

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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): July 27, 2007

ITT CORPORATION
(Exact name of registrant as specified in its charter)

| | | |
|--|---------------------------------------|---|
| Indiana (State or other jurisdiction of incorporation) | 1-5672 (Commission File Number) | 13-5158950 (I.R.S. Employer Identification No.) |
| 4 West Red Oak Lane White Plains, New York (Address of principal executive offices) | | 10604 (Zip Code) |

Registrant's telephone number, including area code: (914) 641-2000

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (See General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Not Applicable
(Former name or former address, if changed since last report)

Item 2.02 Results of Operations and Financial Condition

Item 7.01 Regulation FD Disclosure

Attached hereto as Exhibit 99.1 and incorporated by reference herein is information on the results of operations for ITT Corporation for the second quarter 2007 and the Company's fiscal year 2007 earnings per share and revenue guidance and other forward-looking statements relating to 2007 as presented in a press release dated July 27, 2007. This information shall not be deemed filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act") or incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

Item 8.01 Other Events

The Company also announced completion of the sale of its Switches business to Littlejohn & Co. LLC, which divestiture was first announced in May 2007.

Item 9.01. Financial Statements and Exhibits

(c) Exhibits

99.1 Press release dated July 27, 2007.

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 hereunto duly authorized.

ITT CORPORATION

By: /s/ Kathleen S. Stolar

Kathleen S. Stolar

Its: Vice President, Secretary
and Associate General Counsel

Date: July 27, 2007

TO BUSINESS EDITOR:

ITT Reports Second Quarter 2007 EPS from Continuing Operations of \$1.08
with Strong Organic Growth

- Excluding special items, earnings from continuing operations up 21 percent to \$0.92 per share
- Organic revenue rose 10.5 percent, with balanced double-digit performance in each segment
- Organic order growth reaches double digits, including strong order volume in commercial businesses
- Sale of Switches business closes

WHITE PLAINS, N.Y., July 27 /PRNewswire-FirstCall/ -- ITT Corporation (NYSE: ITT) today reported second quarter 2007 earnings from continuing operations of \$199 million, or \$169 million adjusted to exclude special items including a tax settlement benefit, on revenue of \$2.2 billion. Adjusted earnings were up 21 percent or \$0.16 to \$0.92 per share over the comparable quarter a year earlier, driven by growth in all segments and margin expansion in the Defense Electronics & Services segment. Top-line revenue for the quarter increased 13 percent on a year-over-year basis, with strong international sales growth in ITT's commercial businesses.

ITT also announced today the completion of the sale of its Switches business to Littlejohn & Co. LLC, a private equity firm based in Greenwich, Conn. The divestiture was announced in May.

"Many factors contributed to the strong quarter, including another remarkable operating performance from our Defense segment and strong global sales in Fluid Technology," said Steve Loranger, chairman, president and chief executive officer, ITT Corp. "Ultimately, it's the ongoing commitment of our employees worldwide to exceed customer expectations that enabled us to record double-digit order expansion and achieve significant organic revenue growth during the quarter."

Loranger added, "During the quarter, we also saw the continued execution of our strategy to refine our portfolio with the sale of our Switches business and planned acquisition of International Motion Control, the Buffalo, N.Y.-based manufacturer of motion control products. We believe the stronger-than-expected overall performance of our business will offset anticipated dilution from the acquisition, enabling us to maintain our current earnings guidance of \$3.44 to \$3.50."

The company forecasts full-year revenue of approximately \$8.6 billion, representing expected year-over-year revenue growth of 10 percent.

