downs, (b) litigation or claim judgments or settlements, (c) the effect of changes in tax laws, accounting principles, or other laws or provisions affecting reported results, (d) any reorganization and restructuring programs, (e) extraordinary nonrecurring items, (f) acquisitions or divestitures, and (g) foreign exchange gains and losses. The "Performance Period" begins on January 1, 2017, and ends on the earlier of (A) December 31, 2018, or (B) December 31 of the year in which the Grantee separates from service. In the event of an Acceleration Event that constitutes a change of ownership or control (as determined under Section 162(m) of the Code) and that occurs during the Performance Period, the Threshold shall be deemed to have been satisfied.

(ii) Additional Vesting Requirements. Subject to earlier vesting pursuant to subsection 2(d) below (and achievement of the Threshold), the Restricted Stock Units shall vest (meaning the Period of Restriction shall lapse and the Restricted Stock Units shall become free of the forfeiture provisions in this Agreement) on **February 23, 2020,** provided the Grantee has been continuously employed by the Company or an Affiliate on a full-time basis from the Grant Date through the date the Restricted Stock Units vest. For the avoidance of doubt, continuous employment of a Grantee by the Company or an Affiliate for purposes of vesting in the Restricted Stock Units granted hereunder shall include continuous employment with the Company for so long as the Grantee continues working at such entity.

(iii) Payment of the Award. Except as provided in subsection 2(l) below, as soon as practicable after the date the Restricted Stock Units vest (including vesting upon a separation from service pursuant to subsection 2(d) below), the Company will deliver to the Grantee (A) one Share for each vested Restricted Stock Unit, with any fractional Shares resulting from proration pursuant to subsection 2(d) to be rounded to the nearest whole Share (with 0.5 to be rounded up) and (B) an amount in cash attributable to any dividend equivalents earned in accordance with subsection 2(b) above, in the case of (A) and (B) less any Shares or cash withheld in accordance with subsection 2(e) below. In the case of a payment on account of a separation from service, if the Threshold has not been achieved prior to the Grantee's separation from service but is achieved within the Performance Period, payment of vested RSUs shall be made as soon as practicable after the achievement of the Threshold, subject to subsection 2(l) below.

(iv) Payment after Acceleration Event. If, prior to the payment date, Shares cease to exist as a result of an Acceleration Event and this Award is not assumed, converted, or otherwise replaced with a comparable award, the RSUs shall be settled in cash instead of Shares, and the amount of cash paid on the settlement date specified in this Agreement shall equal the sum of (A) the Fair Market Value of one Share multiplied by the number of vested RSUs, plus (B) the dividend equivalents described herein. For this purpose, "Fair Market Value" shall be the fair market value on the date of the Acceleration Event. However, if the Acceleration Event constitutes a change in control under Section 409A of the Code and any related regulations or other effective guidance promulgated thereunder ("Section 409A") and, immediately following the Acceleration Event the common stock of the Company (or, if applicable, its successor) is not publicly traded, the Restricted Stock Units shall immediately become 100% vested as of the date of the Acceleration Event and be settled on such date.

(d) **Effect of Termination of Employment**. If the Grantee's employment with the Company and its Affiliates is terminated for any reason and such termination constitutes a "separation from service" within the meaning of Section 409A, any Restricted Stock Units that are not vested at the time of such separation from service shall be immediately forfeited except as follows:

(i) Separation from Service due to Death or Disability. If the Grantee's separation from service is due to death or Disability (as defined below), the Restricted Stock Units shall immediately become 100% vested as of such separation from service. For purposes of this Agreement, the term "Disability" shall mean the complete and permanent inability of the Grantee to perform all of his or her duties under the terms of his or her employment, as determined by the Committee upon the basis of such evidence, including independent medical reports and data, as the Committee deems appropriate or necessary.

(ii) Separation from Service due to Early Retirement or Separation from Service by the Company for Other than Cause. If the Grantee's separation from service is due to Early Retirement (as defined below) or an involuntary separation from service by the Company (or an Affiliate, as the case may be) for other than Cause (other than as specified in (iv), below), a prorated portion of the Restricted Stock Units shall immediately vest as of such separation from service. For these purposes,

(A) the prorated portion of the Restricted Stock Units shall be determined by multiplying the total number of Restricted Stock Units subject to this Award by a fraction, the numerator of which is the number of full months during which the Grantee has been continually employed since the Grant Date (not to exceed **36** in the aggregate) and the denominator of which is **36** (for avoidance of doubt, the period during which the Grantee may receive severance in the form of salary continuation or otherwise shall not affect the determination of the date of the Grantee's separation from service or the date this award is settled); and

(B) full months of employment shall be based on monthly anniversaries of the Grant Date, not calendar months.

