

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 June 30, 2016

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

*(State or Other Jurisdiction
of Incorporation or Organization)*

81-1197930

*(I.R.S. Employer
Identification Number)*

1133 Westchester Avenue, White Plains, NY 10604

(Principal Executive Office)

Telephone Number: (914) 641-2000

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

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

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

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

(Do not check if a smaller reporting company)

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 August 3, 2016, there were outstanding 89.6 million shares of common stock (\$1 par value per share) of the registrant.

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FORWARD-LOOKING AND CAUTIONARY STATEMENTS

Some of the information included herein includes forward-looking statements intended to qualify for the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995. These forward-looking statements are not historical facts, but rather are based on current expectations, estimates, assumptions and projections about the business and future financial results of 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 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 result or will be achieved or accomplished. More information on factors that could cause actual results or events to differ materially from those anticipated is included in our reports filed with the U.S. Securities and Exchange Commission (the SEC), including our Annual Report on Form 10-K for the year ended December 31, 2015 (particularly under the caption "Risk Factors"), our Quarterly Reports on Form 10-Q (including Part II, Item 1A, "Risk Factors," of this Quarterly Report on Form 10-Q) and other documents we file from time to time with the SEC.

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

WHERE YOU CAN FIND MORE INFORMATION

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

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

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

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

CONSOLIDATED CONDENSED INCOME STATEMENTS (UNAUDITED)

(IN MILLIONS, EXCEPT PER SHARE AMOUNTS)

For the Periods Ended June 30	Three Months		Six Months	
	2016	2015	2016	2015
Revenue	\$ 626.2	\$ 628.2	\$ 1,235.3	\$ 1,216.9
Costs of revenue	420.6	414.3	834.4	804.0
Gross profit	205.6	213.9	400.9	412.9
General and administrative expenses	74.0	66.5	143.0	126.6
Sales and marketing expenses	46.0	48.8	89.3	96.1
Research and development expenses	21.1	18.9	40.3	37.2
Asbestos-related costs (benefit), net	15.0	(84.8)	27.8	(69.4)
Operating income	49.5	164.5	100.5	222.4
Interest and non-operating (income) expenses, net	(0.5)	0.3	1.2	1.5
Income from continuing operations before income tax expense	50.0	164.2	99.3	220.9
Income tax expense	17.5	23.5	29.2	41.6
Income from continuing operations	32.5	140.7	70.1	179.3
Income from discontinued operations, including tax (expense) benefit of \$(0.1), \$0.5, \$0.2 and \$4.0, respectively	0.5	1.7	0.2	5.1
Net income	33.0	142.4	70.3	184.4
Less: Income attributable to noncontrolling interests	0.2	0.1	0.1	—
Net income attributable to ITT Inc.	\$ 32.8	\$ 142.3	\$ 70.2	\$ 184.4
Amounts attributable to ITT Inc.:				
Income from continuing operations, net of tax	\$ 32.3	\$ 140.6	\$ 70.0	\$ 179.3
Income from discontinued operations, net of tax	0.5	1.7	0.2	5.1
Net income	\$ 32.8	\$ 142.3	\$ 70.2	\$ 184.4
Earnings (loss) per share attributable to ITT Inc.:				
Basic:				
Continuing operations	\$ 0.36	\$ 1.57	\$ 0.78	\$ 1.99
Discontinued operations	—	0.02	—	0.06
Net income	\$ 0.36	\$ 1.59	\$ 0.78	\$ 2.05
Diluted:				
Continuing operations	\$ 0.36	\$ 1.56	\$ 0.78	\$ 1.97
Discontinued operations	—	0.02	—	0.06
Net income	\$ 0.36	\$ 1.58	\$ 0.78	\$ 2.03
Weighted average common shares – basic	89.8	89.3	89.7	90.0
Weighted average common shares – diluted	90.4	90.2	90.4	91.0
Cash dividends declared per common share	\$ 0.124	\$ 0.1183	\$ 0.248	\$ 0.2366

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

CONSOLIDATED CONDENSED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)

(IN MILLIONS)

For the Periods Ended June 30	Three Months		Six Months	
	2016	2015	2016	2015
Net income	\$ 33.0	\$ 142.4	\$ 70.3	\$ 184.4
Other comprehensive (loss) income:				
Net foreign currency translation adjustment	(14.4)	13.1	12.8	(47.8)
Net change in postretirement benefit plans, net of tax impacts of \$0.5, \$0.1, \$1.1 and \$0.4, respectively	1.2	0.6	2.3	1.1
Other comprehensive (loss) income	(13.2)	13.7	15.1	(46.7)
Comprehensive income	19.8	156.1	85.4	137.7
Less: Comprehensive income attributable to noncontrolling interests	0.2	0.1	0.1	—
Comprehensive income attributable to ITT Inc.	\$ 19.6	\$ 156.0	\$ 85.3	\$ 137.7
Disclosure of reclassification and other adjustments to postretirement benefit plans				
Reclassification adjustments (see Note 14):				
Amortization of prior service benefit, net of tax expense of \$(0.5), \$(0.9), \$(1.0) and \$(1.8), respectively	\$ (0.9)	\$ (1.6)	\$ (1.8)	\$ (3.2)
Amortization of net actuarial loss, net of tax benefits of \$1.0, \$1.0, \$2.1 and \$2.2, respectively	2.1	2.2	4.1	4.3
Net change in postretirement benefit plans, net of tax	\$ 1.2	\$ 0.6	\$ 2.3	\$ 1.1

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

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

	June 30, 2016	December 31, 2015
	(Unaudited)	
Assets		
Current assets:		
Cash and cash equivalents	\$ 433.3	\$ 415.7
Receivables, net	625.1	584.9
Inventories, net	299.3	292.7
Other current assets	170.1	204.4
Total current assets	1,527.8	1,497.7
Plant, property and equipment, net	437.9	443.5
Goodwill	788.3	778.3
Other intangible assets, net	171.8	187.2
Asbestos-related assets	316.4	337.5
Deferred income taxes	326.2	326.1
Other non-current assets	181.9	153.3
Total non-current assets	2,222.5	2,225.9
Total assets	\$ 3,750.3	\$ 3,723.6
Liabilities and Shareholders' Equity		
Current liabilities:		
Short-term loans and current maturities of long-term debt	\$ 219.0	\$ 245.7
Accounts payable	310.0	314.7
Accrued liabilities	387.3	392.7
Total current liabilities	916.3	953.1
Asbestos-related liabilities	950.6	954.8
Postretirement benefits	257.3	260.4
Other non-current liabilities	209.3	189.9
Total non-current liabilities	1,417.2	1,405.1
Total liabilities	2,333.5	2,358.2
Shareholders' equity:		
Common stock:		
Authorized – 250.0 shares, \$1 par value per share (89.6 and 104.5 shares issued, respectively)		
Outstanding – 89.6 shares and 89.5 shares, respectively	89.6	89.5
Retained earnings	1,734.6	1,696.7
Total accumulated other comprehensive loss	(409.0)	(424.1)
Total ITT Inc. shareholders' equity	1,415.2	1,362.1
Noncontrolling interests	1.6	3.3
Total shareholders' equity	1,416.8	1,365.4
Total liabilities and shareholders' equity	\$ 3,750.3	\$ 3,723.6

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

CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS (UNAUDITED)

(IN MILLIONS)

For the Six Months Ended June 30

	2016	2015
Operating Activities		
Net income	\$ 70.3	\$ 184.4
Less: Income from discontinued operations	0.2	5.1
Less: Income attributable to noncontrolling interests	0.1	—
Income from continuing operations attributable to ITT Inc.	70.0	179.3
Adjustments to income from continuing operations:		
Depreciation and amortization	51.1	41.9
Stock-based compensation	5.9	6.9
Asbestos-related costs (benefit), net	27.8	(69.4)
Asbestos-related payments, net	(11.5)	(6.5)
Changes in assets and liabilities:		
Change in receivables	(45.6)	(71.8)
Change in inventories	(3.7)	2.0
Change in accounts payable	(4.3)	4.5
Change in accrued expenses	(28.1)	(19.6)
Change in accrued and deferred income taxes	9.7	30.4
Other, net	0.3	(8.2)
Net Cash – Operating activities	71.6	89.5
Investing Activities		
Capital expenditures	(46.1)	(46.0)
Acquisitions, net of cash acquired	(0.2)	(53.5)
Purchases of investments	(60.6)	(73.0)
Maturities of investments	108.7	20.6
Proceeds from sale of businesses and other assets	1.2	8.9
Proceeds from insurance recovery	—	2.5
Other, net	0.2	0.3
Net Cash – Investing activities	3.2	(140.2)
Financing Activities		
Commercial paper, net borrowings	23.5	68.7
Short-term revolving loans, borrowings	27.7	—
Short-term revolving loans, repayments	(78.3)	—
Long-term debt, repayments	(0.6)	(1.9)
Repurchase of common stock	(27.5)	(83.7)
Proceeds from issuance of common stock	8.8	5.3
Dividends paid	(22.5)	(11.0)
Excess tax benefit from equity compensation activity	3.4	3.0
Other, net	(2.3)	—
Net Cash – Financing activities	(67.8)	(19.6)
Exchange rate effects on cash and cash equivalents	4.0	(14.0)
Net Cash – Operating activities of discontinued operations	6.6	(2.3)
Net change in cash and cash equivalents	17.6	(86.6)
Cash and cash equivalents – beginning of year	415.7	584.0
Cash and cash equivalents – end of period	\$ 433.3	\$ 497.4
Supplemental Disclosures of Cash Flow Information		
Cash paid during the year for:		
Interest	\$ 2.4	\$ 0.5
Income taxes, net of refunds received	\$ 15.2	\$ 6.7

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

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

(IN MILLIONS)

For the Periods Ended June 30	Three Months		Six Months	
	2016	2015	2016	2015
Common Stock				
Common stock, beginning balance	\$ 90.0	\$ 89.2	\$ 89.5	\$ 91.0
Activity from stock incentive plans	0.2	0.2	0.9	0.5
Share repurchases	(0.6)	—	(0.8)	(2.1)
Common stock, ending balance	89.6	89.4	89.6	89.4
Retained Earnings				
Retained earnings, beginning balance	1,727.2	1,401.7	1,696.7	1,445.1
Net income attributable to ITT Inc.	32.8	142.3	70.2	184.4
Dividends declared	(11.3)	(11.0)	(22.4)	(21.5)
Activity from stock incentive plans	5.9	8.0	17.2	14.5
Share repurchases	(20.0)	(0.1)	(26.7)	(81.6)
Purchase of noncontrolling interest	—	—	(0.4)	—
Retained earnings, ending balance	1,734.6	1,540.9	1,734.6	1,540.9
Accumulated Other Comprehensive Loss				
Postretirement benefit plans, beginning balance	(152.6)	(143.7)	(153.7)	(144.2)
Net change in postretirement benefit plans	1.2	0.6	2.3	1.1
Postretirement benefit plans, ending balance	(151.4)	(143.1)	(151.4)	(143.1)
Cumulative translation adjustment, beginning balance	(242.9)	(237.6)	(270.1)	(176.7)
Net cumulative translation adjustment	(14.4)	13.1	12.8	(47.8)
Cumulative translation adjustment, ending balance	(257.3)	(224.5)	(257.3)	(224.5)
Unrealized loss on investment securities, beginning balance	(0.3)	(0.3)	(0.3)	(0.3)
Unrealized loss on investment securities, ending balance	(0.3)	(0.3)	(0.3)	(0.3)
Total accumulated other comprehensive loss	(409.0)	(367.9)	(409.0)	(367.9)
Noncontrolling interests				
Noncontrolling interests, beginning balance	1.5	5.3	3.3	5.4
Income attributable to noncontrolling interests	0.2	0.1	0.1	—
Dividend to noncontrolling interest shareholders	—	—	(1.9)	—
Other	(0.1)	—	0.1	—
Noncontrolling interests, ending balance	1.6	5.4	1.6	5.4
Total Shareholders' Equity				
Total shareholders' equity, beginning balance	1,422.9	1,114.6	1,365.4	1,220.3
Net change in common stock	(0.4)	0.2	0.1	(1.6)
Net change in retained earnings	7.4	139.2	37.9	95.8
Net change in accumulated other comprehensive loss	(13.2)	13.7	15.1	(46.7)
Net change in noncontrolling interests	0.1	0.1	(1.7)	—
Total shareholders' equity, ending balance	\$ 1,416.8	\$ 1,267.8	\$ 1,416.8	\$ 1,267.8

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

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
(DOLLARS AND SHARES (EXCEPT PER SHARE AMOUNTS) IN MILLIONS, UNLESS OTHERWISE STATED)

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 energy, transportation, and industrial 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 four segments: Industrial Process, consisting of industrial pumping and complementary equipment; Motion Technologies, consisting of friction and shock and vibration equipment; Interconnect Solutions, consisting of electronic connectors; and Control Technologies, consisting of fluid handling, motion control, and noise and energy absorption products. Financial information for our segments is presented in Note 3, "Segment Information."

On May 16, 2016, we consummated a corporate reorganization into a holding company structure. As a result of the reorganization ITT Inc., an Indiana corporation that was previously a wholly owned subsidiary of ITT Corporation, became the publicly traded holding company of ITT Corporation and its subsidiaries and the successor issuer to ITT Corporation under Rule 12g-3(a) under the Securities Exchange Act of 1934 (Exchange Act). As the successor issuer, ITT Inc. common stock was deemed to be registered under Section 12(b) of the Exchange Act and ITT Inc. succeeded to ITT Corporation's obligation to file reports, proxy statements and other information required by the Exchange Act with the SEC. For additional information regarding the holding company reorganization, please refer to our Current Report on Form 8-K that we filed with the SEC on May 16, 2016.

On October 31, 2011, ITT completed the tax-free spin-off of its Defense and Information Solutions business, Exelis Inc. (Exelis), and its water-related business, Xylem Inc. (Xylem) by way of a distribution of all of the issued and outstanding shares of Exelis common stock and Xylem common stock, on a pro rata basis, to ITT shareholders of record on October 17, 2011. This transaction is referred to in this Report as the "2011 spin-off." On May 29, 2015, Harris Corporation acquired Exelis.

Basis of Presentation

The unaudited consolidated condensed financial statements have been prepared pursuant to the rules and regulations of the SEC and, in the opinion of management, reflect all adjustments (which include normal recurring adjustments) necessary for a fair presentation of the financial position, results of operations, and cash flows for the periods presented. Certain information and note disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) have been condensed or omitted pursuant to such SEC rules. We believe that the disclosures made are adequate to make the information presented not misleading. We consistently applied the accounting policies described in ITT's Annual Report on Form 10-K for the year ended December 31, 2015 (2015 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 2015 Annual Report.

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

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

NOTE 2

RECENT ACCOUNTING PRONOUNCEMENTS

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

Accounting Pronouncements Not Yet Adopted

In March 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-09 to simplify several aspects of the accounting for employee share-based payment transactions standard, including the classification of excess tax benefits and deficiencies and the accounting for employee forfeitures. The guidance is effective for the Company beginning in the first quarter of 2017. The updates to the accounting standard include the following:

- Excess tax benefits and deficiencies will no longer be recognized as a change in additional paid-in-capital in the equity section of the balance sheet, instead they are to be recognized in the income statement as a tax expense or benefit. In the statement of cash flows, excess tax benefits and deficiencies will no longer be classified as a financing activity, instead they will be classified as an operating activity.
- Entities will have the option to continue to reduce share-based compensation expense during the vesting period of outstanding awards for estimated future employee forfeitures or they may elect to recognize the impact of forfeitures as they actually occur.
- The ASU also provides new guidance to other areas of the standard including minimum statutory tax withholding rules and the calculation of diluted common shares outstanding.

The updates are to be applied using a modified retrospective approach as a cumulative adjustment to retained earnings and early adoption is permitted. We have yet to finalize the evaluation of the potential impact of this ASU on our financial statements, however we do not expect these changes to have a material impact.

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

In May 2014, the FASB issued ASU 2014-09 amending the existing accounting standards for revenue recognition. The amendments are based on the principle that revenue should be recognized to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The guidance provides a five-step analysis of transactions to determine when and how revenue is recognized. The guidance also requires enhanced disclosures regarding the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. The new guidance will be effective for the Company beginning in its first quarter of 2018. The amendments may be applied retrospectively to each prior period presented or with the cumulative effect recognized as of the date of initial application. We are currently evaluating the impact of these amendments and the transition alternatives on our financial statements.

NOTE 3 SEGMENT INFORMATION

The Company's segments are reported on the same basis used internally for evaluating performance and for allocating resources. Our four reportable segments are referred to as: Industrial Process, Motion Technologies, Interconnect Solutions and Control Technologies.

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

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

Interconnect Solutions manufactures and designs a wide range of highly engineered harsh environment connector solutions that make it possible to transfer signal and power between electronic devices which service global customers for the aerospace and defense, industrial and transportation, oil and gas, and medical markets.

Control Technologies manufactures specialized equipment, including actuation, fuel management, noise and energy absorption, and environmental control system components, for the aerospace and defense, and industrial 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 assets and certain property, plant and equipment.

For the Three Months Ended June 30	Revenue		Operating Income (Loss)		Operating Margin	
	2016	2015	2016	2015	2016	2015
	Industrial Process	\$ 214.2	\$ 287.5	\$ 6.3	\$ 41.5	2.9%
Motion Technologies	259.6	184.4	48.9	37.0	18.8%	20.1 %
Interconnect Solutions	78.8	82.7	4.8	(0.8)	6.1%	(1.0)%
Control Technologies	74.8	74.5	12.0	12.2	16.0%	16.4 %
Total segment results	627.4	629.1	72.0	89.9	11.5%	14.3 %
Asbestos-related (costs) benefit, net	—	—	(15.0)	84.8	—	—
Eliminations / Other corporate costs	(1.2)	(0.9)	(7.5)	(10.2)	—	—
Total Eliminations / Corporate and Other costs	(1.2)	(0.9)	(22.5)	74.6	—	—
Total	\$ 626.2	\$ 628.2	\$ 49.5	\$ 164.5	7.9%	26.2 %

For the Six Months Ended June 30	Revenue		Operating Income (Loss)		Operating Margin	
	2016	2015	2016	2015	2016	2015
	Industrial Process	\$ 423.0	\$ 543.1	\$ 15.3	\$ 61.9	3.6%
Motion Technologies	516.6	375.6	99.6	78.0	19.3%	20.8 %
Interconnect Solutions	151.2	160.2	6.8	4.0	4.5%	2.5 %
Control Technologies	146.7	140.3	22.4	26.5	15.3%	18.9 %
Total segment results	1,237.5	1,219.2	144.1	170.4	11.7%	14.0 %
Asbestos-related (costs) benefit, net	—	—	(27.8)	69.4	—	—
Eliminations / Other corporate costs	(2.2)	(2.3)	(15.8)	(17.4)	—	—
Total Eliminations / Corporate and Other costs	(2.2)	(2.3)	(43.6)	52.0	—	—
Total	\$ 1,235.3	\$ 1,216.9	\$ 100.5	\$ 222.4	8.1%	18.3 %

For the Six Months Ended June 30	Total Assets		Capital Expenditures		Depreciation & Amortization	
	2016	2015 ^(a)	2016	2015	2016	2015
Industrial Process	\$ 1,071.9	\$ 1,097.5	\$ 11.2	\$ 9.1	\$ 14.3	\$ 14.2
Motion Technologies	837.3	779.8	29.3	19.9	21.2	13.8
Interconnect Solutions	315.3	303.2	2.5	12.0	6.0	4.7
Control Technologies	380.2	370.6	2.9	3.1	6.4	5.9
Corporate and Other	1,145.6	1,172.5	0.2	1.9	3.2	3.3
Total	\$ 3,750.3	\$ 3,723.6	\$ 46.1	\$ 46.0	\$ 51.1	\$ 41.9

(a) Amounts reflect balances as of December 31, 2015.

NOTE 4 RESTRUCTURING ACTIONS

The table below summarizes the restructuring costs presented within general and administrative expenses in our Consolidated Condensed Income Statements for the three and six months ended June 30, 2016 and 2015.

For the Periods Ended June 30	Three Months		Six Months	
	2016	2015	2016	2015
Severance costs	\$ 13.8	\$ 6.2	\$ 18.9	\$ 15.1
Asset write-offs	—	—	0.2	—
Other restructuring costs	0.5	0.5	0.7	0.9
Total restructuring costs	\$ 14.3	\$ 6.7	\$ 19.8	\$ 16.0
By segment:				
Industrial Process	\$ 13.8	\$ 1.1	\$ 17.0	\$ 10.0
Motion Technologies	—	—	1.4	—
Interconnect Solutions	—	5.5	—	5.3
Control Technologies	—	—	0.9	0.5
Corporate and Other	0.5	0.1	0.5	0.2

The following table displays a rollforward of the restructuring accruals, presented on our Consolidated Condensed Balance Sheet within accrued liabilities, for the six months ended June 30, 2016 and 2015.

For the Periods Ended June 30	2016	2015
Restructuring accruals - beginning balance	\$ 20.0	\$ 21.9
Restructuring costs	19.8	16.0
Cash payments	(15.5)	(13.1)
Asset write-offs	(0.2)	—
Foreign exchange translation and other	0.1	(0.3)
Restructuring accrual - ending balance	\$ 24.2	\$ 24.5
By accrual type:		
Severance accrual	\$ 23.9	\$ 23.3
Facility carrying and other costs accrual	0.3	1.2

We have initiated various restructuring activities throughout our businesses during the past two years, of which only those noted below are considered to be individually significant. Other less significant restructuring actions taken during 2016 and 2015 included various reduction in force initiatives and the consolidation of two sites within our Control Technologies segment to an existing lower cost location.

Industrial Process Restructuring Actions

Beginning in early 2015, we have been executing a series of restructuring actions focused on achieving efficiencies and reducing the overall cost structure of the Industrial Process segment. During the first six months of 2016, we continued to progress these objectives and we recognized \$17.0 of restructuring costs primarily related to severance for approximately 350 employees. During 2015, we recognized restructuring costs of \$12.2 for these actions, with \$10.0 recognized during the first half of 2015. Total restructuring costs under these actions through June 30, 2016 are \$29.2 mainly related to severance for approximately 550 employees. These actions are expected to be substantially complete during the next six months. However, we will be continuing to monitor and evaluate the need for any additional restructuring actions.

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

For the Six Months Ended June 30	2016	2015
Restructuring accruals - beginning balance	\$ 4.9	\$ —
Restructuring costs	17.0	10.0
Cash payments	(8.0)	(2.0)
Asset write-offs	(0.2)	—
Foreign exchange translation	0.3	—
Restructuring accruals - ending balance	\$ 14.0	\$ 8.0

Interconnect Solutions Restructuring Actions

Beginning in 2013, we initiated a series of restructuring actions to improve the overall cost structure of our ICS segment. These actions included headcount reductions of approximately 500 employees and the transition of certain production lines from one location to another existing lower cost manufacturing site. Payments related to these actions have been substantially completed.

In May 2015, we initiated a separate restructuring action designed to further reduce the cost structure of the ICS segment primarily through additional headcount reductions of approximately 100 employees, for which the Company recognized costs of \$6.5 during 2015. Payments related to the remaining accrual for this action are expected to be substantially completed in 2016.

The following table provides a rollforward of the restructuring accrual associated with the Interconnect Solutions restructuring actions.

For the Six Months Ended June 30	2016	2015
Restructuring accruals - beginning balance	\$ 9.4	\$ 17.1
Restructuring costs	—	5.3
Cash payments	(5.9)	(7.3)
Foreign exchange translation	—	(0.2)
Restructuring accruals - ending balance	\$ 3.5	\$ 14.9

NOTE 5 INCOME TAXES

For the three months ended June 30, 2016 and 2015, the Company recognized income tax expense of \$17.5 and \$23.5 with an effective tax rate of 35.0% and 14.3%, respectively. For the six months ended June 30, 2016 and 2015, the Company recognized income tax expense of \$29.2 and \$41.6 with an effective tax rate of 29.4% and 18.8%, respectively. The higher effective tax rate in 2016 compared to 2015 was due to tax benefits recorded in the second quarter of 2015 for the reduction in a deferred tax liability on foreign earnings which are not considered indefinitely reinvested, releases of valuation allowances and uncertain tax positions. The Company continues to benefit from earnings eligible for a tax holiday in South Korea, as well as a larger mix of earnings in non-U.S. jurisdictions with favorable tax rates.

The Company operates in various tax jurisdictions and is subject to examination by tax authorities in these jurisdictions. The Company is currently under examination in several jurisdictions including Canada, Germany, Hong Kong, Italy, Mexico, South Korea, the U.S. and Venezuela. The estimated tax liability calculation for unrecognized tax benefits includes dealing with uncertainties in the application of complex tax laws and regulations in various tax jurisdictions. Due to the complexity of some uncertainties, the ultimate resolution may result in a payment that is materially different from the current estimate of the unrecognized tax benefit. Over the next 12 months, the net amount of the tax liability for unrecognized tax benefits in foreign and domestic jurisdictions could change by approximately \$18 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 existing Tax Matters Agreement with Exelis and Xylem.

NOTE 6 EARNINGS PER SHARE DATA

The following table provides a reconciliation of the data used in the calculation of basic and diluted earnings per share from continuing operations attributable to ITT for the three and six months ended June 30, 2016 and 2015.

For the Periods Ended June 30	Three Months		Six Months	
	2016	2015	2016	2015
Basic weighted average common shares outstanding	89.8	89.3	89.7	90.0
Add: Dilutive impact of outstanding equity awards	0.6	0.9	0.7	1.0
Diluted weighted average common shares outstanding	90.4	90.2	90.4	91.0

The following table provides the number of shares underlying stock options excluded from the computation of diluted earnings per share for the three and six months ended June 30, 2016 and 2015 because they were anti-dilutive.

For the Periods Ended June 30	Three Months		Six Months	
	2016	2015	2016	2015
Anti-dilutive stock options	0.8	0.4	0.7	0.4
Weighted average exercise price per share	\$ 38.02	\$ 42.42	\$ 38.74	\$ 42.61
Year(s) of expiration	2024 - 2026	2024 - 2025	2024 - 2026	2024 - 2025

In addition, 0.2 of outstanding return on invested capital (ROIC) awards were excluded from the computation of diluted earnings per share for the three and six months ended June 30, 2016 and 2015 respectively, as the necessary performance conditions had not yet been satisfied.

**NOTE 7
RECEIVABLES, NET**

	June 30, 2016	December 31, 2015
Trade accounts receivable	\$ 601.4	\$ 554.0
Notes receivable	2.5	3.9
Other	37.3	43.1
Receivables, gross	641.2	601.0
Less: Allowance for doubtful accounts	(16.1)	(16.1)
Receivables, net	\$ 625.1	\$ 584.9

**NOTE 8
INVENTORIES, NET**

	June 30, 2016	December 31, 2015
Finished goods	\$ 49.5	\$ 60.9
Work in process	61.0	56.0
Raw materials	170.4	162.9
Inventoried costs related to long-term contracts	44.1	43.0
Total inventory before progress payments	325.0	322.8
Less: Progress payments	(25.7)	(30.1)
Inventories, net	\$ 299.3	\$ 292.7

**NOTE 9
OTHER CURRENT AND NON-CURRENT ASSETS**

	June 30, 2016	December 31, 2015
Asbestos-related assets	\$ 74.5	\$ 74.5
Short-term investments	20.1	64.9
Prepaid income taxes	26.6	14.3
Other	48.9	50.7
Other current assets	\$ 170.1	\$ 204.4
Other employee benefit-related assets	\$ 95.1	\$ 92.9
Environmental-related assets ^(a)	34.2	10.8
Capitalized software costs	32.5	28.2
Other	20.1	21.4
Other non-current assets	\$ 181.9	\$ 153.3

(a) Environmental-related assets increased \$23.4 primarily related to a settlement agreement and establishment of a Qualified Settlement Fund (QSF), which can be drawn upon to pay certain future environmental expenses associated with environmental remediation sites covered under the settlement agreement. See Note 17, Commitments and Contingencies, to the Consolidated Condensed Financial Statements for further information on environmental-related matters.

**NOTE 10
PLANT, PROPERTY AND EQUIPMENT, NET**

	June 30, 2016	December 31, 2015
Land and improvements	\$ 28.4	\$ 25.4
Machinery and equipment	923.8	909.3
Buildings and improvements	244.2	242.0
Furniture, fixtures and office equipment	69.2	66.3
Construction work in progress	32.0	42.3
Other	5.1	6.7
Plant, property and equipment, gross	1,302.7	1,292.0
Less: Accumulated depreciation	(864.8)	(848.5)
Plant, property and equipment, net	\$ 437.9	\$ 443.5

Depreciation expense of \$19.3 and \$37.4 and \$16.5 and \$34.0 was recognized in the three and six months ended June 30, 2016 and 2015, respectively.

**NOTE 11
GOODWILL AND OTHER INTANGIBLE ASSETS, NET**

Goodwill

The following table provides a rollforward of the carrying amount of goodwill for the six months ended June 30, 2016 by segment.

	Industrial Process	Motion Technologies	Interconnect Solutions	Control Technologies	Total
Goodwill - December 31, 2015	\$ 312.6	\$ 201.0	\$ 69.0	\$ 195.7	\$ 778.3
Adjustments to purchase price allocations	—	5.3	—	—	5.3
Foreign currency	3.3	0.9	0.1	0.4	4.7
Goodwill - June 30, 2016	\$ 315.9	\$ 207.2	\$ 69.1	\$ 196.1	\$ 788.3

Other Intangible Assets, Net

Information regarding our other intangible assets is as follows:

	June 30, 2016			December 31, 2015		
	Gross Carrying Amount	Accumulated Amortization	Net Intangibles	Gross Carrying Amount	Accumulated Amortization	Net Intangibles
Customer relationships	\$ 158.1	\$ (52.9)	\$ 105.2	\$ 157.4	\$ (45.3)	\$ 112.1
Proprietary technology	53.3	(15.0)	38.3	54.9	(12.7)	42.2
Patents and other	8.7	(7.5)	1.2	8.6	(6.6)	2.0
Finite-lived intangible total	220.1	(75.4)	144.7	220.9	(64.6)	156.3
Indefinite-lived intangibles	27.1	—	27.1	30.9	—	30.9
Other intangible assets	\$ 247.2	\$ (75.4)	\$ 171.8	\$ 251.8	\$ (64.6)	\$ 187.2

Amortization expense related to finite-lived intangible assets was \$4.7 and \$10.1 and \$3.5 and \$5.7 for the three and six months ended June 30, 2016 and 2015, respectively.

During the second quarter of 2016, we recognized an impairment loss of \$4.1, within general and administrative expenses, related to indefinite-lived trade names within our Industrial Process segment. The impairment loss was the result of the challenging economic conditions within the upstream oil and gas market.

NOTE 12
ACCRUED LIABILITIES AND OTHER NON-CURRENT LIABILITIES

	June 30, 2016	December 31, 2015
Compensation and other employee-related benefits	\$ 117.2	\$ 138.6
Asbestos-related liabilities	87.4	88.0
Customer-related liabilities	38.3	38.0
Accrued income taxes and other tax-related liabilities	48.6	30.9
Environmental liabilities and other legal matters	25.1	24.0
Accrued warranty costs	19.7	21.7
Other accrued liabilities	51.0	51.5
Accrued liabilities	\$ 387.3	\$ 392.7
Deferred income taxes and other tax-related accruals	\$ 40.9	\$ 44.5
Environmental liabilities	66.3	72.0
Compensation and other employee-related benefits	37.0	35.6
Other ^(a)	65.1	37.8
Other non-current liabilities	\$ 209.3	\$ 189.9

(a) Increase primarily driven by deferred income associated with an insurance settlement agreement and establishment of a QSF related to our environmental liability. The deferred income will be reduced as costs for remediation sites covered under the settlement agreement are incurred. See Note 17, Commitments and Contingencies, to the Consolidated Condensed Financial Statements for further information.

