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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): January 27, 2006

ITT INDUSTRIES, INC.  
(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.)
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4 West Red Oak Lane White Plains, New York (Address of principal executive offices)	10604 (Zip Code)
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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)

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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 financial information for ITT Industries, Inc. for the fourth quarter and full year ending December 31, 2005 and forward-looking statements relating to 2006 as presented in a press release dated January 27, 2006. 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.

A copy of this press release is attached and incorporated by reference herein as Exhibit 99.1.

ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBITS

(d) Exhibits

99.1 Press release dated January 27, 2006.

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 INDUSTRIES, INC.

By: /s/ Kathleen S. Stolar  
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Kathleen S. Stolar

Its: Vice President, Secretary  
and Associate General  
Counsel

Date: January 27, 2006

## ITT REPORTS STRONG FOURTH QUARTER AND FULL YEAR 2005 OPERATING RESULTS

- \* Q4 GAAP net loss of \$0.91 includes special charges of \$2.34 per share; excluding special charges Q4 earnings are \$1.43 per share, up 17 percent on revenue of \$1.95 billion
- \* Margins expand in core businesses on operating improvement gains
- \* FY 2005 revenue up 17 percent to \$7.4 billion, organic revenue up 12 percent
- \* FY 2005 GAAP EPS is \$3.81; excluding special items, FY earnings from continuing operations is \$5.24 per share, up 20 percent
- \* Strong cash flow driven by improved operating performance

WHITE PLAINS, N.Y., Jan. 27 /PRNewswire-FirstCall/ -- ITT Industries, Inc. (NYSE: ITT) today reported a fourth quarter 2005 net loss of \$84.0 million or \$0.91 per share, including the impact of special items of \$218.6 million or \$2.34 per share, primarily related to a previously announced non-cash asset impairment charge in the company's switches business. Excluding special items, earnings from continuing operations grew 17 percent to \$1.43 per share. Fourth quarter 2005 revenue was \$1.95 billion, up 6 percent over the fourth quarter last year.

"The fourth quarter capped a very good year, with full year results including 17 percent revenue growth, 20 percent growth in operating earnings (excluding special items), and higher margins and cash flow," said Steve Loranger, Chairman, President and Chief Executive Officer. "The year's performance reflects the strength of our portfolio and attractiveness of our core businesses. Our Fluid Technology businesses grew revenues more than 9 percent in the year, and our Defense businesses increased full year sales by 34 percent, with organic revenue growth of 21 percent. Both businesses boosted their operating margins considerably. The ITT Management System is working, and we will continue to focus our resources on growth, margin improvement and sustained predictable performance as we aggressively expand our global presence and lean initiatives."

## Full Year 2005 Results

Reported net income for 2005 was \$359.5 million and full year GAAP EPS was \$3.81, including the impact of special items. Excluding special items, earnings from continuing operations were \$493.9 million or \$5.24 per share, up 20 percent over 2004. Full year 2005 revenues were \$7.4 billion, up 17 percent from the prior year. Organic revenue, which excludes the impact of acquisitions and currency translation, grew 12 percent in 2005. Cash from operations was \$745.8 million, which includes a \$100 million voluntary pre-funding of the company's U.S. salaried pension plan. Free cash flow (defined as cash from operations before pension pre-funding, minus capital spending) was \$666.6 million, up from \$441.3 million in 2004, with the increase due to operating improvements, as well as the favorable impact of tax and interest rate swap settlements.

## 2006 Outlook

"We expect to realize greater benefits from ongoing improvement initiatives and we see outstanding business opportunities in the year ahead," Loranger said. "We remain confident in our full year 2006 EPS outlook of \$5.78-\$5.92, including the estimated (\$0.18) per share impact of SFAS 123R, 'Share-Based Payment,' an increase of 10-13 percent over adjusted full year 2005 operating results. Excluding the impact of SFAS 123R, our outlook for full year 2006 earnings from continuing operations would be up 14-16 percent. We expect Q1 2006 EPS of \$1.18-\$1.22." All figures are calculated prior to the impact of a pending 2-for-1 stock split, scheduled to take place in February.

