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, 2021

or

☐ **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

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	**Trading Symbol(s)**	**Name of each exchange on which registered**
Common Stock, par value $1 per share	ITT	New York Stock Exchange

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 ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted 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 such files). Yes ☑ No ☐

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

☑ Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company

☐ Emerging growth 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. ☐

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

As of May 5, 2021, there were 86.1 million shares of common stock ($1 par value per share) of the issuer outstanding.

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WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and current reports, proxy statements and other information with the U.S. Securities and Exchange Commission (the SEC). The SEC maintains a website at www.sec.gov on which you may access our SEC filings. In addition, we make available free of charge at www.itt.com/investors copies of materials we file with, or furnish to, the SEC as soon as reasonably practical after we electronically file or furnish these reports, as well as other important information that we disclose from time to time. Information contained on our website, or that can be accessed through our website, does not constitute a part of this Quarterly Report on Form 10-Q (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 are located at 1133 Westchester Avenue, White Plains, New York 10604 and the telephone number of this location is (914) 641-2000.

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.

Among the factors that could cause our results to differ materially from those indicated by forward-looking statements are risks and uncertainties inherent in our business including, without limitation:

- impacts on our business due to the COVID-19 pandemic and the timing, effectiveness and availability of vaccines or other medical remedies and people's attitudes towards receiving them; including disruptions to our operations and demand for our products, increased costs, disruption of supply chain and other constraints in the availability of key commodities and other necessary services, government-mandated site closures, employee illness or loss of key personnel, the impact of travel restrictions and stay-in-place restrictions on our business and workforce, customer and supplier bankruptcies, impacts to the global economy and financial markets, and liquidity challenges in accessing capital markets;
- uncertain global economic and capital markets conditions, including due to COVID-19, trade disputes between the U.S. and its trading partners, the new U.S. administration, political and social unrest, and the availability and fluctuations in prices of steel, oil, copper, and other commodities;
- uncertainties regarding our exposure to pending and future asbestos claims and related liabilities and insurance recoveries;
- risks due to our operations and sales outside the U.S. and in emerging markets;
- fluctuations in foreign currency exchange rates;
- fluctuations in demand or customers' levels of capital investment and maintenance expenditures, especially in the oil and gas, chemical, and mining markets, or changes in our customers' anticipated production schedules, especially in the commercial aerospace market;
- failure to compete successfully and innovate in our markets;
- the extent to which there are quality problems with respect to manufacturing processes or finished goods;

- risks related to government contracting, including changes in levels of government spending and regulatory and contractual requirements applicable to sales to the U.S. government;
- volatility in raw material prices and our suppliers' ability to meet quality and delivery requirements;
- failure to manage the distribution of products and services effectively;
- loss of or decrease in sales from our most significant customers;
- fluctuations in our effective tax rate;
- failure to retain existing senior management, engineering and other key personnel and attract and retain new qualified personnel;
- failure to protect our intellectual property rights or violations of the intellectual property rights of others;
- the risk of material business interruptions, particularly at our manufacturing facilities;
- the risk of cybersecurity breaches;
- changes in laws relating to the use and transfer of personal and other information;
- failure of portfolio management strategies, including cost-saving initiatives, to meet expectations;
- changes in environmental laws or regulations, discovery of previously unknown or more extensive contamination, or the failure of a potentially responsible party to perform;
- failure to comply with the U.S. Foreign Corrupt Practices Act or other applicable anti-corruption legislation, export controls and trade sanctions, including tariffs;
- risk of product liability claims and litigation; and
- risk of liabilities from past divestitures and spin-offs.

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 SEC, including our Annual Report on Form 10-K for the year ended December 31, 2020 (particularly under the caption "Risk Factors"), our Quarterly Reports on Form 10-Q and in other documents we file from time to time with the SEC.

The forward-looking statements included in 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.

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		**2021**		2020
Revenue	**$**	**698.4**	$	663.3
Costs of revenue		**469.4**		453.9
Gross profit		**229.0**		209.4
General and administrative expenses		**52.1**		57.1
Sales and marketing expenses		**36.7**		41.6
Research and development expenses		**24.3**		22.7
Asbestos-related costs (benefit), net		**2.4**		(40.7)
Restructuring costs		**3.6**		3.1
Asset impairment charges		**—**		16.3
Operating income		**109.9**		109.3
Interest and non-operating (income) expenses, net		**(1.3)**		0.6
Income from continuing operations before income tax expense		**111.2**		108.7
Income tax expense		**24.7**		24.7
Income from continuing operations		**86.5**		84.0
Income from discontinued operations, net of tax expense of $0.0 and $0.4, respectively		**—**		1.1
Net income		**86.5**		85.1
Less: Income attributable to noncontrolling interests		**0.3**		0.3
Net income attributable to ITT Inc.	**$**	**86.2**	$	84.8
Amounts attributable to ITT Inc.:				
Income from continuing operations, net of tax	**$**	**86.2**	$	83.7
Income from discontinued operations, net of tax		**—**		1.1
Net income attributable to ITT Inc.	**$**	**86.2**	$	84.8
Earnings per share attributable to ITT Inc.:				
Basic earnings per share:				
Continuing operations	**$**	**1.00**	$	0.96
Discontinued operations		**—**		0.01
Net income	**$**	**1.00**	$	0.97
Diluted earnings per share:				
Continuing operations	**$**	**0.99**	$	0.95
Discontinued operations		**—**		0.01
Net income	**$**	**0.99**	$	0.96
Weighted average common shares – basic		**86.3**		87.4
Weighted average common shares – diluted		**86.9**		88.2

The accompanying Notes to the Consolidated Condensed Financial Statements are an integral part of the Statements of Operations.

CONSOLIDATED CONDENSED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)

(IN MILLIONS)

For the Three Months Ended March 31	**2021**	2020
Net income	**$ 86.5**	$ 85.1
Other comprehensive loss:		
Net foreign currency translation adjustment	**(30.0)**	(51.3)
Net change in postretirement benefit plans, net of tax (expense) benefits of $(0.1) and $0.3, respectively	**—**	0.9
Other comprehensive loss	**(30.0)**	(50.4)
Comprehensive income	**56.5**	34.7
Less: Comprehensive income attributable to noncontrolling interests	**0.3**	0.3
Comprehensive income attributable to ITT Inc.	**$ 56.2**	$ 34.4
Disclosure of reclassification adjustments to postretirement benefit plans		
Reclassification adjustments (see Note 15):		
Amortization of prior service benefit, net of tax expense of $(0.3) and $(0.3), respectively	**$ (1.0)**	$ (0.9)
Amortization of net actuarial loss, net of tax benefits of $0.2 and $0.6, respectively	**1.0**	1.8
Net change in postretirement benefit plans, net of tax	**$ —**	$ 0.9

The accompanying Notes to the Consolidated Condensed Financial Statements are an integral part of the Statements of Comprehensive Income.

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

	March 31, 2021	December 31, 2020
Assets		
Current assets:		
Cash and cash equivalents	$ 780.2	$ 859.8
Receivables, net	546.3	507.5
Inventories, net	374.7	360.5
Other current assets	190.8	189.5
Total current assets	1,892.0	1,917.3
Plant, property and equipment, net	501.2	525.1
Goodwill	933.4	944.8
Other intangible assets, net	100.3	106.4
Asbestos-related assets	330.8	353.7
Deferred income taxes	156.3	158.3
Other non-current assets	265.7	272.0
Total non-current assets	2,287.7	2,360.3
Total assets	$ 4,179.7	$ 4,277.6
Liabilities and Shareholders’ Equity		
Current liabilities:		
Commercial paper and current maturities of long-term debt	$ 61.2	$ 106.8
Accounts payable	327.0	306.8
Accrued liabilities	438.3	457.4
Total current liabilities	826.5	871.0
Asbestos-related liabilities	818.3	840.6
Postretirement benefits	222.8	227.5
Other non-current liabilities	204.2	210.6
Total non-current liabilities	1,245.3	1,278.7
Total liabilities	2,071.8	2,149.7
Shareholders’ equity:		
Common stock:		
Authorized – 250.0 shares, $1 par value per share		
Issued and outstanding – 86.1 shares and 86.5 shares, respectively	86.1	86.5
Retained earnings	2,329.4	2,319.3
Total accumulated other comprehensive loss	(309.4)	(279.4)
Total ITT Inc. shareholders’ equity	2,106.1	2,126.4
Noncontrolling interests	1.8	1.5
Total shareholders’ equity	2,107.9	2,127.9
Total liabilities and shareholders’ equity	$ 4,179.7	$ 4,277.6

The accompanying Notes to the Consolidated Condensed Financial Statements are an integral part of the Balance Sheets.

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

For the Three Months Ended March 31		**2021**		2020
Operating Activities				
Income from continuing operations attributable to ITT Inc.	**$**	**86.2**	$	83.7
Adjustments to income from continuing operations:				
Depreciation and amortization		**28.5**		27.4
Equity-based compensation		**3.3**		2.5
Asbestos-related costs (benefit), net		**2.4**		(40.7)
Asset impairment charges		**—**		16.3
Other non-cash charges, net		**6.3**		11.0
Asbestos-related payments, net		**(1.6)**		(6.1)
Changes in assets and liabilities:				
Change in receivables		**(50.1)**		(13.4)
Change in inventories		**(21.2)**		0.6
Change in accounts payable		**36.6**		(6.4)
Change in accrued expenses		**(14.5)**		(25.2)
Change in income taxes		**10.4**		16.5
Other, net		**(15.5)**		(12.7)
Net Cash – Operating Activities		**70.8**		53.5
Investing Activities				
Capital expenditures		**(17.2)**		(22.2)
Acquisitions, net of cash acquired		**—**		(4.7)
Other, net		**0.1**		0.7
Net Cash – Investing Activities		**(17.1)**		(26.2)
Financing Activities				
Commercial paper, net borrowings		**(42.6)**		(82.7)
Short-term revolving loans, borrowings		**—**		378.3
Long-term debt, repayments		**(0.1)**		—
Repurchase of common stock		**(61.0)**		(83.4)
Proceeds from issuance of common stock		**0.2**		0.1
Dividends paid		**(19.1)**		(0.2)
Other, net		**(0.2)**		(0.1)
Net Cash – Financing Activities		**(122.8)**		212.0
Exchange rate effects on cash and cash equivalents		**(10.4)**		(11.7)
Net cash – operating activities of discontinued operations		**(0.1)**		0.2
Net change in cash and cash equivalents		**(79.6)**		227.8
Cash and cash equivalents – beginning of year (includes restricted cash of $0.8 and $0.8, respectively)		**860.6**		612.9
Cash and Cash Equivalents – End of Period (includes restricted cash of $0.8 and $0.8, respectively)	**$**	**781.0**	$	840.7
Supplemental Disclosures of Cash Flow Information				
Cash paid during the year for:				
Interest	**$**	**0.2**	$	2.3
Income taxes, net of refunds received	**$**	**13.4**	$	8.0

The accompanying Notes to the Consolidated Condensed Financial Statements are an integral part of the Statements of Cash Flows.