Primary Business Highlights

Fluid Technology

- Second quarter revenue for Fluid Technology was \$879 million, led by strong international sales with particular strength in the Industrial Process business. This represents a 15 percent increase over the comparable quarter last year.
- Organic revenue for the quarter was up 10 percent compared to the second quarter of 2006 and organic order activity was up 13 percent.
- Operating income for the segment grew eight percent to \$110 million on a comparable basis, including the impact of restructuring costs. Excluding those costs, operating income for the quarter was \$120 million, a gain of 16 percent.
- During the quarter, ITT announced it would realign the Fluid Technology segment to combine market-facing businesses to take advantage of scale, process and market leadership. As a result, the segment is now represented by three value centers: Residential & Commercial Water, Water & Wastewater and Industrial Process. Much of the former Advanced Water Treatment value center was joined with the former Wastewater value center and renamed Water & Wastewater.

Defense Electronics & Services

- The Defense segment reported second quarter revenues of \$1.02 billion - its first ever \$1 billion quarter. The record three-month period

represents 11 percent growth over the second quarter of 2006.

- Operating income for the segment grew more than 29 percent to \$130 million, including the impact of restructuring costs, resulting from strong performance on several fixed-price contracts operating at peak levels. Excluding restructuring costs, operating income was \$134 million, a gain of 32 percent on a comparable basis.
- ITT's Advanced Engineering & Sciences business continued its growth trend, with revenues up 55 percent on a year-over-year basis.
- In July, ITT announced it was awarded the LOGCAP IV program in partnership with Fluor. The Fluor/ITT team is one of three contractor teams selected by the U.S. Army to deliver a broad range of essential logistics support services during combat, peacekeeping, humanitarian and training operations.

Motion & Flow Control

- The Motion & Flow Control segment reported second quarter revenues of \$330 million, up 16 percent over the same period last year. Growth was well balanced across all businesses in the segment.
- Organic revenue increased 11 percent for the segment year-over-year, with particular strength in the Aerospace Controls business, which was up 16 percent on a comparable basis.
- Including the impact of restructuring costs, operating income for the quarter grew to \$54 million. Excluding restructuring, operating income was up 11 percent over the second quarter of 2006 to \$55 million.
- During the quarter, ITT announced the planned acquisition of International Motion Control (IMC). The IMC acquisition will add a complementary mix of products to expand the Motion & Flow Control segment's core capabilities in specialty energy absorption and motion control applications. The transaction is expected to close late in the third quarter.

Investor Call Today

ITT's senior management will host a conference call for investors today at 9:00 a.m. Eastern Daylight Time to review second quarter performance and answer questions. The briefing can be monitored live via webcast at the following address on the company's Web site: www.itt.com/ir.

About ITT Corporation

ITT Corporation (www.itt.com) supplies advanced technology products and services in several growth markets. ITT is a global leader in the transport, treatment and control of water, wastewater and other fluids. The company plays a vital role in international security through its defense communications and electronics products; space surveillance and intelligence systems; and advanced engineering and related services. It also serves the growing leisure marine and electrical connectors markets with a wide range of products. Headquartered in White Plains, N.Y., the company generated \$7.8 billion in 2006 sales. In addition to the New York Stock Exchange, ITT Corporation stock is traded on the Euronext and Frankfurt exchanges.

"Safe Harbor Statement" under the Private Securities Litigation Reform Act of 1995 ("the Act"): Certain material presented herein includes forward-looking statements intended to qualify for the safe harbor

from liability established by the Act. These forward-looking statements include statements that describe the Company's business strategy, outlook, objectives, plans, intentions or goals, and any discussion of future operating or financial performance. Whenever used, words such as "anticipate," "estimate," "expect," "project," "intend," "plan," "believe," "target" and other terms of similar meaning are intended to identify such forward-looking statements. Forward-looking statements are uncertain and to some extent unpredictable, and involve known and unknown risks, uncertainties and other important factors that could cause actual results to differ materially from those expressed in, or implied from, such forward-looking statements. Factors that could cause results to differ materially from those anticipated by the Company include general global economic conditions, decline in consumer spending, interest and foreign currency exchange rate fluctuations, availability of commodities, supplies and raw materials, competition, acquisitions or divestitures, changes in government defense budgets, employment and pension matters, contingencies related to actual or alleged environmental contamination, claims and concerns, intellectual property matters, personal injury claims, governmental investigations, tax obligations, and changes in generally accepted accounting principles. Other factors are more thoroughly set forth in Item 1. Business, Item 1A. Risk Factors, and Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Forward-Looking Statements in the ITT Corporation Annual Report on Form 10-K for the fiscal year ended December 31, 2006, and other of its filings with the Securities and Exchange Commission. The Company undertakes no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise.