## Primary Business Results

## Fluid Technology

- \* Fourth quarter 2005 Fluid Technology revenue was \$758.9 million, up \$9.8 million or 1 percent from the previous year, exceeding previous guidance; organic revenues grew 4 percent over the period in 2004. Full year revenues were up 9 percent to \$2.84 billion. Fourth quarter segment operating income was up 22 percent to \$98.0 million; full-year operating income was up 14 percent to \$324.5 million.
- \* Segment operating margin in the quarter increased 220 basis points over the period last year, reflecting improved performance in the company's WEDECO unit, global sourcing, higher volumes and a favorable product mix. The company anticipates continued margin improvement in Fluid Technology through 2006.
- \* The company's water and wastewater businesses continue to grow organically, with fourth quarter revenue growth particularly strong in the Middle East, Spain, Asia and the U.S. ITT remains very well positioned to grow in nearly every segment of the \$50 billion global

water equipment market, and the company continues to pursue projects of larger scale and scope.

#### Defense Electronics & Services

- \* ITT's Defense Electronics & Services segment reported fourth quarter revenues of \$862.3 million, up 16 percent, with full year revenues of \$3.22 billion, up 34 percent. Organic revenue growth for Defense for the fourth quarter and full year was 15 percent and 21 percent, respectively. Operating income for the segment was up 34 percent in the quarter to \$104.2 million, and up 43 percent for the full year to \$363.7 million.
- \* Higher volume, better yields and contract performance drove Defense operating margin up 170 basis points in the fourth quarter, and 80 basis points in the full year over the comparable periods in 2004.
- \* Revenue growth was driven by continued strong demand in Tactical Communications, Night Vision and ITT's defense systems and services businesses. Contracts won during the fourth quarter include the 5-year \$681 million follow-on communications support contract for the U.S. Army in Asia and Africa. Both Night Vision and Tactical Communications continue to execute superbly on higher production rates. Demand for the company's Defense products and services remains robust.

#### Motion & Flow Control

- \* Fourth quarter revenues for ITT's Motion & Flow Control segment were \$148.4 million, down 7 percent from the fourth quarter a year earlier. Full year segment revenues rose 6 percent to \$670 million. Fourth quarter operating income for the segment was \$23.5 million, down \$6.2 million from the comparable period in 2004, reflecting both higher raw material prices and production start up costs in the friction materials business, and softness in the marine accessories market in the aftermath of an active hurricane season; the company is seeing early signs of recovery in this sector.
- \* The company's Aerospace Controls business is benefiting from order growth and strong aftermarket demand. Fourth quarter revenues for this business were up 17 percent; full year revenues for this business were up 15 percent.

## Electronic Components

- \* Fourth quarter revenues for the Electronic Components segment were \$183.2 million, up 3 percent over the period in 2004. Full year revenues were up 2 percent to \$708.9 million. Operating income for the fourth quarter was (\$215.2) million, reflecting the impact of the asset impairment charge. Excluding the impact of this charge, operating income for the fourth quarter was \$8.9 million.
- \* Demand for the popular Motorola RAZR phone drove higher sales of the company's mobile handset connectors, which together with automotive connectors contributed to fourth quarter organic revenue growth of 5 percent in the segment.
- \* The company has begun the process to divest the switches business within the Electronic Components segment.

## About ITT Industries

ITT Industries, Inc. (<http://www.itt.com>) supplies advanced technology products and services in key markets including: fluid and water management including water treatment; defense communication, opto-electronics, information technology and services; electronic interconnects and switches; and other specialty products. Headquartered in White Plains, NY, the company generated \$7.4 billion in 2005 sales. In addition to the New York Stock Exchange, ITT Industries stock is traded on the Midwest, Pacific, Paris, London and Frankfurt exchanges.

For free B-roll/video content about ITT Industries, please log onto <http://www.thenewsmarket.com/ITT> to preview and request video. You can receive broadcast-standard video quality digitally or by tape from this site. Registration and video are free to the media.

"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 and Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations -- Forward-Looking Statements in the ITT Industries, Inc. Annual Report on Form 10-K for the fiscal year ended December 31, 2004, 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.