For purposes of this Agreement, the term "Early Retirement" shall mean any termination (other than a Normal Retirement) of the Grantee's employment after the date the Grantee attains age 55 and completes 10 or more years of Effective Service (as such term is defined in the ITT Retirement Savings Plan). The term "Cause" shall mean "cause" as defined in any employment agreement then in effect between the Grantee and the Company, or if not defined therein, or if there is no such agreement, the Grantee's (a) embezzlement, misappropriation of corporate funds, or other material acts of dishonesty; (b) commission or conviction of any felony, or of any misdemeanor involving moral turpitude, or entry of a plea of guilty or nolo contendere to any felony or misdemeanor; (c) engagement in any activity that the Grantee knows or should know could harm the business or reputation of the Company or an affiliate; (d) material failure to adhere to the Company's or its subsidiaries' or affiliates' corporate codes, policies or procedures as in effect from time to time; (e) willful failure to perform the Grantee's assigned duties, repeated absenteeism or tardiness, insubordination, or the refusal or failure to comply with the directions or instructions of the Grantee's supervisor, as determined by the Company or an affiliate; (f) violation of any statutory, contractual, or common law duty or obligation to the Company or an affiliate, including, without limitation, the duty of loyalty; (g) the Grantee's violation of any of the applicable provisions of subsection 2(g) of this Agreement; or (h) material breach of any confidentiality or non-competition covenant entered into between the Grantee and the Company or an affiliate. The determination of the existence of Cause shall be made by the Company in good faith, and such determination shall be conclusive for purposes of this Agreement.

(iii) Separation from Service Due to Normal Retirement. If the Grantee's separation from service is due to Normal Retirement (as defined below), and the separation from service occurs at least twelve (12) months after the Grant Date, the Grantee's Restricted Stock Units shall immediately become 100% vested as of such separation from service. If the Grantee's separation from service is due to Normal Retirement and the separation from service occurs within the twelve (12) month period beginning on the Grant Date, a prorated portion of the Restricted Stock Units shall immediately vest as of such separation from service in an amount equal to the number of Restricted Stock Units granted herein multiplied by a fraction, the numerator of which is the number of full months in such twelve (12) month period that were completed before the Grantee's separation and the denominator of which is twelve (12). For this purpose, full months of employment shall be based on monthly anniversaries of the Grant Date, not calendar months.

For purposes of this Agreement, the term "Normal Retirement" shall mean any termination of the Grantee's employment after (A) the date the Grantee attains age 62 and completes 10 or more years of Effective Service (as such term is defined in the ITT Retirement Savings Plan) or, if earlier, (B) the date the Grantee attains age 65.

(iv) Separation from Service After an Acceleration Event. If the Grantee's employment is terminated on or within two (2) years after an Acceleration Event (A) by the Company (or an Affiliate, as the case may be) for other than Cause, as defined herein, and not because of the Grantee's Early or Normal Retirement, Disability, or death, or (B) by the Grantee because of Good Reason, then any unvested Restricted Stock Units shall immediately become 100% vested. For this purpose, the term "Good Reason" shall mean (i) without the Grantee's express written consent and excluding for this purpose an isolated, insubstantial and inadvertent action not taken in bad faith and which is remedied by the Company or its affiliates within 30 days after receipt of notice thereof given by the Grantee, (a) a reduction in the Grantee's annual base compensation (whether or not deferred), (b) the assignment to the Grantee of any duties inconsistent in any material respect with the Grantee's position (including status, offices, titles and reporting requirements), authority, duties or responsibilities, or (c) any other action by the Company or its affiliates that results in a material diminution in such position, authority, duties or responsibilities; or (ii) without the Grantee's express written consent, the Company's requiring the Grantee's primary work location to be other than within twenty-five (25) miles of the location where the Grantee was principally working immediately prior to the Acceleration Event; provided, that "Good Reason" shall cease to exist for an event on the 90th day following the later of its occurrence or the Grantee's knowledge thereof, unless the Grantee has given the Company notice thereof prior to such date.

(e) **Tax Withholding**. In accordance with Article 15 of the Plan, the Company may make such provisions and take such actions as it may deem necessary for the withholding of all applicable taxes attributable to the Restricted Stock Units and any related dividend equivalents.

(f) **Grantee Bound by Plan and Rules**. The Grantee hereby acknowledges receipt of a copy of the Plan and this Agreement and agrees to be bound by the terms and provisions thereof. The Grantee agrees to be bound by any rules and regulations for administering the Plan as may be adopted by the Committee prior to the date the Restricted Stock Units vest. The Committee shall be authorized to make all necessary interpretations concerning the provisions of this Agreement and the proper application of those provisions to particular fact patterns, including but not limited to the basis for the Grantee's termination of employment, and any such interpretation shall be final. Terms used herein and not otherwise defined shall be as defined in the Plan.