CONSOLIDATED CONDENSED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)
(IN MILLIONS, EXCEPT PER SHARE AMOUNTS)

	Common Stock (Shares)	Common Stock (Dollars)	Retained Earnings	Accumulated Other Comprehensive Loss	Noncontrolling Interest	Total Shareholders' Equity
December 31, 2020	**86.5**	**$ 86.5**	**$ 2,319.3**	**$ (279.4)**	**$ 1.5**	**$ 2,127.9**
Net income	—	—	86.2	—	0.3	86.5
Activity from stock incentive plans	0.3	0.3	3.2	—	—	3.5
Share repurchases	(0.7)	(0.7)	(60.3)	—	—	(61.0)
Dividends declared ($0.22 per share)	—	—	(19.0)	—	—	(19.0)
Total other comprehensive loss, net of tax	—	—	—	(30.0)	—	(30.0)
March 31, 2021	**86.1**	**$ 86.1**	**$ 2,329.4**	**$ (309.4)**	**$ 1.8**	**$ 2,107.9**

	Common Stock (Shares)	Common Stock (Dollars)	Retained Earnings	Accumulated Other Comprehensive Loss	Noncontrolling Interest	Total Shareholders' Equity
December 31, 2019	**87.8**	**$ 87.8**	**$ 2,372.4**	**$ (385.3)**	**$ 2.9**	**$ 2,077.8**
Net income	—	—	84.8	—	0.3	85.1
Activity from stock incentive plans	0.4	0.4	2.2	—	—	2.6
Share repurchases	(1.9)	(1.9)	(81.5)	—	—	(83.4)
Cumulative adjustment for accounting change	—	—	(1.2)	—	—	(1.2)
Dividends declared ($0.169 per share)	—	—	(14.9)	—	—	(14.9)
Total other comprehensive loss, net of tax	—	—	—	(50.4)	—	(50.4)
March 31, 2020	**86.3**	**$ 86.3**	**$ 2,361.8**	**$ (435.7)**	**$ 3.2**	**$ 2,015.6**

The accompanying Notes to the Consolidated Condensed Financial Statements are an integral part of the 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 energy 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: Motion Technologies (MT), consisting of friction and shock and vibration equipment; Industrial Process (IP), consisting of industrial flow equipment and services; and Connect & Control Technologies (CCT), consisting of electronic connectors, fluid handling, motion control, composite materials and noise and energy absorption products. Financial information for our segments is presented in Note 3, Segment Information.

In March 2020, the World Health Organization declared the outbreak of the novel coronavirus (COVID-19) a pandemic, resulting in certain local government-mandated site closures. While most of our businesses were deemed essential, we experienced disruption in our operations due to decreased customer demand, temporary plant closures, and elevated safety standards to keep our employees safe. The Company continues to face certain risks and uncertainties resulting from COVID-19, including the severity of a resurgence of COVID-19 or new strains of the virus, as well as the speed of distribution of the COVID-19 vaccines and people’s attitudes towards receiving the vaccines. Due to these uncertainties, the severity and extent of future impacts from COVID-19 or any new strains of the virus cannot be reasonably estimated at this time.

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 known adjustments (which consist primarily of normal, recurring accruals, estimates and assumptions) necessary to state fairly the financial position, results of operations, and cash flows for the periods presented. The Consolidated Condensed Balance Sheet as of December 31, 2020, presented herein, has been derived from our audited balance sheet included in our Annual Report on Form 10-K (2020 Annual Report) for the year ended December 31, 2020 but does not include all disclosures required by GAAP. We consistently applied the accounting policies described in the 2020 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 2020 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 and may be impacted by the duration and severity of the pandemic. 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 and assets, allowance for credit losses and inventory valuation. Actual results could differ from these estimates. In the third quarter of 2020 we extended the measurement period over which we estimate our asbestos liability to include unasserted claims through 2052, which is the full time period over which we currently expect claims to be filed against us. Refer to Note 19, Commitments and Contingencies, for further information.

ITT’s quarterly financial periods end on the Saturday that is 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.

Recent Accounting Pronouncements Not Yet Adopted:

In March 2020 and January 2021, the FASB issued ASU 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting* and ASU 2021-01, *Reference Rate Reform (Topic 848): Scope*, respectively. Together, the ASUs provide temporary optional expedients and exceptions to the U.S. GAAP guidance on contract modifications and hedge accounting to ease the financial reporting burdens related to the expected market transition from the London Interbank Offered Rate (LIBOR) and other interbank offered rates to alternative reference rates. This guidance was effective beginning on March 12, 2020, and the Company may elect to apply the amendments prospectively through December 31, 2022. We do not expect this guidance to have a significant impact on our operating results, financial position, or cash flows; however, we will continue to monitor the potential impact, if adopted.

NOTE 3
SEGMENT INFORMATION

The Company's segments are reported on the same basis used by our Chief Executive Officer, who is also our chief operating decision maker, for evaluating performance and for allocating resources. Our three reportable segments are referred to as: Motion Technologies, Industrial Process, and Connect & Control Technologies.

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.

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.

Connect & Control Technologies manufactures harsh-environment connector solutions, critical energy absorption, flow control components, and composite materials 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	**2021**	2020	**2021**	2020	**2021**	2020
Motion Technologies	**$ 369.1**	$ 297.9	**$ 76.0**	$ 53.1	**20.6 %**	17.8 %
Industrial Process	**202.3**	227.3	**31.0**	8.9	**15.3 %**	3.9 %
Connect & Control Technologies	**127.3**	138.7	**11.8**	15.9	**9.3 %**	11.5 %
Total segment results	**698.7**	663.9	**118.8**	77.9	**17.0 %**	11.7 %
Asbestos-related (costs) benefit, net	**—**	—	**(2.4)**	40.7	**—**	—
Eliminations / Other Corporate costs	**(0.3)**	(0.6)	**(6.5)**	(9.3)	**—**	—
Total Eliminations / Corporate and other costs	**(0.3)**	(0.6)	**(8.9)**	31.4	**—**	—
Total	**$ 698.4**	$ 663.3	**$ 109.9**	$ 109.3	**15.7 %**	16.5 %

As of and for the Three Months Ended March 31	Total Assets		Capital Expenditures		Depreciation & Amortization	
	2021	2020[(a)]	**2021**	2020	**2021**	2020
Motion Technologies	**$ 1,244.6**	$ 1,202.3	**$ 13.5**	$ 14.8	**$ 15.7**	$ 14.5
Industrial Process	**1,036.4**	1,069.6	**1.6**	2.5	**5.6**	6.6
Connect & Control Technologies	**723.8**	720.5	**1.9**	4.3	**5.5**	5.7
Corporate	**1,174.9**	1,285.2	**0.2**	0.6	**1.7**	0.6
Total	**$ 4,179.7**	$ 4,277.6	**$ 17.2**	$ 22.2	**$ 28.5**	$ 27.4

(a) Amounts reflect balances as of December 31, 2020.

NOTE 4
REVENUE

The following table represents our revenue disaggregated by end market for the three months ended March 31, 2021 and 2020.

For the Three Months Ended March 31, 2021	Motion Technologies	Industrial Process	Connect & Control Technologies	Eliminations	Total
Auto and rail	$ 364.0	$ —	$ —	$ —	$ 364.0
Chemical and industrial pumps	—	159.7	—	—	159.7
Aerospace and defense	1.6	—	60.2	—	61.8
Oil and gas	—	42.6	8.5	—	51.1
General industrial	3.5	—	58.6	(0.3)	61.8
Total	$ 369.1	$ 202.3	$ 127.3	$ (0.3)	$ 698.4

For the Three Months Ended March 31, 2020	Motion Technologies	Industrial Process	Connect & Control Technologies	Eliminations	Total
Auto and rail	$ 292.4	$ —	$ —	$ (0.1)	$ 292.3
Chemical and industrial pumps	—	161.5	—	—	161.5
Aerospace and defense	2.9	—	86.1	—	89.0
Oil and gas	—	65.8	7.8	—	73.6
General industrial	2.6	—	44.8	(0.5)	46.9
Total	$ 297.9	$ 227.3	$ 138.7	$ (0.6)	$ 663.3

Contract Assets and Liabilities

Contract assets consist of unbilled amounts where revenue recognized exceeds customer billings, net of allowances for credit losses. Contract assets are included in other current assets and other non-current assets in our Consolidated Condensed Balance Sheet. Contract liabilities consist of advance payments and billings in excess of revenue recognized. Contract liabilities are included in accrued liabilities and other non-current liabilities in our Consolidated Condensed Balance Sheet. The following table represents our net contract assets and liabilities as of March 31, 2021 and December 31, 2020.

	March 31, 2021	December 31, 2020
Current contract assets, net	**$ 17.9**	$ 19.1
Non-current contract assets, net	**0.3**	—
Current contract liabilities	**(48.0)**	(56.2)
Non-current contract liabilities	**(4.5)**	(0.1)
Net contract liabilities	**$ (34.3)**	$ (37.2)

During the three months ended March 31, 2021, we recognized revenue of $21.9, related to contract liabilities as of December 31, 2020. The aggregate amount of the transaction price allocated to unsatisfied or partially satisfied performance obligations as of March 31, 2021 was $799.3. Of this amount, we expect to recognize approximately $580 to $600 of revenue during 2021.