CONSOLIDATED CONDENSED INCOME STATEMENTS  
(In millions, except per share)  
(Unaudited)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	----- 2005 -----	2004 -----	----- 2005 -----	2004 -----
Sales and revenues	\$ 1,949.5	\$ 1,830.8	\$ 7,427.3	\$ 6,327.4
Costs of sales and revenues	1,270.2	1,197.2	4,917.2	4,102.3
Selling, general and administrative expenses	301.7	278.5	1,071.2	963.4
Research, development and engineering expenses	160.4	168.7	650.3	618.3
Restructuring and asset impairment charges	234.4	11.1	288.5	33.8
Total costs and expenses	1,966.7	1,655.5	6,927.2	5,717.8
Operating income (loss)	(17.2)	175.3	500.1	609.6
Interest expense	23.1	16.6	75.0	50.4
Interest income	6.4	3.8	42.7	22.5
Gain on sale of investments	-	20.8	-	20.8
Miscellaneous expense, net	6.9	6.0	19.7	17.7
Income from continuing operations before income taxes	(40.8)	177.3	448.1	584.8
Income tax expense	47.5	56.0	133.7	164.7
Income (loss) from continuing operations	(88.3)	121.3	314.4	420.1
Cumulative effect of accounting change, net of tax benefit of \$2.2	(6.5)	-	(6.5)	-
Discontinued operations, including tax benefit (expense) of \$0.3, \$0.3, \$37.6 and (\$4.9) in each period, respectively	10.8	0.3	51.6	12.2
Net income (loss)	\$ (84.0)	\$ 121.6	\$ 359.5	\$ 432.3
Earnings Per Share:				
Income from continuing operations:				
Basic	\$ (0.96)	\$ 1.32	\$ 3.41	\$ 4.55
Diluted	\$ (0.96)	\$ 1.29	\$ 3.34	\$ 4.45
Cumulative Effect of Accounting Change:				
Basic	\$ (0.07)	\$ -	\$ (0.07)	\$ -
Diluted	\$ (0.07)	\$ -	\$ (0.07)	\$ -
Discontinued operations:				
Basic	\$ 0.12	\$ -	\$ 0.55	\$ 0.13
Diluted	\$ 0.12	\$ -	\$ 0.54	\$ 0.13
Net income:				
Basic	\$ (0.91)	\$ 1.32	\$ 3.89	\$ 4.68
Diluted	\$ (0.91)	\$ 1.29	\$ 3.81	\$ 4.58
Average Common Shares - Basic	92.3	92.3	92.3	92.3
Average Common Shares - Diluted	92.3	94.3	94.3	94.4

ITT INDUSTRIES, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS  
(In millions)  
(Unaudited)

	December 31, 2005	December 31, 2004
	-----	-----
Assets		
Current Assets:		
Cash and cash equivalents	\$ 451.0	\$ 262.9
Receivables, net	1,273.7	1,110.9
Inventories, net	666.9	685.7
Current assets of discontinued operations	236.6	258.9
Deferred income taxes	73.7	107.1
Other current assets	70.1	59.7
Total current assets	2,772.0	2,485.2
Plant, property and equipment, net	841.0	872.0
Deferred income taxes	87.5	209.5
Goodwill, net	2,253.9	2,492.0
Other intangible assets, net	215.1	241.8
Other assets	893.9	982.1
Total assets	\$ 7,063.4	\$ 7,282.6
Liabilities and Shareholders' Equity		
Current Liabilities:		
Accounts payable	\$ 799.6	\$ 688.1
Accrued expenses	748.4	698.9
Accrued taxes	187.1	283.1
Current liabilities of discontinued operations	65.4	66.6
Notes payable and current maturities of long-term debt	751.4	729.2
Other current liabilities	8.5	1.9
Total current liabilities	2,560.4	2,467.8
Pension and postretirement benefits	738.1	1,365.2
Long-term debt	516.3	542.8
Other liabilities	525.2	563.8
Total liabilities	4,340.0	4,939.6
Shareholders' equity	2,723.4	2,343.0
Total liabilities and shareholders' equity	\$ 7,063.4	\$ 7,282.6

ITT INDUSTRIES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS  
(In millions)  
(Unaudited)