ITT believes that investors' understanding of the Company's operating performance is enhanced by the use of certain non-GAAP financial measures, including adjusted GAAP net income and adjusted GAAP EPS, which Management considers useful in providing insight into operating performance, as it excludes the impact of special items that cannot be expected to recur on a quarterly basis. Management also believes that investors can better analyze the Company's revenue and order growth by utilizing organic revenue and organic order growth measures that exclude the effect of foreign exchange translation and the effect of recent acquisitions. In addition, Management considers the use of free cash flow to be an important indication of the Company's ability to make acquisitions, fund pension obligations, buy back outstanding shares and service debt. Free cash flow, adjusted net income, adjusted EPS, organic revenue and organic orders are not financial measures under GAAP, should not be considered as substitutes for cash from operating activities, EPS, net income or revenue as defined by GAAP, and may not be comparable to similarly titled measures reported by other companies. A reconciliation to the GAAP equivalents of these non-GAAP measures is set forth in the attached unaudited financial information.

ITT CORPORATION AND SUBSIDIARIES
CONSOLIDATED CONDENSED INCOME STATEMENTS
(In millions, except per share)
(Unaudited)

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|--------------------------------|-----------|------------------------------|-----------|
| | 2007 | 2006 | 2007 | 2006 |
| Sales and revenues | \$2,223.1 | \$1,964.0 | \$4,293.4 | \$3,755.5 |
| Costs of sales and revenues | 1,580.7 | 1,413.0 | 3,066.8 | 2,721.7 |
| Selling, general and administrative expenses | 330.9 | 284.1 | 650.9 | 547.2 |
| Research and development expenses | 42.8 | 39.3 | 83.1 | 77.9 |
| Restructuring and asset impairment charges, net | 17.5 | 10.4 | 23.9 | 22.3 |
| Total costs and expenses | 1,971.9 | 1,746.8 | 3,824.7 | 3,369.1 |
| Operating income | 251.2 | 217.2 | 468.7 | 386.4 |
| Interest expense | 19.1 | 21.5 | 42.9 | 41.4 |
| Interest income | 10.2 | 4.8 | 18.4 | 8.5 |
| Miscellaneous expense, net | 2.1 | 4.3 | 6.0 | 9.5 |
| Income from continuing operations before income taxes | 240.2 | 196.2 | 438.2 | 344.0 |
| Income tax expense | 41.0 | 61.7 | 102.2 | 106.6 |
| Income from continuing operations | 199.2 | 134.5 | 336.0 | 237.4 |
| Discontinued operations, net of tax | 14.5 | 6.4 | 17.7 | 59.4 |
| Net income | \$213.7 | \$140.9 | \$353.7 | \$296.8 |
| Earnings Per Share: | | | | |
| Income from continuing operations: | | | | |
| Basic | \$1.11 | \$0.73 | \$1.86 | \$1.29 |
| Diluted | \$1.08 | \$0.72 | \$1.82 | \$1.27 |
| Discontinued operations: | | | | |
| Basic | \$0.08 | \$0.03 | \$0.10 | \$0.32 |
| Diluted | \$0.08 | \$0.03 | \$0.10 | \$0.31 |
| Net income: | | | | |
| Basic | \$1.19 | \$0.76 | \$1.96 | \$1.61 |
| Diluted | \$1.16 | \$0.75 | \$1.92 | \$1.58 |
| Average Common Shares | | | | |
| - Basic | 180.3 | 184.3 | 180.9 | 184.4 |
| Average Common Shares | | | | |
| - Diluted | 183.7 | 187.2 | 184.2 | 187.5 |