NOTE 5
RESTRUCTURING ACTIONS

We have initiated various restructuring actions throughout our businesses during the past two years, including the 2020 Global Restructuring Plan described below. There were no other restructuring actions considered individually significant. The following table summarizes the total restructuring costs presented separately in our Consolidated Condensed Statements of Operations for the three months ended March 31, 2021 and 2020.

For the Three Months Ended March 31	**2021**	2020
Severance and other employee-related	**$ 2.4**	$ 3.1
Asset write-offs	**0.6**	—
Other	**0.6**	—
Total restructuring costs	**$ 3.6**	$ 3.1
By segment:		
Motion Technologies	**$ —**	$ —
Industrial Process	**0.9**	0.1
Connect & Control Technologies	**2.4**	1.5
Corporate and Other	**0.3**	1.5

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, 2021 and 2020.

	2021	2020
Beginning balance - January 1	**$ 19.1**	$ 7.5
Restructuring costs	**4.0**	3.1
Reversal of prior accruals	**(0.4)**	—
Cash payments	**(4.8)**	(3.2)
Asset write-offs	**(0.6)**	—
Foreign exchange translation and other	**(0.4)**	(0.2)
Ending balance - March 31	**$ 16.9**	$ 7.2
By accrual type:		
Severance and other employee-related	**$ 16.7**	$ 6.9
Other	**0.2**	0.3

2020 Global Restructuring Plan

During 2020, we initiated an organizational-wide restructuring plan to reduce the overall cost structure of the Company primarily in response to a reduction in demand from the COVID-19 pandemic. Through March 31, 2021, we have recognized restructuring charges of $45.1, including $43.8 in 2020, which are primarily related to involuntary severance costs. We expect to incur additional restructuring charges of approximately $3 during the remainder of 2021 to complete this action. Cash payments during the three months ended March 31, 2021 were $4.5. The restructuring liability as of March 31, 2021 was $12.8, which we expect to be substantially paid during 2021, and is presented on our Consolidated Condensed Balance Sheet within accrued liabilities.

NOTE 6
INCOME TAXES

For the Three Months Ended March 31	**2021**	2020	Change
Income tax expense	**$ 24.7**	$ 24.7	— %
Effective tax rate	**22.2 %**	22.7 %	(50) bp

The lower effective tax rate during the first quarter of 2021 was primarily driven by favorable permanent benefits in both foreign and U.S. jurisdictions, partially offset by higher tax expense of $3.9 on future distributions of foreign earnings.

On March 11, 2021, President Biden signed into law the American Rescue Plan Act of 2021 (ARPA), a $1.9 trillion COVID-19 stimulus legislation to accelerate the United States' recovery from the economic and health effects of the COVID-19 pandemic. ARPA builds upon many of the measures in the CARES Act from March 2020 and the Consolidated Appropriations Act from December 2020. The Act extends the employee retention credit through the end of 2021 and maintains the credit per employee per quarter initially included in the Consolidated Appropriations Act. During the three months ended March 31, 2021, the Company recognized a benefit of $2.4 from the employee retention credit. The benefit was recorded in operating income and related to the employer portion of payroll taxes. Certain non-U.S. jurisdictions have enacted similar stimulus measures. We continue to monitor any effects that may result from the CARES Act or other similar legislation globally.

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 the Czech Republic, Germany, Hong Kong, India, Italy, 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 of these 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 decrease by approximately $17 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 7
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, 2021 and 2020.

For the Three Months Ended March 31	**2021**	2020
Basic weighted average common shares outstanding	**86.3**	87.4
Add: Dilutive impact of outstanding equity awards	**0.6**	0.8
Diluted weighted average common shares outstanding	**86.9**	88.2

There were 0.2 and 0.1 anti-dilutive shares related to equity stock unit awards excluded from the computation of diluted earnings per share for the three months ended March 31, 2021 and 2020, respectively.

NOTE 8
RECEIVABLES, NET

	March 31, 2021	December 31, 2020
Trade accounts receivable	**$ 532.1**	$ 492.5
Notes receivable	**12.3**	11.0
Other	**16.6**	19.1
Receivables, gross	**561.0**	522.6
Less: Allowance for credit losses - receivables	**(14.7)**	(15.1)
Receivables, net	**$ 546.3**	$ 507.5

Allowance for Credit Losses

Our allowance for credit losses includes our estimate of the impact of the COVID-19 pandemic and will be adjusted in subsequent periods as circumstances develop and we continue to gain insight into the future impacts of the pandemic. We believe these events may impact our ability to collect from certain customers depending on the end market we serve and customer profile.

The following table displays our allowance for credit losses for receivables and contract assets.

	March 31, 2021	December 31, 2020
Allowance for credit losses - receivables	**$ 14.7**	$ 15.1
Allowance for credit losses - contract assets	**0.5**	0.5
Total allowance for credit losses	**$ 15.2**	$ 15.6

The following table displays a rollforward of the total allowance for credit losses.

	2021	2020
Total allowance for credit losses - January 1	**$ 15.6**	$ 12.8
Impact of adoption of ASU 2016-13	**—**	1.7
Charges to income	**(0.2)**	3.3
Write-offs	**(0.1)**	(1.7)
Foreign currency and other	**(0.1)**	(0.3)
Total allowance for credit losses - March 31	**$ 15.2**	$ 15.8

NOTE 9
INVENTORIES, NET

	March 31, 2021	December 31, 2020
Finished goods	**$ 58.8**	$ 63.1
Work in process	**82.9**	77.5
Raw materials	**233.0**	219.9
Inventories, net	**$ 374.7**	$ 360.5

NOTE 10
OTHER CURRENT AND NON-CURRENT ASSETS

	March 31, 2021	December 31, 2020
Asbestos-related assets	**$ 91.0**	$ 91.0
Advance payments and other prepaid expenses	**46.9**	39.6
Current contract assets, net	**17.9**	19.1
Prepaid income taxes	**22.7**	29.0
Other	**12.3**	10.8
Other current assets	**$ 190.8**	$ 189.5
Other employee benefit-related assets	**$ 115.3**	$ 113.9
Operating lease right-of-use assets	**83.1**	87.3
Capitalized software costs	**22.2**	23.9
Environmental-related assets	**8.5**	10.6
Equity method investments	**11.8**	11.7
Other	**24.8**	24.6
Other non-current assets	**$ 265.7**	$ 272.0

NOTE 11
PLANT, PROPERTY AND EQUIPMENT, NET

	Useful life (in years)	March 31, 2021	December 31, 2020
Machinery and equipment	2 - 10	**$ 1,187.4**	$ 1,205.7
Buildings and improvements	5 - 40	**269.0**	273.9
Furniture, fixtures and office equipment	3 - 7	**79.6**	82.0
Construction work in progress		**37.0**	44.7
Land and improvements		**33.6**	34.6
Other		**4.7**	5.0
Plant, property and equipment, gross		**1,611.3**	1,645.9
Less: Accumulated depreciation		**(1,110.1)**	(1,120.8)
Plant, property and equipment, net		**$ 501.2**	$ 525.1

Depreciation expense of $21.4 and $20.5 was recognized in the three months ended March 31, 2021 and 2020, respectively.

During the first quarter of 2020, we recorded an impairment of $4.0 for a business within IP due to challenging economic conditions in the upstream oil and gas market combined with impacts associated with the COVID-19 pandemic. Long-lived assets of the business, with a carrying value of $14.0, primarily building and improvements, machinery and equipment, were reduced to their current estimated fair value of $10.0. The estimate of fair value, categorized within Level 3 of the fair value hierarchy, was determined based on a market approach estimating the net proceeds that would be received for the sale of the assets. Significant additional adverse changes to the economic environment or future cash flows of our businesses could cause us to record additional impairment charges in future periods, which may be material.

NOTE 12
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, 2021 by segment.

	Motion Technologies	Industrial Process	Connect & Control Technologies	Total
Goodwill - December 31, 2020	$ 298.1	$ 365.4	$ 281.3	$ 944.8
Foreign exchange translation	(3.4)	(7.1)	(0.9)	(11.4)
Goodwill - March 31, 2021	**$ 294.7**	**$ 358.3**	**$ 280.4**	**$ 933.4**

Other Intangible Assets, Net

Information regarding our other intangible assets is as follows:

	March 31, 2021			December 31, 2020		
	Gross Carrying Amount	**Accumulated Amortization**	**Net Intangibles**	Gross Carrying Amount	Accumulated Amortization	Net Intangibles
Customer relationships	**$ 162.4**	**$ (104.5)**	**$ 57.9**	$ 163.3	$ (101.7)	$ 61.6
Proprietary technology	**46.4**	**(24.2)**	**22.2**	46.7	(23.4)	23.3
Patents and other	**16.2**	**(12.6)**	**3.6**	16.2	(11.5)	4.7
Finite-lived intangible total	**225.0**	**(141.3)**	**83.7**	226.2	(136.6)	89.6
Indefinite-lived intangibles	**16.6**	**—**	**16.6**	16.8	—	16.8
Other intangible assets	**$ 241.6**	**$ (141.3)**	**$ 100.3**	$ 243.0	$ (136.6)	$ 106.4

As a result of the global COVID-19 pandemic combined with a decline in the upstream oil and gas market, during the first quarter of 2020, we determined that certain intangible assets within the IP segment including an indefinite-lived trademark, customer relationships and proprietary technology, would not be recoverable resulting in an impairment of $12.3. Significant additional adverse changes to the economic environment or future cash flows of our businesses could cause us to record additional impairment charges in future periods, which may be material.

Amortization expense related to finite-lived intangible assets was $5.1 and $4.8 for the three months ended March 31, 2021 and 2020, respectively.