NOTE 13
DEBT

	June 30, 2016	December 31, 2015
Commercial paper	\$ 117.9	\$ 94.5
Short-term loans	100.0	150.0
Current maturities of long-term debt and capital leases	1.1	1.2
Short-term loans and current maturities of long-term debt	219.0	245.7
Long-term debt and capital leases	2.4	2.8
Total debt and capital leases	\$ 221.4	\$ 248.5

Commercial Paper

Commercial paper outstanding was \$117.9 and \$94.5, had an associated weighted average interest rate of 0.93% and 1.04% and maturity terms less than one month from the date of issuance as of June 30, 2016 and December 31, 2015, respectively.

Short-term Loans

As of June 30, 2016 and December 31, 2015, we had \$100.0 and \$150.0 in outstanding borrowings under our \$500 revolving credit facility, respectively, with an associated weighted average interest rate of 1.57% and 1.55%, respectively. Please refer to the Liquidity section within "Item 2. Management's Discussion and Analysis," for additional information on the revolving credit facility as well as our overall funding and liquidity strategy.

NOTE 14 POSTRETIREMENT BENEFIT PLANS

The following tables provide the components of net periodic benefit cost for pension plans and other employee-related benefit plans for the three and six months ended June 30, 2016 and 2015.

For the Three Months Ended June 30	2016			2015		
	Pension	Other Benefits	Total	Pension	Other Benefits	Total
Service cost	\$ 1.3	\$ 0.2	\$ 1.5	\$ 1.3	\$ 0.2	\$ 1.5
Interest cost	3.5	1.2	4.7	3.6	1.2	4.8
Expected return on plan assets	(5.1)	(0.1)	(5.2)	(5.1)	(0.2)	(5.3)
Amortization of prior service cost (benefit)	0.3	(1.7)	(1.4)	0.2	(2.7)	(2.5)
Amortization of net actuarial loss	1.8	1.2	3.0	2.1	1.1	3.2
Total net periodic benefit cost (benefit)	\$ 1.8	\$ 0.8	\$ 2.6	\$ 2.1	\$ (0.4)	\$ 1.7

For the Six Months Ended June 30	2016			2015		
	Pension	Other Benefits	Total	Pension	Other Benefits	Total
Service cost	\$ 2.5	\$ 0.4	\$ 2.9	\$ 2.6	\$ 0.4	\$ 3.0
Interest cost	6.9	2.4	9.3	7.1	2.4	9.5
Expected return on plan assets	(10.1)	(0.3)	(10.4)	(10.2)	(0.4)	(10.6)
Amortization of prior service cost (benefit)	0.5	(3.3)	(2.8)	0.5	(5.5)	(5.0)
Amortization of net actuarial loss	3.7	2.4	6.1	4.3	2.2	6.5
Total net periodic benefit cost (benefit)	\$ 3.5	\$ 1.6	\$ 5.1	\$ 4.3	\$ (0.9)	\$ 3.4

We made contributions to our global postretirement plans of \$7.4 and \$5.2 during the six months ended June 30, 2016 and 2015, respectively. We expect to make contributions of approximately \$5 to \$10 during the remainder of 2016, principally related to our other postretirement employee benefit plans.

Amortization from accumulated other comprehensive income into earnings related to prior service cost and net actuarial loss was \$1.2 and \$2.3 and \$0.6 and \$1.1, net of tax, for the three and six months ended June 30, 2016 and June 30, 2015, respectively. No other reclassifications from accumulated other comprehensive income into earnings were recognized during any of the presented periods.

NOTE 15 LONG-TERM INCENTIVE EMPLOYEE COMPENSATION

Our long-term incentive plan (LTIP) costs are primarily recorded within general and administrative expenses. The following table provides the components of LTIP costs for the three and six months ended June 30, 2016 and 2015.

For the Periods Ended June 30	Three Months		Six Months	
	2016	2015	2016	2015
Equity based awards	\$ 3.0	\$ 3.8	\$ 5.9	\$ 6.9
Liability-based awards	0.3	0.7	0.8	0.9
Total share-based compensation expense	\$ 3.3	\$ 4.5	\$ 6.7	\$ 7.8

As of June 30, 2016, there was estimated unrecognized compensation cost of \$29.0 related to unvested equity-based awards that is expected to be recognized ratably over a weighted-average period of 2.0 years, and \$3.0 related to unvested liability-based awards that are expected to be recognized ratably over a weighted-average period of 2.2 years.

Year-to-Date 2016 LTIP Activity

The majority of our LTIP activity occurs during the first quarter of each year. During the six months ended June 30, 2016, we granted the following LTIP awards as provided in the table below:

	# of Awards Granted	Weighted Average Grant Date Fair Value Per Share
Non-qualified stock options (NQOs)	0.4	\$ 9.16
Restricted stock units (RSUs)	0.3	\$ 33.28
Performance stock units (PSUs)	0.2	\$ 33.27

The NQOs vest either on the completion of a three-year service period or annually in three equal installments, as determined by employee level, and have a ten-year expiration period. RSUs and PSUs vest on the completion of a three-year service period.

During the six months ended June 30, 2016 and 2015, 0.4 and 0.3 NQOs were exercised resulting in proceeds of \$8.8 and \$5.3, respectively. RSUs of 0.3 and 0.2 vested and were issued during the six months ended June 30, 2016 and 2015, respectively. In addition, PSUs of 0.2 were issued during the six months ended June 30, 2016 that vested on December 31, 2015.

The fair value of each NQO grant was estimated on the date of grant using a binomial lattice pricing model that incorporates multiple and variable assumptions over time, including assumptions such as employee exercise patterns, stock price volatility and changes in dividends. The following table details the weighted average assumptions used to measure fair value and the resulting grant date fair value for the first quarter 2016 NQO grants.

Dividend yield	1.5%
Expected volatility	32.2%
Expected life	6.0 years
Risk-free rates	1.5%
Weighted average grant date fair value per share	\$9.16

NOTE 16 CAPITAL STOCK

On October 27, 2006, a three-year \$1 billion share repurchase program was approved by the Board of Directors (2006 Share Repurchase Program). On December 16, 2008, the provisions of the 2006 Share Repurchase Program were modified by the Board of Directors to replace the original three-year term with an indefinite term. During the six months ended June 30, 2016 and 2015, we repurchased 0.6 and 2.0 shares of common stock for \$20.0 and \$80.0, respectively, under this program. To date, under the 2006 Share Repurchase Program, the Company has repurchased 19.0 shares for \$779.3. On May 16, 2016, we canceled all 15.0 shares in our treasury account. Shares repurchased after May 16, 2016 were canceled following the repurchase.

Separate from the 2006 Share Repurchase Program, the Company repurchased 0.2 shares and 0.1 shares for an aggregate price of \$7.5 and \$3.7, during the six months ended June 30, 2016 and 2015, respectively, in settlement of employee tax withholding obligations due upon the vesting of RSUs and PSUs.

NOTE 17 COMMITMENTS AND CONTINGENCIES

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

Asbestos Matters

Subsidiaries of ITT, including ITT LLC (f/k/a ITT Corporation) and Goulds Pumps LLC (f/k/a Goulds Pumps, Inc.), have been sued, along with many other legacy 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 June 30, 2016, there were 35 thousand pending claims against ITT subsidiaries, filed in various state and federal courts alleging injury as a result of exposure to asbestos. Activity related to these asserted asbestos claims during the period was as follows:

For the Six Months Ended June 30 (in thousands)	2016
Pending claims – Beginning	37
New claims	2
Dismissals	(4)
Pending claims – Ending	35

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

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

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

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

Income Statement Charges

As part of our ongoing review of our net asbestos exposure, each quarter we assess the most recent qualitative and quantitative data available for the key inputs and assumptions, comparing the data to expectations on which the most recent annual liability and asset estimates were calculated. Based on this evaluation, the Company determined that no change in the estimate was warranted for the quarter ended June 30, 2016 other than the incremental accrual to maintain a rolling 10-year forecast period. A net asbestos charge of \$15.2 and \$30.6 was recognized in the three and six months ended June 30, 2016 and \$15.9 and \$31.3 in the three and six months June 30, 2015, respectively, to maintain the 10-year forecast period.

During the first quarter of 2016, we entered into a settlement agreement with an insurer to settle responsibility for multiple insurance claims, resulting in a benefit of \$2.6. During the second quarter of 2016, ITT entered into a settlement agreement (Settlement) with an insurer to settle responsibility for multiple insurance claims. Under the terms of the Settlement, the insurer agreed to a specified series of payments over the course of the next five years to a Qualified Settlement Fund, resulting in a loss of \$4.7.

During the second quarter of 2015, the Company changed its asbestos defense strategy and retained a single firm to defend the Company in all asbestos litigation. This long-term strategy streamlined the Company's management of cases and significantly reduced defense costs. Our agreement with the defense firm was initially limited to a certain set of claims and the remaining claims were expected to transition within the next four years; however, in connection with the Settlement, ITT was able to transition the remaining claims during the second quarter of 2016. Based on the terms of the agreement, the Company adjusted its asbestos liability and related assets and recognized a net benefit of \$4.9 and \$100.7 during the three months ended June 30, 2016 and June 30, 2015 for the revised estimate of the cost to defend pending claims and claims expected to be filed over the next 10 years.

Changes in Financial Position

The following table provides a rollforward of the estimated asbestos liability and related assets for the six months ended June 30, 2016 and 2015.

For the Six Months Ended June 30	2016			2015		
	Liability	Asset	Net	Liability	Asset	Net
Beginning balance	\$ 1,042.8	\$ 412.0	\$ 630.8	\$ 1,223.2	\$ 476.4	\$ 746.8
Asbestos provision	35.4	4.8	30.6	36.6	5.3	31.3
Defense costs adjustment	(4.9)	—	(4.9)	(124.2)	(23.5)	(100.7)
Settlement agreements	—	(2.1)	2.1	—	—	—
Net cash activity	(35.3)	(23.8)	(11.5)	(30.4)	(23.9)	(6.5)
Ending balance	\$ 1,038.0	\$ 390.9	\$ 647.1	\$ 1,105.2	\$ 434.3	\$ 670.9
Current portion	\$ 87.4	\$ 74.5		\$ 105.7	\$ 102.4	
Noncurrent portion	\$ 950.6	\$ 316.4		\$ 999.5	\$ 331.9	

Environmental

In the ordinary course of business, we are subject to federal, state, local, and foreign environmental laws and regulations. We are responsible, or are alleged to be responsible, for ongoing environmental investigation and site remediation. These sites are in various stages of investigation and/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 and/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 and/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 six months ended June 30, 2016 and 2015.

For the Six Months Ended June 30	2016	2015
Environmental liability - beginning balance	\$ 82.6	\$ 89.9
Change in estimates for pre-existing accruals		
Continuing operations	1.6	1.1
Discontinued operations	0.3	(2.8)
Net cash activity	(7.7)	(7.2)
Foreign currency	—	(0.3)
Environmental liability - ending balance	\$ 76.8	\$ 80.7

In the fourth quarter of 2015, ITT entered into a settlement agreement with one of our insurance providers whereby the provider agreed to pay the net present value of the remaining limits of the policy amounting to approximately \$34.2. In the first quarter of 2016, the Company received \$2.0 in cash and \$32.2 was deposited into a QSF which can be drawn upon only to pay certain future environmental expenses associated with remediation sites covered under the policy, including sites owned by a former subsidiary of the Company. The Company recorded \$23.0 of deferred income related to the settlement representing the excess of QSF monies over the probable liabilities associated with the covered remediation sites. In addition to the QSF asset, there is a receivable of \$2.0 from other third parties for reimbursement of environmental costs, resulting in a total environmental-related asset of \$34.2 as of June 30, 2016. The environmental-related asset as of December 31, 2015 was \$12.8.

We are currently involved with 40 active environmental investigation and remediation sites. At June 30, 2016, we have estimated the potential high-end liability range of environmental-related matters to be \$130.

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

Other Matters

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

NOTE 18 ACQUISITIONS

Wolverine Automotive Holdings

On October 5, 2015, we completed the acquisition of Wolverine Automotive Holdings Inc., the parent company of Wolverine Advanced Materials LLC (Wolverine). Wolverine is a manufacturer of customized technologies for automotive braking systems and specialized sealing solutions for harsh operating environments across a range of industries. The purchase price of \$306.8, net of cash acquired, was funded through a combination of cash and borrowings from our revolving credit facility. Wolverine has approximately 690 employees globally as of June 30, 2016. Wolverine reported 2014 revenues of \$154, including \$17 of sales to ITT.

The allocation of the purchase price is based on the fair value of assets acquired, liabilities assumed and non-controlling interests in Wolverine as of October 5, 2015. Our assessment of fair value is preliminary, and may be adjusted for information that is currently not available to us, including but not limited to, the valuation of intangible assets, postretirement obligations, environmental liabilities, deferred tax matters, real estate, and residual goodwill. The purchase price allocation presented below represents the effect of recording preliminary estimates for the fair value of assets acquired, liabilities assumed, and non-controlling interests in Wolverine and related deferred income taxes. We expect to obtain the information necessary to finalize the fair value of the net assets acquired at the acquisition date during the measurement period. Changes to the preliminary estimates of the fair value of the net assets acquired during the measurement period will be recorded as adjustments to those assets and liabilities with a corresponding adjustment to goodwill.

The goodwill of \$166.9, which has been assigned to the Motion Technologies segment, is not deductible for income tax purposes. Other intangibles acquired include existing customer relationships, proprietary technology, and trade names.

Allocation of Purchase Price for Wolverine

Cash	\$	8.5
Receivables		31.6
Inventory		35.0
Plant, property and equipment		22.8
Goodwill		166.9
Other intangible assets		87.0
Other assets		11.8
Accounts payable and accrued liabilities		(21.2)
Postretirement liabilities		(14.6)
Other liabilities		(12.5)
Net assets acquired	\$	315.3

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

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 energy, transportation and industrial markets. Building on our heritage of engineering, we partner with our customers to deliver enduring solutions to the key industries that underpin our modern way of life. We manufacture components that are integral to the operation of systems and manufacturing processes in our key markets. Our products provide enabling functionality for applications where reliability and performance are critically important to our customers and the users of their products.

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

Our product and service offerings are organized into four segments: Industrial Process, Motion Technologies, Interconnect Solutions, and Control Technologies. See Note 3, Segment Information, in this Report for a summary description of each segment. Additional information is also available in our 2015 Annual Report within Part I, Item 1, "Description of Business".

DISCUSSION OF FINANCIAL RESULTS Three and Six Months Ended June 30

For the Periods Ended June 30	Three Months			Six Months		
	2016	2015	Change	2016	2015	Change
Revenue	\$ 626.2	\$ 628.2	(0.3%)	\$ 1,235.3	\$ 1,216.9	1.5%
Gross profit	205.6	213.9	(3.9%)	400.9	412.9	(2.9%)
<i>Gross margin</i>	32.8%	34.0%	(120)bp	32.5%	33.9%	(140)bp
Operating expenses ^(a)	156.1	49.4	216.0%	300.4	190.5	57.7%
<i>Expense to revenue ratio</i>	24.9%	7.9%	1,700bp	24.3%	15.7%	860bp
Operating income	49.5	164.5	(69.9%)	100.5	222.4	(54.8%)
<i>Operating margin</i>	7.9%	26.2%	(1,830)bp	8.1%	18.3%	(1,020)bp
Interest and non-operating (income) expense, net	(0.5)	0.3	(266.7%)	1.2	1.5	(20.0%)
Income tax expense	17.5	23.5	(25.5%)	29.2	41.6	(29.8%)
<i>Effective tax rate</i>	35.0%	14.3%	2,070bp	29.4%	18.8%	1,060bp
Income from continuing operations attributable to ITT Inc.	32.3	140.6	(77.0%)	70.0	179.3	(61.0%)
Income from discontinued operations, net of tax	0.5	1.7	(70.6%)	0.2	5.1	(96.1%)
Net income attributable to ITT Inc.	32.8	142.3	(77.0%)	70.2	184.4	(61.9%)

(a) The three and six months ending June 30, 2015 include a benefit of \$100.7 related to asbestos matters, see Note 17, Commitments and Contingencies, for additional information.

All comparisons included within Management's Discussion and Analysis of Financial Condition and Results of Operations refer to the comparable three and six months ended June 30, 2015, unless stated otherwise.

Executive Summary

During the second quarter of 2016, we continued our efforts to deliver solid operating results despite the challenging global economy and headwinds from weakness in our key end-markets, particularly within oil and gas and mining. We have maintained our strong focus on managing the areas over which we have control, and were proactive in optimizing and aligning our businesses and their respective cost structures. Our results for the second quarter benefited from our on-going Lean transformation and cost actions, as well as from our balanced and diverse portfolio, as the impact of the difficult markets was mitigated by revenue growth in transportation end-markets, including automotive and aerospace and defense. In addition, the acquisitions we completed in 2015 — Wolverine Advanced Materials and Hartzell Aerospace — which are performing in-line with our expectations, have not only strengthened key transportation platforms, but have also given us new opportunities for growth.

Revenue of \$626.2 for the second quarter of 2016 was flat compared to the prior year, reflecting share gains in our automotive brake pad business and incremental benefits from our 2015 Wolverine acquisition. These contributions helped to offset the project weakness from the oil and gas and mining markets, and extended delays in maintenance spending, both of which have had negative impact on our Industrial Process' segment performance. Organic revenue, which excludes the impacts from foreign exchange, acquisitions, and divestitures, declined 6.3% compared to the prior year.

Orders received during the second quarter of 2016 were \$605.9 reflecting an increase of \$19.7, or 3.4%, including incremental benefits of \$44.6 from our 2015 acquisition of Wolverine. Organic orders declined 3.4%, as growth in our Motion Technologies segment driven by our past automotive platform wins that have entered the production cycle, was offset by lower organic order intake from Industrial Process, reflecting weak market conditions related to capital project uncertainty, deferrals in the aftermarket and replacement cycle, and difficult prior year comparisons.

Operating income of \$49.5 for the second quarter of 2016 reflects a \$115.0 decline from the prior year primarily due to a \$100.7 asbestos-related benefit recognized during the second quarter of 2015 resulting from a change in estimated future defense costs. The decline in operating income also reflects higher year-over-year restructuring and strategic investment costs, the impairment of a trade name, as well as the impacts from lower volume and pricing headwinds, mainly at our Industrial Process segment. The impact of these items was partially offset by the benefits from past restructuring actions and productivity improvements, and our focused cost containment efforts at the corporate and segment levels. The 2016 results also included solid contributions from the Wolverine acquisition.

Income from continuing operations attributable to ITT during the second quarter of 2016 was \$32.3, representing a decrease of \$108.3 or 77%, primarily due to the asbestos-related benefit recognized in the second quarter of 2015 mentioned above. Adjusted income from continuing operations, a non-GAAP measure, was \$60.2, representing a decrease of \$2.0 or 3.2%.

As we move through 2016, we expect that the persistent volatility in the global macroeconomic environment, particularly in the oil and gas end-market, will continue and that these conditions will continue to impact our businesses and financial results. While we had solid second quarter performance, and saw some pockets of sequential improvements, we anticipate that the second half of the year will bring incremental market pressures, particularly in our high-margin, short-cycle aftermarket businesses at Industrial Process, where orders have settled in at lower than expected levels and are not expected to improve in the second half. In addition, uncertainty regarding incremental delays in projects, particularly in the oil and gas market and the weak aftermarket and short-cycle pumps conditions may persist throughout the remainder of 2016. We expect that the weakness felt within these areas will be partially offset by year-over-year growth in global automotive aftermarket volumes in our Motion Technologies segment, and that second half sequential volumes in this segment will be lower due to the typical seasonal mix. We consider that our focus on productivity, that has yielded significant benefits in the past, is key to our ability to mitigate market headwinds and continue to offer cost-competitive solutions to our customers.

Demand for our products that serve the oil and gas market, primarily pumps and connectors that represented approximately 20% of 2015 revenue, depend substantially on the level of expenditures by the oil and gas industry for development and production. These expenditures are generally dependent on the industry's view of future demand for oil and natural gas. Oil and gas prices have been volatile and have remained at low levels for a sustained period of time, resulting in lower expenditures by the oil and gas industry. As a result, many of our customers have reduced or delayed spending, thus reducing the demand for our products and exerting downward pressure on the prices for our products. These conditions or worsening of economic conditions related to our businesses may have or continue to have an adverse impact on our results of operations and financial condition including but not limited to further restructuring and impairment charges.

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

REVENUE

For the Three Months Ended June 30	2016	2015	Change	Organic Revenue Growth ^(a)
Industrial Process	\$ 214.2	\$ 287.5	(25.5)%	(22.3)%
Motion Technologies	259.6	184.4	40.8 %	15.2 %
Interconnect Solutions	78.8	82.7	(4.7)%	(5.7)%
Control Technologies	74.8	74.5	0.4 %	2.0 %
Eliminations	(1.2)	(0.9)	33.3 %	—
Revenue	\$ 626.2	\$ 628.2	(0.3)%	(6.3)%

For the Six Months Ended June 30	2016	2015	Change	Organic Revenue Growth ^(a)
Revenue by segment:				
Industrial Process	\$ 423.0	\$ 543.1	(22.1)%	(18.6)%
Motion Technologies	516.6	375.6	37.5 %	14.7 %
Interconnect Solutions	151.2	160.2	(5.6)%	(5.9)%
Control Technologies	146.7	140.3	4.6 %	0.6 %
Eliminations	(2.2)	(2.3)	(4.3)%	—
Revenue	\$ 1,235.3	\$ 1,216.9	1.5 %	(4.5)%

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

Industrial Process

Revenue for the three and six months ended June 30, 2016 decreased \$73.3, or 25.5%, and \$120.1, or 22.1%, including an unfavorable foreign currency translation impact of \$9.2 and \$19.0, respectively. Organic revenue for the three and six months ended June 30, 2016 declined \$64.1, or 22.3%, and \$101.1, or 18.6%, respectively. The decrease in both periods reflects challenging conditions within the oil and gas, mining, and chemical and industrial markets that have resulted in lower demand for original equipment and replacement parts, as well as the postponement of customer maintenance activities. These market conditions contributed to revenue declines for the projects and aftermarket portions of our business, of approximately 52% and 13%, during the three month period ended June 30, 2016, and declines of 38% and 12% for the six month period ended June 30, 2016, respectively. Revenue from the baseline pumps was approximately 4% higher than the prior year for the quarter-to-date period, however was approximately 15% lower than the prior year for the year-to-date period.

Orders for the three and six months ended June 30, 2016 decreased \$32.4, or 14.0%, and \$105.6 or 21.4% including an unfavorable foreign currency translation impact of \$6.8 and \$18.2, respectively. Organic orders for the three and six months ended June 30, 2016 decreased \$25.6, or 11.0% and \$87.4, or 17.7%, respectively. The decreases primarily reflect a decline in project pump business of 8% and 29% during the three and six months ended June 30, 2016, respectively, due to capital investment delays within the oil and gas and mining markets. In addition, baseline pumps and aftermarket orders were impacted by delayed customer maintenance and replacement activities.

Backlog

The level of order and shipment activity related to engineered project pumps can vary significantly from period to period, which may impact the year-over-year comparisons. Backlog as of June 30, 2016 was \$367.3, reflecting a decrease of \$43.6, or 10.6%, from the December 31, 2015 level. The decrease reflects lower project order intake due to global capital project delays, lower oil and gas and mining orders due to market uncertainty and volatility. The book-to-bill ratio for the six months ended June 30, 2016 was 0.92.

Motion Technologies

Revenue for the three months ended June 30, 2016 increased \$75.2, or 40.8%, including incremental revenue of \$44.3 from our 2015 acquisition of Wolverine and favorable foreign currency translation impact of \$2.8. Organic revenue increased \$28.1, or 15.2%, driven by growth of approximately 19% within our Friction Technologies business reflecting global OEM market strength and share gains from past platform wins that have entered production. Growth in aftermarket of approximately 15% was the result of volume growth in the OES and independent aftermarket sales channels of 19% and 11%, respectively. Sales from our KONI Shock Absorber business decreased approximately 1%.

Revenue for the six months ended June 30, 2016 increased \$141.0, or 37.5%, including incremental revenue of \$86.3 from our 2015 acquisition of Wolverine and unfavorable foreign currency translation impact of \$0.6. Organic revenue increased \$55.3, or 14.7%, due to continued strength within our Friction Technologies business as revenue grew 17% compared to prior year. The organic growth in revenue was driven primarily by gains in the OEM channel of approximately 24%, primarily due to global share gains, and OES which delivered 13% sales growth. Independent aftermarket sales were flat. Sales from our KONI business contributed 3% growth due to higher volume in the bus, truck and trailer market.

Orders for the three months ended June 30, 2016 increased \$75.5, or 40.7%, including additional orders of \$44.6 from our acquisition of Wolverine and favorable foreign currency translation of \$2.9. Orders for the six months ended June 30, 2016 increased \$142.9, or 37.2%, including additional orders of \$86.2 from our acquisition of Wolverine and unfavorable foreign currency translation impacts of \$0.8. Organic orders increased \$28.0, or 15.1%, and \$57.5, or 15.0%, during the three and six months ended June 30, 2016, respectively, due to continued growth by our Friction Technologies business from global share gains on new automotive platforms that are entering production. Organic orders from KONI decreased 14% during the second quarter due to the timing of China rail orders and weakness in the North American region while organic orders received during the first six months of 2016 increased 7%, mainly due to strong order intake in the North American defense market.

Interconnect Solutions

Revenue for the three and six months ended June 30, 2016 decreased by \$3.9, or 4.7%, and \$9.0, or 5.6%, including favorable foreign currency translation impacts of \$0.8 and \$0.4, respectively. Organic revenue declined \$4.7, or 5.7%, and \$9.4, or 5.9%, respectively, primarily due to continued weakness and uncertainty in the global upstream oil and gas market as well as declining revenue from end-of-life non-strategic connector platforms. The decreases were slightly offset by gains in the aerospace and defense market during the three and six months ended June 30, 2016 of approximately 3% and 1%, respectively.

Orders for the three and six months ended June 30, 2016 decreased \$10.0, or 12.0%, and \$14.9, or 9.0%, including favorable foreign currency translation impacts of \$0.9 and \$0.4, respectively. Organic orders for the three and six months ended June 30, 2016 decreased \$10.9, or 13.1%, and \$15.3, or 9.2%, respectively, primarily reflecting declines in both periods within the upstream oil and gas market due to continued market uncertainty. In addition, organic orders from the aerospace and defense market during the three and six months ended June 30, 2016 declined approximately 12% and 9%, respectively.

Control Technologies

Revenue for the three months ended June 30, 2016 increased \$0.3, or 0.4%. Organic revenue increased \$1.5, or 2.0%, which excludes revenue of \$1.4 from the 2015 period generated by an industrial product line that was divested in May 2015 and favorable foreign currency translation impacts of \$0.2. Revenue for the six months ended June 30, 2016 increased \$6.4, or 4.6%. Organic revenue increased \$0.8, or 0.6%, which excludes the first quarter 2016 incremental benefit from our 2015 acquisition of Hartzell Aerospace of \$8.8, as well as revenue of \$3.4 from the 2015 period generated by an industrial motors product line that was divested in May 2015 and favorable foreign currency translation impacts of \$0.2. The increases in organic revenue during the three and six months ended June 30, 2016 reflect growth in CT Aerospace of approximately 4% and 3%, respectively, due to higher defense program shipments and aftermarket improvement. These gains were offset by difficult prior year comparisons in commercial aerospace OEM. CT Industrial was unfavorably impacted by the general softness in global industrial markets and the current energy market dynamics, which led to revenue declines of approximately 1% and 5%, respectively, during the three and six months ended June 30, 2016.

Orders for the three months ended June 30, 2016 decreased by \$13.5, or 15.6%. Organic orders for the three months ended June 30, 2016 decreased \$11.2, or 13.0%, which excludes orders from the prior year of \$2.5 associated with an industrial motors product line that was sold in May 2015 and a favorable foreign currency translation impact of \$0.2. The decrease in organic orders was driven primarily by declines in CT Aerospace of

approximately 16% due to lower OEM from large prior year platform wins and timing of defense orders. In addition, CT Industrial faced challenging energy market dynamics causing a decline of approximately of 3% in organic orders. Orders for the six months ended June 30, 2016 increased \$13.1, or 8.6%. Organic orders for the six months ended June 30, 2016 increased \$4.1, or 2.7%, which excludes the incremental benefit from our 2015 acquisition of Hartzell Aerospace of \$13.4, orders from the prior year of \$4.6 associated with the industrial product line sold in May 2015 and favorable foreign currency translation of \$0.2. The increase in organic orders was primarily driven by CT Aerospace which increased approximately 5% due to strong orders for defense products in the first quarter which are expected to provide a benefit for multiple years, in addition to solid wins in aftermarket. Partially offsetting the increase was a slight decline in orders at CT Industrial of approximately 2% due to challenging energy market dynamics.

OPERATING EXPENSES

For the Periods Ended June 30	Three Months			Six Months		
	2016	2015	Change	2016	2015	Change
General and administrative expenses	74.0	66.5	11.3 %	143.0	126.6	13.0 %
Sales and marketing expenses	\$ 46.0	\$ 48.8	(5.7)%	\$ 89.3	\$ 96.1	(7.1)%
Research and development expenses	21.1	18.9	11.6 %	40.3	37.2	8.3 %
Asbestos-related costs (benefit), net	15.0	(84.8)	(117.7)%	27.8	(69.4)	(140.1)%
Total operating expenses	\$ 156.1	\$ 49.4	216.0 %	\$ 300.4	\$ 190.5	57.7 %
Total Operating Expenses By Segment:						
Industrial Process	\$ 62.6	\$ 57.5	8.9 %	\$ 116.7	\$ 121.6	(4.0)%
Motion Technologies	36.9	21.3	73.2 %	68.8	40.9	68.2 %
Interconnect Solutions	18.2	28.5	(36.1)%	38.2	49.0	(22.0)%
Control Technologies	15.9	16.5	(3.6)%	33.0	30.6	7.8 %
Corporate & Other	22.5	(74.4)	(130.2)%	43.7	(51.6)	(184.7)%

Sales and marketing expenses for the three and six months ended June 30, 2016 decreased \$2.8, or 5.7% and \$6.8, or 7.1%, respectively, primarily reflecting focused cost reductions at Industrial Process due to lower headcount as well as a decrease in commission expense and other variable costs during both periods, partially offset by incremental sales and marketing costs of \$1.2 and \$2.5, respectively, related to our fourth quarter 2015 acquisition of Wolverine.

General and administrative (G&A) expenses for the three and six months ended June 30, 2016 increased \$7.5, or 11.3%, and \$16.4, or 13.0%, respectively. The increase in both periods was primarily driven by our acquisition of Wolverine in the fourth quarter of 2015 of \$5.6 and \$9.5, higher restructuring costs of \$7.6 and \$3.8, incremental strategic investment costs, and a trade name impairment of \$4.1 in our Industrial Process segment resulting from the challenging conditions experienced within the upstream oil and gas market, which was partially offset by savings from past restructuring actions. Further offsetting these additional G&A costs were favorable transactional foreign currency impacts of \$3.9 during the second quarter of 2016. The year to date comparisons to the prior year were additionally impacted by a favorable warranty resolution of \$5.0 from the prior year as well as unfavorable foreign currency impacts during the first six months of 2016 of \$4.2.

Research and development (R&D) expenses for the three and six months ended June 30, 2016 increased \$2.2, or 11.6%, and \$3.1, or 8.3%, respectively, primarily reflecting incremental costs of \$2.1 and \$3.0 related to our acquisition of Wolverine in the fourth quarter of 2015. In addition, increased product development activities at Motion Technologies were offset by lower R&D spending in our Control Technologies segment during both periods due to the progress made on the development of a major aerospace development program.

The increase in asbestos-related costs, net for both the three and six months ended June 30, 2016 was driven by a \$100.7 benefit recognized during the second quarter of 2015, reflecting a new single firm strategy and streamlined case management to assist in reducing asbestos related defense costs. See Note 17, Commitments and Contingencies, to the Consolidated Condensed Financial Statements for further information.