ITT CORPORATION AND SUBSIDIARIES
CONSOLIDATED CONDENSED BALANCE SHEETS
(In millions)
(Unaudited)

| | June 30, 2007 | December 31, 2006 |
|---|------------------|----------------------|
| Assets | | |
| Current Assets: | | |
| Cash and cash equivalents | \$1,113.3 | \$937.1 |
| Receivables, net | 1,429.2 | 1,288.9 |
| Inventories, net | 752.9 | 726.5 |
| Assets of discontinued businesses held for sale | 183.6 | 183.2 |
| Deferred income taxes | 83.9 | 79.8 |
| Other current assets | 116.0 | 102.8 |
| Total current assets | 3,678.9 | 3,318.3 |
| Plant, property and equipment, net | 826.1 | 833.0 |
| Deferred income taxes | 190.1 | 136.1 |
| Goodwill, net | 2,348.0 | 2,336.8 |
| Other intangible assets, net | 199.8 | 213.2 |
| Other assets | 664.0 | 563.2 |
| Total assets | \$7,906.9 | \$7,400.6 |
| Liabilities and Shareholders' Equity | | |
| Current Liabilities: | | |
| Accounts payable | \$984.4 | \$929.4 |
| Accrued expenses | 772.6 | 839.4 |
| Accrued taxes | 99.4 | 105.6 |
| Notes payable and current maturities of long-term debt | 962.6 | 597.0 |
| Pension and postretirement benefits | 68.9 | 68.9 |
| Liabilities of discontinued businesses held for sale | 94.1 | 96.7 |
| Deferred income taxes | 0.8 | 0.2 |
| Total current liabilities | 2,982.8 | 2,637.2 |
| Pension and postretirement benefits | 715.8 | 735.5 |
| Long-term debt | 486.0 | 500.4 |
| Other liabilities | 673.3 | 658.1 |
| Total liabilities | 4,857.9 | 4,531.2 |
| Shareholders' equity | 3,049.0 | 2,869.4 |
| Total liabilities and shareholders' equity | \$7,906.9 | \$7,400.6 |

ITT CORPORATION AND SUBSIDIARIES
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS
(In millions)
(Unaudited)

| | Six Months Ended June 30, | |
|---|------------------------------|---------|
| | 2007 | 2006 |
| Operating Activities | | |
| Net income | \$353.7 | \$296.8 |
| Less: Income from discontinued operations | (17.7) | (59.4) |
| Income from continuing operations | 336.0 | 237.4 |
| Adjustments to income from continuing operations: | | |
| Depreciation and amortization | 88.8 | 84.2 |
| Stock-based compensation | 18.7 | 10.8 |
| Restructuring and asset impairment charges, net | 23.9 | 22.3 |
| Payments for restructuring | (25.6) | (25.5) |
| Change in receivables | (130.6) | (117.3) |
| Change in inventories | (29.4) | (50.1) |
| Change in accounts payable and accrued expenses | 4.4 | 61.7 |
| Change in accrued and deferred taxes | (58.5) | (35.2) |
| Change in other current and non-current assets | (82.0) | (95.5) |
| Change in other non-current liabilities | (11.8) | 0.6 |
| Other, net | 5.5 | 4.5 |
| Net cash - operating activities | 139.4 | 97.9 |
| Investing Activities | | |
| Additions to plant, property and equipment | (66.3) | (60.9) |
| Acquisitions, net of cash acquired | (4.4) | (74.0) |
| Proceeds from sale of assets and businesses | 2.6 | 230.1 |
| Other, net | 0.2 | (6.3) |
| Net cash - investing activities | (67.9) | 88.9 |
| Financing Activities | | |
| Short-term debt, net | 353.1 | 147.3 |
| Long-term debt repaid | (2.0) | (0.9) |
| Long-term debt issued | 0.3 | 0.1 |
| Repurchase of common stock | (287.6) | (130.2) |
| Proceeds from issuance of common stock | 49.0 | 50.9 |
| Dividends paid | (45.8) | (37.0) |
| Tax benefit from stock option exercises | 11.0 | 12.7 |
| Other, net | - | 0.1 |
| Net cash - financing activities | 78.0 | 43.0 |
| Exchange Rate Effects on Cash and Cash Equivalents | | |
| Equivalents | 25.3 | 28.6 |
| Net Cash - Discontinued Operations: | | |
| Operating Activities | 4.4 | 51.3 |
| Investing Activities | (2.3) | (5.5) |
| Financing Activities | (0.7) | (0.2) |
| Net change in cash and cash equivalents | 176.2 | 304.0 |
| Cash and cash equivalents - beginning of year | 937.1 | 451.0 |
| Cash and Cash Equivalents - end of period | \$1,113.3 | \$755.0 |