NOTE 13
ACCRUED LIABILITIES AND OTHER NON-CURRENT LIABILITIES

	March 31, 2021	December 31, 2020
Compensation and other employee-related benefits	**$ 122.9**	$ 137.3
Asbestos-related liability	**91.6**	91.4
Contract liabilities and other customer-related liabilities	**67.7**	73.7
Accrued income taxes and other tax-related liabilities	**39.8**	36.9
Accrued warranty costs	**24.1**	23.1
Operating lease liabilities	**19.3**	19.8
Environmental liabilities and other legal matters	**18.7**	19.1
Accrued restructuring costs	**16.9**	19.1
Other	**37.3**	37.0
Accrued liabilities	**$ 438.3**	$ 457.4
Operating lease liabilities	**$ 68.8**	$ 72.4
Environmental liabilities	**48.0**	50.1
Deferred income taxes and other tax-related liabilities	**12.2**	11.9
Compensation and other employee-related benefits	**29.0**	29.4
Non-current maturities of long-term debt	**12.5**	13.0
Other	**33.7**	33.8
Other non-current liabilities	**$ 204.2**	$ 210.6

NOTE 14
DEBT

	March 31, 2021	December 31, 2020
Commercial paper	**$ 58.8**	$ 104.3
Current maturities of long-term debt and finance leases	**2.4**	2.5
Commercial paper and current maturities of long-term debt	**61.2**	106.8
Non-current maturities of long-term debt	**12.5**	13.0
Total debt and finance leases	**$ 73.7**	$ 119.8

Commercial Paper

Commercial paper outstanding as of March 31, 2021 and December 31, 2020 was $58.8 and $104.3, respectively, with a weighted average negative interest rate of (0.34)% and (0.06)%, respectively. Commercial paper was issued entirely under our Euro program and had maturity terms less than three months from the date of issuance.

Short-term Loans

On November 25, 2014, we entered into a competitive advance and revolving credit facility agreement (the Revolving Credit Agreement) with a consortium of third party lenders including JPMorgan Chase Bank, N.A., as administrative agent, and Citibank, N.A., as syndication agent. During 2019, we extended the Revolving Credit Agreement maturity date to November 25, 2022. The Revolving Credit Agreement provides for an aggregate principal amount of up to $500 of (i) revolving extensions of credit (the revolving loans) outstanding at any time, (ii) competitive advance borrowing option which will be provided on an uncommitted competitive advance basis through an auction mechanism (the competitive advances), and (iii) letters of credit for a face amount up to $100 at any time outstanding. Subject to certain conditions, we are permitted to terminate permanently the total commitments and reduce commitments in minimum amounts of $10. Borrowings under the credit facility are available in U.S. dollars, Euros or British pound sterling. We are permitted to request that lenders increase the commitments under the facility by up to $200 for a maximum aggregate principal amount of $700, however this is subject to certain conditions and therefore may not be available to us.

The interest rate per annum on the Revolving Credit Agreement is based on the LIBOR rate of the currency we borrow in, adjusted for statutory reserve requirements, plus a margin of 1.1%. As of March 31, 2021 and December 31, 2020, we had no outstanding obligations under the credit facility. There is a 0.15% fee per annum applicable to the commitments under the Revolving Credit Agreement. The fees and margin are subject to adjustment should the Company's credit ratings change.

The Revolving Credit Agreement contains customary affirmative and negative covenants that, among other things, will limit or restrict our ability to: incur additional debt or issue guarantees; create liens; enter into certain sale and lease-back transactions; merge or consolidate with another person; sell, transfer, lease or otherwise dispose of assets; liquidate or dissolve; and enter into restrictive covenants. Additionally, the Revolving Credit Agreement requires us not to permit the ratio of consolidated total indebtedness to consolidated earnings before interest, taxes, depreciation and amortization (EBITDA) (leverage ratio) to exceed 3.00 to 1.00 at any time, or the ratio of consolidated EBITDA to consolidated interest expense (interest coverage ratio) to be less than 3.00 to 1.00. 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.

On April 29, 2020, we entered into two 364-day term revolving credit agreements totaling $200 (the Incremental Revolving Credit Agreements) which provide the Company with additional liquidity in excess of the Revolving Credit Agreement. Borrowings are available in U.S. dollars and the interest rate per annum is based on the LIBOR rate, adjusted for statutory reserve requirements, plus a margin of up to 1.55%. The Incremental Revolving Credit Agreements are subject to fees of up to 0.35% per annum. The fees and margin are subject to adjustment should the Company's credit ratings change. All other key provisions of the Incremental Revolving Credit Agreements mirror those of the Revolving Credit Agreement described above, including all covenants. In addition, the Incremental Revolving Credit Agreements did not violate any negative covenants associated with the existing Revolving Credit Agreement. There were no outstanding borrowings under the Incremental Revolving Credit Agreements as of March 31, 2021. The credit agreements expired in April 2021 and we did not renew the agreements.

As of March 31, 2021, our interest coverage ratio and leverage ratios associated with short-term loans were within the prescribed thresholds.

NOTE 15
POSTRETIREMENT BENEFIT PLANS

In the fourth quarter of 2020, the Company terminated its U.S. qualified pension plan by purchasing a group annuity contract from MassMutual Life Insurance Company (MassMutual), which fully assumed the responsibility for paying and administering pension benefits to approximately five thousand plan participants and their beneficiaries. In connection with the plan termination, the Company settled all future obligations under the plan by providing lump sum payments to eligible participants who elected to receive them, and by transferring the remaining projected benefit obligation to the insurance company. The termination was funded with plan assets of approximately $320 and cash of $8.4.

The following table provides the components of net periodic benefit cost for pension plans and other employee-related benefit plans for the three months ended March 31, 2021 and 2020.

	2021			2020		
For the Three Months Ended March 31	**Pension**	**Other Benefits**	**Total**	Pension	Other Benefits	Total
Service cost	**$ 0.4**	**$ 0.2**	**$ 0.6**	$ 0.3	$ 0.2	$ 0.5
Interest cost	**0.2**	**0.5**	**0.7**	2.3	0.7	3.0
Expected return on plan assets	**—**	**—**	**—**	(2.2)	—	(2.2)
Amortization of prior service benefit	**—**	**(1.3)**	**(1.3)**	—	(1.2)	(1.2)
Amortization of net actuarial loss	**0.5**	**0.7**	**1.2**	1.8	0.6	2.4
Total net periodic benefit cost	**$ 1.1**	**$ 0.1**	**$ 1.2**	$ 2.2	$ 0.3	$ 2.5

We made contributions to our global postretirement plans of $2.9 and $2.2 during the three months ended March 31, 2021 and 2020, respectively. We expect to make contributions of approximately $10 to $14 during the remainder of 2021, principally related to our other employee-related benefit plans.

Amortization from accumulated other comprehensive income into earnings related to prior service cost and net actuarial loss was zero and $0.9, net of tax, during the three months ended March 31, 2021 and 2020, respectively. No other reclassifications from accumulated other comprehensive income into earnings were recognized during any of the presented periods.

NOTE 16
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, 2021 and 2020.

For the Three Months Ended March 31	**2021**	2020
Equity-based awards	**$ 3.3**	$ 2.5
Liability-based awards	**0.8**	(0.6)
Total share-based compensation expense	**$ 4.1**	$ 1.9

The change in share-based compensation expense for equity-based awards was primarily driven by the likelihood of achieving certain performance targets. The change in share-based compensation expense for liability-based awards is driven by the change in ITT’s stock price. At March 31, 2021, there was $32.8 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 2.2 years. Additionally, unrecognized compensation cost related to liability-based awards was $2.3, which is expected to be recognized ratably over a weighted-average period of 2.4 years.

Year-to-Date 2021 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, 2021, 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)	0.1	$ 84.10
Performance stock units (PSUs)	0.1	$ 84.27

During the three months ended March 31, 2021 and 2020, a nominal amount of non-qualified stock options were exercised resulting in proceeds of $0.2 and $0.1, respectively. During the three months ended March 31, 2021 and 2020, RSUs of 0.1 and 0.2, respectively, vested and were issued. During the three months ended March 31, 2021 and 2020, PSUs of 0.2 that vested on December 31, 2020 and 2019, respectively, were issued.

NOTE 17
CAPITAL STOCK

On October 27, 2006, our Board of Directors approved a three-year, $1 billion share repurchase program (the 2006 Plan), which it modified in 2008 to make the term indefinite. On October 30, 2019, the Board of Directors approved a new indefinite term $500 share repurchase program (the 2019 Plan). During the first quarter of 2020, we completed the 2006 Plan and commenced repurchases under the 2019 Plan. During the three months ended March 31, 2021 and 2020, we repurchased and retired 0.6 and 1.7 shares of common stock for $50.0 and $73.2, respectively, under these programs, including 1.4 shares and $61.9 in 2020 under the 2006 plan, which fully exhausted the 2006 Plan.

Separate from the share repurchase program, the Company repurchased 0.1 and 0.2 shares during the three months ended March 31, 2021 and 2020, respectively, for an aggregate amount of $11.0 and $10.2, respectively, in settlement of employee tax withholding obligations due upon the vesting of RSUs and PSUs.

NOTE 18
ACCUMULATED OTHER COMPREHENSIVE LOSS

	Postretirement Benefit Plans	Cumulative Translation Adjustment	Accumulated Other Comprehensive Loss
December 31, 2020	$ (55.9)	$ (223.5)	$ (279.4)
Net change during period	—	(30.0)	(30.0)
March 31, 2021	(55.9)	(253.5)	(309.4)
December 31, 2019	$ (133.3)	$ (252.0)	$ (385.3)
Net change during period	0.9	(51.3)	(50.4)
March 31, 2020	$ (132.4)	$ (303.3)	$ (435.7)

NOTE 19
COMMITMENTS AND CONTINGENCIES

From time to time, we are involved in legal proceedings that are incidental to the operation of our business. Some of these proceedings allege damages relating to asbestos and 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, 2021, there were approximately 26 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:

Claims data presented in thousands	
Pending claims – Beginning	25.3
New claims	1.0
Settlements	(0.2)
Dismissals	(0.5)
Pending claims – Ending	25.6

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 a 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.

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, including uncertainty related to asbestos claims and estimated costs arising from the long latency period prior to the manifestation of an asbestos-related disease, changes in available medical treatments and changes in medical costs, changes in plaintiff behavior resulting from bankruptcies of other companies that are or could be co-defendants, uncertainties surrounding the litigation process from jurisdiction to jurisdiction and from case to case and the impact of potential legislative or judicial changes. Additionally, future insurance insolvencies or settlement agreements with insurers could impact the overall recoverability of our asbestos-related asset. 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, 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 in estimating our liability and expected recoveries could have a material adverse effect on our financial statements.