OPERATING INCOME

For the Periods Ended June 30	Three Months			Six Months		
	2016	2015	Change	2016	2015	Change
Industrial Process	\$ 6.3	\$ 41.5	(84.8)%	\$ 15.3	\$ 61.9	(75.3)%
Motion Technologies	48.9	37.0	32.2 %	99.6	78.0	27.7 %
Interconnect Solutions	4.8	(0.8)	(a)	6.8	4.0	70.0 %
Control Technologies	12.0	12.2	(1.6)%	22.4	26.5	(15.5)%
Segment operating income	72.0	89.9	(19.9)%	144.1	170.4	(15.4)%
Asbestos-related (costs) benefit, net	(15.0)	84.8	(117.7)%	(27.8)	69.4	(140.1)%
Other corporate costs	(7.5)	(10.2)	26.5 %	(15.8)	(17.4)	9.2 %
Total corporate and other (costs) benefit	(22.5)	74.6	(130.2)%	(43.6)	52.0	183.8 %
Total operating income	\$ 49.5	\$ 164.5	(69.9)%	\$ 100.5	\$ 222.4	(54.8)%
Operating margin:						
Industrial Process	2.9%	14.4 %	(1,150)bp	3.6%	11.4%	(780)bp
Motion Technologies	18.8%	20.1 %	(130)bp	19.3%	20.8%	(150)bp
Interconnect Solutions	6.1%	(1.0)%	710bp	4.5%	2.5%	200bp
Control Technologies	16.0%	16.4 %	(40)bp	15.3%	18.9%	(360)bp
Segment operating margin	11.5%	14.3 %	(280)bp	11.7%	14.0%	(230)bp
Consolidated operating margin	7.9%	26.2 %	(1,830)bp	8.1%	18.3%	(1,020)bp

(a) The percentage change was intentionally excluded as the resulting figure is not considered meaningful.

Industrial Process operating income for the three months ended June 30, 2016 decreased \$35.2, or 84.8%. The decline primarily resulted from lower sales volumes and unfavorable pricing that impacted operating income by approximately \$35, as well as higher restructuring costs of \$12.7. In addition, an impairment of \$4.1 related to trade names was recorded during the second quarter of 2016 due to the downturn in the upstream oil and gas market. Net savings from restructuring activities, productivity, sourcing and cost control initiatives helped offset these unfavorable impacts by approximately \$16.

Industrial Process operating income for the six months ended June 30, 2016 decreased \$46.6, or 75.3%, resulting in a 780 basis point decline in operating margin. The decline was primarily driven by lower sales volumes and unfavorable pricing that impacted operating income by approximately \$55. In addition, during the first six months of 2016, unfavorable foreign currency impacts of approximately \$7, higher restructuring costs of \$7.0, a trade name impairment of \$4.1, and a prior year favorable warranty resolution further contributed to the decline. This was partially offset by net savings of approximately \$35 from restructuring activities, productivity, sourcing and cost control initiatives.

Motion Technologies operating margin for the three and six months ended June 30, 2016 was 18.8% and 19.3%, respectively, reflecting decreases of 130 basis points and 150 basis points, however operating income increased \$11.9, or 32.2%, and \$21.6, or 27.7%, respectively. Higher sales volume provided a benefit of approximately \$15 and \$30 during the three and six months ended June 30, 2016, respectively, but was partially offset by unfavorable pricing impacts and costs associated with the build-out of our new North American production facility. The unfavorable impact from these items on operating margin more than offset the benefit from higher sales volume. In addition, the 2015 acquisition of Wolverine provided \$4.5 and \$ 9.7 of incremental operating income, but reduced operating margin by approximately 170 and 150 basis points for the three and six months of 2016.

Interconnect Solutions operating income for the three months ended June 30, 2016 increased \$5.6 and provided a 710 basis point increase in operating margin. Operating income for the six months ended June 30, 2016 increased \$2.8, or 70.0%, resulting in a 200 basis point increase in operating margin. The increase in operating income for both periods is primarily driven by net savings from restructuring, productivity, and sourcing initiatives of approximately \$3 and \$8 during the three and six months ended June 30, 2016, respectively, and lower restructuring costs of \$5.5 and \$5.3. These savings were partially offset by unfavorable impacts from volume, price and mix.

Control Technologies operating income for the three months ended June 30, 2016 decreased \$0.2, or 1.6%, resulting in a 40 basis point decline in operating margin. Operating income for the six months ended June 30, 2016 decreased \$4.1, or 15.5%, resulting in a 360 basis point decline in operating margin. The decrease in operating income for both periods is primarily related to incremental costs of \$1.1 and \$2.1 associated with the relocation and consolidation of certain operations to an existing lower-cost facility during the three and six months ended June 30, 2016, as well as unfavorable sales mix in both periods. In addition, in the first six months of 2016, operating income was impacted by higher restructuring and due diligence costs. These items were partially offset by net savings from productivity and sourcing initiatives of approximately \$2 and \$4 during the three and six months ended June 30, 2016, respectively.

Other corporate costs for the three months ended June 30, 2016 declined by \$2.7, or 26.5%. During the six months ended June 30, 2016, other corporate costs declined by \$1.6, or 9.2%. The decrease in other corporate costs is due to lower corporate functional costs, employee incentive-based costs, and insurance costs. These savings were slightly offset by higher legal costs in both the three and six month periods of 2016.

INCOME TAX EXPENSE

For the three months ended June 30, 2016 and 2015, the Company recognized income tax expense of \$17.5 and \$23.5 and an effective tax rate of 35.0% and 14.3%, respectively. For the six months ended June 30, 2016 and 2015, the Company recognized income tax expense of \$29.2 and \$41.6 and an effective tax rate of 29.4% and 18.8%, respectively. The higher effective tax rate in 2016 compared to 2015 was due to tax benefits recorded in the second quarter of 2015 for the reduction in a deferred tax liability on foreign earnings which are not considered indefinitely reinvested, releases of valuation allowances and uncertain tax positions. The Company continues to benefit from earnings eligible for a tax holiday in South Korea, as well as a larger mix of earnings in non-U.S. jurisdictions with favorable tax rates.

The Company operates in various tax jurisdictions and is subject to examination by tax authorities in these jurisdictions. The Company is currently under examination in several jurisdictions including Canada, Germany, Hong Kong, Italy, Mexico, South Korea, the U.S. and Venezuela. The estimated tax liability calculation for unrecognized tax benefits includes dealing with uncertainties in the application of complex tax laws and regulations in various tax jurisdictions. Due to the complexity of some uncertainties, the ultimate resolution may result in a payment that is materially different from the current estimate of the unrecognized tax benefit. Over the next 12 months, the net amount of the tax liability for unrecognized tax benefits in foreign and domestic jurisdictions could change by approximately \$18 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 existing Tax Matters Agreement with Exelis and Xylem.

INCOME FROM DISCONTINUED OPERATIONS, NET OF TAX

For the three and six months ended June 30, 2016, the Company recognized income from discontinued operations of \$0.5 and \$0.2, respectively, related to certain legacy liabilities. During the three and six months ended June 30, 2015, the Company recognized income from discontinued operations of \$1.7 and \$5.1, respectively, principally related to a change in estimate for environmental costs and a favorable tax audit in Germany in the first quarter of 2015 that was part of the 2011 spin off.

LIQUIDITY

Funding and Liquidity Strategy

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

We manage our worldwide cash requirements considering available funds among the many subsidiaries through which we conduct business and the cost effectiveness with which those funds can be accessed. We have identified and continue to look for opportunities to access cash balances in excess of local operating requirements to meet our global liquidity needs in a cost-efficient manner. A majority of our cash and cash equivalents is held by our international subsidiaries. We have, and plan to, transfer cash between certain international subsidiaries and the U.S. and other international subsidiaries when it is cost effective to do so. Our intent is generally to indefinitely reinvest these funds outside of the U.S. consistent with our overall intention to support growth and expand in markets outside the U.S. through the development of products, increased non-U.S. capital spending, and potentially the acquisition of foreign businesses. However, we have determined that certain undistributed foreign earnings generated in Luxembourg, Japan, Hong Kong, and South Korea should not be considered permanently reinvested outside of the U.S. Cash distributions from foreign countries amounted to \$67.0 and \$235.0 as of June 30, 2016 and December 31, 2015, respectively. The timing and amount of additional future remittances, if any, remains under evaluation.

The amount and timing of dividends payable on our common stock are within the sole discretion of our Board of Directors and will be based on, and affected by, a number of factors, including our financial position and results of operations, available cash, expected capital spending plans, prevailing business conditions, and other factors the Board of Directors deems relevant. Therefore, there can be no assurance as to what level of dividends, if any, will be paid in the future. In the second quarter of 2016, we declared a dividend of \$0.124 per share for shareholders of record on June 10, 2016, which was paid on July 1, 2016. The dividend declared in the second quarter of 2016 is a 4.8% increase from the prior year.

During the six months ended June 30, 2016 and 2015, we repurchased 0.6 and 2.0 shares of common stock for \$20.0 and \$80.0, respectively, under our \$1 billion share repurchase program. To date, under the program, the Company has repurchased 19.0 shares for \$779.3. We are currently considering the repurchase of up to an additional \$50 of ITT common stock by the end of 2016, however the amount and timing of share repurchases 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 we deem relevant.

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

We access the commercial paper market to supplement the cash flows generated internally to provide additional short-term funding for strategic investments and other funding requirements. We manage our short-term liquidity through the use of our commercial paper program by adjusting the level of commercial paper borrowings as opportunities to deploy additional capital arise and it is cost effective to do so. As of June 30, 2016, we had an outstanding commercial paper balance of \$117.9. The average outstanding commercial paper balance during the six months ended June 30, 2016 was \$108.2. There have been no other material changes that have impacted our funding and liquidity capabilities since December 31, 2015.

Credit Facilities

Our five-year revolving \$500 credit agreement (the Revolving Credit Agreement) provides for increases in principal of up to \$200 for a possible maximum total of \$700 in aggregate principal amount, at the request of the Company and with the consent of the institutions providing such increased commitments. The Revolving Credit Agreement is intended to provide access to additional liquidity and be a source of alternate funding to the commercial paper program, if needed. Our policy is to maintain unused committed bank lines of credit in an amount greater than outstanding commercial paper balances. The provisions of the Revolving Credit Agreement require that we maintain an interest coverage ratio, as defined in such agreement, of at least 3.0 times and a leverage ratio, as defined in such agreement, of not more than 3.0 times. At June 30, 2016, we had \$100.0 outstanding under the Revolving Credit Agreement. As of June 30, 2016, our interest coverage ratio and leverage ratio were within the prescribed thresholds. In the event of certain ratings downgrades of the Company, to a level below investment grade, the direct and indirect significant U.S. subsidiaries of the Company would be required to guarantee the obligations under the credit facility. The Revolving Credit Agreement matures in November 2019.

Sources and Uses of Liquidity

Our principal source of liquidity is our cash flow generated from operating activities, which provides us with the ability to meet the majority of our short-term funding requirements. The following table summarizes net cash derived from operating, investing, and financing activities from continuing operations, as well as net cash from discontinued operations, for the six months ended June 30, 2016 and 2015.

For the Six Months Ended June 30	2016	2015
Operating activities	\$ 71.6	\$ 89.5
Investing activities	3.2	(140.2)
Financing activities	(67.8)	(19.6)
Foreign exchange	4.0	(14.0)
Total net cash flow from continuing operations	11.0	(84.3)
Net cash from discontinued operations	6.6	(2.3)
Net change in cash and cash equivalents	\$ 17.6	\$ (86.6)

Net cash provided by operating activities was \$71.6 for the six months ended June 30, 2016, representing a decrease of \$17.9. The decrease was primarily driven by a \$13.5 decrease in segment operating income, after adjustments for non-cash charges, including depreciation, amortization, and asset impairment costs. In addition, we had higher net income tax payments of \$8.5, asbestos payments of \$5.0, restructuring payments of \$2.4, and higher postretirement contributions of \$2.2. Changes in working capital balances of approximately \$12, mainly related to focused accounts receivable past due collections, partially offset the decline.

Net cash provided by investing activities was \$3.2 for the six months ended June 30, 2016, compared to a \$140.2 net use of cash from investing activities during the first half of 2015. The year-over-year change reflects the prior year purchase of Hartzell for \$53.5, as well as higher maturities of short-term investments (net of purchases) of \$100.5 during 2016. Capital expenditure spending was flat year-over-year with spending in both years focused on the capacity expansion projects and system upgrades. In addition, during the second quarter of 2015 we sold a product line within our Control Technologies segment resulting in proceeds of \$8.9.

Net cash used by financing activities was \$67.8 reflecting an increase of \$48.2 for the six months ended June 30, 2016 due to \$50 repayment on amounts outstanding under our revolving credit facility and lower net borrowings of \$45.2 under our commercial paper program. In addition, dividend payments were higher by \$11.5 during the first half of 2016, due to the timing of second quarter 2015 payment as well as a 4.8% increase in our declared dividend in 2016. The increase in cash used for financing activities was partially offset by lower repurchases of ITT common stock of \$56.2.

Net cash provided by discontinued operations was \$6.6 for the six months ended June 30, 2016. The increase of \$8.9 is primarily driven by \$9.2 received during the second quarter of 2016 related to the Tax Matters Agreement.

Asbestos

Based on the estimated undiscounted asbestos liability as of June 30, 2016 for claims filed or estimated to be filed over the next 10 years, we have estimated that we will be able to recover approximately 38% of the asbestos indemnity and defense costs from our insurers. Actual insurance reimbursements may vary significantly from period to period and the anticipated recovery rate is expected to decline over time due to gaps in our insurance coverage, reflecting uninsured periods, the insolvency of certain insurers, prior settlements with our insurers, and our expectation that certain insurance policies will exhaust within the next 10 years. In the tenth year of our estimate, our insurance recoveries are currently projected to be 15%. Additionally, future recovery rates may be impacted by other factors, such as future insurance settlements, insolvencies, and judicial determinations relevant to our coverage program, which are difficult to predict and subject to a high degree of uncertainty.

While there are overall limits on the aggregate amount of insurance available to the Company with respect to asbestos claims, with respect to certain coverage, those overall limits were not reached by the estimated liability recorded by the Company at June 30, 2016.

Further, there is uncertainty in estimating when cash payments related to the recorded asbestos liability will be fully expended and such cash payments will continue for a number of years beyond the next 10 years due to the significant proportion of future claims included in the estimated asbestos liability and the delay between the date a claim is filed and when it is resolved. Subject to these inherent uncertainties, it is expected that cash payments related to pending claims and claims to be filed in the next 10 years will extend through approximately 2029.

Although asbestos cash outflows can vary significantly from year to year, our current net cash outflows, net of tax benefits, are projected to average \$15 to \$25 over the next five years, as compared to an average of \$12 over the past three annual periods, and increase to an average of approximately \$35 to \$45 per year over the remainder of the projection period.

In light of the uncertainties and variables inherent in the long-term projection of the Company's asbestos exposures and potential recoveries, although it is probable that the Company will incur additional costs for asbestos claims filed beyond the next 10 years, we do not believe that there is a reasonable basis for estimating the number of future claims, the nature of future claims, or the cost to resolve future claims for years beyond the next 10 years at this time. Accordingly, no liability or related asset has been recorded for any costs that may be incurred for claims asserted subsequent to 2026.

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

KEY PERFORMANCE INDICATORS AND NON-GAAP MEASURES

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

n "organic revenue" and "organic orders" are defined as revenue and orders, excluding the impacts of foreign currency fluctuations, acquisitions, and divestitures. Divestitures include sales of portions of our business that did not meet the criteria for presentation as a discontinued operation. The period-over-period change resulting from foreign currency fluctuations is estimated using a fixed exchange rate for both the current and prior periods. Management believes that reporting organic revenue and organic orders provides useful information to investors by helping identify underlying trends in our business and facilitating easier comparisons of our revenue performance with prior and future periods and to our peers. Reconciliations of organic revenue for the three and six months ended June 30, 2016 are provided below.

Three Months Ended June 30	Industrial Process	Motion Technologies	Interconnect Solutions	Control Technologies	Eliminations	Total ITT
2016 Revenue	\$ 214.2	\$ 259.6	\$ 78.8	\$ 74.8	\$ (1.2)	\$ 626.2
(Acquisitions)/divestitures, net	—	(44.3)	—	1.4	—	(42.9)
Foreign currency translation	9.2	(2.8)	(0.8)	(0.2)	—	5.4
2016 Organic revenue	\$ 223.4	\$ 212.5	\$ 78.0	\$ 76.0	\$ (1.2)	\$ 588.7
2015 Revenue	\$ 287.5	\$ 184.4	\$ 82.7	\$ 74.5	\$ (0.9)	\$ 628.2
Organic growth (decline)	(22.3)%	15.2%	(5.7)%	2.0%		(6.3)%
Six Months Ended June 30						
2016 Revenue	\$ 423.0	\$ 516.6	\$ 151.2	\$ 146.7	\$ (2.2)	\$ 1,235.3
(Acquisitions)/divestitures, net	—	(86.3)	—	(5.4)	—	(91.7)
Foreign currency translation	19.0	0.6	(0.4)	(0.2)	0.1	19.1
2016 Organic revenue	\$ 442.0	\$ 430.9	\$ 150.8	\$ 141.1	\$ (2.1)	\$ 1,162.7
2015 Revenue	\$ 543.1	\$ 375.6	\$ 160.2	\$ 140.3	\$ (2.3)	\$ 1,216.9
Organic growth (decline)	(18.6)%	14.7%	(5.9)%	0.6%		(4.5)%

Reconciliations of organic orders for the three and six months ended June 30, 2016 are provided below:

Three Months Ended June 30	Industrial Process	Motion Technologies	Interconnect Solutions	Control Technologies	Eliminations	Total ITT
2016 Orders	\$ 199.7	\$ 261.2	\$ 73.1	\$ 72.8	\$ (0.9)	\$ 605.9
(Acquisitions)/divestitures, net	—	(44.6)	—	2.5	—	(42.1)
Foreign currency translation	6.8	(2.9)	(0.9)	(0.2)	(0.2)	2.6
2016 Organic orders	\$ 206.5	\$ 213.7	\$ 72.2	\$ 75.1	\$ (1.1)	\$ 566.4
2015 Orders	\$ 232.1	\$ 185.7	\$ 83.1	\$ 86.3	\$ (1.0)	\$ 586.2
Organic growth (decline)	(11.0)%	15.1%	(13.1)%	(13.0)%		(3.4)%
Six Months Ended June 30						
2016 Orders	\$ 388.5	\$ 526.6	\$ 151.2	\$ 165.2	\$ (2.1)	\$ 1,229.4
(Acquisitions)/divestitures, net	—	(86.2)	—	(8.8)	—	(95.0)
Foreign currency translation	18.2	0.8	(0.4)	(0.2)	(0.1)	18.3
2016 Organic orders	\$ 406.7	\$ 441.2	\$ 150.8	\$ 156.2	\$ (2.2)	\$ 1,152.7
2015 Orders	\$ 494.1	\$ 383.7	\$ 166.1	\$ 152.1	\$ (2.1)	\$ 1,193.9
Organic growth (decline)	(17.7)%	15.0%	(9.2)%	2.7%		(3.5)%

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

Reconciliations of segment operating income to adjusted segment operating income for the three and six months ended June 30, 2016 and 2015 are provided below.

Three Months Ended June 30, 2016	Industrial Process	Motion Technologies	Interconnect Solutions	Control Technologies	Total Segment
Segment operating income	\$ 6.3	\$ 48.9	\$ 4.8	\$ 12.0	\$ 72.0
Restructuring costs	13.8	—	—	—	13.8
Other ^(a)	4.1	1.1	—	1.2	6.4
Adjusted segment operating income	\$ 24.2	\$ 50.0	\$ 4.8	\$ 13.2	\$ 92.2
Six Months Ended June 30, 2016					
Segment operating income	\$ 15.3	\$ 99.6	\$ 6.8	\$ 22.4	\$ 144.1
Restructuring costs	17.0	1.4	—	0.9	19.3
Other ^(a)	4.1	2.1	—	3.6	9.8
Adjusted segment operating income	\$ 36.4	\$ 103.1	\$ 6.8	\$ 26.9	\$ 173.2

(a) The adjustments for Other items during 2016 primarily reflect an impairment of \$4.1 recorded in the second quarter at our Industrial Process segment for trade names as result of the downturn in the upstream oil and gas market as well as realignment and acquisition-related costs in other segments.

Three Months Ended June 30, 2015	Industrial Process	Motion Technologies	Interconnect Solutions	Control Technologies	Total Segment
Segment operating income	\$ 41.5	\$ 37.0	\$ (0.8)	\$ 12.2	\$ 89.9
Restructuring costs	1.1	—	5.5	—	6.6
Other	(1.7)	—	0.2	0.5	(1.0)
Adjusted segment operating income	\$ 40.9	\$ 37.0	\$ 4.9	\$ 12.7	\$ 95.5
Six Months Ended June 30, 2015					
Segment operating income	\$ 61.9	\$ 78.0	\$ 4.0	\$ 26.5	\$ 170.4
Restructuring costs	10.0	—	5.3	0.5	15.8
Other	(1.7)	—	0.2	0.5	(1.0)
Adjusted segment operating income	\$ 70.2	\$ 78.0	\$ 9.5	\$ 27.5	\$ 185.2

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

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

For the Periods Ended June 30	Three Months		Six Months	
	2016	2015	2016	2015
Income from continuing operations attributable to ITT Inc.	\$ 32.3	\$ 140.6	\$ 70.0	\$ 179.3
Net asbestos-related costs, net of tax benefit (expense) of \$5.6, \$(31.4), \$10.3 and \$(25.7), respectively	9.4	(53.4)	17.5	(43.7)
Restructuring costs, net of tax benefit of \$1.6, \$2.0, \$3.0 and \$2.6, respectively	12.7	4.7	16.8	13.4
Tax-related special items ^(a)	2.2	(27.9)	3.5	(25.2)
Other special items, net of tax benefit of \$0.7, \$0.1, \$1.9 and \$0.1, respectively ^(b)	3.6	(1.8)	5.7	(1.7)
Adjusted income from continuing operations attributable to ITT Inc.	\$ 60.2	\$ 62.2	\$ 113.5	\$ 122.1
Income from continuing operations attributable to ITT Inc. per diluted share	\$ 0.36	\$ 1.56	\$ 0.78	\$ 1.97
Adjusted income from continuing operations attributable to ITT Inc. per diluted share	\$ 0.67	\$ 0.69	\$ 1.26	\$ 1.34

(a) Tax-related special items for the three and six months ended June 30, 2016 primarily relate to distributions of foreign earnings. Tax-related special items for the three and six months ended June 30, 2015 primarily related to a reduction in the tax on undistributed foreign earnings, uncertain tax positions, and the tax impact of a change in the valuation allowance assessment, in addition to the tax impact of other operating special items.

(b) Other special items in 2016 primarily relates to an impairment of \$4.1 recorded in the second quarter at our Industrial Process segment for trade names as result of the downturn in the upstream oil and gas market and realignment and integration costs associated with our 2015 acquisitions of Hartzell and Wolverine, partially offset by the reversal of interest accruals related to uncertain tax positions taken in prior years.

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

For the Six Months Ended June 30	2016	2015
Net cash provided by operating activities	\$ 71.6	\$ 89.5
Capital expenditures ^(c)	(46.1)	(45.7)
Restructuring cash payments	15.5	13.1
Net asbestos cash flows	11.5	6.5
Realignment and other cash payments	2.2	2.3
Adjusted free cash flow	\$ 54.7	\$ 65.7

(c) Capital expenditures for the six months ended June 30, 2015 reflect a reduction of \$0.3 associated with repositioning activities related to the 2011 spin-off.

RECENT ACCOUNTING PRONOUNCEMENTS

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

CRITICAL ACCOUNTING ESTIMATES

The preparation of ITT's financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosure of contingent assets and liabilities. ITT believes the most complex and sensitive judgments, because of their significance to the Consolidated Condensed Financial Statements, result primarily from the need to make estimates about the effects of matters that are inherently uncertain. Management's Discussion and Analysis of Financial Condition and Results of Operations in the 2015 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 2015 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 2015 Annual Report.

ITEM 4. CONTROLS AND PROCEDURES

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

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

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

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

Asbestos Proceedings

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

We record a liability for pending asbestos claims and asbestos claims estimated to be filed over the next 10 years. While it is probable that we will incur additional costs for future claims to be filed against the Company, a liability for potential future claims beyond the next 10 years is not reasonably estimable due to the uncertainties and variables inherent in the long-term projection of the Company's asbestos exposures and potential recoveries. As of June 30, 2016, we have recorded an undiscounted asbestos-related liability for pending claims and unasserted claims estimated to be filed over the next 10 years of \$1,038.0, including expected legal fees, and an associated asset of \$390.9 which represents estimated recoveries from insurers, resulting in a net asbestos exposure of \$647.1.

Other Matters

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

ITEM 1A. RISK FACTORS

Reference is made to the risk factors set forth in Part I, Item 1A, "Risk Factors," of our 2015 Annual Report, which are incorporated by reference herein. There has 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)	TOTAL NUMBER OF SHARES PURCHASED	AVERAGE PRICE PAID PER SHARE ⁽¹⁾	TOTAL NUMBER OF SHARES PURCHASED AS PART OF PUBLICLY ANNOUNCED PLANS OR PROGRAMS ⁽²⁾	MAXIMUM DOLLAR VALUE OF SHARES THAT MAY YET BE PURCHASED UNDER THE PLANS OR PROGRAMS ⁽²⁾
4/1/2016 - 4/30/2016	—	—	—	\$ 240.7
5/1/2016 - 5/31/2016	0.6	34.46	0.6	\$ 220.7
6/1/2016 - 6/30/2016	—	\$ —	—	\$ 220.7

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

(2) On October 27, 2006, our Board of Directors approved a three-year \$1 billion share repurchase program (2006 Share Repurchase Program). On December 16, 2008, our Board of Directors modified the provisions of the 2006 Share Repurchase Program to replace the original three-year term with an indefinite term. As of June 30, 2016, we had repurchased 19.0 shares for \$779.3, including commissions, under the 2006 Share Repurchase Program. The program is consistent with our capital allocation process, which has centered on those investments necessary to grow our businesses organically and through acquisitions, while also providing cash returns to shareholders. Our strategy for cash flow utilization is to invest in our business, execute strategic acquisitions, pay dividends and repurchase common stock.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

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

This disclosure is made pursuant to Section 219 of the Iran Threat Reduction and Syria Human Rights Act of 2012 which added subsection (r) to section 13 of the Exchange Act (Section 13(r)) requiring a public reporting issuer to disclose in its annual or quarterly reports whether it or any affiliates have knowingly engaged in specified activities or transactions relating to Iran, including activities conducted outside the United States by non-U.S. affiliates in compliance with local law.

In its 2012 Annual Report, ITT described its acquisition of all the shares of Joh. Heinr. Bornemann GmbH (Bornemann) in November 2012, as well as certain activities of Bornemann in Iran and the wind down of those activities in accordance with a General License issued on December 26, 2012 (the General License) by the Office of Foreign Assets Control (OFAC). As permitted by the General License, on or before March 8, 2013, Bornemann completed the wind-down activities and ceased all activities in Iran. As required to be disclosed by Section 13(r), the gross revenues and operating income to Bornemann from its Iranian activities subsequent to its acquisition by ITT were Euros 2.2 million and Euros 1.5 million, respectively. Prior to its acquisition by ITT, Bornemann issued a performance bond to its Iranian customer in the amount of Euros 1.3 million (the Bond). Bornemann requested that the Bond be canceled prior to March 8, 2013; however, the former customer refused this request and as a result the Bond remains outstanding. Bornemann did not receive gross revenues or operating income, or pay interest, with respect to the Bond in any subsequent periods through June 30, 2016, however, Bornemann did pay fees in 2015 of approximately Euros 11 thousand to the German financial institution which is maintaining the Bond.

ITEM 6. EXHIBITS

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

SIGNATURE

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

ITT Inc.

(Registrant)

By: _____ /S/ STEVEN C. GIULIANO
Steven C. Giuliano
Vice President and Chief Accounting Officer
(Principal accounting officer)

August 4, 2016

EXHIBIT INDEX

EXHIBIT NUMBER	DESCRIPTION	LOCATION
(2.1)	Agreement and Plan of Merger, effective as of May 16, 2016, among ITT Corporation, ITT Inc. and ITT LLC	Incorporated by reference to Exhibit 2.1 of ITT Inc.'s Current Report on Form 8-K dated May 16, 2016 (File No. 001-05672)
(10.1)	Assumption and Amendment Agreement, dated as of May 16, 2016, among ITT Inc., ITT LLC and JPMorgan Chase Bank, N.A., as administrative agent, to the Five-Year Competitive Advance and Revolving Credit Facility Agreement, dated as of November 25, 2014, among ITT Corporation, JPMorgan Chase Bank, N.A., as administrative agent, and the lenders party thereto	Incorporated by reference to Exhibit 10.1 of ITT Inc.'s Current Report on Form 8-K dated May 16, 2016 (File No. 001-05672)
(10.2)	First Supplemental Indenture, dated as of May 16, 2016, between ITT Inc. and MUFG Union Bank, N.A., as Trustee	Incorporated by reference to Exhibit 4.2 of Post-Effective Amendment No. 1 to ITT Inc.'s Registration Statement on Form S-3 dated May 16, 2016 (File No. 333-207006)
(10.3)*	Amended and Restated Employment Agreement, dated as of May 16, 2016, between ITT Inc. and Denise L. Ramos	Incorporated by reference to Exhibit 10.3 of ITT Inc.'s Current Report on Form 8-K dated May 16, 2016 (File No. 001-05672)
(10.4)*	Omnibus Amendment to Long-Term Incentive Plans, dated as of May 16, 2016	Incorporated by reference to Exhibit 10.2 of ITT Inc.'s Current Report on Form 8-K dated May 16, 2016 (File No. 001-05672)
(10.5)*	ITT Annual Incentive Plan for Executive Officers, amended and restated as of May 16, 2016	Filed herewith
(10.6)*	Supplemental Retirement Savings Plan, amended and restated as of January 1, 2016	Filed herewith
(10.7)*	ITT Deferred Compensation Plan	Incorporated by reference to Exhibit 10.4 of ITT Inc.'s Current Report on Form 8-K dated May 16, 2016 (File No. 001-05672)
(10.8)*	ITT Deferred Compensation Plan for Non-Employee Directors, amended and restated as of May 16, 2016	Filed herewith
(10.9)*	ITT Senior Executive Severance Pay Plan, amended and restated as of May 16, 2016	Filed herewith
(10.10)*	ITT Change in Control Severance Pay Plan, amended and restated as of May 16, 2016	Filed herewith
(10.11)*	ITT Senior Executive Change in Control Severance Pay Plan, amended and restated as of May 16, 2016	Filed herewith
(31.1)	Certification pursuant to Rule 13a-14(a)/15d-14 (a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Filed herewith.
(31.2)	Certification pursuant to Rule 13a-14(a)/15d-14 (a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Filed herewith.

EXHIBIT NUMBER	DESCRIPTION	LOCATION
(32.1)	Certification Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	This Exhibit is intended to be furnished in accordance with Regulation S-K Item 601(b) (32) (ii) and shall not be deemed to be filed for purposes of Section 18 of the Securities Exchange Act of 1934 or incorporated by reference into any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except as shall be expressly set forth by specific reference.
(32.2)	Certification Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	This Exhibit is intended to be furnished in accordance with Regulation S-K Item 601(b) (32) (ii) and shall not be deemed to be filed for purposes of Section 18 of the Securities Exchange Act of 1934 or incorporated by reference into any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except as shall be expressly set forth by specific reference.
(101)	The following materials from ITT Inc.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2016, formatted in XBRL (Extensible Business Reporting Language): (i) Consolidated Condensed Income Statements, (ii) Consolidated Condensed Statements of Comprehensive Income, (iii) Consolidated Condensed Balance Sheets, (iv) Consolidated Condensed Statements of Cash Flows, (v) Consolidated Condensed Statements of Changes in Shareholders' Equity, and (vi) Notes to Consolidated Condensed Financial Statements	Submitted electronically with this report.