ITT Corporation Non-GAAP Reconciliation
Reported vs. Organic Revenue / Orders Growth
Second Quarter 2007 & 2006

(\$ Millions)

(As Reported - GAAP)

| | Sales & Revenues 3M 2007 | Sales & Revenues 3M 2006 | Change 2007 vs. 2006 | % Change 2007 vs. 2006 |
|---|--------------------------------|--------------------------------|----------------------------|------------------------------|
| ITT Corporation - Consolidated | 2,223.1 | 1,964.0 | 259.1 | 13.2% |
| Defense Electronics & Services | 1,017.4 | 918.5 | 98.9 | 10.8% |
| ACD - Tactical Radios | 203.4 | 173.3 | 30.1 | 17.4% |
| Space Systems | 152.7 | 149.6 | 3.1 | 2.1% |
| Advanced Engineering & Sciences | 110.6 | 71.3 | 39.3 | 55.1% |
| Electronic Systems | 97.6 | 98.4 | (0.8) | -0.8% |
| Night Vision Systems | 109.0 | 113.2 | (4.2) | -3.7% |
| Systems | 347.3 | 314.3 | 33.0 | 10.5% |
| Fluid Technology | 879.5 | 765.3 | 114.2 | 14.9% |
| Industrial Process | 174.7 | 143.4 | 31.3 | 21.8% |
| Residential and Commercial Water Group | 305.4 | 285.6 | 19.8 | 6.9% |
| Water & Wastewater | 410.6 | 346.9 | 63.7 | 18.4% |
| Motion & Flow Control | 329.5 | 284.6 | 44.9 | 15.8% |
| Aerospace Controls | 25.2 | 20.7 | 4.5 | 21.7% |
| Marine & Leisure | 67.3 | 59.6 | 7.7 | 12.9% |
| Friction Materials | 99.6 | 84.0 | 15.6 | 18.6% |
| Koni Shocks | 27.7 | 23.7 | 4.0 | 16.9% |
| Connectors | 109.7 | 96.6 | 13.1 | 13.6% |
| | | | | % Change |
| | Orders | Orders | Change | 2007 |
| | 3M 2007 | 3M 2006 | 2007 vs. 2006 | vs. 2006 |
| Defense Electronics & Services | 742.8 | 636.3 | 106.5 | 17% |
| Fluid Technology | 937.9 | 798.0 | 139.9 | 18% |
| Motion & Flow Control | 330.6 | 295.9 | 34.7 | 12% |
| Total Segment Orders | 2,007.8 | 1,727.9 | 279.9 | 16% |