	Year Ended December 31,	
	2005	2004
Operating Activities		
Net income	\$ 359.5	\$ 432.3
Cumulative effect of change in accounting principle	6.5	-
Net income from discontinued operations	(51.6)	(12.2)
Income from continuing operations	314.4	420.1
Adjustments to income from continuing operations:		
Depreciation and amortization	196.6	175.1
Restructuring and asset impairment charges	288.5	33.8
Payments for restructuring	(50.4)	(29.3)
Change in receivables	(192.0)	(28.2)
Change in inventories	(18.0)	(76.0)
Change in accounts payable and accrued expenses	124.1	14.8
Change in accrued and deferred taxes	89.8	101.9
Change in other current and non-current assets	(16.3)	(54.9)
Change in other non-current liabilities	7.5	(56.1)
Other, net	1.6	(14.5)
Net cash -- operating activities	745.8	486.7
Investing Activities		
Additions to plant, property and equipment	(179.2)	(145.4)
Acquisitions, net of cash acquired	(69.0)	(1,010.0)
Proceeds from sale of assets and businesses	26.9	7.2
Sale of investments	-	24.9
Other, net	(2.2)	0.2
Net cash -- investing activities	(223.5)	(1,123.1)
Financing Activities		
Short-term debt, net	26.6	554.2
Long-term debt repaid	(18.4)	(68.7)
Long-term debt issued	0.4	120.2
Repurchase of common stock	(334.4)	(159.6)
Proceeds from issuance of common stock	151.9	76.8
Dividends paid	(65.6)	(61.8)
Other, net	(0.3)	(0.1)
Net cash -- financing activities	(239.8)	461.0
Exchange Rate Effects on Cash and Cash Equivalents	(25.1)	17.6
Net Cash -- Discontinued Operations		
Operating Activities	(64.1)	26.2
Investing Activities	(5.2)	(19.7)
Net change in cash and cash equivalents	188.1	(151.3)
Cash and cash equivalents -- beginning of year	262.9	414.2
Cash and Cash Equivalents -- end of period	\$ 451.0	\$ 262.9



ITT Industries Non-GAAP Press Release Reconciliation  
 Reported vs. Organic Revenue / Orders Growth  
 Fourth Quarter 2005 & 2004

(\$ Millions)

	(As Reported - GAAP)			
	Sales & Revenues 3M 2005	Sales & Revenues 3M 2004	Change 2005 vs. 2004	% Change 2005 vs. 2004
ITT Industries - Consolidated	1,949.5	1,830.8	118.7	6.5%
Fluid Technology	758.9	749.1	9.8	1.3%
Defense Electronics & Services	862.3	746.6	115.7	15.5%
Electronic Components	183.2	178.6	4.6	2.6%
Motion & Flow Control	148.4	160.1	(11.7)	-7.3%
Friction	61.1	71.5	(10.4)	-14.5%
Aerospace Controls	18.5	15.8	2.7	17%
Leisure Marine	47.9	49.4	(1.5)	-3%
Water Wastewater	534.2	520.3	13.9	2.7%
Tactical Radios	141.4	102.1	39.3	38.5%

## (As Adjusted - Organic)

	Sales & Revenues 3M 2005	Acquisition Contribution 3M 2005	FX Contribution 3M 2005	Adj. Sales & Revenues 3M 2005
ITT Industries - Consolidated	1,949.5	(5.6)	34.5	1,978.4
Fluid Technology	758.9	(4.4)	21.6	776.1
Defense Electronics & Services	862.3	0.0	(0.3)	862.0
Electronic Components	183.2	0.0	5.1	188.3
Motion & Flow Control	148.4	(1.2)	8.2	155.4
Friction	61.1	0.0	5.4	66.5
Aerospace Controls	18.5	0.0	0.0	18.5
Leisure Marine	47.9	(1.2)	1.2	47.9
Water Wastewater	534.2	(4.4)	21.7	551.5
Tactical Radios	141.4	0.0	(0.1)	141.3

## (As Adjusted - Organic)

	Sales & Revenues 3M 2004	Change Adj. 05 vs. 04	% Change Adj. 05 vs. 04
ITT Industries - Consolidated	1,830.8	147.6	8%
Fluid Technology	749.1	27.0	4%
Defense Electronics & Services	746.6	115.4	15%
Electronic Components	178.6	9.7	5%
Motion & Flow Control	160.1	(4.7)	-3%
Friction	71.5	(5.0)	-7%
Aerospace Controls	15.8	2.7	17%
Leisure Marine	49.4	(1.5)	-3%
Water Wastewater	520.3	31.2	6%
Tactical Radios	102.1	39.2	38.4%

ITT Industries Non-GAAP Press Release Reconciliation  
 Reported vs. Organic Revenue / Orders Growth  
 Full Year 2005 & 2004