* Management compensatory plan

**ITT Annual Incentive Plan For Executive Officers
(amended and restated as of May 16, 2016)**

1. Purpose

The purpose of this ITT Annual Incentive Plan for Executive Officers (the “**Incentive Plan**”) is to provide incentive compensation in the form of a cash award to executive officers of ITT Inc. (the “**Company**”) for achieving specific pre-established performance objectives and to continue to motivate participating executive officers to achieve their business goals, while tying a portion of their compensation to measures affecting shareholder value. The Incentive Plan seeks to enable the Company to continue to be competitive in its ability to attract and retain executive officers of the highest caliber.

It is intended that compensation payable under the Incentive Plan will qualify as “performance-based compensation,” within the meaning of Section 162(m) of the Internal Revenue Code of 1986, as amended (the “**Code**”) and regulations promulgated thereunder, if such qualification is desired.

2. Plan Administration

The Compensation and Personnel Committee (the “**Committee**”) of the Board of Directors (the “**Board**”) of the Company, as constituted by the Board from time to time, shall be comprised completely of “outside directors” as defined under Section 162(m) of the Code.

The Committee shall have full power and authority to administer, construe and interpret the provisions of the Incentive Plan and to adopt and amend administrative rules and regulations, agreements, guidelines and instruments for the administration of the Incentive Plan and for the conduct of its business as the Committee considers appropriate.

Except with respect to matters which under Section 162(m) of the Code are required to be determined in the sole and absolute discretion of the Committee, the Committee shall have full power, to the extent permitted by law, to delegate its authority to any officer or employee of the Company or its subsidiaries to administer and interpret the procedural aspects of the Incentive Plan, subject to the terms of the Incentive Plan, including adopting and enforcing rules to decide procedural and administrative issues.

The Committee may rely on opinions, reports or statements of officers or employees of the Company and of counsel to the Company (inside or retained counsel), public accountants and other professional or expert persons.

The Board reserves the right to amend or terminate the Incentive Plan in whole or in part at any time; provided, however, that except as necessary to maintain an outstanding incentive award’s qualification as performance-based compensation under Section 162(m) of the Code (“**Performance-Based Compensation**”), no amendments shall adversely affect or impair the rights of any participant that have previously accrued hereunder, without the written consent of the participant. Unless otherwise prohibited by applicable law, any amendment required to cause an incentive award to qualify as Performance-Based Compensation may be made by the Committee. No amendment to the Incentive Plan may be made to alter the class of individuals who are eligible to participate in the Incentive Plan, the performance criteria specified in Section 4 hereof or the maximum incentive award

payable to any participant without shareholder approval unless shareholder approval of the amendment is not required in order for incentive awards paid to participants to constitute Performance-Based Compensation.

No member of the Committee shall be liable for any action taken or omitted to be taken or for any determination made by him or her in good faith with respect to the Incentive Plan, and the Company shall indemnify and hold harmless each member of the Committee against any cost or expense (including counsel fees) or liability (including any sum paid in settlement of a claim with the approval of the Committee) arising out of any act or omission in connection with the administration or interpretation of the Incentive Plan, unless arising out of such person's own fraud or bad faith.

3. Eligible Executives

Executive officers of the Company and its subsidiaries, as defined by the Securities Exchange Act of 1934, Rule 3b-7, as that definition may be amended from time to time, shall be eligible to participate in the Incentive Plan. The Committee shall select from all eligible executive officers those to whom incentive awards shall be granted under the Incentive Plan.

4. Plan Year, Performance Periods, Performance Measures and Performance Targets

Each fiscal year of the Incentive Plan (the "**Plan Year**") shall begin on January 1 and end on December 31. The performance period (the "**Performance Period**") with respect to which incentive awards may be payable under the Incentive Plan shall be the Plan Year unless the Committee designates one or more different Performance Periods.

The Committee shall establish the performance measures (the "**Performance Measures**") to be used, which may include one or more of the following criteria: (i) consolidated earnings before or after taxes (including earnings before interest, taxes, depreciation and amortization); (ii) net income; (iii) operating income; (iv) earnings per share; (v) book value per share; (vi) return on shareholders' equity; (vii) expense management; (viii) return on investment; (ix) improvements in capital structure; (x) profitability of an identifiable business unit or product; (xi) profit margins; (xii) stock price; (xiii) market share; (xiv) revenues or sales (including organic revenue); (xv) costs; (xvi) cash flow; (xvii) working capital; (xviii) return on assets; (xix) total shareholder return; (xx) return on invested or total capital; and (xxi) economic value added.

In addition, to the extent consistent with Section 162(m) of the Code, Performance Measures may be based upon other objectives such as negotiating transactions or sales, implementation of Company policy, development of long-term business goals or strategic plans, negotiation of significant corporate transactions, meeting specified market penetration goals, productivity measures, geographic business expansion goals, cost targets, customer satisfaction or employee satisfaction goals, goals relating to merger synergies, management of employment practices and employee benefits, or supervision of litigation and information technology, and goals relating to acquisitions or divestitures of subsidiaries and/or other affiliates or joint ventures; provided however, that the measurement of any such Performance Measures must be objectively determinable.

All Performance Measures shall be objectively determinable and, to the extent they are expressed in standard accounting terms, shall be according to generally accepted accounting principles as in existence on the date on which the applicable Performance Period is established and without regard to any changes in such principles after such date (unless the modification of a Performance Measure to take into account such a change is pre-established in writing at the time the Performance

Measures are established in writing by the Committee and/or the modification would not affect the ability of the incentive award to qualify as Performance-Based Compensation).

Notwithstanding the foregoing, incentive awards that are not intended to qualify as Performance-Based Compensation may be based on the Performance Measures described above or such other measures as the Committee may determine.

The Committee shall establish the performance targets (the “**Performance Targets**”) to be achieved, which shall be based on one or more Performance Measures relating to the Company as a whole or to the specific businesses of the Company, subsidiaries, operating groups, or operating units, as determined by the Committee. Performance Targets may be established on such terms as the Committee may determine, in its discretion, including in absolute terms, as a goal relative to performance in prior periods, or as a goal compared to the performance of one or more comparable companies or an index covering multiple companies. The Committee also shall establish with respect to each incentive award an objective formula to be used in calculating the amount of incentive award each participant shall be eligible to receive. There may be a sliding scale of payment dependent upon the percentage levels of achievement of Performance Targets.

The Performance Measures and Performance Targets, which may be different with respect to each participant and each Performance Period, must be set forth in writing by the Committee within the first ninety (90) days of the applicable Performance Period or, if sooner, prior to the time when 25 percent of the relevant Performance Period has elapsed.

5. Certification of Performance Targets and Calculation of Incentive Awards

After the end of each Performance Period, and prior to the payment for such Performance Period, the Committee must certify in writing the degree to which the Performance Targets for the Performance Period were achieved, including the specific target objective or objectives and the satisfaction of any other material terms of the incentive award. The Committee shall calculate the amount of each participant’s incentive award for such Performance Period based upon the Performance Measures and Performance Targets for such participant. In establishing Performance Targets and Performance Measures and in calculating the degree of achievement thereof, the Committee may ignore extraordinary items, property transactions, changes in accounting standards and losses or gains arising from discontinued operations. The Committee shall have no authority or discretion to increase the amount of any participant’s incentive award as so determined to the extent such incentive award is intended to qualify as Performance-Based Compensation, but it may reduce the amount or totally eliminate any such incentive award if it determines in its absolute and sole discretion that such action is appropriate in order to reflect the participant’s performance or unanticipated factors during the Performance Period. The Committee shall have the authority to increase or decrease the amount of an incentive award to the extent the incentive award is not intended to qualify as Performance-Based Compensation.

The maximum payment that may be made with respect to incentive awards under the Incentive Plan to any participant in any one calendar year shall be \$8,000,000.

6. Payment of Awards

Approved incentive awards shall be payable by the Company in cash to each participant, or to the participant’s estate in the event of the participant’s death, as soon as practicable (and in any event no later than 2-1/2 months after the end of each Performance Period). No incentive award that is

intended to qualify as Performance-Based Compensation may be paid under the Incentive Plan until the Committee has certified in writing that the relevant Performance Targets were achieved. If a participant is not an employee on the last day of the Performance Period, the Committee shall have sole discretion to determine what portion, if any, the participant shall be entitled to receive with respect to any award for the Performance Period. The Committee shall have the authority to adopt appropriate rules and regulations for the administration of the Incentive Plan in such termination cases.

The Company and its subsidiaries retain the right to deduct from any incentive awards paid under the Incentive Plan any Federal, state, local or foreign taxes required by law to be withheld with respect to such payment.

7. Other Terms and Conditions

Any award made under the Incentive Plan shall be subject to the discretion of the Committee. No person shall have any legal claim to be granted an award under the Incentive Plan and the Committee shall have no obligation to treat participants uniformly. Except as may be otherwise required by law, incentive awards under the Incentive Plan shall not be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, charge, garnishment, execution, or levy of any kind, either voluntary or involuntary. Incentive awards granted under the Incentive Plan shall be payable from the general assets of the Company or its subsidiary, and no participant shall have any claim with respect to any specific assets of the Company or any of its subsidiaries.

Nothing contained in the Incentive Plan shall give any participant the right to continue in the employment of the Company or a subsidiary of the Company or affect the right of the Company or its subsidiaries to terminate the employment of a participant.

8. Acceleration Event.

An “**Acceleration Event**” shall occur if:

(i) a report on Schedule 13D shall be filed with the Securities and Exchange Commission pursuant to Section 13(d) of the Securities Exchange Act of 1934, as amended (the “**Act**”), disclosing that any person (within the meaning of Section 13(d) of the Act), other than the Company or a subsidiary of the Company or any employee benefit plan sponsored by the Company or a subsidiary of the Company, is the beneficial owner directly or indirectly of twenty percent (20%) or more of the outstanding Common Stock \$1 par value, of the Company (the “**Stock**”);

(ii) any person (within the meaning of Section 13(d) of the Act), other than the Company or a subsidiary of the Company, or any employee benefit plan sponsored by the Company or a subsidiary of the Company, shall purchase shares pursuant to a tender offer or exchange offer to acquire any Stock (or securities convertible into Stock) for cash, securities or any other consideration, provided that after consummation of the offer, the person in question is the beneficial owner (as such term is defined in Rule 13d-3 under the Act), directly or indirectly, of twenty percent (20%) or more of the outstanding Stock (calculated as provided in paragraph (d) of Rule 13d-3 under the Act in the case of rights to acquire Stock);

(iii) the consummation of (A) any consolidation, business combination or merger involving the Company, other than a consolidation, business combination or merger involving the Company in which holders of Stock immediately prior to the consolidation, business combination or merger (x)

hold fifty percent (50%) or more of the combined voting power of the Company (or the corporation resulting from the merger or consolidation or the parent of such corporation) after the merger and (y) have the same proportionate ownership of common stock of the Company (or the corporation resulting from the merger or consolidation or the parent of such corporation), relative to other holders of Stock immediately prior to the merger, business combination or consolidation, immediately after the merger as immediately before, or (B) any sale, lease, exchange or other transfer (in one transaction or a series of related transactions) of all or substantially all the assets of the Company;

(iv) there shall have been a change in a majority of the members of the Board within a 12-month period unless the election or nomination for election by the Company's stockholders of each new director during such 12-month period was approved by the vote of two-thirds of the directors then still in office who (x) were directors at the beginning of such 12-month period or (y) whose nomination for election or election as directors was recommended or approved by a majority of the directors who were directors at the beginning of such 12-month period; or

(v) any person (within the meaning of Section 13(d) of the Act) (other than the Company or any subsidiary of the Company or any employee benefit plan (or related trust) sponsored by the Company or a subsidiary of the Company) becomes the beneficial owner (as such term is defined in Rule 13d-3 under the Act) of twenty percent (20%) or more of the Stock.

Upon the occurrence of an Acceleration Event, the Performance Measures for each Performance Period with respect to which incentive awards may be payable under the Incentive Plan shall be deemed to be achieved at the greater of (i) the Performance Target established for such Performance Measures or (ii) the Company's actual achievement of such Performance Measures in the year prior to the year in which the Acceleration Event occurs. Payment of the incentive awards, for the full year, will be made to each participant, in cash, within five (5) business days following such Acceleration Event.

9. Miscellaneous.

The Incentive Plan was approved by the shareholders of ITT Corporation on May 7, 2013. On May 16, 2016, the Company became the successor issuer to ITT Corporation pursuant to Rule 12g-3(a) under the Securities Exchange Act of 1934, as amended, and assumed, amended and restated the Incentive Plan as of such date. The Incentive Plan shall remain in effect unless/until terminated by the Board; provided, however, that if an Acceleration Event has occurred no amendment or termination shall impair the rights of any participant with respect to any prior award.

The Incentive Plan shall be construed and governed in accordance with the laws of the State of New York.

ITT SUPPLEMENTAL RETIREMENT SAVINGS PLAN

As Amended and Restated as of January 1, 2016

INTRODUCTION

The ITT Supplemental Retirement Savings Plan (the “Plan”) was originally named the ITT Excess Savings Plan and was effective as of January 1, 1987. The purpose of the Plan was to provide a means of restoring the contributions lost under the ITT Investment and Savings Plan for Salaried Employees (the “Former Savings Plan”) due to the application of the limitations imposed on qualified plans by Section 415 of the Internal Revenue Code, as amended (the “Code”).

As of January 1, 1989, the Plan was amended to provide (i) a means for restoring, for an employee participating in the Former Savings Plan, the matching and other employer contributions lost under the Former Savings Plan due to the application of the limitations imposed on qualified plans by Section 401(a)(17) and Section 402(g)(1) of the Code and (ii) a means of providing such employees with an opportunity to defer a portion of their salary in accordance with the terms of the Former Savings Plan as hereinafter set forth.

As of January 1, 1995, the Plan was further amended to provide a means of restoring, for an employee participating in the Former Savings Plan, matching and other employer contributions lost due to the deferral of base compensation under another nonqualified deferred compensation program. As of December 19, 1995, the Plan was renamed and continued as the ITT Industries Excess Savings Plan.

As of January 1, 1996, the Plan was further amended to solely provide to individuals who were designated as Eligible Employees under the Plan on and after January 1, 1996, a means to restore the contributions lost under the Former Savings Plan due to the application of the limitations imposed

by Sections 415 and 401(a)(17) of the Code and providing such employees with an opportunity to defer a portion of their base salary and to transfer any liabilities not attributable to such benefits to the ITT Industries Deferred Compensation Plan. The Plan was further amended, effective as of (i) January 1, 1997, to provide additional optional forms of distributions and to revise the participation requirements, (ii) July 1, 1997, to revise the eligibility requirements to permit an Eligible Employee to participate in his first year of employment, and (iii) September 1, 1997, to further expand the distribution options available under the Plan.

In July, 2004, the Plan was amended and restated to make certain changes regarding the effect of an Acceleration Event and to unify the definition of Acceleration Event with other employee benefit plans of ITT Industries, and to make certain other technical amendments.

Effective as of July 1, 2006, the Plan was renamed the ITT Excess Savings Plan. Effective as of January 1, 2008, the Plan was amended to make certain administrative changes.

Effective as of December 31, 2008, the Plan was amended and restated to comply with the provisions of Section 409A of the Code and the regulations promulgated thereunder.

Effective as of October 31, 2011, ITT split into three separate companies, ITT Corporation, Exelis Inc. and Xylem Inc. Under the Employee Benefits and Compensation Matters Agreement, dated October 25, 2011, ITT Corporation agreed to continue the Plan for eligible employees of ITT Corporation and of its subsidiaries and to transfer the liabilities attributable to participants who become or were employees of Xylem Inc. or Exelis Inc., or one of their subsidiaries to Xylem Inc. or Exelis Inc., respectively.

Effective as of October 31, 2011 the Plan was amended and restated to reflect the enhanced employer contribution formula provided under the ITT Corporation Retirement Savings Plan for Salaried Employees, the successor plan to the Former Savings Plan, and to rename the Plan as the ITT Corporation Supplemental Retirement Savings Plan for Salaried Employees. The Plan was further amended to cease Salary Deferrals by eligible employees effective as of January 1, 2012.

Effective January 1, 2016, sponsorship of the Plan was transferred from ITT Corporation to its subsidiary, ITT Industries Holdings, Inc. and the Plan was renamed the ITT Supplemental Retirement Savings Plan for Salaried Employees. The Plan was amended and restated as of January 1, 2016 to reflect such transfer of sponsorship and plan name change. The Plan was further renamed the ITT Supplemental Retirement Savings Plan on April 28, 2016.

All benefits payable under this Plan, which is intended to constitute both an unfunded excess benefit plan under Section 3(36) of Title I of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), and a nonqualified, unfunded deferred compensation plan for a select group of management employees under Title I of ERISA, shall be paid out of the general assets of the Corporation. The Corporation may establish and fund a trust in order to aid it in providing benefits due under the Plan.

ITT SUPPLEMENTAL RETIREMENT SAVINGS PLAN

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ARTICLE I - DEFINITIONS

- 1.01** “**Acceleration Event**” shall mean “Acceleration Event” as that term is defined under the provisions of the Plan as in effect on October 3, 2004.
- 1.02** “**Accounts**” shall mean the Deferral Account, the Floor Contribution Account, Core Contribution Account, the Matching Contribution Account and the Transition Credit Contribution Account.
- 1.03** “**Associated Company**” shall mean any division, unit, subsidiary, or affiliate of the Corporation which is an Associated Company as such term is defined in the Savings Plan.
- 1.04** “**Beneficiary**” shall mean the person or persons designated pursuant to the provisions of the Savings Plan to receive benefits under the Savings Plan after a Member’s death.
- 1.05** “**Change of Control**” shall mean an event which shall occur if there is: (i) a change in the ownership of ITT; (ii) a change in the effective control of ITT; or (iii) a change in the ownership of a substantial portion of the assets of ITT.

For purposes of this Section, a change in the ownership occurs on the date on which any one person, or more than one person acting as a group (as defined in Treasury Regs. 1.409A-2(i)(5)(v)(B)), acquires ownership of stock that, together with stock held by such person or group constitutes more than 50% of the total fair market value or total voting power of the stock of ITT.

A change in the effective control occurs on the date on which either (i) a person, or more than one person acting as a group (as defined in Treasury Regs. 1.409A-2(i)(5)(v)(B)), of the Board of Directors of ITT (the “Board of Directors”) is replaced during any 12-month period by directors whose appointment or election is not endorsed by a majority of the members of such Board of Directors prior to the date of the appointment or election, but only if no other corporation is a majority shareholder.

A change in the ownership of a substantial portion of assets occurs on the date on which any one person, or more than one person acting as a group (as defined in Treasury Regs. 1.409A-2(i)(5)(v)(B)), other than a person or group of persons that is related to ITT, acquires assets that have a total gross fair market value equal to or more than 40% of the total gross fair market value of all of the assets of ITT immediately prior to such acquisition or acquisitions, taking into account all such assets acquired during the 12-month period ending on the date of the most recent acquisition.

The determination as to the occurrence of a Change in Control shall be based on objective facts and in accordance with the requirements of Section 409A of the Code and the regulations promulgated thereunder.

- 1.06 “**Code**” shall mean the Internal Revenue Code of 1986, as amended from time to time.
- 1.07 “**Committee**” shall mean the Compensation and Personnel Committee of the Board of Directors.
- 1.08 “**Company**” shall mean the Corporation with respect to its employees or any participating company in the Savings Plan with respect to its employees.
- 1.09 “**Corporation**” shall mean ITT Industries Holdings, Inc., a Delaware corporation, or any successor by merger, purchase or otherwise.
- 1.10 “**Company Core Contribution Rate**” shall mean the rate of Company Core Contributions (as such term is defined under the provisions of the Savings Plan) for a particular Plan Year.
- 1.11 “**Company Transition Credit Contribution Rate**” shall mean the rate of Company Transition Credit Contributions (as such term is defined under the provisions of the Savings Plan) for a particular Plan Year.
- 1.12 “**Core Contribution Account**” shall mean the bookkeeping account (or subaccount(s)) maintained for each Member to record all amounts credited on his behalf under Section 3.01(d) and earnings on those amounts pursuant to Section 3.02.
- 1.13 “**Deferral Account**” shall mean the bookkeeping account (or subaccount(s)) maintained for each Member to record the amounts credited on his behalf under Section 3.01(a) and earnings on those amounts pursuant to Section 3.02.
- 1.14 “**Effective Date**” shall mean January 1, 1987.
- 1.15 “**Eligible Employee**” shall mean an Employee of the Company who is eligible to participate in the Plan as provided in Section 2.01.
- 1.16 “**Employee**” shall have the meaning set forth in the Savings Plan.
- 1.17 “**ERISA**” shall mean the Employee Retirement Income Security Act of 1974, as amended from time to time.
- 1.18 “**Excess Matching Contributions**” shall mean the amount of matching contributions credited on a Member’s behalf under Section 3.01(b).
- 1.19 “**Excess Floor Contributions**” shall mean the amount of floor contributions credited on a Member’s behalf under Section 3.01(c).
- 1.20 “**Excess Core Contributions**” shall mean the amount of core contributions credited on a Member’s behalf under Section 3.01(d).

- 1.21 **“Excess Transition Credit Contributions”** shall mean the amount of transition credit contributions credited on a Member’s behalf under Section 3.01(e).
- 1.22 **“Floor Contribution Account”** shall mean the bookkeeping account (or subaccount(s)) maintained for each Member to record the amounts credited on his behalf under Section 3.01(c) and earnings on those amounts pursuant to Section 3.02.
- 1.23 **“ITT”** shall mean ITT Corporation, an Indiana corporation, or any successor by merger, purchase or otherwise.
- 1.24 **“Matching Company Contribution”** shall have the meaning set forth in the Savings Plan.
- 1.25 **“Matching Contribution Account”** shall mean the bookkeeping account (or subaccount(s)) maintained for each Member to record all amounts credited on his behalf under Section 3.01(b) and earnings on those amounts pursuant to Section 3.02.
- 1.26 **“Member”** shall mean each Eligible Employee who participates in the Plan pursuant to Article II.
- 1.27 **“Plan”** shall mean this ITT Supplemental Retirement Savings Plan.
- 1.28 **“Plan Year”** shall mean the calendar year.
- 1.29 **“Reporting Date”** shall mean each business day on which the New York Stock Exchange is open for business, or such other day as the Committee may determine.
- 1.30 **“Salary”** shall mean (i) with respect to Plan Years beginning prior to January 1, 2012, an Eligible Employee’s “Salary” as such term is defined in the Savings Plan as in effect prior to October 31, 2011 disregarding any reduction required due to the application of the Statutory Compensation Limitation and (ii) with respect to Plan Years beginning on and after January 1, 2012, an Eligible Employee’s “Salary” as such term is defined in the Savings Plan as in effect on and after October 31, 2011 disregarding any reduction required due to the application of the Statutory Compensation Limitation. Notwithstanding the foregoing, solely for purposes of calculating the Employer contribution amount pursuant to the provisions of Sections 3.01(b), (d) and (e) on and after October 31, 2011 the term “Salary” shall mean “Salary” as such term is defined in the Savings Plan as in effect on and after October 31, 2011 disregarding any reduction required due to the application of the Statutory Compensation Limitation. Salary shall be determined before any reduction pursuant to an Eligible Employee’s election to make Salary Deferrals under this Plan, but after reduction for deferrals under any other nonqualified deferred compensation program maintained by the Company.

- 1.31 **“Salary Deferrals”** shall mean the amount of Salary a Member has elected to defer for a Plan Year beginning prior to January 1, 2012 pursuant to a Salary Reduction Agreement in accordance with the provisions of Section 3.01(a).
- 1.32 **“Salary Reduction Agreement”** shall mean the completed agreement including any amendments, attachments and appendices thereto, in such form as approved by the Committee, entered into by the Member pursuant to Section 2.02 under which he elects (i) to defer a portion of his Salary under this Plan in accordance with the provisions of Section 3.01(a).
- 1.33 **“Savings”** shall have the meaning set forth in the Savings Plan.
- 1.34 **“Savings Plan”** shall mean the ITT Retirement Savings Plan, as amended from time to time.
- 1.35 **“Special DC Credit Contribution Rate”** shall mean the rate of Special DC Credit Contributions (as such term is defined under the provisions of the Savings Plan) for a particular Plan Year.
- 1.36 **“Statutory Compensation Limitation”** shall mean the limitations set forth in Section 401(a)(17) of the Code as in effect each calendar year for the Savings Plan.
- 1.37 **“Termination of Employment”** shall mean a “Separation from Service” as such term is defined in the Treasury Regs. under Section 409A of the Code, as modified by the rules described below:
- (a) An Employee who is absent from work due to military leave, sick leave, or other bona fide leave of absence pursuant to Company policies shall incur a Termination of Employment on the first date immediately following the later of (i) the six-month anniversary of the commencement of the leave (eighteen month anniversary for a disability leave of absence) or (ii) the expiration of the Employee’s right, if any, to reemployment under statute or contract or pursuant to Company policies. For this purpose, a “disability leave of absence” is an absence due to any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 6 months, where such impairment causes the employee to be unable to perform the duties of his job or a substantially similar job;
 - (b) For purposes of determining whether another organization is an Associated Company of the Corporation, common ownership of at least 50% shall be determinative;
 - (c) ITT specifically reserves the right to determine whether a sale or other disposition of substantial assets to an unrelated party constitutes a Termination of Employment with respect to the executive providing services to the seller immediately prior to

the transaction and providing services to the buyer after the transaction. Such determination shall be made in accordance with the requirements of Section 409A of the Code.

Whether Termination of Employment has occurred shall be determined by the Committee in accordance with Section 409A of the Code, the regulations promulgated thereunder, and other applicable guidance, as modified by rules described above. The terms or phrases “terminates employment,” “termination of employment,” “employment is terminated,” or any other similar terminology shall have the same meaning as a “Termination of Employment.”

- 1.38** “**Transition Credit Contribution Account**” shall mean the bookkeeping account (or subaccount(s)) maintained for each Member to record all amounts credited on his behalf under Section 3.01(e) and earnings on those amounts pursuant to Section 3.02.

ARTICLE II - PARTICIPATION

2.01 Eligibility

- (a) (i) An Employee shall be an Eligible Employee for any particular Plan Year if (A) the Employee is eligible to participate in the Savings Plan during that particular Plan Year and (B) the Employee’s Salary as of the last day of the immediately preceding calendar year exceeds the Statutory Compensation Limitation in effect for that particular Plan Year.

Effective as of January 1, 2012, an Employee shall be an Eligible Employee for the portion of a particular Plan Year during which (A) the Employee is eligible to participate in the Savings Plan during that particular Plan Year and (B) the Eligible Employee’s Salary in that Plan Year exceeds the Statutory Compensation Limitation in effect for that particular Plan Year.

Notwithstanding the foregoing with respect to Plan Years beginning prior to January 1, 2012, an Employee whose Salary as of the last day of the calendar year preceding a particular Plan Year does not exceed the Statutory Compensation Limitation in effect for that prior Plan Year shall be an Eligible Employee with respect to that particular Plan Year, provided the Employee (A) was an Eligible Employee in the prior Plan Year and had salary reduction contributions credited to his or her Deferral Account in that prior Plan Year, (B) is eligible to participate in the Savings Plan during the particular Plan Year, and (C) his Salary for that particular Plan Year exceeds the Statutory Compensation Limitation in effect for that particular Plan Year.

Notwithstanding the foregoing, effective as of October 31, 2011, an Employee whose Salary as of the last day of the calendar year preceding the Plan Year beginning January 1, 2011 (the "2011 Plan Year") did not exceed the Statutory Compensation Limitation in effect for that prior Plan Year shall be an Eligible Employee solely for the purposes of applying the provisions of Sections 3.01(b), (d) and (e) hereof with respect to that portion of the 2011 Plan Year beginning on October 31, 2011 and ending on December 31, 2011, provided the Employee (A) is eligible to participate in the Savings Plan during that portion of 2011 Plan Year and (B) has Salary during that portion of the 2011 Plan Year that causes his total Salary for the 2011 Plan Year to exceed the Statutory Compensation Limitation in effect for that particular Plan Year.

- (ii) With respect to Plan Years beginning prior to January 1, 2012, in the case of an Employee who is employed or reemployed by the Company after the first day of a Plan Year and whose Salary in effect on his employment (or reemployment) date exceeds the Statutory Compensation Limitation in effect for that year, subject to the provisions of clause (iii) below, such Employee shall be an Eligible Employee with respect to that Plan Year, provided (A) such Plan Year is his initial year of eligibility in the Plan or any other similar Plan maintained by the Corporation or an Associated Company which is required to be aggregated with this Plan pursuant to the provisions of Treasury Regs. Section 1.409A-1(c)(2), (B) such Eligible Employee is eligible to participate in the Savings Plan and (C) such Eligible Employee's Salary for the portion of that Plan Year during which he is eligible to participate in the Savings Plan will exceed the Statutory Compensation Limitation.
- (iii) Notwithstanding the foregoing, with respect to Plan Years beginning prior to January 1, 2012, an Eligible Employee shall be eligible to have Salary Deferrals credited on his behalf pursuant to Section 3.01(a) with respect to a particular Plan Year if, and only if, the Eligible Employee's Savings under the Savings Plan for that Plan Year have been suspended due to the Statutory Compensation Limitations. An Eligible Employee shall be notified of his eligibility for participation in the Plan prior to the date the Eligible Employee may first commence participation in the Plan. Effective as of January 1, 2012, Salary Deferrals are no longer permitted under the provisions of this Plan.
- (b) With respect to Plan Years beginning prior to January 1, 2012, upon reemployment by the Company, an Employee shall become an Eligible Employee again only upon completing the eligibility requirement described in Section 2.01(a) in a calendar year ending after his reemployment date. Effective on or after January 1, 2012, upon

reemployment by the Company, an Employee shall become an Eligible Employee upon completing the eligibility requirements in Section 2.01(a)(i).

2.02 Participation and Filing Requirements

- (a) (i) Subject to the following provisions of this Section, with respect to Plan Years beginning prior to January 1, 2012, any Eligible Employee who has met the eligibility requirements of Section 2.01(a)(i) in a Plan Year and who wishes to have Salary Deferrals credited to his Deferral Account in that Plan Year must, prior to the beginning of that Plan Year and before the close of the annual enrollment period established by the Committee, execute a Salary Reduction Agreement with respect to such Plan Year authorizing Salary Deferrals under this Plan in accordance with the provisions of Section 3.01(a). Such Eligible Employee's Salary Reduction Agreement shall become irrevocable on the date established by the Committee, but not later than the last day of the calendar year preceding the Plan Year in which such Salary is earned. Such Salary Reduction Agreement shall become effective as of the first day of the Plan Year in which the Salary is earned. An Eligible Employee may revoke or change the election on his Salary Reduction Agreement with respect to a particular Plan Year beginning prior to January 1, 2012 at any time prior to the date the Salary Reduction Agreement applicable to that Plan Year becomes irrevocable.
- (ii) Notwithstanding the foregoing, with respect to Plan Years beginning prior to January 1, 2012, any Employee who becomes an Eligible Employee with respect to his first year of employment (or reemployment) pursuant to the provisions of Section 2.01(a)(ii), and who wishes to have Salary Deferrals credited to his Deferral Account in that Plan Year must, prior to the close of the 30-day period following (i) the date of his employment or reemployment, whichever is applicable, or (ii), if later, the date he first becomes eligible to participate in the Savings Plan (or such earlier date as determined by the Committee), execute a Salary Reduction Agreement with respect to such Plan Year authorizing Salary Deferrals under this Plan in accordance with the provisions of Section 3.01(a). Such Eligible Executive's Salary Reduction Agreement shall become irrevocable as of the close of said 30-day period. The determination of whether an Eligible Employee may file the Salary Reduction Agreement under this clause (ii) with respect to the Plan Year in which he is employed (or reemployed) shall be determined in accordance with the rules of Section 409A of the Code, including the provisions of Treasury Regs. Section 1.409A-2(a)(7). The Salary Reduction Agreement applicable to that Plan Year shall be effective only with respect to Salary earned and payable after the date of the Committee's receipt of said Salary Reduction Agreement.