Settlement Agreements

The Company periodically enters into settlement agreements with insurers to settle responsibility for insurance claims. Under the terms of the settlements, the insurers agree to a payment or specified series of payments to a Qualified Settlement Fund for past costs and/or agree to provide coverage for certain future asbestos claims on specified terms and conditions. In March 2020, we finalized a settlement agreement with a group of insurers to settle responsibility for claims under certain insurance policies for a lump sum payment of $66.4, resulting in a benefit of $52.5.

Asbestos-Related Costs (Benefit), Net

In the third quarter of 2020, we extended the measurement period over which we estimate our asbestos liability to include pending claims and claims estimated to be filed through 2052, including legal fees, reflecting the full time period over which we currently expect claims to be filed against us. Previous estimates included pending claims and claims expected to be filed over the next 10 years.

The following table provides a rollforward of the estimated asbestos liability and related assets for the three months ended March 31, 2021 and 2020.

	2021			2020		
For the Three Months Ended March 31	**Liability**	**Asset**	**Net**	Liability	Asset	Net
Beginning balance	**$ 932.0**	**$ 444.7**	**$ 487.3**	$ 817.6	$ 386.8	$ 430.8
Asbestos provision[(a)]	**1.4**	**(1.0)**	**2.4**	14.5	2.7	11.8
Insurance settlement agreements	**—**	**—**	**—**	—	52.5	(52.5)
Net cash activity[(a)]	**(23.5)**	**(21.9)**	**(1.6)**	(27.3)	(21.2)	(6.1)
Ending balance	**$ 909.9**	**$ 421.8**	**$ 488.1**	$ 804.8	$ 420.8	$ 384.0
Current portion	**$ 91.6**	**$ 91.0**		$ 86.3	$ 67.2	
Noncurrent portion	**$ 818.3**	**$ 330.8**		$ 718.5	$ 353.6	

(a) Includes certain administrative costs such as legal-related costs for insurance asset recoveries. The asbestos provision in the first quarter of 2020 includes amounts to maintain a rolling 10-year provision prior to the transition to a full horizon estimate.

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, 2021 and 2020.

For the Three Months Ended March 31		**2021**		2020
Environmental liability - beginning balance	**$**	**58.3**	$	61.9
Change in estimates for pre-existing accruals:				
Continuing operations		**(0.1)**		—
Discontinued operations		**—**		(1.6)
Payments		**(2.0)**		(1.6)
Foreign currency		**(0.1)**		(0.2)
Environmental liability - ending balance	**$**	**56.1**	$	58.5

Environmental-related assets, including a Qualified Settlement Fund and estimated recoveries from insurance providers and other third parties, were $16.5 and $22.2 as of March 31, 2021 and 2020, respectively.

We are currently involved with 27 active environmental investigation and remediation sites. As of March 31, 2021, we have estimated the potential high-end liability range of environmental-related matters to be $96.8.

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.

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 energy markets. We manufacture components that are integral to the operation of systems and manufacturing processes in these 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 centered on our engineering capabilities. Each business applies its technology and engineering expertise to solve our customers' most pressing challenges. Our applied engineering provides a valuable business relationship with our customers given the critical nature of their applications. This in turn provides us with unique insight to our customers' requirements and enables us to develop solutions to assist our customers in achieving their business goals. Our technology and customer intimacy together produce opportunities to capture recurring revenue streams, aftermarket opportunities and long-lived platforms from original equipment manufacturers (OEMs).

Our product and service offerings are organized into three segments: Motion Technologies (MT), Industrial Process (IP), and Connect & Control Technologies (CCT). See Note 3, Segment Information, in this Report for a summary description of each segment. Additional information is also available in our 2020 Annual Report within Part I, Item 1, "Description of Business".

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, 2020, unless stated otherwise.

COVID-19 Update:

The Company continues to respond to and recover from the challenges brought about by the COVID-19 pandemic. We are proud of how our team has responded, showing resilience, innovating in real time, and demonstrating the tremendous value of our manufacturing network to customers and partners around the world. In the face of this unprecedented challenge posed by the COVID-19 pandemic, we remain united in our focus on our top three priorities: the health of our people, the health of our business, and the health of our financials.

Health of our People

The health and well-being of our employees remains our top priority. From the earliest signs of the COVID-19 pandemic, we have taken formalized actions as part of our "Ready, Safe, Go!" program to help protect the health and safety of our employees. We created core crisis teams and enacted safety measures at all of our sites. These measures included enhanced cleaning protocols, temperature checks, on-site rapid testing, and distribution of personal protective equipment and testing kits. We also redesigned employee workspaces to enable social distancing and allowed non-essential employees to work from home when appropriate. As a result of this program, we have been able to operate our facilities safely. In addition, we are actively working with our employees globally to understand vaccine distribution and help provide every ITTer the opportunity to obtain vaccination as soon as possible.

Health of our Business

We continue to work closely with our customers and suppliers to support them and minimize disruptions within our supply chain. We continue to work hard to generate value for our customers, striving to go above and beyond and remain flexible and responsive to their needs, and maintain our focus on quality and on-time delivery.

Health of our Financials

As a result of the proactive cost measures taken in 2020 and our response to the COVID-19 pandemic, ITT entered 2021 well positioned to succeed, with a strong balance sheet and liquidity position which enabled us to better navigate the uncertain environment. These actions have improved our financial performance and put ITT in a strong position to win in the recovery.

Any future impacts of COVID-19 on our business and financials remain uncertain and will be dependent on the severity of a resurgence of COVID-19 or variant strains of the virus, the effectiveness of vaccines and people's attitudes towards receiving them, and the overall duration of the pandemic. We remain focused on our priorities as we successfully recover from this unprecedented challenge. See Part I, Item 1A, "Risk Factors", of our 2020 Annual Report, for an additional discussion of risk related to COVID-19.

Executive Summary

During the first quarter of 2021, we began to see a recovery from the COVID-19 pandemic. We grew our revenue, improved our operating margins and generated strong cash flows as compared to the first quarter of 2020 and exceeded first quarter 2019 results as well. The following table provides a summary of key performance indicators for the first quarter of 2021 as compared to the first quarter of 2020.

Summary of Key Performance Indicators for the First Quarter of 2021

Revenue	Segment Operating Income	Segment Operating Margin	EPS
$698 5% Increase	$119 53% Increase	17.0% 530bp Increase	$0.99 4% Increase
Organic Revenue	**Adjusted Segment Operating Income**	**Adjusted Segment Operating Margin**	**Adjusted EPS**
$673 2% Increase	$122 27% Increase	17.5% 300bp Increase	$1.06 33% Increase

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 definitions and reconciliations between GAAP and non-GAAP metrics.

Our first quarter 2021 results include:

- Revenue of $698.4 increased $35.1 including favorable foreign exchange of $25.0. Organic revenue increased 1.5% as a result of strong top-line growth from our Motion Technologies segment, which significantly outperformed the global automotive market.
- Segment operating income was $118.8, an increase of $40.9 over the prior year that included asset impairment charges of $16.3 in 2020. Adjusted segment operating income improved $25.9 due to higher sales volume and net productivity, including the benefit of restructuring and cost actions executed in 2020. These items were partially offset by strategic investments to drive future growth.
- Income from continuing operations of $0.99 per diluted share increased $0.04 versus last year, which included a prior year asbestos benefit of $31.8. Adjusted income from continuing operations was $1.06 per diluted share, an improvement of $0.26 from the prior year due to an increase in segment operating income, as explained above, and a reduction in corporate costs.
- Cash flow from operations for the year to date period was $70.8, an increase of 32.3% over the prior year, due to an increase in segment operating income and a decline in asbestos payments. This was partially offset by an increase in working capital to support sales growth.

In terms of capital deployment, we repurchased 0.6 shares of common stock for $50.0 and paid dividends of $19.0 during the first quarter of 2021, which represents a 28% increase in dividends declared versus the first quarter of 2020.

DISCUSSION OF FINANCIAL RESULTS
Three Months Ended March 31

For the Three Months Ended March 31		2021		2020	Change
Revenue	$	**698.4**	$	663.3	5.3 %
Gross profit		**229.0**		209.4	9.4 %
Gross margin		**32.8 %**		31.6 %	120 bp
Operating expenses		**119.1**		100.1	19.0 %
Operating expense to revenue ratio		**17.1 %**		15.1 %	200 bp
Operating income		**109.9**		109.3	0.5 %
Operating margin		**15.7 %**		16.5 %	(80)bp
Interest and non-operating (income) expenses, net		**(1.3)**		0.6	(316.7) %
Income tax expense		**24.7**		24.7	— %
Effective tax rate		**22.2 %**		22.7 %	(50)bp
Income from continuing operations attributable to ITT Inc.		**86.2**		83.7	3.0 %
Net income attributable to ITT Inc.		**86.2**		84.8	1.7 %

REVENUE

The following table illustrates the revenue derived from each of our segments for the three months ended March 31, 2021 and 2020.

For the Three Months Ended March 31		2021		2020	Change	Organic Growth (Decline)[(a)]
Motion Technologies	$	**369.1**	$	297.9	23.9 %	17.1 %
Industrial Process		**202.3**		227.3	(11.0)%	(12.2) %
Connect & Control Technologies		**127.3**		138.7	(8.2)%	(9.7) %
Eliminations		**(0.3)**		(0.6)		
Total Revenue	$	**698.4**	$	663.3	5.3 %	1.5 %

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

Motion Technologies (MT)

MT revenue for the three months ended March 31, 2021 increased $71.2, which included favorable foreign currency translation of $20.3. Organic revenue increased $50.9 as sales from our Friction business grew 20% from a strong automotive recovery and significant outperformance versus global automotive production rates. Wolverine sales improved 9% due to growth in sealings and OE shims, and KONI & Axtone sales increased 5%.

The automotive industry is currently experiencing a global semiconductor supply shortage. This shortage has created supply chain disruptions for our automotive OEM customers resulting in temporary declines in production. As a result, demand for our OEM brake pads and parts may be affected until the shortage is resolved. We do not expect this shortage to have a material impact on our Friction business and its growth initiatives.