(As Adjusted - Organic)

| | Sales & Revenues 3M 2007 | Acqui- sition Contri- bution 3M 2007 | FX Contri- bution 3M 2007 | Adj. Sales & Revenues 3M 2007 |
|---|--------------------------------|--|------------------------------------|-------------------------------------|
| ITT Corporation - Consolidated | 2,223.1 | (14.2) | (38.9) | 2,170.0 |
| Defense Electronics & Services | 1,017.4 | 0.0 | (0.1) | 1,017.3 |
| ACD - Tactical Radios | 203.4 | 0.0 | 0.0 | 203.4 |
| Space Systems | 152.7 | 0.0 | (0.1) | 152.6 |
| Advanced Engineering & Sciences | 110.6 | 0.0 | 0.0 | 110.6 |
| Electronic Systems | 97.6 | 0.0 | 0.0 | 97.6 |
| Night Vision | 109.0 | 0.0 | 0.0 | 109.0 |
| Systems | 347.3 | 0.0 | 0.0 | 347.3 |
| Fluid Technology | 879.5 | (13.0) | (27.1) | 839.4 |
| Industrial Process | 174.7 | 0.0 | (1.1) | 173.6 |
| Residential and Commercial Water Group | 305.4 | (0.9) | (6.7) | 297.8 |
| Water & Wastewater | 410.6 | (12.1) | (19.8) | 378.7 |
| Motion & Flow Control | 329.5 | (1.2) | (11.8) | 316.5 |
| Aerospace Controls | 25.2 | (1.2) | 0.0 | 24.0 |
| Marine & Leisure | 67.3 | 0.0 | (2.1) | 65.2 |
| Friction Materials | 99.6 | 0.0 | (6.3) | 93.3 |
| Koni Shocks | 27.7 | 0.0 | (1.5) | 26.2 |
| Connectors | 109.7 | 0.0 | (1.9) | 107.8 |

| | Orders 3M 2007 | Acqui- sition Contri- bution 3M 2007 | FX Contri- bution 3M 2007 | Adj. Orders 3M 2007 |
|--------------------------------|-------------------|--|------------------------------------|---------------------------|
| Defense Electronics & Services | 742.8 | 0.0 | (0.1) | 742.7 |
| Fluid Technology | 937.9 | (11.5) | (28.8) | 897.6 |
| Motion & Flow Control | 330.6 | (0.4) | (11.7) | 318.5 |
| Total Segment Orders | 2,007.8 | (11.9) | (40.5) | 1,955.4 |

(As Adjusted - Organic)

| | Sales & Revenues 3M 2006 | Change Adj. 07 vs. 06 | % Change Adj. 07 vs. 06 |
|--|--------------------------------|-----------------------------|-------------------------------|
| ITT Corporation - Consolidated | 1,964.0 | 206.0 | 10.5% |
| Defense Electronics & Services | 918.5 | 98.8 | 10.8% |
| ACD - Tactical Radios | 173.3 | 30.1 | 17.4% |
| Space Systems | 149.6 | 3.0 | 2.0% |
| Advanced Engineering & Sciences | 71.3 | 39.3 | 55.1% |
| Electronic Systems | 98.4 | (0.8) | -0.8% |
| Night Vision | 113.2 | (4.2) | -3.7% |
| Systems | 314.3 | 33.0 | 10.5% |
| Fluid Technology | 765.3 | 74.1 | 9.7% |
| Industrial Process | 143.4 | 30.2 | 21.1% |
| Residential and Commercial Water Group | 285.6 | 12.2 | 4.3% |
| Water & Wastewater | 346.9 | 31.8 | 9.2% |
| Motion & Flow Control | 284.6 | 31.9 | 11.2% |
| Aerospace Controls | 20.7 | 3.3 | 15.9% |
| Marine & Leisure | 59.6 | 5.6 | 9.4% |
| Friction Materials | 84.0 | 9.3 | 11.1% |
| Koni Shocks | 23.7 | 2.5 | 10.5% |
| Connectors | 96.6 | 11.2 | 11.6% |

| | Orders 3M 2006 | Change Adj. 07 vs. 06 | % Change Adj. 07 vs. 06 |
|--------------------------------|-------------------|-----------------------------|-------------------------------|
| Defense Electronics & Services | 636.3 | 106.4 | 16.7 % |
| Fluid Technology | 798.0 | 99.6 | 12.5 % |
| Motion & Flow Control | 295.9 | 22.6 | 7.6 % |
| Total Segment Orders | 1,727.9 | 227.5 | 13.2 % |

Note: Excludes intercompany eliminations.