(g) **Non-Competition, Non-Solicitation and Non-Disparagement.** In consideration of the Company entering into this Agreement with the Grantee, the Grantee agrees as follows:

(i) During Grantee's employment with the Company (which, for purposes of this subsection 2(g) includes its subsidiaries), Grantee will not, directly or indirectly, except for on behalf of the Company or except with the prior written approval of the Company, either as an employee, employer, consultant, agent, principal, partner, stockholder, member, corporate officer, director or in any other individual or representative capacity, engage or attempt to engage in any competitive activity relating to the Company's business or products, or to its actual or demonstrably anticipated research or development, nor will Grantee engage in any other activities that conflict with Grantee's employment obligations to the Company, where such activities (other employment, occupations, consulting, business activities, commitments, anticipated research or development, or conflicts) violate ITT's Code of Conduct. Activities and commitments as used herein do not include passive investments in stocks or other financial instruments.

(ii) During Grantee's employment and for a period of twelve (12) months following the termination of Grantee's employment with the Company for any reason, Grantee agrees that Grantee will not within the Restricted Area, directly or indirectly, except with the Company's prior written approval from an authorized officer, either as an employee, employer, consultant, agent, principal, partner, stockholder, member, corporate officer, director or in any other individual or representative capacity, engage or attempt to engage in any Competitive Activity relating to the Company's business or products, or to its actual or demonstrably anticipated research or development. For the purposes of this subparagraph, "Competitive Activity" shall mean perform services for, have an interest in, be employed by, or do business with (including as a consultant), any person, firm, or corporation engaged in the same or a similar business as the Company's within the Restricted Area. For purposes of this Agreement, "Restricted Area" shall mean, any area in which the Company has transacted business for the twelve (12) months prior to Grantee's termination of employment, which includes, but is not limited to, the state(s) in which Grantee worked on behalf of the Company, the United States, Australia, Argentina, Brazil, Canada, Chile, China, Columbia, Czech Republic, Denmark, Egypt, France, Germany, Greece, Hong Kong, India, Indonesia, Italy, Japan, Republic of Korea, Luxembourg, Mexico, Netherlands, Peru, Poland, Russia, Saudi Arabia, Singapore, Spain, Taiwan, Thailand, United Arab Emirates, United Kingdom, Venezuela and such other countries as the Company is now conducting and may expand its business from time to time.

(iii) Throughout the Grantee's term of employment with the Company and for a period of twelve (12) months following the Grantee's termination of employment with the Company for any reason, the Grantee shall not, directly or indirectly, divert or attempt to divert or assist others in diverting any business of the Company including by soliciting, contacting or communicating with any customer or supplier of the Company with whom the Grantee has direct or indirect contact or upon termination of employment has had direct or indirect contact during the twelve (12) month period immediately preceding the Grantee's date of termination with the Company.

(iv) During Grantee's employment and for a period of twelve (12) months following Grantee's termination of employment with the Company for any reason, the Grantee shall not, directly or indirectly, hire, solicit, induce, attempt to induce or assist others in attempting to induce any employee of the Company with whom the Grantee has worked or had material contact with, during the twelve (12) month period immediately preceding the termination of the Grantee's employment, to leave the employment of the Company or to accept employment or affiliation with (including as a consultant) any other company or firm of which the Grantee becomes an employee, owner, partner or consultant.

(v) Grantee agrees not to make or publish any maliciously defamatory statements about the Company, including any current, former or future managers or representatives.

(vi) Grantee agrees that damages in the event of a breach by Grantee of Grantee's obligations in this Agreement, including in this subsection 2(g), would be difficult if not impossible to ascertain, and that any such breach will result in irreparable and continuing damage to the Company. Therefore, Grantee agrees that the Company, in addition to and without limiting any other remedy or right it may have, shall have the right to an immediate injunction or other equitable relief (without posting bond or other form of security) in the Chosen Courts (as defined below) enjoining any such threatened or actual breach. The existence of this right shall not preclude the Company from also pursuing any other rights and remedies at law or in equity that it may have.

(vii) If the Grantee violates the terms of this subsection 2(g), then, in addition to any other remedy the Company might have, no amount shall be due to the Grantee under this Agreement and the Grantee shall be required to repay to the Company all amounts and Shares paid under this Agreement (or proceeds therefrom).

(viii) Notice to Attorneys. For a Grantee who is an attorney, the provisions in subsection 2(g)(ii) will apply only to prohibit Grantee's employment for twelve (12) months in any position in the Restricted Area that involves non-legal responsibilities similar to those performed for the Company, or that would involve or risk the use or disclosure of the Company's attorney-client privileged or other Confidential Information, as defined in Grantee's respective confidentiality agreement with the Company. This restriction and the other restrictions in subsection 2(g) are not intended to bar Grantee from performing solely legal functions for any entity or client, provided that work does not involve or risk the disclosure of the Company's attorney-client privileged information or other Confidential Information.