Industrial Process (IP)

IP revenue for the three months ended March 31, 2021 decreased $25.0, which included favorable foreign currency translation of $2.8. Organic revenue decreased $27.8, primarily driven by declines in our short-cycle business of 15% due to a decrease in baseline pumps and service within the oil and gas market and lower pump project activity. This was partially offset by growth in valves led by strong biopharma and industrial activity.

The level of order and shipment activity at IP can vary significantly from period to period due to pump projects which are highly engineered, customized to customer needs, and have longer lead times. Total orders during the three months ended March 31, 2021 were $215.5, a decrease of 6.1%, compared to the prior year period. Backlog as of March 31, 2021 was $378.1, an increase of $10.7, or 2.9%, compared to December 31, 2020. Our backlog represents firm orders that have been received, acknowledged, and entered into our production systems.

Connect & Control Technologies (CCT)

CCT revenue for the three months ended March 31, 2021 decreased $11.4, which included favorable foreign currency translation of $2.0. Organic revenue declined $13.4, primarily driven by declines in the aerospace and defense market of 27% due to the decrease in global commercial air traffic as a result of the COVID-19 pandemic, as well as reduced production levels on key platforms. With the recent increase in commercial air travel, we expect sales to improve in the second half of the year. The decline was partially offset by a 17% increase in connector sales across end markets, with particular strength in the industrial market.

GROSS PROFIT

Gross profit for the three months ended March 31, 2021 and 2020 was $229.0 and $209.4, respectively, reflecting a gross margin of 32.8% and 31.6%, respectively. The increase in gross profit was primarily driven by higher sales volumes and net productivity savings, including the benefit of restructuring and cost actions executed in 2020. These items were partially offset by raw material price increases, primarily driven by the supply of steel, copper, and tin.

Since 2020, the prices of commodities, including raw materials such as steel, used in our production processes have risen each quarter. The rising prices are a result of increased demand as companies increased their safety stock due to supply chain uncertainty amid the COVID-19 pandemic and rising demand as economies recover while global production capacity was cut. The impact of higher commodities prices on our financial results during first quarter of 2021 were partially mitigated by fixed-price supply contracts with suppliers. The expiration of these fixed-price contracts, continued future commodity price increases, and supply constraints may have an increasingly unfavorable impact on our fiscal 2021 financial results. We intend to help mitigate some of this impact through price increases.

OPERATING EXPENSES

For the Three Months Ended March 31	**2021**	2020	Change
General and administrative expenses	**$ 52.1**	$ 57.1	(8.8)%
Sales and marketing expenses	**36.7**	41.6	(11.8)%
Research and development expenses	**24.3**	22.7	7.0 %
Asbestos-related costs (benefit), net	**2.4**	(40.7)	105.9 %
Restructuring costs	**3.6**	3.1	16.1 %
Asset impairment charges	**—**	16.3	**
Total operating expenses	**$ 119.1**	$ 100.1	19.0 %
Total Operating Expenses By Segment:			
Motion Technologies	**$ 41.6**	$ 36.2	14.9 %
Industrial Process	**36.3**	62.8	(42.2)%
Connect & Control Technologies	**32.3**	32.6	(0.9)%
Corporate & Other	**8.9**	(31.5)	128.3 %

** Resulting percentage change not considered meaningful.

General and administrative (G&A) expenses for the three months ended March 31, 2021 decreased $5.0, driven by cost reductions across all segments, which included savings from our 2020 global restructuring plan. In addition, bad debt expense declined by $3.5 due to collections from customers, and we generated strong returns from our corporate-owned life insurance policies of $1.7. These items were partially offset by an increase in long-term incentive compensation.

Sales and marketing expenses for the three months ended March 31, 2021 decreased $4.9, driven by cost saving actions across all segments.

Research and development expenses for the three months ended March 31, 2021 increased $1.6, driven by a continued focus on strategic investments to drive future growth.

Asbestos-related costs were $2.4 for the three months ended March 31, 2021 compared to a benefit of $40.7 during the prior year. The prior year first quarter benefit was due to a $52.5 insurance settlement gain partially offset by costs of $11.8 to maintain a rolling 10-year estimate prior to the transition to a full horizon in the third quarter of 2020. See Note 19, Commitments and Contingencies, to the Consolidated Condensed Financial Statements for further information.

Restructuring costs increased $0.5 during the three months ended March 31, 2021. See Note 5, Restructuring Actions, to the Consolidated Condensed Financial Statements for further information.

Asset impairment charges for the three months ended March 31, 2020 were related to a business within IP that primarily serves the global upstream oil and gas market. See Note 11, Plant, Property and Equipment, net, and Note 12, Goodwill and Other intangible assets, net, to the Consolidated Condensed Financial Statements for further information.

OPERATING INCOME

For the Three Months Ended March 31	**2021**	2020	Change
Motion Technologies	**$ 76.0**	$ 53.1	43.1 %
Industrial Process	**31.0**	8.9	248.3 %
Connect & Control Technologies	**11.8**	15.9	(25.8) %
Segment operating income	**118.8**	77.9	52.5 %
Asbestos-related (costs) benefit, net	**(2.4)**	40.7	(105.9) %
Other corporate costs	**(6.5)**	(9.3)	(30.1) %
Total corporate and other costs, net	**(8.9)**	31.4	(128.3) %
Total operating income	**$ 109.9**	$ 109.3	0.5 %
Operating margin:			
Motion Technologies	**20.6 %**	17.8 %	280 bp
Industrial Process	**15.3 %**	3.9 %	1,140 bp
Connect & Control Technologies	**9.3 %**	11.5 %	(220)bp
Segment operating margin	**17.0 %**	11.7 %	530 bp
Consolidated operating margin	**15.7 %**	16.5 %	(80)bp

MT operating income for the three months ended March 31, 2021 increased $22.9. The increase was primarily driven by higher sales volume of $23 due to a strong performance in the global automotive market, net productivity, foreign exchange, and benefits from restructuring actions, partially offset by investments for growth.

IP operating income for the three months ended March 31, 2021 increased $22.1. The increase was primarily driven by prior year asset impairments of $16 related to a business that mainly serves the global upstream oil and gas market. In addition, we realized savings from net productivity, price, benefits from restructuring actions, and favorable non-recurring items relating to a customer settlement and the CARES Act credit. These items were partially offset by a decrease in sales volume of $11 and unfavorable product mix of $3.

CCT operating income for the three months ended March 31, 2021 decreased $4.1. The decrease was primarily driven by lower sales volumes of $7. These items were partially offset by net productivity and benefits from restructuring actions.

Other corporate costs for the three months ended March 31, 2021 decreased $2.8. The decline was primarily driven by benefits from restructuring actions and an increase in corporate-owned life insurance income of $1.7.

INTEREST AND NON-OPERATING EXPENSES AND INCOME, NET

For the Three Months Ended March 31		**2021**		2020	Change
Interest and non-operating (income) expenses, net	**$**	**(1.3)**	$	0.6	(316.7)%

The change during the three months ended March 31, 2021 was due to a decrease in outstanding borrowings and lower postretirement expenses due to the termination of our U.S. qualified pension plan in the fourth quarter of 2020, as described below.

U.S. Qualified Pension Plan Termination

In the fourth quarter of 2020, the Company terminated its U.S. qualified pension plan by purchasing a group annuity contract from MassMutual Life Insurance Company (MassMutual), which fully assumed the responsibility for paying and administering pension benefits to approximately five thousand plan participants and their beneficiaries. In connection with the plan termination, the Company settled all future obligations under the plan by providing lump sum payments to eligible participants who elected to receive them, and by transferring the remaining projected benefit obligation to the insurance company. The termination was funded with plan assets of approximately $320 and cash of $8.4.

INCOME TAX EXPENSE

For the Three Months Ended March 31		**2021**		2020	Change
Income tax (benefit) expense	**$**	**24.7**	$	24.7	— %
Effective tax rate		**22.2 %**		22.7 %	(50) bp

The lower effective tax rate during the first quarter of 2021 was primarily driven by favorable permanent benefits in both foreign and U.S. jurisdictions, partially offset by higher tax expense of $3.9 on future distributions of foreign earnings.

During the three months ended March 31, 2021, the Company recognized a benefit of $2.4 from the employee retention credit. The benefit was recorded in operating income and related to the employer portion of payroll taxes. Certain non-U.S. jurisdictions have enacted similar stimulus measures. We continue to monitor any effects that may result from the CARES Act or other similar legislation globally. See Note 6, Income Taxes, to the Consolidated Condensed Financial Statements for further information.

LIQUIDITY

Funding and Liquidity Strategy

We monitor our funding needs and execute strategies to meet overall liquidity requirements, including the management of our capital structure, on both a short- and long-term basis. Significant factors that affect our overall management of liquidity include our cash flow from operations, credit ratings, the availability of commercial paper, access to bank lines of credit, term loans, 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. We expect to have enough liquidity to fund operations for at least the next 12 months and beyond.

As of March 31, 2021, we had no outstanding borrowings under our revolving credit agreements. We also continue to take a proactive approach to preserve cash by renegotiating contracts with vendors where possible, applying aggressive cost savings measures to limit discretionary spending, and implementing actions to reduce our cost structure. The Company also continues to evaluate the various global governmental programs instituted in response to COVID-19, including the American Rescue Plan Act of 2021 (ARPA). ARPA builds upon many of the measures in the CARES Act from March 2020 and the Consolidated Appropriations Act from December 2020. ARPA and various global programs in the jurisdictions in which we operate generally provide for employee retention credits, workforce incentives, and incentive financing programs backed by governmental agencies. As of March 31, 2021, we have not incurred any borrowings under governmental loan programs.

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. We plan to continue to transfer cash between certain international subsidiaries and the U.S. when it is cost effective to do so. The passage of the U.S. Tax Cuts and Jobs Act of 2017 (Tax Act) provided greater flexibility around our global cash management strategy related to the amount and timing of transfers, and we will continue to support growth and expansion in markets outside of the U.S. through the development of products, increased capital spending, and potential foreign acquisitions. There were no net cash distributions from foreign countries to the U.S. during the three months ended March 31, 2021. During the year ended December 31, 2020, we had net cash distributions from foreign countries to the U.S. of $498.2. The timing and amount of any additional future distributions remains under evaluation based on our jurisdictional cash needs.