ITT Corporation Non-GAAP Reconciliation
Segment Operating Income & OI Margin Adjusted for Restructuring
Second Quarter of 2007 & 2006

(\$ Millions)

| | Q2 2007 As Reported | Q2 2006 As Reported | % Change 07 vs. 06 |
|---------------------------------------|---------------------------|---------------------------|--------------------------|
| Sales and Revenues: | | | |
| Defense Electronics & Services | 1,017.4 | 918.5 | |
| Fluid Technology | 879.5 | 765.3 | |
| Motion & Flow Control | 329.5 | 284.6 | |
| Intersegment eliminations | (3.3) | (4.4) | |
| Total Sales and Revenues | 2,223.1 | 1,964.0 | |
| Operating Margin: | | | |
| Defense Electronics & Services | 12.8% | 11.0% | |
| Fluid Technology | 12.5% | 13.2% | |
| Motion & Flow Control | 16.4% | 14.9% | |
| Total Ongoing Segments | 13.2% | 12.4% | |
| Income: | | | |
| Defense Electronics & Services | 129.8 | 100.6 | 29.0% |
| Fluid Technology | 109.5 | 101.3 | 8.1% |
| Motion & Flow Control | 54.0 | 42.5 | 27.1% |
| Total Segment Operating Income | 293.3 | 244.4 | 20.0% |

| | Q2 2007 As Reported | Adjust for 2007 Restructuring | Q2 2007 As Adjusted |
|---------------------------------------|---------------------------|----------------------------------|---------------------------|
| Sales and Revenues: | | | |
| Defense Electronics & Services | 1,017.4 | | 1,017.4 |
| Fluid Technology | 879.5 | | 879.5 |
| Motion & Flow Control | 329.5 | | 329.5 |
| Intersegment eliminations | (3.3) | | (3.3) |
| Total Sales and Revenues | 2,223.1 | | 2,223.1 |
| Operating Margin: | | | |
| Defense Electronics & Services | 12.8% | | 13.2% |
| Fluid Technology | 12.5% | | 13.6% |
| Motion & Flow Control | 16.4% | | 16.8% |
| Total Ongoing Segments | 13.2% | | 13.9% |
| Income: | | | |
| Defense Electronics & Services | 129.8 | 4.3 | 134.1 |
| Fluid Technology | 109.5 | 10.2 | 119.7 |
| Motion & Flow Control | 54.0 | 1.3 | 55.3 |
| Total Segment Operating Income | 293.3 | 15.8 | 309.1 |

| | Q2 2006 As Reported | Adjust for 2006 Restruc- turing | Q2 2006 As Adjusted | % Change Adj. 07 vs. 06 |
|---------------------------------------|---------------------------|--|---------------------------|-------------------------------|
| Sales and Revenues: | | | | |
| Defense Electronics & Services | 918.5 | | 918.5 | |
| Fluid Technology | 765.3 | | 765.3 | |
| Motion & Flow Control | 284.6 | | 284.6 | |
| Intersegment eliminations | (4.4) | | (4.4) | |
| Total Sales and Revenues | 1,964.0 | | 1,964.0 | |
| Operating Margin: | | | | |
| Defense Electronics & Services | 11.0% | | 11.0% | 220 BP |
| Fluid Technology | 13.2% | | 13.5% | 10 BP |
| Motion & Flow Control | 14.9% | | 17.5% | (70) BP |
| Total Ongoing Segments | 12.4% | | 13.0% | 90 BP |
| Income: | | | | |
| Defense Electronics & Services | 100.6 | 0.8 | 101.4 | 32.2% |
| Fluid Technology | 101.3 | 1.9 | 103.2 | 16.0% |
| Motion & Flow Control | 42.5 | 7.4 | 49.9 | 10.8% |
| Total Segment Operating Income | 244.4 | 10.1 | 254.5 | 21.5% |