(\$ Millions)

(As Reported - GAAP)

	Sales & Revenues YTD 2005	Sales & Revenues YTD 2004	Change 2005 vs. 2004	% Change 2005 vs. 2004
ITT Industries - Consolidated	7,427.3	6,327.4	1,099.9	17.4%
Fluid Technology	2,837.1	2,594.1	243.0	9.4%
Defense Electronics & Services	3,224.2	2,414.0	810.2	33.6%
Motion & Flow Control	670.0	633.8	36.2	5.7%
Motion & Flow Control	670.0	633.8	36.2	5.7%

(As Adjusted - Organic)

	Sales & Revenues YTD 2005	Acquisition Contribution YTD 2005	FX Contribution YTD 2005	Adj. Sales & Revenues YTD 2005
ITT Industries - Consolidated	7,427.3	(324.3)	(17.0)	7,086.0
Fluid Technology	2,837.1	(16.4)	(13.1)	2,807.6
Defense Electronics & Services	3,224.2	(303.3)	(0.1)	2,920.8
Motion & Flow Control	670.0	(4.6)	(2.6)	662.8
Motion & Flow Control	670.0	(4.6)	(2.6)	662.8

(As Adjusted - Organic)

	Sales & Revenues YTD 2004	Change Adj. 05 vs. 04	% Change Adj. 05 vs. 04
ITT Industries - Consolidated	6,327.4	758.6	12%
Fluid Technology	2,594.1	213.5	8%
Defense Electronics & Services	2,414.0	506.8	21%
Motion & Flow Control	633.8	29.0	5%
Motion & Flow Control	633.8	29.0	5%

ITT Industries Non-GAAP Press Release Reconciliation  
Segment Operating Income & OI Margin Adjusted for Restructuring  
Fourth Quarter of 2005 & 2004

(\$ Millions)

	Q4 2005 As Reported	Q4 2004 As Reported	% Change 05 vs. 04	Q4 2005 As Reported	Adjust for 2005 Restructuring
	-----	-----	-----	-----	-----
<b>Sales and Revenues:</b>					
Electronic Components	183.2	178.6		183.2	
Defense Electronics & Services	862.3	746.6		862.3	
Fluid Technology	758.9	749.1		758.9	
Motion & Flow Control	148.4	160.1		148.4	
Intersegment eliminations	(3.3)	(3.6)		(3.3)	
Total Ongoing segments	1,949.5	1,830.8		1,949.5	
Dispositions and other	-	-		-	
<b>Total Sales and Revenues</b>	<b>1,949.5</b>	<b>1,830.8</b>		<b>1,949.5</b>	
<b>Operating Margin:</b>					
Electronic Components	-117.5%	5.2%		-117.5%	
Defense Electronics & Services	12.1%	10.4%		12.1%	
Fluid Technology	12.9%	10.7%		12.9%	
Motion & Flow Control	15.8%	18.6%		15.8%	
<b>Total Ongoing Segments</b>	<b>0.5%</b>	<b>10.8%</b>		<b>0.5%</b>	
<b>Income:</b>					
Electronic Components	(215.2)	9.2	-2439.1%	(215.2)	224.1
Defense Electronics & Services	104.2	77.8	33.9%	104.2	0.0
Fluid Technology	98.0	80.5	21.7%	98.0	8.5
Motion & Flow Control	23.5	29.7	-20.9%	23.5	1.8
<b>Total Segment Operating Income</b>	<b>10.5</b>	<b>197.2</b>	<b>-94.7%</b>	<b>10.5</b>	<b>234.4</b>