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 2021, we declared a dividend of $0.22 per share for shareholders of record on March 16, 2021, which was a 28% increase from the quarterly dividends declared in 2020 and amounted to dividend payments of $19.0.

During the first quarter of 2020, we completed our $1 billion share repurchase plan approved in 2006 and commenced repurchases under the $500 share repurchase plan approved in 2019. During the three months ended March 31, 2021 and 2020, we repurchased and retired 0.6 and 1.7 shares of common stock for $50.0 and $73.2, respectively, under our share repurchase plans. Separate from our share repurchase plans, the Company repurchased 0.1 and 0.2 shares during the three months ended March 31, 2021 and 2020, respectively, for an aggregate price of $11.0 and $10.2, respectively, in settlement of employee tax withholding obligations due upon the vesting of RSUs and PSUs. All repurchased shares are canceled immediately following the repurchases.

Commercial Paper

When available and economically feasible, we have accessed the commercial paper market through programs in place in the U.S. and Europe to supplement cash flows generated internally and to provide additional short-term funding. Commercial paper outstanding as of March 31, 2021 was $58.8, under the Company’s Euro program. Outstanding commercial paper as of March 31, 2021 had maturity terms of less than three months from the date of issuance.

Revolving Credit Agreements

Our $500 revolving credit agreement (the Revolving Credit Agreement) provides for increases of up to $200 for a possible maximum total of $700 in aggregate principal amount. These increased commitments are subject to certain conditions and therefore may not be available to us. 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. As of March 31, 2021, we had no outstanding borrowings under the Revolving Credit Agreement. The provisions of the Revolving Credit Agreement require that we maintain an interest coverage ratio, as defined therein, of at least 3.0 and a leverage ratio, as defined therein, of not more than 3.0. In the event of a ratings downgrade 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 Revolving Credit Agreement. The Revolving Credit Agreement matures in November 2022.

On April 29, 2020, we entered into two 364-day revolving credit agreements totaling $200 (the Incremental Revolving Credit Agreements) which provide the Company with additional liquidity in excess of the Revolving Credit Agreement. The provisions of the Incremental Revolving Credit Agreements mirror those of the Revolving Credit Agreement, including all covenants. In addition, the Incremental Revolving Credit Agreements did not violate any negative covenants associated with the existing Revolving Credit Agreement. The Incremental Revolving Credit Agreement expired in April and we did not renew the agreements.

As of March 31, 2021, our interest coverage ratio and leverage ratios associated with our revolving credit agreements were within the prescribed thresholds. Additionally, we currently expect to remain within the prescribed thresholds until maturity.

See Note 14, Debt, to the Consolidated Condensed Financial Statements for further information.

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 or used in operating, investing, and financing activities from continuing operations, as well as net cash from discontinued operations, for the three months ended March 31, 2021 and 2020.

For the Three Months Ended March 31	**2021**	2020
Operating activities	**$ 70.8**	$ 53.5
Investing activities	**(17.1)**	(26.2)
Financing activities	**(122.8)**	212.0
Foreign exchange	**(10.4)**	(11.7)
Total net cash (used in) provided by continuing operations	**(79.5)**	227.6
Net cash (used in) provided by discontinued operations	**(0.1)**	0.2
Net change in cash and cash equivalents	**$ (79.6)**	$ 227.8

Operating Activities

The improvement in net cash provided by operating activities was primarily due to an increase in segment operating income and a reduction in incentive compensation and asbestos payments. These items were partially offset by an increase in working capital to support sales growth.

Investing Activities

The decrease in net cash used in investing activities was driven by a decline in capital expenditures of $5.0. Also, last year included $4.7 in payments related to our 2019 acquisition of Rheinhütte.

Financing Activities

The decrease in net cash from financing activities was primarily driven by a decline in revolver borrowings of $378.3 and an increase in dividends paid of $18.9. These items were partially offset by a decline in repurchases of ITT common stock of $22.4 and repayments under our commercial paper program of $40.1.

Asbestos

Based on the estimated undiscounted asbestos liability as of March 31, 2021 for claims filed or estimated to be filed through 2052, we have estimated that we will be able to recover approximately 46% of the asbestos indemnity and defense costs from our insurers. However, 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 over time. 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. The Company has negotiated with certain of its excess insurers to reimburse the Company for a portion of its settlement or defense costs as incurred, frequently referred to as "coverage-in-place" agreements. Under coverage-in-place agreements, an insurer’s policies remain in force and the insurer undertakes to provide coverage for the Company’s present and future asbestos claims on specified terms and conditions that address, among other things, the share of asbestos claims costs to be paid by the insurer, payment terms, claims handling procedures and the expiration of the insurer’s obligations. The Company has entered into policy buyout agreements with certain insurers confirming the aggregate amount of available coverage under the subject policies and setting forth a schedule for future payments to a Qualified Settlement Fund, to be disbursed for future asbestos costs. Collectively, these agreements are designed to facilitate an orderly resolution and collection of ITT’s insurance and to mitigate issues that insurers may raise regarding their responsibility to respond to claims.

As of March 31, 2021, the Company has entered into coverage-in-place agreements and policy buyout agreements representing approximately 73% of our recorded asbestos-related asset. 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, 2021. We continue to pursue our right to reimbursement for asbestos-related losses under certain insurance policies in the coverage litigation and explore negotiations with our insurers to maximize our insurance recoveries.

Although asbestos cash outflows can vary significantly from year to year, our current net cash outflows for defense and indemnity, net of tax benefits, are projected to average $20 to $30 over the next ten years, with declines in subsequent years. Net cash outflows for defense and indemnity, net of tax, averaged $13 over the past three annual periods. Total net asbestos cash outflows also include certain administrative costs such as legal related costs for insurance asset recoveries.

In light of the uncertainties and variables inherent in the long-term projection of the Company's asbestos exposures and potential recoveries, it is difficult to predict the ultimate cost of resolving the pending and estimated unasserted future claims. We believe it is possible that the future events affecting the key factors and other variables over the projection period 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, and earnings per share, some of which are calculated other than in accordance with accounting principles generally accepted in the United States of America (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. Some of these metrics, however, are not measures of financial performance under GAAP and should not be considered a substitute for measures determined in accordance with GAAP. We consider the following non-GAAP measures to be key performance indicators. These measures may not be comparable to similarly titled measures reported by other companies.

- “Organic revenue” is defined as revenue, excluding the impacts of foreign currency fluctuations, acquisitions, and divestitures 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 provides useful information to investors by facilitating comparisons of our revenue performance with prior and future periods and to our peers.

A reconciliation of revenue to organic revenue for the three months ended March 31, 2021 is provided below.

Three Months Ended March 31	Motion Technologies	Industrial Process	Connect & Control Technologies	Eliminations	Total ITT
2021 Revenue	$ 369.1	$ 202.3	$ 127.3	$ (0.3)	$ 698.4
Foreign currency translation	(20.3)	(2.8)	(2.0)	0.1	(25.0)
2021 Organic revenue	$ 348.8	$ 199.5	$ 125.3	$ (0.2)	$ 673.4
2020 Revenue	$ 297.9	$ 227.3	$ 138.7	$ (0.6)	$ 663.3
Organic (decline) growth	50.9	(27.8)	(13.4)	0.4	10.1
Percentage change	17.1 %	(12.2)%	(9.7)%		1.5 %

- “Adjusted operating income” and “Adjusted segment operating income” are defined as operating income, adjusted to exclude special items that include, but are not limited to, asbestos-related impacts, restructuring, certain asset impairment charges, certain acquisition-related impacts, and unusual or infrequent operating items. Special items represent charges or credits that impact current results, which management views as unrelated to the Company’s ongoing operations and performance. “Adjusted operating margin” and “Adjusted segment operating margin” are defined as adjusted operating income or adjusted segment operating income divided by revenue. We believe that these financial measures are 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 operating income to adjusted operating income for the three months ended March 31, 2021 and 2020 is provided below.

Three Months Ended March 31, 2021	Motion Technologies	Industrial Process	Connect & Control Technologies	Total Segment	Corporate	Total ITT
Operating income (loss)	$ 76.0	$ 31.0	$ 11.8	$ 118.8	$ (8.9)	$ 109.9
Asbestos-related costs, net	—	—	—	—	2.4	2.4
Restructuring costs	—	0.9	2.4	3.3	0.3	3.6
Other[(a)]	—	—	—	—	1.1	1.1
Adjusted operating income (loss)	$ 76.0	$ 31.9	$ 14.2	$ 122.1	$ (5.1)	$ 117.0
Adjusted operating margin	20.6 %	15.8 %	11.2 %	17.5 %		16.8 %

Three Months Ended March 31, 2020	Motion Technologies	Industrial Process	Connect & Control Technologies	Total Segment	Corporate	Total ITT
Operating income	$ 53.1	$ 8.9	$ 15.9	$ 77.9	$ 31.4	$ 109.3
Asbestos-related benefit, net	—	—	—	—	(40.7)	(40.7)
Asset impairment charges[(b)]	—	16.3	—	16.3	—	16.3
Restructuring costs	—	0.1	1.5	1.6	1.5	3.1
Acquisition-related expenses	—	0.3	0.1	0.4	—	0.4
Other	—	—	—	—	0.3	0.3
Adjusted operating income (loss)	$ 53.1	$ 25.6	$ 17.5	$ 96.2	$ (7.5)	$ 88.7
Adjusted operating margin	17.8 %	11.3 %	12.6 %	14.5 %		13.4 %

(a) Other includes accelerated amortization of an intangible asset.

(b) Asset impairment charges are related to a business within IP that primarily serves the global upstream oil and gas market.

- “Adjusted income from continuing operations” is defined as income from continuing operations attributable to ITT Inc. adjusted to exclude special items that include, but are not limited to, asbestos-related impacts, restructuring, certain asset impairment charges, pension termination and settlement impacts, certain acquisition-related impacts, income tax settlements or adjustments, and unusual or infrequent items. Special items represent 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. The after-tax basis of each special item is determined using the jurisdictional tax rate of where the expense or benefit occurred. “Adjusted income from continuing operations per diluted share” (Adjusted EPS) is defined as adjusted income from continuing operations divided by diluted weighted average common shares outstanding. We believe that adjusted income from continuing operations and adjusted EPS are 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 income from continuing operations to adjusted income from continuing operations, for the three months ended March 31, 2021 and 2020 is provided below.