- (b) The election made by an Eligible Employee pursuant to his Salary Reduction Agreement shall remain in effect for subsequent Plan Years beginning prior to January 1, 2012, provided the Member is an Eligible Employee during such subsequent Plan Year and, with respect to Salary Deferrals made pursuant to Section 3.01(a), the Eligible Employee's Savings under the Savings Plan for such Plan Year have been suspended due to the Statutory Compensation Limitations. A Salary Reduction Agreement may be modified or revoked prospectively by an Eligible Employee in accordance with the provisions of Section 2.01(a)(i) prior to the date established by the Committee, but not later than the last day of the calendar year preceding the Plan Year for which such modification or revocation is to be effective. Notwithstanding the foregoing, if a Member's Salary Reduction Agreement is cancelled in accordance with Section 2.02(c), the Member will be required to file a new Salary Reduction Agreement under this Section 2.02 in order to commence making Salary Deferrals for any subsequent Plan Year. Effective as of January 1, 2012, all Eligible Employees' Salary Reduction Agreements will be cancelled.
- (c) Notwithstanding the foregoing, if a Member receives a hardship withdrawal of elective deferrals from the Savings Plan or any other plan which is maintained by the Company or an Associated Company and which meets the requirements of Section 401(k) of the Code (or any successor thereof), the Member's Salary Reduction Agreement in effect at that time shall be cancelled. Any subsequent Salary payment which would have been deferred pursuant to that Salary Reduction Agreement, but for the application of this Section 2.02(c), shall be paid to the Member as if he had not entered into the Salary Reduction Agreement.
- (d) An Eligible Employee shall become a Member when contributions are credited on his behalf pursuant to Article 3.

2.03 Termination of Participation

- (a) A Member's participation in the Plan shall terminate when the vested values of the Member's Accounts under the Plan are totally distributed to, or on behalf of, the Member.
- (b) Subject to the provisions of Sections 3.01(a) and (g), a Member shall only be eligible to have Salary Deferrals credited on his behalf in accordance with Section 3.01(a) for as long as he remains an Eligible Employee.
- (c) Upon reemployment by the Company, a former Member shall become a Member again only upon completing, subsequent to his reemployment, the eligibility and participation requirements of Sections 2.01 and 2.02, respectively.

ARTICLE III - EXCESS SAVINGS PLAN CONTRIBUTIONS

3.01 Amount of Contributions

For any Plan Year, the amount of contributions credited under the Plan on behalf of a Member pursuant to this Article 3 shall be equal to the sum of the Salary Deferrals, Excess Matching Contributions, Excess Floor Contributions, Excess Core Contributions and Excess Transition Credit Contributions determined under (a), (b), (c), (d) and (e) below:

(a) Salary Deferrals

The amount of Salary Deferrals for each Plan Year beginning prior to January 1, 2012 shall be equal to the designated percentage of Salary elected by the Member in his Salary Reduction Agreement, provided that the allocation under the Plan and the reduction in the Eligible Employee's Salary corresponding to such election shall be made only with respect to Salary that is otherwise earned and payable to such Member during the Plan Year in excess of the Statutory Compensation Limitation.

Unless otherwise permitted by the Committee, the designated percentage elected by the Member in his Salary Reduction Agreement for a Plan Year must be a uniform percentage, equal to either zero (0%) percent or six (6%) percent, of his Salary. The total Salary Deferral amount elected for a Plan Year shall reduce the Member's Salary earned and otherwise payable in that Plan Year, and shall not be applied against any amount deferred under any other nonqualified plan maintained by the Company.

Notwithstanding any Plan provision to the contrary, effective with respect to Plan Years beginning on and after January 1, 2012, Salary Deferrals are no longer permitted under the provisions of the Plan and a Member shall not be eligible to defer any Salary earned on and after January 1, 2012.

(b) Excess Matching Contributions

The amount of Excess Matching Contributions for (i) each Plan Year commencing prior to January 1, 2011 and (ii) the portion of the Plan Year beginning January 1, 2011 and ending on October 30, 2011 shall be equal to fifty (50%) percent of the Salary Deferrals by the Member for such Plan Year (or portion thereof), and shall be credited to the Member's Matching Contribution Account at the same time as the Salary Deferrals to which they relate.

Notwithstanding the forgoing, effective as of October 31, 2011, the Excess Matching Contributions credited to a Member's Company Contribution Account for the portion of the 2011 Plan Year beginning on October 31, 2011 and ending on December 31, 2011 shall be equal to three percent (3%) of an Eligible Employee's Salary paid

during that portion of the Plan Year which causes his Salary under the terms of the Savings Plan for the total 2011 Plan Year to exceed the Statutory Compensation Limitation for that Plan Year.

With respect to Plan Years commencing on and after January 1, 2012, the amount of Excess Matching Contributions credited to a Member's Matching Contribution Account for each particular Plan Year shall be equal to three percent (3%) of the portion of an Eligible Employee's Salary in that particular Plan Year that exceeds the Statutory Compensation Limitation for that Plan Year.

(c) Excess Floor Contributions

With respect to each Plan Year commencing prior to January 1, 2012 in which Salary Deferrals are made on a Member's behalf pursuant to paragraph (a) above, Excess Floor Contributions shall be credited on behalf of the Member equal to the result of (i) minus (ii) as follows:

- (i) an amount equal to one half of one percent of the Member's Salary for the Plan Year, minus
- (ii) the amount of Floor Company Contribution (as that term is defined under the Savings Plan) made by the Company on behalf of the Member under the Savings Plan for such Plan Year and allocated to the Member's account under the Savings Plan in such Plan Year.

Notwithstanding the foregoing, effective as of October 31, 2011, Excess Floor Contributions shall not be made to the Plan with respect to a Member's Salary paid on and after October 31, 2011.

(d) Excess Core Contributions

With respect to Plan Years commencing on and after January 1, 2012, the amount of Excess Core Contributions credited to a Member's Core Contribution Account for each particular Plan shall be equal to Company Core Contribution Rate applicable to the Eligible Employee for that particular Plan Year applied to the portion of such Eligible Employee's Salary in that particular Plan Year that exceeds the Statutory Compensation Limitation for that Plan Year.

Notwithstanding the forgoing, effective as of October 31, 2011, the Excess Core Contributions for the portion of the 2011 Plan Year beginning on October 31, 2011 and ending on December 31, 2011 shall be equal to the Company Core Contribution Rate applicable to the Eligible Employee's Salary for that portion of the 2011 Plan

Year which causes his Salary for the total 2011 Plan Year to exceed the Statutory Compensation Limitation for that Plan Year.

(e) Excess Transition Credit Contributions

With respect to Plan Years commencing on and after January 1, 2012, the amount of Excess Transition Credit Contributions credited to a Member's Company Transition Credit Contribution Account for each particular Plan Year shall be equal to Company Transition Credit Contribution Rate applicable to the Eligible Employee for that particular Plan Year applied to the portion of an Eligible Employee's Salary in that particular Plan Year that exceeds the Statutory Compensation Limitation for that Plan Year.

Notwithstanding the forgoing, effective as of October 31, 2011, the Excess Transition Credit Contributions for the portion of the 2011 Plan Year beginning on October 31, 2011 and ending on December 31, 2011 shall be equal to the Company Transition Credit Contribution Rate applicable to the Eligible Employee's Salary for that portion of the Plan Year which causes his Salary for the total 2011 Plan Year to exceed the Statutory Compensation Limitation for that Plan Year.

Notwithstanding the forgoing, there shall be credited to a Member's Transition Credit Contribution Account an amount equal to the Special DC Credit Contribution Rate, if any, applicable to the Eligible Employee for a particular Plan Year, applied to the portion of such Eligible Employee's Salary in that particular Plan Year that exceeds the Statutory Compensation Limitation for that Plan Year.

(f) The contributions credited on a Member's behalf pursuant to paragraphs (a), (b), (c), (d) and (e) above shall be credited to a Member's Accounts at the same time as they would have been credited to his accounts under the Savings Plan if not for the application of the Statutory Compensation Limitations.

(g) Notwithstanding any provisions of the Plan to the contrary, if a Member ceases to be an Eligible Employee after the date a Salary Reduction Agreement for a Plan Year commencing prior to January 1, 2012 becomes effective but continues to be employed by the Company or an Associated Company, he shall continue to be a Member and his Salary Reduction Agreement for such Plan Year shall remain in effect for the remainder of such Plan Year, and if he is eligible to participate in the Savings Plan for the remainder of such Plan Year, Excess Floor and Excess Matching Contributions, if applicable, shall be made for that Plan Year. However, such Member shall not be eligible to defer any Salary earned in a subsequent year beginning prior to January 1, 2012 until such time as he once again becomes an Eligible Employee.

3.02 Investment of Accounts

A Member shall have no choice or election with respect to the investments of his Accounts. As of each Reporting Date, there shall be credited or debited an amount of earnings or losses on the balance of the Member's Accounts as of such Reporting Date which would have been credited had the Member's Accounts been invested in the Stable Value Fund maintained under the Savings Plan or such other fund as determined by the "PFTIC", as such term is defined in the Savings Plan.

3.03 Vesting of Accounts

- (a) The Member shall be fully vested in the Salary Deferrals, Excess Floor Contributions, Excess Core Contributions and Excess Transition Credit Contributions (and earnings thereon) made on his behalf under Section 3.01(a), (c), (d) and (e) respectively. The Member shall vest in the Excess Matching Contributions made on his behalf under Section 3.01(b) (and earnings thereon) at the same rate and under the same conditions at which such contributions would have vested under the Savings Plan had they been contributed thereunder. Effective as of October 31, 2011, a Member who is employed by the Company on or after October 31, 2011 shall be fully vested in his Excess Matching Contributions.

In the event a Member incurs a Termination of Employment prior to vesting in all or any part of the Excess Matching Contributions credited on his behalf, such unvested contributions and earnings thereon shall be forfeited and shall not be restored in the event the Member is subsequently reemployed by the Company or an Associated Company.

- (b) Notwithstanding any provision of this Plan to the contrary, in the event of an Acceleration Event, each Member who is employed by the Company or an Associated Company as of the consummation of the Acceleration Event shall become fully vested in the Excess Matching Contributions made on his behalf under Section 3.01(b) (and earnings thereon).

3.04 Individual Accounts

- (a) The Committee shall maintain, or cause to be maintained, on the books of the Corporation records showing the individual balances of each Member's Accounts (or subaccounts). At least once a year, each Member shall be furnished with a statement setting forth the value of his Accounts.
- (b) Accounts established under this Plan shall be hypothetical in nature and shall be maintained for bookkeeping purposes only so that hypothetical earnings or losses on the amounts credited on a Member's behalf under this Plan can be credited or debited, as the case may be.

3.05 Valuation of Accounts

- (a) The Committee shall value or cause to be valued each Member's Accounts at least quarterly. On each Reporting Date there shall be allocated to the Accounts of each Member the appropriate amount determined in accordance with Section 3.02.
- (b) Whenever an event requires a determination of the value of a Member's Accounts, the value shall be computed as of the Reporting Date immediately preceding the date of the event, except as otherwise specified in this Plan.

ARTICLE IV - PAYMENT OF CONTRIBUTIONS

4.01 Commencement of Payment

- (a) Except as otherwise provided below, a Member shall be entitled to receive payment of his Deferral Account, his Floor Contribution Account, his Core Contribution Account and his Transition Credit Contribution Account and the vested portion of his Matching Contribution Account (as determined under Section 3.03) upon his Termination of Employment with the Company and all Associated Companies for any reason, other than death. The distribution of such Accounts shall be made in the seventh month following the date the Member's Termination of Employment occurs.
- (b) In the event of the death of a Member prior to the full payment of his Accounts, the unpaid portion of his Accounts shall be paid to his Beneficiary in the month following the month in which the Member's date of death occurs.

4.02 Method of Payment

With respect to a Member who incurs a Termination of Employment on or after January 1, 2008, payment of such Member's Deferral Account, his Floor Contribution Account, his Core Contribution Account and his Transition Credit Contribution Account and the vested portion of his Matching Contribution Account shall be made in a single lump sum payment.

4.03 Payment upon the Occurrence of a Change in Control

Upon the occurrence of a Change in Control, all Members shall automatically receive the balance of their Deferral Account, Floor Contribution Account, Core Contribution Account and Transition Credit Contribution Account and the vested portion of their Matching Contribution Account in a single lump sum payment. Such lump sum payment shall be made within 90 days of the date the Change in Control occurs. If the Member dies after such Change in Control, but before receiving such payment, it shall be made to his Beneficiary.

ARTICLE V - GENERAL PROVISIONS

5.01 Funding

All amounts payable in accordance with this Plan shall constitute a general unsecured obligation of the Corporation. Such amounts, as well as any administrative costs relating to the Plan, shall be paid out of the general assets of the Corporation.

5.02 No Contract of Employment

The Plan is not a contract of employment and the terms of employment of any Member shall not be affected in any way by this Plan or related instruments, except as specifically provided therein. The establishment of the Plan shall not be construed as conferring any legal rights upon any person for a continuation of employment, nor shall it interfere with the rights of the Company or an Associated Company to discharge any person and to treat him without regard to the effect which such treatment might have upon him under this Plan. Each Member and all persons who may have or claim any right by reason of his participation shall be bound by the terms of this Plan and all agreements entered into pursuant thereto.

5.03 Unsecured Interest

Neither the Corporation, the Company, their respective boards of directors nor the Committee in any way guarantees the performance of the investment fund designated under Section 3.02. No special or separate fund shall be established, and no segregation of assets shall be made, to assure the payments thereunder. No Member hereunder shall have any right, title, or interest whatsoever in any specific assets of the Corporation or ITT. Nothing contained in this Plan and no action taken pursuant to its provisions shall create or be construed to create a trust of any kind or a fiduciary relationship between the Corporation and a Member or any other person. To the extent that any person acquires a right to receive payments under this Plan, such right shall be no greater than the right of any unsecured creditor of the Corporation.

5.04 Facility of Payment

In the event that the Committee shall find that a Member or Beneficiary is unable to care for his affairs because of illness or accident or has died, or if a Beneficiary is a minor, the Committee may direct that any benefit payment due him, unless claim shall have been made therefore by a duly appointed legal representative, be paid on his behalf to his spouse, a child, a parent or other blood relative, or to a person with whom he resides, and any such payment so made shall thereby be a complete discharge of the liabilities of the Corporation and the Plan for that payment.

5.05 Withholding Taxes

The Company or an Associated Company shall have the right to deduct from each payment to be made under the Plan any required withholding taxes.

5.06 Nonalienation

Subject to any applicable law, no benefit under the Plan shall be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance or charge, and any attempt to do so shall be void, nor shall any such benefit be in any manner liable for or subject to garnishment, attachment, execution or levy, or liable for or subject to the debts, contracts, liabilities, engagements or torts of a person entitled to such benefits.

5.07 Transfers

- (a) In the event ITT (i) sells, causes the sale of, or sold the stock or assets of any employing company in the controlled group of ITT to a third party or (ii) distributes or distributed to the holders of shares of the ITT's common stock all of the outstanding shares of common stock of a subsidiary or subsidiaries of ITT, and, as a result of such sale or distribution, such company or its employees are no longer eligible to participate hereunder, the liabilities with respect to the benefits accrued under this Plan for a Member who, as a result of such sale or distribution, is no longer eligible to participate in this Plan, shall, at the discretion and direction of ITT (and approval by the new employer), be transferred to a similar plan of such new employer and become a liability thereunder. Upon such transfer (and acceptance thereof) the liabilities for such transferred benefits shall become the obligation of the new employer and the liability under this Plan for such benefits shall cease.
- (b) Notwithstanding any Plan provision to the contrary, at the discretion and direction of ITT, liabilities with respect to benefits accrued by a Member under a plan maintained by such Member's former employer may be transferred to this Plan and upon such transfer become the obligation of the Corporation.

5.08 Claims Procedure

(a) *Submission of Claims*

Claims for benefits under the Plan shall be submitted in writing to the Committee or to an individual designated by the Committee for this purpose.

(b) *Denial of Claim*

If any claim for benefits is wholly or partially denied, the claimant shall be given written notice within 90 days following the date on which the claim is filed, unless special circumstances require an extension of time for processing the claim. If it is determined that an extension of time is required, written notice of the extension shall be furnished prior to the termination of the initial 90-day period. The extension shall not exceed ninety (90) days from the end of the initial period and the extension notice shall indicate the special circumstances requiring an extension of time and the date by which the Committee expects to render the decision.

The written notice of a denial of a claim shall set forth the following:

- (i) the specific reason or reasons for the denial;
- (ii) specific reference to pertinent Plan provisions on which the denial is based;

(iii) a description of any additional material or information necessary for the claimant to perfect the claim and an explanation of why such material or information is necessary; and

(iv) an explanation of the Plan's claim review procedure, including information as to the steps to be taken if the claimant wishes to submit the claim for review and the time limits for requesting a review, including a statement of the claimant's right to bring a civil action under Section 502(a) of ERISA following an adverse determination on appeal.

If the claim has not been granted and written notice of the denial of the claim, or that an extension has been granted, is not furnished within 90 days following the date on which the claim is filed, the claim shall be deemed denied for the purpose of proceeding to the claim review procedure.

(c) *Claim Review Procedure*

The claimant or his authorized representative shall have 60 days after receipt of written notification of denial of a claim to request a review of the denial by making written request to the Committee. During such sixty (60) day period, the claimant or his authorized representative may:

- (i) Submit written comments, documents, records, and other information relating to the claim; and
- (ii) Examine the Plan and obtain, upon request and without charge, copies of all documents, records, and other information relevant to the claim.

Not later than 60 days after receipt of the request for review, the Committee (or the committee designated by the Company to hear such appeals, the "Appeals Committee") shall render and furnish to the claimant a written decision, unless special circumstances require an extension of time for processing the appeal. If it is determined that an extension of time is required, written notice of the extension shall be furnished prior to the termination of the initial 60-day period. The extension shall not exceed sixty (60) days from the end of the initial period and the extension notice shall indicate the special circumstances requiring and extension of time and the date by which the Appeals Committee expects to render the decision. The Appeals Committee review shall take into account all comments, documents, records, and other information submitted by the claimant or his authorized representative relating to the claim, without regard to whether such information was submitted or considered by the Committee in the initial benefit determination.

The written notice of a denial of an appeal shall set forth the following:

- (i) The specific reason or reasons for the denial;
- (ii) Specific reference to pertinent Plan provisions on which the denial is based;
- (iii) The claimant's right to receive, upon request and without charge, reasonable access to, and copies of, all documents, records and other information relevant to the claim; and
- (iv) A statement of the claimant's right to bring a civil action under Section 502(a) of ERISA.

Such decision by the Appeals Committee shall not be subject to further review. If a decision on review is not furnished to a claimant within the specified time period, the claim shall be deemed to have been denied on review.

(d) Disability Claims

If a claim for disability benefits is made under the Plan, the Committee and the Appeals Committee shall follow the procedures for disability claims under Section 503 of ERISA and regulations promulgated thereunder.

(e) Exhaustion of Remedy

No claimant shall institute any action or proceeding in any state or federal court of law or equity or before any administrative tribunal or arbitrator for a claim for benefits under the Plan until the claimant has first exhausted the procedures set forth in this section.

5.09 Compliance

The Plan is intended to comply with the requirements of Section 409A of the Code and the provisions hereof shall be interpreted in a manner that satisfies the requirements of Section 409A of the Code and the regulations thereunder, and the Plan shall be operated accordingly. If any provision of the Plan would otherwise frustrate or conflict with this intent, the provision will be interpreted and deemed amended so as to avoid this conflict. The Plan has been administered in good faith compliance with Section 409A of the Code and the guidance issued thereunder from January 1, 2005 through December 31, 2008.

5.10 Acceleration of or Delay in Payments

The Committee, in its sole and absolute discretion, may elect to accelerate the time or form of payment of a benefit owed to the Member hereunder, provided such acceleration is permitted under Treas. Regs. Section 1.409A-3(j)(4). The Committee may also, in its sole and absolute discretion, delay the time for payment of a benefit owed to the Member hereunder, to the extent permitted under Treas. Regs. Section 1.409A-2(b)(7).

5.11 Construction

- (a) The Plan is intended to constitute an unfunded deferred compensation arrangement maintained for a select group of management or highly compensated employees within the meaning of Sections 201(2), 301(a)(3), and 401(a)(1) of ERISA, and all rights under this Plan shall be governed by ERISA. Subject to the preceding sentence, the Plan shall be construed, regulated and administered in accordance with the laws of the State of New York, to the extent such laws are not superseded by applicable federal laws.
- (b) The masculine pronoun shall mean the feminine wherever appropriate.
- (c) The illegality of any particular provision of this document shall not affect the other provisions and the document shall be construed in all respects as if such invalid provision were omitted.
- (d) The headings and subheadings in the Plan have been inserted for convenience of reference only and are to be ignored in any construction of the provisions thereof.

ARTICLE VI - AMENDMENT OR TERMINATION

6.01 Right to Terminate

Notwithstanding any Plan provision to the contrary, the Corporation or ITT may, by action of its respective board of directors, terminate the Plan and the related Salary Reduction Agreements at any time. To the extent consistent with the rules relating to plan terminations and liquidation in Treasury Regulations Section 1.409A-3(j)(4)(ix) or otherwise consistent with Section 409A of the Code, the Corporation or ITT may provide that each Member or Beneficiary shall receive a single sum payment in cash equal to the balance of the Member's Accounts. The single sum payment shall be made within 90 days following the date the Plan is terminated and shall be in lieu of any other benefit which may be payable to the Member or Beneficiary under the Plan. Unless so distributed, in the event of a Plan termination, the Corporation shall continue to maintain the Deferral Account, the Floor Contribution Account, the Matching Contribution Account, the Core Contribution Account and the Transition Credit Contribution Account until distributed pursuant to the terms of the Plan.

6.02 Right to Amend

The Board of Directors, the Compensation and Personnel Committee of the Board of Directors, or the Board of Directors of the Corporation or their respective delegates may amend or modify the Plan and the related Salary Reduction Agreements in any way either retroactively or prospectively. However, no amendment or modification shall reduce or diminish a Member or Beneficiary's right to receive any benefit accrued hereunder prior to the date of such amendment or modification without such Member or Beneficiary's prior written consent, and after the occurrence of an Acceleration Event, no modification or amendment shall be made to Sections 3.03(b) and 4.03.

ARTICLE VII - ADMINISTRATION

7.01 Administration

- (a) The Committee shall have the exclusive responsibility and complete discretionary authority to control the operation, management and administration of the Plan, with all powers necessary to enable it properly to carry out such responsibilities, including, but not limited to, the power to interpret the Plan and any related documents, to establish procedures for making any elections called for under the Plan, to make factual determinations regarding any and all matters arising hereunder, including, but not limited to, the right to determine eligibility for benefits, the right to construe the terms of the Plan, the right to remedy possible ambiguities, inequities, inconsistencies or omissions, and the right to resolve all interpretive, equitable or other questions arising under the Plan. The decisions of the Committee on all matters shall be final, binding and conclusive on all persons to the extent permitted by law.
- (b) To the extent permitted by law, all agents and representatives of the Committee shall be indemnified by the Corporation and held harmless against any claims and the expenses of defending against such claims, resulting from any action or conduct relating to the administration of the Plan, except claims arising from gross negligence, willful neglect or willful misconduct.

**ITT DEFERRED COMPENSATION PLAN FOR NON-EMPLOYEE DIRECTORS
AMENDED AND RESTATED AS OF MAY 16, 2016**

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ARTICLE 1.

DEFINITIONS

- 1.01 “**Adoption Date**” shall have the meaning set forth in Section 2.01(a).
- 1.02 “**Administrative Committee**” shall mean the Board’s Compensation and Personnel Committee or the person or persons appointed by the Board’s Compensation and Personnel Committee pursuant to Article 8 hereof to administer the Plan.
- 1.03 “**Beneficiary**” shall mean the person or persons designated by a Participant pursuant to the provisions of Section 5.04.
- 1.04 “**Board**” shall mean the Board of Directors of the Corporation.
- 1.05 “**Business Day**” shall mean any day on which the New York Stock Exchange, or a successor thereto, is open.
- 1.06 “**Code**” shall mean the Internal Revenue Code of 1986, as amended from time to time.
- 1.07 “**Corporation**” shall mean ITT Inc., an Indiana corporation, or any successor by merger, purchase or otherwise.
- 1.08 “**Deferral Account**” shall mean the bookkeeping account (or subaccounts) maintained for each Participant to record the amount of Director Fees such Participant has elected to defer in accordance with Article 3 and/or pursuant to a Prior Deferral Agreement, adjusted pursuant to Article 4.
- 1.09 “**Deferral Agreement**” shall mean the completed agreement, including any amendments, attachments and appendices thereto, in such form and with such title as is approved by the Compensation and Personnel Committee of the Board or the Administrative Committee, between a Non-Employee Director and the Corporation, under which the Non-Employee Director agrees to defer a portion of his or her Director Fees earned for a specified Service Year.
- 1.10 “**Deferral Election Deadline**” shall have the meaning set forth in Section 3.01(a).
- 1.11 “**Deferrals**” shall mean the amount of deferrals credited to a Participant’s Deferral Account pursuant to Section 3.03.
- 1.12 “**Director Fees**” shall mean the fees paid in cash, including, without limitation, any annual retainer, monthly fee, Board meeting fee or committee meeting fee that a Non-Employee Director may be entitled to receive for services as a member of the Board or a committee thereof.
- 1.13 “**Grandfathered Deferrals**” shall mean deferred Director Fees (and any earnings thereon, including amounts attributable to dividends on such deferred Director Fees) that were initially deferred prior to 2005. For avoidance of doubt, an amount will be treated as initially deferred prior to 2005 if the amount would have been paid before 2005 had it not been deferred.

- 1.14 “**In-Service Subaccount**” shall mean the bookkeeping account described in Section 5.01(a) maintained to record Deferrals (and related gains and losses on such Deferrals) that a Participant has elected to have paid upon the first to occur of the Specified Distribution Date, the Participant’s Retirement or the Participant’s death.
- 1.15 “**Non-Employee Director**” shall mean a member of the Board who is not concurrently an employee of the Corporation or a subsidiary of the Corporation.
- 1.16 “**Participant**” shall mean, except as otherwise provided in Section 2.02, each Non-Employee Director who has executed a Deferral Agreement pursuant to the requirements of Articles 2 and 3.
- 1.17 “**Plan**” shall mean the ITT Deferred Compensation Plan For Non-Employee Directors, as set forth in this document, as it may be amended from time to time.
- 1.18 “**Prior Deferrals**” shall mean Deferrals relating to annual cash retainers that were (a) initially deferred after to 2004 pursuant to a Prior Deferral Agreement, (b) not yet distributed as of the Adoption Date and (c) deferred by Non-Employee Directors who consent to have their Prior Deferrals become subject to the terms of the Plan. For avoidance of doubt, (i) an amount will be treated as initially deferred after 2004 if the amount would have been paid after 2004 had it not been deferred and (ii) the term Prior Deferrals shall not include any restricted stock, restricted stock units or Grandfathered Deferrals.
- 1.19 “**Prior Deferral Agreement**” shall mean a deferral agreement and/or document that was effective prior to the Adoption Date and that governs the Non-Employee Directors’ Prior Deferrals. For avoidance of doubt, the term Prior Deferral Agreement shall not include any agreement or document governing (a) restricted stock or restricted stock unit awards or a Non-Employee Director’s election to receive restricted stock or restricted stock unit awards or (b) Grandfathered Deferrals.
- 1.20 “**Reporting Date**” shall mean the first Business Day of each calendar month following the Adoption Date, or such other day as the Administrative Committee may determine.
- 1.21 “**Retirement**” shall mean, subject to Section 8.01(c), the termination of a Non-Employee Director’s service as a member of the Board.
- 1.22 “**Retirement Subaccount**” shall mean the bookkeeping account described in Section 5.01(a) maintained to record Deferrals (and related gains and losses on such Deferrals) that a Participant has elected to have paid upon the first to occur of the Participant’s Retirement or death.
- 1.23 “**Service Year**” shall mean the period beginning on the date of the Annual Meeting of Shareholders in any year and ending on the day immediately preceding the date of the Annual Meeting of Shareholders for the subsequent year, or such other period as shall be specified from time to time by the Administrative Committee.

1.24 “**Specified Distribution Date**” shall mean a Business Day selected by a Participant pursuant to Section 5.01(a).

1.25 “**Unforeseeable Emergency**” shall mean a severe financial hardship to a Participant resulting from (a) an illness or accident of the Participant or the Participant’s spouse, beneficiary or dependent (as defined in Code Section 152, without regard to Section 152(b)(1), (b)(2) and (d)(1)(B)), (b) loss of the Participant’s property due to casualty (including the need to rebuild a home following damage to the home not otherwise covered by insurance) or (c) other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant; provided, however, that an Unforeseeable Emergency shall only exist to the extent the severe financial hardship would constitute an Unforeseeable Emergency under Code Section 409A, related regulations and other applicable guidance.

ARTICLE 2. INTRODUCTION AND PARTICIPATION

2.01 Introduction

(a) The Plan was adopted by the Board of Directors of ITT Corporation on October 7, 2008 (the “**Adoption Date**”). On May 16, 2016, the Corporation became the successor issuer to ITT Corporation pursuant to Rule 12g-3(a) under the Securities Exchange Act of 1934, as amended, and assumed, amended and restated the Plan as of such date.

(b) The Plan shall govern (i) Deferrals (as adjusted pursuant to Article 4) made pursuant to a Deferral Agreement executed after the Adoption Date and (ii) Prior Deferrals (as adjusted pursuant to Article 4). All Prior Deferral Agreements will be deemed amended to the extent the terms of the Prior Deferral Agreement are inconsistent with the terms of the Plan so that, to the extent of any such inconsistency, the terms of the Plan will govern.

2.02 Participation

(a) All Non-Employee Directors shall be eligible to participate in the Plan. An individual who is determined to be a Non-Employee Director with respect to a Service Year and who desires to have Deferrals credited on his or her behalf pursuant to Article 3 must execute a Deferral Agreement with the Administrative Committee authorizing Deferrals under the Plan in accordance with the provisions of Sections 2.02(b) and 3.01.

(b) The Deferral Agreement shall be in writing and properly completed upon a form approved by the Administrative Committee, which shall be the sole judge of the proper completion thereof. Such Deferral Agreement shall provide for the deferral of all or a portion of the Non-Employee Director’s Director Fees and shall include such other provisions as the Administrative Committee deems appropriate.

2.03 Termination of Participation

Participation shall cease when all benefits to which a Participant or Beneficiary is entitled to hereunder are distributed.

ARTICLE 3.

DEFERRALS

3.01 Deferral Elections

(c) Except as provided in Section 3.01(d), a Non-Employee Director may elect to defer Director Fees that will be earned in the Service Year that begins in the following calendar year by filing a Deferral Agreement with the Administrative Committee on or before (i) the close of business on the last Business Day of the calendar year preceding the calendar year in which such Service Year begins or (ii) such earlier date as may be specified by the Administrative Committee (the “**Deferral Election Deadline**”).

(d) Except as provided in Sections 3.01(d) and 3.05 and subject to such restrictions as the Administrative Committee may establish from time to time, a Non-Employee Director’s election to defer Director Fees earned in any Service Year shall become irrevocable on the Deferral Election Deadline. A Non-Employee Director may revoke or change his or her election to defer Director Fees at any time prior to the date the election becomes irrevocable, subject to such restrictions as the Administrative Committee may establish from time to time. Any such revocation or change shall be made in a form and manner determined by the Administrative Committee.

(e) Except as provided in Section 3.01(d), a Participant’s Deferral Agreement shall apply only with respect to Director Fees earned in the Service Year that begins in the calendar year following the calendar year in which the Deferral Agreement is filed with the Administrative Committee. A Non-Employee Director must file, in accordance with the provisions of Section 3.01(a), a new Deferral Agreement to defer Director Fees earned in any subsequent Service Year.