	Q4 2005 As Adjusted	Q4 2004 As Reported	Adjust for 2004 Restructuring	Q4 2004 As Adjusted	% Change Adj. 05 vs. 04
<b>Sales and Revenues:</b>					
Electronic Components	183.2	178.6		178.6	
Defense Electronics & Services	862.3	746.6		746.6	
Fluid Technology	758.9	749.1		749.1	
Motion & Flow Control	148.4	160.1		160.1	
Intersegment eliminations	(3.3)	(3.6)		(3.6)	
Total Ongoing segments	1,949.5	1,830.8		1,830.8	
Dispositions and other	-	-		-	
Total Sales and Revenues	1,949.5	1,830.8		1,830.8	
<b>Operating Margin:</b>					
Electronic Components	4.9%	5.2%		5.9%	(100)BP
Defense Electronics & Services	12.1%	10.4%		10.4%	170 BP
Fluid Technology	14.0%	10.7%		12.0%	200 BP
Motion & Flow Control	17.0%	18.6%		18.6%	(160)BP
Total Ongoing Segments	12.6%	10.8%		11.4%	120 BP
<b>Income:</b>					
Electronic Components	8.9	9.2	1.4	10.6	-16.0%
Defense Electronics & Services	104.2	77.8	0.0	77.8	33.9%
Fluid Technology	106.5	80.5	9.6	90.1	18.2%
Motion & Flow Control	25.3	29.7	0.1	29.8	-15.1%
Total Segment Operating Income	244.9	197.2	11.1	208.3	17.6%

ITT Industries Non-GAAP Press Release Reconciliation  
Reported vs. Adjusted Net Income & EPS  
Fourth Quarter of 2005 & 2004

(\$ Millions, except EPS and shares)

	Q4 2005 As Reported	Q4 2005 Adjust- ments	Q4 2005 As Adjusted	Q4 2004 As Reported	Q4 2004 Adjust- ments	Q4 2004 As Adjusted
Segment Operating Income	10.5	234.4 #A	244.9	197.2	11.1 #G	208.3
Interest Income (Expense)	(16.7)	1.4 #B	(15.3)	(12.8)	-	(12.8)
Other Income (Expense)	(6.9)	-	(6.9)	(6.0)	-	(6.0)
Gain on sale of Assets	-	-	-	20.8	(20.8)#H	-
Corporate (Expense)	(27.7)	-	(27.7)	(21.9)	-	(21.9)
Income from Continuing Operations before Tax	(40.8)	235.8	195.0	177.3	(9.7)	167.6
Income Tax Items		12.9 #C	12.9		(1.1)#I	(1.1)
Income Tax Expense	(47.5)	(25.8)#D	(73.3)	(56.0)	5.2 #J	(50.8)
Total Tax Expense	(47.5)	(12.9)	(60.4)	(56.0)	4.1	(51.9)
Income from Continuing Operations	(88.3)	222.9	134.6	121.3	(5.6)	115.7
Income from Discontinued Operations	10.8	(10.8)#E	0.0	0.3	(0.3)#K	-
Cumulative Effect of Accounting Change	(6.5)	6.5 #F	0.0	-	-	-
Net Income	(84.0)	218.6	134.6	121.6	(5.9)	115.7
Diluted EPS (Q4 2005 Basic Shares used for Reported)	(0.91)	2.37	1.46	1.29	(0.07)	1.22
Adjustment from Basic Shares			(0.03)			
Adjusted EPS Diluted Shares	(0.91)	2.34	1.43	1.29	(0.07)	1.22

	Change 2005 vs. 2004 As Adjusted	Percent Change 2005 vs. 2004 As Adjusted
	-----	-----
Segment Operating Income		
Interest Income (Expense)		
Other Income (Expense)		
Gain on sale of Assets		
Corporate (Expense)		
Income from Continuing Operations before Tax		
Income Tax Items		
Income Tax Expense		
Total Tax Expense		
Income from Continuing Operations		
Income from Discontinued Operations		
Cumulative Effect of Accounting Change		
Net Income	18.9	16.3%
Diluted EPS (Q4 2005 Basic Shares used for Reported)	\$ 0.24	19.7%
Adjustment from Basic Shares		
Adjusted EPS Diluted Shares	\$ 0.21	17.2%

#A - Remove Restructuring Expense including asset impairment of \$234.4M

#B - Remove Interest Income Due to Tax Refund \$1.4M

#C - Remove Tax Matters of \$12.9M

#D - Remove Tax Benefit on Special Items of (\$25.8M)

#E - Remove D.O. Income of (\$10.8M)

#F - Remove Cumulative effect of Accounting Change of \$6.5M

#G - Remove Restructuring Expense of \$11.1M

#H - Remove Gain on sale of investment of (\$20.8M)

#I - Remove Tax Refund of (\$1.1M)

#J - Remove Tax Expense on Special Items of \$5.2M

#K - Remove D.O. income of \$(0.3M)

ITT Industries Non-GAAP Press Release Reconciliation  
 Reported vs. Adjusted Net Income & EPS  
 Full Year of 2005 & 2004