ITT Corporation Non-GAAP Reconciliation
Reported vs. Adjusted Net Income & EPS
Second Quarter of 2007 & 2006

(\$ Millions, except EPS and shares)

| | Q2 2007 As Reported | Q2 2007 Adjustments | Q2 2007 As Adjusted | | |
|---|---------------------------|-----------------------------|---------------------------|------------------------------------|--|
| Segment Operating Income | 293.3 | 15.8 #A | 309.1 | | |
| Interest Income (Expense) | (8.9) | (7.0)#B | (15.9) | | |
| Other Income (Expense) | (2.1) | - | (2.1) | | |
| Corporate (Expense) | (42.1) | 1.7 #A | (40.4) | | |
| Income from Continuing Operations before Tax | 240.2 | 10.5 | 250.7 | | |
| Income Tax Items | 34.8 | (34.8)#C | - | | |
| Income Tax Expense | (75.8) | (5.7)#D | (81.5) | | |
| Total Tax Expense | (41.0) | (40.5) | (81.5) | | |
| Income from Continuing Operations | 199.2 | (30.0) | 169.2 | | |
| Diluted EPS from Continuing Operations | 1.08 | (0.16) | 0.92 | | |
| | | | | Change | Percent |
| | Q2 2006 As Reported | Q2 2006 Adjust- ments | Q2 2006 As Adjusted | 2007 vs. 2006 As Adjusted | Change 2007 vs. 2006 As Adjusted |
| Segment Operating Income | 244.4 | 10.1 #E | 254.5 | | |
| Interest Income (Expense) | (16.7) | - | (16.7) | | |
| Other Income (Expense) | (4.3) | - | (4.3) | | |
| Corporate (Expense) | (27.2) | 0.3 #E | (26.9) | | |
| Income from Continuing Operations before Tax | 196.2 | 10.4 | 206.6 | | |
| Income Tax Items | - | 1.0 #F | 1.0 | | |
| Income Tax Expense | (61.7) | (3.2)#G | (64.9) | | |
| Total Tax Expense | (61.7) | (2.2) | (63.9) | | |
| Income from Continuing Operations | 134.5 | 8.2 | 142.7 | | |
| Diluted EPS from Continuing Operations | 0.72 | 0.04 | 0.76 | \$0.16 | 21.1% |

#A - Remove Restructuring Expense of \$15.8M and \$1.7M.

#B - Remove Interest Adjustment on Tax Audit Settlement of (\$7.0M).

#C - Remove Tax Benefit re Audit Settlement of (\$44.3M), tax expense on interest adjustment related to settlement of \$2.5M, and other special items of \$7.0M .

#D - Remove Tax Benefit on restructuring of (\$5.7M).

#E - Remove Restructuring Expense of \$10.1M & \$0.3M.

#F - To apply Structural Tax Rate \$1.0M. #G - Remove Tax Benefit on restructuring of (\$3.2M).

ITT Corporation Non-GAAP Reconciliation
Cash From Operating Activities vs. Free Cash Flow
Second Quarter of 2007 & 2006

(\$ Millions)

| | 2nd Qtr.07 | 2nd Qtr.06 |
|---------------------------------|------------|------------|
| Cash from Operations | 139.4 | 97.9 |
| Capital Expenditures | (66.3) | (60.9) |
| Pension Pre-funding, net of tax | 50.0 | 91.0 |
| Free Cash Flow | 123.1 | 128.0 |

SOURCE ITT Corporation

-0- 07/27/2007
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