(f) Notwithstanding anything in this Section 3.01 to the contrary, if a Non-Employee Director first becomes eligible to participate in the Plan after the Deferral Election Deadline, but before the first day of the Service Year that begins in the calendar year in which the Non-Employee Director first becomes eligible to participate in the Plan, the Non-Employee Director may, within the period beginning on the date the Non-Employee Director first becomes eligible to participate in the Plan and ending on the earlier of (i) 30 days after such date or (ii) the first day of such Service Year, elect to defer Director Fees that will be earned in such Service Year.

3.02 Amount of Deferral

Unless the Administrative Committee provides otherwise, a Non-Employee Director may defer all or none of his or her Director Fees, but not a portion of such Director Fees.

3.03 Crediting to Deferral Account

Except as provided below with respect to Prior Deferrals, Deferrals shall be credited to a Participant’s Deferral Account on the day such Director Fees would have otherwise been paid to the Participant in the absence of a Deferral Agreement. Deferrals credited to a Participant’s Deferral Account which are deemed invested in a Corporation phantom stock fund will be credited based on the closing price of the Corporation’s common stock on the New York Stock

Exchange (or a successor thereto) on that day or the next Business Day if such day is not a Business Day. Prior Deferrals shall be credited to a Participant's Deferral Account as of the Adoption Date.

3.04 Vesting

A Participant shall at all times be 100% vested in his or her Deferral Account.

3.05 Unforeseeable Emergency

Notwithstanding the foregoing provisions of this Article 3, Deferrals under a Participant's current Deferral Agreement shall cease in the event a distribution is made to the Participant due to an Unforeseeable Emergency.

ARTICLE 4. MAINTENANCE OF ACCOUNTS

4.01 Adjustment of Account

(a) The Administrative Committee shall designate at least one investment fund or index of investment performance and may designate additional investment funds or investment indices (including a Corporation phantom stock fund) to be used to measure the investment performance of a Participant's Deferral Account. The designation of any such investment funds or indices shall not require the Corporation to invest or earmark its general assets in any specific manner. The Administrative Committee may change the designation of investment funds or indices from time to time, in its sole discretion, and any such change shall not be deemed to be an amendment affecting Participants' rights under Section 6.01.

(b) As of each Reporting Date, each Deferral Account shall be credited or debited with the amount of earnings or losses with which such Deferral Account would have been credited or debited, assuming it had been invested in one or more investment funds, or earned the rate of return of one or more indices of investment performance, designated by the Administrative Committee and elected by the Participant pursuant to Section 4.02 for purposes of measuring the investment performance of his or her Deferral Account. Any portion of a Participant's Deferral Account deemed invested in a Corporation phantom stock fund shall be credited with dividend equivalents, as and when dividends are paid on the Corporation's common stock. Any such dividend equivalents shall be deemed invested in additional shares of Corporation phantom stock, and such shares of phantom stock shall be deemed to be purchased on the day the dividends are paid by the Corporation.

4.02 Investment Elections

If the Administrative Committee designates more than one investment fund or indices under Section 4.01, Participants may designate the investment fund or indices that will be used to measure the investment performance of their Deferrals. Unless the Administrative Committee provides otherwise, such elections shall be made when the Deferral Agreement is executed.

Unless the Administrative Committee provides otherwise, a Participant's investment election made with respect to Prior Deferrals shall continue to govern such Prior Deferrals.

4.03 Changing Investment Elections of Amounts Held in Deferral Accounts

Unless the Administrative Committee provides otherwise, Participants may not change investment elections for amounts already deferred. If the Administrative Committee allows Participants to change their investment elections, such changes may only be made in accordance with Section 4.04 and such other terms and conditions as may be established by the Administrative Committee from time to time.

4.04 Compliance with Securities Laws and Trading Policies and Procedures

A Participant's ability to direct investments into or out of a Corporation phantom stock fund shall be subject to such terms, conditions and procedures as the Plan Administrator may prescribe from time to time to assure compliance with Rule 16b-3 ("**Rule 16b-3**") promulgated under Section 16(b) of the Securities Exchange Act of 1934, as amended ("**Exchange Act**"), and other applicable requirements. Such procedures also may limit or restrict a Participant's ability to make (or modify previously made) deferral and distribution elections under the Plan. In furtherance, and not in limitation, of the foregoing, to the extent a Participant acquires any interest in an equity security under the Plan for purposes of Section 16(b) of the Exchange Act, the Participant shall not dispose of that interest within six (6) months, unless such disposition is exempted by Section 16(b) of the Exchange Act or any rules or regulations promulgated thereunder or with respect thereto. Any election by a Participant to invest any amount in a Corporation phantom stock fund, and any elections to transfer amounts from or to the Corporation phantom stock fund to or from any other investment fund or indices, shall be subject to all applicable securities law requirements, including but not limited to the those reflected in the prior sentence and Rule 16b-3, as well as all applicable stock trading policies and procedures of the Corporation. To the extent any election violates any securities law requirement, applicable trading policies and procedures of the Corporation, or any terms or conditions established from time to time by the Administrative Committee relating to such elections (whether or not reflected in the Plan), the election shall be void.

4.05 Individual Accounts

The Administrative Committee shall maintain, or cause to be maintained on its books, records showing the individual balance of each Participant's Deferral Account. At least once a year each Participant shall be furnished with a statement setting forth the value of his or her Deferral Account.

4.06 Valuation of Accounts

(a) The Administrative Committee shall value or cause to be valued each Participant's Deferral Account as the Administrative Committee determines is necessary for the proper administration of the Plan.

(b) Whenever an event requires a determination of the value of a Participant's Deferral Account, the value shall be computed as of the date of the event, or if the date of the event is not a Business Day, the close of the next Business Day, except as otherwise specified in this Plan.

ARTICLE 5. PAYMENT OF BENEFITS

5.01 Time of Payment

(a) Subject to the limitations in Section 5.01(b), each time a Participant elects to defer Director Fees, the Participant shall specify whether the deferred Director Fees will be allocated to the Participant's Retirement Subaccount or In-Service Subaccount.

(1) Retirement Subaccount. Except as otherwise provided in the Plan, amounts allocated to the Retirement Subaccount (after adjustment to reflect gains and losses during the deferral period) will be paid upon the first to occur of the Participant's Retirement or death.

(2) In-Service Subaccount. Except as otherwise provided in the Plan, amounts allocated to the In-Service Subaccount (after adjustment to reflect gains and losses during the deferral period) will be paid upon the first to occur of (A) a Business Day designated by the Participant (the "**Specified Distribution Date**"), (B) the Participant's Retirement or (C) the Participant's death. The Specified Distribution Date for the In-Service Subaccount shall be the Business Day designated by the Participant on his or her initial Deferral Agreement establishing the In-Service Subaccount; unless otherwise modified in accordance with the provisions of Section 5.01(c) or (e) below.

Unless the Administrative Committee provides otherwise, Participants may not bifurcate any one Service Year's deferred Director Fees between the Retirement Subaccount and the In-Service Subaccount.

Prior Deferrals will be allocated to the Participants' Retirement Subaccount and/or In-Service Subaccount as of the Adoption Date based on the payment election(s) then in effect with respect to such Prior Deferrals. If a Participant's payment election(s) in effect with respect to Prior Deferrals as of the Adoption Date provides for payment at a specified date, that specified date shall be the Participant's "Specified Distribution Date" for the Participant's In-Service Subaccount.

(b) Unless the Administrative Committee provides otherwise, (i) a Participant may have only one In-Service Subaccount established on his or her behalf (and only one Specified Distribution Date) at any one time and (ii) once a Participant has selected a Specified Distribution Date, the Participant may not select an additional Specified Distribution Date until the amounts in the Participant's In-Service Subaccount have been distributed.

(c) In accordance with such procedures as the Administrative Committee may prescribe, Participants may elect to delay the payment of amounts in the Participant's In-Service Subaccount by specifying a new Specified Distribution Date, subject to the following limitations:

(1) such election must be made at least 12 months prior to the Specified Distribution Date then in effect and such election will not become effective until at least 12 months after the date on which the election is made; and

(2) the new Specified Distribution Date shall be a Business Day that is not less than five (5) years from the Specified Distribution Date then in effect.

Once a Participant's election of a new Specified Distribution Date becomes effective, all amounts in the Participant's In-Service Subaccount (whether allocated before or after the election of the new Specified Distribution Date) will be paid upon the first to occur of the new Specified Distribution Date, the Participant's Retirement or the Participant's death. A Participant may elect to delay a Specified Distribution Date pursuant to this Section 5.01(c) more than once, provided that all such elections comply with the provisions of this Section 5.01(c).

It is the Corporation's intent that the provisions of this Section 5.01(c) comply with the subsequent election provisions in Code Section 409A(a)(4)(C), related regulations and other applicable guidance, and this Section 5.01(c) shall be interpreted accordingly. The Administrative Committee may impose additional restrictions or conditions on a Participant's ability to elect a new Specified Distribution Date pursuant to this Section 5.01(c). The Participant may revoke or change his or her election pursuant to this Section 5.01(c) at any time prior to the deadline for making such election, subject to such restrictions as the Administrative Committee may establish from time to time. Any such revocation or change shall be made in a form and manner determined by the Administrative Committee. For avoidance of doubt, a Participant may not elect to delay payment of amounts in the Participant's Retirement Subaccount or transfer amounts between his or her Retirement Subaccount and his or her In-Service Subaccount.

(d) Notwithstanding anything in the Plan to the contrary, if it is not possible to make payment on the date of the Participant's Retirement or death, or the Specified Payment Date, as the case may be, payment shall be made as soon as practicable thereafter, but in all events subject to the following limitations:

(1) payments to be made upon the Participant's Retirement or death shall in no event be made later than ninety (90) days after the date of Retirement or death, as the case may be, and

(2) payments to be made on a Specified Distribution Date shall in no event be made later than the 15th day of the third calendar month following such Specified Distribution Date.

If payment is made within one of the periods described in this Section 5.01(d), neither the Participant nor any Beneficiary may elect, directly or indirectly, when within such period payment shall be made.

(e) Notwithstanding anything in the Plan to the contrary, the Administrative Committee may, in its discretion and subject to such terms and conditions as it may from time to time prescribe, allow Participants to change the time of payment of all or a portion of their Deferral Accounts in accordance with applicable transition relief provided with respect to Code Section 409A.

5.02 Method of Payment

The distribution of the Participant's Deferral Account shall be made to the Participant or, if the Participant dies, to the Participant's Beneficiary, in the form of a single lump sum cash payment.

5.03 Unforeseeable Emergency

Notwithstanding anything in the Plan or in a Deferral Agreement to the contrary, the Administrative Committee may, if it determines an Unforeseeable Emergency exists which cannot be satisfied from other sources, approve a request by the Participant for a withdrawal from his or her Deferral Account. Such request shall be made in a time and manner determined by the Administrative Committee. The payment made from a Participant's Deferral Account pursuant to the provisions of this Section 5.03 shall be limited to the amount reasonably necessary to satisfy the emergency need (which may include amounts necessary to pay any Federal, state, local or foreign income taxes or penalties reasonably anticipated to result from the distribution). Determinations of amounts necessary to satisfy the emergency need must take into account any additional compensation that is available, other than additional compensation that, due to the Unforeseeable Emergency, is available under another nonqualified deferred compensation plan but that has not actually been paid. This Section 5.03 is intended to comply with Code Section 409A, related regulations and any other applicable guidance and shall be interpreted accordingly so that distributions shall be permitted under this Section 5.03 only to the extent they comply with Code Section 409A.

5.04 Designation of Beneficiary

Each Participant shall file with the Administrative Committee a written designation of one or more persons as the Beneficiary who shall be entitled to receive the amount, if any, payable under the Plan upon his or her death pursuant to Article 5. A Participant may, from time to time, revoke or change his or her Beneficiary designation without the consent of any prior Beneficiary by filing a new designation with the Administrative Committee. The last such designation received by the Administrative Committee shall be controlling; provided, however, that no designation, or change or revocation thereof, shall be effective unless received by the Administrative Committee prior to the Participant's death, and in no event shall it be effective as of a date prior to such receipt. If no such Beneficiary designation is in effect at the time of a Participant's death, or if no designated Beneficiary survives the Participant, the Participant's surviving spouse, if any, shall be the Participant's Beneficiary, otherwise the Participant's estate shall be the Participant's Beneficiary, and shall receive the payment of the amount, if any, payable under the Plan upon the Participant's death.

ARTICLE 6. AMENDMENT OR TERMINATION

6.01 Right to Amend or Terminate

Notwithstanding any Plan provision to the contrary, the Corporation may, by action of the Board, amend or terminate the Plan at any time; provided, however, that no such amendment or termination of the Plan that reduces a Participant's Deferral Account shall be effective without the prior written consent of the Participants whose Deferral Accounts are reduced by the amendment or termination. To the extent consistent with the rules relating to plan terminations and liquidations in Treasury Regulation Section 1.409A-3(j)(4)(ix) or otherwise consistent with Code Section 409A, the Board may provide that, without the prior written consent of Participants, all of the Participants' Deferral Accounts shall be distributed in a lump sum upon termination of the Plan. Unless so distributed, in the event of a Plan termination, the Corporation shall continue to maintain the Deferral Accounts until distributed pursuant to the terms of the Plan and Participants shall remain 100% vested in all amounts credited to their Deferral Accounts.

ARTICLE 7. GENERAL PROVISIONS

7.01 Funding and Payment of Expenses

All amounts payable in accordance with this Plan shall constitute a general unsecured obligation of the Corporation. Such amounts, as well as any administrative costs relating to the Plan, shall be paid out of the general assets of the Corporation. The Administrative Committee may decide that a Participant's Deferral Account may be reduced to reflect allocable administrative expenses.

7.02 Unsecured Interest

Neither the Corporation nor the Administrative Committee in any way guarantees the performance of the investment funds or indices a Participant may designate under Article 4. No special or separate fund shall be established, and no segregation of assets shall be made, to assure the payments hereunder. No Participant hereunder shall have any right, title, or interest whatsoever in any specific assets of the Corporation. Nothing contained in this Plan and no action taken pursuant to its provisions shall create or be construed to create a trust of any kind or a fiduciary relationship between the Corporation and a Participant or any other person. To the extent that any person acquires a right to receive payments under this Plan, such right shall be no greater than the right of any unsecured creditor of the Corporation.

7.03 Facility of Payment

In the event that the Administrative Committee shall find that a Participant or Beneficiary is incompetent to care for his or her affairs or is a minor, the Administrative Committee may direct that any benefit payment due him or her, unless claim shall have been made therefor by a duly appointed legal representative, be paid on his or her behalf to his or her spouse, a child, a

parent or other relative, and any such payment so made shall thereby be a complete discharge of the liability of the Corporation and the Plan for that payment.

7.04 Withholding Taxes

The Corporation shall have the right to deduct from each payment to be made under the Plan any required withholding taxes.

7.05 Nonalienation

Subject to any applicable law and except as provided in Section 5.04, no benefit under the Plan shall be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance or charge, and any attempt to do so shall be void, nor shall any such benefit be in any manner liable for or subject to garnishment, attachment, execution or levy, or liable for or subject to the debts, contracts, liabilities, engagements or torts of a person entitled to such benefits.

7.06 Construction and Governing Law

- (a) The Plan shall be construed, regulated and administered in accordance with the laws of the State of New York, subject to the provisions of applicable federal laws.
- (b) The masculine pronoun shall mean the feminine wherever appropriate. To the extent any section of the Code, Treasury Regulations or the Exchange Act or any rule promulgated under the Exchange Act that is referenced in the Plan shall be amended or superseded, such reference shall be deemed to be to the amended or superseding section or rule.
- (c) The illegality of any particular provision of this document shall not affect the other provisions, and the document shall be construed in all respects as if such invalid provision were omitted.

7.07 Discharge of Corporation's Obligation

The payment by the Corporation of the benefits due under the Plan and/or any Deferral Agreement or Prior Deferral Agreement to the Participant or his or her Beneficiary shall discharge the Corporation's obligation with respect thereto, and the Participant or Beneficiary shall have no further rights under this Plan or the Deferral Agreements or Prior Deferral Agreements upon receipt by the appropriate person of all such benefits.

7.08 Successors

The Plan shall be binding upon the successors and assigns of the Corporation, whether such succession is by purchase, merger or otherwise.

8.01 ADMINISTRATION

- (a) The Plan shall be administered by the Administrative Committee. The Administrative Committee shall have the exclusive responsibility and complete discretionary authority to control the operation, management and administration of the Plan, with all powers necessary to enable it properly to carry out such responsibilities, including, but not limited to, the power to interpret the Plan and any related documents, to establish procedures for making any elections called for under the Plan, to make factual determinations regarding any and all matters arising under the Plan, including, but not limited to, the right to determine eligibility for benefits, the right to construe the terms of the Plan, the right to remedy possible ambiguities, inequities, inconsistencies or omissions, and the right to resolve all interpretive, equitable or other questions arising under the Plan.
- (b) The Administrative Committee may delegate all or part of its administrative duties to one or more persons, whether or not such person or persons are members of the Administrative Committee or employees of the Corporation. The Administrative Committee (and, to the extent consistent with the scope of delegated administrative authority, the person or persons delegated authority hereunder) may engage agents and representatives, including recordkeepers and legal counsel, in connection with the administration of the Plan. To the extent permitted by law, the Administrative Committee and the person or persons delegated administrative authority under the Plan shall be indemnified by the Corporation and held harmless against any claims and the expenses of defending against such claims, resulting from any action or conduct relating to the administration of the Plan, except claims arising from gross negligence, willful neglect or willful misconduct.
- (c) It is the intent of the Corporation that the Plan complies with Code Section 409A, related regulations and other applicable guidance promulgated with respect thereto and the provisions of the Plan shall be interpreted to be consistent therewith. Without limiting the foregoing, a Participant shall not be deemed to have experienced a Retirement until the Participant has had a "separation from service," as that term is used in Code Section 409A(a)(2)(A)(i) and defined in related regulations or other applicable guidance.

**ITT Senior Executive Severance Pay Plan
(amended and restated effective May 16, 2016)**

1. Purpose

The purpose of this ITT Senior Executive Severance Pay Plan (“Plan”) is to assist in occupational transition by providing severance pay for employees covered by this Plan whose employment is terminated under conditions set forth in this Plan. This Plan is being amended and restated as of May 16, 2016 (the “Restatement Date”). The Plan is intended to be an “employee welfare benefit plan” within the meaning of Section 3(1) of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), 29 U.S.C. §1002(1), and 29 C.F.R. §2510.3-2(b). This Plan is sponsored by ITT Inc. (“ITT”) and maintained as an unfunded plan for the purpose of providing benefits to a select group of management or highly compensated employees within the meaning of 29 C.F.R. § 2520.104-24.

2. Covered Employees

Covered employees under this Plan (“Executives”) are each individual who:

- is a full-time salaried U.S. employee of ITT or of any subsidiary company that is wholly owned, directly or indirectly, by ITT (collectively or individually as the context requires, the “Company”),
- is paid under a United States payroll of the Company, and
- is an executive who, at any time within the two year period immediately preceding the date the Company selects as the Executive’s last day of active employment (“Scheduled Termination Date”), is the Chief Executive Officer of the Company (“CEO”) or reports directly to the CEO, except that the individual who is the CEO on the Restatement Date shall not be an Executive covered under this Plan.

3. Severance Pay Upon Termination of Employment

If the Company terminates an Executive’s employment, the Executive shall be provided severance pay in accordance with the terms of this Plan, except where the Executive:

- is terminated for cause,
- accepts employment or refuses comparable employment with a purchaser as provided in Section 8, “Divestiture”, or
- voluntarily terminates employment with the Company prior to the Scheduled Termination Date.

No severance pay will be provided under this Plan where the Executive terminates employment by:

- voluntarily resigning,
- voluntarily retiring, or
- failing to return from an approved leave of absence (including a medical leave of absence).

No severance pay will be provided under this Plan upon any termination of employment as a result of the Executive’s death or disability.

4. Severance Pay

A. Amount

Severance pay (“Severance Pay”) will equal the number of weeks of Base Pay (as defined in Section 4(C)) equal to the sum of: (i) two (2) weeks for each Year of Service (as defined in Section 4(C)), plus (ii) one (1) week for each \$10,000 of annual Base Pay. However, the number of weeks shall not be less than twelve (12) nor more than fifty-two (52).

B. Limitation on Severance Pay

In no event shall severance benefits exceed the equivalent of twice the Executive’s total annual compensation during the year immediately preceding the Scheduled Termination Date (as determined under 29 C.F.R. § 2510.3-2(b)).

C. Definitions

“Base Pay” shall mean the annual base salary rate payable to the Executive at the Scheduled Termination Date divided by fifty-two (52) weeks (in the case of severance expressed in weeks) or twelve (12) months (in the case of severance expressed in months). Such annual base salary rate shall in no event be less than the highest annual base salary rate paid to the Executive at any time during the twenty-four (24) month period immediately preceding the Scheduled Termination Date.

“Years of Service” shall mean the total number of completed years of employment as a regular employee of the Company. Adjusted service dates will be used for employees who have bridged prior breaks in service, as determined by the Company. The ITT system service date is the date from which employment in the ITT system is recognized for purposes of determining eligibility for vesting under the applicable Company retirement plan covering the Executive on the Scheduled Termination Date.

5. Form of Payment of Severance Pay

Severance Pay shall be paid in the form of periodic payments according to the regular payroll schedule.

Severance Pay will commence within 60 days following the Scheduled Termination Date.

In the event of an Executive’s death during the period the Executive is receiving Severance Pay, the amount of Severance Pay remaining shall be paid in a discounted lump sum to the Executive’s spouse or to such other beneficiary or beneficiaries designated by the Executive in writing, or, if the Executive is not married and failings such designation, to the estate of the Executive. Any discounted lump sum paid under this Plan shall be equal to the present value of the remaining periodic payments of Severance Pay as determined by ITT using an interest rate equal to the prime rate at Citibank in effect on the date of the Executive’s death. Payment shall be made within thirty (30) days of the Executive’s death.

If an Executive is receiving Severance Pay, the Executive must continue to be available to render to the Company reasonable assistance, consistent with the level of the Executive’s prior position with the Company, at times and locations that are mutually acceptable. In requesting such services, the Company will take into account any other commitments which the Executive may have. After the Scheduled Termination Date and normal wind up of the Executive’s former duties, the Executive will not be required to perform any regular services for the Company. In the event the Executive secures other employment during the period the Executive is receiving Severance Pay, the Executive must promptly notify the Company.

Severance Pay will cease if an Executive is rehired by the Company.

6. Benefits During Severance Pay

An Executive who receives Severance Pay shall be eligible for the following benefits: (a) during the 12-month period beginning on the business day after the Scheduled Termination Date, the Company will provide reasonable outplacement assistance and (b) during the six months immediately following the month of the Scheduled Termination Date, the Company will pay the portion of the Executive's premium for medical, dental and vision coverage under the Consolidated Omnibus Budget Reconciliation Act (COBRA), if any, that exceeds the premium the Executive would have paid for such coverage if the Executive's employment had not been terminated.

7. Excluded Executive Compensation Plans, Programs, Arrangements, and Perquisites

After the Scheduled Termination Date, an Executive will not be eligible to participate in any Company tax qualified retirement plans, non-qualified excess or supplemental benefit plans, short-term or long-term disability plans, the Company business travel accident plan or any new employee benefit plan or any improvement to any existing employee benefit plan adopted by the Company after the Scheduled Termination Date. During the period an Executive is receiving Severance Pay, the Executive will not be eligible to accrue any vacation or participate in any (i) bonus program, (ii) special termination programs, (iii) tax or financial advisory services, (iv) new awards under any stock option or stock related plans for executives (provided that the Executive will be eligible to exercise any outstanding stock options in accordance with the terms of any applicable stock option plan), (v) new or revised executive compensation programs that may be introduced after the Scheduled Termination Date and (vi) any other executive compensation program, plan, arrangement, practice, policy or perquisites unless specifically authorized by ITT in writing. The period during which an Executive is receiving Severance Pay does not count as service for the purpose of any ITT long term incentive award program unless otherwise provided in plan documents previously approved by the Board of Directors of ITT (the "Board") or the Compensation and Personnel Committee of the Board (the "Compensation Committee"), or a board of directors or committee of a board of directors of a predecessor to ITT.

8. Divestiture

If an ITT subsidiary or division of ITT or a portion thereof at which an Executive is employed is sold or divested and if (i) the Executive accepts employment or continued employment with the purchaser or (ii) refuses employment or continued employment with the purchaser on terms and conditions substantially comparable to those in effect immediately preceding the sale or divestiture, the Executive shall not be provided Severance Pay under this Plan. The provisions of this Section 8 apply to divestitures accomplished through sales of assets or through sales of corporate entities.

9. Disqualifying Conduct

If during the period an Executive is receiving Severance Pay, the Executive (i) engages in any activity which is inimical to the best interests of the Company; (ii) disparages the Company; (iii) fails to comply with any agreement with the Company (including the Company Confidentiality, Non-Compete, and Intellectual Property Assignment Agreement); (iv) without the Company's prior consent, induces any employees of the Company to leave their Company employment; (v) without the Company's prior consent, engages in, becomes affiliated with, or becomes employed by any business competitive with the Company; or (vi) fails to comply with applicable provisions of the ITT Code of Conduct or applicable ITT Corporate Policies or any applicable ITT subsidiary code or policies, then the Company will have no further obligation to provide Severance Pay to the Executive.

10. Release

The Company shall not be required to make or continue any payments of Severance Pay under this Plan unless the Executive executes and delivers to ITT within 45 days following the Scheduled Termination Date a release, satisfactory to ITT (which includes the Company Confidentiality, Non-Compete, and Intellectual Property Assignment Agreement), in which the Executive discharges and releases the Company and the Company's directors, officers, employees and employee benefit plans from all claims (other than for benefits to which Executive is entitled under any Company employee benefit plan) arising out of Executive's employment or termination of employment.

11. Administration of Plan

This Plan shall be administered by ITT, who shall have the exclusive right to interpret this Plan, adopt any rules and regulations for carrying out this Plan as may be appropriate and decide any and all matters arising under this Plan. Subject to applicable Federal and state law, all interpretations and decisions by ITT shall be final, conclusive and binding on all parties affected thereby.

12. Termination or Amendment

ITT may terminate or amend this Plan ("Plan Change") at any time except that no such Plan Change may reduce or adversely affect Severance Pay for any Executive whose employment terminates within two years after the effective date of such Plan Change provided that the Executive was a covered employee under this Plan on the date of such Plan Change. Such action shall be taken by the Board or the Compensation Committee, or a person or committee delegated by the Board or Compensation Committee.

13. Offset

Any Severance Pay provided to an Executive under this Plan shall be offset in a manner consistent with Section 15 by reducing such Severance Pay by any severance pay, salary continuation, termination pay or similar pay or allowance which Executive receives or is entitled to receive (i) under any other Company plan, policy practice, program, arrangement; (ii) pursuant to any employment agreement or other agreement with the Company; (iii) by virtue of any law, custom or practice. Any Severance Pay provided to an Executive under this Plan shall also be offset by reducing such Severance Pay by any severance pay, salary continuation pay, termination pay or similar pay or allowance received by the Executive as a result of any prior termination of employment with the Company.

Any amounts due under this Plan may be reduced by the Company, in a manner consistent with Section 15, by any amount that the Executive owes to the Company, including under the Company's clawback or recoupment policy, as such policy may be amended from time to time.

Coordination of Severance Pay with any pay or benefits provided by any applicable ITT short-term or long-term disability plan shall be in accordance with the provisions of those plans.

14. Miscellaneous

Except as provided in this Plan, the Executive shall not be entitled to any notice of termination or pay in lieu thereof.

In cases where Severance Pay is provided under this Plan, pay in lieu of any unused current year vacation entitlement will be paid to the Executive in a lump sum.

Benefits under this Plan are paid for entirely by the Company from its general assets.

This Plan is not a contract of employment, does not guarantee the Executive employment for any specified period and does not limit the right of the Company to terminate the employment of the Executive at any time.

The section headings contained in this Plan are included solely for convenience of reference and shall not in any way affect the meaning of any provision of this Plan

15. Section 409A

This Plan is intended to comply with Section 409A of the Internal Revenue Code of 1986, as amended (the “Code”) and will be interpreted in a manner intended to comply with Section 409A of the Code. Notwithstanding anything herein to the contrary, (i) if at the time of the Executive’s termination of employment with the Company the Executive is a “specified employee” as defined in Section 409A of the Code (and any related regulations or other pronouncements thereunder) and the deferral of the commencement of any payments or benefits otherwise payable hereunder as a result of such termination of employment is necessary in order to prevent any accelerated or additional tax under Section 409A of the Code, then the Company will defer the commencement of the payment of any such payments or benefits hereunder (without any reduction in such payments or benefits ultimately paid or provided to the Executive) until a date that is six months following the Executive’s termination of employment with the Company (or the earliest date as is permitted under Section 409A of the Code), at which point all payments deferred pursuant to this Section 15 shall be paid to the Executive in a lump sum and (ii) if any other payments of money or other benefits due hereunder could cause the application of an accelerated or additional tax under Section 409A of the Code, such payments or other benefits shall be deferred if deferral will make such payment or other benefits compliant under Section 409A of the Code, or otherwise such payment or other benefits shall be restructured, to the extent possible, in a manner, determined by the Company, that does not cause such an accelerated or additional tax. To the extent any reimbursements or in-kind benefits due under this Plan constitute “deferred compensation” under Section 409A of the Code, any such reimbursements or in-kind benefits shall be paid in a manner consistent with Treas. Reg. Section 1.409A-3(i)(1)(iv). Each payment made under this Plan shall be designated as a “separate payment” within the meaning of Section 409A of the Code. All payments to be made upon a termination of employment that constitute deferred compensation under this Plan may only be made upon a “separation from service” as defined under Section 409A of the Code. The Company shall consult with Executives in good faith regarding the implementation of the provisions of this section; provided that neither the Company nor any of its employees or representatives shall have any liability to Executives with respect thereto. Any separation payment that constitutes deferred compensation under Section 409A of the Code, that is conditioned upon a release, and that is due during a sixty-day period immediately following separation from service that spans two calendar years shall be paid in the second of such calendar years.

16. Adoption Date and Amendments

This Plan was initially adopted by a predecessor of ITT Corporation on December 12, 1989 and assumed by ITT Indiana, Inc. (renamed ITT Industries, Inc. and later ITT Corporation) on October 10, 1995. On the Restatement Date, ITT became the successor issuer to ITT Corporation pursuant to Rule 12g-3(a) under the Securities Exchange Act of 1934, as amended, and assumed, amended and restated this Plan as of such date.

17. Claims Procedures

A. Adverse Benefit Determinations

An Executive may contest the determination of eligibility and/or the administration of the benefits by completing and filing a written claim for reconsideration with the Compensation Committee (the “Plan Administrator”). If the Plan Administrator denies a claim in whole or in part, the Plan Administrator will provide notice to the Executive, in writing, within ninety (90) days after the claim is filed, unless the Plan Administrator determines that an extension of time for processing is required. In the event that the Plan Administrator determines that such an extension is required, written notice of the extension shall be furnished to the Executive prior to the termination of the initial ninety-day period. The extension shall not exceed a period of ninety (90) days from the end of the initial period of time and the extension notice shall indicate the special circumstances requiring an extension of time and the date by which the Plan Administrator expects to render the benefit decision. The Executive may not file a claim for benefits under the Plan more than one (1) year after the date of termination of employment with the Company.

The written notice of a denial of a claim shall set forth, in a manner calculated to be understood by the Executive:

1. the specific reason or reasons for the denial;
2. reference to the specific Plan provisions on which the denial is based;
3. a description of any additional material or information necessary for the Executive to perfect the claim and an explanation as to why such information is necessary; and
4. an explanation of the Plan’s claims procedure and the time limits applicable to such procedures, including a statement of the Executive’s right to bring a civil action under Section 502(a) of ERISA following an adverse benefit determination on appeal.

B. Appeal of Adverse Benefit Determinations

An Executive or his or her duly authorized representative shall have an opportunity to appeal a claim denial to the Plan Administrator for a full and fair review. The Executive or duly authorized representative may:

1. request a review upon written notice to the Plan Administrator within sixty (60) days after receipt of a notice of the denial of a claim for benefits;
2. submit written comments, documents, records, and other information relating to the claim for benefits; and
3. examine the Plan and obtain, upon request and without charge, copies of all documents, records, and other information relevant to the claim for benefits.