(\$ Millions, except EPS and shares)

	YTD 2005 As Reported -----	YTD 2005 Adjustments -----	YTD 2005 As Adjusted -----
Segment Operating Income	591.2	288.1 #A	879.3
Interest Income (Expense)	(32.3)	(20.9)#B	(53.2)
Other Income (Expense)	(19.7)	-	(19.7)
Gain on sale of Assets	-	-	-
Corporate (Expense)	(91.1)	0.4 #C	(90.7)
Income from Continuing Operations before Tax	448.1	267.6	715.7
Income Tax Items		73.7 #D	73.7
Income Tax Expense	(133.7)	(161.8)#E	(295.5)
Total Tax Expense	(133.7)	(88.1)	(221.8)
Income from Continuing Operations	314.4	179.5	493.9
Income from Discontinued Operations	51.6	(51.6)#F	0.0
Cumulative Effect of Accounting Change	(6.5)	6.5 #G	0.0
Net Income	359.5	134.4	493.9
Diluted EPS	3.81	1.43	5.24



	YTD 2004 As Reported	YTD 2004 Adjustments	YTD 2004 As Adjusted
	-----	-----	-----
Segment Operating Income	692.0	32.1 #H	724.1
Interest Income (Expense)	(27.9)	(4.2)#I	(32.1)
Other Income (Expense)	(17.7)	1.2 #J	(16.5)
Gain on sale of Assets	20.8	(20.8)#K	-
Corporate (Expense)	(82.4)	1.7 #L	(80.7)
Income from Continuing Operations before Tax	584.8	10.0	594.8
Income Tax Items		16.5 #M	16.5
Income Tax Expense	(164.7)	(36.3)#N	(201.0)
Total Tax Expense	(164.7)	(19.8)	(184.5)
Income from Continuing Operations	420.1	(9.8)	410.3
Income from Discontinued Operations	12.2	(12.2)#O	0.0
Cumulative Effect of Accounting Change	-	-	-
Net Income	432.3	(22.0)	410.3
Diluted EPS	4.58	(0.23)	4.35

	Change 2005 vs. 2004 As Adjusted	Percent Change 2005 vs. 2004 As Adjusted
	-----	-----
Segment Operating Income		
Interest Income (Expense)		
Other Income (Expense)		
Gain on sale of Assets		
Corporate (Expense)		
Income from Continuing Operations before Tax		
Income Tax Items		
Income Tax Expense		
Total Tax Expense		
Income from Continuing Operations		
Income from Discontinued Operations		
Cumulative Effect of Accounting Change		
Net Income	83.6	20.4%
Diluted EPS	\$ 0.89	20.5%

#A - Remove Restructuring Expense including asset impairment of \$288.1M

#B - Remove Interest Income Due to Tax Refund (\$20.9M)

#C - Remove Restructuring Expense of \$0.4M

#D - Remove Tax Matters of 73.7M

#E - Remove Tax Benefit on Special Items of (\$161.8M)

#F - Remove D.O. Income of (\$51.6M)

#G - Remove Cumulative effect of Accounting Change of \$6.5M

#H - Remove Restructuring Expense of \$32.1M

#I - Remove Interest Income Due to Tax Refund (\$4.2M)

#J - Remove Sale of Digital Globe \$1.2M

#K - Remove Gain on sale of investment of (\$20.8M)

#L - Remove Restructuring Expense of \$1.7M

#M - Remove Tax Matters of \$16.5M

#N - Remove Tax Benefit on Special Items of (\$36.3M)

#O - Remove D.O. Income of \$12.2M

ITT Industries Non-GAAP Press Release Reconciliation  
Cash From Operating Activities vs. Free Cash Flow  
Full Year of 2005 & 2004

(\$ Millions)

	Full Year 05	Full Year 04
Income from Continuing Ops	314.4	420.1
Asset Impairment Charges	213.9	-
Depreciation	164.3	154.5
Amortization	32.3	20.6
Working Capital	(117.9)	(73.8)
Pension Pre-funding	(100.0)	(100.0)
Other	238.8	65.3
Cash from Operations	745.8	486.7
Capital Expenditures	(179.2)	(145.4)
Pension Pre-funding	100.0	100.0
Free Cash Flow	666.6	441.3

SOURCE ITT Industries, Inc.

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