(h) **Governing Law**. This Agreement is issued, and the Restricted Stock Units evidenced hereby are granted, in White Plains, New York, and shall be governed and construed in accordance with the laws of the State of New York, excluding any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of this Agreement to the substantive law of another jurisdiction.

(i) **Jurisdiction**. Grantee hereby consents to the personal jurisdiction of and venue in the state and federal courts in the state of New York (collectively, the "Chosen Courts"), and agrees that such Chosen Courts shall have exclusive jurisdiction to hear and determine or settle any dispute that may arise out of or in connection with this Agreement, and that any action or proceeding arising out of or in connection with this Agreement shall be brought only in the Chosen Courts.

(j) **Attorneys' Fees**. If any action or proceeding is commenced to construe or enforce this Agreement or the rights and duties of the parties hereunder, then the party prevailing in that action will be entitled to recover its reasonable attorneys' fees and costs related to such action or proceeding.

(k) **Severability**. Any term or provision of this Agreement that is determined to be invalid or unenforceable by any court of competent jurisdiction in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity or unenforceability without rendering invalid or unenforceable the remaining terms and provisions of this Agreement or affecting the validity or enforceability of any of the terms or provisions of this Agreement in any other jurisdiction and such invalid or unenforceable provision shall be modified by such court so that it is enforceable to the extent permitted by applicable law.

(l) **Section 409A Compliance**. To the extent applicable, it is intended that the Plan and this Agreement comply with the requirements of Section 409A, and the Plan and this Agreement shall be interpreted accordingly.

(i) If it is determined that all or a portion of the Award constitutes deferred compensation for purposes of Section 409A, and if the Grantee is a "specified employee," as defined in Section 409A(a)(2)(B)(i) of the Code, at the time of the Grantee's separation from service, then, to the extent required under Section 409A, any Shares that would otherwise be distributed (along with the cash value of all dividend equivalents that would be payable) upon the Grantee's separation from service shall instead be delivered (and, in the case of the dividend equivalents, paid) on the earlier of (x) the first business day of the seventh month following the date of the Grantee's separation from service or (y) the Grantee's death.

(ii) It is intended that this Agreement shall comply with the provisions of Section 409A, or an exception to Section 409A, to the extent applicable, so as not to subject the Grantee to the payment of interest and taxes under Section 409A. Further, any reference to termination of employment, Early Retirement, Normal Retirement, separation from service, or similar terms under this Agreement shall be interpreted in a manner consistent with the definition of "separation from service" under Section 409A.

(iii) In no event will payment be made later than the date on which payment is treated as being timely under Treas. Reg. § 1.409A-3(d), generally referring to the last day of the calendar year in which the RSUs vest or, if later, the 15th day of the third calendar month following the vesting date, and subject to any delay required under paragraph (i), above. (For this purpose, vesting and vesting date refer to the vesting date designated in this Agreement.) The Grantee does not have a right to designate the taxable year of the payment.

(m) **Successors**. All obligations of the Company under this Agreement shall be binding on any successor to the Company, and the term "Company" shall include any successor.

IN WITNESS WHEREOF, the Company has caused this instrument to be executed by its Chief Executive Officer and President, or a Vice President, as of the 23rd day of **February, 2017**.

Agreed to: **ITT INC.**

____
Grantee
(Online acceptance constitutes agreement)

Dated: __________________ Dated: February 23, 2017

Enclosures

EXHIBIT 31.1

CERTIFICATION OF DENISE L. RAMOS PURSUANT TO SEC. 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Denise L. Ramos, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended March 31, 2017 of ITT Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/S/ DENISE L. RAMOS

Denise L. Ramos
Chief Executive Officer and President

Date: May 8, 2017

EXHIBIT 31.2

CERTIFICATION OF THOMAS M. SCALERA PURSUANT TO SEC. 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Thomas M. Scalera, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended March 31, 2017 of ITT Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/S/ THOMAS M. SCALERA

Thomas M. Scalera
Executive Vice President and
Chief Financial Officer

Date: May 8, 2017

EXHIBIT 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of ITT Inc. (the "Company") on Form 10-Q for the period ended March 31, 2017 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Denise L. Ramos, Chief Executive Officer and President of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/S/ DENISE L. RAMOS

Denise L. Ramos

Chief Executive Officer and President

May 8, 2017

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

EXHIBIT 32.2

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of ITT Inc. (the “Company”) on Form 10-Q for the period ended March 31, 2017 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Thomas M. Scalera, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Thomas M. Scalera

Thomas M. Scalera
Executive Vice President and
Chief Financial Officer

May 8, 2017

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.