The Plan Administrator’s review shall take into account all comments, documents, records, and other information submitted by the Executive relating to the claim, without regard to whether such information was submitted or considered by the Plan Administrator in the initial benefit determination. A determination on the review by the Plan Administrator will be made not later than sixty (60) days after receipt of a request for review, unless the Plan Administrator determines that an extension of time for processing is required. In the event that the Plan Administrator determines that such an extension is required, written notice of the extension shall be furnished to the Executive prior to the termination of the initial sixty-day period. The extension shall not exceed a period of sixty (60) days from the end of

the initial period and the extension notice shall indicate the special circumstances requiring an extension of time and the date on which the Plan Administrator expects to render the determination on review. However, if the Plan Administrator holds regularly scheduled meetings at least quarterly, the Plan Administrator shall instead make a benefit determination no later than the date of the meeting of the Plan Administrator that immediately follows the Plan's receipt of a request for review, unless the request for review is filed within 30 days preceding the date of such meeting. In such case, a benefit determination may be made by no later than the date of the second meeting following the Plan's receipt of the request for review. If special circumstances require a further extension of time for processing, a benefit determination shall be rendered not later than the third meeting following the plan's receipt of the request for review. If such an extension of time for review is required because of special circumstances, the Plan Administrator shall provide the Executive with written notice of the extension, describing the special circumstances and the date as of which the benefit determination will be made, prior to the commencement of the extension.

The written determination of the Plan Administrator shall set forth, in a manner calculated to be understood by the Executive:

1. the specific reason or reasons for the decision;
2. reference to the specific Plan provisions on which the decision is based;
3. the Executive's right to receive, upon request and without charge, reasonable access to, and copies of, all documents, records and other information relevant to the claim for benefits; and
4. a statement of the Executive's right to bring a civil action under Section 502(a) of ERISA.

No person may bring an action for any alleged wrongful denial of Plan benefits in a court of law unless the claims procedures set forth above are exhausted and a final determination is made by the Plan Administrator. If any interested person challenges a decision of the Plan Administrator, a review by the court of law will be limited to the facts, evidence and issues presented to the Plan Administrator during the claims procedure set forth above. Facts and evidence that become known to an interested person after having exhausted the claims procedure must be brought to the attention of the Plan Administrator for reconsideration of the claims determination. Issues not raised with the Plan Administrator will be deemed waived.

ITT Change in Control Severance Pay Plan
and
Summary Plan Description
(amended and restated as of May 16, 2016)

1. Purpose

The purpose of this ITT Change in Control Severance Pay Plan (“Plan”) is to assist in occupational transition by providing Severance Benefits, as defined herein, for U.S. employees of ITT Inc. (“ITT”) and its subsidiary companies that are wholly owned, directly or indirectly, by ITT (with ITT, collectively or individually, as the context requires, the “Company”) covered by this Plan whose employment is terminated under conditions set forth in this Plan. This document is designed to serve as both the Plan document and the summary plan description for the Plan. The legal rights and obligations of any person having an interest in the Plan are determined solely by the provisions of the Plan, as interpreted by the Plan Administrator (identified below).

The Company has the sole discretion to determine whether an employee may be considered eligible for benefits under the Plan. Nothing in the Plan will be construed to give any employee the right to continue in the employment of the Company. The Plan is unfunded, has no trustee and is administered by the Plan Administrator. The Plan is intended to be an “employee welfare benefit plan” within the meaning of Section 3(1) of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), 29 U.S.C. §1002(1), and 29 C.F.R. §2510.3-2(b). Please review the section entitled “Amendment and Termination of the Plan” regarding the Company’s reservation of rights. To the maximum extent permitted under Section 409A of the Internal Revenue Code of 1986, as amended (the “Code”), the Plan is intended to be a “separation pay plan” under Section 409A of the Code, in accordance with the final regulations issued thereunder and related guidance, and shall be maintained, interpreted and administered accordingly.

GENERAL INFORMATION

- 1. Plan Name:** ITT Change in Control Severance Pay Plan
- 2. Plan Number:** 556
- 3. Employer/Plan Sponsor:** ITT Inc.
1133 Westchester Ave.
White Plains, NY 10604
914-641-2000
- 4. Employer Identification Number:** 81-1197930
- 5. Type of Plan:** Welfare Benefit – Severance Pay Plan

6. Plan Administrator: ITT Benefits Administration Committee
 ITT Inc.
 1133 Westchester Ave.
 White Plains, NY 10604

7. Agent for Service of Legal Process: Chief Human Resources Officer
 ITT Inc.
 1133 Westchester Ave.
 White Plains, NY 10604

914-641-2000

Service of legal process may also be made on the Plan Administrator

8. Sources of Contributions: The Plan is unfunded and all benefits are paid from the general assets of the Company.

9. Type of Administration: The Plan is administered by the Plan Administrator with benefits provided in accordance with the provisions of the applicable Plan document.

10. Plan Year: The Plan's fiscal records are kept on a fiscal year basis ending December 31.

2. Covered Employees

Covered employees under this Plan ("Employees") are each person who (a) is a full-time salaried employee of the Company or a part-time employee of the Company who is regularly scheduled to work at least twenty (20) hours per week year-round and (b) is a headquarters employee paid under a United States payroll of the Company at the time of the Acceleration Event (other than executives covered by the ITT Senior Executive Change in Control Severance Pay Plan). However, the following individuals are not Employees covered under this Plan:

- i. any person who provides service as an intern, special project employee or other temporary or contract employee;
- ii. any person whose terms and conditions of employment are determined through a collective bargaining agreement, unless the collective bargaining agreement provides for participation in the Plan;
- iii. any person performing services for the Company pursuant to an arrangement with a third party leasing organization (regardless of whether such person is a common law employee of the Company);
- iv. employees who are covered under the ITT Senior Executive Change in Control Severance Pay Plan;
- v. any individual who is party to, or otherwise covered under, another agreement, plan, arrangement or program providing severance (other than a broad-based severance plan such as the ITT Severance Pay Plan); and
- vi. any person whom the Company does not, in its sole discretion, classify initially as a common law employee (even if such person is subsequently classified as an employee by a government agency or court).

After the occurrence of an Acceleration Event, the terms “ITT”, “ITT Subsidiary” and “Company” as used herein shall also include, respectively and as the context requires, any successor company to ITT or any successor company to any ITT Subsidiary and any affiliate of any such successor company.

3. Definitions

An “Acceleration Event” shall occur if:

(i) a report on Schedule 13D shall be filed with the Securities and Exchange Commission pursuant to Section 13(d) of the Securities Exchange Act of 1934, as amended (the “Act”), disclosing that any person (within the meaning of Section 13(d) of the Act), other than ITT or a subsidiary of ITT or any employee benefit plan sponsored by ITT or a subsidiary of ITT, is the beneficial owner directly or indirectly of twenty percent (20%) or more of the outstanding Common Stock \$1 par value, of ITT (the “Stock”);

(ii) any person (within the meaning of Section 13(d) of the Act), other than ITT or a subsidiary of ITT, or any employee benefit plan sponsored by ITT or a subsidiary of ITT, shall purchase shares pursuant to a tender offer or exchange offer to acquire any Stock of ITT (or securities convertible into Stock) for cash, securities or any other consideration, provided that after consummation of the offer, the person in question is the beneficial owner (as such term is defined in Rule 13d-3 under the Act), directly or indirectly, of twenty percent (20%) or more of the outstanding Stock of ITT (calculated as provided in paragraph (d) of Rule 13d-3 under the Act in the case of rights to acquire Stock);

(iii) the consummation of (A) any consolidation, business combination or merger involving ITT, other than a consolidation, business combination or merger involving ITT in which holders of Stock immediately prior to the consolidation, business combination or merger (x) hold fifty percent (50%) or more of the combined voting power of ITT (or the corporation resulting from the merger or consolidation or the parent of such corporation) after the merger and (y) have the same proportionate ownership of common stock of ITT (or the corporation resulting from the merger or consolidation or the parent of such corporation), relative to other holders of Stock immediately prior to the merger, business combination or consolidation, immediately after the merger as immediately before, or (B) any sale, lease, exchange or other transfer (in one transaction or a series of related transactions) of all or substantially all the assets of ITT;

(iv) there shall have been a change in a majority of the members of the Board of Directors of ITT within a 12-month period unless the election or nomination for election by ITT’s stockholders of each new director during such 12-month period was approved by the vote of two-thirds of the directors then still in office who (x) were directors at the beginning of such 12-month period or (y) whose nomination for election or election as directors was recommended or approved by a majority of the directors who were directors at the beginning of such 12-month period; or

(v) any person (within the meaning of Section 13(d) of the Act) (other than ITT or any subsidiary of ITT or any employee benefit plan (or related trust) sponsored by ITT or a subsidiary of ITT) becomes the beneficial owner (as such term is defined in Rule 13d-3 under the Act) of twenty percent (20%) or more of the Stock.

“Cause” shall mean action by the Employee involving willful malfeasance or gross negligence or the Employee’s failure to act involving material nonfeasance that would tend to have a materially adverse effect on the Company. No act or omission on the part of the Employee shall be considered “willful” unless it is done or omitted in bad faith or without reasonable belief that the action or omission was in the best interests of the Company.

“Enhanced Severance Period” shall mean the period, expressed in weeks, equal to the sum of (x) two times the normal severance pay or termination pay period of weeks for the Employee (the “Normal Severance Period”), determined as if the Employee were an employee of the same grade, and having the same years of service, covered by and eligible for the severance pay or termination pay plans or policies at ITT Headquarters, White Plains, New York, as in effect immediately preceding an Acceleration Event and (y) four (4) weeks (in lieu of notice of termination), provided that the Enhanced Severance Period shall not exceed 108 weeks and shall not be less than the Minimum Severance Period.

“Enhanced Week’s Pay” shall mean the sum of (x) the current annual base salary rate paid to the Employee at the time of Employee’s termination of employment and (y) the current target annual bonus or target employee incentive award with respect to the Employee at the time of Employee’s termination of employment, divided by 52 weeks. The “base salary rate” for a part-time employee is based on the employees’ actual rate of pay.

“Good Reason” shall mean:

(i) without the Employee’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 Employee, (A) a reduction in the Employee’s annual base compensation (whether or not deferred), (B) the assignment to the Employee of any duties inconsistent in any material respect with the Employee’s position (including status, offices, titles and reporting requirements), authority, duties or responsibilities, or (C) any other action by the Company or its affiliates which results in a material diminution in such position, authority, duties or responsibilities;

(ii) without the Employee’s express written consent, the Company’s requiring the Employee’s work location to be other than within twenty-five (25) miles of the location where such Employee was principally working immediately prior to the Acceleration Event; or

(iii) any failure by the Company to obtain the express written assumption of this Plan from any successor to the Company; provided that “Good Reason” shall cease to exist for an event on the 90th day following the later of its occurrence or the Employee’s knowledge thereof, unless the Employee has given the Company notice thereof prior to such date.

“Minimum Severance Period” shall mean:

(i) with respect to Employees with less than twenty (20) years of service with the Company, twenty-six (26) weeks;

(ii) with respect to Employees with between twenty (20) and twenty-five (25) years of service with the Company, 52 weeks;

(iii) with respect to Employees with greater than twenty-five (25) years of service with the Company but less than or equal to thirty (30) years of service with the Company, seventy-eight (78) weeks; and

(iv) with respect to Employees with greater than thirty (30) years of service with the Company, one hundred and four (104) weeks.

For purposes hereof, “years of service” shall have the same meaning as in the termination pay plans or policies at ITT Headquarters, White Plains, New York, as in effect immediately preceding an Acceleration Event and shall be determined as of the date of the Employee’s termination of employment with the Company.

“Potential Acceleration Event” shall mean any execution of an agreement, the commencement of a tender offer or any other transaction or event that if consummated would result in an Acceleration Event.

4. Severance Benefits Upon Termination of Employment

If an Employee’s employment with the Company is terminated due to a Qualifying Termination, he or she shall receive the severance benefits set forth in Section 5 hereof (“Severance Benefits”). For purposes hereof, (i) a “Qualifying Termination” shall mean a termination of an Employee’s employment with the Company either (x) by the Company without Cause (A) within the two (2) year period commencing on the date of the occurrence of an Acceleration Event or (B) prior to the occurrence of an Acceleration Event and either (1) following the public announcement of the transaction or event which ultimately results in such Acceleration Event or (2) at the request of a party to, or participant in, the transaction or event which ultimately results in an Acceleration Event; or (y) by an Employee for Good Reason within the two (2) year period commencing with the date of the occurrence of an Acceleration Event and (ii) a determination by an Employee that he or she has “Good Reason” hereunder shall be final and binding on the parties hereto unless the Company can establish by a preponderance of the evidence that “Good Reason” does not exist.

5. Severance Benefits

Severance Benefits for Employees comprise the following payments and benefits:

- *Accrued Rights.* The Employee’s base salary through the date of termination of employment, any annual bonus earned but unpaid as of the date of termination for any previously completed fiscal year, reimbursement for any unreimbursed business expenses properly incurred by the Employee in accordance with Company policy prior to the date of the Employee’s termination of employment and such employee benefits, if any, as to which the Employee may be entitled under the employee benefit plans of the Company, including without limitation, the payment of any accrued or unused vacation under the Company’s vacation policy.
- *Severance Pay.* The number of weeks of the Employee’s Enhanced Severance Period times the Employee’s Enhanced Week’s Pay, paid in the form described in Section 6 below.
- *Benefits.*
 - *COBRA Subsidy.* In the absence of any other determination by the Company, if the Employee is enrolled in one of the Company’s medical and/or dental or vision plans immediately prior to his or her termination date, the Employee will receive a COBRA Subsidy if he or she elects COBRA Continuation Coverage under the plan(s) and signs

the Release to receive the severance payments described herein. The COBRA Subsidy is paid as follows: during the first six months of COBRA Continuation Coverage, which begins on the first day of the month following the Employee's termination date, the Company will pay the portion of the Employee's COBRA premium for the medical, dental and/or vision coverage under COBRA, if any, that exceeds the premium the Employee would have paid for such coverage if his or her employment had not been terminated.

To receive COBRA Continuation Coverage the Employee must elect the coverage and pay the required premiums when due. Unless the Company determines otherwise, COBRA premium payments by employees will be on an after tax basis and will be billed by a third party administrator. COBRA Continuation Coverage will be governed by and will terminate in accordance with the provisions of the medical, dental, Flexible Spending Account, vision and/or employee assistance plan, if applicable, in which the Employee participates.

- *Savings Plan Payment.* Payment of a lump sum amount ("Savings Plan Lump Sum Amount") equal to the number of weeks of the Employee's Enhanced Severance Period times the following amount: the highest annual base salary rate determined above under "Enhanced Week's Pay", divided by 52 weeks, times the highest percentage rate of Company Contributions (not to exceed seven percent (7%)) with respect to the Employee under the ITT Retirement Savings Plan and/or the ITT Supplemental Retirement Savings Plan (or corresponding savings plan arrangements (i) outside the United States or (ii) as may be designated by an Authorized Officer of Designee) ("Savings Plans") (including matching contributions and core contributions) at any time during the three (3) year period immediately preceding the Employee's termination of employment or the three (3) year period immediately preceding the Acceleration Event. This provision shall apply to any Employee who is a member of any of the Savings Plans at any time during either such three (3) year period.
- *Outplacement.* Outplacement services for one (1) year.

With respect to the provision of benefits described above during the above period equal to the Employee's Enhanced Severance Period, if, for any reason at any time the Company is unable to treat the Employee as being eligible for ongoing participation in any Company employee benefit plans in existence immediately prior to the termination of employment of the Employee, and if, as a result thereof, the Employee does not receive a benefit or receives a reduced benefit, the Company shall provide a reasonable financial payment to compensate the Employee for the loss or reduction of the benefit in a manner consistent with Section 15 below.

Release Required

Subject to applicable law, in order to receive any Severance Benefits, the Employee must sign and not revoke a waiver/release (the "Release"), in a form provided by the Company, of all claims arising out of the Employee's employment relationship with the Company and the termination of that relationship. In addition, if the Employee is an hourly employee with recall rights, the Employee must agree to waive those rights in order to receive any severance payment benefits. The Employee must also return all Company property in his or her possession, including files, manuals, keys, access cards, credit cards and Company-owned equipment. The Employee may also be required, in the discretion of the Company, to reaffirm or agree to the Company's form of confidentiality agreement or any

confidentiality, non-competition or non-disparagement agreements previously entered into between the Employee and the Company and the Employee may be required to agree to such additional terms and conditions related to the termination of his or her employment relationship with the Company that the Company, in its sole discretion, decides to require as a condition of receiving severance payments hereunder.

6. Form of Payment of Severance Pay and Lump Sum Payments

Severance Pay shall be paid in cash, in non-discounted equal periodic installment payments corresponding to the frequency and duration of the severance payments that the Employee would have been entitled to receive under the Normal Severance Period. The Savings Plan Lump Sum Amount shall be paid in cash within thirty (30) calendar days after the date the employment of the Employee terminates (subject to the execution of a release, which becomes irrevocable, as described in Section 5). The timing of payments are subject to Section 15.

7. Termination of Employment — Other

The Severance Benefits shall only be payable upon an Employee's termination of employment due to a Qualifying Termination; provided, that if, following the occurrence of an Acceleration Event, an Employee is terminated due to the Employee's death or disability (as defined in the long-term disability plan in which the Employee is entitled to participate (whether or not the Employee voluntarily participates in such plan)) and, at the time of such termination, the Employee had grounds to resign with Good Reason, such termination of employment shall be deemed to be a Qualifying Termination.

8. Administration of Plan

The ITT Benefits Administrative Committee will be the Plan Administrator and the named fiduciary of the Plan for purposes of ERISA. The authority and duties of the Plan Administrator are described in this section and in such charters or other documents as may be adopted from time to time.

The Plan Administrator will be the sole judge of the application and interpretation of the Plan, and will have the discretionary authority to construe the provisions of the Plan, to resolve disputed issues of fact, and to make determinations regarding eligibility for benefits (other than determinations under "Eligibility" that are reserved to the Company). The Plan Administrator shall correct any defect, reconcile any inconsistency, and supply any omission with respect to the Plan. The decisions of the Plan Administrator in all matters relating to the Plan that are within the scope of his/her authority (including, but not limited to, eligibility for benefits, Plan interpretations, and disputed issues of fact) will be final and binding on all parties.

9. Termination or Amendment

ITT reserves the right to amend or terminate the Plan, in whole or in part, at any time and for any reason. Such action shall be taken by the Board of Directors of ITT (the "Board") or the Compensation and Personnel Committee of the Board (the "Compensation Committee"), or a person or committee delegated by the Board or Compensation Committee. The authority and duties of the Compensation Committee are described in such charters or other documents as may be adopted from time to time.

Notwithstanding the fact that ITT may terminate or amend this Plan ("Plan Change") at any time, following the occurrence of (i) an Acceleration Event or (ii) a Potential Acceleration Event, no Plan Change that would adversely affect any Employee may be made without the prior written consent of such Employee affected thereby; provided, however, that clause (ii) above shall cease to apply if such Potential Acceleration Event does not result in the occurrence of an Acceleration Event.

10. Offset

Any Severance Benefits provided to an Employee under this Plan shall be offset in a manner consistent with Section 15 by reducing (x) any Severance Pay hereunder by any severance pay, salary continuation pay, termination pay or similar pay or allowance and (y) any other Severance Benefits hereunder by corresponding employee benefits, or outplacement services, which the Employee receives or is entitled to receive, (i) pursuant to any other Company policy, practice program or arrangement, (ii) pursuant to any Company employment agreement or other agreement with the Company, or (iii) by virtue of any law, custom or practice excluding, however, any unemployment compensation in the United States, unless the Employee voluntarily expressly waives (which the Employee shall have the exclusive right to do) in writing any such respective entitlement.

Any amounts due under this Plan may be reduced by the Company, in a manner consistent with Section 15, by any amount that the Employee owes to the Company, including under the Company's clawback or recoupment policy, as such policy may be amended from time to time.

11. Excise Tax

In the event that it shall be determined that any Payment would constitute an "excess parachute payment" within the meaning of Section 280G of the Code, then the aggregate of all Payments shall be reduced so that the Present Value of the aggregate of all Payments does not exceed the Safe Harbor Amount; provided, however, that no such reduction shall be effected, if the Net After-tax Benefit to the Employee of receiving all of the Payments exceeds the Net After-tax Benefit to the Employee resulting from having such Payments so reduced. In the event a reduction is required pursuant hereto, the order of reduction shall be first all cash payments on a pro rata basis, then any equity compensation on a pro rata basis, and lastly medical and dental coverage.

For purposes of this Section 11, the following terms have the following meanings:

(i) "Net After-tax Benefit" shall mean the Present Value of a Payment net of all federal state and local income, employment and excise taxes imposed on Employee with respect thereto, determined by applying the highest marginal rate(s) applicable to an individual for Employee's taxable year in which the Change in Control occurs.

(ii) "Payment" means any payment or distribution or provision of benefits by the Company to or for the benefit of Employee, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise, but determined without regard to any reductions required by this Section 11.

(iii) "Present Value" shall mean such value determined in accordance with Section 280G(d)(4) of the Code.

(iv) "Safe Harbor Amount" shall be an amount expressed in Present Value which maximizes the aggregate Present Value of Payments without causing any Payment to be subject to excise tax under Section 4999 of the Code or the deduction limitation of Section 280G of the Code.

All determinations required to be made under this Section 11, including whether and when a reduction is required and the amount of such reduction and the assumptions to be utilized in arriving at such determination, shall be made by a nationally recognized accounting firm mutually agreed to by the Employee and the Company (the "Accounting Firm") which shall provide detailed supporting calculations both to the Company and the Employee within ten (10) business days of the receipt of notice from the Employee that there has been a Payment, or such earlier time as is requested by the

Company; provided that for purposes of determining the amount of any reduction, the Employee shall be deemed to pay federal income tax at the highest marginal rates applicable to individuals in the calendar year in which any such payment is made.

All fees and expenses of the Accounting Firm shall be borne solely by the Company. If the Accounting Firm determines that no excise tax is payable by the Employee, it shall so indicate to the Employee in writing. Any determination by the Accounting Firm shall be binding upon the Company and the Employee.

12. Miscellaneous

The Employee shall not be entitled to any notice of termination or pay in lieu thereof except as included as part of Severance Pay as provided herein.

Severance Benefits under this Plan are paid entirely by the Company from its general assets.

This Plan is not a contract of employment, does not guarantee the Employee employment for any specified period and does not limit the right of the Company to terminate the employment of the Employee at any time.

If an Employee should die while any amount is still payable to the Employee hereunder had the Employee continued to live, all such amounts shall be paid in accordance with this Plan to the Employee's designated heirs or, in the absence of such designation, to the Employee's estate.

The numbered section headings contained in this Plan are included solely for convenience of reference and shall not in any way affect the meaning of any provision of this Plan.

If, for any reason, any one or more of the provisions or part of a provision contained in this Plan shall be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision or part of a provision of this Plan not held so invalid, illegal or unenforceable, and each other provision or part of a provision shall to the full extent consistent with law remain in full force and effect.

The Plan shall be governed by and construed in accordance with the laws of the State of New York without regard to the conflicts of law provisions thereof.

The Plan shall be binding on all successors and assigns of ITT and an Employee.

13. Notices

Any notice and all other communication provided for in this Plan shall be in writing and shall be deemed to have been duly given when delivered by hand or overnight courier or three days after it has been mailed by United States registered mail, return receipt requested, postage prepaid, addressed to the respective addresses set forth below, or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notice of change of address shall be effective only upon receipt.

If to the Company:

ITT Inc.
1133 Westchester Avenue
White Plains, New York 10604 Attention: General Counsel

If to the Employee: To the most recent address of Employee set forth in the personnel records of ITT.

14. Adoption Date

This Plan was initially adopted by ITT Corporation on April 15, 1997. On May 16, 2016, ITT became the successor issuer to ITT Corporation pursuant to Rule 12g-3(a) under the Securities Exchange Act of 1934, as amended, and assumed, amended and restated this Plan as of such date.

15. Section 409A

This Plan is intended to comply with Section 409A of the Code and will be interpreted in a manner intended to comply with Section 409A of the Code. Notwithstanding anything herein to the contrary, (i) if at the time of the Employee's termination of employment with the Company the Employee is a "specified employee" as defined in Section 409A of the Code (and any related regulations or other pronouncements thereunder) and the deferral of the commencement of any payments or benefits otherwise payable hereunder as a result of such termination of employment is necessary in order to prevent any accelerated or additional tax under Section 409A of the Code, then the Company will defer the commencement of the payment of any such payments or benefits hereunder (without any reduction in such payments or benefits ultimately paid or provided to the Employee) until the date that is six months following the Employee's termination of employment with the Company (or the earliest date as is permitted under Section 409A of the Code), at which point all payments deferred pursuant to this Section 15 shall be paid to the Employee in a lump sum and (ii) if any other payments of money or other benefits due hereunder could cause the application of an accelerated or additional tax under Section 409A of the Code, such payments or other benefits shall be deferred if deferral will make such payment or other benefits compliant under Section 409A of the Code, or otherwise such payment or other benefits shall be restructured, to the extent possible, in a manner, determined by the Company, that does not cause such an accelerated or additional tax. To the extent any reimbursements or in-kind benefits due under this Plan constitute "deferred compensation" under Section 409A of the Code, any such reimbursements or in-kind benefits shall be paid in a manner consistent with Treas. Reg. Section 1.409A-3(i)(1)(iv).

Each payment made under this Plan shall be designated as a "separate payment" within the meaning of Section 409A of the Code. To the extent that any payment under this Plan is subject to Section 409A of the Code and is deemed to be a substitution for any payment under another arrangement, the payment shall be made under this Plan at the same time or under the same schedule as specified under such other arrangement (as determined under Section 409A of the Code). All payments to be made upon a termination of employment that constitute deferred compensation under this Plan may only be made upon a "separation from service" as defined under Section 409A of the Code. In no event may you, directly or indirectly, designate the calendar year of payment. Any separation payment that constitutes deferred compensation under Section 409A of the Code, that is conditioned upon a release, and that is due during a sixty-day period immediately following separation from service that spans two calendar years shall be paid in the second of such calendar years. The Company shall consult with Employees in good faith regarding the implementation of the provisions of this section; provided that neither the Company nor any of its employees or representatives shall have any liability to Employees with respect thereto.

16. Claims Procedure

Adverse Benefit Determinations

If you have been determined to be eligible or ineligible to receive benefits under the Plan, you may contest the determination of eligibility and/or the administration of the benefits by completing and filing a written claim for reconsideration with the Plan Administrator. If the Plan Administrator denies a claim in whole or in part, the Plan Administrator will provide notice to you, in writing, within ninety (90) days after the claim is filed, unless the Plan Administrator determines that an extension of time for processing is required. In the event that the Plan Administrator determines that such an extension is required, written notice of the extension shall be furnished to you prior to the termination of the initial ninety-day period. The extension shall not exceed a period of ninety (90) days from the end of the initial period of time and the extension notice shall indicate the special circumstances requiring an extension of time and the date by which the Plan Administrator expects to render the benefit decision. You may not file a claim for benefits under the Plan more than one (1) year after the date of your termination of employment with the Company.

The written notice of a denial of a claim shall set forth, in a manner calculated to be understood by you:

1. the specific reason or reasons for the denial;
2. reference to the specific Plan provisions on which the denial is based;
3. a description of any additional material or information necessary for you to perfect the claim and an explanation as to why such information is necessary; and
4. an explanation of the Plan's claims procedure and the time limits applicable to such procedures, including a statement of your right to bring a civil action under Section 502(a) of ERISA following an adverse benefit determination on appeal.

Appeal of Adverse Benefit Determinations

You or your duly authorized representative shall have an opportunity to appeal a claim denial to the Plan Administrator for a full and fair review. You or your duly authorized representative may:

1. request a review upon written notice to the Plan Administrator within sixty (60) days after receipt of a notice of the denial of a claim for benefits;
2. submit written comments, documents, records, and other information relating to the claim for benefits; and
3. examine the Plan and obtain, upon request and without charge, copies of all documents, records, and other information relevant to your claim for benefits.

The Plan Administrator's review shall take into account all comments, documents, records, and other information submitted by you relating to the claim, without regard to whether such information was submitted or considered by the Plan Administrator in the initial benefit determination. A determination on the review by the Plan Administrator will be made not later than sixty (60) days after receipt of a request for review, unless the Plan Administrator determines that an extension of time for processing is required. In the event that the Plan Administrator determines that such an extension is required, written

notice of the extension shall be furnished to you prior to the termination of the initial sixty-day period. The extension shall not exceed a period of sixty (60) days from the end of the initial period and the extension notice shall indicate the special circumstances requiring an extension of time and the date on which the Plan Administrator expects to render the determination on review. However, if the Plan Administrator holds regularly scheduled meetings at least quarterly, the Plan Administrator shall instead make a benefit determination no later than the date of the meeting of the Plan Administrator that immediately follows the Plan's receipt of a request for review, unless the request for review is filed within 30 days preceding the date of such meeting. In such case, a benefit determination may be made by no later than the date of the second meeting following the Plan's receipt of the request for review. If special circumstances require a further extension of time for processing, a benefit determination shall be rendered not later than the third meeting following the plan's receipt of the request for review. If such an extension of time for review is required because of special circumstances, the Plan Administrator shall provide the Executive with written notice of the extension, describing the special circumstances and the date as of which the benefit determination will be made, prior to the commencement of the extension.

The written determination of the Plan Administrator shall set forth, in a manner calculated to be understood by you:

1. the specific reason or reasons for the decision;
2. reference to the specific Plan provisions on which the decision is based;
3. your right to receive, upon request and without charge, reasonable access to, and copies of, all documents, records and other information relevant to the claim for benefits; and
4. a statement of your right to bring a civil action under Section 502(a) of ERISA.

No person may bring an action for any alleged wrongful denial of Plan benefits in a court of law unless the claims procedures set forth above are exhausted and a final determination is made by the Plan Administrator. If you or any other interested person challenges a decision of the Plan Administrator, a review by the court of law will be limited to the facts, evidence and issues presented to the Plan Administrator during the claims procedure set forth above. Facts and evidence that become known to you or any other interested person after having exhausted the claims procedure must be brought to the attention of the Plan Administrator for reconsideration of the claims determination. Issues not raised with the Plan Administrator will be deemed waived.

17. Action By The Company

Any action taken by the Company under the Plan shall be taken by ITT.

18. ERISA Rights Statement

As a participant in the Plan, you are entitled to certain rights and protections under ERISA. ERISA provides that all Plan participants shall be entitled to:

Receive Information about Your Plan and Benefits

- Examine, without charge, at the Plan Administrator's office and at other specified locations such as worksites, all documents governing the Plan, including insurance contracts and a copy of the latest

annual report (Form 5500 Series) filed by the Plan with the U.S. Department of Labor and available at the Public Disclosure Room of the Employee Benefits Security Administration.

- Obtain, upon written request to the Plan Administrator, copies of documents governing the operation of the Plan, including insurance contracts and copies of the latest annual report (Form 5500 Series) and an updated summary plan description. The Plan Administrator may make a reasonable charge for the copies.

Prudent Actions by Plan Fiduciaries

In addition to creating rights for Plan participants, ERISA imposes duties upon the people who are responsible for the operation of the employee benefit plan. The people who operate your Plan, called “fiduciaries”, have a duty to do so prudently and in the interests of you and other Plan participants and beneficiaries. No one, including your employer or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a welfare benefit or exercising your rights under ERISA.

Enforce Your Rights

If your claim for a benefit is denied or ignored, in whole or in part, you have a right to know why this was done, to obtain copies of documents relating to the decision without charge, and to appeal any denial, all within certain time schedules.

Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request a copy of the plan document or the latest annual report from the Plan and do not receive them within thirty (30) days, you may file suit in a federal court. In such a case, the court may require the Plan Administrator to provide the materials and pay you up to \$110 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the administrator. If you have a claim for benefits which is denied or ignored, in whole or in part, you may file suit in a state or federal court. If it should happen that the Plan fiduciaries misuse the Plan’s money or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in a federal court. The court will decide who should pay court costs and legal fees. If you are successful, the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees, for example, if it finds your claim is frivolous.

Assistance with Your Questions

If you have any questions about your Plan, or if you need assistance in obtaining documents from the Plan Administrator, you should contact the Plan Administrator. If you have any questions about this statement or about your rights under ERISA, you should contact the nearest office of the Employee Benefits Security Administration, U.S. Department of Labor, listed in your telephone directory or the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue NW, Washington, D.C. 20210. You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publication hotline of the Employee Benefits Security Administration.

**ITT Senior Executive Change in Control Severance Pay Plan
(amended and restated as of May 16, 2016)**

1. Purpose

The purpose of this ITT Senior Executive Change in Control Severance Pay Plan (“Plan”) is to assist in occupational transition by providing Severance Benefits, as defined herein, for employees covered by this Plan whose employment is terminated under conditions set forth in this Plan. This Plan is being amended and restated as of May 16, 2016 (the “Effective Date”). The Plan is sponsored by ITT Inc. (“ITT”) and maintained as an unfunded plan for the purpose of providing benefits to a select group of management or highly compensated employees within the meaning of 29 C.F.R. § 2520.104-24. The Plan is intended to be an “employee welfare benefit plan” within the meaning of Section 3(1) of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), 29 U.S.C. §1002(1) to the extent it satisfies the requirements of 29 C.F.R. §2510.3-2(b).

2. Covered Employees

Covered employees under this Plan (“Special Severance Executives”) are full-time salaried U.S. employees of ITT and of any subsidiary company that is wholly owned, directly or indirectly, by ITT (“ITT Subsidiary”) (with ITT, collectively or individually as the context requires, the “Company”) who are in Job Level M7, M6 or M5 (only including M5 employees who are headquarters staff) or were in Job Level M7, M6 or M5 (only including M5 employees who are headquarters staff) at any time within the two year period immediately preceding an Acceleration Event. Notwithstanding the foregoing, the individual who is serving as the Chief Executive Officer of ITT as of the Effective Date shall not be a Special Severance Executive covered under this Plan.

“Job Level M7, M6 and M5” shall have the meaning given such terms under the executive classification system of the ITT Human Resources Department as in effect immediately preceding an Acceleration Event. After the occurrence of an Acceleration Event, the terms “ITT”, “ITT Subsidiary” and “Company” as used herein shall also include, respectively and as the context requires, any successor company to ITT or any successor company to any ITT Subsidiary and any affiliate of any such successor company.

3. Definitions

An “Acceleration Event” shall occur if:

(i) a report on Schedule 13D shall be filed with the Securities and Exchange Commission pursuant to Section 13(d) of the Securities Exchange Act of 1934, as amended (the “Act”) disclosing that any person (within the meaning of Section 13(d) of the Act), other than ITT or a subsidiary of ITT or any employee benefit plan sponsored by ITT or a subsidiary of ITT, is the beneficial owner directly or indirectly of twenty percent (20%) or more of the outstanding Common Stock \$1 par value, of ITT (the “Stock”);

(ii) any person (within the meaning of Section 13(d) of the Act), other than ITT or a subsidiary of ITT, or any employee benefit plan sponsored by ITT or a subsidiary of ITT, shall purchase shares pursuant to a tender offer or exchange offer to acquire any Stock of ITT (or securities convertible into Stock) for cash, securities or any other consideration, provided that after consummation of the offer, the person in question is the beneficial owner (as such term is defined in Rule 13d-3 under the Act), directly or indirectly, of twenty percent (20%) or more of the outstanding Stock of ITT (calculated as provided in paragraph (d) of Rule 13d-3 under the Act in the case of rights to acquire Stock);

(iii) the consummation of (A) any consolidation, business combination or merger involving ITT, other than a consolidation, business combination or merger involving ITT in which holders of Stock immediately prior to the consolidation, business combination or merger (x) hold fifty percent (50%) or more of the combined voting power of ITT (or the corporation resulting from the merger or consolidation or the parent of such corporation) after the merger and (y) have the same proportionate ownership of common stock of ITT (or the corporation resulting from the merger or consolidation or the parent of such corporation), relative to other holders of Stock immediately prior to the merger, business combination or consolidation,

immediately after the merger as immediately before, or (B) any sale, lease, exchange or other transfer (in one transaction or a series of related transactions) of all or substantially all the assets of ITT;

(iv) there shall have been a change in a majority of the members of the Board of Directors of ITT within a 12-month period unless the election or nomination for election by ITT stockholders of each new director during such 12-month period was approved by the vote of two-thirds of the directors then still in office who (x) were directors at the beginning of such 12-month period or (y) whose nomination for election or election as directors was recommended or approved by a majority of the directors who were directors at the beginning of such 12-month period; or

(v) any person (within the meaning of Section 13(d) of the Act) (other than ITT or any subsidiary of ITT or any employee benefit plan (or related trust) sponsored by ITT or a subsidiary of ITT) becomes the beneficial owner (as such term is defined in Rule 13d-3 under the Act) of twenty percent (20%) or more of the Stock.

“Cause” shall mean action by the Special Severance Executive involving willful malfeasance or gross negligence or the Special Severance Executive’s failure to act involving material nonfeasance that would tend to have a materially adverse effect on the Company. No act or omission on the part of the Special Severance Executive shall be considered “willful” unless it is done or omitted in bad faith or without reasonable belief that the action or omission was in the best interests of the Company.

“Good Reason” shall mean:

(i) without the Special Severance Executive’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 Special Severance Executive, (A) a reduction in the Special Severance Executive’s annual base compensation (whether or not deferred), (B) the assignment to the Special Severance Executive of any duties inconsistent in any material respect with the Special Severance Executive’s position (including status, offices, titles and reporting requirements), authority, duties or responsibilities, or (C) any other action by the Company or its affiliates which results in a material diminution in such position, authority, duties or responsibilities;

(ii) without the Special Severance Executive’s express written consent, the Company’s requiring the Special Severance Executive’s work location to be other than within twenty-five (25) miles of the location where such Special Severance Executive was principally working immediately prior to the Acceleration Event; or

(iii) any failure by the Company to obtain the express written assumption of this Plan from any successor to the Company; provided that “Good Reason” shall cease to exist for an event on the 90th day following the later of its occurrence or the Special Severance Executive’s knowledge thereof, unless the Special Severance Executive has given the Company notice thereof prior to such date.

“Potential Acceleration Event” shall mean any execution of an agreement, the commencement of a tender offer or any other transaction or event that if consummated would result in an Acceleration Event.

4. Severance Benefits Upon Termination of Employment

If, a Special Severance Executive’s employment with the Company is terminated due to a Qualifying Termination, he or she shall receive the severance benefits set forth in Section 5 hereof (“Severance Benefits”). For purposes hereof, (i) a “Qualifying Termination” shall mean a termination of a Special Severance Executive’s employment with the Company either (x) by the Company without Cause (A) within the two (2) year period commencing on the date of the occurrence of an Acceleration Event or (B) prior to the occurrence of an Acceleration Event and either (1) following the public announcement of the transaction or event which ultimately results in such Acceleration Event or (2) at the request of a party to, or participant in, the transaction or event which ultimately results in an Acceleration Event; or (y) by a Special Severance Executive for Good Reason within the two (2) year period commencing with the date of the occurrence of an Acceleration Event and (ii) a determination by a Special Severance Executive that he or she has “Good Reason” hereunder shall be final and binding on the parties hereto unless the Company can establish by a preponderance of the evidence that “Good Reason” does not exist.

5. Severance Benefits

Job Level M7 and M6 Benefits

The following payments and benefits comprise the Severance Benefits for Special Severance Executives (i) in Job Level M7 or M6 at the time of a Qualifying Termination or at any time during the two (2) year period immediately preceding the Acceleration Event or (ii) designated as a covered employee in Job Level M7 or M6 in accordance with Section 2 hereof:

- *Accrued Rights.* The Special Severance Executive's base salary through the date of termination of employment, any annual bonus earned but unpaid as of the date of termination for any previously completed fiscal year, reimbursement for any unreimbursed business expenses properly incurred by the Special Severance Executive in accordance with Company policy prior to the date of the Special Severance Executive's termination of employment and such employee benefits, if any, as to which the Special Severance Executive may be entitled under the employee benefit plans of the Company, including without limitation, the payment of any accrued or unused vacation under the Company's vacation policy.
- *Severance Pay.* The sum of (x) three (3) times the current annual base salary rate paid (whether or not deferred) to the Special Severance Executive at the time of the Special Severance Executive's termination of employment, and (y) three (3) times the greater of (i) the Special Severance Executive's target bonus for the year in which the Acceleration Event occurs, or (ii) the actual bonus that was most recently paid to the Special Severance Executive before his or her termination of employment.
- *Benefits and Perquisites*
 - *COBRA Subsidy.* In the absence of any other determination by the Company, if the Special Severance Executive is enrolled in one of the Company's medical and/or dental or vision plans immediately prior to his or her termination date, the Special Severance Executive will receive a COBRA Subsidy if he or she elects COBRA Continuation Coverage under the plan(s) and signs the Release to receive the severance payments described herein. The COBRA Subsidy is paid as follows: during the first six months of COBRA Continuation Coverage, which begins on the first day of the month following the Special Severance Executive's termination date, the Company will pay the portion of the Special Severance Executive's COBRA premium for the medical, dental and/or vision coverage under COBRA, if any, that exceeds the premium the Special Severance Executive would have paid for such coverage if his or her employment had not been terminated.

To receive COBRA Continuation Coverage the Special Severance Executive must elect the coverage and pay the required premiums when due. Unless the Company determines otherwise, COBRA premium payments by employees will be on an after tax basis and will be billed by a third party administrator. COBRA Continuation Coverage will be governed by and will terminate in accordance with the provisions of the medical, dental, Flexible Spending Account, vision and/or employee assistance plan, if applicable, in which the Special Severance Executive participates.

- *Savings Plan Payment.* Payment of a lump sum amount ("Savings Plan Lump Sum Amount") equal to three (3) times the following amount: the highest annual base salary rate determined above under "Severance Pay" times the highest percentage rate of Company Contributions (not to exceed seven percent (7%)) with respect to the Special Severance Executive under the ITT Retirement Savings Plan and/or ITT Supplemental Retirement Savings Plan (or corresponding savings plan arrangements outside the United States) ("Savings Plans") (including matching contributions and core contributions) at any time during the three (3) year period immediately preceding the Special Severance Executive's termination of employment or the three (3) year period immediately preceding the Acceleration Event. This provision shall apply to any Special Severance Executive who is a member of any of the Savings Plans at any time during either such three (3) year period.
- *Outplacement.* Outplacement services for one (1) year.

Job Level M5 (only including M5 employees who are White Plains Corporate Staff Executives) Benefits

The following payments and benefits comprise the Severance Benefits for Special Severance Executives (i) in Job Level M5 (only including M5 employees who are White Plains Corporate Staff Executives) at the time of a Qualifying Termination or at any time during the two (2) year period immediately preceding the Acceleration Event or (ii) designated as a covered employee in Job Level M5 (only including M5 employees who are White Plains Corporate Staff Executives) in accordance with Section 2 hereof; provided, that a Special Severance Executive who is in Job Level M5 (only including M5 employees who are White Plains Corporate Staff Executives) at the time of a Qualifying Termination but was in Job Level M7 or M6 anytime during the two (2) year period immediately preceding the Acceleration Event shall be entitled to Severance Benefits as a Special Severance Executive in Job Level M7 or M6 and shall not be entitled to the Severance Benefits set forth below:

- *Accrued Rights.* The Special Severance Executive's base salary through the date of termination of employment, any annual bonus earned but unpaid as of the date of termination for any previously completed fiscal year, reimbursement for any unreimbursed business expenses properly incurred by the Special Severance Executive in accordance with Company policy prior to the date of the Special Severance Executive's termination of employment and such employee benefits, if any, as to which the Special Severance Executive may be entitled under the employee benefit plans of the Company, including without limitation, the payment of any accrued or unused vacation under the Company's vacation policy.
- *Severance Pay.* The sum of (x) two (2) times the current annual base salary rate paid (whether or not deferred) to the Special Severance Executive at the Special Severance Executive's termination of employment, and (y) two (2) times the greater of (i) the Special Severance Executive's target bonus for the year in which the Acceleration Event occurs, or (ii) the actual bonus that was most recently paid to the Special Severance Executive before his or her termination of employment.
- *Benefits and Perquisites.*
 - § *COBRA Subsidy.* In the absence of any other determination by the Company, if the Special Severance Executive is enrolled in one of the Company's medical and/or dental or vision plans immediately prior to his or her termination date, the Special Severance Executive will receive a COBRA Subsidy if he or she elects COBRA Continuation Coverage under the plan(s) and signs the Release to receive the severance payments described herein. The COBRA Subsidy is paid as follows: during the first six months of COBRA Continuation Coverage, which begins on the first day of the month following the Special Severance Executive's termination date, the Company will pay the portion of the Special Severance Executive's COBRA premium for the medical, dental and/or vision coverage under COBRA, if any, that exceeds the premium the Special Severance Executive would have paid for such coverage if his or her employment had not been terminated.

To receive COBRA Continuation Coverage the Special Severance Executive must elect the coverage and pay the required premiums when due. Unless the Company determines otherwise, COBRA premium payments by employees will be on an after tax basis and will be billed by a third party administrator. COBRA Continuation Coverage will be governed by and will terminate in accordance with the provisions of the medical, dental, Flexible Spending Account, vision and/or employee assistance plan, if applicable, in which the Special Severance Executive participates.

- § *Savings Plan Payment.* Payment of a lump sum amount ("Savings Plan Lump Sum Amount") equal to two (2) times the following amount: the highest annual base salary rate determined above under "Severance Pay" times the highest percentage rate of Company Contributions (not to exceed seven percent (7%)) with respect to the Special Severance Executive under the ITT Retirement Savings Plan and/or the ITT Supplemental Retirement Savings Plan (or corresponding savings plan arrangements outside the United States) ("Savings Plans") (including matching contributions and core contributions) at any time during either the three (3) year period immediately preceding the Special Severance Executive's termination of employment or the three (3) year period immediately preceding the Acceleration Event. This provision shall apply to any Special Severance Executive who is a member of any of the Savings Plans at any time during either such three (3) year period.

§ *Outplacement.* Outplacement services for one (1) year.

General

With respect to the provision of benefits described above during the above described respective three and two year periods, if, for any reason at any time the Company is unable to treat the Special Severance Executive as being eligible for ongoing participation in any Company employee benefit plans or perquisites in existence immediately prior to the termination of employment of the Special Severance Executive, and if, as a result thereof, the Special Severance Executive does not receive a benefit or perquisite or receives a reduced benefit or perquisite, the Company shall provide a reasonable financial payment to compensate the Special Severance Executive for the loss or reduction of the benefit or perquisite in a manner consistent with Section 15 below.

Release Required

Subject to applicable law, in order to receive any severance pay benefits, the Special Severance Executive must sign and not revoke a waiver/release (the "Release"), in a form provided by the Company, of all claims arising out of the Special Severance Executive's employment relationship with the Company and the termination of that relationship. The Special Severance Executive must also return all Company property in his or her possession, including files, manuals, keys, access cards, credit cards and Company-owned equipment. The Special Severance Executive may also be required, in the discretion of the Company, to reaffirm or agree to the Company's form of confidentiality agreement or any confidentiality, non-competition or non-disparagement agreements previously entered into between the Special Severance Executive and the Company and the Special Severance Executive may be required to agree to such additional terms and conditions related to the termination of his or her employment relationship with the Company that the Company, in its sole discretion, decides to require as a condition of receiving severance payments hereunder.

6. Form of Payment of Severance Pay and Lump Sum Payments

Severance Pay shall be paid in cash, in non-discounted equal periodic installment payments corresponding to the frequency and duration of the severance payments that the Special Severance Executive would have been entitled to receive from the Company as a normal severance benefit in the absence of the occurrence of an Acceleration Event. The Savings Plan Lump Sum Amount shall be paid in cash within thirty (30) calendar days after the date the employment of the Special Severance Executive terminates (subject to the execution of a release, which becomes irrevocable, as described in Section 5). The timing of payments are subject to Section 15.

7. Termination of Employment — Other

The Severance Benefits shall only be payable upon a Special Severance Executive's termination of employment due to a Qualifying Termination; provided, that if, following the occurrence of an Acceleration Event, a Special Severance Executive is terminated due to the Special Severance Executive's death or disability (as defined in the long-term disability plan in which the Special Severance Executive is entitled to participate (whether or not the Special Severance Executive voluntarily participates in such plan)) and, at the time of such termination, the Special Severance Executive had grounds to resign with Good Reason, such termination of employment shall be deemed to be a Qualifying Termination.

8. Administration of Plan

This Plan shall be administered by ITT, who shall have the exclusive right to interpret this Plan, adopt any rules and regulations for carrying out this Plan as may be appropriate and decide any and all matters arising under this Plan, including but not limited to the right to determine appeals. Subject to applicable Federal and state law, all interpretations and decisions by ITT shall be final, conclusive and binding on all parties affected thereby.

Notwithstanding the preceding paragraph, following an Acceleration Event, any controversy or claim arising out of or relating to this Plan, or the breach thereof, shall be settled by arbitration administered by the American Arbitration Association under its Commercial Arbitration Rules and the entire cost thereof shall be borne by the Company. The location of the arbitration proceedings shall be reasonably acceptable to the Special Severance Executive. Judgment on the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof. The Company shall pay all legal fees, costs of litigation, prejudgment interest, and other expenses which

are incurred in good faith by the Special Severance Executive as a result of the Company's refusal to provide any of the Severance Benefits to which the Special Severance Executive becomes entitled under this Plan, or as a result of the Company's (or any third party's) contesting the validity, enforceability, or interpretation of this Plan, or as a result of any conflict between the Special Severance Executive and the Company pertaining to this Plan. The Company shall pay such fees and expenses from the general assets of the Company. To the extent required by Labor Department Regulation § 2560.503-1(c)(4), arbitration required under this paragraph shall be conducted as the appeal under the claims procedures described in Section 16, and the Special Severance Executive shall not be precluded from challenging the arbitrator's decision in litigation filed under ERISA or other applicable law.

9. Termination or Amendment

ITT may terminate or amend this Plan ("Plan Change") at any time, except that following the occurrence of (i) an Acceleration Event or (ii) a Potential Acceleration Event, no Plan Change that would adversely affect any Special Severance Executive may be made without the prior written consent of such Special Severance Executive affected thereby; provided, however, that clause (ii) above shall cease to apply if such Potential Acceleration Event does not result in the occurrence of an Acceleration Event. Such action shall be taken by the Board of Directors of ITT (the "Board") or the Compensation and Personnel Committee of the Board (the "Compensation Committee"), or a person or committee delegated by the Board or Compensation Committee.

10. Offset

Any Severance Benefits provided to a Special Severance Executive under this Plan shall be offset in a manner consistent with Section 15 by reducing (x) any Severance Pay hereunder by any severance pay, salary continuation pay, termination pay or similar pay or allowance and (y) any other Severance Benefits hereunder by corresponding employee benefits, perquisites or outplacement services, which the Special Severance Executive receives or is entitled to receive, (i) under the ITT Senior Executive Severance Pay Plan; (ii) pursuant to any other Company policy, practice, program or arrangement; (iii) pursuant to any Company employment agreement or other agreement with the Company; or (iv) by virtue of any law, custom or practice excluding, however, any unemployment compensation in the United States, unless the Special Severance Executive voluntarily expressly waives (which the Special Severance Executive shall have the exclusive right to do) in writing any such respective entitlement.

Any amounts due under this Plan may be reduced by the Company, in a manner consistent with Section 15, by any amount that the Special Severance Executive owes to the Company, including under the Company's clawback or recoupment policy, as such policy may be amended from time to time.

11. Excise Tax

In the event that it shall be determined that any Payment would constitute an "excess parachute payment" within the meaning of Section 280G of the Code, then the aggregate of all Payments shall be reduced so that the Present Value of the aggregate of all Payments does not exceed the Safe Harbor Amount; provided, however, that no such reduction shall be effected if the Net After-tax Benefit to a Special Severance Executive of receiving all of the Payments exceeds the Net After-tax Benefit to the Special Severance Executive resulting from having such Payments so reduced. In the event a reduction is required pursuant hereto, the order of reduction shall be first all cash payments on a pro rata basis, then any equity compensation on a pro rata basis, and lastly medical, dental and vision coverage.

For purposes of this Section 11, the following terms have the following meanings:

(i) "Net After-tax Benefit" shall mean the Present Value of a Payment net of all federal state and local income, employment and excise taxes imposed on Special Severance Executive with respect thereto, determined by applying the highest marginal rate(s) applicable to an individual for Special Severance Executive's taxable year in which the Change in Control occurs.

(ii) "Payment" means any payment or distribution or provision of benefits by the Company to or for the benefit of Special Severance Executive, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise, but determined without regard to any reductions required by this Section 11.

(iii) "Present Value" shall mean such value determined in accordance with Section 280G(d)(4) of the Code.

(iv) "Safe Harbor Amount" shall be an amount expressed in Present Value which maximizes the aggregate Present Value of Payments without causing any Payment to be subject to excise tax under Section 4999 of the Code or the deduction limitation of Section 280G of the Code.

All determinations required to be made under this Section 11, including whether and when a reduction is required and the amount of such reduction and the assumptions to be utilized in arriving at such determination, shall be made by a nationally recognized accounting firm mutually agreed to by the Special Severance Executive and the Company (the "Accounting Firm") which shall provide detailed supporting calculations both to the Company and the Special Severance Executive within ten (10) business days of the receipt of notice from the Special Severance Executive that there has been a Payment, or such earlier time as is requested by the Company; provided that for purposes of determining the amount of any reduction, the Special Severance Executive shall be deemed to pay federal income tax at the highest marginal rates applicable to individuals in the calendar year in which any such determination of the amount of the reduction is to be made and deemed to pay state and local income taxes at the highest effective rates applicable to individuals in the state or locality of the Special Severance Executive's residence or place of employment, whichever is higher, in the calendar year in which such determination is to be made.

All fees and expenses of the Accounting Firm shall be borne solely by the Company. If the Accounting Firm determines that no excise tax is payable by the Special Severance Executive, it shall so indicate to the Special Severance Executive in writing. Any determination by the Accounting Firm shall be binding upon the Company and the Special Severance Executive.

12. Miscellaneous

The Special Severance Executive shall not be entitled to any notice of termination or pay in lieu thereof.

Severance Benefits under this Plan are paid entirely by the Company from its general assets.

This Plan is not a contract of employment, does not guarantee the Special Severance Executive employment for any specified period and does not limit the right of the Company to terminate the employment of the Special Severance Executive at any time.

If a Special Severance Executive should die while any amount is still payable to the Special Severance Executive hereunder had the Special Severance Executive continued to live, all such amounts shall be paid in accordance with this Plan to the Special Severance Executive's designated heirs or, in the absence of such designation, to the Special Severance Executive's estate.

The numbered section headings contained in this Plan are included solely for convenience of reference and shall not in any way affect the meaning of any provision of this Plan.

If, for any reason, any one or more of the provisions or part of a provision contained in this Plan shall be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision or part of a provision of this Plan not held so invalid, illegal or unenforceable, and each other provision or part of a provision shall to the full extent consistent with law remain in full force and effect.

The Plan shall be governed by and construed in accordance with the laws of the State of New York without regard to the conflicts of laws provisions thereof.

The Plan shall be binding on all successors and assigns of the ITT and a Special Severance Executive.

13. Notices

Any notice and all other communication provided for in this Plan shall be in writing and shall be deemed to have been duly given when delivered by hand or overnight courier or three (3) days after it has been mailed by United States registered mail, return receipt requested, postage prepaid, addressed to the respective addresses set forth below, or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notice of change of address shall be effective only upon receipt.

If to the Company:

ITT Inc.
1133 Westchester Avenue
White Plains, New York 10604 Attention: General Counsel

If to Special Severance Executive:

To the most recent address of Special Severance Executive set forth in the personnel records of ITT.

14. Adoption Date

This Plan was initially adopted by ITT Corporation on March 10, 1997. On the Effective Date, ITT became the successor issuer to ITT Corporation pursuant to Rule 12g-3(a) under the Securities Exchange Act of 1934, as amended, and assumed, amended and restated the Plan as of such date.

15. Section 409A

This Plan is intended to comply with Section 409A of the Code and will be interpreted in a manner intended to comply with Section 409A of the Code. Notwithstanding anything herein to the contrary, (i) if at the time of the Special Severance Executive's termination of employment with the Company the Special Severance Executive is a "specified employee" as defined in Section 409A of the Code (and any related regulations or other pronouncements thereunder) and the deferral of the commencement of any payments or benefits otherwise payable hereunder as a result of such termination of employment is necessary in order to prevent any accelerated or additional tax under Section 409A of the Code, then the Company will defer the commencement of the payment of any such payments or benefits hereunder (without any reduction in such payments or benefits ultimately paid or provided to the Special Severance Executive) until the date that is six months following the Special Severance Executive's termination of employment with the Company (or the earliest date as is permitted under Section 409A of the Code), at which point all payments deferred pursuant to this Section 15 shall be paid to the Special Severance Executive in a lump sum and (ii) if any other payments of money or other benefits due hereunder could cause the application of an accelerated or additional tax under Section 409A of the Code, such payments or other benefits shall be deferred if deferral will make such payment or other benefits compliant under Section 409A of the Code, or otherwise such payment or other benefits shall be restructured, to the extent possible, in a manner, determined by the Company, that does not cause such an accelerated or additional tax. To the extent any reimbursements or in-kind benefits due under this Plan constitute "deferred compensation" under Section 409A of the Code, any such reimbursements or in-kind benefits shall be paid in a manner consistent with Treas. Reg. Section 1.409A-3(i)(1)(iv).

Each payment made under this Plan shall be designated as a "separate payment" within the meaning of Section 409A of the Code. To the extent that any payment under this Plan is subject to Section 409A of the Code and is deemed to be a substitution for any payment under another arrangement, the payment shall be made under this Plan at the same time or under the same schedule as specified under such other arrangement (as determined under Section 409A of the Code). All payments to be made upon a termination of employment that constitute deferred compensation under this Plan may only be made upon a "separation from service" as defined under Section 409A of the Code. In no event may a Special Severance Executive, directly or indirectly, designate the calendar year of payment. Any separation payment that constitutes deferred compensation under Section 409A of the Code, that is conditioned upon a release, and that is due during a sixty-day period immediately following separation from service that spans two calendar years shall be paid in the second of such calendar years. The Company shall consult with Special Severance Executives in good faith regarding the implementation of the provisions of this section; provided that neither the Company nor any of its employees or representatives shall have any liability to Special Severance Executives with respect thereto.

16. Claims Procedures

A. Adverse Benefit Determinations

A Special Severance Executive may contest the determination of eligibility and/or the administration of the benefits by completing and filing a written claim for reconsideration with the Compensation and Personnel Committee of the Board of Directors of ITT (the "Plan Administrator"). If the Plan Administrator denies a claim in whole or in part, the Plan Administrator will provide notice to the Special Severance Executive, in writing, within ninety (90) days after the claim is filed, unless the Plan Administrator determines that an extension of time for processing is required. In the event that the Plan Administrator determines that such an extension is required, written notice of the extension shall be furnished to the Special Severance Executive prior to the termination of the initial ninety-day period. The extension shall not exceed a period of ninety (90) days from the end of the initial period of time and the extension notice shall indicate the special circumstances requiring an extension of time and the date by which the Plan Administrator expects to render the benefit decision. The Special Severance Executive may not file a claim for benefits under the Plan more than one (1) year after the date of termination of employment with the Company.

The written notice of a denial of a claim shall set forth, in a manner calculated to be understood by the Special Severance Executive:

1. the specific reason or reasons for the denial;
2. reference to the specific Plan provisions on which the denial is based;
3. a description of any additional material or information necessary for the Special Severance Executive to perfect the claim and an explanation as to why such information is necessary; and
4. an explanation of the Plan's claims procedure and the time limits applicable to such procedures, including a statement of the Special Severance Executive's right to bring a civil action under Section 502(a) of ERISA following an adverse benefit determination on appeal.

B. Appeal of Adverse Benefit Determinations

A Special Severance Executive or his or her duly authorized representative shall have an opportunity to appeal a claim denial to the Plan Administrator for a full and fair review. The Special Severance Executive or duly authorized representative may:

1. request a review upon written notice to the Plan Administrator within sixty (60) days after receipt of a notice of the denial of a claim for benefits;
2. submit written comments, documents, records, and other information relating to the claim for benefits; and
3. examine the Plan and obtain, upon request and without charge, copies of all documents, records, and other information relevant to the claim for benefits.

The Plan Administrator's review shall take into account all comments, documents, records, and other information submitted by the Special Severance Executive relating to the claim, without regard to whether such information was submitted or considered by the Plan Administrator in the initial benefit determination. A determination on the review by the Plan Administrator will be made not later than sixty (60) days after receipt of a request for review, unless the Plan Administrator determines that an extension of time for processing is required. In the event that the Plan Administrator determines that such an extension is required, written notice of the extension shall be furnished to the Special Severance Executive prior to the termination of the initial sixty-day period. The extension shall not exceed a period of sixty (60) days from the end of the initial period and the extension notice shall indicate the special circumstances requiring an extension of time and the date on which the Plan Administrator expects to render the determination on review. However, if the Plan Administrator holds regularly scheduled meetings at least quarterly, the Plan Administrator shall instead make a benefit determination no later than the date of the meeting of the Plan Administrator that immediately follows the Plan's receipt of a request for review, unless the request for review is filed within thirty (30) days preceding the date of such meeting. In such case, a benefit determination may be made by no later than the date of the second meeting following the Plan's receipt of the request for review. If special circumstances require a further extension of time for processing, a benefit determination shall be rendered not later than the third meeting following the plan's receipt of the request for review. If such an extension of time for review is required because

of special circumstances, the Plan Administrator shall provide the Special Severance Executive with written notice of the extension, describing the special circumstances and the date as of which the benefit determination will be made, prior to the commencement of the extension.

The written determination of the Plan Administrator shall set forth, in a manner calculated to be understood by the Special Severance Executive:

1. the specific reason or reasons for the decision;
2. reference to the specific Plan provisions on which the decision is based;
3. the Special Severance Executive's right to receive, upon request and without charge, reasonable access to, and copies of, all documents, records and other information relevant to the claim for benefits; and
4. a statement of the Special Severance Executive's right to bring a civil action under Section 502(a) of ERISA.

No person may bring an action for any alleged wrongful denial of Plan benefits in a court of law unless the claims procedures set forth above are exhausted and a final determination is made by the Plan Administrator. If any interested person challenges a decision of the Plan Administrator, a review by the court of law will be limited to the facts, evidence and issues presented to the Plan Administrator during the claims procedure set forth above. Facts and evidence that become known to an interested person after having exhausted the claims procedure must be brought to the attention of the Plan Administrator for reconsideration of the claims determination. Issues not raised with the Plan Administrator will be deemed waived.

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

I, Denise L. Ramos, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended June 30, 2016 of ITT Inc.;

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

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

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

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

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

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

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

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

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

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

/s/ DENISE L. RAMOS

Denise L. Ramos

Chief Executive Officer and President

Date: August 4, 2016

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

I, Thomas M. Scalera, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended June 30, 2016 of ITT Inc.;

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

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

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

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

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

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

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

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

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

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

/s/ THOMAS M. SCALERA

Thomas M. Scalera

Executive Vice President and

Chief Financial Officer

Date: August 4, 2016

**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 June 30, 2016 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Denise L. Ramos, Chief Executive Officer and President of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

/S/ DENISE L. RAMOS

Denise L. Ramos

Chief Executive Officer and President

August 4, 2016

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.

**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 June 30, 2016 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Thomas M. Scalera, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

/s/ THOMAS M. SCALERA

Thomas M. Scalera

Executive Vice President and
Chief Financial Officer

August 4, 2016

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.