For the Three Months Ended March 31		**2021**		2020
Income from continuing operations attributable to ITT Inc.	**$**	**86.2**	$	83.7
Net asbestos-related costs (benefit), net of tax (benefit) expense of ($0.5), and $8.9, respectively		**1.9**		(31.8)
Asset impairment charges, net of tax benefit of $0.0 and, $0.1, respectively[(a)]		**—**		16.2
Restructuring costs, net of tax benefit of $0.5, and $0.8, respectively		**3.1**		2.3
Acquisition-related costs, net of tax benefit of $0.0 and $0.0, respectively		**—**		0.4
Tax-related special items[(b)]		**—**		(2.0)
Other, net of tax benefit of $0.3, and $0.4, respectively[(c)]		**0.8**		1.3
Adjusted income from continuing operations	**$**	**92.0**	$	70.1
Income from continuing operations attributable to ITT Inc. per diluted share (EPS)	**$**	**0.99**	$	0.95
Adjusted EPS	**$**	**1.06**	$	0.80

(a) Asset impairment charges are related to a business within IP that primarily serves the global upstream oil and gas market.

(b) Tax-related special items include the impacts of valuation allowances.

(c) Other special items include accelerated amortization of an intangible asset during the first quarter of 2021 and costs associated with the termination of U.S. Qualified pension plan during the first quarter of 2020.

RECENT ACCOUNTING PRONOUNCEMENTS

See Note 2, Recent Accounting Pronouncements, 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 2020 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 2020 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 2020 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 Securities Exchange Act of 1934 (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 were 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. In addition, we have not experienced any material impact to our internal controls over financial reporting despite the fact that many of our employees continue to work remotely during the COVID-19 pandemic. We are continually monitoring and assessing the COVID-19 situation on our internal controls to minimize the impact on their design and operating effectiveness.

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 business. Some of these proceedings allege damages relating to asbestos and 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 19, Commitments and Contingencies to the Consolidated Condensed Financial Statements included in Part I, Item 1 of this Report.

ITEM 1A. RISK FACTORS

Reference is made to the risk factors set forth in Part I, Item 1A, “Risk Factors”, of our 2020 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(1)	AVERAGE PRICE PAID PER SHARE(2)	TOTAL NUMBER OF SHARES PURCHASED AS PART OF PUBLICLY ANNOUNCED PLANS OR PROGRAMS(3)	MAXIMUM DOLLAR VALUE OF SHARES THAT MAY YET BE PURCHASED UNDER THE PLANS OR PROGRAMS(3)
1/1/2021 - 1/31/2021	—	$ —	—	$ 488.7
2/1/2021 - 2/28/2021	0.2	$ 82.07	0.2	$ 472.1
3/1/2021 - 3/31/2021	0.5	$ 84.11	0.4	$ 438.7

(1) Includes shares purchased in settlement of employee tax withholding obligations due upon the vesting of RSUs and PSUs.

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

(3) On October 30, 2019, the Board of Directors approved an indefinite term $500 share repurchase program (the 2019 Plan). We intend to utilize the 2019 Plan in a manner that 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.

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 by the Office of Foreign Assets Control (the General License). 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 €2.2 million euros and €1.5 million euros, respectively. Prior to its acquisition by ITT, Bornemann issued a performance bond to its Iranian customer in the amount of €1.3 million euros (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, 2021, however, Bornemann did pay fees of approximately €3 thousand euros during the three months ended March 31, 2021 and approximately €11 thousand euros during 2020 to the German financial institution which is maintaining the Bond.

ITEM 6. EXHIBITS

EXHIBIT NUMBER	DESCRIPTION
(10.1)*	Form of 2021 Performance Unit Award Agreement
(10.2)*	Form of 2021 Restricted Stock Unit Agreement
(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
(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
(32.1)	Certification Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
(32.2)	Certification Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
(101)	The following materials from ITT Inc.'s Quarterly Report on Form 10-Q for the quarter ended March 31, 2021, formatted in Inline XBRL (Inline 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, (vi) Notes to Consolidated Condensed Financial Statements, and (vii) Cover Page
(104)	The cover page from the Quarterly Report on Form 10-Q for the quarter ended March 31, 2021, formatted in Inline XBRL (included in Exhibit 101).

*Management compensatory plan

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/ John Capela

John Capela
Chief Accounting Officer
(Principal Accounting Officer)

May 7, 2021

EXHIBIT 10.1

<u>ITT INC. 2011 OMNIBUS INCENTIVE PLAN</u>
<u>PERFORMANCE UNIT AWARD AGREEMENT</u>

THIS AGREEMENT (the "Agreement"), effective as of the **4th** day of **March 2021**, by and between ITT Inc. (the "Company") and _______________ (the "Participant"),

WITNESSETH:

WHEREAS, the Participant 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 Participant's valued services, the Company, through the Compensation and Human Capital 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, 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. **<u>Grant of Award and Performance Period</u>**. 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 performance goals described in Section 2 of this Agreement during the Performance Period, which for this Award commences **January 1, 2021** and ends **December 31, 2023**.

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

    (a) **Determination of Performance Unit Award Payout**. 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 (x) in the S&P 400 Capital Goods Index and (y) listed on Appendix A ((x) and (y) collectively, the "Peer Group"), determined in accordance with the following table:

If Company's TSR rank against the Peer Group is	TSR Payout Factor (% of TSR 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 TSR Payout Factor is interpolated for actual results between the 35^{th} percentile and the 80^{th} 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").

ROIC will be calculated following each year of the Performance Period and the annual results will be averaged to yield the final "Average ROIC". ROIC will be calculated as a percentage calculated by dividing (A) income from continuing operations attributable to the Company, after income taxes, adjusted to exclude the impact from special items, interest 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.

The "ROIC Payout Factor" is determined in accordance with the following table:

Average ROIC Targets	**ROIC Payout Factor (% of ROIC Target Units)**
13.4%	200%
12.2%	100%
11.0%	50%
Less than 11.0%	0%
The ROIC Payout Factor has a maximum of 200%. Actual results will be interpolated between the points shown above.	

The Average ROIC Targets set forth in the table above will be automatically adjusted annually during the Performance Period for material acquisitions or divestitures, or other one-time events, such as the 2020 pension termination, or material changes in laws, regulations or accounting principles. Such adjustment will reflect the impacts of such acquisition, divestiture or other event in accordance with the acquisition projections or applicable strategic or operating plan.

(b) **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 15th) 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(d) and 2(e).

(c) **Effect of Termination of Employment**. Except as otherwise provided below (each provision of which is subject to 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(b) above and shall be based on the performance criteria set forth in subsection 2(a) 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(b) 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(a) 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(b) 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(a) 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(i) 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(a) at the time and in the form as provided in subsection 2(b) 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(b) 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(a) 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.

(d) **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(e)(i) (but subject to 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(d) and shall be paid at the time specified in subsection 2(b).

(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(d) 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.

(e) **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(d), and subject to the Committee's discretion), the Award shall be settled at the time provided in subsection 2(b) 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.

(f) **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.

(g) **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.

(h) **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.

(i) **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(i) 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(i), 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(i)(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(i) 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.

(j) **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.

(k) **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.

(l) **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.

(m) **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.

(n) **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.

(o) **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 **4th** day of **March 2021**.

Agreed to: **ITT Inc.**

/s/ Luca Savi

____
Participant

Dated: _________________ Dated: March 4, 2021

Appendix A

TSR ADDITIONAL PEER GROUP Companies

Auto-Related	Flow/Pump Related
Akebono	Circor
Allison	Flowserve
Brembo	KSB
Cooper-Standard	SPX Flow
Dana	Sulzer
Meritor	Weir
Sensata	
Tenneco	
Visteon	

If (i) any TSR Additional Peer Group company's TSR shall cease to be publicly available (due to a business combination, receivership, bankruptcy or other event) or (ii) if any such company is no longer publicly traded or (iii) if as a result of a spin-off, divestiture or other business transaction any such resulting company is no longer comparable to the Company due to a significant reduction in revenue or market capitalization or elimination of comparable lines of business, then in each case the Compensation & Personnel Committee of the Company shall exclude that company from the TSR Additional Peer Group.

ITT INC.
2011 OMNIBUS INCENTIVE PLAN
RESTRICTED STOCK UNIT AGREEMENT

THIS AGREEMENT (the "Agreement"), effective as of the **4th** day of **March, 2021**, 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 Human Capital 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 **March 4, 2021** (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) Vesting. Subject to earlier vesting pursuant to subsection 2(d) below, 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 **March 4, 2024,** 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.

(ii) 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.

(iii) 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) <u>Separation from Service Due to Normal Retirement</u>. 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) <u>Separation from Service After an Acceleration Event</u>. 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 **4th** day of **March, 2021**.

Agreed to: **ITT INC.**

/s/ Luca Savi

____
Grantee
(Online acceptance constitutes agreement)

Dated: _________________ Dated: March 4, 2021

Enclosures

EXHIBIT 31.1

CERTIFICATION OF LUCA SAVI PURSUANT TO SEC. 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Luca Savi, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended March 31, 2021 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/ Luca Savi

Luca Savi
Chief Executive Officer

Date: May 7, 2021

EXHIBIT 31.2

CERTIFICATION OF EMMANUEL CAPRAIS PURSUANT TO SEC. 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Emmanuel Caprais, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended March 31, 2021 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/ Emmanuel Caprais

Emmanuel Caprais
Senior Vice President and
Chief Financial Officer

Date: May 7, 2021

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, 2021 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Luca Savi, Chief Executive 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/ Luca Savi

Luca Savi
Chief Executive Officer

May 7, 2021

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, 2021 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Emmanuel Caprais, Senior 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/ Emmanuel Caprais

Emmanuel Caprais
Senior Vice President and
Chief Financial Officer

May 7, 2021

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.